

## **Responses to AMPCO Technical Conference Questions**

**Question #1**

**Ref: Tab 1, Page 4**

**Preamble: Horizon seeks to update the Load Profile for the Street Lighting rate class.**

**Please confirm no other customer Load Profiles are being updated in this Application.**

**Response:**

- 1 Horizon Utilities confirms that no other customer Load Profiles are being updated in this
- 2 Application.

**Question #2**

**Ref: Tab 2, Page 3**

**Preamble:** Horizon indicates that if there are any changes to the estimated OSEP charge prior to the Board rendering its Decision, Horizon will update this Annual Filing accordingly.

- a) Please discuss how Horizon proposes that this Annual Filing will be updated, i.e. process to be followed and parties involved.
- b) Please confirm there are three potential changes identified in the application (changes that Horizon is currently aware of) that once and if information becomes available, will result in an update to this Annual Filing as follows:
- OESP on January 1, 2016 (Tab 2, Page 3)
  - Changes in Cost of Capital (Tab 2, Page 5)
  - Changes to Working Capital based on updated RPP Price Report for November 1, 2015 (Tab 2, Page 5)

**Response:**

1 a) Horizon Utilities' understanding, based on communications from the Ontario Energy Board  
2 ("OEB") through its Utility Webinar #1 on March 30, 2015 was that the volumetric charge to  
3 recover the costs of the OESP is estimated to be between \$0.0013/kWh - \$0.0016/kWh. The  
4 OEB will not be determining the actual OESP charge until early December, as communicated  
5 by the OEB in response to a question raised during Utility Webinar #4 on August 19, 2015.  
6 The current average estimated charge of \$0.00145/ kWh will be updated by the OEB once  
7 the uptake on the OESP is known. This is a generic update that will impact all distributors.

8  
9 Accordingly, Horizon Utilities anticipates that prior to, or in conjunction with the Decision and  
10 finalization of the Rate Order, the OESP charge will be added to its Tariff of Rates and  
11 Charges.

12  
13 Further, when Horizon Utilities filed its 2016 Annual Filing, the accounting treatment of the  
14 OESP charge and credits had not been determined by the OEB. Recently, at the Utilities  
15 Implementation Working Group on September 17, 2015, OEB staff presented a draft of the  
16 accounting treatment to the Working Group participants. From an accounting perspective, it  
17 appears that the OESP charge may be treated in the same manner as the existing Wholesale  
18 Market Service Charge of \$0.0044/kWh and the existing RRRP charge of \$0.0013/kWh; and  
19 form part of the Cost of Power. Pending the finalization of the OESP accounting treatment by  
20 the OEB, Horizon Utilities will update its rates accordingly to incorporate the OESP charge in  
21 the Cost of Power; and make the associated changes to its working capital and revenue

1 requirement. As the timing of the release of the accounting treatment information is as yet  
2 unknown, Horizon Utilities may undertake this during the drafting of the Rate Order.

- 3  
4 b) Horizon Utilities confirms the changes identified above: OESP; changes to Cost of Capital;  
5 and changes to the Working Capital based on updated RPP Price Report for November 1,  
6 2015. Horizon Utilities anticipates that if the 2016 RTSR rates are available, that the OEB  
7 may update these prior to the finalization of Horizon Utilities' Final Rate Order.

**Question #3**

**Ref: Tab 2, Page 5**

**Preamble:** Horizon indicates that it has provided updated Cost Allocation Models (2016-2020) inclusive of the Street Lighting Adjustment Factor and updated Street Lighting Profile.

**Please discuss if there have been any other changes to the updated cost allocation models for the years 2016-2020 compared to EB-2014-0002.**

**Response:**

- 1 Horizon Utilities has provided updated Cost Allocation Models (2016-2020) inclusive of the Street
- 2 Lighting Adjustment Factor and updated the Street Lighting Profile. In addition, Horizon Utilities
- 3 has updated the Cost Allocation Model for 2016 to update the revenue requirement for the
- 4 increase in working capital due to an increase in the cost of power as identified in the Annual
- 5 Filing, Tab 2, pages 41-42 (EB-2015-0075). There are no other changes to the updated Cost
- 6 Allocation models for the years 2016-2020 compared to the Custom IR Application (EB-2014-
- 7 0002).

**Question #4**

**Ref: Tab 2, Page 6**

**Preamble:** Horizon indicates the ratio of the RPP vs. non-RPP volumes has been updated for 2014 actuals. The ratio approved in Horizon's Custom IR was based on 2013 actuals.

**a) Please provide the ratio calculation for 2014 compared to 2013.**

**b) Please confirm how this change impacts the Cost of Power.**

**Response:**

a) Horizon Utilities provides the ratio calculations for 2014 and 2013 RPP vs. non-RPP volumes in the table below.

2014 Actuals					
RateClass	Total Billed	Billed RPP	RPP%	Billed Non RPP	Non RPP%
Residential	1,672,988,476	1,549,534,191	92.62%	123,454,285	7.38%
General Svc < 50kW	625,656,652	524,664,539	83.86%	100,992,113	16.14%
General Svc > 50kW	1,938,509,790	217,923,797	11.24%	1,720,585,993	88.76%
Large Use (1)	270,408,840	0	0.00%	270,408,840	100.00%
Large Use (2)	330,499,693	0	0.00%	330,499,693	100.00%
Unmetered	12,110,550	11,480,659	94.80%	629,891	5.20%
Sentinel	473,763	469,627	99.13%	4,136	0.87%
Street Lighting	41,123,122	236,840	0.58%	40,886,282	99.42%
<b>Total</b>	<b>4,891,770,886</b>	<b>2,304,309,653</b>		<b>2,587,461,233</b>	
2013 Actuals					
RateClass	Total Billed	Billed RPP	RPP%	Billed Non RPP	Non RPP%
Residential	1,700,270,470	1,549,400,587	91.13%	150,869,883	8.87%
General Svc < 50kW	629,553,799	538,595,290	85.55%	90,958,509	14.45%
General Svc > 50kW	1,924,335,277	222,395,907	11.56%	1,701,939,370	88.44%
Large Use (1)	266,386,209	0	0.00%	266,386,209	100.00%
Large Use (2)	325,044,506	0	0.00%	325,044,506	100.00%
Unmetered	12,268,078	9,854,649	80.33%	2,413,429	19.67%
Sentinel	501,074	496,466	99.08%	4,608	0.92%
Street Lighting	41,110,837	236,840	0.58%	40,873,996	99.42%
<b>Total</b>	<b>4,899,470,249</b>	<b>2,320,979,739</b>		<b>2,578,490,510</b>	

b) The Cost of Power using the 2014 ratios is \$583,073,609 and the Cost of Power using the 2013 ratios is \$583,049,444, a difference of \$24,165.

**Question #5**

**Ref: Tab 2, Page 7**

**Preamble:** Horizon indicates the remaining balance in Account 1568 as at the end of December 31, 2014 was (\$59,871) which Horizon does not consider significant.

- a) In previous applications, has Horizon disposed of any balances in the LRAMVA that are under \$100,000. If yes, please provide amounts.**
- b) Does Horizon have a threshold balance in Account 1568 that it considers significant.**

**Response:**

- 1 a) Horizon Utilities has reviewed the disposition of its LRAM balances as far back as those  
2 related to 2005/2006 activity (EB-2007-0679) and it has not disposed of any balances that are  
3 under \$100,000.  
4
- 5 b) Horizon Utilities considers a balance in Account 1568 equal to or greater than \$100,000  
6 significant. A disposition balance less than approximately \$85,000 for the residential class  
7 generates a rate rider of less than \$0.00005/kWh.

**Question #6**

**Ref: Tab 2, Page 8**

**Preamble:** The Capital Investment Variance Account tracks variances in the revenue requirement due to variances in the capital budget.

**a) Please provide year-to-date actuals and forecasts to the end of 2015 for CAPEX and Capital In-Service Additions.**

**Response:**

- 1 a) Table 1 below provides a summary of Horizon Utilities' year-to-date actuals (for the nine  
2 months ended September 30, 2015) and forecast to the end of 2015 for Capital  
3 Expenditures and Capital In-Service Additions.

4 **Table 1 – Capital Expenditures**

	<b>Actual (000)</b>	<b>Forecast (000)</b>
<b>Capital Expenditures</b>	\$38,499	\$44,865
<b>Capital In-Service Additions</b>	\$34,216	\$45,270

5



**Question #7**

**Ref: Tab 2, Page 9**

**Preamble:** The Settlement Agreement provided for Horizon to retain an external consultant to determine the appropriateness of, and any necessary changes to Horizon's Specific Service Charges. Horizon confirms that at this time no studies have been commenced and there are no costs recorded in this account to date.

- a) Has Horizon initiated any discussions with other utilities on collaboration with respect to the study including the sharing of costs? If yes, please provide details.
- b) If no, when does Horizon expect this work to get underway.

**Response:**

- 1 a) Horizon Utilities has had high level discussions with members of the Coalition of Large  
2 Distributors on a Specific Service Charges study in 2014. There has been no further progress  
3 on that discussion as distributors were notified by the OEB by way of a letter dated December  
4 11, 2014, that it was going to initiate a generic proceeding on this matter. On page 3 of the  
5 letter, issued in reference to the Toronto Hydro-Electric System Limited ("THESL") Pole  
6 Attachments proceeding (EB-2013-0234), the OEB indicated the commencement of both a  
7 pole attachments proceeding (EB-2014-0365) and that "*distributors may wish to take into*  
8 *consideration that the Board plans to undertake a review of all Specific Service Charges next*  
9 *fiscal year, including pole attachments.*" A copy of the letter is included herewith as Attach-1.  
10
- 11 b) Beyond these initial discussions, Horizon Utilities has not initiated any work on the Specific  
12 Service Charges study. Based on recent discussions with OEB staff, Horizon Utilities  
13 understands that this proceeding will be initiated towards the end of Q1 2016, i.e., near the  
14 end of the "next fiscal year" referenced in the December 11, 2015 letter. In order to avoid  
15 duplicating effort, Horizon Utilities is awaiting the initiation of the generic proceeding. In the  
16 event that the generic proceeding does not commence, Horizon Utilities anticipates initiating  
17 this work towards the end of Q2 2016.

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2  
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**AMPCO 7-Attach-1**

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**BY E-MAIL AND WEB POSTING**

December 11, 2014

**TO: All Rate Regulated Electricity Distributors**

**Intervenors in Toronto Hydro-Electric System Limited (“THESL”) Wireless Attachment Proceeding (EB-2013-0234)**

**Intervenors in the Canadian Distributed Antenna Systems Coalition (“CANDAS”) Proceeding (EB-2011-0120)**

**RE: Wireless Attachment Consultation  
Board File No. EB-2014-0365**

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The purpose of this memo is to remind distributors that the Board, as part of the Canadian Cable Television Association (“CCTA”) proceeding (EB-2003-0049), approved a charge of \$22.35 per pole attachment per year. In the CANDAS proceeding (EB-2011-0120), the Board confirmed that this rate applies to both wireline and wireless attachments. This charge applies to all electricity distributors with the exception of THESL. In the THESL Wireless Attachment proceeding (EB-2013-0234), the Board determined that THESL could charge market rates for all wireless attachments.

The Board is now considering whether all distributors should be able to charge market rates for wireless attachments, and is seeking comments from distributors and all interested parties on this proposal.

**Background**

**Canadian Cable Television Association (“CCTA”) Application (EB-2003-0049)**

CCTA filed an application on April 15, 2004. The Application sought an amendment to the licences of all local distribution companies (“LDCs”) in Ontario to enable access to

the power poles of LDCs for the purpose of supporting cable television transmission lines. The CCTA's proposed amendment was to require a standard pole attachment agreement, including a standard pole rental charge as part of the standard terms and conditions for the purpose of supporting cable television transmission lines.

The Board issued a decision and order on this application on March 7, 2005, granting access to LDC poles at a rate of \$22.35 per pole attachment. The Board did not establish a standard pole attachment agreement through the CCTA Decision and Order. The Board accepted the agreement reached by the parties during settlement discussions that they should negotiate terms and conditions of access after the Board had determined whether access would be granted and, if so, the rate. The parties subsequently negotiated a model joint use agreement. This agreement was filed with the Board but was never formally approved by the Board.

### **Canadian Distributed Antenna Systems Coalition ("CANDAS") Application (EB-2011-0120)**

On April 25, 2011, CANDAS filed an application on behalf of its member companies seeking an order of the Board: (i) determining that the Board's Decision and Order on the CCTA application requires LDCs to provide "Canadian carriers", as that term is defined in the *Telecommunications Act*, S.C. 1993, c. 38, with access to LDC poles for the purpose of attaching wireless equipment, including wireless components of distributed antenna systems; and (ii) directing all LDCs to provide access if they are not doing so.

The Board issued a decision and order on the CANDAS application on September 13, 2012 in which the Board found that the CCTA Order applied to CANDAS as a Canadian carrier under the *Telecommunications Act*. On that basis, the access rate (i.e. the current approved rate of \$22.35 per pole attachment) applies to both wireline and wireless attachments.

### **Pole Attachments and Future Review**

Section 2.11.7 of the Filing Requirements for Electricity Distribution Rate Applications – Chapter 2, provides direction on the evidence that must be filed in support of a change to a Specific Service Charge. As yet, no distributor has filed evidence in support of a change to the pole attachment rate.

The option remains open to distributors filing a Cost of Service or Custom IR application to file evidence in support of a change to the \$22.35 charge. The Board does recognize that this charge was based on costs that are now more than 10 years old. However, distributors may wish to take into consideration that the Board plans to undertake a review of all Specific Service Charges next fiscal year, including pole attachments.

### **Toronto Hydro-Electric System Limited [EB-2013-0234]**

On June 14, 2013, THESL filed an application with the Board seeking an order pursuant to section 29 of the *Ontario Energy Board Act, 1998* (the Act) that the Board refrain from regulating the terms, conditions and rates for the attachment of wireless telecommunications devices to THESL's utility poles.

THESL was required by the Board's Decision and Order on the CCTA application to allow access to its utility poles for Canadian carriers' (wireline and wireless) at a regulated rate of \$22.35 for each pole attachment. THESL proposed to charge a competitive rate for wireless attachments to its utility poles.

THESL and the parties to the proceeding reached a settlement that would grant THESL a licence exemption under section 74 of the Act to allow THESL to charge a market rate for wireless attachments. Any revenues resulting from the market rates would continue to be a revenue offset to the distribution revenue requirement.

The Board accepted the Settlement Proposal and the Board amended THESL's licence as follows:

### **22 Pole Attachments**

*22.1 The Licensee shall provide access to its distribution poles to all Canadian carriers, as defined by the Telecommunications Act, and to all cable companies that operate in the Province of Ontario. For each attachment, with the exception of wireless attachments, the Licensee shall charge the rate approved by the Board and included in the Licensee's tariff.*

*22.2 The Licensee shall: a) annually report the net revenue, and the calculations used to determine that net revenue, earned from allowing*

*wireless attachments to its poles. Net revenues will be accumulated in a deferral account approved by the Board;*

*b) credit that net revenue against its revenue requirement subject to Board approval in rate proceedings; and*

*c) provide access for wireless attachments to its poles on commercial terms normally found in a competitive market.*

### **Request for Written Comments**

The Board is now considering whether all distributors should have their licences amended to allow market rates to be charged for wireless attachments, under the same conditions as THESL.

The Board invites stakeholders to comment in writing on this proposal by **January 16, 2015** in accordance with the filing instructions set out in Appendix A.

All comments received will be posted on the Board's website.

If you have questions regarding this consultation, please contact Vince Mazzone at [vince.mazzone@ontarioenergyboard.ca](mailto:vince.mazzone@ontarioenergyboard.ca) or at 416-544-5159. The Board's toll free number is 1-888-632-6273.

Yours truly,

*Original signed by*

Kirsten Walli  
Board Secretary

Attachment: Appendix A Filing Instructions

## Appendix A

**EB-2014-0365**

### FILING INSTRUCTIONS

Please submit electronic copies of filings in searchable/unrestricted Adobe Acrobat (PDF) format through the Board's web portal at [pes.ontarioenergyboard.ca/eservice](http://pes.ontarioenergyboard.ca/eservice) and also file two paper copies at the address below. You will need a user ID to make filings through the Board's web portal. If you do not have a user ID, visit the "[e-filings services](#)" webpage on the Board's website at [www.ontarioenergyboard.ca](http://www.ontarioenergyboard.ca) and fill out a user ID password request.

Please use the document naming conventions and document submission standards outlined in the document entitled "RESS Document Preparation – A Quick Guide" also found on the e-filing services webpage. If the Board's web portal is not available, electronic copies of filings may be filed by e-mail to [boardsec@ontarioenergyboard.ca](mailto:boardsec@ontarioenergyboard.ca). If you do not have internet access, please provide a CD containing your filing in PDF format as described above to the Board Secretary at the following address:

Kirsten Walli  
Board Secretary  
Ontario Energy Board  
P.O. Box 2319  
2300 Yonge Street, Suite 2700  
Toronto, Ontario M4P 1E4

All filings to the Board must be received by the Board Secretary by 4:45 p.m. on the required date. Filings must quote file number **EB-2014-0365** and include your name, address, telephone number and, where available, your e-mail address and fax number. All filings received by the Board in relation to this consultation will be available for viewing at the Board's offices and will be placed on the Board's website.

If the written comment is from a private citizen (i.e., not a lawyer representing a client, not a consultant representing a client or organization, not an individual in an organization that represents the interests of consumers or other groups, and not an individual from a regulated entity), before making the written comment available for viewing at the Board's offices or placing the written comment on the Board's website, the Board will remove any personal (i.e., not business) contact information from the written comment (i.e., the address, fax number, phone number, and e-mail address of the individual). However, the name of the individual and the content of the written comment will be available for viewing at the Board's offices and will be placed on the Board's website.

**Question #8**

**Ref: Tab 2, Page 13**

**Preamble:** Horizon indicates the resulting reduction in demand as a result of the City of Hamilton's LED conversion program is 1,600 kW.

**Please provide the calculation to support the resulting reduction in demand of 1,600 kW.**

**Response:**

- 1 Please refer to Horizon Utilities' response to Board Staff Technical Conference Question 11 for
- 2 the load reduction calculation.
- 3 As of September 30, 2015, the City of Hamilton has provided documentation to support its load
- 4 reduction of 1,614,764 W or 1,615 kW as a result of its LED conversion project.
- 5 Table 1 below provides the number of light fixtures that were changed for each fixture size with
- 6 the replacement wattage of the LED fixture and resulting change in load.
- 7
- 8



1 **Table 1 – LED Fixture Wattage and Load Changes**

Fixture Wattage (W)			Total wattage for the category (W)		
Removed HPS	Installed LED	# of fixtures replaced	Removed HPS	Installed LED	Delta
70	161	16	1,543	1,856	313
70	151	2	192	302	110
70	189	1	100	189	89
<b>70</b>		<b>19</b>	<b>1,835</b>	<b>2,347</b>	<b>512</b>
100	116	380	49,400	44,080	(5,320)
100	135	12	1,560	1,620	60
100	151	23	2,990	3,473	483
100	152	7	910	1,064	154
100	189	6	780	1,134	354
100	234	3	390	702	312
<b>100</b>		<b>431</b>	<b>56,030</b>	<b>52,073</b>	<b>(3,957)</b>
103	116	2	206	232	26
103	151	1	103	151	48
<b>103</b>		<b>3</b>	<b>309</b>	<b>383</b>	<b>74</b>
150	116	62	11,700	7,192	(4,508)
150	151	96	18,240	14,496	(3,744)
150	152	1	190	152	(38)
150	234	2	380	468	88
<b>150</b>		<b>161</b>	<b>30,510</b>	<b>22,308</b>	<b>(8,202)</b>
154	116	7	1,078	812	(266)
154	135	2	308	270	(38)
154	151	1	154	151	(3)
<b>154</b>		<b>10</b>	<b>1,540</b>	<b>1,233</b>	<b>(307)</b>
200	116	177	44,240	20,532	(23,708)
200	135	1	240	135	(105)
200	151	200	49,980	30,200	(19,780)
200	152	10	2,500	1,520	(980)
200	189	4	1,000	756	(244)
200	234	5	1,250	1,170	(80)
<b>200</b>		<b>397</b>	<b>99,210</b>	<b>54,313</b>	<b>(44,897)</b>
206	116	54	11,124	6,264	(4,860)
206	135	7	1,442	945	(497)
206	151	13	2,678	1,963	(715)
206	152	3	618	456	(162)
206	234	2	412	468	56
<b>206</b>		<b>79</b>	<b>16,274</b>	<b>10,096</b>	<b>(6,178)</b>
250	116	6,476	1,915,320	751,216	(1,164,104)
250	135	511	152,105	68,985	(83,120)
250	151	1,348	403,995	203,548	(200,447)
250	152	253	74,720	38,456	(36,264)
250	189	165	48,865	31,185	(17,680)
250	234	266	79,130	62,244	(16,886)
<b>Total 250</b>		<b>9,019</b>	<b>2,674,135</b>	<b>1,155,634</b>	<b>(1,518,501)</b>
400	116	55	25,850	6,380	(19,470)
400	135	30	14,100	4,050	(10,050)
400	151	3	1,410	453	(957)
400	152	3	1,410	456	(954)
400	189	5	2,350	945	(1,405)
400	234	2	940	468	(472)
<b>400</b>		<b>98</b>	<b>46060</b>	<b>12752</b>	<b>(33,308)</b>
<b>TOTAL</b>		<b>10,217</b>	<b>2,925,903</b>	<b>1,311,139</b>	<b>(1,614,764)</b>

**Question #9**

**Ref: Tab 2, Page 14**

**Preamble:** Horizon indicates that Street Lighting kW's have been updated to incorporate the change in forecast consumption levels.

**Please provide the calculation used to determine the updated Street Lighting kW's compared to the previous kW's.**

**Response:**

- 1 Please refer to Horizon Utilities' response to Technical Conference Question 4.0 – VECC – 3(d).

**Question #10**

**Ref: Tab 2, Page 42, Table 39**

**Preamble:** At Table 39, Horizon provides the Cost of Power 2016 Annual Filing vs. Custom IR.

**a) Please provide the calculations to support the dollar amounts shown under column 2 (2016 Annual Filing) compared to Column 3 (Custom IR EB-2014-0002) for each category.**

**Response:**

- 1 Please refer to Horizon Utilities' response to Technical Conference Question Energy Probe-1.

**Question #11**

**Ref: Tab 2, Page 42, Table 44**

**Preamble:** Horizon requests that it be permitted to track the costs of moving to monthly billing for future prudence review by the OEB and recovery at the time of its next rebasing application.

- a) Horizon's current Working Capital Allowance (WCA) 12.0%. Please provide the impact on 2016 Revenue Requirement if a WCA of 7.5% (default value) is used. Please show all calculations.**

**Response:**

- 1 a) Horizon Utilities filed a Lead Lag Study with its Custom IR Application (EB-2014-0002). The  
2 outcome from the Custom IR Application was a WCA of 12.0%. Horizon Utilities did not use  
3 the OEB's default WCA of 13%. Instead, it sought approval for a distributor-specific working  
4 capital allowance supported by the appropriate evidence from a Lead Lag study.
- 5 As AMPCO is aware, the Custom IR Application resulted in a Board-Approved partial  
6 settlement which included the areas for annual adjustment. An adjustment to the WCA  
7 percentage was not among the adjustments set out in the Board-Approved Settlement  
8 Agreement. In its June 3, 2015 letter on Allowance for Working Capital for Electricity  
9 Distribution Rate Applications, the Board specifically stated that "*Changes to working capital*  
10 *allowance costs will be implemented only in cost of service and Custom IR applications*  
11 *unless otherwise determined by the OEB in a prior decision.*" No such determination was  
12 made in Horizon Utilities' Custom IR decision. The requested calculation is therefore not  
13 relevant to the current Application.
- 14 Horizon Utilities has provided the computation of the revenue requirement impact based on  
15 a WCA of 7.5%, for illustrative purposes only.

**Table 1 - Impact on 2016 Revenue Requirement using a 7.5% WCA**

Description	%	Amount
Working Capital Expenses		\$643,908,360
Working Capital Allowance	12.00%	\$77,269,003
Working Capital Allowance	7.50%	\$48,293,127
Decrease in Working Capital Allowance		(\$28,975,876)
<b>Rate Base Breakdown</b>		
Short Term Debt	4.00%	(\$1,159,035)
Long Term Debt	56.00%	(\$16,226,491)
Equity	40.00%	(\$11,590,350)
<b>Revenue Requirement Components</b>		
Deemed Interest - Short Term Debt	2.16%	(\$25,035)
Deemed Interest - Long Term Debt	3.47%	(\$563,273)
Return on Equity	9.30%	(\$1,077,903)
PILs	26.50%	(\$388,632)
<b>Total Decrease in Revenue Requirement</b>		<b>(\$2,054,842)</b>