CAMBRIDGE AND NORTH DUMFRIES HYDRO INC.

1500 Bishop Street, P.O. Box 1060, Cambridge, ON N1R 5X6

July 29, 2008

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319
2300 Yonge Street
26th Floor
Toronto, ON M4P 1E4

Dear Ms. Walli:

Re: Cambridge and North Dumfries Hydro Inc.
OEB License: ED-2002-0574
Low Voltage Charges EB-2007-0900

Enclosed please find an Agreed Statement of Facts and copies of the proposed methodology for low voltage charge (one for Waterloo North Hydro and one for Hydro One).

All three parties support the joint proposal and the documents being submitted.

If you require any additional information or clarification with respect to the information, please contact myself at (519) 621-8405, ext. 2355).

Sincerely,

CAMBRIDGE AND NORTH DUMFRIES HYDRO INC.

John W. Grotheer
President and CEO

AGREED STATEMENT OF FACTS

Cambridge and North Dumfries Hydro Inc. – Low Voltage Charges
EB-2007-0900

This document constitutes the Agreed Statement of Facts ("ASF") of Cambridge and North Dumfries Hydro Inc. ("C&NDHI") and of Hydro One Networks ("Hydro One") and Waterloo North Hydro ("Waterloo") in the consideration of just and reasonable Low Voltage charges for 2008, and the methodology underlying the proposed rates. This issue arose in C&NDHI's application for 2008 electricity distribution rates considered under Board file number EB-2007-0900. The ASF, the proposed methodology and the proposed rates represent the outcomes of a technical conference held on July 9, 2008 between the parties above and Board staff, as directed in Procedural Order No. 1.

The Technical conference was transcribed. The following summarizes the discussion of the issue, and the parties joint proposal on a resolution of this matter.

History

2006 EDR

Cambridge and North Dumfries Hydro Inc. ("C&NDHI") used Schedule 10-7 of the 2006 Electricity Distribution Rate Handbook in its 2006 EDR application to propose LV rates for each of Hydro One Networks ("Hydro One") and Waterloo North Hydro ("Waterloo"). The rates were $0.0716/kW for Hydro One and $0.20/kW for Waterloo.

2008 EDR (IRM)

As part of its 2008 EDR application under the 2nd Generation IRM plan, C&NDHI filed a proposal for corrected LV rates, as it had discovered errors in the inputs used in the 2006 application. C&NDHI made the following corrections:

- Corrected the error in 2006 by not dividing the costs to be recovered by twelve. This meant that rates were calculated by correctly dividing annual costs by annual demand.
- Corrected the 2006 proposals by reversing the Waterloo and Hydro One demand numbers (which were erroneously switched in the 2006 application)

There was some discussion of some further errors or deficiencies in the revised approach:

- Due to an error in the formula, the return on assets uses the ROE. This error was worked around in the 2006 EDR application by substituting the weighted average cost of capital in place of the ROE.
- The load on the lines, which was also swapped in 2006 was corrected.
- The approach does not take into account the share of energy on the line delivered to the embedded distributor.
- There is no reflection of grossed-up taxes or PILs.

The proposal in the 2008 IRM application was $0.90/kW for Waterloo and $2.60/kW for Hydro One.

Issues

The Schedule 10-7 methodology, as reflected in the spreadsheet, used only distance as an allocator of costs to the LV lines. Demand was only used as the charge determinant. The methodology assigned all costs to the embedded distributor, even though C&NDHI has other direct (retail) customers served from each line. (In technical parlance, each of C&NDHI's LV lines is a shared line.)

The parties proposed a revision to Schedule 10-7 that would address the errors in the earlier schedule. The revised schedule:

- Calculates the cost of capital based on the deemed capital structure and approved or deemed ROE and debt rates.
- Reflects both the percentage of km of line and the percentage of load on the LV line for delivering energy to the embedded distributor. This better reflects the costs that should be borne by the embedded distributor.

The proposal is a closer approximation to a cost of service to determine the revenue requirement that should be recoverable from the LV customers. The approach is not an exact cost of service model, but should give a reasonable and practical approach for determining costs. All parties agreed that the methodology is to try to determine the costs that should be recoverable from the embedded distributor(s) and to avoid any subsidization with the host distributor's other (retail) customers. Addition of an approach to incorporate taxes/PILs (grossed-up) would be a refinement that would give a better proxy of the revenue requirement to be recovered from the embedded distributor(s) through LV rates. A simplified tax/PILs calculation approach, with the 2008 IRM model as one starting point was suggested. The applicants agreed to look into the refinements.

The proposal also allows for primary feeders and distribution stations to also be factored into the determination of the revenue requirement. The allocation for the capital-related and operating and ancillary costs for these would be allocated based on the percentage of load; there is no line-length consideration. These are not applicable in this case, but the parties felt that this approach, if accepted

by the Board, could also be applicable for determining LV rates for other host-embedded distributor situations.

In addition to the accounts currently used for direct costs, the parties propose that certain other accounts be included:

- Account 1980 – Supervisory System (SCADA) (capital)
- Account 5160 – Maintenance of Line Transformers (expense)
- Account 5035 – Overhead Distribution Transformers Operations (expense)
- Account 5055 – Underground Distribution Transformers (expense)
- Account 1850 – Line Transformers (capital)

The proposed revised Schedule 10-7 includes an allowance for working capital. The proposal only included operating expenses for determining the working capital allowance, but did not include a cost of power component. This matter was discussed. C&NDHI noted that, where the embedded distributor is a market participant (and billed directly by the IESO), there is no working capital requirement of that for the host distributor for the energy and wholesale market service charges, however, transmission network and connection charges are borne by the host distributor, and thus should be included in the working capital calculation. However, where the embedded distributor is not a market participant, there may be a lag between when the host distributor is billed for power delivered by the LV system and when it recovers amounts from the embedded distributor. There was also some discussion that, in the overall cost allocation model, the revenue requirement, including the working capital allowance based on controllable expenses plus cost of power, is allocated to and recovered from all customers, including any embedded distributors.

C&NDHI proposed that there should be an allowance for administrative overhead. In its original 2006 EDR application, C&NDHI had used a factor of 12% to represent administrative overhead. The Board approved the LV rates using that factor in 2006 EDR. No party in the technical conference opposed this.

Hydro One discussed its approach to determining LV rates, as it has many embedded distributors and other “direct” customers. Its approach calculates rates on a more “postage stamp” approach, but considers that the methodology is consistent with the revised approach proposed in the technical conference.

C&NDHI’s proposal was to propose new “corrected” 2006 rates, which are based on 2004 historical data. However, C&NDHI’s application is for 2008 rates. There was discussion of two options for updating the rates to be more current with 2008:

- Calculate the corrected 2006 LV rates per the new schedule, and then apply subsequent IRM adjustments to may adjustments to the LV rates has been done for distribution rates for other distributors; or

- Use forecast or most recent historical (e.g. 2007) data to calculate more current LV rates.

There was some discussion of these approaches. C&NDHI has indicated its preference for the former approach. This approach has also been used recently in rate applications for Welland Hydro, EnWin and PUC to make adjustments to 2006 rates and then apply the 2007 adjustment. The latter approach may be more practical in some circumstances and is one step. However, both approaches are reasonable and could be used based on circumstances.

The proposed approach gives LV rates in the range of $0.50/kW. These rates are before adjustments discussed above, and refinements may alter slightly the proposed rates. This is within the range of LV rates that have been approved by the Board in other applications.

Proposed *Embedded Distribution Low Voltage Charges - Waterloo North Hydro*

(Note all cells are referenced, no direct input in this sheet)

Waterloo Border Waterloo North Hydro **EB-2007-0900**

1		2		3		4		5			6
Asset Class		Total annual OM&A costs of asset class providing LV services ($)		Original cost of asset class providing LV services		Accumulative amortization on asset class providing LV services		Annual amortization on asset class providing LV services			NBV of asset class providing LV services
Distribution Stations	**PP**	-	**B**	-	**C**	-	**D**	-		**E**	-
Transformer Stations	**QQ**	-	**G**	-	**H**	-	**I**	-		**J**	-
Low Voltage lines	**RR**	$1,893,724	**L**	$43,132,918	**M**	$17,508,524	**N**	$1,726,547		**O**	$25,624,394

		7		8		9		10			11
		Share of facilities				*Share of facilities*					
		kW or kVA		*kW or kVA*		*kW or kVA*		*kW or kVA*			*percent*
Asset Class		Total line length or station capacity in asset class (KM)		Line length providing LV services (KM)		Annual billed total demand on station/line providing LV services (kW or kVA)		Annual billed Embedded Distributor demand on station/line providing LV services (kW or kVA)			Utilization factor
Distribution Stations					**AA**	-	**BB**	-		**(Col 10/Col 9)**	0.00%
Transformer Stations					**CC**	-	**DD**	-		**(Col 10/Col 9)**	0.00%
Low Voltage lines	**GG**	727	**HH**	8.4	**EE**	121,536	**FF**	76,261		**(Col 8/Col 7) * (Col 10/Col 9)**	0.73%

		12		12 (a)		13		14		15		15 (a)	16
		$		*$*		*$*		*$*		*$*		*$*	*$/kW or $/kVA*
Asset Class		Return on assets used to provide LV Services		PILs		Annual Amortization on assets used to provide LV Services		OM & A costs (with burden) associated with assets used to provide LV Services		Total annual cost associated with assets used to provide LV Services		Total annual cost associated with assets used to provide LV Services + 2007 & 2008 IRM Adjustments	Monthly kW Rate associated with the delivery of LV Services
Distribution Stations	**(Y*S*Col 11)**	-	**(AB*Col 11)**	-	**D*Col 11**	-	**PP*Col 11**	-	**SUM**	-	**(((Col 15*(1+AO))* (1+AP))**	-	
Transformer Stations	**(AE*S*Col 11)**	-	**(AH*Col 11)**	-	**I*Col 11**	-	**QQ*Col 11**	-	**SUM**	-	**(((Col 15*(1+AO))* (1+AP))**	-	
Low Voltage lines	**(AK*S*Col 11)**	14,118	**(AN*Col 11)**	4,264	**N*Col 11**	12,518	**RR*Col 11**	13,730	**SUM**	44,629	**(((Col 15*(1+AO))* (1+AP))**	**45,211**	

45,211	**$ 0.59**
[Sum Col 15 (a)]	**[Sum Col 15 (a) Col 10 FF]**

EB-2007-0900 Cambridge & North Dumfries Hydro Inc. Proposed Embedded Distribution Low Voltage Charges Inputs - Waterloo North Hydro Inc.

			Input cells
			Calculated Cells
			percent
Distributor debt rate (deemed)		P	6.01%
Distributor return on equity before tax (utilized in formula)		Q	9.00%
Distributor tax rate (current tax rate)		R	33.50%
Weighted Average Cost of Capital (WACC)		S	7.51%
Equity Portion of WACC		XX	4.50%
Deemed debt share		T	50.00%
Deemed equity share		U	50.00%
Working Capital Allowance Percentage		V	15%
Administrative Burden Percentage (applicable to all asset classes and OM&A only)		OO	12%
Rates charged for calcuation of Energy Sales for Working Capital Allowance			
Commodity (per kWh)	[Most recent (April 08) Board Approved RPP Rate]	TT	$ 0.0545
Wholesale Market Service Charge (WMS) (per kWh)	(Current LDC Retail Rate of Applicable Rate Class)	UU	$ 0.0062
Transmission Network (per kW)	(Current LDC Retail Rate of Applicable Rate Class)	VV	$ 1.6160
Transmission Connection (per kW)	(Current LDC Retail Rate of Applicable Rate Class)	WW	$ 1.6452
2007 IRM Adjustment - Sheet 8, Cell D12	IPI - X	AO	0.9%
2008 IRM Adjustment (before Tax Adjustment) - Sheet 7, Cells D12 + E12	IPI - X - K	AP	0.4%

Distribution Stations		**USoA Accts**		**$**
		5005****, 5010*****5012*, 5016, 5017, 5105****, 5110*,		
Total annual OM&A costs of asset class providing LV services		5114	A	
OM&A with Administration Burden		((A * (1 + OO) = PP))	PP	-
Original cost of asset class providing LV services		1805*, 1806*, 1808*, 1820	B	
Accumulative amortization on asset class providing LV services		2105***	C	
Annual amortization on asset class providing LV services		5705***	D	
NBV of asset class providing LV services		(B - C = E)	E	-
Annual Billed Demand (kW or kVA) Total on Distribution Stations			AA	-
Annual Billed Demand (kW or kVA) of Embedded Distributor on Distribution Stations			BB	-
Annual Energy (kWh) of Embedded Distributor on Distribution Stations (if applicable)	*****	With losses	SS	-
Rate Base - Distribution Stations				
NBV of assets		(= E)	W	-
Working Capital Allowance:				
OM&A Costs with Administration Burden		(= PP)		-
Power Supply Expenses:				
Energy Sales (if applicable)		(SS x TT)		-
WMS (if applicable)		(SS x UU)		-
Transmission Network		(BB X VV)		-
Transmission Connection		(BB X WW)		-
Working Capital			X	-
Working Capital Allowance		(X x V = X1)	X1	-
Rate Base		(W + X1 = Y)	Y	-
PILs Calculation				
Target Net Income before consideration of PILS		(Y x XX)	YY	-
Target Net Income before consideration of PILS times tax rate = PILs Provision		(YY x R)	ZZ	-
PILs Provision Grossed Up - **before** application of Utilization Factor		(ZZ / (1 - R)	AB	-

EB-2007-0900 Cambridge & North Dumfries Hydro Inc. Proposed Embedded Distribution Low Voltage Charges Inputs - Waterloo North Hydro Inc.

Transformer Stations (TS)		**USoA Accts**		**$**
Total annual OM&A costs of asset class providing LV services		5005****, 5010*****, 5012 **, 5014, 5015, 5105****, 5110**, 5112	**F**	
OM&A with Administration Burden		((F * (1 + OO) = QQ))	**QQ**	-
Original cost of asset class providing LV services		1805**, 1806**, 1808**, 1815, 1825	**G**	
Accumulative amortization on asset class providing LV services		2105***	**H**	
Annual amortization on asset class providing LV services		5705***	**I**	
NBV of asset class providing LV services		(G - H = J)	**J**	-
Annual Billed Demand (kW or kVA) Total on Transformer Stations			**CC**	-
Annual Billed Demand (kW or kVA) of Embedded Distributor on Transformer Stations			**DD**	-
Annual Energy (kWh) of Embedded Distributor on Transformer Stations (if applicable)	*****	With losses	**AC**	-
Rate Base - Transformer Stations				
NBV of assets		(= J)	**Z**	-
Working Capital Allowance:				
OM&A Costs with Administration Burden		(= QQ)		-
Power Supply Expenses:				
Energy Sales (if applicable)		(AC x TT)		-
WMS (if applicable)		(AC x UU)		-
Transmission Network		(DD X VV)		-
Transmission Connection		(DD X WW)		-
Working Capital			**AD**	-
Working Capital Allowance		(AD x V = AD1)	**AD1**	-
Rate Base		(AD1 + Z = AE)	**AE**	-
PILs Calculation				
Target Net Income before consideration of PILS		(AE x XX)	**AF**	-
Target Net Income before consideration of PILS times tax rate = PILs Provision		(AF x R)	**AG**	-
PILs Provision Grossed Up - **before** application of Utilization Factor		(AG / (1 - R)	**AH**	-

Low Voltage Lines		**USoA Accts**		**$**
Total annual OM&A costs of asset class providing LV services	Ovhd	5020, 5025, 5030, 5095, 5005****, 5010****, 5120, 5125, 5135, 5035****, 5160****, 5105****	**K**	1,690,825
	UG	5040, 5045, 5050, 5090 5145, 5150, 5055****		
OM&A with Administration Burden		((K * (1 + OO) = RR))	**RR**	1,893,724
Original cost of asset class providing LV services	Ovhd	1830, 1835, 1850, 1980	**L**	43,132,918
	UG	1840, 1845		
Accumulative amortization on asset class providing LV services		2105***	**M**	17,508,524
Annual amortization on asset class providing LV services		5705***	**N**	1,726,547
NBV of asset class providing LV services		(L - M = O)	**O**	25,624,394
Annual Billed Demand (kW or kVA) Total on Low Voltage Lines			**EE**	121,536
Annual Billed Demand (kW or kVA) of Embedded Distributor on Low Voltage Lines			**FF**	76,261
Annual Energy (kWh) of Embedded Distributor on Low Voltage Lines (if applicable)	*****	With losses	**AI**	-
Total Line Length (KM) of System (overhead and/or underground as applicable)			**GG**	727
Total Line Length (KM) to provide LV Services			**HH**	8.4
Rate Base - Low Voltage Lines				
NBV of assets		(= O)	**LL**	25,624,394
Working Capital Allowance:				
OM&A Costs with Administration Burden		(= RR)		1,893,724
Power Supply Expenses:				
Energy Sales (if applicable)		(AI x TT)		-
WMS (if applicable)		(AI x UU)		-
Transmission Network		(FF X VV)		123,238
Transmission Connection		(FF X WW)		125,465
Working Capital			**AJ**	2,142,426
Working Capital Allowance		(AJ x V = AJ1)	**AJ1**	321,364
Rate Base		(AJ1 + LL = AK)	**AK**	25,945,758
PILs Calculation				
Target Net Income before consideration of PILS		(AK x XX)	**AL**	1,167,559
Target Net Income before consideration of PILS times tax rate = PILs Provision		(AL x R)	**AM**	391,132
PILs Provision Grossed Up - **before** application of Utilization Factor		(AM / (1 - R))	**AN**	588,169

* - reallocate TS building and other building costs where necessary

** - amounts re-allocated from Station Buildings & Fixtures expense (if applicable)

EB-2007-0900 Cambridge & North Dumfries Hydro Inc. Proposed Embedded Distribution Low Voltage Charges Inputs - Waterloo North Hydro Inc .

*** - will need to record portion attributable to the assets providing the LV services
**** - if any portion of the account is applicable
***** - applicable only if i) Host Distributor pays IESO for Commodity and WMS Charges for energy consumed by the Embedded Distributor and
ii) recommended methodology is applied by a Host LDC for each Embedded customer, if deriving individual customer rates;
or, for all Embedded customers as a group, if developing a pooled rate

Proposed Embedded Distribution Low Voltage Charges - *Hydro One Networks Inc.*

(Note all cells are referenced, no direct input in this sheet)

Sheffield Hydro One **EB-2007-0900**

1		2		3		4		5			6
Asset Class		Total annual OM&A costs of asset class providing LV services ($)		Original cost of asset class providing LV services		Accumulative amortization on asset class providing LV services		Annual amortization on asset class providing LV services			NBV of asset class providing LV services
Distribution Stations	**PP**	-	**B**	-	**C**	-	**D**	-		**E**	-
Transformer Stations	**QQ**	-	**G**	-	**H**	-	**I**	-		**J**	-
Low Voltage lines	**RR**	$1,893,724	**L**	$43,132,918	**M**	$17,508,524	**N**	$1,726,547		**O**	$25,624,394

		7		8		9		10			11
		Share of facilities				*Share of facilities*					
		kW or kVA		*kW or kVA*		*kW or kVA*		*kW or kVA*			*percent*
Asset Class		Total line length or station capacity in asset class (KM)		Line length providing LV services (KM)		Annual billed total demand on station/line providing LV services (kW or kVA)		Annual billed Embedded Distributor demand on station/line providing LV services (kW or kVA)			Utilization factor
Distribution Stations					**AA**	-	**BB**	-		**(Col 10/Col 9)**	0.00%
Transformer Stations					**CC**	-	**DD**	-		**(Col 10/Col 9)**	0.00%
Low Voltage lines	**GG**	727	**HH**	8.6	**EE**	132,868	**FF**	27,005		**(Col 8/Col 7) * (Col 10/Col 9)**	0.24%

		12		12 (a)		13		14		15		15 (a)	16
		$		*$*		*$*		*$*		*$*		*$*	*$/kW or $/kVA*
Asset Class		Return on assets used to provide LV Services		PILs		Annual Amortization on assets used to provide LV Services		OM & A costs (with burden) associated with assets used to provide LV Services		Total annual cost associated with assets used to provide LV Services		Total annual cost associated with assets used to provide LV Services + 2007 & 2008 IRM Adjustments (IRM excluded from PILs)	Monthly kW Rate associated with the delivery of LV Services
Distribution Stations	**(Y*S*Col 11)**	-	**(AB*Col 11)**	-	**D*Col 11**	-	**PP*Col 11**	-	**SUM**	-	**(((Col 15*(1+AO))* (1+AP))**	-	
Transformer Stations	**(AE*S*Col 11)**	-	**(AH*Col 11)**	-	**I*Col 11**	-	**QQ*Col 11**	-	**SUM**	-	**(((Col 15*(1+AO))* (1+AP))**	-	
Low Voltage lines	**(AK*S*Col 11)**	4,677	**(AN*Col 11)**	1,413	**N*Col 11**	4,151	**RR*Col 11**	4,553	**SUM**	14,794	**(((Col 15*(1+AO))* (1+AP))**	**14,987**	

14,987	**$ 0.55**
[Sum Col 15 (a)]	**[Sum Col 15 (a) / Col 10 FF]**

EB-2007-0900 Cambridge & North Dumfries Hydro Inc. Proposed Embedded Distribution Low Voltage Charges Inputs - Hydro One Networks Inc.

Input cells
Calculated Cells

			percent
Distributor debt rate (deemed)		P	6.01%
Distributor return on equity before tax (utilized in formula)		Q	9.00%
Distributor tax rate (current tax rate)		R	33.50%
Weighted Average Cost of Capital (WACC)		S	7.51%
Equity Portion of WACC		XX	4.50%
Deemed debt share		T	50.00%
Deemed equity share		U	50.00%
Working Capital Allowance Percentage		V	15%
Administrative Burden Percentage (applicable to all asset classes and OM&A only)		OO	12%
Rates charged for calcuation of Energy Sales for Working Capital Allowance			
Commodity (per kWh)	[Most recent (April 08) Board Approved RPP Rate]	TT	$ 0.0545
Wholesale Market Service Charge (WMS) (per kWh)	(Current LDC Retail Rate of Applicable Rate Class)	UU	$ 0.0062
Transmission Network (per kW)	(Current LDC Retail Rate of Applicable Rate Class)	VV	$ 1.7054
Transmission Connection (per kW)	(Current LDC Retail Rate of Applicable Rate Class)	WW	$ 1.6162
2007 IRM Adjustment - Sheet 8, Cell D12	IPI - X	AO	0.9%
2008 IRM Adjustment (before Tax Adjustment) - Sheet 7, Cells D12 + E12	IPI - X - K	AP	0.4%

Distribution Stations		**USoA Accts**		**$**
		5005****, 5010*****5012*, 5016, 5017, 5105****, 5110*, 5114	A	
Total annual OM&A costs of asset class providing LV services				
OM&A with Administration Burden		((A * (1 + OO) = PP))	PP	-
Original cost of asset class providing LV services		1805*, 1806*, 1808*, 1820	B	
Accumulative amortization on asset class providing LV services		2105***	C	
Annual amortization on asset class providing LV services		5705***	D	
NBV of asset class providing LV services		(B - C = E)	E	-
Annual Billed Demand (kW or kVA) Total on Distribution Stations			AA	-
Annual Billed Demand (kW or kVA) of Embedded Distributor on Distribution Stations			BB	-
Annual Energy (kWh) of Embedded Distributor on Distribution Stations (if applicable)	*****	With losses	SS	-
Rate Base - Distribution Stations				
NBV of assets		(= E)	W	-
Working Capital Allowance:				
OM&A Costs with Administration Burden		(= PP)		-
Power Supply Expenses:				
Energy Sales (if applicable)		(SS x TT)		-
WMS (if applicable)		(SS x UU)		-
Transmission Network		(BB X VV)		-
Transmission Connection		(BB X WW)		-
Working Capital			X	-
Working Capital Allowance		(X x V = X1)	X1	-
Rate Base		(W + X1 = Y)	Y	-
PILs Calculation				
Target Net Income before consideration of PILS		(Y x XX)	YY	-
Target Net Income before consideration of PILS times tax rate = PILs Provision		(YY x R)	ZZ	-
PILs Provision Grossed Up - **before** application of Utilization Factor		(ZZ / (1 - R)	AB	-

EB-2007-0900 Cambridge & North Dumfries Hydro Inc. Proposed Embedded Distribution Low Voltage Charges Inputs - Hydro One Networks Inc.

Transformer Stations (TS)		**USoA Accts**		**$**
Total annual OM&A costs of asset class providing LV services		5005****, 5010*****, 5012 **, 5014, 5015, 5105****, 5110**, 5112	**F**	
OM&A with Administration Burden		((F * (1 + OO) = QQ))	**QQ**	-
Original cost of asset class providing LV services		1805**, 1806**, 1808**, 1815, 1825	**G**	
Accumulative amortization on asset class providing LV services		2105***	**H**	
Annual amortization on asset class providing LV services		5705***	**I**	
NBV of asset class providing LV services		(G - H = J)	**J**	-
Annual Billed Demand (kW or kVA) Total on Transformer Stations			**CC**	-
Annual Billed Demand (kW or kVA) of Embedded Distributor on Transformer Stations			**DD**	-
Annual Energy (kWh) of Embedded Distributor on Transformer Stations (if applicable)	*****	With losses	**AC**	-
Rate Base - Transformer Stations				
NBV of assets		(= J)	**Z**	-
Working Capital Allowance:				
OM&A Costs with Administration Burden		(= QQ)		-
Power Supply Expenses:				
Energy Sales (if applicable)		(AC x TT)		-
WMS (if applicable)		(AC x UU)		-
Transmission Network		(DD X VV)		-
Transmission Connection		(DD X WW)		-
Working Capital			**AD**	-
Working Capital Allowance		(AD x V = AD1)	**AD1**	-
Rate Base		(AD1 + Z = AE)	**AE**	-
PILs Calculation				
Target Net Income before consideration of PILS		(AE x XX)	**AF**	-
Target Net Income before consideration of PILS times tax rate = PILs Provision		(AF x R)	**AG**	-
PILs Provision Grossed Up - **before** application of Utilization Factor		(AG / (1 - R)	**AH**	-

Low Voltage Lines		**USoA Accts**		**$**
Total annual OM&A costs of asset class providing LV services	Ovhd	5020, 5025, 5030, 5095, 5005****, 5010****, 5120, 5125, 5135, 5035****, 5160****, 5105****	**K**	1,690,825
	UG	5040, 5045, 5050, 5090 5145, 5150, 5055****		
OM&A with Administration Burden		((K * (1 + OO) = RR))	**RR**	1,893,724
Original cost of asset class providing LV services	Ovhd	1830, 1835, 1850, 1980	**L**	43,132,918
	UG	1840, 1845		
Accumulative amortization on asset class providing LV services		2105***	**M**	17,508,524
Annual amortization on asset class providing LV services		5705***	**N**	1,726,547
NBV of asset class providing LV services		(L - M = O)	**O**	25,624,394
Annual Billed Demand (kW or kVA) Total on Low Voltage Lines			**EE**	132,868
Annual Billed Demand (kW or kVA) of Embedded Distributor on Low Voltage Lines			**FF**	27,005
Annual Energy (kWh) of Embedded Distributor on Low Voltage Lines (if applicable)	*****	With losses	**AI**	-
Total Line Length (KM) of System (overhead and/or underground as applicable)			**GG**	727
Total Line Length (KM) to provide LV Services			**HH**	8.6
Rate Base - Low Voltage Lines				
NBV of assets		(= O)	**LL**	25,624,394
Working Capital Allowance:				
OM&A Costs with Administration Burden		(= RR)		1,893,724
Power Supply Expenses:				
Energy Sales (if applicable)		(AI x TT)		-
WMS (if applicable)		(AI x UU)		-
Transmission Network		(FF X VV)		46,054
Transmission Connection		(FF X WW)		43,645
Working Capital			**AJ**	1,983,424
Working Capital Allowance		(AJ x V = AJ1)	**AJ1**	297,514
Rate Base		(AJ1 + LL = AK)	**AK**	25,921,907
PILs Calculation				
Target Net Income before consideration of PILS		(AK x XX)	**AL**	1,166,486
Target Net Income before consideration of PILS times tax rate = PILs Provision		(AL x R)	**AM**	390,773
PILs Provision Grossed Up - **before** application of Utilization Factor		(AM / (1 - R))	**AN**	587,628

* - reallocate TS building and other building costs where necessary

** - amounts re-allocated from Station Buildings & Fixtures expense (if applicable)

EB-2007-0900 Cambridge & North Dumfries Hydro Inc. Proposed Embedded Distribution Low Voltage Charges Inputs - Hydro One Networks Inc.

*** - will need to record portion attributable to the assets providing the LV services

**** - if any portion of the account is applicable

***** - applicable only if i) Host Distributor pays IESO for Commodity and WMS Charges for energy consumed by the Embedded Distributor and
ii) recommended methodology is applied by a Host LDC for each Embedded customer, if deriving individual customer rates;
or, for all Embedded customers as a group, if developing a pooled rate