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November 12, 2014

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

Ms. Walli:

Re: 2015 Electricity Distribution Rate Application for Innisfil Hydro Distribution Systems Limited EB-2014-0086 – Settlement Proposal

As directed by Procedural Oder #2 issued on October 9, 2014, Innisfil Hydro Distribution Systems Distribution Limited ("IHDSL"), herein submits the Settlement Proposal resulting from the Settlement Conference held on October 23, 2014.

Please find accompanying this letter two copies of Innisfil Hydro's responses. An electronic version of this document has been filed via the Board's RESS system.

Should you have any questions please do not hesitate to contact me directly.

Sincerely,

Brenda L Pinke

Regulatory/CDM Officer

(705)431-6870 Ext 262

brendap@innisfilhydro.com

unda Llinke

Encl.

EB-2014-0086

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

AND IN THE MATTER OF an application by Innisfil Hydro Distribution Systems Limited for an order approving just and reasonable rates and other charges for electricity distribution to be effective January 1, 2015.

Innisfil Hydro Distribution Systems Limited Settlement Proposal

November 12, 2014

Contents

Summary	5
Table 1: Incremental Capital Adjustment	7
The Issues	8
1. Is the ICM Application filed by IHDSL for the new Corporate Headquarters and Op appropriate and in accordance with the Board's requirements?	
1a) Need	8
1b) Materiality	8
1c) Prudence	9
2. What is the appropriate treatment of the former administration and operations facili Commerce Park Drive, Innisfil?	•
2a) Net Book Value	9
Table 2: ICM NBV for 2073 Commerce Park Drive	10
Table 3: ICM Capital Components	10
Table 4: Incremental Capital Summary Tab (ICM Capital Project work form)	11
2b) Capital Gains on Proceeds of Sale 2073 Commerce Park Drive	11
Table 5: Proposed Capital Gains Rate Rider	11
3) What is the appropriate treatment of leasing revenues for the new Corporate Headque Operations Centre?	
ICM Rate Adders	12
Listing of Appendices	13

Filed with OEB: November 10, 2014

Innisfil Hydro Distribution Systems Limited ("IHDSL") filed an application with the Ontario Energy Board (the "Board") on August 13, 2014 under Section 78 of the Ontario Energy Board Act, 1998, S.O. 1998, c. 15. (Schedule B) (the "Act"), seeking approval for changes to rates that IHDSL charges for electricity distribution, to be effective January 1, 2015 (Board Docket Number EB-2014-0086) (the "Application").

The Board issued a Notice of Application and Hearing dated September 2, 2014 and Procedural Order No. 1 on September 23, 2014, the latter of which set dates for the filing of interrogatories. On October 9, 2014, the Board issued Procedural Order No. 2, in which the Board made provision for a Technical Conference followed by a Settlement Conference. The purpose of the Technical Conference was to clarify information filed by IHDSL for interrogatory responses on October 16, 2014, in particular with respect to IHDSL's application for an Incremental Capital Module ("ICM") for a new Corporate Headquarters and Operational Centre. The Settlement Conference and resulting Settlement Proposal only addressed issues with the ICM request.

This Settlement Proposal is filed with the Board in connection with the Application.

Further to the Board's Procedural Order No. 2 dated October 9, 2014, a settlement conference was convened on October 23, 2014, in accordance with the Board's *Rules of Practice and Procedure* (the "Rules") and the Board's *Settlement Conference Guidelines* (the "Guidelines"). Mr. Chris Haussmann acted as facilitator for the settlement conference.

IHDSL and the following intervenors (the "Intervenors"), participated in the settlement conference:

Energy Probe Research Foundation ("EP"); School Energy Coalition ("SEC"); and Vulnerable Energy Consumers Coalition ("VECC").

IHDSL and the Intervenors are collectively referred to below as the "Parties".

Ontario Energy Board staff ("Board staff") also participated in the settlement conference. The role adopted by Board Staff is set out in page 5 of the Guidelines. Although Board Staff is not a party to this Settlement Proposal, as noted in the Guidelines, Board Staff who did participate in the settlement conference are bound by the same confidentiality requirements that apply to the Parties to the proceeding.

This document is called a "Settlement Proposal" because it is a proposal by the Parties to the Board to settle the ICM issues in this proceeding. It is termed a proposal as between the Parties and the Board. However, as between the Parties, and subject only to the Board's approval of this Settlement Proposal, this document is intended to be a legal agreement, creating mutual obligations, and binding and enforceable in accordance with its terms. As set forth later in this

Preamble, this agreement is subject to a condition subsequent, that if it is not accepted by the Board in its entirety, then unless amended by the Parties it is null and void and of no further effect. In entering into this agreement, the Parties understand and agree that, pursuant to the Act, the Board has exclusive jurisdiction with respect to the interpretation or enforcement of the terms hereof.

These settlement proceedings are subject to the rules relating to confidentiality and privilege contained in the Guidelines. The Parties understand this to mean that the documents and other information provided, the discussion of each issue, the offers and counter-offers, and the negotiations leading to the settlement – or not – of each issue during the settlement conference are strictly confidential and without prejudice. None of the foregoing is admissible as evidence in this proceeding, or otherwise, with one exception: the need to resolve a subsequent dispute over the interpretation of any provision of this Settlement Proposal.

This Settlement Proposal provides a brief description of each of the settled issues, as applicable, together with references to the evidence. The Parties agree that references to the "evidence" in this Settlement Proposal shall, unless the context otherwise requires, include, in addition to the Application, the responses to interrogatories, and all other components of the record up to and including the date hereof, including: a) interrogatory responses filed by IHDSL on October 16, 2014, (filed with the Board and are available on RESS), b) additional information included by the Parties in this Settlement Proposal, c) the Technical Conference transcript and undertakings and d) Appendices to this document. The supporting Parties for each settled issue agree that the evidence in respect of that settled issue is sufficient in the context of the overall settlement to support the proposed settlement, and the sum of the evidence in this proceeding provides an appropriate evidentiary record to support acceptance by the Board of this Settlement Proposal.

There are Appendices to this Settlement Proposal which provide further support for the proposed settlement. The Appendices include all information and calculations that would be included in a draft rate order, including the proposed Rate Riders associated with the Incremental Capital Module for the new Corporate Headquarters and Operations Centre. The Parties acknowledge that the Appendices were prepared by IHDSL. While the Intervenors have reviewed the Appendices and the derivation of the final Rate Riders, and believe them to be accurate, the Intervenors are relying on the accuracy of IHDSL's preparation of the Appendices in entering into this Settlement Proposal. If the Board accepts this Settlement Proposal, the Parties agree that it is appropriate for the Board to issue a rate order approving the resulting Rate Riders for the ICM submitted with EB-2014-0086.

The Parties are pleased to advise the Board that they have reached a complete agreement with respect to the settlement of the ICM issues in this proceeding. In respect to this, the term "Complete Settlement" means complete settlement was reached by all Parties, and if this Settlement Proposal is accepted by the Board, the Parties, including any Party who took no position, will not adduce any additional evidence or argument during the hearing in respect of these issues.

If applicable, a Party who is noted as taking no position on an issue may or may not have participated in the discussion on that particular issue, but in either case such Party takes no position a) on the settlement reached, and b) on the sufficiency of the evidence filed to date.

According to the Guidelines (p. 3), the Parties must consider whether a Settlement Proposal should include an appropriate adjustment mechanism for any settled issue that may be affected by external factors. The Parties consider that no settled issue requires a specific adjustment mechanism.

The Parties have settled all aspects of the issue as a package and none of the parts of this Settlement Proposal are severable. If the board does not accept the Settlement Proposal in its entirety, then there is no settlement unless the Parties agree in writing that any part(s) of this Settlement Proposal that the Board does not accept may continue as a partial settlement without inclusion of any part(s) that the Board does not accept.

In the event the Board directs the Parties to make reasonable efforts to revise the Settlement Proposal, the Parties agree to use reasonable efforts to discuss any potential revisions but no Party will be obligated to accept any proposed revision. The Parties agree that all of the Parties must agree with any revised Settlement Proposal prior to its resubmission to the Board for its review and consideration as a basis for making a decision.

Unless stated otherwise, the settlement of any particular issue in this proceeding and the positions of the Parties in this Settlement Proposal are without prejudice to the rights of Parties to raise the same issue and/or to take any position thereon in any other proceeding, whether or not IHDSL is a party to such proceeding.

Summary

IHDSL has an agreement in place to sell its current facility at 2073 Commerce Park Drive and is in the late stages of constructing a new Administration and Operations Centre at 7251 Yonge Street, at a cost of \$13.2M. IHDSL has applied for an Incremental Capital Module ("ICM") that will provide funding for the facility until the next rebasing application.

For the purposes of settlement, the Parties have agreed to reduce the capital amount in the ICM by \$2.35M to \$10.9M. In addition, the Parties have agreed to return 75% of the capital gain from the sale of its former facility to the ratepayers and to remove from its rate base those assets related to the facility. Further, the Parties have agreed that any future leasing revenues will be included as an off-set to IHDSL's revenue requirement at the time of the rebasing on a prospective basis. The parties have also agreed that the ICM calculation will not include funding for any incremental operations, maintenance and administration costs.

The settlement results in a reduction of the Incremental Revenue Requirement for IHDSL in 2015 from \$1,076,222 to \$845,836 for the incremental capital amount for the new Corporate Headquarters and Operations Centre. The amount of the ICM is offset by an agreed \$252,000 reduction associated with the return of capital gains from the sale of the current facility. The \$252,000 will be returned to customers via a rate rider over a 2 year period.

In reaching settlement, the Parties have been guided by the *Filing Requirements For Electricity Distribution Rate Applications* last revised on July 25, 2014 (the "**Filing Requirements**") for 2015, Chapter 3 Incentive Regulation, the approved issues list, and the Report of the Board titled *Renewed Regulatory Framework for Electricity Distributors: A Performance-Based Approach* dated October 18, 2012 ("RRFE").

The Parties believe that, if accepted by the Board as per the Parties request and the evidence and rationale below, the Parties agree that this Settlement Proposal is appropriate and recommend its acceptance by the Board.

Table 1: Incremental Capital Adjustment

Current Revenue Requirement	
Current Revenue Requirement - Total	\$ 7,607,411

Return on Rate Base			
Incremental Capital CAPEX	•		\$ 10,337,704
Depreciation Expense			\$ 227,202
Incremental Capital CAPEX to be included in Rate Base			\$ 10,110,502
Deemed ShortTerm Debt %	4.0%	E	\$ 404,420
Deemed Long Term Debt %	56.0%	F	\$ 5,661,881
Short Term Interest	2.07%	ı	\$ 8,371
Long Term Interest	4.36%	J	\$ 247,094
Return on Rate Base - Interest			\$ 255,465
Deemed Equity %	40.0%	N	\$ 4,044,201
Return on Rate Base -Equity	8.98%	0	\$ 363,169
Return on Rate Base - Total			\$ 618,634

Amortization Expense		
Amortization Expense - Incremental	С	\$ 227,202

Incremental Revenue Requirement		
Return on Rate Base - Total	Q	\$ 618,634
Amortization Expense - Total	S	\$ 227,202
Incremental Grossed Up PIL's	Z	\$ -
Incremental Ontario Capital Tax	AE	\$ -
Incremental Revenue Requirement		\$ 845,836
	•	

The Issues

1. Is the ICM Application filed by IHDSL for the new Corporate Headquarters and Operations Centre appropriate and in accordance with the Board's requirements?

Complete Settlement

For the purposes of reaching a complete settlement, and subject to the changes agreed to by the Parties and set out in this Settlement Proposal, the Parties agree that the proposed ICM for a new Corporate Headquarters and Operations Centre meets the Board's requirement for need, materiality, and prudence.¹

1a) Need

For the purposes of settlement, the Parties accept that IHDSL requires a new Corporate Headquarters and Operations Centre. IHDSL's current administration and operations facilities are no longer sufficient due to:

- Accessibility, and health and safety issues for IHDSL's customers and staff;
- Environmental concerns caused by extreme weather conditions; and
- Lack of appropriate space for current staff, and requirements for future to accommodate IHDSL long-term customer growth.

The proposed facility, a Corporate Headquarters and Operations Centre, is a discrete project and subject to the proposed changes in issue 2a), is outside of the rate base upon which IHDSL's rates were derived.

1b) Materiality

For the purposes of settlement, the Parties accept that the proposed Corporate Headquarters and Operations Centre meets the requirements of materiality as it exceeds the Board defined materiality threshold, and has a significant influence on the operations of the Distributor.

¹ Report of the Board, New Policy Options for the Funding of Capital Investments; The Advanced Capital Module, (EB_2014-0219), dated September 18, 2014, p. 17

1c) Prudence

For the purposes of settlement, the Parties agree to an incremental capital reduction of \$2,350,000 from the submitted capital amount of \$13,246,704. The Parties agree that the revised capital amount of \$10,896,704 is prudent considering:

- The current square footage and operational requirements of IHDSL;
- A reasonable allowance for future staffing growth expected over the next 20 years due to IHDSL's growth predictions; and
- Reasonable comparisons with industry Distributors who have recently constructed new administration and /or operations facilities (Enersource, Powerstream and Waterloo North Hydro) considering current market construction rates.

As discussed below, administrative and/or operational space that is in excess of IHDSL current requirements will be available for lease. Related leasing income will be included at the time of IHDSL's next rebasing application on a prospective basis. This arrangement provides a means of protecting IHDSL's customers from costs associated with the difference between the utilities needs over time and the total area available at the new Administration and Operations Centre.

IHDSL has reflected this reduction in the updated Incremental Capital Project and Incremental Capital Project models to reflect this agreement.

The updated models are included in Appendices A and B. Tab E1.1. With the release of the Rate Setting Parameters for 2015² on October 30, 2014, IHDSL confirms that the inflation factor has been updated.

Evidence: OEB Staff IR – 5 bi-biii), 5c), 5d), 6a) – 6d), 7a), 8a)-8d), 11, and 13 VECC 1a), and 2a) – 2i), SEC 1-8e)

2. What is the appropriate treatment of the former administration and operations facility at 2073 Commerce Park Drive, Innisfil?

Complete Settlement

For the purposes of reaching a complete settlement, and subject to the changes agreed to by the Parties and set out in this Settlement Proposal, the Parties agree that the NBV and Capital Gains associated with the former administration and operations facility have been treated appropriately.

2a) Net Book Value

² <u>Report of the Board on Rate Setting Parameters and Benchmarking under the Renewed Regulatory Framework for Ontario's Electricity Distributors</u> (EB-2010-0379), dated October 30, 2015

For the purpose of settlement, the Parties agree that since the new Corporate Headquarters and Operations Centre is replacing existing assets that are currently in in the rate base, the net book value (NBV) of those assets should be removed from rate base effective 2015. The calculated NBV of the land at 2073 Commerce Park Drive is \$124,000 and the buildings are \$435,000 for a total of \$599,000.

To effect this aspect of the Settlement Proposal for 2015, IHDSL has reduced the Land and Building asset components on the Incremental Capital Summary Tab in the Incremental Capital Project work form. Table 2 reflects the NBV and Capital Gain calculations utilized for settlement.

Table 2: ICM NBV for 2073 Commerce Park Drive

							Net P&L
						Tax Effect	Loss
Asset description	Cost	Accum Depre	NBV	Proceeds	Loss(Gain)	(Est.)	(Gain)
Land - 1905	123,493.01		123,493.01				
Building & Fixtures - 1908	748,392.24	\$313,565.68	434,826.56				
Total	871,885.25	313,565.68	558,319.57	(925,000.00)	(366,680.43)	30,000.00	(336,680.43)

Table 3: ICM Capital Components

Table 3 summarizes the changes in the ICM capital asset components as a result of settlement.

	ICN	1 Cubuissian		Settlement Conference		Settlement Proposal
	ICN	1 Submission		Comerence		Froposai
Asset Component						
Building	\$	10,694,626	-\$	2,350,000	\$	8,344,626
			-\$	435,000	-\$	435,000
Roof and HVAC	\$	754,637	\$	-	\$	754,637
Parking lot and Roads	\$	781,945	\$	-	\$	781,945
Land	\$	1,015,496	-\$	124,000	\$	891,496
	\$	13,246,704	-\$	2,909,000	\$	10,337,704

Note: of the \$559k, 124k has been allocated to Land and \$435k to building to properly address depreciation for the 2073 Commerce Park Drive property.

Table 4: Incremental Capital Summary Tab (ICM Capital Project work form)

Building of a Operations Centre and Corporate Headquarters				
Asset Component	Capital Cost	Depreciation Rate	CCA Class	CCA Rate
1 Building	7,909,626	2%	1	6%
2 Roof and HVAC	754,637	5%	1	6%
3 Parking lot and roads	781,945	4%	17	8%
4 Land	891,496	0%		0%
5				
	2015	2016	2017	2018
Closing Net Fixed Asset	10,110,502	9,883,300	9,656,097	9,428,895
Amortization Expense	227,202	227,202	227,202	227,202
CCA	582,411	546,216	512,292	480,495

Evidence: OEB Staff – 5a), EP IR # 5, 7b)-7c)

2b) Capital Gains on Proceeds of Sale 2073 Commerce Park Drive

For the purpose settlement, the Parties agree that the capital gains from the proceeds from the sale of the property at 2073 Commerce Park Drive to be a value of \$336,000 (refer to Table 2). IHDSL agrees to a 75% allocation of the capital gain to be returned to the rate payer via a Rate Rider commencing January 1, 2015 with a Sunset Date of December 31, 2016. The settlement of the customer receiving 75% of the after tax proceeds of the sale of the land/building reflects the midpoint of the Toronto Hydro case EB-2009-0139 case (pg. 37 100% to customer) and Guelph Hydro case EB-2007-0742 (pg. 6 proceeds to be equally shared between the shareholder and ratepayers). The settlement of the customer receiving 75% of the after tax proceeds is also consistent with the Waterloo North Hydro case EB-2010-0144.

IHDSL utilized the EB-2012-0139 rebased kWh and kW by rate class to calculate the Rate Riders. Table 5 reflects the calculated Rate Rider by rate class to be returned to the rate payer.

Table 5: Proposed Capital Gains Rate Rider

Proposed Capital Gains Rate Rider											
	Revenue by		y Revenue % by		pital Gains	kWh by Rate	kW by Rate	kW	h Rate	kW	Rate
Rate Class	Rat	te Class	Rate Class	by Rate Class		e Class Class		Class Rider		Ride	er
Residential	\$	6,104,391	79.14%	\$	199,441.46	148,148,873		-\$	0.0007		
GS LT 50 kW	\$	620,953	8.05%	\$	20,287.65	31,781,016		-\$	0.0003		
GS 50 kW to 4999 kW	\$	562,236	7.29%	\$	18,369.26	51,329,341	147,666			-\$	0.0622
Umetered Scattered Load	\$	17,758	0.23%	\$	580.19	474,652		-\$	0.0006		
Sentinel Lighting	\$	45,332	0.59%	\$	1,481.08	104,942	292			-\$	2.5361
Street Lighting	\$	362,403	4.70%	\$	11,840.36	1,516,831	4,432			-\$	1.3358
	\$	7,713,073	100%	\$	252,000.00						

Evidence: OEB Staff IR -5c), EP -7c), SEC -4b)

3) What is the appropriate treatment of leasing revenues for the new Corporate Headquarters and Operations Centre?

In response to OEB Staff IR -12, IHDSL requested a Deferral and Variance Account ("DVA") to record any leasing revenues it will receive for the new Corporate Headquarters and Operations Centre. The Parties agree that IHDSL will be able to rent/lease any excess square footage at the new Corporate Headquarters and Operations Centre. As of the date of filing, IHDSL is negotiating with two parties for leasing square feet at market rates. It is anticipated that the sites will be leased by July 2015.

IHDSL has indicated that it expects additional OM&A costs for the Corporate Headquarters and Operations Centre, above those incurred at the 2073 Commerce Park Drive facilities (IRR EP 4a -4b).

For the purposes of the settlement, the Parties agree that since an ICM is intended to recover the revenue requirement associated with capital additions only, there will be no DVA to record leasing revenues during IHDSL's IRM term. IHDSL does agree to include revenue off-sets from leasing revenues in its next Cost of Service or Custom IR application.

Evidence: OEB Staff – 12, EP – 3, SEC 9-10

ICM Rate Adders

The following ICM Rate Adders have been calculated utilizing the Incremental Capital Work Form based on the aforementioned settled issue and components. IHDSL is requesting Option A for a combination Fixed and Variable Capital Rate Rider with a sunset date of December 31, 2016 for the ICM Rate Adder.

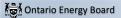
Calculation of Incremental Capital Rate Rider - Option A Fixed and Variable

	Service Charge %	Distribution Volumetric Rate % Revenue	Distribution Volumetric Rate % Revenue	Service Charge	Distribution Volumetric Rate Revenue	Distribution Volumetric Rate Revenue	Total Revenue by	Billed Customers	••		Carrian Chargo	Distribution Volumetric Rate	Distribution
Rate Class	Revenue	kWh B	kW	Revenue D = \$N * A	kWh E = \$N * B	kW F=\$N*C	Rate Class G=D+E+F	Connections	Billed kWh	Billed kW	Rate Rider K = D / H / 12	kWh Rate Rider	
Residential	44.6%	34.6%	0.0%	\$ 376,988.66				n 14.1	189 148.148.873	J	\$2,214090		
	44.0%	34.0%	0.076	\$ 370,900.00	\$ 292,430.29		\$ 669,423.95	14,	109 140,140,073	U	\$2.214090	\$0.001974	
General Service Less Than 50 kW	4.7%	3.3%	0.0%	\$ 39,865.33	\$ 28,230.05	\$ -	\$ 68,095.38	9	31,781,016	0	\$3.650671	\$0.000888	
General Service 50 to 499 kW	1.5%	0.0%	5.8%	\$ 12,768.24	\$ -	\$ 48,888.03	\$ 61,656.27		66 51,329,341	147,666	\$16.121513	\$0.000000	\$0.331072
Unmetered Scattered Load	0.1%	0.1%	0.0%	\$ 1,052.10	\$ 895.29	\$ -	\$ 1,947.39		78 474,652	0	\$1.124043	\$0.001886	
Sentinel Lighting	0.4%	0.0%	0.2%	\$ 3,387.02	\$ -	\$ 1,584.17	\$ 4,971.20	2	237 104,942	292	\$1.190937	\$0.000000	\$5.425244
Street Lighting	2.5%	0.0%	2.2%	\$ 21,099.91	\$ -	\$ 18,642.17	\$ 39,742.09	2,8	389 1,516,831	4,432	\$0.608628	\$0.000000	\$4.206266
				\$ ASS 161 27	© 221 EED EA	¢ 60.11/1.29	e 945 926 29						

Listing of Appendices

Appendix A: Innisfil_2015_Incremental_Capital_Project_EB-2014-0086_Settlement Prop

Appendix B: Innisfil_2015_Incremental_Capital_Wrkfrm_EB-2014-0086_Settlement Prop



Fixed Asset Amortization and UCC 5

Name or General Description of Project	
Innisfil Hydro New Corporate Operations Centre	
Asset Component	

		2	015	2	016	2	017	2	018	2	019
Net Fixed Assets		Fore	ecasted	Fore	casted	Fore	casted	Fore	casted	Fore	castec
Opening Capital Investment		\$	-	\$	-	\$	-	\$	-	\$	-
Capital Investment		\$	-	\$	-	\$	-	\$	-	\$	-
Closing Capital Investment		\$	-	\$	-	\$	-	\$	-	\$	•
Opening Accumulated Amortization		\$	-	\$		\$	-	\$		\$	-
Amortization	0%	\$	-	\$	-	\$	-	\$	-	\$	-
Closing Accumulated Amortization		\$		\$		\$	-	\$		\$	
Opening Net Fixed Assets		\$	-	\$	-	\$	-	\$	-	\$	-
Closing Net Fixed Assets	•	\$	-	\$	-	\$	-	\$	-	\$	-
Average Net Fixed Assets	•	\$		\$		\$		\$		\$	-

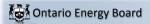
For PILs Calculation

Opening UCC
Capital Additions
UCC Before Half Year Rule
Half Year Rule (1/2 Additions - Disposals)
Reduced UCC
CCA Rate Class
CCA Rate
CCA
Closing UCC

	20	15	20	016	2	2017	2	2018	- 1	2019
	Forec	asted	Fore	casted	For	ecasted	Fore	ecasted	For	ecasted
	\$	-	\$		\$	-	\$	-	\$	-
	\$	-	\$	-	\$	-	\$	-	\$	-
	\$	-	\$		\$	-	\$	-	\$	-
	\$	-	\$	-	\$	-	\$	-	\$	-
	\$	-	\$		\$	-	\$	-	\$	-
0										
0%										
	\$	-	\$	-	\$	-	\$	-	\$	-
	\$	-	\$	-	\$	-	\$	-	\$	-

APPENDIX A

Version 1.0

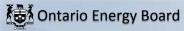


Incremental Capital Project Summary for 2015 Filers

Applicant Name:	Innisfil Hydro Distribution Systems Limited
Campias Tarritano	
Service Territory:	
Name:	Brenda L Pinke
Title:	Regulatory/CDM Manager
Phone Number:	705-431-6870 Ext 262
Fmail Address	brendan@innisiflhydro.com

This Workbook Model is protected by copyright and is being made available to you solely for the purpose of filing your IRM application. You may use and copy this model for that purpose, and provide a copy of this model to any person that is advising or assisting you in that regard. Except as indicated above, any copying, reproduction, publication, sale, adaptation, translation, modification, reverse engineering or other use or dissemination of this model without the express written consent of the Ontario Energy Board is prohibited. If you provide a copy of this model to a person that is advising or assisting you in preparing the application or reviewing your draft rate order, you must ensure that the person understands and agrees to the restrictions noted above.

While this model has been provided in Excel format and is required to be filed with the applications, the onus remains on the applicant to ensure the accuracy of the data and the results.



Using the pull-down menu below, please identify what year of the IRM cycle you are in.

3rd year of IRM cycle

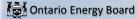
Name or General Description of Project

Innisfil Hydro New Corporate Operations Centre

Details of Project

Building of a Operations Centre and Corporate Headquarters

		Depreciation		
Asset Component	Capital Cost	Rate	CCA Class	CCA Rate
1 Building	7,909,626	2%	1	6%
2 Roof and HVAC	754,637	5%	1	6%
3 Parking lot and roads	781,945	4%	17	8%
4 Land	891,496	0%		0%
5				
	2015	2016	2017	2018
Closing Net Fixed Asset	10,110,502	9,883,300	9,656,097	9,428,895
Amortization Expense	227,202	227,202	227,202	227,202
CCA	582,411	546,216	512,292	480,495



Fixed Asset Amortization and UCC 1

Name or General Description of Project

Innisfil Hydro New Corporate Operations Centre

Asset Component

Building

Average Net Fixed Assets

Net Fixed Assets

Opening Capital Investment Capital Investment Closing Capital Investment

Opening Accumulated Amortization Amortization Closing Accumulated Amortization

Opening Net Fixed Assets

Closing Net Fixed Assets Average Net Fixed Assets

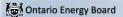
	2015	2016		2017	2018	2019
	Forecasted	Forecasted	Forecasted		Forecasted	Forecasted
	\$ -	\$ 7,909,626	\$	7,909,626	\$ 7,909,626	\$ 7,909,626
	\$ 7,909,626	\$ -	\$	-	\$ -	\$ -
	\$ 7,909,626	\$ 7,909,626	\$	7,909,626	\$ 7,909,626	\$ 7,909,626
	\$ -	\$ 158,193	\$	316,385	\$ 474,578	\$ 632,770
2%	\$ 158,193	\$ 158,193	\$	158,193	\$ 158,193	\$ 158,193
	\$ 158,193	\$ 316,385	\$	474,578	\$ 632,770	\$ 790,963
	\$ -	\$ 7,751,433	\$	7,593,241	\$ 7,435,048	\$ 7,276,856
	\$ 7,751,433	\$ 7,593,241	\$	7,435,048	\$ 7,276,856	\$ 7,118,663
	\$ 3,875,717	\$ 7,672,337	\$	7,514,145	\$ 7,355,952	\$ 7,197,760

For PILs Calculation

UCC

Opening UCC Capital Additions UCC Before Half Year Rule Half Year Rule (1/2 Additions - Disposals) Reduced UCC CCA Rate Class CCA Rate CCA Closing UCC

	2015	2016	2017	2018	2019
	Forecasted	Forecasted	Forecasted	Forecasted	Forecasted
	\$ -	\$ 7,435,048	\$ 6,988,946	\$ 6,569,609	\$ 6,175,432
	\$ 7,909,626	\$ -	\$ -	\$ -	\$ -
	\$ 7,909,626	\$ 7,435,048	\$ 6,988,946	\$ 6,569,609	\$ 6,175,432
	\$ -	\$ -	\$ -	\$ -	\$ -
	\$ 7,909,626	\$ 7,435,048	\$ 6,988,946	\$ 6,569,609	\$ 6,175,432
1					
6%					
	\$ 474,578	\$ 446,103	\$ 419,337	\$ 394,177	\$ 370,526
	\$ 7,435,048	\$ 6,988,946	\$ 6,569,609	\$ 6,175,432	\$ 5,804,906



Fixed Asset Amortization and UCC 2

Name or	General	Descri	ntion of	Project

Innisfil Hydro New Corporate Operations Centre

Asset Component

Roof and HVAC

Average Net Fixed Assets

Net Fixed Assets

Opening Capital Investment Capital Investment Closing Capital Investment

Opening Accumulated Amortization Amortization Closing Accumulated Amortization

Opening Net Fixed Assets Closing Net Fixed Assets Average Net Fixed Assets 2015 2016 2017 2018 2019 Forecasted Forecasted Forecasted Forecasted

	\$ -	\$	754,637	\$ 754,637	\$ 754,637	\$ 754,637
	\$ 754,637	\$	-	\$ -	\$ -	\$ -
	\$ 754,637	\$	754,637	\$ 754,637	\$ 754,637	\$ 754,637
	\$ -	\$	37,732	\$ 75,464	\$ 113,196	\$ 150,927
5%	\$ 37,732	\$	37,732	\$ 37,732	\$ 37,732	\$ 37,732
	\$ 37,732	\$	75,464	\$ 113,196	\$ 150,927	\$ 188,659
	\$ -	\$	716,905	\$ 679,173	\$ 641,441	\$ 603,710
	\$ 716.905	S	679.173	\$ 641,441	\$ 603,710	\$ 565.978

\$ 358,453 \$ 698,039 \$ 660,307 \$ 622,576 \$ 584,844

For PILs Calculation

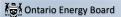
UCC

Opening UCC
Capital Additions
UCC Before Half Year Rule
Half Year Rule (1/2 Additions - Disposals)
Reduced UCC
CCA Rate Class
CCA Rate
CCA
Closing UCC

2015 2016 2017 2018 2019 Forecasted Forecasted Forecasted Forecasted

\$ -	\$ 709,359	\$ 666,797	\$ 626,789	\$ 589,182
\$ 754,637	\$ -	\$ -	\$ -	\$ -
\$ 754,637	\$ 709,359	\$ 666,797	\$ 626,789	\$ 589,182
\$ -	\$ -	\$ -	\$ -	\$ -
\$ 754,637	\$ 709,359	\$ 666,797	\$ 626,789	\$ 589,182

\$	45,278	\$ 42,562	\$ 40,008	\$ 37,607	\$ 35,351	
\$	709,359	\$ 666,797	\$ 626,789	\$ 589,182	\$ 553,831	



Fixed Asset Amortization and UCC 3

Name or General Description of Project

Innisfil Hydro New Corporate Operations Centre

Asset Component

Parking lot and roads

Average Net Fixed Assets

Net Fixed Assets

Opening Capital Investment Capital Investment Closing Capital Investment

Opening Accumulated Amortization Amortization Closing Accumulated Amortization

Opening Net Fixed Assets Closing Net Fixed Assets Average Net Fixed Assets 2015 2016 2017 2018 2019 Forecasted Forecasted Forecasted Forecasted

- \$ 781,945 \$ 781,945 \$ 781,945 \$ 781,945

	\$ 781,945	\$ -	\$ -	\$ -	\$ -
	\$ 781,945	\$ 781,945	\$ 781,945	\$ 781,945	\$ 781,945
	\$ -	\$ 31,278	\$ 62,556	\$ 93,833	\$ 125,111
4%	\$ 31,278	\$ 31,278	\$ 31,278	\$ 31,278	\$ 31,278
	\$ 31,278	\$ 62,556	\$ 93,833	\$ 125,111	\$ 156,389
	\$ -	\$ 750,667	\$ 719,389	\$ 688,112	\$ 656,834

 \$ \$ 750,667
 \$ 719,389
 \$ 688,112
 \$ 656,834

 \$ 750,667
 \$ 719,389
 \$ 688,112
 \$ 656,834
 \$ 625,556

 \$ 375,334
 \$ 735,028
 \$ 703,751
 \$ 672,473
 \$ 641,195

For PILs Calculation

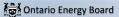
UCC

Opening UCC
Capital Additions
UCC Before Half Year Rule
Half Year Rule (1/2 Additions - Disposals)
Reduced UCC
CCA Rate Class
CCA Rate
CCA
Closing UCC

2015 2016 2017 2018 2019 Forecasted Forecasted Forecasted Forecasted

\$ -	\$ 719,389	\$ 661,838	\$ 608,891	\$ 560,180
\$ 781,945	\$ -	\$ -	\$ -	\$ -
\$ 781,945	\$ 719,389	\$ 661,838	\$ 608,891	\$ 560,180
\$ -	\$ -	\$ -	\$ -	\$ -
\$ 781,945	\$ 719,389	\$ 661,838	\$ 608,891	\$ 560,180

\$	62,556	\$ 57,551	\$ 52,947	\$ 48,711	\$ 44,814
\$	719,389	\$ 661,838	\$ 608,891	\$ 560,180	\$ 515,366



Fixed Asset Amortization and UCC 4

Name or General Description of Project

Innisfil Hydro New Corporate Operations Centre

Asset Component

Land

Average Net Fixed Assets

Net Fixed Assets

Opening Capital Investment Capital Investment Closing Capital Investment

Opening Accumulated Amortization Amortization

Closing Accumulated Amortization

Opening Net Fixed Assets Closing Net Fixed Assets Average Net Fixed Assets

2015 2016 2017 2018 2019 Forecasted Forecasted Forecasted Forecasted

	\$ -	\$	891,496	\$ 891,496	\$ 891,496	\$ 891,496
	\$ 891,496	\$	-	\$ -	\$ -	\$ -
	\$ 891,496	\$	891,496	\$ 891,496	\$ 891,496	\$ 891,496
	\$ -	\$	-	\$ -	\$ -	\$ -
0%	\$ -	\$	-	\$ -	\$ -	\$ -
	\$ -	\$	-	\$ -	\$ -	\$ -
	\$ -	\$	891,496	\$ 891,496	\$ 891,496	\$ 891,496
	\$ 891 496	s	891 496	\$ 891 496	\$ 891 496	\$ 891 496

\$ 445,748 \$ 891,496 \$ 891,496 \$ 891,496 \$ 891,496

For PILs Calculation

UCC

Opening UCC
Capital Additions
UCC Before Half Year Rule
Half Year Rule (1/2 Additions - Disposals)
Reduced UCC
CCA Rate Class
CCA Rate
CCA
Closing UCC

2015 2016 2017 2018 2019 Forecasted Forecasted Forecasted Forecasted

\$ -	\$ 891,496	\$ 891,496	\$ 891,496	\$ 891,496
\$ 891,496	\$ -	\$ -	\$ -	\$ -
\$ 891,496	\$ 891,496	\$ 891,496	\$ 891,496	\$ 891,496
\$ -	\$ -	\$ -	\$ -	\$ -
\$ 891,496	\$ 891,496	\$ 891,496	\$ 891,496	\$ 891,496

\$	-	\$ -	\$ -	\$	\$ -
\$	891,496	\$ 891,496	\$ 891,496	\$ 891,496	\$ 891,496



Calculation of Incremental Capital Rate Rider - Option B Variable

Rate Class	Total Revenue \$ by Rate Class A	Total Revenue % by Rate Class B = A / \$H	Total Incremental Capital \$ by Rate Class C = \$I * B	Billed kWh D	Billed kW E	n Volumetri c Rate kWh Rate Rider F = C / D	Distributio n Volumetric Rate kW Rate Rider G = C / E
Residential	\$6,104,391	79.14%	\$669,424	########	0	\$0.0045	
General Service Less Than 50 kW	\$620,953	8.05%	\$68,095	31,781,016	0	\$0.0021	
General Service 50 to 499 kW	\$562,236	7.29%	\$61,656	51,329,341	######		\$0.4175
Unmetered Scattered Load	\$17,758	0.23%	\$1,947	474,652	0	\$0.0041	
Sentinel Lighting	\$45,332	0.59%	\$4,971	104,942	292		\$17.0246
Street Lighting	\$362,403	4.70%	\$39,742	1,516,831	4,432		\$8.9671
-	\$7,713,072	100.00%	\$845,836				
	H		Ī			Enter the above	rate riders onto

Enter the above rate riders onto
"Sheet
26. Proposed Rates" in the 2015
IRM Rate Generator as a "Rate
Rider for Incremental Capital"

Distributio



VERSION 1.1

Applicant Name	Innisfil Hydro Distribution Systems Limited
Service Territory Name	
Application Type	IRM4
LDC Licence Number	ED-2002-0520
Applied for Effective Date	January 1, 2015
Stretch Factor Group	III
Stretch Factor Value	0.30%
Last COS Re-based Year	2013
Last COS OEB Application Number	EB-2012-0139
ICM Billing Determinants for Growth - Numerator	2013 Re-Based Forecast
ICM Billing Determinants for Growth - Denominator	2012 Actual

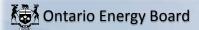
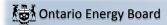


Table of Contents

Sheet Name	Purpose of Sheet
A1.1 LDC Information	Enter LDC Data
A2.1 Table of Contents	Table of Contents
B1.1 Re-Based Bill Det & Rates	Set Up Rate Classes and enter Re-Based Billing Determinants and Tariff Rates
B1.2 Removal of Rate Adders	Removal of Rate Adders
B1.3 Re-Based Rev From Rates	Calculated Re-Based Revenue From Rates
B1.4 Re-Based Rev Req	Detailed Re-Based Revenue From Rates
C1.1 Ld Act-Mst Rcent Yr	Enter Billing Determinants for most recent actual year
D1.1 Current Revenue from Rates	Enter Current Rates to calculate current rate allocation
E1.1 Threshold Parameters	Shows calculation of Price Cap and Growth used for incremental capital threshold calculation
E2.1 Threshold Test	Input sheet to calculate Threshold and Incremental Capital
E3.1 Summary of I C Projects	Summary of Incremental Capital Projects
E4.1 IncrementalCapitalAdjust	Shows Calculation of Incremental Capital Revenue Requirement
F1.1 Incr Cap RRider Opt A FV	Option A - Calculation of Incremental Capital Rate Rider - Fixed & Variable Split
F1.2 Incr Cap RRider Opt B Var	Option B - Calculation of Incremental Capital Rate Rider - Variable Allocation



Rate Class and Re-Based Billing Determinants & Rates

Last COS Re-based Year

Select the appropriate Rate Groups and Rate Classes from the drop-down menus in Columns C and D respectively. Following your selection, all appropriate input cells will be shaded green. Please input the billing determinants and base distribution rates from your last cost of service based rate application.

	Last CO3 Re-based Teal	2013							
	Last COS OEB Application Number			EB-2012-0139					
Rate Group	Rate Class	Fixed Metric	Vol Metric	Re-based Billed Customers or Connections A	Re-based Billed kWh B		Re-based Tariff Service Charge D	Re-based Tariff Distribution Volumetric Rate kWh E	Re-based Tariff Distribution Volumetric Rate kW F
RES	Residential	Customer	kWh	14,189	148,148,873		19.91	0.0178	
GSLT50	General Service Less Than 50 kW	Customer	kWh	910	31,781,016		32.83	0.0080	
GSGT50	General Service 50 to 499 kW	Customer	kW	66	51,329,341	147,666	144.98		2.9773
USL	Unmetered Scattered Load	Connection	kWh	78	474,652		10.11	0.0170	
Sen	Sentinel Lighting	Connection	kW	237	104,942	292	10.71		48.7891
SL	Street Lighting	Connection	kW	2,889	1,516,831	4,432	5.47		37.8268
NA	Rate Class 7	NA	NA						
NA	Rate Class 8	NA	NA						
NA	Rate Class 9	NA	NA						
NA	Rate Class 10	NA	NA						
NA	Rate Class 11	NA	NA						
NA	Rate Class 12	NA	NA						
NA	Rate Class 13	NA	NA						
NA	Rate Class 14	NA	NA						
NA	Rate Class 15	NA	NA						
NA	Rate Class 16	NA	NA						
NA	Rate Class 17	NA	NA						
NA	Rate Class 18	NA	NA						
NA	Rate Class 19	NA	NA						
NA	Rate Class 20	NA	NA						
NA	Rate Class 21	NA	NA						
NA	Rate Class 22	NA	NA						
NA	Rate Class 23	NA	NA						
NA	Rate Class 24	NA	NA						
NA	Rate Class 25	NA	NA						



Removal of Rate Adders

Last COS Re-based Year 2013

Last COS OEB Application Number EB-2012-0139

Rate Class	Re-based Tariff F Service Charge A	Re-based Tariff Distribution F Volumetric Rate kWh B	Re-based Tariff Distribution Volumetric Rate kW C	Service Charge Distribution Volumetric Distribution Volumetri Rate Adders kWh Rate Adders kW Rate Adders D E F				
Residential	19.91	0.0178	0.0000	0.00	0.0000	0.0000		
General Service Less Than 50 kW	32.83	0.0080	0.0000	0.00	0.0000	0.0000		
General Service 50 to 499 kW	144.98	0.0000	2.9773	0.00	0.0000	0.0000		
Unmetered Scattered Load	10.11	0.0170	0.0000	0.00	0.0000	0.0000		
Sentinel Lighting	10.71	0.0000	48.7891	0.00	0.0000	0.0000		
Street Lighting	5.47	0.0000	37.8268	0.00	0.0000	0.0000		



Calculated Re-Based Revenue From Rates

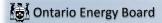
Last COS Re-based Year

2013

Last COS OEB Application Number

EB-2012-0139

Rate Class	Re-based Billed Customers or Connections A		Re-based Billed kW C	Re-based Base Service Charge D	Re-based Base Distribution Volumetric Rate kWh E	Re-based Base Distribution Volumetric Rate kW F	Service Charge Revenue *12	Distribution Volumetric Rate Revenue kWh H = B * E	Distribution Volumetric Rate Revenue kW I = C * F	Revenue Requireme nt from Rates I
Residential	14,189	148,148,873	0	19.91	0.0178	0.0000	3,390,036	2,637,050	0	6,027,086
General Service Less Than 50 kW	910	31,781,016	0	32.83	0.0080	0.0000	358,504	254,248	0	612,752
General Service 50 to 499 kW	66	51,329,341	147,666	144.98	0.0000	2.9773	114,824	0	439,646	554,470
Unmetered Scattered Load	78	474,652	0	10.11	0.0170	0.0000	9,463	8,069	0	17,532
Sentinel Lighting	237	104,942	292	10.71	0.0000	48.7891	30,459	0	14,246	44,706
Street Lighting	2,889	1,516,831	4,432	5.47	0.0000	37.8268	189,634	0	167,648	357,282
							4,092,920	2,899,367	621,541	7,613,828



Last COS Re-based Year

Incremental Capital Module for 2015 Filers

Detailed Re-Based Revenue From Rates

Last CO3 Re-baseu Teal		2013	J			
Last COS OEB Application Number		EB-2012-0139]			
Applicants Rate Base		ı	_ast	Rate Re	-based Amount	
Average Net Fixed Assets						
Gross Fixed Assets - Re-based Opening	\$	56,421,107	Α			
Add: CWIP Re-based Opening	\$	1,288,668	В			
Re-based Capital Additions	\$	9,163,866				
Re-based Capital Disposals Re-based Capital Retirements	-\$	325,500	D E			
Deduct: CWIP Re-based Closing	-\$	5,288,668	F			
Gross Fixed Assets - Re-based Closing	\$	61,259,473	G			
Average Gross Fixed Assets				\$	58,840,290	H = (A + G)/2
Accumulated Depreciation - Re-based Opening	\$	29,418,106	ļ.			
Re-based Depreciation Expense	\$ -\$	1,612,044	J			
Re-based Disposals Re-based Retirements	-\$	276,675	K L			
Accumulated Depreciation - Re-based Closing	\$	30,753,475	М			
Average Accumulated Depreciation	•	,,		\$	30,085,791	N = (I + M)/2
Average Net Fixed Assets				\$	28,754,500	O = H - N
Working Capital Allowance						
Working Capital Allowance Base	\$	29,375,212	P			
Working Capital Allowance Rate Working Capital Allowance		12.0%	Q	\$	3,525,025	R = P * Q
						_
Rate Base				\$	32,279,525	S = O + R
Return on Rate Base						
Deemed ShortTerm Debt %		4.00%	Т	\$	1,291,181	W = S * T
Deemed Long Term Debt %		56.00%	U	\$	18,076,534	X = S * U
Deemed Equity %		40.00%	V	\$	12,911,810	Y = S * V
Short Term Interest		2.07%	Z	\$	26,727	AC = W * Z
Long Term Interest		4.36% 8.98%	AA AB		788,889	AD = X * AA AE = Y * AB
Return on Equity Return on Rate Base		0.90%	AD	\$	1,159,481 1,975,097	
Distribution Expenses						
OM&A Expenses	\$	4,900,000	AG			
Amortization	\$	1,280,461				
Ontario Capital Tax (F1.1 Z-Factor Tax Changes)			ΑI			
Grossed Up PILs (F1.1 Z-Factor Tax Changes) Low Voltage			AJ AK			
Transformer Allowance	\$	16,715				
Property Taxes	\$		AM			
Adj to ROR deferred PP&E	-\$	40,414	ΑN			
			AO	\$	6,169,262	AP = SUM (AG : AO)
Revenue Offsets					•	,
Specific Service Charges	-\$	154,100	ΔΩ			
Late Payment Charges	-\$	113,700				
Other Distribution Income	-\$ -\$ -\$	252,633	AS			
Other Income and Deductions	-\$	16,515	АТ	-\$	536,948	AU = SUM (AQ : AT)
Revenue Requirement from Distribution Rates				\$	7,607,411	AV = AF + AP + AU
Rate Classes Revenue						
Pate Classes Revenue Total (P1.1 Pa based Revenue Con)				¢	7 612 020	۸۱۸/

2013

\$

7,613,828

AW

Rate Classes Revenue - Total (B1.1 Re-based Revenue - Gen)



Load Actual - 2012 Actual

							Base	Base		Distribution	Distribution	
			Billed				Distribution	Distribution	Service	Volumetric	Volumetric	Total
			Customers or			Base Service	Volumetric	Volumetric	Charge	Rate Revenue	Rate Revenue	Revenue by
Rate Class	Fixed Metric	Vol Metric	Connections	Billed kWh	Billed kW	Charge	Rate kWh	Rate kW	Revenue	kWh	kW	Rate Class
			Α	В	С	D	E	F	12	H = B * E	I = C * F	J = G + H + I
Residential	Customer	kWh	14,061	144,455,148	0	\$19.91	\$0.0178	\$0.0000	\$3,359,454	\$2,571,302	\$0	\$5,930,756
General Service Less Than 50 kW	Customer	kWh	932	30,500,366	0	\$32.83	\$0.0080	\$0.0000	\$367,171	\$244,003	\$0	\$611,174
General Service 50 to 499 kW	Customer	kW	69	0	145,696	\$144.98	\$0.0000	\$2.9773	\$120,043	\$0	\$433,781	\$553,824
Unmetered Scattered Load	Connection	kWh	78	480,532	0	\$10.11	\$0.0170	\$0.0000	\$9,463	\$8,169	\$0	\$17,632
Sentinel Lighting	Connection	kW	223	0	312	\$10.71	\$0.0000	\$48.7891	\$28,660	\$0	\$15,222	\$43,882
Street Lighting	Connection	kW	2,728	0	4,450	\$5.47	\$0.0000	\$37.8268	\$179,066	\$0	\$168,329	\$347,395
									\$4,063,857	\$2,823,474	\$617,332	\$7,504,663



This sheet is used to determine the applicants most current allocation of revenues (after the most recent revenue to cost ratio adjustment, if

Current Revenue from Rates

Fixed Metric	Vol Metric	Current Base Service Charge A	Current Base Distribution Volumetric Rate kWh B	Current Base Distribution Volumetric Rate kW C	Re-based Billed Customers or Connections D	Re-based		Current Base Service Charge Revenue G = A * D *12	Current Base Distribution Volumetric Rate kWh Revenue H = B * E	Current Base Distribution Volumetric Rate kW Revenue I = C * F	Total Current Base Revenue J = G + H + I	Service Charge % Total Revenue L = G / \$K			
Customer	kWh	20.19	0.0180		14,189	148,148,873	0	3,437,711	2,666,680	0	6,104,391	44.6%	34.6%	0.0%	79.1%
Customer	kWh	33.29	0.0081		910	31,781,016	0	363,527	257,426	0	620,953	4.7%	3.3%	0.0%	8.1%
Customer	kW	147.01		3.0190	66	51,329,341	147,666	116,432	0	445,804	562,236	1.5%	0.0%	5.8%	7.3%
Connection	kWh	10.25	0.0172		78	474,652	0	9,594	8,164	0	17,758	0.1%	0.1%	0.0%	0.2%
Connection	kW	10.86		49.4721	237	104,942	292	30,886	0	14,446	45,332	0.4%	0.0%	0.2%	0.6%
Connection	kW	5.55		38.3564	2,889	1,516,831	4,432	192,407	0	169,996	362,403	2.5%	0.0%	2.2%	4.7%
								4,150,557	2,932,270	630,245	7,713,072	53.8%	38.0%	8.2%	100.0%
	Customer Customer Customer Connection	Customer kWh Customer kW Connection kWh Connection kW	Fixed Metric Vol Metric	Current Base Distribution	Current Base Distribution Distribution Volumetric Rate kWh R B C Customer kWh 20.19 0.0180 Customer kWh 33.29 0.0081 Customer kW 147.01 3.0190 Connection kWh 10.25 0.0172 Connection kW 10.86 49.4721	Customer KWh Connection Customers or Customers Customers or Customers Customers or Customers Customers or Customers Customers	Customer KWh Connection KWh 10.25 Connection KWh 10.86 Connection KWh Connect	Customer kW 147.66 Connection kW 10.86 Customer kW 10.86 Connection Customer Customer Customer Connection Customer Customer Connection Customer Customer Connection Customer Connection Customer Customer Connection Customer Connection Customer Connection Customer Customer Customer Connection Customer Customer Connection Customer Customer Customer Connection Customer Customer Connection Customer Custo	Fixed Metric Vol Metric Current Base Service Charge Distribution Volumetric Rate kWh Volumetric Rate kWh A Customer Revenue Billed kWh	Fixed Metric Vol Metric Current Base Service Charge Volumetric Rate kWh A Distribution Distribution Distribution Customers or Connections Billed kWh Re-based Billed kWh Re-based Billed kWh Revenue F Gate kWh Revenue Service Charge Revenue Distribution Volumetric Rate kWh Revenue Customer kWh 20.19 0.0180 14.189 148,148.873 0 3.437,711 2.666.680 Customer kWh 33.29 0.0081 910 31,781,016 0 363,527 257,426 Customer kWh 110,25 0.0172 78 474,652 0 9,594 8,164 Connection kW 10.86 49.4721 237 104,942 292 30,886 0 Connection kW 5.55 38.3564 2,889 1,516,831 4,432 192,407 0	Customer KWh Customer KWh Substitution Customers KWh KWh	Customer KWh Customer KWh Substitution Customers KWh Customers Customers KWh Customers Customers KWh Customers Customers	Customer kWh Cust	Customer KWh Customer KWh Substitution Customers KWh Customers KWh Customers KWh Customers KWh Customers KWh Customers KWh KWh Customers KWh Customers KWh KWh Customers KWh KWh Customers KWh KWh	Current Base Distribution Dist



Threshold Parameters

Price Cap Index

Price Escalator (GDP-IPI) 1.60%
Less Productivity Factor 0.00%
Less Stretch Factor -0.30%

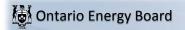
Price Cap Index 1.30%

Growth

ICM Billing Determinants for Growth - Numerator : 2013 Re-Based Forecast \$7,613,828 A

ICM Billing Determinants for Growth - Denominator : 2012 Actual \$7,504,663 B

Growth 1.45% C = A/B



Threshold Test

Year	2013	
Price Cap Index Growth Dead Band	1.30% 1.45% 20%	A B C
Average Net Fixed Assets Gross Fixed Assets Opening Add: CWIP Opening Capital Additions Capital Disposals Capital Retirements Deduct: CWIP Closing Gross Fixed Assets - Closing	\$56,421,107 \$ 1,288,668 \$ 9,163,866 -\$ 325,500 \$ - -\$ 5,288,668 \$61,259,473	
Average Gross Fixed Assets Accumulated Depreciation - Opening Depreciation Expense Disposals Retirements Accumulated Depreciation - Closing	\$58,840,290 \$29,418,106 \$ 1,612,044 -\$ 276,675 \$ - \$30,753,475	-
Average Accumulated Depreciation Average Net Fixed Assets	\$30,085,791 \$28,754,500	_ -
Working Capital Allowance Working Capital Allowance Base Working Capital Allowance Rate Working Capital Allowance	\$29,375,212 12% \$ 3,525,025	_F
Rate Base	\$32,279,525	G = E + F
Depreciation D	\$ 1,612,044	н
Threshold Test	175.54%	I = 1 + (G / H) * (B + A * (1 + B)) + 0

Threshold CAPEX \$ 2,829,737 J = H *I



Summary of Incremental Capital Projects (ICPs)

Calculation of Eligible Incremental Capital Amount		1
2015 Non-Discretionary Capital Budget (Including ICM Projects)	\$15,237,704.00	Α
Threshold CAPEX (as calculated on sheet E2.1)	\$2,829,737.37	В
Eligible Incremental Capital Amount	= \$12,407,966.63	C = A - B

	Summary of Proposed Incremental Capital Projects			
Number of ICP	S			
1				
		Incremental	Amortization	
Project ID #	Incremental Capital Non-Discretionary Project Description	Capital CAPEX	Expense	CCA
ICP 1	IHDSL New Corporate Headquarters/Operations Facility	\$10,337,704.00	\$227,202.00	\$582,411.00
	Total Proposed Incremental Capital CAPEX	\$10,337,704.00	\$227,202.00	\$582,411.00
	Total Incremental Capital Amount for ICM Rate Rider Calculation	\$10,337,704.00		

Note: The total incremental capital amount for the ICM rate rider calculation cannot exceed the eligible incremental capital amount.



Incremental Capital Adjustment

Current Revenue Requirement	1			•
Current Revenue Requirement - Total			\$ 7,607,411	А
Return on Rate Base	7			
Incremental Capital CAPEX Depreciation Expense Incremental Capital CAPEX to be included in Rate Base			\$10,337,704 \$ 227,202 \$10,110,502	С
Deemed ShortTerm Debt % Deemed Long Term Debt %	4.0% 56.0%	E F	. ,	G = D * E H = D * F
Short Term Interest Long Term Interest	2.07% 4.36%	I J	\$ 8,371 \$ 247,094	K = G * I L = H * J
Return on Rate Base - Interest			\$ 255,465	M = K + L
Deemed Equity %	40.0%	N	\$ 4,044,201	P = D * N
Return on Rate Base -Equity	8.98%	0	\$ 363,169	Q = P * O
Return on Rate Base - Total			\$ 618,634	R = M + Q
Amortization Expense				1
Amortization Expense - Incremental		С	\$ 227,202	s
Grossed up PIL's]
Regulatory Taxable Income		0	\$ 363,169	т
Add Back Amortization Expense		s	\$ 227,202	U
Deduct CCA			\$ 582,411	v
Incremental Taxable Income			\$ 7,960	W = T + U - V
Current Tax Rate (F1.1 Z-Factor Tax Changes)		X		
PIL's Before Gross Up			\$ -	Y = W * X
Incremental Grossed Up PIL's			\$ -	Z = Y / (1 - X)
Ontario Capital Tax			0.10.007.70.1	1
Incremental Capital CAPEX			\$10,337,704	
Less : Available Capital Exemption (if any)			\$ -	AB
Incremental Capital CAPEX subject to OCT	0.0000:		\$10,337,704	AC = AA - AB
Ontario Capital Tax Rate (F1.1 Z-Factor Tax Changes) Incremental Ontario Capital Tax	0.000%	ΑD	\$ -	AE = AC * AD
merchania omano oaphar rax			Ψ -	75 - 70 AD
Incremental Revenue Requirement Return on Rate Base - Total			¢ 640 604	1 45
Amortization Expense - Total		Q S	\$ 618,634 \$ 227,202	AF AG
Incremental Grossed Up PIL's Incremental Ontario Capital Tax		Z AE	\$ - \$ -	AH AI
Incremental Revenue Requirement			\$ 845,836	AJ = AF + AG + AH + AI



Calculation of Incremental Capital Rate Rider - Option A Fixed and Variable

Rate Class	Service Charge % Revenue A	Distribution Volumetric Rate % Revenue kWh B	Distribution Volumetric Rate % Revenue kW C	Service Charge Revenue D = \$N * A	Distribution Volumetric D Rate Revenue kWh E = \$N * B	istribution Volumetric Rate Revenue kW F = \$N * C	Total Revenue by Rate Class G = D + E + F	Billed Customers or Connections H	Billed kWh I	Billed kW J	Service Charge Rate Rider K = D / H / 12	Distribution Volumetric Rate kWh Rate Rider L = E / I	Distribution Volumetric Rate kW Rate Rider M = F / J
Residential	44.6%	34.6%	0.0%	#########	\$ 292,435.29 \$	-	\$ 669,423.95	14,189	148,148,873	0	\$2.214090	\$0.001974	
General Service Less Than 50 kW	4.7%	3.3%	0.0%	\$ 39,865.33	\$ 28,230.05 \$	-	\$ 68,095.38	910	31,781,016	0	\$3.650671	\$0.000888	
General Service 50 to 499 kW	1.5%	0.0%	5.8%	\$ 12,768.24	\$ - \$	48,888.03	\$ 61,656.27	66	51,329,341	147,666	\$16.121513	\$0.000000	\$0.331072
Unmetered Scattered Load	0.1%	0.1%	0.0%	\$ 1,052.10	\$ 895.29 \$	-	\$ 1,947.39	78	474,652	0	\$1.124043	\$0.001886	
Sentinel Lighting	0.4%	0.0%	0.2%	\$ 3,387.02	\$ - \$	1,584.17	\$ 4,971.20	237	104,942	292	\$1.190937	\$0.000000	\$5.425244
Street Lighting	2.5%	0.0%	2.2%	\$ 21,099.91	\$ - \$	18,642.17	\$ 39,742.09	2,889	1,516,831	4,432	\$0.608628	\$0.000000	\$4.206266
				########	\$ 321,560,64 \$	69.114.38	\$ 845.836.28						

Enter the above rate riders onto "Sheet 26. Proposed Rates" in the 2015 IRM Rate Generator as a "Rate Rider for Incremental Capital"