



Niagara-on-the-Lake Hydro Inc.

November 28, 2008

VIA E-MAIL, RESS and Mail

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
Suite 2701
2300 Yonge Street
Toronto, Ontario M4P 1E4

**Re: Update to Retail Transmission Rates –
Niagara-on-the-Lake Hydro Inc. Application for 2009 Electricity
Distribution Rates - Board File No EB-2008-0237**

Dear Ms. Walli,

Please find attached an update to our Application in response to the Guideline on Retail Transmission Service Rates issued by the Board on October 22. The Attachments include:

- An updated Exhibit 9 Tab1 Schedule 3 – Retail Transmission Rates
- An updated Exhibit 9 Tab1 Schedule 9 – Bill Impacts

We would be pleased to provide any further details or information that you require.

Yours sincerely,

Jim Huntingdon
President.

Attachments

cc OEB Staff, VECC, SEC, Energy Probe

RETAIL TRANSMISSION RATES:

Note on Hydro One Load Assignment

NOTL Hydro's application to reduce its retail transmission rates effective May 1, 2008 was approved by the OEB on April 18 2008 [EB-2007-0813]. At the time of that application, NOTL Hydro was awaiting an OEB decision as to the validity of a unilateral Hydro One load assignment to NOTL Hydro that has a financial impact of at least \$123,000 annually in Network Transformation Connection Service charges plus potential Low Voltage Shared Line charges. An OEB decision is still pending and NOTL Hydro continues to dispute this load assignment. In the interim, NOTL Hydro is accruing these potential monthly charges as a debit (expense) to account "4716 – Charges CN" and a credit (liability) to account "2252 – Transmission Charges Payable". The current Retail Transmission Rates and the proposed revisions outlined in this Schedule reflect the accrual process by including the potential Hydro One charges that would result from the disputed load assignment of 6,353 kW as part of the 4716 expenses calculation. In the event that the dispute is settled in terms of a specific load assignment lower than the disputed amount or if the load assignment is removed, the 4716 cost calculation and resulting connection rates should be reduced accordingly.

Note on this Update

This updated Schedule is submitted in accordance with Page 4 of the Guideline "G-2008-0001 – Electricity Distribution Retail Transmission Rates" issued by the Board on October 22, 2008:

If a distributor has already filed its application for 2009 distribution rates:

1 *A distributor that has already filed its 2009 distribution rate application is*
2 *expected to file an update to that application detailing the calculations for*
3 *adjusting its RTSRs.”*

4 *NOTL Hydro’s rate application was already filed on August 6, 2008.*

5

6

7 **Introduction**

8 In accordance with Guideline G-2008-0001, NOTL Hydro has carried out a
9 variance analysis using two years of actual data to examine what, if any, trend is
10 apparent in the monthly balances in the RTSR deferral accounts for network and
11 for connection charges. The most recent two years (November 2006 to October
12 2008) were used (*note: the October 2006 data shown in the Tables below is for*
13 *information only and was not included in the calculations*).

14 As stated below, no apparent ongoing trends in the monthly balances were
15 identifiable, so that the proposed RTSR rates include only adjustments for the
16 new Uniform Transmission Rates (UTRs) effective January 1, 2009.

17 As NOTL Hydro has proposed to eliminate the Sentinel Light customer class
18 effective May 1, 2009, no RTSR rates are proposed for this class.

19 **Network Charges**

20 Analysis

21 The variance analysis is provided in Table 1 below and the monthly balances in
22 account 1584 are shown in Table and Chart 2. As shown in the Table, there
23 were three changes in cost rates and revenue rates at different dates over this
24 period:

- 25 • Hydro One rate effective only to June 2007; from July 2007, no load
26 was taken by NOTL Hydro from the Hydro One station known as
27 “Stanley TS”.
- 28 • New IESO rate effective November 1, 2007.

- New customer rates effective May 1, 2008.
- In reviewing Table and Chart 2 and recognizing the above rate changes which had occurred, no ongoing trend in the account 1584 balance was apparent.

Table 1

**Variance Analysis
Network Costs and Revenue
2 years of actual data**

		Costs Acct 4714					Revenue Acct 4066	
		Rates		\$ Amounts			Rates	
Month	Date	Hydro One \$/kW	IESO \$/kW	Hydro One	IESO	Total	Customers	\$ Amounts
0	Oct-06	\$ 2.52	\$ 2.83	\$ 8,397	\$ 60,013	\$ 68,410	Oct-06	\$ 82,374
1	Nov-06	\$ 2.52	\$ 2.83	\$ 7,777	\$ 66,199	\$ 73,976	Nov-06	\$ 62,573
2	Dec-06	\$ 2.52	\$ 2.83	\$ 7,384	\$ 74,497	\$ 81,881	Dec-06	\$ 73,875
3	Jan-07	\$ 2.52	\$ 2.83	\$ 129	\$ 80,242	\$ 80,113	Jan-07	\$ 77,482
4	Feb-07	\$ 2.52	\$ 2.83	\$ 6,489	\$ 82,936	\$ 89,425	Feb-07	\$ 75,936
5	Mar-07	\$ 2.52	\$ 2.83	\$ 6,388	\$ 76,902	\$ 70,514	Mar-07	\$ 92,676
6	Apr-07	\$ 2.52	\$ 2.83	\$ 101	\$ 64,920	\$ 65,021	Apr-07	\$ 74,863
7	May-07	\$ 2.52	\$ 2.83	\$ 58	\$ 84,756	\$ 84,814	May-07	\$ 80,138
8	Jun-07	\$ 2.52	\$ 2.83	\$ 40	\$ 109,411	\$ 109,451	Jun-07	\$ 70,832
9	Jul-07		\$ 2.83	\$ 10	\$ 108,567	\$ 108,557	Jul-07	\$ 90,663
10	Aug-07		\$ 2.83		\$ 115,900	\$ 115,900	Aug-07	\$ 111,715
11	Sep-07		\$ 2.83		\$ 111,799	\$ 111,799	Sep-07	\$ 100,299
12	Oct-07		\$ 2.83		\$ 74,715	\$ 74,715	Oct-07	\$ 80,541
13	Nov-07		\$ 2.31		\$ 62,423	\$ 62,423	Nov-07	\$ 79,391
14	Dec-07		\$ 2.31		\$ 66,500	\$ 66,500	Dec-07	\$ 72,164
15	Jan-08		\$ 2.31		\$ 62,511	\$ 62,511	Jan-08	\$ 78,716
16	Feb-08		\$ 2.31		\$ 64,643	\$ 64,643	Feb-08	\$ 79,111
17	Mar-08		\$ 2.31		\$ 57,069	\$ 57,069	Mar-08	\$ 82,402
18	Apr-08		\$ 2.31		\$ 51,843	\$ 51,843	Apr-08	\$ 78,357
19	May-08		\$ 2.31		\$ 66,027	\$ 66,027	May-08	\$ 81,712
20	Jun-08		\$ 2.31		\$ 109,418	\$ 109,418	Jun-08	\$ 50,875
21	Jul-08		\$ 2.31		\$ 85,271	\$ 85,271	Jul-08	\$ 72,322
22	Aug-08		\$ 2.31		\$ 80,282	\$ 80,282	Aug-08	\$ 90,087
23	Sep-08		\$ 2.31		\$ 79,979	\$ 79,979	Sep-08	\$ 92,539
24	Oct-08		\$ 2.31		\$ 55,100	\$ 55,100	Oct-08	\$ 80,662
							87.32% of 2006 rates	

Table and Chart 2

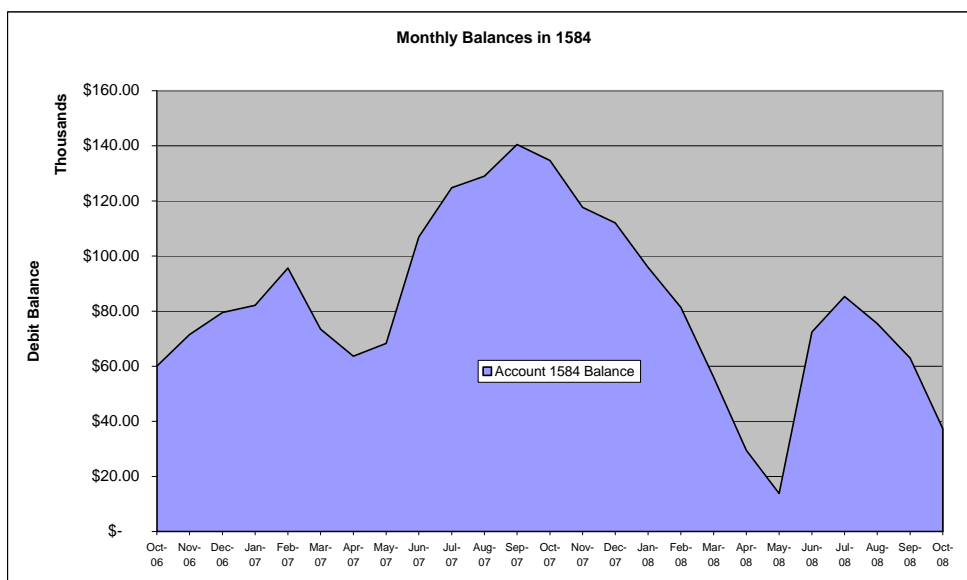
RTSR Deferral Account Monthly Balances

Account 1584 Balance

RSVA_{NW}

Date	Month Variance	Balance end of Month	Reconciliation	
			Actual GL	Difference*
Oct-06	-\$ 13,965	\$ 60,078	\$ 74,043	\$ -
Nov-06	\$ 11,403	\$ 71,481	\$ 60,078	\$ 1
Dec-06	\$ 8,006	\$ 79,487	\$ 71,480	\$ -
Jan-07	\$ 2,632	\$ 82,118	\$ 79,487	\$ -
Feb-07	\$ 13,489	\$ 95,607	\$ 82,118	\$ -
Mar-07	-\$ 22,161	\$ 73,445	\$ 95,607	\$ -
Apr-07	-\$ 9,842	\$ 63,603	\$ 73,445	\$ -
May-07	\$ 4,675	\$ 68,279	\$ 63,603	\$ -
Jun-07	\$ 38,619	\$ 106,898	\$ 68,279	\$ 0
Jul-07	\$ 17,894	\$ 124,793	\$ 106,898	\$ -
Aug-07	\$ 4,185	\$ 128,977	\$ 124,793	\$ -
Sep-07	\$ 11,500	\$ 140,478	\$ 128,977	\$ -
Oct-07	-\$ 5,826	\$ 134,652	\$ 140,478	\$ -
Nov-07	-\$ 16,968	\$ 117,684	\$ 134,652	\$ -
Dec-07	-\$ 5,664	\$ 112,020	\$ 117,684	\$ -
Jan-08	-\$ 16,205	\$ 95,815	\$ 112,020	\$ -
Feb-08	-\$ 14,468	\$ 81,347	\$ 95,815	\$ -
Mar-08	-\$ 25,333	\$ 56,014	\$ 81,347	\$ -
Apr-08	-\$ 26,514	\$ 29,500	\$ 56,014	\$ -
May-08	-\$ 15,686	\$ 13,814	\$ 29,500	\$ 0
Jun-08	\$ 58,543	\$ 72,357	\$ 13,814	\$ 0
Jul-08	\$ 12,950	\$ 85,306	\$ 72,357	\$ -
Aug-08	-\$ 9,805	\$ 75,501	\$ 85,306	\$ -
Sep-08	-\$ 12,560	\$ 62,941	\$ 75,501	\$ -
Oct-08	-\$ 25,562	\$ 37,380	\$ 62,941	\$ -

*Non-zero reflects minor journal entry errors for that month



1 Adjustments

2 The proposed adjustments were calculated in a similar manner to the approach
3 used in the 2006 EDR process and the application for 2008 RTSRs. Future
4 annual costs at the new UTR rates and current RTSR rates were estimated
5 based on the monthly volumes implicit in the November 2006 to October 2008
6 data used in the variance analysis. This estimation indicated the percentage
7 change in RTSR rates required to bring costs and revenues in line. Estimations
8 were done:

- 9 • Using annual volumes in the 1st year (November 2006 to October
10 2007) of this two year period, indicating a 12.02% increase in network
11 rates would be required;
- 12 • Using the annual volumes in the 2nd year (November 2007 to October
13 2008), requiring a 6.49% increase in network rates; and
- 14 • Using the average annual volumes over the two years, requiring a
15 9.23% increase.

16 NOTL Hydro proposes to increase the rates based on the average volumes over
17 the two years, i.e. by 9.23%.

18 The details of the estimation are shown in Table 3 below.

Table 3

NETWORK	Current Retail Transmission Rate Network \$/kWh	Increment \$/kWh	Adjusted Retail Transmission Rate Network \$		Current Retail Transmission Rate Network \$/kWh	Increment \$/Kw	Adjusted Retail Transmission Rate Network \$	
	Network	Network	per KWh	% change	Network	Network	per KW	% change
RESIDENTIAL								
Regular	0.0049	0.0005	0.0054	9.23%				
GENERAL SERVICE								
Less than 50 kW and USL classes	0.0045	0.0004	0.0049	9.23%				
Greater than 50 kW (to 4999 kW)					1.8202	0.1680	1.9882	9.23%
Non-Interval								
Interval					1.9673	0.1816	2.1489	9.23%
Street Lighting					1.3727	0.1267	1.4994	9.23%

	At Average volumes Nov 2006-Oct 2008		At Nov 2006-Oct 2007 volumes		At Nov 2007-Oct 2008 volumes	
	At Current Rates	At Proposed rates ³	At Current Rates	At Proposed rates ³	At Current Rates	At Proposed rates ³
Total Annual Cost ¹	\$ 952,834	\$ 952,834	\$ 969,936	\$ 969,936	\$ 935,732	\$ 935,732
Total Annual Revenue ²	\$ 872,320	\$ 952,834	\$ 865,896	\$ 969,936	\$ 878,743	\$ 935,732
Variance	\$ 80,514	\$ -	\$ 104,040	\$ -	\$ 56,989	\$ -
Cost/Revenue Ratio	1.0923 9.23%		1.1202 12.02%		1.0649 6.49%	

Notes:
1. Based on average annual volumes Nov 2006 through Oct 2008 at approved rates effective 1 Jan 2009
2. Based on average annual volumes Nov 2006 through Oct 2008 at current rates.
3. Assuming same annual volumes

Future Annual Network Costs

Assuming same monthly
volumes as Nov 2007 to Oct
2008

	IESO new rate \$/kW
11.26% increase	\$ 2.57
Jan	\$ 69,547
Feb	\$ 71,919
Mar	\$ 63,492
Apr	\$ 57,679
May	\$ 73,458
Jun	\$ 121,733
Jul	\$ 94,869
Aug	\$ 89,318
Sep	\$ 88,981
Oct	\$ 61,302
Nov	\$ 69,449
Dec	\$ 73,985
Total	\$ 935,732

Future Annual Network Revenue

	Accrued at proposed rates	Accrued at May 2008 Rates
	All Classes	All Classes
Jan	\$ 73,196	\$ 68,738
Feb	\$ 73,563	\$ 69,083
Mar	\$ 76,623	\$ 71,956
Apr	\$ 72,862	\$ 68,425
May	\$ 87,012	\$ 81,712
Jun	\$ 54,175	\$ 50,875
Jul	\$ 77,012	\$ 72,322
Aug	\$ 95,929	\$ 90,087
Sep	\$ 98,540	\$ 92,639
Oct	\$ 85,893	\$ 80,662
Nov	\$ 73,823	\$ 69,327
Dec	\$ 67,104	\$ 63,017
Total	\$ 935,732	\$ 878,743

Future Annual Network Costs

Assuming same monthly
volumes as Nov 2006 to Oct
2007

	IESO new rate \$/kW
11.26% increase	\$ 2.57
Jan	\$ 72,739
Feb	\$ 81,934
Mar	\$ 63,322
Apr	\$ 59,059
May	\$ 77,028
Jun	\$ 99,400
Jul	\$ 98,593
Aug	\$ 105,252
Sep	\$ 101,528
Oct	\$ 67,851
Nov	\$ 68,048
Dec	\$ 75,183
Total	\$ 969,936

Future Annual Network Revenue

	Accrued at proposed rates	Accrued at May 2008 Rates
	All Classes	All Classes
Jan	\$ 75,790	\$ 67,660
Feb	\$ 74,278	\$ 66,311
Mar	\$ 90,652	\$ 80,928
Apr	\$ 73,228	\$ 65,373
May	\$ 78,388	\$ 69,980
Jun	\$ 69,285	\$ 61,853
Jul	\$ 88,683	\$ 79,170
Aug	\$ 109,275	\$ 97,554
Sep	\$ 98,108	\$ 87,585
Oct	\$ 78,782	\$ 70,331
Nov	\$ 61,207	\$ 54,641
Dec	\$ 72,261	\$ 64,610
Total	\$ 969,936	\$ 865,896

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1 **Connection Charges**

2 Analysis

3 The variance analysis is provided in Table 4 below and the monthly balances in
4 account 1586 are shown in Table and Chart 5. As shown in the Table, there
5 were three changes in cost rates and revenue rates at different dates over this
6 period:

- 7 • Hydro One rate for load on the Hydro One station known as “Stanley
8 TS” effective only to June 2007; from July 2007, no load was taken by
9 NOTL Hydro from this station.
- 10 • New IESO rate effective November 1, 2007.
- 11 • New customer rates effective May 1, 2008.

12 Notwithstanding that no load was taken from Stanley TS, the Hydro One load
13 assignment of 6,353 kW was reflected in accrued costs to account 4716 as noted
14 at the beginning of this Schedule.

15 In reviewing Table and Chart 5 and recognizing the above rate changes which
16 had occurred, no ongoing trend in the account 1586 balance was apparent. The
17 rise in the balance from November 2007 to May 2008 was as a result of the lag
18 between when the new UTR rate became effective (November 1, 2007) and
19 when the corresponding new RTRS rate became effective (May 1, 2008).

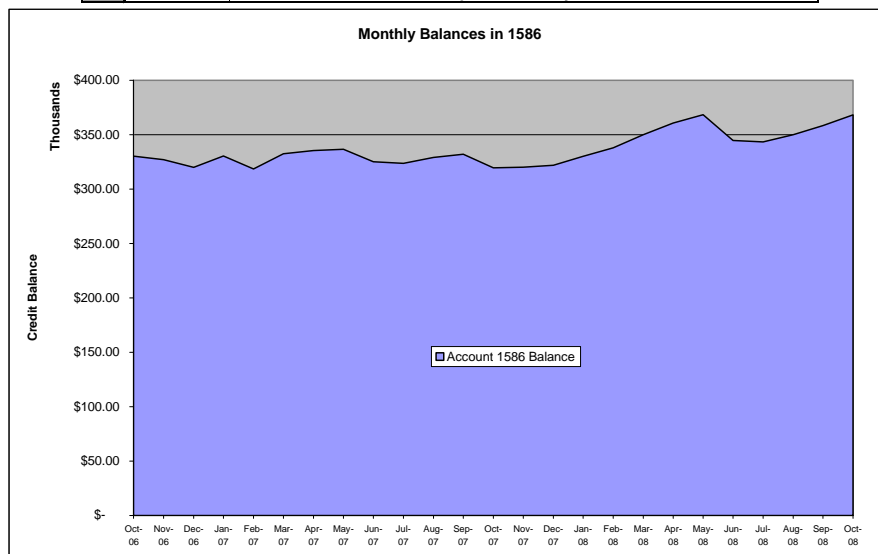
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Table 4

	A	B	C	D	E	F	G	H	I	J	K	L	M
1	Variance Analysis											Hydro One Load Assignment (under OEB review)	
2	Connection Costs and Revenue											Account 4716	
3	2 years of actual data												
4													
5			Costs Acct 4716							Revenue Acct 4068		Hydro One	
6			Rates		\$ Amounts				Rates	\$ Amounts		Rates	Base load trigger point
7			Hydro One	IESO	Hydro One	IESO	Total		Customers			\$/kW	6,353
8	Month	Date	\$/kW	\$/kW				Date					kW
9	0	Oct-06	\$ 2.09	\$ 0.82	\$ 6,999	\$ 18,361	\$ 25,361	Oct-06		\$ 35,281	\$ 1.35	\$ 3,941	
10	1	Nov-06	\$ 2.09	\$ 0.82	\$ 6,634	\$ 19,204	\$ 25,838	Nov-06		\$ 26,641	\$ 1.35	\$ 4,159	
11	2	Dec-06	\$ 2.09	\$ 0.82	\$ 6,523	\$ 21,904	\$ 28,427	Dec-06		\$ 32,570	\$ 1.48	\$ 11,161	
12	3	Jan-07	\$ 2.09	\$ 0.82	\$ 506	\$ 23,250	\$ 22,745	Jan-07		\$ 33,200	\$ 1.48	\$ -	
13	4	Feb-07	\$ 2.09	\$ 0.82	\$ 5,714	\$ 24,241	\$ 29,955	Feb-07		\$ 32,992	\$ 1.48	\$ 15,023	
14	5	Mar-07	\$ 2.09	\$ 0.82	\$ 5,630	\$ 22,511	\$ 16,881	Mar-07		\$ 40,397	\$ 1.48	\$ 9,402	
15	6	Apr-07	\$ 2.09	\$ 0.82	\$ 86	\$ 19,834	\$ 19,920	Apr-07		\$ 32,190	\$ 1.48	\$ 9,373	
16	7	May-07	\$ 2.09	\$ 0.82	\$ 48	\$ 24,820	\$ 24,868	May-07		\$ 35,375	\$ 1.48	\$ 9,373	
17	8	Jun-07	\$ 2.09	\$ 0.82	\$ 42	\$ 34,474	\$ 34,516	Jun-07	May 2006 rates (no change May 2007)	\$ 32,471	\$ 1.48	\$ 9,373	
18	9	Jul-07	\$ 0.82	\$ 0.82	\$ 11	\$ 32,533	\$ 32,522	Jul-07		\$ 40,362	\$ 1.48	\$ 9,402	
19	10	Aug-07	\$ 0.82	\$ 0.82		\$ 33,841	\$ 33,841	Aug-07		\$ 48,795	\$ 1.48	\$ 9,402	
20	11	Sep-07	\$ 0.82	\$ 0.82		\$ 32,524	\$ 32,524	Sep-07		\$ 44,679	\$ 1.48	\$ 9,402	
21	12	Oct-07	\$ 0.82	\$ 0.82		\$ 38,474	\$ 38,474	Oct-07		\$ 35,386	\$ 1.48	\$ 9,402	
22	13	Nov-07	\$ 0.59	\$ 0.59		\$ 24,895	\$ 24,895	Nov-07		\$ 35,037	\$ 1.61	\$ 10,228	
23	14	Dec-07	\$ 0.59	\$ 0.59		\$ 18,427	\$ 18,427	Dec-07		\$ 31,285	\$ 1.61	\$ 10,228	
24	15	Jan-08	\$ 0.59	\$ 0.59		\$ 16,703	\$ 16,703	Jan-08		\$ 35,033	\$ 1.61	\$ 10,228	
25	16	Feb-08	\$ 0.59	\$ 0.59		\$ 16,682	\$ 16,682	Feb-08		\$ 34,867	\$ 1.61	\$ 10,228	
26	17	Mar-08	\$ 0.59	\$ 0.59		\$ 15,047	\$ 15,047	Mar-08		\$ 37,170	\$ 1.61	\$ 10,228	
27	18	Apr-08	\$ 0.59	\$ 0.59		\$ 13,696	\$ 13,696	Apr-08	May 2008 rates	\$ 34,649	\$ 1.61	\$ 10,228	
28	19	May-08	\$ 0.59	\$ 0.59		\$ 19,383	\$ 19,383	May-08		\$ 37,326	\$ 1.61	\$ 10,228	
29	20	Jun-08	\$ 0.59	\$ 0.59		\$ 32,878	\$ 32,878	Jun-08		\$ 19,395	\$ 1.61	\$ 10,228	
30	21	Jul-08	\$ 0.59	\$ 0.59		\$ 22,147	\$ 22,147	Jul-08		\$ 31,109	\$ 1.61	\$ 10,228	
31	22	Aug-08	\$ 0.59	\$ 0.59		\$ 20,995	\$ 20,995	Aug-08		\$ 37,777	\$ 1.61	\$ 10,228	
32	23	Sep-08	\$ 0.59	\$ 0.59		\$ 20,626	\$ 20,626	Sep-08		\$ 39,291	\$ 1.61	\$ 10,228	
33	24	Oct-08	\$ 0.59	\$ 0.59		\$ 14,313	\$ 14,313	Oct-08		\$ 34,433	\$ 1.61	\$ 10,228	
34									80.38%				
35									of 2006 rates				

Table and Chart 5

	N	O	P	Q	R
2	RTSR Deferral Account Monthly Balances				
3	Account 1586 Balance			RSVA_{CN}	
4					
5		Month Variance	Balance end of Month	Reconciliation	
6					
7				GL	Difference*
8	Date			-\$ 324,353	
9	Oct-06	-\$ 5,980	-\$ 330,333	-\$ 330,333	\$ -
10	Nov-06	\$ 3,356	-\$ 326,977	-\$ 326,977	\$ 0
11	Dec-06	\$ 7,018	-\$ 319,959	-\$ 319,959	\$ -
12	Jan-07	-\$ 10,455	-\$ 330,414	-\$ 330,414	\$ -
13	Feb-07	\$ 11,987	-\$ 318,427	-\$ 318,427	\$ -
14	Mar-07	-\$ 14,113	-\$ 332,541	-\$ 332,541	\$ -
15	Apr-07	-\$ 2,897	-\$ 335,438	-\$ 335,438	\$ -
16	May-07	-\$ 1,135	-\$ 336,573	-\$ 336,573	\$ 0
17	Jun-07	\$ 11,418	-\$ 325,154	-\$ 325,154	\$ 0
18	Jul-07	\$ 1,562	-\$ 323,592	-\$ 323,592	\$ 0
19	Aug-07	-\$ 5,552	-\$ 329,144	-\$ 329,144	\$ 0
20	Sep-07	-\$ 2,752	-\$ 331,896	-\$ 331,896	\$ 0
21	Oct-07	\$ 12,490	-\$ 319,405	-\$ 319,405	\$ 0
22	Nov-07	\$ 87	-\$ 319,319	-\$ 320,144	\$ 826
23	Dec-07	-\$ 2,629	-\$ 321,947	-\$ 321,947	\$ 0
24	Jan-08	-\$ 8,101	-\$ 330,048	-\$ 330,048	\$ 0
25	Feb-08	-\$ 7,956	-\$ 338,004	-\$ 338,004	\$ 0
26	Mar-08	-\$ 11,895	-\$ 349,899	-\$ 349,899	\$ 0
27	Apr-08	-\$ 10,725	-\$ 360,623	-\$ 360,623	\$ 0
28	May-08	-\$ 7,715	-\$ 368,338	-\$ 368,338	\$ 0
29	Jun-08	\$ 23,712	-\$ 344,627	-\$ 344,627	\$ 0
30	Jul-08	\$ 1,267	-\$ 343,360	-\$ 343,360	\$ 0
31	Aug-08	-\$ 6,553	-\$ 349,913	-\$ 349,913	\$ 0
32	Sep-08	-\$ 8,437	-\$ 358,349	-\$ 358,349	\$ 0
33	Oct-08	-\$ 9,892	-\$ 368,241	-\$ 368,241	\$ 0
34	*Non-zero reflects minor journal entry errors for that month				



1
2 Adjustments

3 The proposed adjustments were calculated in a similar manner to the approach
4 used in the 2006 EDR process and the application for 2008 RTSRs. Future
5 annual costs at the new UTR rates and current RTSR rates were estimated
6 based on the monthly volumes implicit in the November 2006 to October 2008
7 data used in the variance analysis. This estimation indicated the percentage
8 change in RTSR rates required to bring costs and revenues in line. Estimations
9 were done:

- 10 • Using annual volumes in the 1st year (November 2006 to October
11 2007) of this two year period, indicating a 16.53% increase in
12 connection rates would be required;
- 13 • Using the annual volumes in the 2nd year (November 2007 to October
14 2008), requiring a 10.02% increase in connection rates; and
- 15 • Using the average annual volumes over the two years, requiring a
16 13.20% increase.

17 NOTL Hydro proposes to increase the rates based on the average volumes over
18 the two years, i.e. by 13.20%.

19 The details of the estimation are shown in Table 6 below.

1

Table 6

CONNECTION	Current Retail Transmission Rate Connection \$/kWh	Increment \$/kWh	Adjusted Retail Transmission Rate Connection \$		Current Retail Transmission Rate Connection \$/kWh	Increment \$/Kw	Adjusted Retail Transmission Rate Connection \$	
	Connection	Connection	per kWh	% change	Connection	Connection	per KW	% change
RESIDENTIAL								
Regular	0.0018	0.0002	0.0020	13.20%				
GENERAL SERVICE								
Less than 50 kW and USL classes	0.0017	0.0002	0.0019	13.20%				
Greater than 50 kW (to 4999 kW)								
	Non-Interval				0.6553	0.0865	0.7418	13.20%
	Interval				1.5761	0.2080	1.7841	13.20%
Street Lighting					0.5066	0.0668	0.5734	13.20%

	At Average volumes Nov 2006-Oct 2008		At Nov 2006-Oct 2007 volumes		At Nov 2007-Oct 2008 volumes	
	At Current Rates	At Proposed rates ³	At Current Rates	At Proposed rates ³	At Current Rates	At Proposed rates ³
Total Annual Cost ¹	\$ 405,376	\$ 405,376	\$ 407,494	\$ 407,494	\$ 403,258	\$ 403,258
Total Annual Revenue ²	\$ 358,119	\$ 405,376	\$ 349,690	\$ 407,494	\$ 366,548	\$ 403,258
Variance	\$ 47,257	\$ -	\$ 57,804	\$ -	\$ 36,710	\$ -
Cost/Revenue Ratio	1.1320 13.20%		1.1653 16.53%		1.1002 10.02%	

Notes:

1. Based on average annual volumes Nov 2006 through Oct 2008 at approved rates effective 1 Jan 2009
2. Based on average annual volumes Nov 2006 through Oct 2008 at current rates.
3. Assuming same annual volumes

Future Annual Connection Costs

Assuming same monthly volumes as Nov 2007 to Oct 2008

	IESO new rate \$/kW	Hydro One Load Assignment (under OEB review) Hydro One \$/kW	Base load trigger point 6,353 kW
	18.64% increase	0.70	1.62
Jan	\$ 19,818	\$ 10,292	
Feb	\$ 19,793	\$ 10,292	
Mar	\$ 17,852	\$ 10,292	
Apr	\$ 16,250	\$ 10,292	
May	\$ 22,997	\$ 10,292	
Jun	\$ 39,008	\$ 10,292	
Jul	\$ 26,277	\$ 10,292	
Aug	\$ 24,910	\$ 10,292	
Sep	\$ 24,471	\$ 10,292	
Oct	\$ 16,981	\$ 10,292	
Nov	\$ 29,537	\$ 10,292	
Dec	\$ 21,863	\$ 10,292	
Total	\$ 279,756	\$ 123,502	\$ 403,258

Future Annual Connection Revenue

Accrued at proposed rates

May 2008 Rates

	Accrued at proposed rates	May 2008 Rates
	All Classes	All Classes
Jan	\$ 30,979	\$ 28,158
Feb	\$ 30,832	\$ 28,025
Mar	\$ 32,868	\$ 29,876
Apr	\$ 30,639	\$ 27,850
May	\$ 41,065	\$ 37,326
Jun	\$ 21,337	\$ 19,395
Jul	\$ 34,224	\$ 31,109
Aug	\$ 41,560	\$ 37,777
Sep	\$ 43,226	\$ 39,291
Oct	\$ 37,881	\$ 34,433
Nov	\$ 30,982	\$ 28,162
Dec	\$ 27,664	\$ 25,146
Total	\$ 403,258	\$ 366,548

Future Annual Connection Costs

Assuming same monthly volumes as Nov 2006 to Oct 2007

	IESO new rate \$/kW	Hydro One Load Assignment (under OEB review) Hydro One \$/kW	Base load trigger point 6,353 kW
	18.64% increase	0.70	1.62
Jan	\$ 19,678	\$ 10,292	
Feb	\$ 22,607	\$ 10,292	
Mar	\$ 17,331	\$ 10,292	
Apr	\$ 16,960	\$ 10,292	
May	\$ 21,204	\$ 10,292	
Jun	\$ 29,443	\$ 10,292	
Jul	\$ 27,772	\$ 10,292	
Aug	\$ 28,888	\$ 10,292	
Sep	\$ 27,765	\$ 10,292	
Oct	\$ 32,843	\$ 10,292	
Nov	\$ 18,616	\$ 10,292	
Dec	\$ 20,883	\$ 10,292	
Total	\$ 283,992	\$ 123,502	\$ 407,494

Future Annual Connection Revenue

Accrued at proposed rates

May 2008 Rates

	Accrued at proposed rates	May 2008 Rates
	All Classes	All Classes
Jan	\$ 31,097	\$ 26,686
Feb	\$ 30,901	\$ 26,518
Mar	\$ 37,838	\$ 32,470
Apr	\$ 30,151	\$ 25,874
May	\$ 33,134	\$ 28,434
Jun	\$ 30,413	\$ 26,099
Jul	\$ 37,805	\$ 32,442
Aug	\$ 45,703	\$ 39,220
Sep	\$ 41,848	\$ 35,912
Oct	\$ 33,144	\$ 28,442
Nov	\$ 24,953	\$ 21,414
Dec	\$ 30,506	\$ 26,179
Total	\$ 407,494	\$ 349,690

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1 **Summary**

2 The proposed rates indicated in the above sections of this Schedule are
3 summarized below in Table 7.

4 **Table 7**
5

Niagara-on-the-Lake Hydro Inc. Board File Number EB-2008-0237 Proposed Adjustment to Retail Transmission Rates (RTR)				SUMMARY		
RTR - Network				Current Rates	9.23% Change	Proposed Rates
Annual cost at new IESO rates	\$ 952,833.93	Residential \$/kWh		\$ 0.0049	\$ 0.0005	\$ 0.0054
Annual revenue at current rates	\$ (872,319.54)	General Service				
Variance	\$ 80,514.38	Less than 50 kW/USL \$/kW		\$ 0.0045	\$ 0.0004	\$ 0.0049
Revenue ratio	109.23%	Greater than 50 kW (to 4999 kW)				
Proposed % rate change	9.23%	Non-Interval \$/kW		\$ 1.8202	\$ 0.1680	\$ 1.9882
		Interval \$/kW		\$ 1.9673	\$ 0.1816	\$ 2.1489
		Street Lighting \$/kW		\$ 1.3727	\$ 0.1267	\$ 1.4994
RTR - Connection				Current Rates	13.20% Change	Proposed Rates
Annual cost at new IESO rates	\$ 405,375.96	Residential \$/kWh		\$ 0.0018	\$ 0.0002	\$ 0.0020
Annual revenue at current rates	\$ (358,119.27)	General Service				
Variance	\$ 47,256.69	Less than 50 kW/USL \$/kW		\$ 0.0017	\$ 0.0002	\$ 0.0019
Revenue ratio	113.20%	Greater than 50 kW (to 4999 kW)				
Proposed % rate change	13.20%	Non-Interval \$/kW		\$ 0.6553	\$ 0.0865	\$ 0.7418
		Interval \$/kW		\$ 1.5761	\$ 0.2080	\$ 1.7841
		Street Lighting \$/kW		\$ 0.5066	\$ 0.0668	\$ 0.5734

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1 BILL IMPACTS:

2 The Tables below present the results of the assessment of customer total bill impacts
3 for representative levels of consumption by customer per rate class. Impacts are
4 derived using the applicable May 1, 2008 rates and the proposed 2009 distribution
5 rates, including Rate Riders for the recovery of Deferral and Variance Accounts, Smart
6 Meters and LRAM/SSM, and updated retail transmission service rates.

BILL IMPACTS (Monthly Consumptions)

RESIDENTIAL									
Consumption		2008 BILL			2009 BILL			IMPACT	
		Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	Change \$	Change %
1,000 kWh	Monthly Service Charge			17.47			18.98	1.51	8.64%
	Distribution (kWh)	1,000	0.0123	12.30	1,000	0.0134	13.40	1.10	8.94%
	Smart Meter Rider (per month)			0.24			1.00	0.76	316.67%
	LRAM & SSM Rider (kWh)	1,000	0.0000	0.00	1,000	0.0001	0.10	0.10	0.09%
	DVA Recovery Rider (kWh)	1,000	0.0000	0.00	1,000	0.0003	0.30	0.30	0.26%
	Sub-Total			30.01			33.78	3.77	12.56%
	Other Charges (kWh)	1,050	0.0199	20.90	1,050	0.0206	21.62	0.72	3.47%
	Cost of Power Commodity (kWh)	600	0.0530	31.80	600	0.0530	31.80	0.00	0.00%
	Cost of Power Commodity (kWh)	450	0.0620	27.91	450	0.0620	27.91	0.00	0.00%
	Total Bill			110.61			115.11	4.49	4.06%
GENERAL SERVICE < 50 KW									
Consumption		2008 BILL			2009 BILL			IMPACT	
		Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	Change \$	Change %
2,000 kWh	Monthly Service Charge			39.87			47.58	7.71	19.34%
	Distribution (kWh)	2,000	0.0120	24.00	2,000	0.0143	28.60	4.60	19.17%
	Smart Meter Rider (per month)			0.24			1.00	0.76	316.67%
	LRAM & SSM Rider (kWh)	2,000	0.0000	0.00	2,000	0.0001	0.20	0.20	0.08%
	DVA Recovery Rider (kWh)	2,000	0.0000	0.00	2,000	0.0003	0.60	0.60	0.25%
	Sub-Total			64.11			77.98	13.87	21.63%
	Other Charges (kWh)	2,100	0.0194	40.74	2,100	0.0200	42.09	1.34	3.30%
	Cost of Power Commodity (kWh)	750	0.0530	39.75	750	0.0530	39.75	0.00	0.00%
	Cost of Power Commodity (kWh)	1,350	0.0620	83.71	1,350	0.0620	83.71	0.00	0.00%
	Total Bill			228.32			243.53	15.21	6.66%
GENERAL SERVICE > 50 KW									
Consumption		2008 BILL			2009 BILL			IMPACT	
		Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	Change \$	Change %
500,000 kWh 1,100 kW	Monthly Service Charge			463.48			368.43	(95.05)	(20.51%)
	Distribution (kWh)	500,000	0.0000	0.00	500,000	0.0000	0.00	0.00	0.00%
	Distribution (kW)	1,100	3.4654	3,811.94	1,100	2.8720	3,159.20	(652.74)	(17.12%)
	Smart Meter Rider (per month)			0.24			1.00	0.76	316.67%
	DVA Recovery Rider (kW)	1,100	0.0000	0.00	1,100	0.0629	69.19	69.19	0.15%
	Sub-Total			4,275.66			3,597.82	(677.84)	(15.85%)
	Other Charges (kWh)	525,050	0.0132	6,930.66	525,050	0.0132	6,930.66	0.00	0.00%
	Other Charges (kW)	1,100	2.4755	2,723.05	1,100	2.7300	3,002.97	279.92	10.28%
	Cost of Power Commodity (kWh)	0	0.0530	0.00	0	0.0530	0.00	0.00	0.00%
	Cost of Power Commodity (kWh)	525,050	0.0620	32,553.10	525,050	0.0620	32,553.10	0.00	0.00%
	Total Bill			46,482.47			46,084.55	(397.92)	(0.86%)

Street Lighting										
Billing Determinants		2008 BILL			2009 BILL			IMPACT		
		Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	Change \$	Change %	% of Total Bill
435 Connections	Monthly Service Charge	435	1.1000	478.50	435	2.9937	1,302.26	823.76	172.15%	19.11%
27,600 kWh	Distribution (kWh)	27,600	0.0000	0.00	27,600	0.0000	0.00	0.00		0.00%
60 kW	Distribution (kW)	60	4.3107	258.64	60	11.7318	703.91	445.27	172.16%	10.33%
	DVA Recovery Rider (kW)	60	0.0000	0.00	60	0.1291	7.75	7.75		0.18%
	Sub-Total			737.14			2,013.91	1,276.77	173.21%	29.62%
	Other Charges (kWh)	28,983	0.0132	382.57	28,983	0.0132	382.57	0.00	0.00%	0.00%
	Other Charges (kW)	60	1.8793	112.76	60	2.0728	124.37	11.61	10.30%	0.27%
	Cost of Power Commodity (kWh)	750	0.0530	39.75	750	0.0530	39.75	0.00	0.00%	0.00%
	Cost of Power Commodity (kW)	28,233	0.0620	1,750.43	28,233	0.0620	1,750.43	0.00	0.00%	0.00%
	Total Bill			3,022.65			4,311.04	1,288.38	42.62%	29.89%

Unmetered Scattered Load										
Consumption		2008 BILL			2009 BILL			IMPACT		
		Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	Change \$	Change %	% of Total Bill
800 kWh	Monthly Service Charge			39.87			47.58	7.71	19.34%	6.32%
	Distribution (kWh)	800	0.0120	9.60	800	0.0109	8.72	(0.88)	(9.17%)	(0.72%)
	DVA Recovery Rider (kWh)	800	0.0000	0.00	800	0.0045	3.60	3.60		2.95%
	Sub-Total			49.47			59.90	10.43	21.08%	8.54%
	Other Charges (kWh)	840	0.0194	16.30	840	0.0200	16.83	0.54	3.30%	0.44%
	Cost of Power Commodity (kWh)	750	0.0530	39.75	750	0.0530	39.75	0.00	0.00%	0.00%
	Cost of Power Commodity (kW)	90	0.0620	5.58	90	0.0620	5.58	0.00	0.00%	0.00%
	Total Bill			111.10			122.07	10.97	9.87%	8.98%

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