Enersource Hydro Mississauga Inc. Assumptions & Data

Schedule 1



Assumptions:

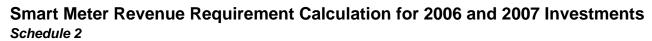
All revenues and costs (operating and capital) included in this application are based on actuals for the calendar years 2006 and 2007 All calculations are consistent with the OEB's methodologies and based on the OEB Smart Meter Model Amortization is straight line and has the half year rule applied in first year

| Data: | <u>2006</u> | <u>2007</u> |
|----------------------------------|-------------|-------------|
| Deemed Debt | 60% | 60% |
| Deemed Equity | 40% | 40% |
| Weighted Debt Rate | 6.44% | 6.44% |
| Proposed ROE | 9.00% | 9.00% |
| Weighted Average Cost of Capital | 7.46% | 7.46% |
| PILs Tax Rate | 36.12% | 36.12% |

Other:

| Amortization Policy: | <u>Years</u> |
|-------------------------------------|--------------|
| Smart Meters Amortization Rate | 15 |
| Computer Hardware Amortization Rate | 5 |
| Computer Software Amortization Rate | 2 |

Enersource Hydro Mississauga Inc.





| | А | | | В | | | | C = A + B | | |
|---|---------------------------------|------------------|--------|----------------------------|------------------------------|-------------------|-------|---|------------------|-----------|
| Average Asset Values | 2006 | | | 2007 | | | 2 | 2006 & 2007 | | |
| Net Fixed Assets Smart Meters Net Fixed Assets Computer Hardware Net Fixed Assets Computer Software Net Fixed Assets Tools & Equipment Net Fixed Assets Other Equipment | | | | | | | | | | |
| Total Net Fixed Assets | \$ 191,831 | | | \$ 7,623,696 | | | | \$ 7,815,527 | | |
| Opening Net Fixed Assets Closing Net Fixed Assets Average Net Fixed Assets | \$ - \$ 191,831 \$ 95,915 | _ | | \$ 191,831 \$ 7,623,696 | _ \$ 3,907,763 | | | \$ 191,831 \$ 7,815,527 \$ 4,003,67 | 7 0 | |
| | Ψ 00,010 | _ | | | Ψ 0,001,100 | | | Ψ 4,000,01 | Ü | |
| Working Capital | Φ 00.000 | | | | | | | 000 400 | | |
| Operation Expense Working Capital 15 % | \$ 26,603 \$ 3,991 \$ 3,991 | | | \$ 295,887 \$ 44,383 | | | | \$ 322,490 \$ 48,374 \$ 48,37 | ' 4 | |
| Smart Meters included in Rate Base | \$ 99,906 | _ | | | \$ 3,952,146 | - | | \$ 4,052,05 | 52 | |
| Return on Rate Base | | | | | | | | | | |
| Deemed Debt | 60.0% \$ 59,944 | | | 60.0% | \$ 2,371,288 | | | 60.0% \$ 2,431,23 | | |
| Deemed Equity | 40.0% \$ 39,962 \$ 99,906 | | | 40.0% | \$ 1,580,859 \$ 3,952,146 | - - | | 40.0% \$ 1,620,82 \$ 4,052,05 | | |
| Weighted Debt Rate | 6.44% \$ 3,860 | | | 6.44% | \$ 152,711 | | | 6.4% \$ 156,57 | 71 | |
| Proposed ROE | 9.0% \$ 3,597 | | | 9.0% | \$ 142,277 | | | 9.0% \$ 145,87 | | |
| Return on Rate Base | \$ 7,457 | \$ | 7,457 | | \$ 294,988 | \$ 29 | 4,988 | \$ 302,44 | \$ | 302,445 |
| Operating Expenses | | | | | | | | | | |
| Incremental Operating Expenses | | \$ | 26,603 | | | \$ 29 | 5,887 | | \$ | 322,490 |
| Amortization Expenses Amortization Expenses - Smart Meters Amortization Expenses - Computer Hardware Amortization Expenses - Computer Software | | | | | | | | | | |
| Amortization Expenses - Tools & Equipment | | | | | | | | | | |
| Amortization Expenses - Other Equipment | | | | | | | | | | |
| Total Amortization Expenses | | \$ | 19,841 | | | \$ 32 | 8,593 | | \$ | 348,434 |
| Revenue Requirement Before PILs | | \$ | 53,902 | | | \$ 91 | 9,468 | | \$ | 973,369 |
| Calculation of Taxable Income Incremental Operating Expenses | | -\$ | 26,603 | | | | 5,887 | | -\$ | 322,490 |
| Depreciation Expenses | | -\$ | 19,841 | ĺ | | | 8,593 | | -\$ | 348,434 |
| Interest Expense Taxable Income For PILs | | <u>-\$</u> \$ | 3,860 | ł | | | 2,711 | | <u>-\$</u> \$ | 156,571 |
| TAXABLE INCOME FOR FILS | | Ф | 3,597 | | | \$ 14 | 2,277 | | \$ | 145,874 |
| Grossed up PILs | | -\$ | 7,298 | | | \$ 4 | 1,177 | | \$ | 33,879 |
| Revenue Requirement Before PILs | | \$ | 53,902 | | | | 9,468 | | \$ | 973,369 |
| Grossed up PILs | | -\$ | 7,298 | I | | | 1,177 | | \$ | 33,879 |
| Revenue Requirement for Smart Meters | | \$ | 46,604 | l | | \$ 96 | 0,644 | | \$ | 1,007,248 |
| | | | | | | | | | | |

Enersource Hydro Mississauga Inc. PILs Calculation

Schedule 3



| | N | С | o | N | ۱E | Т | Α | Х |
|--|---|---|---|---|----|---|---|---|
|--|---|---|---|---|----|---|---|---|

Net Income Amortization

CCA - Class 47 (8%) Smart Meters

CCA - Class 45 (45%) Computers

CCA - Class 12 (100%) Software

CCA - Class 8 (20%) Other Equipment

Change in taxable income

Tax Rate (3. LDC Assumptions and Data)

Income Taxes Payable

| | 2006 | | 2007 |
|----------|-----------------|----------|--------------------|
| \$ \$ | 3,597 19,841 | \$ \$ | 142,277 328,593 |
| | | | |
| Φ | 40.000 | Φ. | 40.054 |
| -\$ | 13,832 | \$ | 42,951 |
| | 36.12% | | 36.12% |
| -\$ | 4,996 | \$ | 15,514 |

ONTARIO CAPITAL TAX

Smart Meters

Computer Hardware

Computer Software

Tools & Equipment

Other Equipment

Rate Base

Less: Exemption

Deemed Taxable Capital

Ontario Capital Tax Rate

Net Amount (Taxable Capital x Rate)

| Φ | 174 400 | Φ | 7 500 044 |
|----|---------|----|-----------|
| \$ | 174,402 | \$ | 7,506,941 |
| \$ | - | \$ | - |
| \$ | 174,402 | \$ | 7,506,941 |
| | 0.300% | | 0.225% |
| \$ | 523 | \$ | 16.891 |

Gross Up

Change in Income Taxes Payable

Change in OCT

PIL's

| PILs | Payable | PIL | s Payable |
|------|---------|-----|-----------|
| -\$ | 4,996 | \$ | 15,514 |
| \$ | 523 | \$ | 16,891 |
| -\$ | 4,473 | \$ | 32,405 |

Gross Up Gross Up 36.12% 36.12%

Change in Income Taxes Payable Change in OCT PIL's

| -\$ | 7,298 | \$ | 41,177 |
|--------|------------|------|--------------|
| \$ | 523 | \$ | 16,891 |
| -\$ | 7,821 | \$ | 24,286 |
| Grosse | ed Up PILs | Gros | ssed Up PILs |

Enersource Hydro Mississauga Inc. Smart Meter Average Net Fixed Assets & UCC Schedule 4



2007

| | 2006 |
|---------------------------------|------|
| Net Fixed Assets - Smart Meters | |
| Opening Capital Investment | |
| Capital Investment Year 1 | |
| Capital Investment Year 2 | |
| Closing Capital Investment | |

Opening Accumulated Amortization Amortization Year 1 Amortization Year 2 Closing Accumulated Amortization

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

Net Fixed Assets - Hardware

Opening Capital Investment Capital Investment Year 1 Capital Investment Year 2 Closing Capital Investment

Opening Accumulated Amortization Amortization Year 1 Amortization Year 2 Closing Accumulated Amortization

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

Net Fixed Assets - Software

Opening Capital Investment Capital Investment Year 1 Capital Investment Year 2 Closing Capital Investment

Opening Accumulated Amortization Amortization Year 1 Amortization Year 2 Closing Accumulated Amortization

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



Enersource Hydro Mississauga Inc. Smart Meter Average Net Fixed Assets & UCC Schedule 4



2007

| UCC - | Smart | Meter |
|-------|--------------|-------|
|-------|--------------|-------|

CCA Class 47 (8%)

Opening UCC
Capital Additions
UCC Before Half Year Rule
Half Year Rule
Reduced UCC
CCA Rate Class 47
CCA
Closing UCC

UCC - Computer Hardware

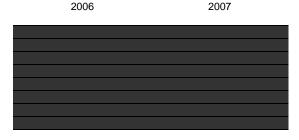
CCA Class 45 (45%)

Opening UCC
Capital Additions
UCC Before Half Year Rule
Half Year Rule
Reduced UCC
CCA Rate Class 47
CCA
Closing UCC

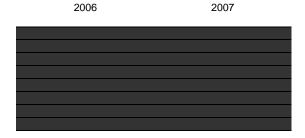
UCC - Computer Software

CCA Class 12 (100%)

Opening UCC
Capital Additions
UCC Before Half Year Rule
Half Year Rule
Reduced UCC
CCA Rate Class 47
CCA
Closing UCC



2006



Enersource Hydro Mississauga Inc. Accounting Treatment for Smart Meter Accounts Schedule 5



| Accounting Treatment for Smart Meter Accounts with respect to Smart to reflect the Board's EB-2007-0063 Decision | Meter I | Minimum Fo | unction | ality |
|---|----------|--------------|-----------|--------------------------|
| 1. To clear OM&A balances to December 31, 2007 from the Smart Meter OM | I&A Va | raiance Acco | ount to t | he current period |
| Debit: OM&A Account 5065 Metering Expenses Credit: Smart Meter OM&A Variance Account 1556 | \$ | 322,490 | \$ | 322,490 |
| 2. To clear PILs balances to December 31, 2007 from the Smart Meter OM& | A Varai | ance Accou | nt to the | e current period |
| Debit: PILs Account 6110 Credit: Smart Meter OM&A Variance Account 1556 | \$ | 33,879 | \$ | 33,879 |
| 3. To clear amortization balances to December 31, 2007 from the Smart Mete | er OM8 | A Varaiance | e Accou | nt to the current period |
| Debit: OM&A Account 5705 Amortization Expense Credit: Smart Meter OM&A Variance Account 1556 | \$ | 348,434 | \$ | 348,434 |
| To clear the capital balance to Decemeber 31, 2007 from the Smart Meter to Fixed Asset Accounts | Capita | I & Recover | y Offset | Variance Account |
| Debit: Fixed Asset Accounts 1860, 1920, 1925, & 2055 as appropriate Credit: Smart Meter Capital & Recovery Offset Account 1555 | \$ | 7,972,130 | \$ | 7,972,130 |
| 5. To clear the capital balance to Decemeber 31, 2007 from the Smart Meter to Fixed Asset Accounts | Capita | I & Recover | y Offset | Variance Account |
| Debit: Smart Meter Capital & Recovery Offset Varaiance Account 1555 Credit: Accumulated Amortization Account 2105 | \$ | 348,434 | \$ | 348,434 |
| 6. To clear the Smart Meter Capital & Recovery Offset Variance Account and rate adder recoveries received up to December 31, 2007 | I to rec | ognize as re | venue a | actual smart meter |
| Debit: Smart Meter Capital & Recovery Offset Varaiance Account 1555 Credit: Revenue Account 4080 by appropriate customer class | \$ | 1,007,248 | \$ | 1,007,248 |

Enersource Hydro Mississauga Inc. Capital & Operating Expenses

Schedule 6



| Capital Investments By Calendar Year | | | | | | | | |
|--------------------------------------|----|---------|----|-----------|----|-----------|--|--|
| | | 2006 | | 2007 | | Total | | |
| Smart Meter Capital Costs | | | | | | | | |
| Smart Meter Computer Equipment | | | | | | | | |
| Smart Meter Computer Software | | | | | | | | |
| Total SM Capital Costs | \$ | 211,672 | \$ | 7,760,458 | \$ | 7,972,130 | | |

| Operating Expenses By Calendar Year | | | | | | | | | |
|-------------------------------------|------|--------|------|---------|-------|---------|--|--|--|
| | 2006 | | 2007 | | Total | | | | |
| Labour & Benefits | \$ | 20,083 | \$ | 132,416 | \$ | 152,499 | | | |
| Call Centre / Community Relations | \$ | - | \$ | 422 | \$ | 422 | | | |
| Training / Change Management | \$ | - | \$ | - | \$ | - | | | |
| Miscellaneous Administration | \$ | 6,521 | \$ | 14,990 | \$ | 21,510 | | | |
| Telephony / Data Communications | \$ | - | \$ | 1,078 | \$ | 1,078 | | | |
| Customer Communications | \$ | - | \$ | 104,804 | \$ | 104,804 | | | |
| IT maintenance contracts / software | \$ | - | \$ | 42,176 | \$ | 42,176 | | | |
| Total SM OM&A | \$ | 26,603 | \$ | 295,887 | \$ | 322,490 | | | |