



File Number: EB-2014-0073

Date Filed: May 29, 2014

Exhibit 7

COST ALLOCATION



File Number: EB-2014-0073

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Exhibit 7

Tab 1 of 1

Overview

1 Cost Allocation Study

2

3 **Introduction:**

4 On September 29, 2006, the OEB issued its directions on Cost Allocation Methodology for
5 Electricity Distributors (the “Directions”). On November 15, 2006, the Board issued the Cost
6 Allocation Information Filing Guidelines for Electricity Distributors (“the Guidelines”), the Cost
7 Allocation Model (the “Model”) and User Instructions (the “Instructions”) for the Model. Festival
8 Hydro prepared a cost allocation information filing consistent with Festival Hydro’s
9 understanding of the Directions, the Guidelines, the Model and the Instructions. Festival Hydro
10 submitted this filing to the OEB on February 28, 2007.

11 One of the main objectives of this filing was to provide information on any apparent cross-
12 subsidization among a distributor’s rate classifications. It was felt that this would give an
13 indication of cross-subsidization from one class to another and this information would be useful
14 as a tool in future rate applications.

15 As noted above, the results of a cost allocation study are typically presented in the form of
16 revenue to cost ratios. The ratio is shown by rate classification and is the percentage of
17 distribution revenue collected by rate classification compared to the costs allocated to the
18 classification. The percentage identifies the rate classifications that are being subsidized and
19 those that are over-contributing. A percentage of less than 100% means the rate classification
20 is under-contributing and is being subsidized by other classes of customers. A percentage of
21 greater than 100% indicates the rate classification is over-contributing and is subsidizing other
22 classes of customers.

23 As part of Festival’s 2010 COS application, the original 2006 cost of service model had been
24 updated to reflect 2010 test year data included forecasted assets balances, loss factors,
25 deemed capital structure and 2010 income and expenses. Rather than complete a full weather
26 normalization study, the load profiles from the 2006 study were updated and scaled to match
27 the 2010 load forecast. This filing followed the cost allocation policies reflected in the Board’s

1 report of November 28, 2007 *Application of Cost Allocation for Electricity Distributors* (EB-2007-
2 0667).

3 In Festival's 2010 COS application Decision and Order, the Board approved Festival's proposed
4 phase-in approach to adjust certain revenue to cost ratios in order to place all rate classes
5 within the acceptable target ranges. The Decision stated that "*The Board has reviewed the
6 revenue to cost ratios proposed in Festival Hydro's reply submission. The Board accepts
7 the proposal to:*

- 8 • *Move the ratio for the street light and sentinel light classes half way to the Board's lower*
9 *target of 70%, and to move these classes to ratios of 70% by 2012.*
- 10 • *Move the ratio for GS>50 customers to 80%; and*
- 11 • *Move the ratio for USL customers to 120%.*

12
13 *The Board accepts the proposed revenue to cost ratio of 82.65% for residential Hensall*
14 *customers in 2010. The Board also accepts the ratios proposed for residential Hensall*
15 *customers for 2011, 2012 and 2013, noting the Applicant's submission that rate impacts for*
16 *250 kWh customers will not exceed 10% in these three years." The purpose of adjusting*
17 *the revenue to cost ratios for Hensall Residential was to bring the rates closer together so*
18 *as to facilitate future rate harmonization. These requested changes were implemented by*
19 *Festival over the interim IRM application years as outlined in the chart below.*

Revenue to Cost Adjustments as approved in EB-2009-0263				
Change applied as part of 2010 COS and 2011 to 2013 IRM Applications				
Customer Class	2010 Adjusted Rev Cost Ratio per COS EB-2009-0263 (Column A)	2011 Adjusted Rev Cost Ratio per EB-2010-0083 (Column B)	2012 Adjusted Rev Cost Ratio per EB-2010-0083 (Column B)	2013 Adjusted Rev Cost Ratio per EB-2010-0083 (Column B)
Residential	106.84%	106.66%	106.45%	106.47%
Residential - Hensall	82.65%	91.00%	99.00%	106.27%
GS < 50 kW	114.19%	113.13%	112.03%	112.03%
GS >50	81.39%	81.39%	81.31%	81.31%
Large Use	114.22%	113.13%	112.03%	112.03%
Sentinel Lights	50.52%	60.00%	70.00%	70.00%
Street Lighting	51.30%	60.60%	70.00%	70.00%
USL	120.00%	120.00%	120.00%	120.00%

1

2 **Current Cost Allocation Study Requirements**

3 On March 31, 2011 the Board issued its Report of the Board on the Review of Electricity
 4 Distribution Cost Allocation Policy, EB-2010-0219. This report contained several revisions to
 5 the Board’s policy with respect to cost allocation that were to be implemented through cost
 6 of service applications beginning with the 2012 test year. In the report, the Board noted
 7 that the default weighting factors should now be used only in exceptional circumstances and
 8 that distributors were expected to develop their own weighting factors that better reflecting
 9 rate class costing.

10

11 **Cost Allocation Model inputs weighting factors:**

12

13 Festival has developed its own weighting factors as outlined below.

14

15

1 **Services (Acct # 1855)**

2 Festival records costs in this account for new services added. The bulk of these services
3 are for Residential and G.S. < 50 kW customers. Using residential at a factor of 1.0,
4 Festival assigned weighting factors as follows:

5 Residential – Service factor set at 1 as per Cost allocation instruction.

6 G.S. < 50 – Factor set at 1.0 as the number of G.S. < 50 kW services are substantially less
7 but the costs to install is higher per connection than residential, so the same factor has
8 been assigned.

9 G.S. > 50 and Large Use - There has been only 0.1 assigned as generally these customers
10 are responsible for their own services.

11 Streetlight, unmetered loads and sentinel lights – A factor of 0.3 has been assigned as
12 these service connections are infrequent and less complex in nature.

13

14 **Billing and Collection (5315, 5320 and 5340)**

15 Comparing a residential bill as a base of 1, Festival reviewed the time spent in billing and
16 customer service on customers in each rate class. Festival has found that with TOU billing
17 now in place, there are no major differences in rate class billing costs. In terms of collection
18 costs, the higher dollar value accounts, such as G.S. > 50 kW and Large Use tend to have
19 less time spent on these accounts. More time is spent with residential customers for
20 example, explaining bills, taking care of retailer questions, making payment arrangements,
21 LEAP and AMP provisions, and collection and disconnection activities. Most large account
22 interaction relates to conservation and energy management, which is taken care of by our
23 conservation officer (through PAB funding). The following factors have been assigned:

24 G.S. < 50 kW – a factor of 1.5 as there is more time spent when collections are involved on
25 a per bill basis. Billing costs are about the same as they are both on TOU pricing.

26 G.S. > 50 kW – Factor set as 1.5 as more time is spent on collections on a per bill basis
27 when issues arise. However, these customers usually have infrequent collection issues as
28 the continuous supply of electricity is essential to their operations and they make it a priority
29 to pay. The billing is still somewhat more complex than the TOU billing for residential and
30 G.S. < 50 kW accounts.

1 Large Use- Has been assigned a 1.2 factor as this customer billing is more complex as
2 compared to TOU billing. There has been no collection activity associated with this
3 account.

4 Streetlighting, Unmetered Load – The proposed weighting is .80 as these customers have
5 limited collection activity and the volumes of bills are low. There is some added work
6 related to recording of new connections and lights on the accounts, and reconciliation of
7 accounts with the account holders, but that is done on limited occasions.

8

9 **Meter Capital – Sheet 1.7.1**

10

11 Festival followed a similar approach as in COS 2010 whereby the Metering Department
12 determined the various types of meters installed for each rate class and the per installation
13 costs for each meter type. For the smart meter installation costs, Festival has used the cost
14 as filed in the Festival's Smart Meter Disposition Application (effective November 1, 2012).

15

16 **Meter Reading**

17

18 Festival has completed its deployment of smart meters for the residential and G.S. < 50 kW
19 rate classes. In terms of meter reading, basically all meters are electronically read and the
20 data is backhauled over WIFI, cellular lines or phone lines to retrieve the data. There is
21 now similar levels of complication associated with meter reading of residential and G. S. <
22 50 kW service smart meters as there is with the G.S. > 50 interval meters.

23 Using 1 as a factor for residential, a factor of 1.25 has been applied to G.S. < 50 kW, to
24 G.S. > 50 kW and Large Use reflecting slightly more complexity.

25

1 **OEB Cost Allocation Model**

2

3 The Cost Allocation model used by Festival Hydro is version 3.1 issued on August 2, 2013.
4 Festival has followed the policies as outlined in the March 31, 2011 report and as presented
5 within the Cost Allocation Model.

6

7 For the 2014 Cost allocation model, Festival followed a consistent approach with the initial
8 2006 and 2010 studies in terms of breaking out of assets, capital contributions, depreciation,
9 accumulated depreciation, customer data and load data by primary, line transformer and
10 secondary categories were developed from the best data available to Festival Hydro, its
11 engineering records, and its customer and financial information systems. The current model
12 incorporates the 2015 test year customer numbers, kWh load forecast, and kW demand values.
13 There have been no direct allocations within the model.

14 For streetlighting, Festival Hydro completed a study to determine the number of lights per
15 connection by going into the service territory and taking sample tests. It was found that there
16 was generally one connection for every eight lights. This is the ratio used in the 2015 model,
17 which compares to the default five to one ratio used in the 2010 Cost of service model.

18 In terms of load profiles, Festival utilized the load profiles that Hydro One prepared of the 2006
19 Cost Allocation model and scaled the profiles to match the 2015 load forecast.

20 The 2015 demand values are based on the weather normalized load forecast used to design
21 rates.

22 The excel version of the Cost Allocation Model has been filed separately. Schedules I-6, I-8, O-
23 1 and O-2 from the model are attached.



File Number: EB-2014-0073

Exhibit: 7

Tab: 1

Schedule: 2

Date Filed: May 29, 2014

Attachment 1 of 4

OEB CA Input Sheet I-6



2014 Cost Allocation Model

EB-2014-0073

Sheet I6.1 Revenue Worksheet - Run 1

Total kWhs from Load Forecast	594,474,691
Total kW from Load Forecast	991,167
Deficiency/sufficiency (RRWF 8. cell F51)	733,481
Miscellaneous Revenue (RRWF 5. cell F48)	755,699

Billing Data	ID	Total	1	2	3	4	5	6	7	8
			Residential	Residential Hensall	G.S. < 50 kW	G.S. > 50 kW to 4999 kW	Large Use	Unmetered Scattered Load	Sentinel Lights	Streetlighting
Forecast kWh	CEN	594,474,691	137,145,941	3,754,857	64,179,621	361,832,480	22,191,326	660,967	150,156	4,559,343
Forecast kW	CDEM	991,167				944,456	34,360		356	11,995
Forecast kW, included in CDEM, of customers receiving line transformer allowance		655,483				621,061	34,422			
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.		-								
KWh excluding KWh from Wholesale Market Participants	CEN EWMP	590,491,576	137,145,941	3,754,857	64,179,621	357,849,365	22,191,326	660,967	150,156	4,559,343
Existing Monthly Charge			\$15.18	\$15.20	\$29.44	\$227.57	\$10,883.89	\$13.04	\$2.06	\$1.10
Existing Distribution kWh Rate			\$0.0169	\$0.0164	\$0.0149			\$0.0129		
Existing Distribution kW Rate						\$2.3333	\$1.0100		\$10.8198	\$5.0151
Existing TOA Rate						\$0.60	\$0.60			
Additional Charges										
Distribution Revenue from Rates		\$10,558,984	\$5,562,947	\$136,181	\$1,673,081	\$2,824,932	\$165,310	\$44,047	\$4,865	\$147,619
Transformer Ownership Allowance		\$393,290	\$0	\$0	\$0	\$372,637	\$20,653	\$0	\$0	\$0
Net Class Revenue	CREV	\$10,165,694	\$5,562,947	\$136,181	\$1,673,081	\$2,452,295	\$144,657	\$44,047	\$4,865	\$147,619

	17,815	409	2,029	227	1	227	41	6,627
	3,245,180	74,602	716,805	619,901	130,607	35,521	1,014	87,476
	2,317,766	61,580	956,276	2,203,699	34,704	8,526	3,852	60,156
10,557,665	5,562,947	136,181	1,673,081	2,823,600	165,310	44,047	4,865	147,633
10,165,694	5,562,946.8029	136,181.2548	1,673,081.4729	2,452,295.2648	144,657.0800	44,047.4343	4,865.3688	147,619.3245



2014 Cost Allocation Model

EB-2014-0073

Sheet I6.2 Customer Data Worksheet - Run 1

		1	2	3	4	5	6	7	8	
	ID	Total	Residential	Residential Hensall	G.S. < 50 kW	G.S. > 50 kW to 4999 kW	Large Use	Unmetered Scattered Load	Sentinel Lights	Streetlighting
Billing Data										
Bad Debt 3 Year Historical Average	BDHA	\$86,446	\$73,137	\$3,635	\$7,325	\$2,304	\$0	\$0	\$46	\$0
Late Payment 3 Year Historical Average	LPHA	\$116,989	\$66,772	\$1,595	\$19,697	\$27,288	\$797	\$182	\$7	\$651
Number of Bills	CNB	246,756	213,780	4,908	24,348	2,724	12	300	492	192
Number of Devices										6,626
Number of Connections (Unmetered)	CCON	1,096						227	41	828
Total Number of Customers	CCA	20,563	17,815	409	2,029	227	1	25	41	16
Bulk Customer Base	CCB	-								
Primary Customer Base	CCP	20,563	17,815	409	2,029	227	1	25	41	16
Line Transformer Customer Base	CCLT	20,540	17,815	409	2,029	205	-	25	41	16
Secondary Customer Base	CCS	20,438	17,815	409	2,029	103	-	25	41	16
Weighted - Services	CWCS	20,592	17,815	409	2,029	10	-	68	12	248
Weighted Meter -Capital	CWMC	5,665,980	3,248,100	74,460	1,571,720	724,700	47,000	-	-	-
Weighted Meter Reading	CWMR	20,894	17,815	409	2,385	284	1	-	-	-
Weighted Bills	CWNB	260,063	213,780	4,908	36,522	4,086	14	240	369	144

Bad Debt Data

Historic Year:	2011	89,071	76,727	3,461	8,236	647				
Historic Year:	2012	73,487	61,235	4,658	6,987	607				
Historic Year:	2013	96,781	81,448	2,785	6,752	5,659	-	-	137	-
Three-year average		86,446	73,137	3,635	7,325	2,304	-	-	46	-



File Number:EB-2014-0073

Exhibit: 7

Tab: 1

Schedule: 2

Date Filed: May 29, 2014

Attachment 2 of 4

OEB CA Input Sheet I-8



2014 Cost Allocation Model

EB-2014-0073

Sheet 18 Demand Data Worksheet - Run 1

This is an input sheet for demand allocators.

CP TEST RESULTS	12 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

Customer Classes	Total	1	2	3	4	5	6	7	8	
		Residential	Residential Hensall	G.S. < 50 kW	G.S. > 50 kW to 4999 kW	Large Use	Unmetered Scattered Load	Sentinel Lights	Streetlighting	
CO-INCIDENT PEAK										
1 CP										
Transformation CP	TCP1	101,215	28,005	777	9,910	59,172	3,275	76	-	-
Bulk Delivery CP	BCP1	101,215	28,005	777	9,910	59,172	3,275	76	-	-
Total Sytem CP	DCP1	101,215	28,005	777	9,910	59,172	3,275	76	-	-
4 CP										
Transformation CP	TCP4	381,991	102,416	2,842	37,942	224,887	12,515	297	35	1,057
Bulk Delivery CP	BCP4	381,991	102,416	2,842	37,942	224,887	12,515	297	35	1,057
Total Sytem CP	DCP4	381,991	102,416	2,842	37,942	224,887	12,515	297	35	1,057
12 CP										
Transformation CP	TCP12	1,076,920	270,493	7,506	108,790	648,227	36,663	895	139	4,207
Bulk Delivery CP	BCP12	1,076,920	270,493	7,506	108,790	648,227	36,663	895	139	4,207
Total Sytem CP	DCP12	1,076,920	270,493	7,506	108,790	648,227	36,663	895	139	4,207
NON CO. INCIDENT PEAK										
1 NCP										
Classification NCP from Load Data Provider	DNCP1	111,971	32,681	907	14,100	59,670	3,441	80	35	1,057
Primary NCP	PNCP1	109,182	31,757	881	13,701	58,289	3,415	78	34	1,027
Line Transformer NCP	LTNCP1	105,767	31,757	881	13,701	58,289	-	78	34	1,027
Secondary NCP	SNCP1	105,767	31,757	881	13,701	58,289	-	78	34	1,027
4 NCP										
Classification NCP from Load Data Provider	DNCP4	434,126	122,354	3,395	56,110	233,916	13,666	317	139	4,229
Primary NCP	PNCP4	423,334	118,894	3,299	54,523	228,501	13,564	308	135	4,109
Line Transformer NCP	LTNCP4	384,798	118,894	3,299	54,523	203,529	-	308	135	4,109
Secondary NCP	SNCP4	282,972	118,894	3,299	54,523	101,703	-	308	135	4,109
12 NCP										
Classification NCP from Load Data Provider	DNCP12	1,204,628	327,107	9,077	134,852	679,995	39,569	924	418	12,686
Primary NCP	PNCP12	1,174,874	317,857	8,820	131,039	664,252	39,274	898	406	12,327
Line Transformer NCP	LTNCP12	1,063,008	317,857	8,820	131,039	591,660	-	898	406	12,327
Secondary NCP	SNCP12	766,998	317,857	8,820	131,039	295,650	-	898	406	12,327



File Number:EB-2014-0073

Exhibit: 7

Tab: 1

Schedule: 2

Date Filed: May 29, 2014

Attachment 3 of 4

OEB CA Output Sheet O-1



2014 Cost Allocation Model

EB-2014-0073

Sheet O1 Revenue to Cost Summary Worksheet - Run 1

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

Class Revenue, Cost Analysis, and Return on Rate Base

Rate Base		1	2	3	4	5	6	7	8	
		Residential	Residential Hensall	G.S. < 50 kW	G.S. > 50 kW to 4999 kW	Large Use	Unmetered Scattered Load	Sentinel Lights	Streetlighting	
Assets										
crev	Distribution Revenue at Existing Rates	\$10,165,694	\$5,562,947	\$136,181	\$1,673,081	\$2,452,295	\$144,657	\$4,947	\$9,865	\$147,619
mi	Miscellaneous Revenue (mi)	\$755,699	\$471,450	\$11,465	\$104,622	\$149,504	\$6,416	\$2,247	\$552	\$9,443
	Total Revenue at Existing Rates	\$10,921,393	\$6,034,397	\$147,646	\$1,777,704	\$2,601,799	\$151,073	\$46,295	\$5,417	\$157,062
	Factor required to recover deficiency (1 + D)	1.0934								
	Distribution Revenue at Status Quo Rates	\$11,115,310	\$6,082,603	\$148,902	\$1,829,370	\$2,681,373	\$158,170	\$48,162	\$5,320	\$161,409
	Miscellaneous Revenue (mi)	\$755,699	\$471,450	\$11,465	\$104,622	\$149,504	\$6,416	\$2,247	\$552	\$9,443
	Total Revenue at Status Quo Rates	\$11,871,009	\$6,554,053	\$160,367	\$1,933,992	\$2,830,878	\$164,586	\$50,409	\$5,872	\$170,852
	Expenses									
di	Distribution Costs (di)	\$1,578,933	\$970,060	\$23,300	\$181,851	\$361,137	\$15,645	\$4,713	\$945	\$21,282
cu	Customer Related Costs (cu)	\$1,776,671	\$1,375,832	\$33,628	\$281,840	\$70,348	\$3,245	\$2,711	\$1,628	\$7,439
ad	General and Administration (ad)	\$1,788,647	\$1,232,571	\$29,945	\$246,835	\$247,560	\$10,909	\$3,960	\$1,355	\$15,514
dep	Depreciation and Amortization (dep)	\$2,522,288	\$1,038,350	\$26,135	\$387,491	\$394,572	\$48,538	\$4,199	\$689	\$22,112
INPUT	PLs (INPUT)	\$262,844	\$103,421	\$2,663	\$34,877	\$112,761	\$5,328	\$581	\$125	\$3,088
INT	Interest	\$1,579,125	\$621,335	\$15,998	\$209,536	\$677,451	\$32,012	\$3,490	\$753	\$18,550
	Total Expenses	\$9,608,508	\$5,341,569	\$131,668	\$1,342,429	\$2,463,829	\$115,678	\$19,653	\$5,695	\$87,885
	Direct Allocation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
NI	Allocated Net Income (NI)	\$2,362,501	\$929,569	\$23,935	\$313,482	\$1,013,523	\$47,893	\$5,221	\$1,126	\$27,753
	Revenue Requirement (includes NI)	\$11,871,009	\$6,271,138	\$155,603	\$1,655,912	\$3,477,352	\$163,571	\$24,784	\$6,821	\$115,738
	Revenue Requirement Input equals Output									
	Rate Base Calculation									
	Net Assets									
db	Distribution Plant - Gross	\$98,093,118	\$42,978,820	\$1,091,822	\$13,606,604	\$37,268,526	\$1,512,913	\$249,527	\$54,728	\$1,330,177
gp	General Plant - Gross	\$8,121,912	\$3,285,037	\$84,264	\$1,078,031	\$3,396,891	\$157,094	\$18,527	\$3,997	\$98,070
accum dep	Accumulated Depreciation	(\$47,443,018)	(\$22,257,017)	(\$561,110)	(\$6,883,315)	(\$16,314,526)	(\$553,936)	(\$132,397)	(\$29,454)	(\$711,262)
co	Capital Contribution	(\$5,121,473)	(\$2,865,738)	(\$70,739)	(\$682,268)	(\$1,365,255)	(\$31,108)	(\$16,897)	(\$3,655)	(\$85,813)
	Total Net Plant	\$55,650,539	\$21,141,102	\$544,238	\$7,119,053	\$22,895,636	\$1,084,963	\$118,760	\$25,616	\$631,172
	Directly Allocated Net Fixed Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
COP	Cost of Power (COP)	\$67,551,604	\$15,678,217	\$429,247	\$7,336,871	\$40,956,467	\$2,536,863	\$75,560	\$17,165	\$521,214
	OM&A Expenses	\$5,144,251	\$3,578,463	\$86,872	\$710,525	\$679,045	\$29,799	\$11,384	\$3,928	\$44,235
	Directly Allocated Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Subtotal	\$72,695,855	\$19,256,680	\$516,119	\$8,047,396	\$41,635,512	\$2,566,662	\$86,944	\$21,094	\$565,449
	Working Capital	\$9,450,461	\$2,503,368	\$67,095	\$1,046,161	\$5,412,617	\$333,666	\$11,303	\$2,742	\$73,508
	Total Rate Base	\$63,101,000	\$23,644,470	\$611,334	\$8,165,214	\$28,398,253	\$1,418,629	\$130,063	\$28,358	\$704,680
	Rate Base Input equals Output									
	Equity Component of Rate Base	\$25,240,400	\$9,457,788	\$244,533	\$3,266,086	\$11,359,301	\$567,452	\$52,025	\$11,343	\$281,872
	Net Income on Allocated Assets	\$2,362,501	\$1,212,484	\$28,699	\$591,563	\$367,048	\$48,908	\$30,756	\$176	\$82,867
	Net Income on Direct Allocation Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Net Income	\$2,362,501	\$1,212,484	\$28,699	\$591,563	\$367,048	\$48,908	\$30,756	\$176	\$82,867
	RATIOS ANALYSIS									
	REVENUE TO EXPENSES STATUS QUO%	100.00%	104.51%	103.06%	116.79%	81.41%	100.62%	202.66%	86.08%	147.62%
	EXISTING REVENUE MINUS ALLOCATED COSTS	(\$949,616)	(\$236,741)	(\$7,957)	\$121,792	(\$875,553)	(\$12,498)	\$21,421	(\$1,404)	\$41,325
	Deficiency Input Does Not Equal Output									
	STATUS QUO REVENUE MINUS ALLOCATED COSTS	\$0	\$282,915	\$4,764	\$278,081	(\$646,474)	\$1,015	\$25,536	(\$950)	\$55,114
	RETURN ON EQUITY COMPONENT OF RATE BASE	9.36%	12.82%	11.74%	18.11%	3.23%	8.62%	59.12%	1.55%	29.40%



File Number:EB-2014-0073

Exhibit: 7

Tab: 1

Schedule: 2

Date Filed: May 29, 2014

Attachment 4 of 4

OEB CA Output Sheet O-2



2014 Cost Allocation Model

EB-2014-0073

Sheet O2 Monthly Fixed Charge Min. & Max. Worksheet - Run 1

Output sheet showing minimum and maximum level for Monthly Fixed Charge

Summary

	1	2	3	4	5	6	7	8
	Residential	Residential Hensall	G.S. < 50 kW	G.S. > 50 kW to 4999 kW	Large Use	Unmetered Scattered Load	Sentinel Lights	Streetlighting
Customer Unit Cost per month - Avoided Cost	\$7.03	\$7.00	\$18.10	\$49.04	\$729.77	\$0.84	\$2.60	\$0.65
Customer Unit Cost per month - Directly Related	\$9.92	\$9.90	\$23.87	\$64.19	\$906.64	\$1.33	\$4.00	\$1.04
Customer Unit Cost per month - Minimum System with PLCC Adjustment	\$20.14	\$20.75	\$34.38	\$66.41	\$875.50	\$8.13	\$10.11	\$6.42
Existing Approved Fixed Charge	\$15.18	\$15.20	\$29.44	\$227.57	\$10,883.89	\$13.04	\$2.06	\$1.10

Information to be Used to Allocate PILs, ROD, ROE and A&G

	1	2	3	4	5	6	7	8
	Residential	Residential Hensall	G.S. < 50 kW	G.S. > 50 kW to 4999 kW	Large Use	Unmetered Scattered Load	Sentinel Lights	Streetlighting
Total								
General Plant - Gross Assets	\$8,121,912	\$3,285,037	\$84,264	\$1,078,031	\$3,396,891	\$157,094	\$18,527	\$3,997
General Plant - Accumulated Depreciation	(\$5,273,680)	(\$2,133,024)	(\$54,714)	(\$699,982)	(\$2,205,653)	(\$102,004)	(\$12,030)	(\$2,595)
General Plant - Net Fixed Assets	\$2,848,232	\$1,152,013	\$29,550	\$378,049	\$1,191,238	\$55,091	\$6,497	\$1,402
General Plant - Depreciation	\$279,796	\$113,168	\$2,903	\$37,138	\$117,021	\$5,412	\$638	\$138
Total Net Fixed Assets Excluding General Plant	\$50,802,307	\$19,989,089	\$514,688	\$6,741,004	\$21,794,398	\$1,029,872	\$112,263	\$24,214
Total Administration and General Expense	\$1,788,647	\$1,232,571	\$29,945	\$246,835	\$247,560	\$10,909	\$3,960	\$1,355
Total O&M	\$3,355,604	\$2,345,892	\$56,927	\$463,691	\$431,485	\$18,890	\$7,424	\$2,573

Scenario 1

Accounts included in Avoided Costs Plus General Administration Allocation

USoA Account #	Accounts	Total	1	2	3	4	5	6	7	8
			Residential	Residential Hensall	G.S. < 50 kW	G.S. > 50 kW to 4999 kW	Large Use	Unmetered Scattered Load	Sentinel Lights	Streetlighting
1860	Distribution Plant									
	Meters	\$6,612,940	\$3,790,958	\$86,905	\$1,834,403	\$845,820	\$54,855	\$0	\$0	\$0
	Accumulated Amortization									
	Accum. Amortization of Electric Utility Plant - Meters only	(\$3,366,077)	(\$1,929,649)	(\$44,236)	(\$933,736)	(\$430,534)	(\$27,922)	\$0	\$0	\$0
	Meter Net Fixed Assets	\$3,246,863	\$1,861,308	\$42,669	\$900,667	\$415,286	\$26,933	\$0	\$0	\$0
	Misc Revenue									
4082	Retail Services Revenues	(\$21,280)	(\$14,803)	(\$359)	(\$2,939)	(\$2,809)	(\$123)	(\$47)	(\$16)	(\$183)
4084	Service Transaction Requests (STR) Revenues	(\$296)	(\$206)	(\$5)	(\$41)	(\$39)	(\$2)	(\$1)	(\$0)	(\$3)
4090	Electric Services Incidental to Energy Sales	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4220	Other Electric Revenues	(\$9,375)	(\$6,521)	(\$158)	(\$1,295)	(\$1,238)	(\$54)	(\$21)	(\$7)	(\$81)
4225	Late Payment Charges	(\$118,090)	(\$67,400)	(\$1,610)	(\$19,882)	(\$27,545)	(\$805)	(\$184)	(\$7)	(\$657)
	Sub-total	(\$149,041)	(\$88,931)	(\$2,133)	(\$24,157)	(\$31,630)	(\$984)	(\$252)	(\$31)	(\$923)
	Operation									
5065	Meter Expense	\$318,595	\$182,639	\$4,187	\$88,377	\$40,749	\$2,643	\$0	\$0	\$0
5070	Customer Premises - Operation Labour	\$179,800	\$148,451	\$3,408	\$16,908	\$1,892	\$8	\$1,892	\$342	\$6,900
5075	Customer Premises - Materials and Expenses	\$1,497	\$1,236	\$28	\$141	\$16	\$0	\$16	\$3	\$57
	Sub-total	\$499,892	\$332,326	\$7,623	\$105,425	\$42,657	\$2,651	\$1,907	\$344	\$6,957
	Maintenance									
5175	Maintenance of Meters	\$63,961	\$36,667	\$841	\$17,743	\$8,181	\$531	\$0	\$0	\$0
	Billing and Collection									
5310	Meter Reading Expense	\$251,400	\$214,350	\$4,921	\$28,699	\$3,414	\$15	\$0	\$0	\$0
5315	Customer Billing	\$555,021	\$466,244	\$10,475	\$77,944	\$8,720	\$31	\$512	\$788	\$307
5320	Collecting	\$176,104	\$144,763	\$3,323	\$24,731	\$2,767	\$10	\$163	\$250	\$98
5325	Collecting- Cash Over and Short	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5330	Collection Charges	(\$51,365)	(\$42,224)	(\$969)	(\$7,213)	(\$807)	(\$3)	(\$47)	(\$73)	(\$28)
	Sub-total	\$931,160	\$773,134	\$17,750	\$124,161	\$14,094	\$53	\$627	\$965	\$376
	Total Operation, Maintenance and Billing	\$1,495,013	\$1,142,127	\$26,214	\$247,329	\$64,932	\$3,234	\$2,535	\$1,309	\$7,334
	Amortization Expense - Meters	\$529,311	\$303,435	\$6,956	\$146,829	\$67,701	\$4,391	\$0	\$0	\$0
	Allocated PILs	\$15,896	\$9,105	\$209	\$4,412	\$2,037	\$0	\$0	\$0	\$0
	Allocated Debt Return	\$95,502	\$54,704	\$1,254	\$26,509	\$12,240	\$795	\$0	\$0	\$0
	Allocated Equity Return	\$142,878	\$81,841	\$1,877	\$39,660	\$18,312	\$1,189	\$0	\$0	\$0
	Total	\$2,129,560	\$1,502,281	\$34,377	\$440,583	\$133,591	\$8,757	\$2,282	\$1,278	\$6,410

Scenario 2

Accounts included in Directly Related Customer Costs Plus General Administration Allocation

USoA Account #	Accounts	Total	1	2	3	4	5	6	7	8
			Residential	Residential Hensall	G.S. < 50 kW	G.S. > 50 kW to 4999 kW	Large Use	Unmetered Scattered Load	Sentinel Lights	Streetlighting
1860	Distribution Plant									
	Meters	\$6,612,940	\$3,790,958	\$86,905	\$1,834,403	\$845,820	\$54,855	\$0	\$0	\$0
	Accumulated Amortization									
	Accum. Amortization of Electric Utility Plant - Meters only	(\$3,366,077)	(\$1,929,649)	(\$44,236)	(\$933,736)	(\$430,534)	(\$27,922)	\$0	\$0	\$0
	Meter Net Fixed Assets	\$3,246,863	\$1,861,308	\$42,669	\$900,667	\$415,286	\$26,933	\$0	\$0	\$0
	Allocated General Plant Net Fixed Assets	\$184,372	\$107,271	\$2,450	\$50,511	\$22,699	\$1,441	\$0	\$0	\$0
	Meter Net Fixed Assets Including General Plant	\$3,431,235	\$1,968,579	\$45,119	\$951,178	\$437,985	\$28,374	\$0	\$0	\$0
	Misc Revenue									
4082	Retail Services Revenues	(\$21,280)	(\$14,803)	(\$359)	(\$2,939)	(\$2,809)	(\$123)	(\$47)	(\$16)	(\$183)
4084	Service Transaction Requests (STR) Revenues	(\$296)	(\$206)	(\$5)	(\$41)	(\$39)	(\$2)	(\$1)	(\$0)	(\$3)
4090	Electric Services Incidental to Energy Sales	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4220	Other Electric Revenues	(\$9,375)	(\$6,521)	(\$158)	(\$1,295)	(\$1,238)	(\$54)	(\$21)	(\$7)	(\$81)
4225	Late Payment Charges	(\$118,090)	(\$67,400)	(\$1,610)	(\$19,882)	(\$27,545)	(\$805)	(\$184)	(\$7)	(\$657)
	Sub-total	(\$149,041)	(\$88,931)	(\$2,133)	(\$24,157)	(\$31,630)	(\$984)	(\$252)	(\$31)	(\$923)
	Operation									
5065	Meter Expense	\$318,595	\$182,639	\$4,187	\$88,377	\$40,749	\$2,643	\$0	\$0	\$0
5070	Customer Premises - Operation Labour	\$179,800	\$148,451	\$3,408	\$16,908	\$1,892	\$8	\$1,892	\$342	\$6,900
5075	Customer Premises - Materials and Expenses	\$1,497	\$1,236	\$28	\$141	\$16	\$0	\$16	\$3	\$57
	Sub-total	\$499,892	\$332,326	\$7,623	\$105,425	\$42,657	\$2,651	\$1,907	\$344	\$6,957
5175	Maintenance									
	Maintenance of Meters	\$63,961	\$36,667	\$841	\$17,743	\$8,181	\$531	\$0	\$0	\$0
	Billing and Collection									
5310	Meter Reading Expense	\$251,400	\$214,350	\$4,921	\$28,699	\$3,414	\$15	\$0	\$0	\$0
5315	Customer Billing	\$555,021	\$456,244	\$10,475	\$77,944	\$8,720	\$31	\$512	\$788	\$307
5320	Collecting	\$176,104	\$144,763	\$3,323	\$24,731	\$2,767	\$10	\$163	\$250	\$98
5325	Collecting- Cash Over and Short	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5330	Collection Charges	(\$51,365)	(\$42,224)	(\$969)	(\$7,213)	(\$807)	(\$3)	(\$47)	(\$73)	(\$28)
	Sub-total	\$931,160	\$773,134	\$17,750	\$124,161	\$14,094	\$53	\$627	\$965	\$376
	Total Operation, Maintenance and Billing	\$1,495,013	\$1,142,127	\$26,214	\$247,329	\$64,932	\$3,234	\$2,535	\$1,309	\$7,334
	Amortization Expense - Meters	\$529,311	\$303,435	\$6,956	\$146,829	\$67,701	\$4,391	\$0	\$0	\$0
	Amortization Expense - General Plant assigned to Meters	\$18,112	\$10,538	\$241	\$4,962	\$2,230	\$142	\$0	\$0	\$0
	Admin and General	\$790,665	\$600,092	\$13,789	\$131,660	\$37,254	\$1,868	\$1,352	\$689	\$3,961
	Allocated PILs	\$16,799	\$9,630	\$221	\$4,660	\$2,149	\$139	\$0	\$0	\$0
	Allocated Debt Return	\$100,925	\$57,856	\$1,326	\$27,996	\$12,909	\$837	\$0	\$0	\$0
	Allocated Equity Return	\$150,992	\$86,558	\$1,984	\$41,884	\$19,312	\$1,252	\$0	\$0	\$0
	Total	\$2,952,775	\$2,121,306	\$48,598	\$581,163	\$174,856	\$10,880	\$3,634	\$1,968	\$10,371

Scenario 3

Minimum System Customer Costs Adjusted for PLCC - High Limit Fixed Customer Charge

USoA Account #	Accounts	Total	1	2	3	4	5	6	7	8
			Residential	Residential Hensall	G.S. < 50 kW	G.S. > 50 kW to 4999 kW	Large Use	Unmetered Scattered Load	Sentinel Lights	Streetlighting
	Distribution Plant									
1565	Conservation and Demand Management Expenditures and Recoveries	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1830	Poles, Towers and Fixtures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Poles, Towers and Fixtures - Subtransmission Bulk Delivery	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1830-3	Poles, Towers and Fixtures - Primary	\$4,911,116	\$4,054,852	\$93,092	\$461,818	\$51,667	\$228	\$51,667	\$9,332	\$188,460
1830-5	Poles, Towers and Fixtures - Secondary	\$204,630	\$169,941	\$3,902	\$19,355	\$978	\$0	\$2,165	\$391	\$7,898
1835	Overhead Conductors and Devices	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Overhead Conductors and Devices - Subtransmission Bulk Delivery	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1835-3	Overhead Conductors and Devices - Primary	\$1,418,984	\$1,171,581	\$26,897	\$133,435	\$14,928	\$66	\$14,928	\$2,696	\$54,452
1835-5	Overhead Conductors and Devices - Secondary	\$1,665,764	\$1,383,380	\$31,760	\$157,557	\$7,959	\$0	\$17,627	\$3,184	\$64,296
1840	Underground Conduit	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1840-3	Underground Conduit - Bulk Delivery	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1840-4	Underground Conduit - Primary	\$975,020	\$805,023	\$18,482	\$91,686	\$10,258	\$45	\$10,258	\$1,853	\$37,416
1840-5	Underground Conduit - Secondary	\$1,892,686	\$1,571,834	\$36,086	\$179,021	\$9,044	\$0	\$20,028	\$3,617	\$73,055
1845	Underground Conductors and Devices	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Underground Conductors and Devices - Bulk Delivery	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1845-4	Underground Conductors and Devices - Primary	\$2,161,529	\$1,784,662	\$40,973	\$203,260	\$22,740	\$100	\$22,740	\$4,107	\$82,947
1845-5	Underground Conductors and Devices - Secondary	\$2,641,869	\$2,194,014	\$50,371	\$249,882	\$12,623	\$0	\$27,956	\$5,049	\$101,973
1850	Line Transformers	\$4,720,089	\$3,901,289	\$89,567	\$444,329	\$44,893	\$0	\$49,711	\$8,979	\$181,323
1855	Services	\$4,965,290	\$4,295,670	\$98,621	\$489,246	\$2,472	\$0	\$16,421	\$2,966	\$59,896
1860	Meters	\$6,612,940	\$3,790,958	\$86,905	\$1,834,403	\$845,820	\$54,855	\$0	\$0	\$0
	Sub-total	\$32,169,917	\$25,123,203	\$576,654	\$4,263,992	\$1,023,382	\$56,294	\$233,502	\$42,174	\$851,716
	Accumulated Amortization									
	Accum. Amortization of Electric Utility Plant - Line Transformers, Services and Meters	(\$19,009,432)	(\$15,028,071)	(\$344,952)	(\$2,425,552)	(\$528,455)	(\$28,125)	(\$135,512)	(\$24,476)	(\$494,289)
	Customer Related Net Fixed Assets	\$13,160,485	\$10,095,132	\$231,703	\$1,838,440	\$494,926	\$27,168	\$97,990	\$17,699	\$357,427
	Allocated General Plant Net Fixed Assets	\$754,009	\$581,804	\$13,303	\$103,103	\$27,052	\$1,453	\$5,671	\$1,025	\$20,598
	Customer Related NFA Including General Plant	\$13,914,494	\$10,676,936	\$245,006	\$1,941,543	\$521,978	\$28,622	\$103,661	\$18,723	\$378,025
	Misc Revenue									
4082	Retail Services Revenues	(\$21,280)	(\$14,803)	(\$359)	(\$2,939)	(\$2,809)	(\$123)	(\$47)	(\$16)	(\$183)
4084	Service Transaction Requests (STR) Revenues	(\$296)	(\$206)	(\$5)	(\$41)	(\$39)	(\$2)	(\$1)	(\$0)	(\$3)
4090	Electric Services Incidental to Energy Sales	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4220	Other Electric Revenues	(\$9,375)	(\$6,521)	(\$158)	(\$1,295)	(\$1,238)	(\$54)	(\$21)	(\$7)	(\$81)
4225	Late Payment Charges	(\$118,090)	(\$67,400)	(\$1,610)	(\$19,882)	(\$27,545)	(\$805)	(\$184)	(\$7)	(\$657)
4235	Miscellaneous Service Revenues	(\$132,833)	(\$92,402)	(\$2,243)	(\$18,347)	(\$17,534)	(\$769)	(\$294)	(\$101)	(\$1,142)
	Sub-total	(\$281,874)	(\$181,332)	(\$4,376)	(\$42,504)	(\$49,164)	(\$1,753)	(\$546)	(\$132)	(\$2,065)

Operating and Maintenance										
5005	Operation Supervision and Engineering	\$46,071	\$38,028	\$874	\$4,389	\$746	\$27	\$415	\$75	\$1,517
5010	Load Dispatching	\$8,604	\$7,102	\$163	\$820	\$139	\$5	\$78	\$14	\$283
5020	Overhead Distribution Lines and Feeders - Operation Labour	\$6,786	\$5,610	\$129	\$639	\$63	\$0	\$71	\$13	\$261
5025	Overhead Distribution Lines & Feeders - Operation Supplies and Expenses	\$6,963	\$5,757	\$132	\$656	\$64	\$0	\$73	\$13	\$268
5035	Overhead Distribution Transformers- Operation	\$3,506	\$2,898	\$67	\$330	\$33	\$0	\$37	\$7	\$135
5040	Underground Distribution Lines and Feeders - Operation Labour	\$811	\$672	\$15	\$77	\$6	\$0	\$9	\$2	\$31
5045	Underground Distribution Lines & Feeders - Operation Supplies & Expenses	\$84	\$70	\$2	\$8	\$1	\$0	\$1	\$0	\$3
5055	Underground Distribution Transformers - Operation	\$8,030	\$6,637	\$152	\$756	\$76	\$0	\$85	\$15	\$308
5065	Meter Expense	\$318,595	\$182,639	\$4,187	\$88,377	\$40,749	\$2,643	\$0	\$0	\$0
5070	Customer Premises - Operation Labour	\$179,800	\$148,451	\$3,408	\$16,908	\$1,892	\$8	\$1,892	\$342	\$6,900
5075	Customer Premises - Materials and Expenses	\$1,497	\$1,236	\$28	\$141	\$16	\$0	\$16	\$3	\$57
5085	Miscellaneous Distribution Expense	\$594	\$490	\$11	\$57	\$10	\$0	\$5	\$1	\$20
5090	Underground Distribution Lines and Feeders - Rental Paid	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5095	Overhead Distribution Lines and Feeders - Rental Paid	\$2,202	\$1,821	\$42	\$207	\$20	\$0	\$23	\$4	\$85
5096	Other Rent	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5105	Maintenance Supervision and Engineering	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5120	Maintenance of Poles, Towers and Fixtures	\$18,828	\$15,549	\$357	\$1,771	\$194	\$1	\$198	\$36	\$723
5125	Maintenance of Overhead Conductors and Devices	\$27,644	\$22,897	\$526	\$2,608	\$205	\$1	\$292	\$53	\$1,064
5130	Maintenance of Overhead Services	\$638,017	\$551,974	\$12,672	\$62,866	\$318	\$0	\$2,110	\$381	\$7,696
5135	Overhead Distribution Lines and Feeders - Right of Way	\$48,823	\$40,364	\$927	\$4,597	\$450	\$2	\$514	\$93	\$1,876
5145	Maintenance of Underground Conduit	\$5,243	\$4,346	\$100	\$495	\$35	\$0	\$55	\$10	\$202
5150	Maintenance of Underground Conductors and Devices	\$23,137	\$19,165	\$440	\$2,183	\$170	\$0	\$244	\$44	\$891
5155	Maintenance of Underground Services	\$74,492	\$64,446	\$1,480	\$7,340	\$37	\$0	\$246	\$44	\$899
5160	Maintenance of Line Transformers	\$9,520	\$7,868	\$181	\$896	\$91	\$0	\$100	\$18	\$366
5175	Maintenance of Meters	\$63,961	\$36,667	\$841	\$17,743	\$8,181	\$531	\$0	\$0	\$0
Sub-total		\$1,493,211	\$1,164,687	\$26,733	\$213,861	\$53,495	\$3,219	\$6,465	\$1,168	\$23,584
Billing and Collection										
5305	Supervision	\$29,168	\$23,977	\$550	\$4,096	\$458	\$2	\$27	\$41	\$16
5310	Meter Reading Expense	\$251,400	\$214,350	\$4,921	\$28,699	\$3,414	\$15	\$0	\$0	\$0
5315	Customer Billing	\$555,021	\$456,244	\$10,475	\$77,944	\$8,720	\$31	\$512	\$788	\$307
5320	Collecting	\$176,104	\$144,763	\$3,323	\$24,731	\$2,767	\$10	\$163	\$250	\$98
5325	Collecting- Cash Over and Short	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5330	Collection Charges	(\$51,365)	(\$42,224)	(\$969)	(\$7,213)	(\$807)	(\$3)	(\$47)	(\$73)	(\$28)
5335	Bad Debt Expense	\$90,564	\$76,621	\$3,808	\$7,674	\$2,414	\$0	\$0	\$48	\$0
5340	Miscellaneous Customer Accounts Expenses	\$161,926	\$133,108	\$3,056	\$22,740	\$2,544	\$9	\$149	\$230	\$90
Sub-total		\$1,212,818	\$1,006,839	\$25,164	\$158,672	\$19,511	\$63	\$804	\$1,283	\$482
Sub Total Operating, Maintenance and Billing		\$2,706,029	\$2,171,526	\$51,896	\$372,533	\$73,005	\$3,282	\$7,269	\$2,451	\$24,066
Amortization Expense - Customer Related										
Amortization Expense - General Plant assigned to Meters		\$74,070	\$57,153	\$1,307	\$10,128	\$2,657	\$143	\$557	\$101	\$2,023
Admin and General		\$1,428,511	\$1,140,956	\$27,298	\$198,309	\$41,886	\$1,895	\$3,877	\$1,291	\$12,999
Allocated PILs		\$68,091	\$52,231	\$1,199	\$9,512	\$2,561	\$141	\$507	\$92	\$1,849
Allocated Debt Return		\$409,077	\$313,794	\$7,202	\$57,146	\$15,384	\$844	\$3,046	\$550	\$11,110
Allocated Equity Return		\$612,013	\$469,462	\$10,775	\$85,494	\$23,016	\$1,263	\$4,557	\$823	\$16,622
PLCC Adjustment for Line Transformer		\$41,958	\$35,047	\$805	\$3,990	\$404	\$0	\$0	\$81	\$1,631
PLCC Adjustment for Primary Costs		\$147,484	\$123,042	\$2,825	\$14,010	\$1,589	\$7	\$0	\$283	\$5,728
PLCC Adjustment for Secondary Costs		\$143,723	\$121,098	\$2,692	\$12,172	\$1,341	\$0	\$0	\$360	\$6,059
Total		\$5,526,281	\$4,304,944	\$101,843	\$837,193	\$180,900	\$10,506	\$22,158	\$4,973	\$63,763

Below: Grouping to avoid disclosure

Scenario 1

Accounts included in Avoided Costs Plus General Administration Allocation

Accounts	Total	Residential	Residential Hensall	G.S. < 50 kW	G.S. > 50 kW to 4999 kW	Large Use	Unmetered Scattered Load	Sentinel Lights	Streetlighting
Distribution Plant									
CWMC	\$ 6,612,940	\$ 3,790,958	\$ 86,905	\$ 1,834,403	\$ 845,820	\$ 54,855	\$ -	\$ -	\$ -
Accumulated Amortization									
Accum. Amortization of Electric Utility Plant - Meters only	\$ (3,366,077)	\$ (1,929,649)	\$ (44,236)	\$ (933,736)	\$ (430,534)	\$ (27,922)	\$ -	\$ -	\$ -
Meter Net Fixed Assets	\$ 3,246,863	\$ 1,861,308	\$ 42,669	\$ 900,667	\$ 415,286	\$ 26,933	\$ -	\$ -	\$ -
Misc Revenue									
CWNB	\$ (21,576)	\$ (15,009)	\$ (364)	\$ (2,980)	\$ (2,848)	\$ (125)	\$ (48)	\$ (16)	\$ (186)
NFA	\$ (9,375)	\$ (6,521)	\$ (158)	\$ (1,295)	\$ (1,238)	\$ (54)	\$ (21)	\$ (7)	\$ (81)
LPHA	\$ (118,090)	\$ (67,400)	\$ (1,610)	\$ (19,882)	\$ (27,545)	\$ (805)	\$ (184)	\$ (7)	\$ (657)
Sub-total	\$ (149,041)	\$ (88,931)	\$ (2,133)	\$ (24,157)	\$ (31,630)	\$ (984)	\$ (252)	\$ (31)	\$ (923)
Operation									
CWMC	\$ 318,595	\$ 182,639	\$ 4,187	\$ 88,377	\$ 40,749	\$ 2,643	\$ -	\$ -	\$ -
CCA	\$ 181,297	\$ 149,687	\$ 3,437	\$ 17,048	\$ 1,907	\$ 8	\$ 1,907	\$ 344	\$ 6,957
Sub-total	\$ 499,892	\$ 332,326	\$ 7,623	\$ 105,425	\$ 42,657	\$ 2,651	\$ 1,907	\$ 344	\$ 6,957
Maintenance									
1860	\$ 63,961	\$ 36,667	\$ 841	\$ 17,743	\$ 8,181	\$ 531	\$ -	\$ -	\$ -
Billing and Collection									
CWMR	\$ 251,400	\$ 214,350	\$ 4,921	\$ 28,699	\$ 3,414	\$ 15	\$ -	\$ -	\$ -
CWNB	\$ 679,760	\$ 558,784	\$ 12,829	\$ 95,462	\$ 10,680	\$ 38	\$ 627	\$ 965	\$ 376
Sub-total	\$ 931,160	\$ 773,134	\$ 17,750	\$ 124,161	\$ 14,094	\$ 53	\$ 627	\$ 965	\$ 376
Total Operation, Maintenance and Billing	\$ 1,495,013	\$ 1,142,127	\$ 26,214	\$ 247,329	\$ 64,932	\$ 3,234	\$ 2,535	\$ 1,309	\$ 7,334
Amortization Expense - Meters									
Allocated PILs	\$ 529,311	\$ 303,435	\$ 6,956	\$ 146,829	\$ 67,701	\$ 4,391	\$ -	\$ -	\$ -
	\$ 15,896	\$ 9,105	\$ 209	\$ 4,412	\$ 2,037	\$ 132	\$ -	\$ -	\$ -

Allocated Debt Return	\$ 95,502	\$ 54,704	\$ 1,254	\$ 26,509	\$ 12,240	\$ 795	\$ -	\$ -	\$ -
Allocated Equity Return	\$ 142,878	\$ 81,841	\$ 1,877	\$ 39,660	\$ 18,312	\$ 1,189	\$ -	\$ -	\$ -
Total	\$ 2,129,560	\$ 1,502,281	\$ 34,377	\$ 440,583	\$ 133,591	\$ 8,757	\$ 2,282	\$ 1,278	\$ 6,410

Scenario 2

Accounts included in Directly Related Customer Costs Plus General Administration Allocation

Accounts	Total	Residential	Residential Hensall	G.S. < 50 kW	G.S. > 50 kW to 4999 kW	Large Use	Unmetered Scattered Load	Sentinel Lights	Streetlighting
Distribution Plant									
CWMC	\$ 6,612,940	\$ 3,790,958	\$ 86,905	\$ 1,834,403	\$ 845,820	\$ 54,855	\$ -	\$ -	\$ -
Accumulated Amortization									
Accum. Amortization of Electric Utility Plant - Meters only	\$ (3,366,077)	\$ (1,929,649)	\$ (44,236)	\$ (933,736)	\$ (430,534)	\$ (27,922)	\$ -	\$ -	\$ -
Meter Net Fixed Assets	\$ 3,246,863	\$ 1,861,308	\$ 42,669	\$ 900,667	\$ 415,286	\$ 26,933	\$ -	\$ -	\$ -
Allocated General Plant Net Fixed Assets	\$ 184,372	\$ 107,271	\$ 2,450	\$ 50,511	\$ 22,699	\$ 1,441	\$ -	\$ -	\$ -
Meter Net Fixed Assets Including General Plant	\$ 3,431,235	\$ 1,968,579	\$ 45,119	\$ 951,178	\$ 437,985	\$ 28,374	\$ -	\$ -	\$ -
Misc Revenue									
CWNB	\$ (21,576)	\$ (15,009)	\$ (364)	\$ (2,980)	\$ (2,848)	\$ (125)	\$ (48)	\$ (16)	\$ (186)
NFA	\$ (9,375)	\$ (6,521)	\$ (158)	\$ (1,295)	\$ (1,238)	\$ (54)	\$ (21)	\$ (7)	\$ (81)
LFHA	\$ (118,090)	\$ (67,400)	\$ (1,610)	\$ (19,882)	\$ (27,545)	\$ (805)	\$ (184)	\$ (7)	\$ (657)
Sub-total	\$ (149,041)	\$ (89,931)	\$ (2,133)	\$ (24,157)	\$ (31,630)	\$ (964)	\$ (252)	\$ (31)	\$ (923)
Operation									
CWMC	\$ 318,595	\$ 182,639	\$ 4,187	\$ 88,377	\$ 40,749	\$ 2,643	\$ -	\$ -	\$ -
CCA	\$ 181,297	\$ 149,687	\$ 3,437	\$ 17,048	\$ 1,907	\$ 8	\$ 1,907	\$ 344	\$ 6,957
Sub-total	\$ 499,892	\$ 332,326	\$ 7,623	\$ 105,425	\$ 42,657	\$ 2,651	\$ 1,907	\$ 344	\$ 6,957
Maintenance									
1860	\$ 63,961	\$ 36,667	\$ 841	\$ 17,743	\$ 8,181	\$ 531	\$ -	\$ -	\$ -
Billing and Collection									
CWMR	\$ 251,400	\$ 214,350	\$ 4,921	\$ 28,699	\$ 3,414	\$ 15	\$ -	\$ -	\$ -
CWNB	\$ 679,760	\$ 558,784	\$ 12,829	\$ 95,462	\$ 10,680	\$ 38	\$ 627	\$ 965	\$ 376
Sub-total	\$ 931,160	\$ 773,134	\$ 17,750	\$ 124,161	\$ 14,094	\$ 53	\$ 627	\$ 965	\$ 376
Total Operation, Maintenance and Billing	\$ 1,495,013	\$ 1,142,127	\$ 26,214	\$ 247,329	\$ 64,932	\$ 3,234	\$ 2,535	\$ 1,309	\$ 7,334
Amortization Expense - Meters	\$ 529,311	\$ 303,435	\$ 6,956	\$ 146,829	\$ 67,701	\$ 4,391	\$ -	\$ -	\$ -
Amortization Expense - General Plant assigned to Meters	\$ 18,112	\$ 10,538	\$ 241	\$ 4,962	\$ 2,230	\$ 142	\$ -	\$ -	\$ -
Admin and General	\$ 790,665	\$ 600,092	\$ 13,789	\$ 131,660	\$ 37,254	\$ 1,868	\$ 1,352	\$ 689	\$ 3,961
Allocated PILs	\$ 16,799	\$ 9,630	\$ 221	\$ 4,660	\$ 2,149	\$ 139	\$ -	\$ -	\$ -
Allocated Debt Return	\$ 100,925	\$ 57,856	\$ 1,326	\$ 27,996	\$ 12,909	\$ 837	\$ -	\$ -	\$ -
Allocated Equity Return	\$ 150,992	\$ 86,558	\$ 1,984	\$ 41,884	\$ 19,312	\$ 1,252	\$ -	\$ -	\$ -
Total	\$ 2,952,775	\$ 2,121,306	\$ 48,598	\$ 581,163	\$ 174,856	\$ 10,880	\$ 3,634	\$ 1,968	\$ 10,371

Scenario 3

Minimum System Customer Costs Adjusted for PLCC - High Limit Fixed Customer Charge

USoA Account #	Accounts	Total	Residential	Residential Hensall	G.S. < 50 kW	G.S. > 50 kW to 4999 kW	Large Use	Unmetered Scattered Load	Sentinel Lights	Streetlighting
	Distribution Plant									
	CDMPP	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Poles, Towers and Fixtures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	BCP	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	PNCP	\$ 9,466,649	\$ 7,816,117	\$ 179,444	\$ 890,199	\$ 99,594	\$ 439	\$ 99,594	\$ 17,988	\$ 363,275
	SNCP	\$ 6,404,949	\$ 5,319,169	\$ 122,118	\$ 605,815	\$ 30,604	\$ -	\$ 67,777	\$ 12,242	\$ 247,223
	Overhead Conductors and Devices	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	LTNCP	\$ 4,720,089	\$ 3,901,289	\$ 89,567	\$ 444,329	\$ 44,893	\$ -	\$ 49,711	\$ 8,979	\$ 181,323
	CWCS	\$ 4,965,290	\$ 4,295,670	\$ 98,621	\$ 489,246	\$ 2,472	\$ -	\$ 16,421	\$ 2,966	\$ 59,896
	CWMC	\$ 6,612,940	\$ 3,790,958	\$ 86,905	\$ 1,834,403	\$ 845,820	\$ 54,855	\$ -	\$ -	\$ -
	Sub-total	\$ 32,169,917	\$ 25,123,203	\$ 576,654	\$ 4,263,992	\$ 1,023,362	\$ 55,294	\$ 233,502	\$ 42,174	\$ 851,716
	Accumulated Amortization									
	Accum. Amortization of Electric Utility Plant - Line Transformers, Services and Meters	\$ (19,009,432)	\$ (15,028,071)	\$ (344,952)	\$ (2,425,552)	\$ (528,455)	\$ (28,125)	\$ (135,512)	\$ (24,476)	\$ (494,289)
	Customer Related Net Fixed Assets	\$ 13,160,485	\$ 10,095,132	\$ 231,703	\$ 1,838,440	\$ 494,926	\$ 27,168	\$ 97,990	\$ 17,699	\$ 357,427
	Allocated General Plant Net Fixed Assets	\$ 754,009	\$ 581,804	\$ 13,303	\$ 103,103	\$ 27,052	\$ 1,453	\$ 5,671	\$ 1,025	\$ 20,598
	Customer Related NFA Including General Plant	\$ 13,914,494	\$ 10,676,936	\$ 245,006	\$ 1,941,543	\$ 521,978	\$ 28,622	\$ 103,661	\$ 18,723	\$ 378,025
	Misc Revenue									
	CWNB	\$ (154,409)	\$ (107,411)	\$ (2,608)	\$ (21,327)	\$ (20,382)	\$ (894)	\$ (342)	\$ (118)	\$ (1,328)
	NFA	\$ (9,375)	\$ (6,521)	\$ (158)	\$ (1,295)	\$ (1,238)	\$ (54)	\$ (21)	\$ (7)	\$ (81)
	LFHA	\$ (118,090)	\$ (67,400)	\$ (1,610)	\$ (19,882)	\$ (27,545)	\$ (805)	\$ (184)	\$ (7)	\$ (657)
	Sub-total	\$ (281,874)	\$ (181,332)	\$ (4,376)	\$ (42,504)	\$ (49,164)	\$ (1,753)	\$ (546)	\$ (132)	\$ (2,065)
	Operating and Maintenance									
	1815-1855	\$ 55,270	\$ 45,621	\$ 1,048	\$ 5,265	\$ 894	\$ 33	\$ 498	\$ 90	\$ 1,820
	1830 & 1835	\$ 64,774	\$ 53,552	\$ 1,229	\$ 6,099	\$ 597	\$ 2	\$ 682	\$ 123	\$ 2,489
	1850	\$ 21,056	\$ 17,404	\$ 400	\$ 1,982	\$ 200	\$ -	\$ 222	\$ 40	\$ 809
	1840 & 1845	\$ 896	\$ 742	\$ 17	\$ 85	\$ 6	\$ 0	\$ 9	\$ 2	\$ 34
	CWMC	\$ 318,595	\$ 182,639	\$ 4,187	\$ 88,377	\$ 40,749	\$ 2,643	\$ -	\$ -	\$ -
	CCA	\$ 181,297	\$ 149,687	\$ 3,437	\$ 17,048	\$ 1,907	\$ 8	\$ 1,907	\$ 344	\$ 6,957
	O&M	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	1830	\$ 18,828	\$ 15,549	\$ 357	\$ 1,771	\$ 194	\$ 1	\$ 198	\$ 36	\$ 723
	1835	\$ 27,644	\$ 22,897	\$ 526	\$ 2,608	\$ 205	\$ 1	\$ 292	\$ 53	\$ 1,064
	1855	\$ 712,509	\$ 616,419	\$ 14,152	\$ 70,206	\$ 355	\$ -	\$ 2,356	\$ 426	\$ 8,595
	1840	\$ 5,243	\$ 4,346	\$ 100	\$ 495	\$ 35	\$ 0	\$ 55	\$ 10	\$ 202
	1845	\$ 23,137	\$ 19,165	\$ 440	\$ 2,183	\$ 170	\$ 0	\$ 244	\$ 44	\$ 891
	1860	\$ 63,961	\$ 36,667	\$ 841	\$ 17,743	\$ 8,181	\$ 531	\$ -	\$ -	\$ -
	Sub-total	\$ 1,493,211	\$ 1,164,687	\$ 26,733	\$ 213,861	\$ 53,495	\$ 3,219	\$ 6,465	\$ 1,168	\$ 23,584
	Billing and Collection									
	CWNB	\$ 870,854	\$ 715,868	\$ 16,435	\$ 122,298	\$ 13,682	\$ 48	\$ 804	\$ 1,236	\$ 482
	CWMR	\$ 251,400	\$ 214,350	\$ 4,921	\$ 28,699	\$ 3,414	\$ 15	\$ -	\$ -	\$ -
	BDHA	\$ 90,564	\$ 76,621	\$ 3,808	\$ 7,674	\$ 2,414	\$ -	\$ -	\$ 48	\$ -

<i>Sub-total</i>	\$ 1,212,818	\$ 1,006,839	\$ 25,164	\$ 158,672	\$ 19,511	\$ 63	\$ 804	\$ 1,283	\$ 482
<i>Sub Total Operating, Maintenance and Billing</i>	\$ 2,706,029	\$ 2,171,526	\$ 51,896	\$ 372,533	\$ 73,005	\$ 3,282	\$ 7,269	\$ 2,451	\$ 24,066
Amortization Expense - Customer Related	\$ 843,530	\$ 560,341	\$ 12,862	\$ 176,748	\$ 74,889	\$ 4,698	\$ 2,892	\$ 523	\$ 10,577
Amortization Expense - General Plant assigned to Meters	\$ 74,070	\$ 57,153	\$ 1,307	\$ 10,128	\$ 2,657	\$ 143	\$ 557	\$ 101	\$ 2,023
Admin and General	\$ 1,428,511	\$ 1,140,956	\$ 27,298	\$ 198,309	\$ 41,886	\$ 1,895	\$ 3,877	\$ 1,291	\$ 12,999
Allocated PILs	\$ 68,091	\$ 52,231	\$ 1,199	\$ 9,512	\$ 2,561	\$ 141	\$ 507	\$ 92	\$ 1,849
Allocated Debt Return	\$ 409,077	\$ 313,794	\$ 7,202	\$ 57,146	\$ 15,384	\$ 844	\$ 3,046	\$ 550	\$ 11,110
Allocated Equity Return	\$ 612,013	\$ 469,462	\$ 10,775	\$ 85,494	\$ 23,016	\$ 1,263	\$ 4,557	\$ 823	\$ 16,622
PLCC Adjustment for Line Transformer	\$ 41,958	\$ 35,047	\$ 805	\$ 3,990	\$ 404	\$ -	\$ -	\$ 81	\$ 1,631
PLCC Adjustment for Primary Costs	\$ 147,484	\$ 123,042	\$ 2,825	\$ 14,010	\$ 1,589	\$ 7	\$ -	\$ 283	\$ 5,728
PLCC Adjustment for Secondary Costs	\$ 143,723	\$ 121,098	\$ 2,692	\$ 12,172	\$ 1,341	\$ -	\$ -	\$ 360	\$ 6,059
Total	\$ 5,526,281	\$ 4,304,944	\$ 101,843	\$ 837,193	\$ 180,900	\$ 10,506	\$ 22,158	\$ 4,973	\$ 63,763

1 **Class Revenue Requirements**

2

3 Based on the various inputs into the Cost allocation model, the model generates the revenue
4 requirements for each rate class. Table B of OEB Appendix 2-P provides information on the
5 calculated class revenues. The resulting 2015 proposed base revenue will be the amount used
6 in Exhibit 8 to design the proposed distribution charges in this application.



File Number:EB-2014-0073

Exhibit: 7

Tab: 1

Schedule: 3

Date Filed: May 29, 2014

Attachment 1 of 1

OEB Appendix 2-P Tables 1 & 2

A) Allocated Costs

Classes	Costs Allocated from Previous Study	%	Costs Allocated in Test Year Study (Column 7A)	%
Residential	\$ 5,377,136	52.27%	\$ 6,271,138	52.83%
Residential Hensall	\$ 138,600	1.35%	\$ 155,603	1.31%
GS < 50 kW	\$ 1,542,736	15.00%	\$ 1,655,912	13.95%
GS > 50 kW to 4999 kW	\$ 2,713,580	26.38%	\$ 3,477,352	29.29%
Large Use	\$ 277,500	2.70%	\$ 163,571	1.38%
Unmetered Scattered Load (USL)	\$ 28,137	0.27%	\$ 24,874	0.21%
Sentinel Lighting	\$ 13,666	0.13%	\$ 6,821	0.06%
Street Lighting	\$ 196,840	1.91%	\$ 115,738	0.97%
Total	\$ 10,288,195	100.00%	\$ 11,871,009	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	Column 7C	Column 7D	Column 7E	Total
	Load Forecast (LF) X current	L.F. X current approved rates X	LF X proposed rates	Miscellaneous Revenue	
Residential	\$ 5,562,948	\$ 6,082,604	\$ 6,082,604	\$ 471,450	\$ 6,554,054
Residential Hensall	\$ 136,181	\$ 148,902	\$ 151,156	\$ 11,465	\$ 162,621
GS < 50 kW	\$ 1,673,081	\$ 1,829,370	\$ 1,829,370	\$ 104,622	\$ 1,933,992
GS > 50 kW to 4999 kW	\$ 2,452,296	\$ 2,681,373	\$ 2,731,647	\$ 149,504	\$ 2,881,151
Large Use	\$ 144,657	\$ 158,170	\$ 158,170	\$ 6,416	\$ 164,586
Unmetered Scattered Load (USL)	\$ 44,047	\$ 48,162	\$ 27,601	\$ 2,247	\$ 29,848
Sentinel Lighting	\$ 4,865	\$ 5,320	\$ 5,320	\$ 552	\$ 5,872
Street Lighting	\$ 147,619	\$ 161,409	\$ 129,442	\$ 9,443	\$ 138,885
Total	\$ 10,165,694	\$ 11,115,310	\$ 11,115,310	\$ 755,699	\$ 11,871,009

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 Transformer Ownership Allowance. Exclude revenue from rate adders and rate
- 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.

1 Revenue-to-Cost Ratios

2

3 Previous Revenue to Cost Ratios

4 Festival's Revenue-to-Cost ratios from the 2010 EDR Approved results (EB-2008-0238) were
5 implemented over a four year period, as explained earlier under Exhibit 7, Tab 1, Sch 1. A
6 phased in approach was followed from the 2010 COS through to the 2013 IRM filing. The final
7 2013 revenue to cost ratios have been entered in section c) Rebalancing Revenue-to-Cost
8 (R/C) Ratios in Appendix 2- P.

9 Proposed Revenue to Cost Ratios

10 In the *Report of the Board on Cost Allocation* released in relation to EB-2010-0219, dated March
11 31, 2011, the OEB established what it considered to be the appropriate ranges of revenue-to-
12 cost ratios, which are summarized in Table D of OEB Appendix 2-P.

13

14 While most ratios for 2015 are similar to the ratios from 2010, there have been some changes
15 which are primarily a result of the differences in forecasted loads used in the 2010 model
16 compared to the updated load projections used in the 2015 model. The contribution from
17 streetlighting has gone up substantially, primarily due to the change in the light to connection
18 ratio from the standard five to one used in the 2010 study to the eight to one ratio based on the
19 study completed by Festival. Unmetered scattered load is well over the target range.

20 Festival is proposing in this application to re-align its revenue to cost ratios by adjusting the
21 allocations of revenue among rate classes in order to reduce some of the cross-subsidization
22 that is occurring. The following re-alignments are proposed for each rate class:

- 23 • Residential class is well within the range at 104.51, so no adjustments are proposed.
- 24 • Residential Hensall is being adjusted from 103.06 to 104.51 in order to harmonize
25 Residential Hensall with the regular Residential class.

- 1 • General Service <50 kW is within the range so no adjustments have been made It
- 2 continues to have the highest ratio at 116.79.
- 3 • General Service > 50 kW has been raised by 1.44 from the current ratio of 81.41 to
- 4 82.85. This class is being used as the offset account to be increased as a result of
- 5 reduction to USL and sentinel lights.
- 6 • Large Use is at 100.62 so no adjustment required.
- 7 • Sentinel lights is within the range at 86.08 so no adjustment required.
- 8 • Street Lighting is beyond the range at 147.62 so Festival proposes a 27.62 adjustment
- 9 in test year 2015 to bring this class to the 120 maximum target immediately.
- 10 • Unmetered Scattered Load is at 202.66. Festival is proposing to reduce the ratio by
- 11 82.66 in the test year 2015 to bring this class to the 120 maximum target immediately.

12 The table below shows the dollar impact of the realignment, with the difference going to
 13 G.S. > 50 kW as that rate class currently has the lowest revenue to cost ratio:

Class	Hensall Residential	USL	Streetlights	G.S. <> 50 kW (net offset)
Rev to Cost Ratio (initial)	103.06	202.66	147.62	81.41
Rev to Cost Ratio (final)	104.51	120.00	120.00	82.85
Dollar change to achieve final ratio	\$2,254	(20,561)	(\$31,967)	50,274

14

15 Table D of OEB Appendix 2 – P provides the final revenue to cost ratios after considering the
 16 adjustment noted above. This table is included in E7/T1/S4/A1.

1 Table B of OEB Appendix 2-P provides information on calculated class revenues. The resulting
2 2015 proposed base revenue will be the amount used in Exhibit 8 to design the proposed
3 distribution charges in this application. This table is included in E7/T1/S3/A1.

4

5 **Rate Harmonization**

6 In 2001, Festival Hydro purchased the electrical assets of the former Hensall Public Utilities
7 Commission. Because of the large differences in residential rates, the rates were not
8 harmonized at that time. As part of the 2010 rate application process, Festival Hydro took steps
9 through revenue to cost ratio adjustments to move Hensall residential rates close to regular
10 residential rates in order to harmonize. To harmonize in 2015, it will cost a Hensall residential
11 customer approximately \$0.46 per month more to be fully harmonized (i.e. $\$2,254/409$
12 customers/ 12 = \$0.46), as a result of changing Hensall's revenue to cost ratios to equal the
13 Residential class ratio of 104.51. Festival is proposing the Hensall Residential rate be removed
14 from the rate schedule and one set of Residential rates apply to all of Festival's residential
15 customers. The tariff sheet has been created with the Residential Hensall rate class removed.

16

17 The table below provides a bill comparison for the residential customers to the Hensall
18 residential customers based on the approved May 1, 2014 rates. The difference on a monthly
19 bill for a 250 kWh, 500 kWh, and 800 kWh residential customer is \$0.21, \$0.37, and \$0.55
20 respectively (i.e. Festival residential higher than residential Hensall). The required adjustment
21 to harmonize is negligible.

22

23 The second table shows the bill impact comparing residential Hensall May 1, 2014 rates to
24 proposed harmonized January 1, 2015 residential rates. Residential Hensall customers with
25 monthly usage of 800 kWh or less will see a slight decrease in their monthly bill.

26

Rate Harmonization				Difference on Hensall Bills		
Comparison of May 31, 2014 Rates - Impact of Harmonization						
May 31, 2014 Rates	Festival	Festival	May 1, 2014			
Fixed Monthly Charges:	Main	Hensall	Difference	250 kWh	500 kWh	800 kWh
Service Charge	15.18	15.20	- 0.02	- 0.02	- 0.02	- 0.02
ICM Rate Rider	1.00	0.92	0.08	0.08	0.08	0.08
Smart Meter Rate Rider	2.79	2.79	-	-	-	-
Rate Rider for SME	0.79	0.79	-	-	-	-
Increase in fixed monthly charges				0.06	0.06	0.06
Volumetric Rates:						
Distribution Vol Rate	0.0169	0.0164	0.0005	0.12	0.25	0.40
Low Voltage Rate	0.0002	0.0002	-	-	-	-
ICM Rate Rider	0.0011	0.0010	0.0001	0.03	0.05	0.08
Tax Change Rate Rider	- 0.0004	- 0.0004	-	-	-	-
Network Service	0.0071	0.0071	-	-	-	-
Connection Rates	0.0051	0.0051	-	-	-	-
Wholesale Market	0.0044	0.0044	-	-	-	-
Rural Rate Assistance	0.0013	0.0013	-	-	-	-
Debit Retirement	0.0007	0.0007	-	-	-	-
				0.15	0.30	0.48
HST				0.03	0.05	0.07
OCEB				- 0.02	- 0.04	- 0.06
Total Bill Impact based on May 1, 2014 approved rates				0.21	0.37	0.55

1
2

<u>Comparison of Jan 1, 2015 COS Rates to May 31, 2014 Rates</u>					<u>Difference on Hensall Bills</u>		
May 31, 2014 Rates		Hensall Harmonized					
Fixed Monthly Charges:		May 1, 14	Jan 1, 15	Difference	250 kWh	500 kWh	800 kWh
Service Charge		15.20	16.59	1.39	1.39	1.39	1.39
ICM Rate Rider		0.92	-	- 0.92	- 0.92	- 0.92	- 0.92
Smart Meter Rate Rider		2.79	0.90	- 1.89	- 1.89	- 1.89	- 1.89
Rate Rider for SME		0.79	0.79	-	-	-	-
Increase in fixed monthly charges				-	- 1.42	- 1.42	- 1.42
				-			
Volumetric Rates:				-			
Distribution Vol Rate		0.0164	0.0185	0.0021	0.52	1.05	1.68
Low Voltage Rate		0.0002	0.0004	0.0002	0.05	0.10	0.16
ICM Rate Rider		0.0010	0.0005	- 0.0005	- 0.13	- 0.25	- 0.40
Tax Change Rate Rider		- 0.0004	-	0.0004	0.10	0.20	0.32
Network Service		0.0071	0.0073	0.0002	0.05	0.10	0.16
Connection Rates		0.0051	0.0045	- 0.0006	- 0.15	- 0.30	- 0.48
Wholesale Market		0.0044	0.0044	-	-	-	-
Rural Rate Assistance		0.0013	0.0013	-	-	-	-
Debit Retirement		0.0007	0.0007	-	-	-	-
					0.45	0.90	1.44
HST					- 0.13	- 0.07	0.00
OCEB					0.11	0.06	- 0.00
					- 0.98	- 0.53	0.02

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File Number:EB-2014-0073

Exhibit: 7

Tab: 1

Schedule: 4

Date Filed: May 29, 2014

Attachment 1 of 1

OEB Appendix 2-P Tables 3 & 4

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

Class	Previously Approved Ratios	Status Quo Ratios	Proposed Ratios	Policy Range
	Most Recent Year: 2013	(7C + 7E) / (7A)	(7D + 7E) / (7A)	
	%	%	%	%
Residential	106.47	104.51	104.51	85 - 115
Residential Hensall	106.27	103.06	104.51	80 - 120
GS < 50 kW	112.03	116.79	116.79	80 - 120
GS > 50 kW to 4999 kW	81.31	81.41	82.85	80 - 120
Large Use	112.03	100.62	100.62	85 - 115
Unmetered Scattered Load (USL)	70.00	202.66	120.00	70 - 120
Sentinel Lighting	70.00	86.09	86.09	80 - 120
Street Lighting	120.00	147.62	120.00	80 - 120

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 year is 2006, the applicant should enter the ratios from their Informational Filing.
- 2 Status Quo Ratios - The Board's updated Cost Allocation Model yields the Status Quo Ratios in Worksheet O-1. Status Quo means "Before Rebalancing".

D) Proposed Revenue-to-Cost Ratios

Class	Proposed Revenue-to-Cost Ratios			Policy Range
	2015	2016	2017	
	%	%	%	%
Residential	104.51			85 - 115
Residential Hensall	104.51			80 - 120
GS < 50 kW	116.79			80 - 120
GS > 50 kW to 4999 kW	82.85			80 - 120
Large Use	100.62			85 - 115
Unmetered Scattered Load (USL)	120.00			70 - 120
Sentinel Lighting	86.09			80 - 120
Street Lighting	120.00			80 - 120
	0	-		

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'.