Ontario Energy Board

Commission de l'énergie de l'Ontario

Ontario Energy Board

Cost Allocation Informational Filing Guidelines for Electricity Distributors

Table of Contents

Chapter 1 Introduction

1.1 Purpose of the Guidelines

These guidelines flow from the Board's Report RP-2005-0317 (the Report) dated September 29, 2006, outlining the principles and methodologies it has established for the cost allocation review of the electricity distributors. The Report has been distributed to all distributors and interested parties and is available on the Board's web site. Unless absolutely necessary for clarification, this document will not include the rationale that is incorporated in the Report. References to appendices not reproduced in this document are to the appendices in the Report.

This document sets out the common set of information that is required as a result of the Report and instructional guidance for the completion of the associated model that has been developed through a consultative with stakeholders. As indicated in the Report, these filings will be processed in four tranches, each with its own filing date. The lists of distributors and dates of each tranche are identified in Appendix 1.2. For identification and tracking purposes, each tranche has been given a Board File Number, which should be used by the distributors within each tranche.

As much as possible, starting with Chapter 2, the format of this document will follow the format and section numbering in the Report. Included in these guidelines are explanations of the data requirements and the methodologies and applications of the data to better facilitate an understanding for the development of the inputs.

Throughout these guidelines, a number of issues are identified that must be addressed as part of the Filing Summary. Also, there are a number of questions that must be answered as part of the Filing Summary. These inputs will assist the Board and others to:

- Assess the results flowing from the model,
- Assess the efficacy of the model., and
- Identify any potential areas for improvement.

The Filing Summary found in Appendix 1.1 has been designed to consolidate the responses to the identified issues and questions. This schedule must be completed. An Excel spreadsheet version will be available with the model.

1.2 Filing Completeness

A filing will not be accepted as complete unless the following have been completed and included:

- Manager's Summary,
- Appendix 1.1, Filing Summary including Filing Questions, and
- Run 1, Run 2, and where applicable, Run 3 of the model.

In completing Appendix 1.1, the identification section at the top should be filled in with the relevant information. Only the utility specific unique last four digits from the EB-2005-#### number associated with the RP-2005-0020 2006EDR is required. Where requested information in the Filing Summary is not applicable, the utility is to enter n/a. Any supporting documentation included as a separate document is to be referenced in the Filing Summary.

1.3 Objectives of the Informational Filings

1.3.1 Test the Common Cost Allocation Methodology

The Board has established a common cost allocation methodology for use by Ontario electricity distributors. To assist in the completion and review of the cost allocation methodology filings, certain default values have been established and incorporated into the filing model. Using a consistent methodology, along with various distributor-specific inputs, the filings will provide the Board with the information required to undertake the cost allocation review both on a distributor-specific and a province-wide basis.

1.3.2 Collect Cost Allocation Outputs

The filing provides the revenue to cost ratios and rates of return for each rate classification of a distributor. This information will indicate any apparent cross-subsidization among rate classifications within a distributor. As previously mentioned, addressing these ratios and returns is outside the scope of this filing, but facilitate the future consultative on rate design.

In addition to collecting outputs on the standard rate classifications, the informational filing will provide an opportunity to assess alternative costs for specific cost and rate issues addressed in the Directive.

1.4 Mandatory and Optional Runs

Run 1 is the mandatory base cost allocation. It essentially is to reflect the 2006 EDR rates classifications based on the methodology approved by the Board. Therefore, the costs and revenue components from the approved 2006 EDR are to be used. In addition, the customer groupings, including their load profiles are to reflect those in the 2006 EDR.

Run 2 is a mandatory run that allows limited number of rate classification changes that are of interest to the Board.

Run 3 is an optional run to permit certain distributor initiated rate classification changes.

Chapter 2 Rate Classifications for the Filings

2.0 Introduction

This Chapter provides directions on the rate classifications that are permitted in the three runs of the model. These runs are as follows:

Run 1 incorporates the approved 2006 EDR rates only.

Run 2 gathers information on a limited number of rate classification changes that are of interest to the Board.

Run 3 performs certain distributor initiated rate classification changes

Note: For the cost allocation filings, the term "rate classification" will refer to any separate rate class or subclass.

2.1.2 Merging Distributors and Zonal Rates

The following rule applies to distributors that have merged and where there is a significant prospect that separate rate classifications will not be maintained.

Rule:
Separate load profiles are not required:

- If a distributor has Board approval for harmonizing rates prior to, or as part of its 2006 EDR application, or
- If it has a specific commitment for harmonization in its 2006 EDR application, or
- If harmonization is part of its MAAD approval by the time of its cost allocation filing.

Similarly, if a distributor has zonal rates and is harmonizing them pursuant to the above rules, separate zonal rates will not need to be included.

2.2 Run 1

Run 1 reflects the distributor's currently approved rate classifications, including any rate classifications approved on an interim basis. The model includes the rate classifications which are common to the bulk of the distributors. Space for several additional distributor-specific rate classifications has been included in the model. Only rates approved in 2006 EDR may be added subject to the following specific instructions for embedded distributors, unmetered scattered load ("USL"), and customers with load displacement generation facilities ("LDG").

2.2.1 Embedded Distributors

An embedded distributor is a customer of a host distributor that receives all or part of its electricity through services provided by the host distributor. The host

distributor is to model its currently approved rate for embedded distributors. This can be done in either of two ways, depending on the situation.

- If the approved charge to an embedded distributor is represented as a separate rate classification in the 2006 rate order for the host distributor and the approved rate is different than the approved rates of any other rate classification, then this is to be modeled as a separate class.
- If the embedded service being charged is through one of the standard charges that is also charged to other non-embedded customers in the same class, then the embedded is to be modelled in that standard class.

2.2.2 Unmetered Scattered Load (USL) and Metering Credit

The definition of USL underlying the distributor's 2006 EDR approved rates will be applied. The standard definition is:

> *"This classification refers to an account taking electricity at 750 volts or less whose monthly average peak demand is less than, or is forecast to be less than, 50 kW and the consumption is unmetered. Such connections include cable TV power packs, bus shelters, telephone booths, traffic lights, railway crossings, etc."*

The utility is to use one of two approaches for allocating costs for USL customers:

i.) Treatment as part of the GS<50 kW rate classification, or

ii.) Treatment as stand-alone USL rate classification.

Based on the rate design in the 2006 EDR for USL, the distributor must carefully choose the appropriate treatment.

The utility is to do one of the following:

- A distributor using i.) must gather the information specified in the Model in order to calculate a meter credit for future rate design considerations out side the scope of this filing.
- A distributor using ii.) is to separate the load data for USL into a separate classification for proper allocation of demand and customer-related costs.

The utility is to include in the Filing Summary an explanation if it wishes to use approach ii.) for Run 1 (for example, where a distributor did detailed cost analysis prior to 2006 rates to support a separate USL rate classification).

2.2.3 Customers with Load Displacement Generation Facilities (LDG)

For the purposes of Run 1, a distributor with a currently approved "standby" rate, including interim standby rates, are to model its LDG customers. Two approaches are employed in the filings:

i.) Treatment as part of a standard rate classification, or

ii.) Treatment as a stand-alone LDG rate classification.

Based on the rate design in the 2006 EDR for LDG, the distributor must carefully choose the appropriate treatment. If the rates for standby service in the 2006 rate order are equivalent to, or derived from one of the standard rate classifications, then approach i.) should be followed. Otherwise, approach ii.) will likely be more appropriate. The distributor is to include in the Filing Summary an explanation if the distributor wishes to use approach ii.).

The distributor is to do one of the following:

- A distributor using i) is to gather specific information as described in the Model to determine an LDG charge or credit.
- A distributor using ii) is to separate the load data for LDG into a separate classification for proper allocation of demand and customer-related costs.

2.3 Run 2

Run 2 of the filing will address the following rate classification changes:

- Elimination of Legacy Time of Use ("TOU") Rates,
- New Large User Rate Classification,
- Common Separate Classification of Embedded Distributors
- Common Separate Classification for USL, and
- Classification for Substantial LDG.

2.3.1 Test Year and Rate Classifications

For 2006 EDR historic test year filers, the applicability of the classification changes will be assessed using the 2004 data underpinning the approved rates. For example, if a historic test year filer became a host distributor for an embedded distributor in 2005, it should not add an embedded distributor rate classification in Run 2 of its filing.

The distributor is to identify for future reference in its Filing Summary any significant changes to its operations, following its 2006 EDR test year, that would materially impact its rate classification statistics (e.g., addition of a new customer with a demand greater than 5,000 kW where the distributor does not currently have a Large User classification).

2.3.2 Elimination of Legacy Time of Use (TOU) Rates

This applies to any legacy TOU rates for GS>50 kW customers. These customers should be placed within one of the following rate classification alternatives:

> **Alternative 1:** If the customers fit within an existing discrete demand range (for example 1,000 kW to 4,999 kW), then the classification should be renamed as a GS rate classification referencing the given demand range and remain as a separate rate classification. All other GS>50 kW customers that fall within the identified demand range should also be included. Some distributors may have multiple GS discrete demand range classifications. The distributor is to explain their treatment in the Filing Summary.
>
> **Alternative 2:** If alternative 1 does not apply, the distributor should roll these customers into the existing GS>50 kW rate classification.

Once the distributor chooses the appropriate alternative, the same cost allocation methodology approved for use with other rate classifications is to be applied to the replacement GS rate classification.

Where a distributor currently has a new TOU rate, even on an interim basis, it is to be included in its filing. The distributor is to explain in its Filing Summary how it has modeled this situation.

2.3.3 New Large User Rate Classification

In some cases, a distributor may have a customer in a General Service classification that has demand of 5,000 kW or more on a 12 month average. If this occurred in the test year underlying 2006 rates, then the distributor is to model a new Large User rate classification.

The same cost allocation methodology approved for use with other rate classifications should be applied to a new (or current) Large User rate classification.

2.3.4 Common Separate Classification for Embedded Distributors

A host distributor serving any embedded distributor(s) is to model a separate rate classification for the embedded distributor(s). Careful consideration should go into developing the costs for this classification to recognize any differences that might exist from other classes, such as reduced risk for non-payment, use of bulk, primary and secondary, etc.

If a host distributor believes that the resulting unit costs are not sufficiently distinctive, then the merits of creating a new rate classification or including embedded distributor(s) in another suitable classification should be discussed in its Filing Summary.

2.3.5 Common Separate Rate Classification for USL

All distributors are to model a separate rate classification for unmetered scattered load customers. This single classification is common to photo sensitive and non-photosensitive loads.

2.3.6 Rate Classification for Customers with Substantial LDG.

Customers with load displacement facilities produce most of their own electricity and use the distributor's wires to obtain commodity supply to fill in the difference between their total electric demands and the energy produced with the load displacement generator. Standby distribution service is typically called upon during the load displacement generator's routine maintenance and during force majeure situations.

A distributor is to model a single and separate class for customers with load displacement facilities having displacement loads equal to or greater than 500 kW in the 2006 EDR test year.

If a distributor has concerns about the reliability of the load data gathered for modeling the separate LDG rate classification, then these concerns should be identified in the Filing Summary. If no reasonable load data is available, the distributor must explain why in the Filing Summary and is to use the Run 1 approach (which does not require separate load data for these customers) again for Run 2.

2.4 Optional Run 3

This is an optional run at the distributor's discretion. A distributor making a Run 3 is to explain its reasons in the Filing Summary.

A distributor will only be permitted to model the following items in an optional Run 3 filing:

- The deletion of a rate classification, with supporting rationale,
- The addition of a new rate classification beyond those modeled in Run 2, with supporting rationale and cost and load data,
- Adjustments to reflect the loss of a significant customer/customers, with supporting rationale and cost and load data,
- Use of the demand allocator 12 NCP, where supporting justification is provided based on the cost characteristics of the distributor's system,
- Use of default minimum system results from another density stratum, where the distributor can provide strong reasons to justify classification into another density stratum,
- Use of a distributor-specific minimum system study and Peak Load Carrying Capability calculation, with supporting explanation of details,
- Use of the alternative load data option when modeling a separate load displacement generation rate classification, and
- Inclusion of additional costs and benefits relating to the LDG rate classification that were not included in the 2006 EDR filings.

Chapter 3 Load Data Requirements

3.1 Introduction

This chapter sets out the load data requirements for the cost allocation filings.

A distributor is to provide reasonable supporting load data for each separate rate classification being modeled in Run 1, 2 or 3. A distributor considering the addition of a new rate classification(s) in the optional Run 3 of the model should ensure beforehand that suitable load data will be available. Appendix 3.1 in the Report summarizes the specific load data required for each rate classification to be modeled.

When reviewing the summary, it should be noted that:

- Appropriate load data will be required in Run 1 and Run 2, even where a distributor drops the rate classification in Run 3.
- Pursuant to the Board's 2003 Load Data Collection Directions, separate load data is not required to be collected for the GS<50 kW classification. The residual load shape arising from the total distributor load, after the loads of the other rate classifications have been removed, is to be used for the GS<50 kW rate classification.
- For classifications where interval meter data is available, such data is to be used.
- For Street Lighting and Sentinel Lighting, the distributor's Board-approved load profile is to be used, along with the distributor's data as to installed load.
- Separate load data is not required in Run 1 for a distributor whose USL or LDG rates will be modeled as part of a main rate classification (in such cases, the load profile of the main rate classification is to be used when allocating demand-related charges). The load data requirements for when these customers are modeled as separate rate classifications are set out below.
- The Filing Summary should specifically identify and discuss if the distributor has any customers, aside from Run 1 USL and LDG, for who separate load data will not be provided.
- The Board has not prescribed load data requirements for Merchant Generation (or Hybrid Facilities). Any distributor who opts to model this as a fully separate rate classification (as opposed to part of a main rate classification) is to consider suitable load data and provide an explanation in its Filing Summary. Additional explanation will be required if a load data methodology is used that differs from that used for the separate load displacement generation rate classification in Run 2 or Run 3.

The distributor must identify any significant change in the relative load profiles for a historic test year filer as part of its Filing Summary (e.g. introduction of battery mats for USL loads, addition or loss of a major large user).

3.2 Load Data Requirements for Merging Distributors

A distributor is to file all currently approved rate classifications in Run 1 with supporting data except for certain situations for merged operations. Section 2.1 above describes those situations where separate data is not required for a distributor which has merged with another distributor. Otherwise, the distributor is to model each class separately using their respective load profiles, as if no merger has taken place.

3.3 Information Required for Completion of Distributor-Specific Load Profiles

For the residential rate classification, distributor-specific load profiles will generally be constructed using the generic load shapes developed by the load data provider, along with updated local appliance saturation information, distributor consumption data and other distributor information. A distributor must state in its Filing Summary whether:

- It undertook an updated residential appliance saturation survey, either on its own or jointly (in the latter case, list the other distributors);
- It borrowed residential appliance saturation survey results from a neighbouring distributor; and, if so, identify the other distributor and confirm that a test was undertaken to prove that the distributors were a good match for sharing such results; or
- It estimated residential appliance saturation; and, if so, the basis of such an estimation (e.g. provision of local kWh data to its service provider).

For the GS>50kW rate classification, load profiles will be constructed using the generic load shapes, along with industrial grouping data supplied by the distributor, distributor consumption data and other distributor information.

A distributor using the Hydro One Load Data Team to prepare the load profiles is requested to contact LoadResearch@HydroOne.com to obtain the most current version of the additional distributor-specific information the Hydro One Load Data Team requires.

As part of its Filing Summary, a distributor not using the Hydro One Load Data Team to prepare its specific load profile must provide the following in its Filing Summary:

i.) The name of its service provider and its relevant qualifications;

ii.) The source of the load data used; and

iii.) If such a distributor made use of the generic Residential and GS>50 kW load data information, then a summary must be provided of the methodology used to reliably create the specific load profile.

3.4 Weather Normalization

A distributor is to use the Hydro One weather normalizing methodology, a summary of which was provided at the June 15th Phase Three Technical Workshop and can be found on the project Phase 3 web page. See http://www.oeb.gov.on.ca/html/en/industryrelations/ongoingprojects_costallocation_phase3.htm.

As part of its Filing Summary, a distributor that is not using the Hydro One Load Data Team is to confirm that the Hydro One methodology was used to weather normalize its load profile.

3.5 Additional Model Output & Information

The distributor is to include a schedule to show the difference in revenue based on using the approved kWhs from the 2006 EDR model and the normalized kWhs.

The kWh provided by the load data service provider is at the wholesale power level and includes an estimate of losses. The distributor is to reduce the profiles to billing data by removing these losses.

If a material or significant difference in revenue emerges between the two methodologies, the matter will be considered as part of the overall interpretation of the results.

A distributor that was a future test year filer for 2006 rates is to explain in the Filing Summary how the methodology used to create its revenue requirement compares to the methodology used to weather normalize its respective load data for use in the cost allocation studies.

3.6 Load Profile for Rate Classification for Customers with Substantial Load Displacement Facilities

Load data requirements for Run 1 are given in 2.3.6

For Runs 2 and 3, two different load data approaches are to be used as described below.

Run 2: A distributor with currently approved stand-by rates and a distributor with LDG customers with standby requirements greater than 500 kW in standard rate classes are to model a separate LDG rate classification in Run 2. The following applies:

- Only one separate class will be modeled,
- Include all LDG customers.
- Load data must be based on the actual metered usage of such load displacement customer(s).

A distributor is to apply a reasonable effort to identify the customers with load displacement facilities above 500 kW. The distributor's Filing Summary must identify any concerns or qualifications about the reliability of the load data collected. If the distributor believes it has not gathered minimally-acceptable load data, then it must explain in its Filing Summary what efforts were made and propose another treatment for its load displacement customers in Run 2 of its filing (for example, treating such customers as part of the appropriate main rate classification(s) and applying the Run 1 cost allocation methodology again).

Run 3: A distributor may file an optional method for LDG cost allocation in Run 3. The load data is to be developed by adding the actual, or estimated if actual not available, metered generator load displacement to the metered usage. An equivalent additional amount must also be added to the total load of the distributor. If applying this load data approach, it must be consistently applied to all LDG customers in the classification and not just those for whom actual data is available. The basis and calculation of these estimations must be explained in the distributor's Filing Summary.

In response to a Filing Question, as part of its Filing Summary, the distributor must answer the following questions:

i.) Indicate the number of customers in the distributor's service territory that have load displacement generation equipment above 500 kW.

ii.) To the extent the distributor has the information available, categorize the above load displacement facilities by size and type of generation (wind, gas-fired, cogeneration etc.) and the associated LDG requirement.

iii.) As the load data is based on only one year's experience, indicate whether the load data developed for the load displacement generator customers is considered to be representative of the ongoing performance of the associated generation facilities.

iv.) In Run 3, if a separate load displacement generation rate classification has been modeled using actual or estimated metered generator load displacement, the distributor should explain a) what steps were taken to gather relevant data to assess the existence of diversity, and b) what steps were taken to reflect any diversity of generation in its filing. The response must provide an explanation if the distributor believes diversity does not exist or if suitable data cannot reasonably be obtained to assess the question.

3.7 Load Profile for Separate Unmetered Scattered Load Class

USL is to be modelled in Run 2 and can be optionally modelled in Run 3. Where USL is to be treated as a separate rate classification in the model, both the photo-sensitive and non-photo-sensitive users are to be included together and the combined load profile must be calculated as follows:

i) Non-photosensitive Loads
The total kWh consumption of each type of USL for purpose of development of the distributor-specific load shape and demand allocators will be the kWh consumption estimate used by the distributor for billing purposes of all the loads in the test year (and weather-normalized where applicable). For most types of non-photo-sensitive unmetered loads (i.e. CATV loads), a flat load profile will be used.

ii) CATV Battery Mats
A separate load shape must be applied to the weather-normalized consumption of CATV power supply battery mats where they are in service in the distributor's test year.

A distributor that filed its 2006 rate applications on a forward test year basis and whose test year load includes CATV power supply battery mats, must obtain information on the number and installed capacity of battery mats (e.g. from the local cable company). If there is a concern about the information available, this should be noted in the Filing Summary.

If CATV power supply battery mats were not taken into account in a future test year filer's 2006 EDR application, then the approved revenue requirement figures may need to be corrected for present filing purposes. Any affected distributor should discuss the issue and explain why or why not an adjustment is reasonable in its specific circumstances in its Filing Summary. If an adjustment is implemented, a justification of the amount should be provided.

Note: No battery mats were in place in Ontario prior to 2005. The bulk of the distributors that based their 2006 rate applications on historic year data (2004) will not need to make an adjustment for battery mats.

iii) Photosensitive Loads
The total kWh consumption of each type of USL for purpose of development of the distributor-specific load shape and demand allocators will be the kWh consumption estimate used by the distributor for billing purposes in the test year (and weather-normalized where applicable). For photo-sensitive loads, the distributor's Board-approved load profile for street lighting must be used.

iv) Combining Results
The resulting load shapes under steps i), ii) and iii) will be combined to create a single separate USL load profile.

Chapter 4 Test Year and Revenue

For the purpose of this informational filing, this section defines the test year, the revenue requirement and the related underlying data that formed the 2006 EDR as the basis of the cost allocation studies. Therefore, any adjustment that was approved to a distributor's 2006 EDR revenue requirement by the Board must also be appropriately reflected in the cost allocation filing.

The approved rates flowing from the 2006 EDR are to be used to calculate revenue.

The rate base will be the rate base used to set the final 2006 rates and is found in the approved EDR model of each distributor.

As part of its Filing Summary, the distributor must identify in its Filing Summary any major changes to its distribution system that may have occurred since its 2006 EDR test year and which could materially impact its cost allocation results (for example, addition of a new customer with a demand greater than 5,000 kW where the distributor does not currently have a Large User classification).

4.1 Test Year

4.1.2 Distributors that used a historical test year in the EDR 2006 application

For a distributor that used a historical test year in its 2006 EDR application, the underlying 2004 trial balances will be the basis of the cost data to be filed for the cost allocation review, subject to the following adjustments:

i.) Board-approved tier 1 and tier 2 adjustments;

ii.) cost of capital and PILS as included in approved 2006 EDR rates; and

iii.) any additional adjustments ordered by the Board in its final 2006 rate decisions.

The adjustment to the fixed monthly charge in the distribution rates for smart meters should be excluded. This is done on sheet 8-5 Distribution Rates in the Direct Mitigation cells of the 2006 EDR model. No other adjustments will be allowed.

Costs and revenues related to non-utility operations and to non-recurring regulatory accounts tracking deferrals and variances are to be excluded.

The filing model is designed to handle those accounting adjustments, within the approved revenue requirement envelope, from one account to another to reflect a better cost allocation methodology. By way of illustration, if meter reading costs were included in Account 5630 - Outside Services Employed, then these costs will be removed from this account and added to Account 5310 - Meter Reading Expense to ensure meter reading costs are allocated using the proper allocator (note Account 5630 will be allocated using the O&M allocator, while

meter reading expenses will be allocated based on a weighted meter reading cost allocator).

4.1.3 Distributors that used a forward test year in the 2006 EDR applications

For a distributor that had filed its EDR Application using a forward test year (i.e. Hydro One Networks Inc., Hydro Ottawa Limited, and Toronto Hydro-Electric System Limited), the trial balance underlying the Board-approved 2006 rates should be used for the cost allocation filings. No additional adjustments should be made.

For the purpose of this filing, a distributor that used a forward test year in its approved 2006 rate order and did not provide a detailed trial balance in its 2006 rate application, will need to regroup the trial balance in accordance with the grouping process described in this Report.

The adjustment to the fixed monthly charge in the distribution rates for smart meters should be excluded. This is done on sheet 8-5 Distribution Rates in the Direct Mitigation cells of the 2006 EDR model. No other adjustments will be allowed.

Costs and revenues related to non-utility operations and to non-recurring regulatory accounts tracking deferrals and variances are to be excluded.

The filing model is designed to handle those accounting adjustments, within the approved revenue requirement envelope, from one account to another to reflect a better cost allocation methodology. By way of illustration, if meter reading costs were included in Account 5630 - Outside Services Employed, then these costs will be removed from this account and added to Account 5310 - Meter Reading Expense to ensure meter reading costs are allocated using the proper allocator (note Account 5630 will be allocated using the O&M allocator, while meter reading expenses will be allocated based on a weighted meter reading cost allocator).

As part of its Filing Summary, the distributor that was a future test year filer for 2006 rates is to indicate whether the trial balance being used for its cost allocation filing was submitted previously as part of its EDR 2006 filings or was developed afterwards.

4.1.4 Distributor that will not have approved 2006 rates at the time of its cost allocation filing

A distributor that does not have approved 2006 rates at the time of this cost allocation filing is to file using its year end 2004 RRR filed data.

The determination of the net fixed assets for setting rate base purposes is to be based on the average of the opening and closing balances for 2004. See the 2006 EDR Handbook for details.

The 2004 trial balance is to be adjusted for the third tranche of Market Based Rate of Return (“MBRR”) and estimated Payments in Lieu of taxes (“PILs”)

assumed in the 2005 rates. The costs and revenues associated with non-utility operations and non-recurring regulatory accounts that track deferrals and variances are to be removed.

4.1.6 Adjustments to the Trial Balance

Except where may be specifically required in this Guideline, pro forma adjustments to the revenue requirement and cost structure supporting the approved 2006 rates are not to be made in the cost allocation filings.

If a distributor feels there has been a change in its operation that would significantly impact the approved revenue requirement and rates (for example, a new large use customer connects to the distribution system), then the distributor should disclose and discuss this information in its Filing Summary.

4.1.7 Filing Questions

To better understand how a distributor attributes various costs to certain key accounts, as part of its Filing Summary, the distributor must answer the following questions:

1. As a distributor, summarize your capitalization policies (such as treatment of overhead allocation and types of expenses capitalized instead of being charged to O&M). The distributor may wish to refer to its 2006 EDR application.
2. Outside Services Employed (Account 5630) may have costs relating to multiple functions. Disclose the functions that are charged to this account (e.g. meter reading, call centre, etc.).
3. Disclose in which account(s) Customer Information System Expenses are currently recorded and the activities it includes.

4.2 Revenues

The approved rates flowing from the 2006 EDR are to be used to calculate revenue.

For a distributor with approved 2006 rates, the service revenue requirement on sheet 5-1 of the distributor's approved 2006 EDR model will be the basis of ensuring all the proper costs have been included in the cost allocation filing. It is important that a distributor obtain its approved 2006 EDR model (available upon request from Board Staff).

The revenue per rate classification inherent in a distributor's approved 2006 revenue requirement must be used in the revenue to cost ratio calculation. This means that the revenue per rate classification for cost allocation purposes will be defined as the sum of:

i.) The base revenue requirement allocated by rate classification shown in sheet 7-1 of the approved 2006 EDR.

ii.) The revenue off-sets allocated to the rate classification as defined in Appendix 4.1 of the Report.

iii.) The allocation by rate classification of CDM from sheet 7-3.

The regulatory asset adders and the adjustment for smart meters will not be included as revenue in the cost allocation filings.

For a distributor that has no approved 2006 rates, revenue will be determined by applying the distributor's current approved rates, excluding regulatory assets, to the billing determinants which are to be consistent with those employed to calculate revenues in the 2006 EDR model. Consequently, the billing determinant for the number of customers by rate classification will be the 2004 year end number of customers. The volumetric billing determinant will be the three-year average (2002-2004) of rate classification usage per customer (i.e. kWh per customer or kW per customer as applicable) applied to the number of customers by rate classification at year end 2004.

Chapter 5 Direct Allocation

Direct allocation is to be applied if, and only if, 100% of the use of a clearly identifiable and significant distribution facility can be tracked directly to a single rate classification. The filing model will allow a distributor to define which costs in the trial balance that supports the 2006 approved rates should be directly allocated to a specific rate classification.

Direct allocations may not prove that common in practice, as more than one customer classification may make use of the facilities in question.

5.2 Methodology

For any costs or assets directly allocated, the distributor is to capture all the associated accounts; for example, in the case of assets, the gross value, accumulated depreciation and depreciation expense, and any contributed capital.

Direct allocation is also to be used where identifiable O&M activities can be directly allocated to one customer classification, and where supporting documentation in terms of sub-account records and explanations as to the related activities can be provided.

The distributor is to consider whether it needs to adjust the appropriate allocation factors so that the rate classification to which costs for a specific function are directly allocated is not allocated further costs related to that function, except where there are joint costs that apply to the customer classification. For example, if a customer classification has all its assets and O&M costs directly allocated to the classification, then the load data used to allocate “common” assets and O&M costs should exclude the load data associated with this customer classification. There may be other instances in which no adjustment is needed. The Filing Summary should address whether or not an adjustment was considered appropriate by the distributor and confirm it was undertaken where warranted.

If a distributor proposes to use direct allocation, it must support its filing with the following:

i.) A summary of supporting accounting records for the specific facility in question.

ii.) A single line diagram/schematic indicating the facility concerned, the customers served, and any other facilities serving the same customers.

iii.) If direct assignment is applied to a customer that also receives back-up service, the filing must include an explanation and supporting documentation on how an appropriate share of back-up service was determined and allocated. Additional justification and supporting analysis is also required if an allocator other than the customer's NCP is used.

Chapter 6 Functionalization

The Functionalization step is the process that groups relatively homogeneous costs together into common functions (e.g., all costs associated with meter reading). In some cases, further breakdown of the major accounts is required to properly reflect specific functions. Each function, therefore, will have corresponding accounts or sub-accounts. The Uniform System of Accounts ("USoA" or "accounts") for Ontario distributors facilitates a common approach towards Functionalization.

This chapter details:

- Account groupings
- Definitions of the functions,
- Special consideration for Hydro One LV,
- Determination of the breakout of accounts into the functions,
- Line Transformation, Capital contributions, and Depreciation and accumulated depreciation.

Once functionalized, the costs will be categorized as demand-related and/or customer-related using the specific categorization factors discussed in Chapter 7.

6.1 Functional Grouping of Accounts and Sub-accounts

The distributor is to place each adjusted 2004 account shown in column P of Sheet 2-4 of the approved 2006 EDR model into the appropriate functional group that shares a common allocation process. In addition, for those accounts that will be further broken down into sub-accounts in the cost allocation model, the sub-accounts are to be grouped.

The final grouping in the cost allocation filings is based on the approved common cost allocation methodology. The comprehensive mapping of each account or sub-account to a group is shown in Appendix 6.1.

6.2 Breakout of Accounts into Sub-accounts

The breakout of accounts is to better reflect the costs associated with each asset and service to better allocate them to the customer classes based on the class utilization. Thus this step identifies the distribution costs by their function.

Certain major accounts will be broken down into sub-accounts (see Chapter 7 for a list of the major accounts and sub-accounts) to reflect the following functions:

- Bulk (if any)
- Primary
- Secondary
- >50kV assets deemed to be distribution.

For example, Account 1835 - Overhead Conductors and Devices contains the assets associated with providing the overhead conductor function. To more accurately undertake cost allocation, this account could be further divided into sub-accounts, bulk, primary, etc. Once each applicable account has been subdivided into sub-accounts that reflect specific functions, the costs can more readily be allocated to rate classifications based on whether the given customer classification does or does not use the particular function.

Sheet I4 BO ASSETS in the model has been provided to facilitate breaking-out the costs.

6.2.2 Identifying Bulk, Primary, Secondary, and >50kV Deemed to be Distribution Functions

A distributor should consider its individual circumstances and the tests below to determine and explain in its filing whether each of the following individual assets includes costs on a combined basis associated with the bulk, primary, and secondary functions.

1830	Poles, Towers and Fixtures
1835	Overhead Conductors and Devices
1840	Underground Conduit
1845	Underground Conductors and Devices

6.2.2.2 Definition and Application Guidance for Bulk

Bulk assets are defined as all facilities that were built to support the system peak of a distribution system. Note the test is to be applied on the basis of the function of the asset when it was built, and not its present function.

When applying the above test, a distributor should distinguish between assets that were built to support either the distribution system's peak or the customer's peak. Only assets built to support the distribution system's peak will be treated as bulk assets.

If and only if a distributor determines that it has bulk assets, then the assets used to deliver power to a distribution station are also part of the bulk assets.

Note: All facilities supplying loads that contribute to the current system peak are not bulk. The test to be applied is to assess the function the asset serves and not the nature of the user per se:

- The design may have been for the non-coincident peak in that part of the system;
- They could be dedicated facilities to one customer;

Factors that suggest bulk assets do not exist include:

- Assets having a delivery voltage of <13kV, and
- Circuits below three phase.

Additional Guidance:

A distributor should consider its specific system when applying the bulk asset definition to distribution stations. If only one distribution station serves a distributor's system, then it probably was sized around the distributor's coincident peak ("CP") as all of the distributor's power at the time of the coincident peak must pass through this one station. As a result, such a distribution station asset is to be treated as a bulk asset to be allocated using CP.

Conversely, if multiple distribution stations serve a distributor's system, then non-coincident peak ("NCP") is typically used to size the distribution station as it is sized around meeting a geographic area's peak within the distributor's service territory and not the distributor's total system peak. Such distribution stations would not be serving a bulk function and should be allocated using NCP.

It is possible that within a distribution system, a portion of assets that operate at the same voltage level (normally > 13 kV) could be serving a bulk function and the remainder a primary function. In such cases, the assets should be subdivided depending on the function for which the assets are actually used. This would be a matter for a distributor to decide and justify based on detailed knowledge of its system characteristics.

Some distributor's systems are designed and operated in a "fully-integrated" manner and therefore they may not be able to isolate any bulk assets. Where a distributor suspects this may be the case, the distributor is to first apply the bulk test provided and then carefully consider how it may or may not apply to its distribution system.

Where there is geographical separation of a distributor's overall system with no interconnection between the separate parts, for cost allocation purposes the distributor will not have bulk assets as defined above.

6.2.2.4 Definition Secondary

Secondary assets are all facilities associated with operating at <750V, whether financed through contributed capital or rates.

6.2.2.5 Definition of Primary

Primary assets are facilities that are neither bulk nor secondary facilities.

6.2.2.6 Filing Questions Supporting Distribution System Information

As part of its Filing Summary, the distributor must answer the following questions or provide the required material:

i.) Explain how the distributor applied the Board's bulk asset test to its system, and why it concluded it did or did not have bulk assets.

ii.) Include in its filing a single line diagram or schematic of its distribution system.

iii.) Where a distributor believes it has assets that serve a bulk function under the Board's test, an explanation must also be added to the diagram or schematic filed indicating which specific assets have been identified as bulk and the customers by rate classification that are served from such bulk assets.

6.2.2.7 Specialized Circumstance – Hydro One Low Voltage Facilities

Hydro One will be allowed to include a subtransmission cost pool for the purpose of its upcoming cost allocation filing, provided its Filing Summary also provides an explanation (including supporting schematic diagram or equivalent) and justification of this alternative sub-functionalization methodology. In addition, its Filing Summary must discuss the impact(s) on its filing from using a "subtransmission" cost pool compared to the standard "bulk" asset cost pool, as defined above.

The Board expects that Hydro One will provide further justification if it wishes to use CP to allocate this subtransmission cost pool. The rationale provided should explicitly take into account the discussion in Chapter 8 as to the circumstances under which the use of CP or NCP is most appropriate.

6.3 Functionalization Implementation Issues

6.3.1 Identifying Associated Costs by Function

The distributor is to provide an estimate of the percentage of the costs of assets in each of the bulk, primary and secondary buckets. This percentage will be applied to the total cost in the asset account.

To do so, the distributor is to determine the unit cost of installing bulk, primary and secondary assets and then apply the kilometres of line for the bulk, primary and secondary assets to these unit costs. The result from each type of asset should be divided by the total for all assets and this percentage should be used to determine costs by asset type.

The Filing Summary must explain how the distributor broke out its costs between bulk, primary and secondary assets

The bulk, primary and secondary sub-accounts should be broken out to the corresponding rate classifications that use those assets. The model will treat the costs in the following manner:

- Secondary costs will only be allocated to those rate classifications that use secondary assets.
- Primary costs will only be allocated to those rate classifications that use primary assets.

- Bulk costs will be allocated to those rate classifications that use bulk assets. For many distributors, bulk costs will be allocated to all classifications since the bulk assets deliver power to the primary and secondary assets.

If only a proportion of a rate classification uses a group of assets, then the dollars will be allocated based on the percentage of customers for customer-related costs and by the percentage of load for demand-related costs.

6.3.3 Customer Data

For each rate classification, a distributor will need to provide the number of customers that use the bulk (if any), primary and secondary assets.

Note: The customer numbers are not the number of customers that take power from the assets, but the number of customers that are supplied through the assets directly and indirectly connected. This would include customers who are connected to a distribution system station that is connected to what is identified by the distributor as a bulk system.

Some distributors may have to submit estimates of customer numbers if they do not have data on the exact numbers of customers per feeder.

Appendix 6.2 of the Report provides some examples as guidance.

6.3.4 Load Data Adjustments for Bulk, Primary and Secondary

The bulk coincident peak ("BCP") is the coincident peak of those customers for whom power is delivered through any bulk assets (includes customers fed from primary and secondary assets through the bulk assets).

For customers having bulk assets, the BCP is 100% of the distribution system coincident peak ("DCP") supplied by the distributor's load data service provider. In the case where a distributor does not have an integrated distribution system, then the distributor will not have bulk assets.

The distributor's load data service provider will provide the distribution system non-coincident peak ("DNCP"). The primary NCP ("PNCP") for each rate classification, if applicable, will be calculated by multiplying the DNCP by the percentage of load in the rate classification that uses the primary assets.

The secondary NCP ("SNCP") for each rate classification will be calculated by multiplying the DNCP by the percentage of load in the rate classification that uses the secondary assets.

6.4 >50kV Assets Deemed to be Distribution

These assets are facilities deemed by the Board to be distribution. Typically, a >50 kV asset is a Transformer Station (TS) that a distributor owns and operates. The costs of these >50kV assets that transform power from transmission voltage to the distributor supply voltage are included in the distributor's distribution rates. If Hydro One has required a distributor to make a capital contribution towards the

construction of a Hydro One-owned TS, then this capital contribution is also a >50 kV asset included in the distributor's distribution rate base.

The costs associated with the >50 kV assets will be identified and shown separately within the filings. Generally, these asset costs comprise Account 1815 Transformer Station Equipment.

A distributor must consider if the accounts shown below include costs that are associated with these >50 kV assets as well as assets that are <50kV assets. If this is the case, these accounts will need to be split into sub-accounts to reflect >50kV assets and the <50kV assets.

1805	Land
1806	Land Rights
1808	Buildings and Fixtures
1810	Leasehold Improvements
1825	Storage Battery Equipment

6.5 Line Transformers

To allocate line transformers assets (Account #1850) and the associated maintenance costs (Accounts #5035, #5055, #5160), the distributor is to determine the customer numbers and NCP loads by rate classification that reflect the distinct usage of the line transformer assets which may be different than the secondary assets. This information is to be entered on Sheet I6 Customer Data.

6.6 Capital Contributions

One of the following two approaches is to be used to breakout the contributed capital

Recommended Approach
If the distributor can conduct a detailed analysis of contributed capital by either asset type or rate classification, then it is to do so and provide its methodology and supporting information in its Filing Summary. When the capital contribution is assigned to asset type, the supporting analysis must explicitly identify capital contributions associated with bulk (if any), primary and secondary assets.

These costs are to be placed in the indicated cells on I3 TB Data and I9 Direct Allocation.

Alternative Approach
If the distributor is not able to use the preferred approach, then the percentage of the gross capital dollars of the assets on which contributed capital was collected is to be used to allocate capital contribution to the assets.

A distributor will assign capital contributions to the various assets outside the filing model and enter the results of the assignment in I4 BO ASSETS.

If a distributor uses the alternative approach, it must indicate the proportion of its total assets that contributed capital represents in the Filing Summary.

6.7 Depreciation and Accumulated Depreciation

A distributor is to break down the average test year values for accumulated depreciation as well as the test year depreciation values, by USoA account and cost allocation sub-account.

In most cases, a distributor has recorded accumulated depreciation and depreciation expenses by the various assets and this information will be used to determine the net fixed assets and depreciation assigned to the USoA account and cost allocation sub-account.

If a distributor does not have this detailed information available, then accumulated depreciation and depreciation expense can be assigned to the accounts and sub-accounts based on the percentage break down of the assets.

If a distributor considers that it has an alternate approach in regard to the break out of accumulated depreciation and depreciation expenses, it may use that approach provided a through explanation and justification is included in the Filing Summary.

The information is placed in the appropriate cells on sheet I4 BO ASSETS.

The generic minimum system approach discussed in Chapter 7 for application to the identified joint-cost accounts will also apply to the depreciation expenses associated with such accounts.

Chapter 7 Categorization

The categorization step, also referred to as “classification”, consists of subdividing distribution assets and O& M expenses into the following cost-based components, based on causality:

- 100% demand-related
- 100% customer-related
- joint related (both customer and demand-related)
- pro-rata related to other costs.

7.4 Generic Minimum System

Generic minimum system results (stratified by density) are incorporated into the filing model to divide joint costs into their customer and demand-related proportions.

The model will take into account the Board’s directions for categorization as outlined in Chapter 7 of the Report and appropriately categorize costs based on the distributor’s load and account input data.

This section address the required information to run the default categorization built into the model, and the optional distributor specific study. In addition, there are a number of questions and issues that the Board would like addressed that form part of the submission and are specified below.

7.4.2.4 Density Thresholds

In order for the model to properly set the density factor, the number of km of road lines follow, or line length, is to be entered on I5 Miscellaneous Data.

- To determine line length (i.e. not per circuit length since there can be multiple circuits per line), the distributor should consider the distance along the road the lines travel. As only road distance will be considered for line length, a double pole line going down both sides of the road for 2 kilometres should be considered as 2 kilometres and not 4.
- The number of customers will not include any customers or connections that are unmetered (i.e. streetlights, sentinel lights and unmetered scattered loads). This is considered a helpful approach for the present test only, and a different definition of “customer” will be used elsewhere in the filings.

As part of its Filing Summary, the distributor must answer the following questions:

- If the distributor is an urban distributor, does the distribution system have a large downtown secondary network system? If yes, provide a brief description.

- Does the distributor have a significant underground distribution system? If yes, provide a brief description.
- If the distributor is a low density distributor for filing purposes, consider and advise if there is any factor(s) which may lead to the low density generic minimum system result not being reasonably reflective of the specific system's characteristics.

7.5.2 Peak Load Carrying Capacity (PLCC) Adjustment

If and only if a distributor files its own minimum system study, it must also file and explain its own PLCC adjustment.

7.5.3 Filing Question

If any distributor suspects its generic minimum system result and/or the generic Peak Load Carrying Capacity (PLCC) adjustment has contributed to an anomalous filing result for a rate classification, an explanation should be included in the Filing Summary.

7.6 Distributor Specific Minimum System Study

If a distributor has completed its own minimum system study in the period during or after the unbundling of its rates and wishes to use it, it can do so in Run 3.

A distributor that uses its own minimum system study must also provide the following in its Filing Summary:

- the date of its minimum system study
- a general description of the methodology used
- the definition and size of the "minimum" system assumed in the study
- the treatment of overhead and underground assets
- the treatment of any large urban network systems
- where the distributor amalgamated with another distribution company since the original minimum system study was completed, has the study been updated to reflect the amalgamation?
- the PLCC methodology followed and size of adjustment proposed.

The Filing Summary should include discussion of the materiality of the difference in filing results from use of the generic minimum system figures versus the distributor specific study.

7.7 Multiple-unit Dwellings Adjustment(s)

No adjustments for multi-unit dwellings will be included in the present cost allocation filings since it is understood it can be difficult for distributors to ensure that their load data and the customer/connection information properly reflects multi-unit complexes.

7.7.2 Filing Questions

The Board considers it important that the filings gather further information about this issue to facilitate future improvements to the cost allocation methodology. A distributor is expected to undertake reasonable efforts to gather the estimates requested in the following questions and to include the responses in its Filing Summary.

i.) Estimate the number of individually metered Residential customers who reside in multi-unit dwellings and the number of distributor connection points which supply the multi-unit complexes.

ii.) Estimate the number of individually metered General Service customers that are located in multi-unit complexes and the number of distributor connection points which supply the multi-unit complexes.

iii.) Estimate the number of individually metered mixed use customers (i.e. Residential and General Service).

iv.) Some multi-unit connection points are served at primary voltage. This will impact the allocation of transformer costs and credits and the allocation of Services costs. In order to determine the extent of this issue, the distributor should estimate how many of the multi-unit connection points are at primary voltages and how many at secondary voltages for both residential and general service complexes.

Chapters 8 to 10 Allocation of Categorized Costs

The model takes the categorized costs and allocates them using allocation factors that reflect the customer's utilization of the distribution system.

Specific additional instructions and questions are in the following.

8.1 Allocation of Demand Related Costs

Demand related costs are allocated by the model on either the CP or the NCP. The definition of peak for CP or NCP is to be the standard one hour (clock hour) measurement of the peak hour. The use of a rolling 15 minute window for measuring peak is not permitted.

A distributor is to use the same loss factors as approved in its 2006 EDR applications when adjusting the metered load data to arrive at the demand allocators.

The model will select the appropriate CP and NCP in accordance with the Board's directed tests. It will apply the demands using the Board's Direction for the recognition of diversities.

A distributor may use 12 NCP in its optional Run 3, provided that the distributor also provides supporting justification in its Filing Summary based on the cost characteristics of its distribution system. In such cases, the Filing Summary is to highlight the impacts of the different NCP allocator used in Runs 1 and 2, versus Run 3.

A distributor must provide the following information for future reference as part of its Filing Summary:

i.) Provide an estimation of "non-technical" energy losses (e.g. theft of power, billing accruals, metering problems) as a percentage of energy purchased

ii.) Provide an estimation of technical distribution system energy losses as a percentage of energy purchased. The sum of technical and non-technical losses is the total measure of distribution losses

iii.) Provide an estimation of the technical line losses broken out according to the following major system components: > 50 kV, bulk, primary and secondary assets. Please use the same definitions as in the cost allocations filings.

9.1 Customer Related Costs

Customer-related costs are commonly allocated by using factors related to the number of customers by rate classification, such as weighted customer allocation factors. The weightings of customer allocation factors are typically developed by taking into consideration, in addition to the number of customers, factors such as investment costs (for example, for metering and service drops), and the level of effort and complexity involved in providing service to the various customer groups.

The weightings of allocation factors generally vary by asset and type of O&M expense to better reflect their specific cost characteristics. For instance, the relative proportion of the cost allocated to a particular rate classification may vary depending on the type of asset or service (for example, metering equipment compared to service drops). In the case of meter reading, the weighted allocation factors would typically take into consideration the meter reading frequency per rate classification, as well as customer density.

Flexibility has been built into the model to allow customization of the allocation factors to reflect different operating characteristics.

9.2 Definitions of Customer and Connection for Filings

The accounts/sub-accounts that are allocated based on the number of customers or connections in total or in part were listed in Appendices 7.2 and 7.3 of the Report.

For the purpose of the cost allocation filings, a “customer” is generally defined by a meter point that measures energy consumed over a period of time.

For unmetered loads, the number of connections will be used to allocate some customer-related costs. For street lights, sentinel lights and unmetered scattered loads, the number of connections will be the actual number of devices.

In the case of street lights, one “connection” frequently links a number of fixtures to the distribution system and simply using the number of devices may overstate the number of physical connections to the distributor’s system. Therefore, where better information is available, distributors must apply a connection factor to the number of streetlight fixtures for the purpose of determining the customer allocation factor.

9.3 Allocation of Customer Related Costs

9.3.1 Billing Activities

The number of bills adjusted by a weighting factor is to be used to allocate costs associated with billing activities which include billing, collecting, and associated supervision and customer care costs. For the purposes of the cost allocation filings, billing activities will also include CIS, call centre and key account expenses.

A “bill” is defined as an invoice sent to a customer that includes the charges for distribution services. One way of calculating this number is by applying the billing frequency for one year by the test year customer numbers used in the 2006 EDR model. For rate classifications that are billed on a consolidated basis, the basis for the allocation is the number of bills. For further discussion, see Chapter 11.

The weighting factors shown in Appendix 9.1 of the Report should be used as the default factors for billing costs for the rate classifications indicated. To provide flexibility in the application of weighting factors:

i.) A distributor may enter distributor-specific weighting factors into the cost allocation model, if its actual billing cost factors per rate classification are materially different (i.e. differ by 10% or more compared to the defaults) and supporting information is available (a summary must be filed).

ii.) If a weighting factor is not provided for a particular rate classification, the factor will be 1.0, unless a distributor develops and documents another weighting factor. Such an alternative weighting factor should be undertaken if the data is available and the difference in weighting factors to be used is significant.

iii.) A distributor can further refine its weighting factors to include the proportion of the rate classification which is interval metered and/or subject to metering multipliers. In such a case, the distributor is to determine the composite weighting factor for the rate classification and enter the factor in its cost allocation model.

It is assumed that each sentinel light should represent 10% of a standard Residential or General Service bill, which reflects the fact that sentinel light charges are added to the customer bill under another rate classification. Accordingly, the weighting factor for sentinel lights is 0.10. This adjustment is to be made by the distributor to the "number of bills" for sentinel lights.

A distributor may have better information to allocate costs associated with billing activities to each rate classification. In such cases, the distributor must use this better information in all runs of the cost allocation filing and provide an explanation and support of the alternative allocation methodology in the Filing Summary.

The following questions must be answered as part of the Filing Summary:

i.) Identify under what accounts the expenses associated with the following activities are included: Call Centre, Customer Information System, Key Accounts and Payment Processing.

ii.) Indicate the percentage of each cost in the account in which it is embedded.

9.3.2 Meter Capital Costs

Default installed meter capital costs listed in Appendix 9-2 of the Report will be used to allocate meter capital costs.

A distributor is to enter the estimated number of distributor owned installed meters in the 2006 EDR test year of each type within each rate classification. Customer owned meters are not to be included.

Flexibility has been built into the model to enter, for all model runs, three additional meter types and installation costs. These are to be used where a meter type exists for a distributor that is materially different in cost, defined as

10% or more different from the cost of the standard meter types provided. The model defaults are to be used if actual costs differ by less than 10%.

Costs of acquiring certain meters may be higher for some distributors than other distributors. If the difference is material, the distributor should enter distributor-specific information into the model to better reflect its conditions.

When distributor-specific information is used in the model in lieu of the default weighting provided, an explanation and supporting detail must be included in the distributor's Filing Summary.

9.3.3 Meter Reading Costs

The frequency of meter readings may vary by rate classification and by distributor. It is therefore appropriate to use an allocator that reflects a weighted number of meter readings to allocate the cost of these reads. The weighted number also takes into consideration density and the meter reading frequency.

Rate classifications, and customer groups within a classification, that have interval meters should not be attributed any physical meter reading costs. However, some expenses such as telephone lines and data validation may be incurred. If so, they are to be allocated to these customer groups.

Default "relationship factors" related to meter reading costs are provided in Appendix 9.3 of the Report.

Flexibility has been built into the model to allow entry of five additional meter types and meter reading cost factors. These are to be used where a meter type exists for a distributor that is materially (defined as at least 10%) different in meter reading cost than the standard meter types incorporated in the model. Where a distributor does have materially better information on its meter reading costs, then this information is to be included in the cost allocation model for all runs and supporting documentation must be provided as part of the distributor's Filing Summary. The defaults are to be used if actual costs differ by less than 10% from the defaults provided.

9.3.4 Services

The weighted number of customers or connections is to be used to allocate costs related to Services (Account 1855). It is intended that the weightings reflect the differing average costs of connections for each rate classification. Default weighting factors are set out in Appendix 9.4 of the Report

A distributor is to enter distributor specific weighting factors into the cost allocation model if their actual Services costs factors per rate classification are materially different (i.e. differ by 10% or more compared to the default values) and supporting information is available (such supporting information should be filed).

The Filing Summary should indicate if the distributor has no costs in Account 1855 and explain why.

The following questions must be answered as part of the Filing Summary:

i.) Services (Account 1855) is a significant account in the cost allocation study and it is important that the proper costs are recorded in this account. What facilities are included in this account and do these facilities match the definition in the USoA? Refer to the APH for the definition. As a distributor, if the accounting treatment is different, explain the accounting treatment of this account and estimate the impact on the account.

ii.) The Board is interested in understanding whether Account 1855 captures the service drops for all customer or just those service drops operated at the secondary voltages (i.e. <750 volts). In this regard, does Account 1855 capture the service drops for all customers or only the costs of service drops operated at secondary voltage (<750 volts)? Are there any distributor-owned service drops to customers served from primary or bulk facilities and, if so, where are the costs of these facilities reported?

10.1 Allocation of Other Costs

Generally these are costs that are neither customer nor demand-related and include:

- general plant assets and associated costs,
- Administrative and General ("A&G") expenses,
- Working Capital Allowance ("WCA"),
- PIL's, other Taxes, Cost of Debt, and Return on Equity
- Bad Debt Expenses,
- Late Payment Charges and Collection Expenses, and
- Conservation and Demand Management ("CDM").

As a default, the model will allocate these expenses in accordance with the Board's Directions in the Report. The following provide for a distributor to override these default allocations.

10.2 General Plant

General Plant will be allocated as a default in the model on a pro rata basis using a composite of distribution net fixed assets (average of opening and closing balances for the test year), with no adjustment for contributed capital.

A distributor that has detailed analysis on the allocation of General Plant, however, is to use this information in all runs of the cost allocation model filed and provide supporting explanation and documentation in the Filing Summary. For example, identifiable CIS assets could be segregated out and allocated to each rate classification in the same manner as billing and collecting costs. This information is to be entered in sheet I9 Direct Allocation.

10.6 Bad Debt Expense

Bad debt expense is to be directly placed in in sheet I6 Customer Data to specific customer rate classifications based on their respective contribution to historical write-offs.

For historical test year filers, an average of bad debt data by rate classification for 2002, 2003 and 2004 is to be used to allocate bad debt. For the future test year filers, the three year average of bad debt is to include 2003, 2004 and 2005.

In both cases, extraordinary bad debt will be excluded from the historical data. Any results a distributor considers unusual should be highlighted and discussed in its Filing Summary.

If historical bad debt is not available for any rate classifications that are being considered as new rate classifications in the filings (e.g. USL and LDG in Run 2 for most distributors), the bad debt allocated to its previous host classification is to be allocated on a pro rata basis based on the revenues of each classification (i.e. the new rate classification and the host rate classification excluding the new rate classification).

A separate embedded distributor rate classification should not attract bad debt expense as the risk of non-payment for this rate classification is minimal.

10.7 Late Payment Charges and Collection Expenses

Collection expenses are to be allocated on the same basis as billing costs, namely by using weighted number of bills as the allocator.

Revenue from late payment charges are to be allocated to classifications based on their respective contributions to historical payments.

10.7.3 Filing Question

To determine whether a similar cost allocation treatment of collection expenses and late payment charge revenues is feasible in the future, distributors should indicate whether the records are available to break out collection costs (Accounts #5320, #5325 and #5330) by rate classification.

10.8 Conservation and Demand Management (CDM) Costs

For cost allocation purposes, CDM costs must be allocated as follows:

i.) Direct CDM program operating expenses must be allocated to the participant customer classification.

ii.) Indirect operating costs and capital expenditures must be allocated in proportion to a broad composite of other distribution costs. In specific, indirect and capital CDM costs will be allocated to rate classifications in proportion to composite operating and maintenance costs.

Chapter 11 Cost Allocation and Unit Cost Calculations for Specialized Rate Classifications

Directions on cost allocation and unit cost calculations for the following specialized rate classifications are presented in this Chapter.

- Embedded distributor
- Density
- Seasonal
- Unmetered scattered loads (USL)
- Load Displacement Generation (LDG).

11.1 Embedded Distributor

The present filing will introduce a common cost allocation methodology and customer unit cost calculation. If any special situation arises for a host distributor serving several embedded distributors, this should be addressed and explained in the Filing Summary.

If the approved charge to an embedded distributor is represented as a separate rate classification in the 2006 rate order for the host distributor but the approved rates are the same rates as a main rate classification, then for Run 1 it should be assumed that the embedded distributor is part of that main rate classification. In such a case, the host distributor shall ensure the customer and load data of the main rate classification includes the data of the embedded distributor.

The methodology described below is to be applied in Run 1 by a distributor with a current separate rate for embedded distributors, provided these rates are different than the approved rates of any other rate classification.

The methodology is to be applied in Run 2 by any distributor serving embedded distributors (in their 2006 EDR test year). The Board will later decide upon the merits of implementing such a new common rate classification for embedded distributors.

If a host distributor wishes to model an alternative to an embedded distributor classification, it can do so in its optional Run 3. The same underlying cost allocation methodology should generally be applied. Any use of an alternative methodology must be consistent with sound cost allocation practice, and it should be specifically noted and justified in the Filing Summary.

11.1.2 Methodology for Embedded Distributors

The allocation of costs to this class is to follow the methodology for functionalizing, categorizing and allocating set out in these guidelines to create respective costs for two part rate determinations.

Some specific considerations

The host distributor is to consider if any assets can be directly assigned under the 100% use test. A host distributor is to pay special attention that accounts

have been properly broken into sub-accounts to reflect the various functions (the existence of bulk assets should be carefully reviewed). Reference should be made to Chapter 6 for details on how to break out the accounts into sub-accounts (also note the comments in Chapter 6 regarding the sub-functionalization method to be followed by Hydro One).

If a host distributor believes the results of the cost allocation study do not warrant creating (or maintaining) a separate rate classification for embedded distributor(s), this should be discussed further in its Filing Summary.

11.2 Density-Based Classifications

The directions below provide instructions on how those few distributors with currently approved density-based rate classifications should undertake cost allocation for those customers.

A distributor with density based rates is to use the standard model for Run1 and Run 2, supporting the rate classification with reasonable cost data. Density-based rate classifications may be dropped in Run 3, but are not be added.

The load data requirements must also be met. If a distributor plans to maintain density rates in the future, then more detailed analysis with rationale to support the different allocation of costs to the various density classifications should be undertaken and included in its Filing Summary.

11.2.2 Cost Allocation Methodology for Density- Based Classifications

The following cost allocation methodology must be applied by a distributor with a density classification in its approved 2006 rates:

i.) One categorization factor (i.e. appropriate generic minimum system result) is to be used for the whole distributor.

ii.) The distributor is to identify those costs that are influenced by density such as lines, poles and possibly line transformers. An explanation must be provided in its Filing Summary.

iii.) For meter reading costs, the standard cost allocation model already allows the distributor to allocate these cost to a rate classification based on density.

iv.) For the costs that have been identified in ii), the distributor is to weight the allocation factors used to allocate the cost to the various rate classifications by a density factor. The Filing Summary must include an explanation. A linear density-to-cost assumption is not acceptable without a supporting justification. More detailed analysis is required for the density weighting factors if the classification is to be maintained.

v.) Each distributor must use its own current density threshold(s).

11.2.3 Filing Question

If a distributor intends to maintain its density-based rates, it must provide a rationale for the density threshold used for that rate classification.

11.3 Seasonal Rate Classification

The standard cost allocation methodology will apply to any seasonal rate classification.

Adding a new seasonal rate is outside the scope of this filing and will not be allowed in Run 3. Dropping a seasonal rate classification may be modeled in Run 3; however, full supporting data must still be provided in Run 1 and Run 2.

A separate load data profile requirement has been established in the load data instructions for the seasonal classification.

Where density was one of the primary considerations in establishing the seasonal rate classification, the above cost allocation methodology regarding density rates should also be considered.

11.3.2 Cost Allocation Methodology for Seasonal Rate Classification (and also Farm Rate Classification)

Run 1 and Run 2 of the model must apply the specified cost allocation and customer unit cost methodology.

A distributor wishing to apply 12 NCP must file a Run 3 and provide a supporting justification of this methodology, in its Filing Summary, based on the cost characteristics of its distribution system.

11.4 Unmetered Scattered Load

The present filing is intended to lead to a common cost allocation approach for these customers.

The following provides guidelines for the following situations:

- Cost Allocation Where Separate USL Rate Classification,
- Cost Allocation Where USL Part of GS<50 kW with Metering Credit, and
- Unit Costs Where USL is a Separate Classification and Future Rate Design Options

11.4.1 Cost Allocation Where Separate USL Rate Classification

Set out below is the common methodology approved for use by all distributors when modeling USL as a fully separate rate classification (e.g. Run 2). This same methodology is to be applied in Run 1 by those distributors whose 2006 approved USL charges function as a fully separate rate classification.

This methodology is not to be used in Run 1 by distributors whose 2006 USL rates were set using the special methodology arrived at during the 2006 EDR consultations.

The standard cost allocation methodology of these guidelines will apply to any USL classification subject to the following:

Customer-related Costs
Billing-related costs will be allocated based on the number of invoices sent to USL customers. However, distributors invoice USL customers differently. The different approaches include:

- A separate account and invoice for each connection,
- A separate account for each connection and a single summary bill produced by an off-line process, and
- A single bill, aggregated within the billing system.

The billing costs are to be allocated using the number of bills issued by a distributor for USL customers based on the invoicing approach used by the distributor. To the extent that some distributors may have incurred system costs to enable the consolidation of the bill for USL customers, such costs must be identified and allocated to this rate classification.

USL customers are not to be allocated costs related to meter reading expenses (Account 5310).

If known and identifiable, expenses such as tracking additions and deletions of connections or revising estimated consumption should be directly allocated.

Distribution and General Plant
USL customers are to bear the full allocated costs of distribution facilities (and associated depreciation), with the exclusion of Load Management Controls – Customer Premises (Account 1970) and Meters (Account 1860).

A distributor that installed test meters on USL in its test year as part of an ongoing verification program is to allocate the corresponding meter costs to USL.

Operation and Maintenance Expenses
Operation and maintenance expenses allocated to the USL classification are to exclude the following accounts:

- customer premises (Accounts 5070, 5075),
- maintenance of meters (Account 5175), and
- meter expenses (Account 5065).

A distributor that installed verification meters on USL are to allocate the corresponding meter related costs to USL.

Filing Questions
The following information is to be provided in the Filing Summary:

i.) As a distributor, is there summary billing for USL customers?

ii.) Does the distributor do summary billing for customer classifications other than USL? If yes, provide number of customers by classification and number of customer "sub-accounts" that the summary bills include.

iii.) Provide the estimated cost of making summary bills available and the overall savings (i.e. savings on extra costs) realized by the distributor.

11.4.2 Cost Allocation Where USL Part of GS<50 kW with Metering Credit

The following approach is expected to apply to most distributors in Run 1, including all those whose 2006 USL charges were effectively based on the special rate calculation reached during the 2006 EDR process.

USL rates are to be modelled under these circumstances as follows: demand costs will be treated as related to the GS<50 kW rate classification, while cost-justified adjustments will be made to reflect documented differing customer costs.

If a metering credit is to be implemented in the future for USL customers, then the amount of such a credit would need to be collected from other customers in order for the distributor to still collect its total revenue requirement.

Unit Cost for USL Metering Credit
The following methodology must be used to determine the metering credit for USL customers in Run 1. The first step is to identify the following items in the cost allocation model:

i.) Depreciation on Account 1860 – Meter Assets

ii.) Meter expense – Account 5065

iii.) Customer Premises – Account 5070 and 5075

iv.) Meter Maintenance – Account 5175

v.) Meter Reading – Account 5310

vi.) General plant allocated to meters

vii.) Administration and general expenses allocated to meters, and

viii.) PILs and return on equity and debt that would be allocated to the net fixed assets associated with the assets listed in i) and vi).

The total costs associated with the above list for the General Service <50 kW classification is to be divided by the number of customers in the GS<50 kW rate classification that have a meter. This will form the basis for a metering credit.

An adjustment for billing costs is not to be considered.

11.4.3 Unit Costs where USL is a Separate Classification and Future Rate Design Options

Run 2 of the filings will provide the Board with information on costs for USL as a separate rate classification.

The cost allocation filing model will calculate a standard two-part unit cost output for USL.

i.) Customer-Related Unit Cost – Number of Connections

The customer-related costs allocated to the USL classification will be divided by the number of connections to determine the customer-related unit cost.

ii.) Demand-Related Unit Cost – kWh

The demand-related cost allocated to the USL classification will be divided by the kWh associated with the USL classification to determine the demand-related unit cost.

Costs will not be determined on a kW basis by the model.

11.5 Customers with Load Displacement Generation Facilities ("LDG") Rate Classification

This section will set out a common cost allocation approach for distribution costs associated with the rate classification for customers with load displacement facilities and with the resulting unit costs.

These cost allocation filings are to apply a common methodology to model the readily quantifiable distribution costs associated with providing distribution services to customers with load displacement generation facilities, both as part of a standard rate classification and as a separate rate classification. Final evaluation of the merits of these two approaches will occur later.

The LDG rate classification to be modeled is for customers requiring distribution services with load displacement generation behind their meter. Load displacement generation provides generation for self-service with no significant generation above the customer's load.

The following will be addressed for costing an LDG Class:

- Calculation of total load,
- Cost Allocation Methodology Where Existing Load Displacement Customers are part of a Main Rate Classification (Run 1),
- Threshold for Customers in Separate Load Displacement Generation Rate Classification (Run 2),
- Cost Allocation Methodology Where LDG Rates are a Separate Rate Classification (Run 2 and Run 3),
- Benefits of diversity,
- Future LDG rate design, market generation, and hybrid generation.

The total costs to be allocated to the LDG classification are the costs associated with providing distribution service to the load that is the same as a standard distribution customer, along with the distribution costs required to support the incremental load required to back stop when the load displacement generator is not operating.

The costs associated with incremental load can be viewed as the cost of providing the standby distribution service. These costs can be determined from comparing the various runs of the model. These results can be considered later when discussing standby rates and other rate design options.

The standard cost allocation methodology of these guidelines will apply to any LDG classification subject to the guidelines below.

Identification and quantification of benefits and costs arising from load displacement facilities on the other parts of overall electricity sector, such as the transmission system, will not be addressed in these filings. Note that some benefits from load displacement facilities may not accrue to the distributor.

11.5.2 Total Load

The load data requirements when modeling LDG customers as a separate rate classification are addressed in Chapter 3.

The load associated with an LDG customer will be the full measured load of the customer, which includes the load when the load displacement generator is running and the incremental load with the generator not running (i.e. standby distribution service). This will apply to Runs 1 and 2.

For Run 3, the actual or measured load of the LDG customer taken from the distribution system should be increased to reflect the maximum potential requirement of the LDG customer; in other words, for each hour the actual, or an estimate of, the load supplied by the generator should be added to the measured load of the LDG customer supplied by the distributor. If the LDG customer has a contract with the distributor for firm back up service that specifies a maximum demand or contract demand for the back-up service, then the greater of the contract maximum demand or the adjusted load should be used.

11.5.3 Cost Allocation Methodology Where Existing Load Displacement Customers are part of a Main Rate Classification (Run 1)

The following guidelines are to be followed in Run 1 for a distributor with current standby distribution rates, where the substance suggests a separate rate classification does not underlie the approved rate (see Chapter 2 for details). They are also to be used in Run 2 by any distributor with known load displacement customers but lacking minimally acceptable load data to calculate demand costs for a separate LDG rate classification

The distribution costs underlying approved 2006 rates are to be the basis of the financial data used to model the LDG classification in Run 1 and Run 2. If a distributor has other relevant information available on costs or benefits associated with LDG customers, that should be included in a Run 3.

The number of customers in Run 2 with LDG assigned to the new rate classification could be small. Any irregularity with one or more of these customers' usage in the test year could lead to results which are not stable and predictive. Any such concern by a distributor should be noted in its Filing Summary.

If an LDG charge or credit is to be adopted in the future for LDG customers, then the implementation of new rates should recognize that once a credit or charge is given it to one group of customers an offsetting amount needs to be collected from or credited to another group of customers in order to maintain the same total revenue requirement for the distributor.

11.5.3.2 Methodology for Calculating Unit Costs

Step 1; Initial Customer Unit Costs to be Calculated by Model

The cost allocation model will calculate a range of customer unit costs ($/customer/month) and a demand unit cost ($/kW/month) for all rate classifications. These same unit costs are to be used as the first step in calculating new distribution rates for LDG customers when they are provided distribution service under the umbrella of a main rate classification.

By way of example, assume that the lower and upper range of customer unit costs for a distributor's General Service >50 kW classification are $200/month and $250/month respectively and the demand unit cost is $5/kW/month. For a customer with a load displacement generator whose load requirements from the distribution system would place it on the General Service >50 kW rate, the filing model will generate for such a LDG customer initial unit costs of $200/month to $250/month range for the customer component and $5/kW/month for the demand component.

Step 2; Identify Items for Inclusion in Additional LDG Credit or Charge Unit Cost Calculation

Further adjustments to the above initial unit costs are to be considered by a distributor. The intent is to capture any unique distribution system net costs (i.e. gross costs minus savings included in the 2006 EDR data) applicable to LDG customers beyond other customers grouped with them in the relevant Run 1 main rate classification.

Specifically, the following potential adjustments must be considered and identified as part of the filing.

i.) Within the 2006 approved rates, some distributors already include a special administration charge for standby customers to cover off the extra ongoing costs. The costs associated with this administration charge are to be directly allocated to the classification that has the LDG customers. Refer to Chapter 5 for the direct allocation methodology. In addition, the revenue from any special

administration charges is to be recognized in the revenue for this rate classification.

ii.) Adjustments may be necessary to the allocation factors where special metering capital costs are included. Refer to Chapter 9 in regard to the treatment of metering costs.

iii.) Capital contributions may have been collected from LDG customers and this is to be reflected in the allocation of capital contribution.

iv.) If a distributor can identify in its 2006 EDR data any other additional net costs for servicing LDG customers, these costs are to be directly allocated to the classification that has LDG service customers. In this regard, a distributor is to review the list provided in Appendix 11.1 of additional potential distribution system savings and costs arising from the installation of load displacement facilities and determine whether any such items have been recognized on a net cost basis (i.e. gross cost minus savings) in the trial balance that supports the 2006 approved rates.

Step 3 - Calculation of LDG-specific Unit Costs

The filing model cannot undertake the LDG credit or charge calculation itself. The following steps are to be taken to develop the credit or charge in this filing:

i.) The identified costs and revenues associated only with LDG customers should be separated into customer and demand related costs and revenues pursuant to the guidelines set out above for identifying these costs.

ii.) The total customer related items should be divided by the number of LDG customers in Run 2.

iii.) The total demand related items should be divided by the total kWs for LDG customers in Run 2.

Future Rate Design Steps

The calculated LDG-specific unit costs will be one of the items of information to be available and considered when designing and implementing new LDG rates.

The unit costs calculated here should not be interpreted as representing a proxy for new standby distribution rates, as the LDG unit cost represents the costs of providing the standard distribution service for the base load as well as the standby distribution service. It is planned that the merits of all the various options for designing rates for LDG customers will be examined by the Board in the future.

11.5.4 Threshold for Customers in Separate Load Displacement Generation Rate Classification (Run 2)

A customer will not be considered to be part of that separate rate classification unless its standby distribution service requirements are greater than 500 kW in Run 2.

If the standby distribution service is lower than that threshold, the customer should be treated as a standard customer in the classification of service it receives.

For the purpose of applying the 500 kW standby threshold, the standby distribution requirement is to be based on the rated capacity of the load displacement generator unless the distributor has a formal contract with the customer specifying an alternate value. If a distributor is aware of a load displacement customer and does not have information on the rated capacity of that load displacement generator, it is to contact the customer to collect the necessary information for the distributor's cost allocation filing to the Board. If no detailed information is obtained, an explanation as to why should be provided in the distributor's Filing Summary, and the distributor should estimate the distribution standby requirement from the difference between the peak month when the load displacement generator is not running and the average 12 month load of the LDG customer. The Filing Summary should note any concerns about the reliability of such an estimate.

11.5.5 Cost Allocation Methodology Where LDG Rates are a Separate Rate Classification (Run 2 and Run 3)

The same cost allocation methodology approved for use with other rate classifications must be applied to this classification.

In Run 1 there is to be only one separate LDG classification. All LDG customers above the 500 kW threshold are to be included in this classification.

More than one separate rate classification for LDG may be modelled in Run 3. If each such rate is to be modeled as a fully separate rate classification with its own load data requirement, then the reliability of the load data used should be discussed in the distributor's Filing Summary

A distributor should indicate in its Filing Summary the number of customers in LDG rate classification by the rate classifications to which the customers were previously assigned before they were placed in a separate classification.

The default load data method using actual customer loads is to be used when modeling a separate LDG rate classification in Run 2. A distributor will have the option to use the load data alternative discussed in Chapter 3 for Run 3.

In Run 2 a separate calculation of a charge or credit is not necessary. Nevertheless, the potential net costs described above in filing Step 2 should be reviewed as they may also apply to the separate LDG rate classification to be modeled and filed. As part of this, a distributor must review the list of potential additional costs or savings set out in Appendix 11.1.

If any other significant additional distribution system benefits or costs can be identified and quantified at this time by a distributor following its review of Appendix 11.1 (i.e. outside of those items included in the trial balance figures which supported approved 2006 EDR rates and which should be taken Into

account in Run 1 and Run 2), then such information is to be included in a Run 3 of the model along with an explanation in the distributor's Filing Summary.

11.5.5.5 Filing Questions

i.) If a distributor has an approved administrative charge in respect of standby rates, then it is to explain the basis and components of this charge.

ii.) If the distributor incurs other extraordinary costs to provide service to a load displacement generator, how will these extraordinary costs be recovered? (For example: by way of a capital contribution, by a rate rider for the specific customer, or rolled into rates for all customers in the classification.)

iii.) Where a distributor with a currently approved standby rate (including interim standby rate) cannot presently quantify any additional benefits and/or costs after reviewing Appendix 11.1, then the distributor is to outline the elements that could be included in any future study designed to document the distribution benefits and costs from load displacement facilities, or indicate any other means by which it could estimate such distribution benefits and costs.

11.5.6 Benefits of Diversity

The benefits of diversity are expected to grow as the number of load displacement facilities increases. The sharing of the benefits of diversity will likely differ under each of the two cost allocation methods approved for LDG service customers.

Proper adherence to these guidelines will result in the following recognition of diversity.

Where LDG Customers are not a Separate Class

In most cases, Run 1 will have the customers with load displacement in a standard rate classification and the diversity of the total standard rate classification will be reflected in the unit costs. This means the combined diversity benefits associated with customers using LDG service as well as all other customers in the classification will be reflected in the LDG Run 1 initial unit costs. (As discussed above, customer costs unique to LDG customers should also be identified for calculating an additional LDG credit or charge.)

Where LDG Customers are in their own Unique Class

In Run 2, the customers with load displacement will be assigned to a separate rate classification and only the diversity benefits associated with the customers using LDG service will be reflected in the classification's unit costs.

11.5.8 Merchant Generation, Hybrid Facilities, and Other Specialized Rate Classes

Merchant Generation

A merchant generator is defined to be a generator that provides a significant amount of its generation into the distribution system and also provides the generation required to support its own electricity needs. When the merchant generator is shut down, the distribution system will most likely need to support the load requirement of the merchant generation station and to provide whatever power is required to start the merchant generator. This is to be considered when allocating costs to this rate classification and discussed in the Filing Summary.

In Run 3, an interested distributor has the option of modeling appropriate unit costs for merchant generation in place in the 2006 EDR test year. This is required for a specific distributor under a prior Board decision.

In such a case, the distributor's Filing Summary is to discuss the general approach used (e.g. whether a fully separate rate classification was established), document supporting accounting and load data used, and explicitly identify and justify if any cost allocation method was utilized which differs from what is approved in the present Report.

Hybrid Facilities

There is also the situation where a generator is providing load displacement generation but also has significant generation above the customer's load. In this case the generator is performing a "hybrid" role of load displacement and merchant generation. Appropriate unit costs for these facilities in place in the 2006 test year could be modeled by an interested distributor in the optional Run 3 of the model. In such cases, the distributor's Filing Summary is to discuss the general approach used, document supporting accounting and load data used, and explicitly identify and justify if any cost allocation method was utilized which differs from what is approved in the present Report.

Other Specialized Rate Classes

Various distributor specific rate classifications exist (such as a small commercial rate or a water sewage facility rate). The affected distributor is to apply the approved cost allocation methodology to the extent possible, including load data requirements (see Appendix 3.1 of the Report). If any changes or additions are made to the cost allocation methodology applied to these specialized rates by the distributor, the alternative method followed is to be consistent with sound cost allocation and explained and justified in the distributor's Filing Summary (and supporting information provided in the filing).

If a distributor is considering eliminating a distributor specific rate classification in the future, an explanation is to be included in its Filing Summary and the effect should be modeled in Run 3.

Chapter 12 Unit Cost Outputs

The cost allocation filings will gather customer unit cost information to assist with future discussions on the following rate design areas:

i.) Review of the range of monthly customer service charges,

ii.) Review of alternatives to the current transformer ownership allowance, and

iii.) Customers that are wholesale market participants.

12.1 Monthly Customer Service Charge

The cost allocation model will calculate reasonable cost-based lower and upper end customer unit costs per month. The calculation will be performed on all currently approved rate classifications (Run 1), as well as the select new rate classifications to be modeled in Run 2 (or Run 3).

These lower and upper end customer unit costs must both be adjusted to include the smart meter adder, to be consistent with the monthly fixed charges approved in the 2006 rate orders. A distributor is to enter the smart meter adder into sheet I5 Miscellaneous of the cost allocation model by rate classification. In most cases, the distributor will find the adder in the formula bar of column T, Sheet 8-5, of the approved 2006 EDR model.

12.2 Substation and Secondary Transformer Ownership Unit Charges

With a few exceptions, the present level of transformer ownership allowance is $0.60 per kW. The filings will use a new common methodology to review this charge, and a distributor will enter its own local cost data. To refine the calculation, a two part transformer allowance will be modeled (substation and secondary transformation).

As a result of separating the distribution system into bulk, primary and secondary functions, it has become apparent that a customer may own other primary and secondary assets and could be paying for these additional facilities in their standard rates. For example, a General Service >50 kW customer who is taking power from the primary assets would be paying for distributor-owned secondary transformation, poles and conductors in its standard rates but would not be using these facilities. The same would be the case where a customer is taking power from the bulk assets and their standard rates include primary and secondary costs.

The filing model will calculate new unit costs for substation and secondary transformation only based on the costs that have been subfunctionalized on I4 BO Assets.

The information gathered on the two other cost pools (primary and secondary conductors and poles) will be available in case of any future discussions on the

pros and cons of further refinements and credits for use of the distribution facilities.

12.3 Customers that are Wholesale Market Participants

As part of the Filing Summary, a distributor must answer the following questions (if applicable) relating to customers who are connected to the distribution system but have chosen to be wholesale market participants (and who are not a generator). The information is expected to be of assistance if a credit for these customers is discussed anytime in the future.

i.) Provide the number of customers and delivery points, annual kWhs, and kWs (if applicable) by rate classification for those customers that are wholesale market participants. If i) is applicable, please answer ii) and iii).

ii.) Are there any other additional costs of providing service to customers who are wholesale market participants, over and above the costs associated with a comparable customer who is not a wholesale market participant? If yes, identify the additional cost items and estimate the incremental cost amounts.

iii.) Are there any costs that are avoided in providing service to customers who are wholesale market participants? If yes, identify the avoided cost items and estimate their value.

APPENDICES

Appendix 1.1

Filing Summary

Name of Utility:	
2006 EDR EB-2005-	
Contact:	
Phone number:	
e-mail:	

Item	Ref.	Request	Response
1	2.2.2 Unmetered Scattered Load and Metering Credit	Include an explanation supporting a separate rate classification if approach ii) for Run 1 is used for USL.	
2	2.2.3 Load Displacement Generation	Include an explanation supporting a separate rate classification if the distributor wishes to use approach ii) for LDG.	
3	2.3.1 Test Year and Rate Classifications for Run 2	Identify for future reference any significant changes to operations, following the 2006 EDR test year, that would materially impact rate classification statistics.	
4	2.3.2 Elimination of Legacy Time of Use Rates Alternative 1	Explain placing legacy TOU customers in a GS>50 range classification in Run 2.	
5	ibid	Explain the modelling of any new TOU rate class.	
6	ibid	Explain how the legacy TOU has been modelled.	
7	2.3.4 Common Separate Classification of Embedded Distributors	If a host distributor believes that the resulting unit costs are not sufficiently distinctive, then the merit of creating a new rate classification or including embedded distributors in another suitable classification should be discussed.	
8	2.3.6 LDG Load Data reliability	Identify and explain any concerns about the reliability of LDG load data.	

9	2.3.6 LDG with no Load Data	If no reasonable LDG load data is available, the utility must explain why.
10	2.4 Run 3 Class Deletions	Explain any class deletions.
11	2.4 Run 3 Addition New Class	Explain any new classes.
12	2.4 Run 3 Any Significant losses	Provide supporting rationale and cost and load data for any significant customer losses.
13	2.4 Run 3 Use of 12 NCP	Provide supporting justification for using the 12 NCP in Run 3 based on the cost characteristics of the distributor's system
14	2.4 Run 3 using different density stratum	Provide strong reasons to justify a minimum system classification using another density stratum.
15	2.4 Run 3 Use of distributor specific minimum system study	Provide supporting explanation of details for using a distributor specific system study and PLCC calculation.
16	2.4 Run 3 Alternative LDG Load Data	Provide an explanation for the alternative load data for an LDG.
17	2.4 Run 3 Additional costs and benefits for LDG.	Explain the details of the additional costs and benefits for LDG and associated rationale.
18	3.1 Load Data General	Specifically identify and discuss customers, aside from Run 1 USL and LDG Customers, for whom separate load data will not be provided.
19	3.1 Load Data Merchant Generation	Explain the suitability of the load data used to model merchant generation as a separate class.
20	3.1 ibid	Explain if the load data development methodology is different from that that used for the separate load displacement generation rate classification in Run 2 or Run 3.
21	3.1 Load Data Profile Changes	Identify any significant change in the relative load profiles for a historic test year filer.

22	3.3 Load Shapes - Residential	Was an update of the appliance saturation survey done on the utility's customers?
23	ibid	Did the utility update its residential appliance saturation survey jointly or singularly?
24	ibid	If the utility updated its appliance survey jointly, state with whom.
25	ibid	Did the utility borrow the appliance survey?
26	ibid	If the survey was borrowed, from whom was it borrowed?
27	ibid	If the server was borrowed, Confirm that a test was taken to prove that the markets were good matches.
28	ibid	Was the appliance survey estimated?
29	ibid	If the appliance saturation was estimated explain the basis for the estimate.
30	3.3 Load Profiles - Non-Hydro One Profiles	Provide the name of the service provider and its qualifications.
31	ibid	Provide the source of the data provided.
32	ibid	If the generic Residential and GS>50 kW load data information was used, then provide the methodology used to reliably create the utility-specific load profile.
33	3.4 Normalization	Any distributor who is not using the Hydro One Load Data Team is to confirm that the Hydro One methodology was used to weather normalize its load profile.
34	3.5 Additional Information	Provide the 2006 EDR revenue
35	ibid	Provide the normalized revenues
36	ibid	Calculate the difference between the 2006 EDR and the normalized revenues

37	ibid	A future test year utility in the 2006 EDR is to explain how the methodology used to create the revenue requirement compares to the methodology used to weather normalize their respective load data for use in the cost allocation studies.
38	3.6 Load Displacement General	Identify any concerns or qualifications about the reliability of the load data collected.
39	ibid	If the distributor believes it has not gathered minimally-acceptable load data, it must explain what efforts were made to collect the data.
40	ibid	If the distributor believes it has not gathered minimally-acceptable load data, then it must propose another treatment for its load displacement customers in Run 2 of its filing
41	ibid	Provide the basis and the calculations for the load estimates used in Run 3.
42	ibid	Indicate the number of customers in the service territory that have load displacement generation equipment above 500 kW.
43	ibid	To the extent that the information is available, categorize these load displacement facilities by size and type of generation (wind, gas-fired, cogeneration etc.) and the associated LDG requirement.
44	ibid	Indicate whether the load data developed for the load displacement generator customers is considered to be representative of the ongoing performance of the associated generation facilities.
45	ibid	Explain what steps were taken to gather relevant data to assess the existence of diversity if a separate load displacement generation rate classification has been modeled in Run 3.
46	ibid	Explain what steps were taken to reflect any diversity of generation in its filing if a separate load displacement generation rate classification has been modeled in Run 3.

47	ibid	Provide an explanation if the distributor believes diversity does not exist or if suitable data cannot reasonably be obtained to assess the question.
48	3.7 ii) USL Battery Mats	Explain any concern about the available information on the number and installed capacity of battery mats.
49	ibid	If CATV power supply battery mats were not taken into account in a future test year filer's 2006 EDR application, discuss whether the approved revenue requirement needs to be corrected or not for present filing purposes and explain why or why not an adjustment is reasonable in its specific circumstances.
50	4 Test Year Revenue	Identify any major changes to its distribution system that may have occurred since its 2006 EDR test year and which could materially impact its cost allocation results.
51	4.1.3 Future Test Year Utilitys trial balance.	Future test year filers for 2006 rates are to indicate whether the trial balance being used for its cost allocation filing was submitted previously as part of its EDR 2006 filings or was developed afterwards.
52	4.1.6 Adjustment to the Trial Balances	If a distributor feels there has been a change in the operation of its utility that would significantly impact the approved revenue requirement and rates, then the distributor should disclose and discuss this information.
53	4.7 Specific Questions	As a distributor, summarize your capitalization policies.
54	ibid	Disclose the functions that are charged to Account 5630 Outside Services Employed.
55	ibid	Disclose in which account(s) Customer Information System Expenses are currently recorded and the activities it includes.
56	5.2 Direct Allocation Methodology	Address whether or not an adjustment to the class allocation factors was considered appropriate to eliminate double charging and confirm it was undertaken where warranted.

57	5.2 Specific Questions	Support any direct allocation with a summary of supporting accounting records for the specific facility in question.
58	ibid	Provide single line diagram/schematic indicating the facility concerned, the customers served, and any other facilities serving the same customers.
59	ibid	If a direct assignment is applied to a customer that also receives back-up service, the filing must include an explanation and supporting documentation on how an appropriate share of back-up serve was determined and allocated.
60	ibid	If a direct assignment is applied to a customer that also receives back-up service, the filing must include an explanation and supporting documentation if an allocator other than the customer's NCP is used.
61	6.2.2.6 Filing Requirements	Explain how the distributor applied the Board's bulk asset test to its system, and why it concluded it did or did not have bulk assets.
62	ibid	All distributors will be required to include in their filings a single line diagram or schematic of their distribution system.
63	ibid	Where a distributor believes it has assets that serve a bulk function under the Board's test, an explanation must also be added to the diagram or schematic filed indicating which specific assets have been identified as bulk and the customers by rate classification that are served from such bulk assets.
64	6.2.2.7 Hydro One	Hydro One is to provide an explanation (including supporting schematic diagram or equivalent) and justification of its LV cost pool, if this sub-functionalization is employed.
65	ibid	Hydro one must discuss the impact(s) on its filing from using a "subtransmission" cost pool compared to the standard "bulk" asset cost pool, if employed.

66	ibid	If Hydro One wishes to use CP to allocate the subtransmission cost pool it must provide justification.
67	6.3.1 Bulk, Primary, and Secondary	Explain how the distributor broke out its costs between bulk, primary and secondary assets.
68	6.6 Capital Contributions - recommended approach	A distributor is to provide its methodology and supporting information to the detailed analysis of capital contributions by either rate class or asset type.
69	ibid	When the capital contribution is assigned to asset type, explicitly identify capital contributions associated with bulk (if any), primary and secondary assets.
70	6.6 Capital Contributions - alternative approach	A distributor using the alternative approach must indicate the proportion of its total assets that contributed capital represents.
71	6.7 Depreciation and Accumulated Depreciation	Explain and justify any an alternate approach in regard to the break out of accumulated depreciation and depreciation expenses employed.
72	7.1.2 Density Thresholds	Urban distributors with a large downtown secondary network system are to provide a brief description.
73	ibid	Distributors having a significant underground distribution system are to provide a brief description.
74	ibid	If the distributor is a low density distributor for filing purposes, consider and advise if there is any factor(s) which may lead to the low density generic minimum system result not being reasonably reflective of the specific system's characteristics.
75	7.5.3 Filing Question	Provide and explanation If any distributor suspects its generic minimum system result and/or the generic Peak Load Carrying Capacity (PLCC) adjustment has contributed to an anomalous filing result for a rate classification.
76	7.6 Distributor Specific Minimum	Provide the date of the minimum system study.

System

77	ibid	Provide a general description of the methodology used in the minimum system study.
78	ibid	Provide the definition and size of the “minimum” system assumed in the study.
79	ibid	Provide the treatment of overhead and underground assets in the study.
80	ibid	Provide the treatment of any large urban network systems in the study.
81	ibid	Where the distributor amalgamated with another distribution company since the original minimum system study was completed, has the study been updated to reflect the amalgamation?
82	ibid	Provide the PLCC methodology followed and size of adjustment proposed in the study.
83	ibid	Provide a discussion of the materiality of the difference in filing results from use of the generic minimum system figures versus the distributor specific study.
84	7.7.2 Filing Questions	Estimate the number of individually metered Residential customers who reside in multi-unit dwellings and the number of distributor connection points which supply the multi-unit complexes.
85	ibid	Estimate the number of individually metered General Service customers that are located in multi-unit complexes and the number of distributor connection points which supply the multi-unit complexes.
86	ibid	Estimate the number of individually metered mixed use customers (i.e. Residential and General Service).
87	ibid	Estimate how many of the multi-unit connection points are at primary voltages and how many at secondary voltages for both residential and general service complexes.

88	8.1 Allocation of Demand Related Factors	Provide an estimation of "non-technical" energy losses (e.g. theft of power, billing accruals, metering problems) as a percentage of energy purchased
89	ibid	Provide an estimation of technical distribution system energy losses as a percentage of energy purchased. The sum of technical and non-technical losses is the total measure of distribution losses.
90	ibid	Provide an estimation of the technical line losses broken out according to the > 50 kV assets
91	ibid	Provide an estimation of the technical line losses broken out according to the bulk assets
92	ibid	Provide an estimation of the technical line losses broken out according to the primary assets
93	ibid	Provide an estimation of the technical line losses broken out according to the secondary assets
94	ibid	If the 12 NCP is used in RUN 3, provide supporting justification based on the cost characteristics of the distribution system.
95	ibid	If the 12 NCP is used in RUN 3, highlight the impacts of the different NCP allocator used in Runs 1 and 2, versus Run 3.
96	9.3.1 Billing Activities	If better information to allocate costs associated with billing activities was used, provide an explanation and support of the alternative allocation methodology.
97	ibid	Identify what accounts include the expenses associated with the Call Centre and indicate the percentage in each account
98	ibid	Identify what accounts include the expenses associated with the Customer Information System and indicate the percentage in each account.
99	ibid	Identify what accounts include the expenses associated with the Key Accounts and indicate the percentage in each account.

100	ibid	Identify what accounts include the expenses associated with the Payment Processing and indicate the percentage in each account.
101	2.3.2 Meter Capital	Provide an explanation and supporting detail when distributor-specific information is used in the model in lieu of the default weighting provided.
102	9.3.3 Meter Reading	Provide documentation where materially better information exists for meter reading costs.
103	9.3.4 Services	Provide supporting information where actual cost factors are materially better than the defaults.
104	ibid	If there are no costs in Account 1855, explain why.
105	ibid	Services (Account 1855): What facilities are included in this account?
106		Services (Account 1855): Do these facilities match the definition in the USoA?
107	ibid	Services (Account 1855): If the accounting treatment is different than described in the USoA, explain the accounting treatment of this account and estimate the impact on the account.
108	ibid	Services (Account 1855): Does this account capture the service drops for all customers or only the costs of service drops operated at secondary voltage (<750 volts)?
109	ibid	Services (Account 1855): Are there any distributor-owned service drops to customers served from primary or bulk facilities and, if so, where are the costs of these facilities reported?
110	ibid	Services (Account 1855): If there are distributor owned primary or bulk drops, but not recorded in this account, where are the costs of these facilities reported?
111	10.2 General Plant	Provide supporting explanation and documentation of the detailed analysis used for the allocation of General Plant, if the default is not used.
112	10.6 Bad Debt Expenses	Highlight and discuss any excluded extraordinary bad debt.

113	10.7.3 Late Payment Charges and Collection Expenses	Indicate whether the records are available to break out collection costs (Accounts #5320, #5325 and #5330) by rate classification.
114	11.1 Embedded Distributor	Address any special situation that arises for a host distributor serving several embedded distributors.
115	ibid	If a host distributor models an alternative in Run3, justify the need.
116	11.1.2 Methodology for Embedded Distributors	Discuss reasons if a host distributor believes the results of the cost allocation study do not warrant creating (or maintaining) a separate rate classification for embedded distributor(s).
117	11.2 Density-Based Classifications	Include more detailed analysis with rationale to support the different allocation of costs to the various density classifications if a distributor plans to maintain density rates in the future.
118	ibid	Provide a rationale for the density threshold used for the rate classification, if a distributor intends to maintain its density-based rates.
119	11.3.2 Seasonal Rate Classification	Provide a supporting justification for applying 12 NCP in Run 3 based on the cost characteristics of the system.
120	11.4.1 USL	As a distributor, is there summary billing for USL customers?
121	ibid	If the distributor provides summary billing for customer classifications other than USL provide number of customers by classification and number of customer “sub-accounts” that the summary bills include.
122	ibid	Provide the estimated cost of making summary bills available and the overall savings (i.e. savings on extra costs) realized by the distributor.
123	11.5.3 LDG Run 1	Any concerns as to the stability of customer usage is to be noted.
124	11.5.4 LDG Run 2	Explain why there is no detailed information on the LDG's rated capacity.

125	11.5.5 LDG Run 2 & Run 3	Discuss the reliability of load data for LDG's modelled separately.
126	ibid	Provide the number of customers in LDG rate classification by the rate classifications to which the customers were previously assigned before they were placed in a separate classification.
127	ibid	Identify and explain any additional significant benefits or costs used in Run 3.
128	11.5.5 Filing Questions	If a distributor has an approved administrative charge in respect of standby rates, then it is to explain the basis and components of this charge.
129	ibid	If the distributor incurs other extraordinary costs to provide service to a load displacement generator, how will these extraordinary costs be recovered?
130	ibid	Where a distributor with a currently approved standby rate (including interim standby rate) cannot presently quantify any additional benefits and/or costs after reviewing Appendix 11.1, then the distributor is to outline the elements that could be included in any future study designed to document the distribution benefits and costs from load displacement facilities, or indicate any other means by which it could estimate such distribution benefits and costs.
131	11.5.8 Merchant Generation	Discuss the need to support the load requirement of the merchant generation station and to provide whatever power is required to start the merchant generator.
132	11.5.8 Merchant Generation - Specific Distributor	Discuss the general approach used (e.g. whether a fully separate rate classification was established), which differs from what is approved in the present Report.

133	ibid	Document supporting accounting which differs from what is approved in the present Report.
134	ibid	Document supporting load data which differs from what is approved in the present Report.
135	ibid	Explicitly identify and justify if any cost allocation method was utilized which differs from what is approved in the present Report.
136	11.5.8 Other Specialized Rate Classes	Discuss the general approach used (e.g. whether a fully separate rate classification was established), which differs from what is approved in the present Report.
137	ibid	Document supporting accounting which differs from what is approved in the present Report.
138	ibid	Document supporting load data which differs from what is approved in the present Report.
139	ibid	Explicitly identify and justify if any cost allocation method was utilized which differs from what is approved in the present Report.
140	11.5.8 Other Specialized Rate Classes	If any changes or additions are made to the cost allocation methodology applied to specialized rates by the distributor, the alternative method followed is to be explained and justified (and supporting information provided in the filing).
141	ibid	Provide an explanation on considering eliminating a distributor specific rate classification in the future.
142	12.3 Wholesale Market Participants	Provide the number of customers and delivery points, annual kWhs, and kWs (if applicable) by rate classification for those customers that are wholesale market participants.

143	ibid	Identify the additional cost items and estimate the incremental cost amounts if there are any other additional costs of providing service to customers who are wholesale market participants, over and above the costs associated with a comparable customer who is not a wholesale market participant?
144	ibid	Identify the avoided cost items and estimate the value of any costs that are avoided in providing service to customers who are wholesale market participants?

Appendix 1.2

Schedule of Distributor Filing Dates

Group One - **EB-2006-0247** – November 30, 2006

Atikokan Hydro Inc.
Chatham Kent Hydro Inc.
COLLUS Power Corp
E.L.K. Energy Inc.
Enersource Hydro Mississauga
Grand Valley Energy Inc.
Hearst Power Distribution Company Limited
Hydro 2000 Inc.
Hydro One Brampton Networks Inc.
Innisfil Hydro Distribution Systems Limited
Kingston Electricity Distribution Limited
Lakefront Utilities Inc.
Lakeland Power Distribution Ltd
Middlesex Power Distribution Corporation
Milton Hydro Distribution Inc.
Newmarket Hydro Limited
Niagara-On-The-Lake Hydro Inc.
North Bay Hydro Distribution Ltd.
Orangeville Hydro Limited
Orillia Power Distribution Corporation
Oshawa PUC Networks Inc.
Tay Hydro Electric Distribution Company Inc.
Tillsonburg Hydro Inc.
Toronto Hydro-Electric System Limited
Wasaga Distribution Inc.
West Perth Power Inc.

Group Two - **EB-2007-0001** – January 15, 2007

Barrie Hydro Distribution Inc.
Bluewater Power Distribution Corp.
Brantford Power Inc.
Burlington Hydro Inc.
Canadian Niagara Power Inc.
Chapleau Public Utilities Corp.
EnWin Powerlines Ltd.
Greater Sudbury Hydro Inc.
Halton Hills Hydro Inc.
Horizon Utilities Corporation
Hydro One Networks Inc.

Hydro Ottawa Limited
Kenora Hydro Electricity Corp Ltd.
Northern Ontario Wires
PowerStream Inc.
PUC Distribution Inc.
St. Thomas Energy Inc.
Thunder Bay Hydro Electricity Distribution Inc.
West Coast Huron Energy Inc.
Whitby Hydro Electric Corporation
Woodstock Hydro Services Inc.

Group Three - **EB-2007-0002** – February 28, 2007

Brant County Power Inc.
Cambridge and North Dumfries Hydro Inc.
Erie Thames Powerlines Corp.
Essex Powerlines Corporation
Festival Hydro Inc.
Grimsby Power Incorporated
Guelph Hydro Electric Systems Inc.
Haldimand County Hydro Inc.
Kitchener-Wilmot Hydro Inc.
London Hydro Inc.
Midland Power Utility Corporation
Niagara Falls Hydro Inc.
Norfolk Power Distribution Inc.
Oakville Hydro Electricity Distribution Inc.
Parry Sound Power Corporation
Peninsula West Utilities Limited
Peterborough Distribution Inc.
Veridian Corporation
Waterloo North Hydro Inc.
Welland Hydro-Electric System Corp.

Group Four - **EB-2007-0003** – March 31, 2007

Attawapiskat Power Corporation
Centre Wellington Hydro Ltd.
Clinton Power Corporation
Cooperative Hydro Embrun Inc.
Dutton Hydro Limited
Espanola Regional Hydro Distribution Corporation
Fort Albany Power Corporation
Fort Frances Power Corporation
Great Lakes Power Limited
Hydro Hawkesbury Inc.

Hydro One Remotes Communities Inc.
Kaschewan Power Corporation
Newbury Power
Ottawa River Power Corporation
Renfrew Hydro Inc.
Rideau St. Lawrence Distribution Inc.
Sioux Lookout Hydro Inc.
Terrace Bay Superior Wires Inc.
Wellington North Power Inc.
Westario Power Inc.