



January 16, 2015

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

Dear Ms. Walli:

**Re: 2015 IRM Electricity Distribution Rate Application, Interrogatory Responses
Halton Hills Hydro Inc.,
Board File no. EB-2014-0079**

Please find attached two (2) copies of Halton Hills Hydro Inc.'s responses to Board Staff and Vulnerable Energy Consumers Coalition interrogatories. The interrogatory responses have been filed through RESS.

In the event of any additional information, questions or concerns, please contact David Smelsky, Chief Financial Officer, at dsmelsky@haltonhillshydro.com or (519) 853-3700 extension 208, or Tracy Rehberg-Rawlingson, Regulatory Affairs Officer, at tracyr@haltonhillshydro.com or (519) 853-3700 extension 257.

Sincerely,

(Original signed)

Tracy Rehberg-Rawlingson
Regulatory Affairs Officer

Cc: Arthur A. Skidmore, President & CEO, HHHI
David J. Smelsky, CFO, HHHI
Interested Parties in proceeding EB-2014-0079

[This page left intentionally blank]

Halton Hills Hydro Inc. (EB-2014-0079)
Response to Interrogatories

Tax Savings

Staff Interrogatory #1

Ref: IRM Rate Generator, Tab 11 – STS – Tax Change

Ref: EB-2011-0271, Revised Revenue Requirement Workform, June 27, 2012

Board staff notes that Halton Hills Hydro has entered a Corporate Tax Rate for 2012 of 7.65% and 2012 Tax Credits of \$31,000. Board staff also notes that Halton Hills Hydro has calculated a Grossed-Up Tax Amount for 2012 of \$25,413, which does not include the Tax Credits within the calculation. The resulting 50% Sharing of Tax Savings calculated using this 2012 information is \$2,913.

- a) Please confirm that the use of a 7.65% tax rate recorded for 2012 is intended to incorporate the \$31,000 tax credits within the grossed up tax amount. If this is not the case, please explain the derivation of the 7.65% tax rate.
- b) Please confirm that the Grossed-Up Tax Amount calculated at Sheet 6 of the 2012 Revenue Requirement Workform (revised June 27, 2012) is \$28,979, and that this amount is incorporated into the Revenue Requirement calculation underlying 2012 rates at Sheet 11 of the RRWF.
- c) Please confirm that the Grossed-Up Tax Amount for 2012, as contained in the 2015 Shared Tax Savings worksheet at Tab 11, should be consistent with the Grossed-Up Tax Amount underlying Halton Hills Hydro's 2012 rates. If Halton Hills agrees, Board staff will make the necessary correction to the model. If Halton Hills Hydro does not agree, please provide an explanation.
- d) In the event that the correction to the model results in volumetric rate riders which are not negligible, would it be Halton Hills intention to return this amount to its ratepayers, rather than record the balance in Account 1595, as originally proposed?

Response:

- a) Halton Hills Hydro Inc. ("HHHP") confirms the use of 7.65% tax rate recorded for 2012 is intended to incorporate the \$31,000 tax credits within the grossed up tax amount and is in agreement with tax credits from the Cost of Service Calculation (EB-2011-0271)
- b) HHHP confirms the Grossed-Up Tax Amount calculated at Sheet 6 of the 2012 Revenue Requirement Workform (revised June 27, 2012) is \$28,979. Accordingly this amount is incorporated into the Revenue Requirement calculation underlying 2012 rates at Sheet 11 of the RRWF.
- c) HHHP confirms the Grossed-Up Tax Amount for 2012, as contained in the 2015 Shared Tax Savings worksheet at Tab 11, should be consistent with the Gross-up Tax Amount underlying

HHHIs' 2012 rates. HHHI requests the Board staff make the necessary correction to the 2015 Model.

- d) In the event the correction to the 2015 model results in volumetric rate riders which are not negligible, HHHI will continue its proposal to record the balance in Account 1595 and seek disposition during the 2016 Cost of Service Application.

RTSR

Staff Interrogatory #2

Ref: IRM Rate Generator, Sheet 15, RTSR – UTRs and Sub-Tx

Board staff notes that Halton Hills Hydro has entered amounts for the Hydro One Sub-Transmission Rate Rider 9A in the column for 2015 rates. Board staff notes that the Hydro One Sub-Transmission Rate Rider 9A expires on December 31, 2014 and that these amounts should be removed.

- a) Please confirm that Halton Hills Hydro is in agreement with this change. If so, Board staff will make the necessary adjustments to the model.

Response:

- a) As stated on page 5, line 10 of HHHI's 2015 Rate Application, "HHHI understands that the Uniform Transmission Rates ...Board staff will adjust the 2015 Rate Generator Model accordingly to reflect the changes". As such, HHHI is in agreement with the change and requests that Board staff make the adjustment, in addition to updating the 2015 Uniform Transmission Rates as released on January 8, 2015.

Deferral and Variance Account Disposition

Staff Interrogatory #3

Ref: IRM Rate Generator, Sheet 8, Calculation of Deferral and Variance Account Rate Riders

Chapter 3 of the Filing Requirements notes that distributors must establish separate rate riders to recover the balances in the RSVAs from Wholesale Market Participants (“WMPs”) who must not be allocated the RSVA account balances related to charges for which the WMPs settle directly with the IESO (e.g. wholesale energy, wholesale market services).

Chapter 3 of the Filing Requirements also notes that “distributors who serve Class A customers per O.Reg 429/04 (i.e. customers greater than 5 MW) must propose an appropriate allocation for the recovery of the global adjustment variance balance based on their settlement process with the IESO.

In calculating Deferral and Variance Account rate riders for sub-groups of customers within a class (e.g. WMPs and non-WMPs), distributors have used two approaches.

- Rate riders grouped by the nature of the deferral and variance accounts (i.e. one set of rate riders for accounts related to transmission (e.g. 1584 and 1586) and another set of rate riders for accounts related to power (e.g. 1580 and 1588). For an example, see the EnWin Utilities Ltd. Final 2014 Tariff of Rates and Charges (EB-2014-0156).
 - Sets of rate riders calculated on the basis of the customer group to which they would apply (i.e. one rate rider for WMPs and one rate rider for non-WMPs). For an example, see Bluewater Power Distribution Corp.’s 2014 IRM application (EB-2013-0112).
- a) Please confirm whether or not Halton Hills Hydro serves any consumers that are WMPs. If so:
- i. Have these consumers been WMPs throughout the entire time over which variances accumulated in the RSVA accounts proposed for disposition?
 - ii. Please confirm that RSVA account balances have not been allocated to WMP customers since they settle these charges directly with the IESO.
 - iii. If required, please provide an alternative calculation of 2015 Deferral and Variance Account Rate riders, eliminating the allocation of RSVA balances to WMPs, using either of the approaches outlined above.
- b) Please confirm whether or not Halton Hills Hydro serves any class A consumers that settle energy charges directly with Halton Hills Hydro. If so:

- i. please explain if and how balances in Account 1589 (Global Adjustment) have been allocated to these consumers.
- ii. Please provide alternative calculations if required, using either of the approaches outlined above.

Response:

- a) HHHI confirms it serves a WMP customer.
 - i. HHHI confirms that this customer has been a WMP throughout the entire time over which the variances accumulated in the RSVA accounts proposed for disposition.
 - ii. HHHI does not confirm that RSVA account balances have not been allocated to the WMP customer. The Board model does not provide a method of separating the charges within classes and thus account balances have been allocated across the WMP customer as part of the General Service 50-999 kW rate class.
 - iii. HHHI has calculated the revised sets of rate riders on the basis of the customer group to which they apply (a similar approach to Bluewater Power Distribution Corp. EB-2013-0112). The revised calculations can be seen in the revised Rate Generator Model, Tabs 6, 7 and 8 in IRR-Appendix A. The revised proposed rate riders as shown in Table IRR8.

Table IRR8 – Revised 2015 Proposed Rate Riders

Rate Class	Unit	Balance of Accounts Allocated by kWh/kW (RPP) or Distribution Revenue	Deferral/ Variance Account Rate Rider	Allocation of Balance in Account 1589 Global Adjustment	Global Adjustment Rate Rider
Residential - Time of Use	\$/kWh	675,365	0.0032	8,309	0.0004
General Service Less Than 50 kW	\$/kWh	174,535	0.0032	2,156	0.0005
General Service 50 to 999 kW	\$/kW	365,021	1.1447	4,664	0.0169
General Service 1,000 to 4,999 kW - Interval Meters	\$/kW	347,793	1.1833	4,292	0.0146
Unmetered Scattered Load	\$/kWh	2,772	0.0033	39	0.0000
Sentinel Lighting	\$/kW	1,281	1.5809	20	0.0242
Street Lighting	\$/kW	9,027	1.1544	118	0.0150
General Service greater than 50 kW - WMP	\$/kW	12,294	1.3035	-	-
Totals		1,588,088		19,597	

- b) HHHI does not serve any Class A consumers that settle energy charges directly with HHHI.
 - i. Not applicable.
 - ii. Not applicable.

Cost of Capital/Return on Equity

Staff Interrogatory #4

- Ref: Board Letter of March 2, 2012: Cost of Capital Parameter Updates for 2012
Cost of Service Applications**
- Ref: Board Letter of March 7, 2008: Cost of Capital Parameter Updates for 2008
Cost of Service Applications**
- Ref: Chapter 3 of the Filing Requirements for Electricity Distributors Rate
Applications for Price Cap Incentive Rate-Setting and Annual Incentive Rate-
Setting Index dated July 25, 2014 (page 13)**
- Ref: EB-2014-0211, Halton Hills Hydro response to Board staff IR14a)**
- Ref: EB-2011-0271, Revised Revenue Requirement Workform, June 27, 2012**

Chapter 3 of the Filing Requirements states:

“For each of the Board’s three rate-setting options, a regulatory review may be triggered if a distributor’s earnings are outside of a dead band of +/- 300 basis points from the Board-approved return on equity. The Board monitors results filed by the distributors as part of their reporting and record-keeping requirements and determines if a regulatory review is warranted. Any such review will be prospective, and could result in modifications, termination or the continuation of the respective Price Cap IR or Annual IR Index plan for that distributor.

The Board reminds distributors that the filing of an application for an increase to base rates during the IR period or under the Annual IR index is the decision of the applicant; it is not a Board requirement. A distributor whose earnings are in excess of the deadband can refrain from seeking an adjustment to its base rates through a Price Cap IR or Annual IR Index plan [emphasis added]. If not, the level of earnings may be raised as an issue in the application.”

Halton Hills Hydro’s Board-approved return on equity for the years 2011 to 2013 was 8.57%, 9.12% and 9.12%, respectively. In response to Board staff interrogatory 14a) in Halton Hills Hydro’s EB-2014-0211 Z-factor application, Halton Hills provided the following explanation regarding its regulatory ROE:

HHHI revised achieved ROE are reported in Table IRR6.

Table IRR6 – HHHI Reported ROE

	2011	2012	2013
Reported	9.14%	13.30%	14.97%

The 2013 Regulated net income includes a “One-Time” tax refund of \$977,797 relating to:

2010 \$ 37,523
2011 \$ 99,580
2012 \$840,694

The tax refunds are a result of accelerating certain expenses for tax purposes; the offset being the recognition of lower CCA in the future. This tax planning approach is a ‘Timing Issue’ – the current benefit, will be offset by future tax liability.

- Please confirm that Halton Hills Hydro’s reported ROE for 2012 and 2013 exceeds the 300 basis point deadband from the Board-approved ROE.
- Please identify the amount of earnings that is in excess of the deadband for 2012 and 2013.
- Please calculate the incremental revenues that would result from the applied-for increase to base rates using the most recently approved weather normalized forecast consumption and customer numbers.
- Please confirm that the tax amount as calculated in the EB-2011-0271 RRWF underlying Halton Hills Hydro’s 2012 approved rates, and currently being paid by Halton Hills Hydro’s ratepayers, is \$28,979.
- Please confirm that future increases in taxes payable, resulting from accelerating certain expenses for tax purposes in 2013, will be recoverable from Halton Hills Hydro’s ratepayers, beginning with its next cost of service application in 2016. If this is not the case, please explain why not. Please provide an estimate of the future tax increases that will be included in rates in 2016 relative to the alternative depreciation schedule.
- Under these circumstances, please explain why Halton Hills Hydro feels that it is reasonable for its customers to pay the increase to its base rates that the utility has applied for, given its pattern of over-earning.
- Please provide Halton Hills Hydro’s pro forma financial statements for the 2014 year.

Response:

- HHHI’s reported ROE for 2012 and 2013 was 13.30% and 14.97% respectively.
- In 2012 HHHI recognized LRAM revenue as approved in its 2012 Cost of Service (EB-2011-0271). HHHI does not consider the recognition of LRAM as ‘excess-earnings’.

In 2013 HHHI recognized ‘One-Time’ tax refund of \$977,797 relating to 2010, 2011 and 2013. With reference to the explanation provided in the Z-factor application (EB-2014-0211) this one-time adjustment is a ‘Timing Difference’ and not a permanent savings. HHHI does not consider this “Timing Difference” as ‘excess-earnings’.

- c) The requested calculated incremental revenues that would result from the applied-for increase to base rates is \$149,884 and shown in Tables IRR1 to IRR6, located in Appendix B.
- d) HHHI confirms the Grossed-Up Tax Amount calculated at Sheet 6 of the 2012 Revenue Requirement Workform (revised June 27, 2012) is \$28,979. Accordingly this amount is incorporated into the Revenue Requirement calculation underlying 2012 rates at Sheet 11 of the RRWF.
- e) HHHI confirms future changes in taxes payable, resulting from accelerating certain expenses for tax purposes in 2013 will be recognized in its next cost of service application in 2016. As noted below, expensing an item for income tax results in an immediate reduction in income tax equal to the expense multiplied by the tax rate; whereas, capitalizing the expense for tax purposes recognizes the reduction in income taxes of that expense over several years depending on the corresponding CCA rate.

	Year 1	Year 2	Year 3	Year 4	Year 5	Beyond	Total
Expensed For Income Taxes							
Amount Deducted	2,164,901						2,164,901
Current Income Tax Reduction	335,560						335,560
	Year 1	Year 2	Year 3	Year 4	Year 5	Beyond	Total
Capitalized for Income Taxes							
Amount Deducted	86,596	166,264	152,963	140,726	129,468	1,488,884	2,164,901
Current Income Tax Reduction	13,422	25,771	23,709	21,813	20,068	230,777	335,560

An accurate estimate of the future tax impact that will be included in the 2016 Cost of Service application is not available at this time. In general, income for tax purposes for 2014 and subsequent years will be increased since amortization for the amounts capitalized for accounting will be added back to income with no corresponding tax deduction as the costs were not capitalized for income tax purposes.

- f) Variances between Actual ROE versus Board approved ROE can be the result of many factors that are not necessarily permanent or sustained earnings giving rise to over-earnings.

The one-time tax recovery to HHHI is the result of following *CRA Interpretation Bulletin IT-128R; Capital Cost Allowance – Depreciable Property* to expense amounts capitalized under MIFRS requirements. The current income tax recoveries recognized in 2013 as a result of accelerating expenses deducted for income tax purposes and from refileing its prior year income tax returns are in respect of timing differences and are not a permanent tax saving. The future tax expense related to the current recovery is not reported in the income statement. In general, income for tax purposes for 2014 and subsequent years will be increased since amortization for the amounts capitalized for accounting will be added back to income with no corresponding tax deduction as the costs were not capitalized for income tax purposes.

The 2012 recovery of LRAM was recognized as revenue in accordance with EB-2011-0271 and corresponding Board's Decision approving the historical recovery of all CDM programs in connection with HHHI's Third Tranche CDM spending obligation and ongoing CDM activities from 2006 to 2010.

Given the fact the one-time tax refund and the recognition of LRAM are not permanent or sustained earnings, HHHI feels that it is reasonable to submit application to the Board pursuant to section 78 of the Ontario Energy Board Act, 1998 as amended (the "OEB Act") for approval of its proposed distribution rates and other charges, effective May 01, 2015 under the 2015 Incentive Regulation Mechanism ("IRM").

- g) HHHI pro forma statement of operation for 2014 is shown below.

Halton Hills Hydro Inc.		
Forecast Statement of Operations		
For the Twelve Months Ending December 31, 2014		
		Forecast
Revenue		
	Distribution	\$ 9,579,166
	Other income	1,183,957
Net revenue		10,763,123
Expenditure		
	Salaries and benefits	5,369,272
	Contract services	3,845,998
	Material costs	2,228,969
	Communication costs	512,178
	Property costs	669,596
	Other costs	563,550
	Costs allocated to capital/recoverable	(7,925,451)
	Operating expenses	5,264,112
Earnings/(loss) before amortization and interest		5,499,011
	Amortization	1,505,816
	Interest expense	849,049
		2,354,865
Net Income from operations		3,144,146
Provision for Income tax		240,527
Net income, for the period		2,903,619

VECC Interrogatory #1

Preamble: Chapter 3 of the Board's Filing Requirements for Electricity Distributors Rate Applications 2014 Edition for 2015 Rate Applications dated July 25, 2014 (Page 13) Section 3.2.10 Off-ramps states:

“For each of the Board’s three rate-setting options, a regulatory review may be triggered if a distributor’s earnings are outside of a dead band of +/- 300 basis points from the Board-approved return on equity. The Board monitors results filed by the distributors as part of their reporting and record-keeping requirements and determines if a regulatory review is warranted. Any such review will be prospective, and could result in modifications, termination or the continuation of the respective Price Cap IR or Annual IR Index plan for that distributor.

The Board reminds distributors that the filing of an application for an increase to base rates during the IR period or under the Annual IR index is the decision of the applicant; it is not a Board requirement. A distributor whose earnings are in excess of the deadband can refrain from seeking an adjustment to its base rates through a Price Cap IR or Annual IR Index plan. If not, the level of earnings may be raised as an issue in the application.

A distributor may choose to file only for disposition of Group 1 deferral and variance account balances in accordance with Board policies, without applying for adjustments to its base rates.”

- a) Please provide HHHI’s return on equity and compare to the Board’s approved return on equity for the years 2011, 2012, 2013 and forecast for 2014.
- b) Please explain any excessive over or under earnings outside of a deadband of +/- 300 basis points from the Board-approved return on equity for the period 2011 to 2014.
- c) Please discuss if HHHI expects over-earnings to continue.
- d) Please discuss if HHHI considered filing only for disposition of Group 1 deferral and variance account balances in accordance with Board policies, without applying for adjustments to its base rates. If not, why not?
- e) Please discuss HHHI’s rationale for applying to adjust its base rates given its over- earnings in 2013.

Response:

- a) The comparison between HHHI's achieved Return on Equity and the Board approved for years 2011, 2012, 2013 and forecast for 2014, are shown in Table IRR7.

Table IRR7 - Return on Equity Comparison

Year	Board Approved Return on Equity	HHHI Achieved Return on Equity
2011	8.57%	9.14%
2012	9.12%	13.30%
2013	9.12%	14.97%
2014 (forecast)	9.12%	Not Available

- b) Please refer to HHHI's response to Board Staff interrogatory #4, part (f).
- c) Not applicable.
- d) Not applicable.
- e) Please refer to HHHI's response to Board Staff interrogatory #4, part (f).

IRR – APPENDIX A

(Intentionally Blank)



Ontario Energy Board

Incentive Regulation Model for 2015 Filers

Halton Hills Hydro Inc. - Town of Halton Hills

Input required at cell C15 only. This worksheet calculates rate riders related to the Deferral/Variance Account Disposition (if applicable), associated rate riders for the global adjustment account (1589) and Account 1568. Rate Riders will not be generated for the microFIT class.

Please indicate the Rate Rider Recovery Period (in years)

1

Rate Class	Unit	Billed kWh	Billed kW or kVA	Balance of Accounts Allocated by kWh/kW (RPP) or	Deferral/Variance Account Rate Rider	Allocation of Balance in Account 1589	Billed kWh or Estimated kW for Non-RPP Customers	Global Adjustment Rate Rider	Allocation of Account 1568	Account 1568 Rate Rider
RESIDENTIAL - TIME OF USE	\$/kWh	210,212,474		675,365	0.0032	8,309	21,957,801	0.0004		
GENERAL SERVICE LESS THAN 50 KW	\$/kWh	54,285,767		174,535	0.0032	2,156	4,765,560	0.0005		
GENERAL SERVICE 50 TO 999 KW	\$/kW	112,793,637	318,868	365,021	1.1447	4,664	276,150	0.0169		
GENERAL SERVICE 1,000 TO 4,999 KW - INTERVAL METERS	\$/kW	108,192,394	293,909	347,793	1.1833	4,292	293,326	0.0146		
UNMETERED SCATTERED LOAD	\$/kWh	838,540		2,772	0.0033	39	838,540	0.0000		
SENTINEL LIGHTING	\$/kW	380,342	810	1,281	1.5809	20	810	0.0242		
STREET LIGHTING	\$/kW	2,778,881	7,820	9,027	1.1544	118	7,820	0.0150		
microFIT										
GENERAL SERVICE GREATER THAN 50 kW - WMP	\$/kW	4,544,387	9,431	12,294	1.3035	0	0	0.0000		
Total		494,026,422	630,838	1,588,088		19,597	28,140,007		0	



Ontario Energy Board

Incentive Regulation Model for 2015 Filers

Halton Hills Hydro Inc. - Town of Halton Hills

No input required. This worksheet allocates the deferral/variance account balances (Group 1, 1589, and 1568) to the appropriate classes as per the EDDVAR Report dated July 31, 2009

Allocation of Group 1 Accounts (including Account 1568)

Rate Class	% of Total kWh (including WMP)	% of Total kWh (excluding WMP)	% of Total non-RPP kWh	1550	1551	1580	1584	1586	1588	1589	1590	1595 (2008)	1595 (2009)	1595 (2010)	1595 (2011)	1595 (2012)	1568
RESIDENTIAL - TIME OF USE	42.6%	42.4%	9.3%	57,709	7,616	(137,429)	319,249	188,995	244,111	8,309	(0)	(57)	(6,297)	1,469	0	0	0
GENERAL SERVICE LESS THAN 50 KW	11.0%	11.0%	2.0%	14,903	1,967	(35,654)	82,444	48,806	63,331	2,156	(0)	(15)	(1,626)	379	0	0	0
GENERAL SERVICE 50 TO 999 KW	22.8%	23.8%	41.3%	30,965	4,087	(77,141)	171,299	101,409	137,024	4,664	(0)	(31)	(3,379)	788	0	0	0
GENERAL SERVICE 1,000 TO 4,999 KW -	21.9%	21.9%	45.7%	29,702	3,920	(70,983)	164,311	97,272	126,086	4,292	(0)	(29)	(3,241)	756	0	0	0
UNMETERED SCATTERED LOAD	0.2%	0.2%	0.4%	230	30	(648)	1,273	754	1,151	39	(0)	(0)	(25)	6	0	0	0
SENTINEL LIGHTING	0.1%	0.1%	0.2%	104	14	(324)	578	342	576	20	(0)	(0)	(11)	3	0	0	0
STREET LIGHTING	0.6%	0.6%	1.2%	763	101	(1,945)	4,220	2,498	3,454	118	(0)	(1)	(83)	19	0	0	0
microFIT																	
GENERAL SERVICE GREATER THAN 50 KW - WNI	0.9%	0.0%	0.0%	1,248	165	0	6,902	4,086	0	0	(0)	(1)	(136)	32	0	0	0
Total	100.0%	100.0%	100.0%	135,624	17,899	(324,124)	750,276	444,162	575,733	19,597	(1)	(135)	(14,799)	3,453	0	0	0

* RSVA - Power (Excluding Global Adjustment)



Incentive Regulation Model for 2015 Filers

Halton Hills Hydro Inc. - Town of Halton Hills

In the green shaded cells, enter the most recent Board Approved volumetric forecast. If there is a material difference between the latest Board-approved volumetric forecast and the most recent 12-month actual volumetric data, use the most recent 12-month actual data. Do not enter data for the MicroFit class.

Rate Class	Unit	Metered kWh	Metered kW	Billed kWh for Non-RPP Customers	Estimated kW for Non-RPP Customers	Recovery Share	1595 Recovery Share Proportion (2008) ¹	1595 Recovery Share Proportion (2009) ¹	1595 Recovery Share Proportion (2010) ¹	1595 Recovery Share Proportion (2011) ¹	1595 Recovery Share Proportion (2012) ¹	1568 LRAM Variance Account Class Allocation (\$ amounts)
RESIDENTIAL - TIME OF USE	\$/kWh	210,212,474		21,957,801	0	42.55%	42.55%	42.55%	42.55%	42.55%	42.55%	
GENERAL SERVICE LESS THAN 50 KW	\$/kWh	54,285,767		4,765,560	0	10.99%	10.99%	10.99%	10.99%	10.99%	10.99%	
GENERAL SERVICE 50 TO 999 KW	\$/kW	112,793,637	318,868	97,683,050	276,150	22.83%	22.83%	22.83%	22.83%	22.83%	22.83%	
GENERAL SERVICE 1,000 TO 4,999 KW - INTERVAL METERS	\$/kW	108,192,394	293,909	107,977,878	293,326	21.90%	21.90%	21.90%	21.90%	21.90%	21.90%	
UNMETERED SCATTERED LOAD	\$/kWh	838,540		838,540	0	0.17%	0.17%	0.17%	0.17%	0.17%	0.17%	
SENTINEL LIGHTING	\$/kW	380,342	810	380,342	810	0.08%	0.08%	0.08%	0.08%	0.08%	0.08%	
STREET LIGHTING	\$/kW	2,778,881	7,820	2,778,881	7,820	0.56%	0.56%	0.56%	0.56%	0.56%	0.56%	
microFIT												
GENERAL SERVICE GREATER THAN 50 kW - WMP	\$/kW	4,544,387	9,431		0	0.92%	0.92%	0.92%	0.92%	0.92%	0.92%	
Total		494,026,422	630,838	236,382,052	578,106	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	0
Balance as per Sheet 5												0
Variance												0

Threshold Test

Total Claim (including Account 1568)	\$1,607,685
Total Claim for Threshold Test (All Group 1 Accounts)	\$1,607,685
Threshold Test (Total claim per kWh) ³	0.0033

¹ Residual Account balance to be allocated to rate classes in proportion to the recovery share as established when rate riders were implemented.

² The Threshold Test does not include the amount in 1568.

[This page left intentionally blank]

IRR – APPENDIX B

Calculated Incremental Revenues

(intentionally blank)

Table IRR1 - 2012 Cost Service approved weather normalized forecast consumption and customer count

Class	Annual kWh	Annual kW For Dx	Annualized Customers	Annualized Connections
Residential	210,212,474		234,360	
General Service less than 50 kW	54,285,767		20,331	
General Service 50 to 999 kW	117,338,024	328,299	2,111	
General Service 1,000 to 4,999 kW	108,192,394	293,909	151	
Sentinel Lighting	380,342	810		2,099
Street Lighting	2,778,881	7,820		53,684
Un-Metered Scattered Load	838,540			2,101
Total	494,026,421	630,837	256,953	57,884

Table IRR2 - 2014 Actual Rates

Customer Class	Connection	Customer	kW	kWh
Residential		12.52		0.0118
General Service less than 50 kW		27.08		0.0084
General Service 50 to 999 kW		76.28	3.4016	
General Service 1,000 to 4,999 kW		177.10	3.1184	
Sentinel Lighting	4.98		18.8596	
Street Lighting	2.19		29.5874	
Un-Metered Scattered Load	6.64			0.0044

Table IRR3 - 2015 Proposed Rates

Customer Class	Connection	Customer	kW	kWh
Residential		12.52		0.0118
General Service less than 50 kW		27.08		0.0084
General Service 50 to 999 kW		76.28	3.4016	
General Service 1,000 to 4,999 kW		177.10	3.1184	
Sentinel Lighting	4.98		18.8596	
Street Lighting	2.19		29.5874	
Un-Metered Scattered Load	6.64			0.0044

Table IRR4 - 2014 Revenue

Class	Fixed Distribution Revenue	Variable Distribution Revenue	Dist. Rev. Including Transformer	Transformer Allowance	Dist. Rev. Excluding Transformer	Dist Rev At Existing Rates %
Residential	2,934,185	2,480,507	5,414,693		5,414,693	61%
General Service less than 50 kW	550,563	456,000	1,006,563		1,006,563	11%
General Service 50 to 999 kW	161,027	1,116,742	1,277,769	57,229	1,220,540	14%
General Service 1,000 to 4,999 kW	26,689	916,526	943,215	150,229	792,986	9%
Sentinel Lighting	10,454	15,267	25,721		25,721	0%
Street Lighting	117,567	231,361	348,929		348,929	4%
Un-Metered Scattered Load	13,950	3,690	17,640		17,640	0%
Total	3,814,436	5,220,093	9,034,529	207,458	8,827,071	100%

Table IRR5 - 2015 Revenue

Class	Fixed Distribution Revenue	Variable Distribution Revenue	Dist. Rev. Including Transformer	Transformer Allowance	Dist. Rev. Excluding Transformer	Dist Rev At Existing Rates %
Residential	2,983,401	2,522,550	5,505,951		5,505,951	61%
General Service less than 50 kW	559,915	461,429	1,021,344		1,021,344	11%
General Service 50 to 999 kW	163,772	1,135,291	1,299,062	57,229	1,241,834	14%
General Service 1,000 to 4,999 kW	27,143	931,809	958,952	150,229	808,723	9%
Sentinel Lighting	10,622	15,518	26,140		26,140	0%
Street Lighting	119,715	235,295	355,009		355,009	4%
Un-Metered Scattered Load	14,181	3,773	17,954		17,954	0%
Total	3,878,748	5,305,664	9,184,413	207,458	8,976,955	100%

Table IRR6 - Incremental Revenue

Class	2015 Revenue	2014 Revenue	Incremental Revenue
Residential	5,505,951	5,414,693	91,258
General Service less than 50 kW	1,021,344	1,006,563	14,781
General Service 50 to 999 kW	1,241,834	1,220,540	21,293
General Service 1,000 to 4,999 kW	808,723	792,986	15,737
Sentinel Lighting	26,140	25,721	419
Street Lighting	355,009	348,929	6,081
Un-Metered Scattered Load	17,954	17,640	315
Total	8,976,955	8,827,071	149,884