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October 11, 2006

Ontario Energy Board
27th Floor
2300 Yonge Street
Toronto, ON M4P 1E4

Delivered by: Email
(boardsec@oeb.gov.on.ca)

Attention: Ms. Kirsten Walli
Board Secretary

RE: HALDIMAND COUNTY HYDRO INC.
Cost of Capital and 2nd Generation Incentive Regulation
(EB-2006-0088) and (EB-2006-0089)
Technical Conference September 18 -22, 2006
Responses to Questions Filed by the Board Staff and School Energy Coalition

We are writing as a member of the group of LDCs represented by Energy Cost Management Inc. ("ECMI") at the Board's Technical Conference held September 18 – 22, 2006 with respect to Cost of Capital and 2nd Generation Incentive Reconciliation. Specifically we have enclosed our coordinated responses to the resulting questions filed by the Board Staff and the School Energy Coalition ("SEC") in electronic format (Adobe files attached to email).

Yours truly,
HALDIMAND COUNTY HYDRO INC.

Jacqueline A. Scott
Finance Manager

Encl.

Cc: Jay Shepherd, Counsel, School Energy Coalition
Roger White, President, ECMI
Lloyd Payne, President & CEO, Haldimand County Hydro Inc.

HALDIMAND COUNTY HYDRO INC. ("HCHI")
(Member of the ECMI Group of LDCs)
EB-2006-0088/0089
COST OF CAPITAL and 2ND GENERATION INCENTIVE REGULATION
RESPONSE TO TECHNICAL CONFERENCE QUESTIONS
OF THE BOARD STAFF

1. **Access to Capital (addressed to distributors)**
   Please provide any information available on situations where your distribution utility has experienced difficulties in obtaining financing for capital investments on reasonable terms. What reasons were given for the inability to raise capital or on unreasonable (i.e. above-market rates)?

   Response

   It is difficult to establish the "market rate" for an individual LDC. An LDC might go to considerable effort to determine its particular "market rate". Only then would it be in a position to assess whether or not it had experienced difficulties in obtaining financing for capital investments. The answer may be dependent upon how the LDC has participated in the debt market. Each time and LDC obtains financing, a number of variables are in play at that time, so there is not a single answer for the rate paid, but only when the rate is paid is it a market rate.

   Financing negotiations are a sensitive matter for LDCs and no direct response is provided to this question as the response could be prejudicial against this LDC's potential borrowing and the associated rates in any subsequent financial negotiations.

2. **Merger and Acquisition Valuations (addressed to distributors)**
   Please provide information available specifically on the valuation (relative to the net book value) of your distribution utility (if you were considering or effected the sale or merger of your utility) or of another distribution utility that you were considering or effected a merger or acquisition with.

   Response

   Many of the presenters have suggested that, what investors are looking for when they invest in a regulated entity, is a predictable future stream of revenue. To the extent that the Board modifies the expectations for a stream of revenue, those

potential investors may go elsewhere, or investment may come with some other, and potentially new, conditions such as preferred share status.

The chances for rationalization of the industry may be materially diminished by the Board Staff proposed reduction in return on equity and the associated future stream of revenue.

An LDC's value is a sensitive matter for LDCs, and no direct response is provided to this question as the response could be prejudicial against this LDC's ability to enter into merger discussions or equity discussions.

HCHI's municipal Shareholder initiated an RFP for the divestiture of the utility in October 2004, after which the process was stopped in February 2005. HCHI was not privy to any valuation that may have been prepared by a third party and provided to the Shareholder as part of that process.

3. Impact on Sector Rationalization
What impact (positive or negative), if any, might changing capital structure for most Ontario electricity distributors have on the prospects of physical consolidation of electricity distributors?

Response

A change in the deemed capital structure could have a positive or negative impact on sector rationalization. Larger LDCs would likely be more attractive for sale than smaller LDCs as the equity portion for larger LDCs is increasing under the Board Staff proposal as compared to the status quo. In contrast, smaller LDCs would likely be less attractive for sale than larger LDCs as the equity portion for smaller LDCs is decreasing under the Board Staff proposal as compared to the status quo. These equity adjustments impact the potential future stream of revenue and would impact any valuation accordingly.

If a reduction in return were paired with the change in deemed capital structure initiative, it could result in deferral of any or all rationalization activities. Many might defer decisions until PBR 3 is introduced.

4. Return on Equity – Cannon Methodology
Several parties have suggested that the Board retain the existing method of calculating the ROE as documented in Dr. Cannon's paper "Determination of Return on Equity and Return on Rate Base for Electricity Distribution Utilities in Ontario", dated December 1998, and consistent with the ROE

methodology used in rate regulation of natural gas distributors under the Board's "Draft Guidelines on a Formula-Based Return on Common Equity for Regulated Utilities". If the Board was to retain current methodology:

a. Should the ROE be updated for May 1, 2007 distribution rate adjustments?

Response

Yes.

b. What should the starting point for the ROE applicable to electricity distributors (e.g., 9.88% from the first Distribution Rate Handbook or 9.00% as calculated in the 2006 Electricity Distribution Handbook)?

Response

The risk premium or premiums and cost of risk free debt should be updated consistent with the previous methods applied in the Cannon method, including the panel of experts.

c. If updates to the ROE are not done annually (e.g. under IRM), then how should the ROE update be done at the time that distributors file rebasing applications?

Response

As the PBR 2 regime is a 3-year regime, the return should be fixed once for all LDCs during the 3-year period, as the performance adjustment including the stretch factor is already aggressive. Further adjustment in the equity should not be made during the 3-year period. If the debt level is updated, it should be updated for all LDCs.

5. Return on Equity and Rebasing
The staff proposal currently would have the IRM price cap formula applied to existing Board-approved distribution rates, largely set through 2006 EDR applications.

a. Does the change in the inflation or price escalator factor of the price cap index, measured by GDP-IPI (Final Domestic Demand) as proposed by staff, reasonably track or proxy also the changes in the

debt rates and market returns (and therefore the distributors ROE) year to year?

Response

In order to fully comment would require a trend analysis comparing GDP-IPI with debt rates and market returns. The requirements of this full and comprehensive analysis exceed the time and resources available to this LDC.

This question is profound in that it appears to imply acceptance of the Board Staff's proposed method of adjusting LDC rates in PBR 2. Given the reports and information currently available in this process, the Board staff proposal appears to be inadequate as a basis for PBR 2.

b. If so, is an ROE adjustment required in 2007 and while a distributor is subject to the price cap index? What are the implications of not changing the Return on Equity (ROE) currently allowed in a distributor's approved distribution rates until the distributor files a Cost of Service (rebasing) rate application during the period 2008 to 2010?

Response

If the Cannon method is revisited as suggested in the response to Q.4, then it might be appropriate to adjust the return on equity specific to the LDC's rate base for 2007 through 2010. Such an adjustment would be a one-time adjustment for the period 2007 through 2010, based on the specific dollar adjustment required as a result of the ROE adjustment.

For LDCs rebasing in the period between 2007 and 2010, the adjustment in rates would exclude a general adjustment in ROE, but be based only on the relative change in accepted operating expenses and any CI-factor adjustment both as a percentage of the revenue requirement.

6. Capital Structure

Several distributors have raised concerns about migrating quickly to a new capital structure. Consider a scenario whereby the Board were to phase in the change from the existing size-related capital structure to the common structure, for rate-making purposes, over several years. For example, a large distributor with over $1 billion in rate base might move from its

deemed 35% equity to 40% over two years, to mitigate possible rate impacts on ratepayers. As another example, a small distributor with a rate base of less than $100 million could migrate from its current deemed 50% equity to 40% equity over three years, to mitigate the impact on corporate restructuring and on the distributor's shareholder(s). This change in the capital structure would be accomplished through the K-factor while the distributor is under an incentive rate mechanism (IRM) scheme, and a distributor migrating to the new capital structure would also factor such migration into its Cost of Serve rebasing application.

a. **What are the implications, advantages and disadvantages of such an approach?**

Response

The proposed capital structure disadvantages small- and medium-sized distributors because it fails to recognize the size risk influence identified in the Lazar and Prisman report, pages 21 and 22, in their reference to the Standard and Poor's, and also recognized by Cannon in the OEB PBR 1 method.

b. **Are there alternative approaches that the Board might consider?**

Response

Continue to use the Cannon approach or apply a different risk premium on the equity component for smaller, medium and large sized distributors which is commensurate with the scale risk identified by the vast majority of parties to this process.

7. **Load Concentration-related Business Risk**
While Board staff have proposed a common capital structure applicable to all distributors, several stakeholders have commented on business risk, possibly related to a material loss of revenues due to the loss of customer or business sector served by the distributor and where that customer or business sector constitutes a significant portion of the load and distribution revenues for the distributor.

a. **Could any significant risk that might materialize due to the loss of a significant load concentration be mitigated by Z-factor (or analogous) treatment?**

b. If yes, then what would be the criteria for identifying an occurrence of such an event (e.g. what percentage of distribution revenue attributable to loss of a single customer should be the threshold for identifying a material revenue loss)?

Response

While the idea of making adjustments for loss or growth in customers is appealing, the absence of clear rules for Z-factor consideration, load concentration and related business risk may not be satisfactorily addressed. An ad hoc approach, responding to individual cases differently, mitigates any benefits flowing from a codified process. Further, the use of Z-factors may result in more applications for specific consideration, requiring more hearings to consider and establish appropriate action.

The use of a Z-factor only recognizing down-side risk is asymmetrical and may be unfair to customers. Rather than an asymmetrical Z-factor adjustment, it may be more appropriate to build a symmetrical adjustment which deals with these factors within the PBR 2 process.

8. Short-term Debt (addressed to distributors)
At the Technical Conference, staff heard that not all working capital is funded by short-term debt and that some may be funded by long-term debt.

a. What percentage of your actual working capital is funded by short-term debt?

Response

The question implies that working capital needs are funded by either short-term debt or long-term debt. This ignores the fact that some working capital needs are funded by equity. Working capital requirements fluctuate on a day-by-day, week-by-week, month-by-month basis, and a percentage funded by short-term borrowing may vary accordingly depending on the LDC's specific capital structure and cash needs. These needs may also be dependent on such externalities as the load shape (from month-to-month) of the LDC.

b. What percentage of your rate base does short-term debt represent?

Response

If the rate base were defined including working capital allowance, it might be possible to provide an estimated weighted average percent of rate base in response to such a question, but not without significant work with information which may not be available. The commodity component of the working capital allowance and its influence on the working capital allowance is material and should be kept current. Further changes in load shapes may change those needs from month-to-month, and be different for a given month from the same month in a different year. Such differences may be more dependent on economic conditions than on weather or load growth or load decline.

This question implies that there is a relationship between working capital allowance and short-term debt. If an LDC, because of the volatility of the working capital allowance requirements, chooses to fund this working capital through equity rather than short-term debt, then the portion that short-term debt represents of the rate base is not sufficient in establishing the return which should be granted on the working capital allowance.

9. Incremental Capital Expenditures
Some distributors at the conference expressed concern over aging infrastructure and the need for increased investment in that infrastructure to maintain appropriate levels of service.

a. What are your known circumstances of where this could arise (addressed to distributors)?

Response

No current assessment of the assets is available or provided. A universal assessment of all LDC assets is not the way many LDCs manage their assets. A common approach is to assess a different portion of geographic area served in each year over a number of years. This type of planning regime may or may not provide a more stable annual capital infrastructure needs' environment.

b. Should incremental capital spending that is not attributable to load growth be treated outside of the price cap index (similar to what is proposed for CDM)?

Response

Items like the rate freeze or constraints imposed through the regulatory regime often constrain an LDC's ability to invest in infrastructure. In such cases, prioritization of capital requirement investments will include considerations such as:

- those imposed by the "lies along" and "must serve" obligations;
- capital investments to 3rd parties, such as Hydro One Networks Inc. ("HONI") for transformer station capacity;
- emergency capital needs;
- more orderly (i.e. regular) capital infrastructure investments

Growth may be inadequate as the only adjusting factor which would apply in any determination of a CI-factor. If the funding of capital needs resulting from growth is dealt with through the Distribution System Code, then the first bullet noted above may deal with that requirement. If the growth relates to the second bullet noted above, it is unclear how that adjustment would flow from a single growth factor adjustment. These two adjustments do not deal with the emergency and normal infrastructure capital investments which may be warranted under a prudent stewardship program.

It is therefore unclear whether the proposed CI-factor adjustment is sufficiently comprehensive to deal with capital requirements. When these considerations are added to the Board Staff proposal for the curtailment of equity for small- and medium-sized LDCs, it may not be possible to fund what was previously considered normal capital expenditures within the proposed new framework.

i. If so, should it be eligible for Z-factor treatment?

Response

Refer to response in Q. 7 with respect to the consideration of Z-factor treatment.

c. Are there alternative approaches that the Board might consider?

Response

Whatever approach is decided upon, that approach should be done on the basis of establishing a level playing field for all LDCs in terms of their ability to meet capital needs.

d. If the Board were to provide for special treatment of these investments, should a threshold apply? If so, how might that be expressed (e.g., percentage of current CapEx budget less depreciation)?

Response

A clear and universal threshold should apply in all cases. The threshold should be established by the amount that the proposed capital expenditure (net of depreciation) represents as a percentage of the rate base.

10. CI-factor

During the technical conference, Mr. John Todd proposed a methodology for a CI-factor as part of the IRM price cap formula as a means for including incremental capital expenditures not related to load growth as an increment to the price cap index.

a. What are the implications, advantages and disadvantages of adopting such an approach?

Response

HONI implied in their submissions that capital is needed to restore deficiencies in its system condition. Also refer to response in Q. 9, as it is hard to separate normal from other capital expenditure needs.

b. Mr. Todd suggested that a distributor file an Asset Condition Assessment Study as support for the proposed CI-factor. Such a study does not directly indicate the cost of incremental capital expenditures needed to address deficiencies in the system. What information on the proposed capital expenditures should a distributor be required to file in addition to the Study?

Response

Prioritization and the relative dollar value of each project underpinning a specific capital expenditure might be helpful. Ultimately, priorities are a moving target, and emergency situations may create opportunities to adjust priorities producing longer term benefit to customers.

c. What are the implications of adopting this approach where CapEx plans are not reviewed and approved by the Board?

Response

Lack of assurances from the Board that specific capital investments will not be partially, or wholly, disallowed from rate base considerations creates such a risk for LDCs that I might be viewed by some as sufficient grounds to defer such infrastructure capital expenditures.

d. The CI-factor methodology as proposed seems to start from a 2006 rate base. Hydro One Networks has a 2006 rate base that has been reviewed during its 2006 distribution rate application by virtue of applying on a forward test year. However, most electricity distributors filed 2006 distribution rate applications on the basis of a 2004 historical test year with allowable adjustments. Hence, the public information for most distributors reflects a 2004 rate base. What changes need to be done to the CI-formula to properly adapt it for when 2006 distribution rates are calculated on a 2004 historical rate base?

Response

As the 2004 rate base is what underpins the rate levels for most distributors, then 2004 should be used as the basis for any CI-factor adjustment.

e. Should the load growth factor be weather normalized? If so, how should this be done?

Response

Weather normalization is not a prime consideration in establishing capital needs. Any normalization-type adjustment used to establish the growth factor should be done on the same basis as the establishment of the revenue statistics in the 2006 EDR process. That is, any growth adjustment should be based on a similar 3-year historic period for historic test year filers. The relative levels of those historic test periods should be used to establish the growth factor.

Capital assets are constructed for the longer term, and standards are seldom set for the short term, nor should they be constructed without regard for extreme weather conditions and potentially some normal growth over the life of the assets.

f. Some of the parameters for the calculation of the CI-factor, as proposed, may not be readily available from prior filings where the data were subject to review by the Board. By what process would the Board review and test the reasonableness of the parameters if a distributor were to apply for a CI-factor?

Response

Refer to response in (e) above.

11. Declining Customer Base
Some distributors have documented declines in their customer bases.

a. Would it be reasonable to adjust the X-factor, for example, to 0.7 for a distributor that has negative growth in its customer base over the period 2002 to 2005?

b. Are there alternative approaches that the Board might consider to address constraints on operating efficiencies possible under declining customer base conditions?

Response

The concept of an adjustment to the X-factor is reasonable, but in our view, would be difficult to implement and monitor in a consistent and equitable manner.

Revenue adjustment could be based on a specific calculation, based on expected revenue reduction exclusive of any revenue reduction covered by an LRAM consideration. The adjustment in the X-factor could then be determined on a dollar-for-dollar basis. Variance accounts could be used to keep the customers and the LDC whole.

12. Smart Meter incremental funding

In the July 25, 2006 Staff discussion paper, staff proposed incremental amounts of smart meter funding of $1.00 per month per metered customer for distributors working to achieve the Government's objective of 800,000 smart meters in place by the end of 2007, and $0.30 per month per metered customer for other distributors.

a. Are the proposed increments reasonable?

b. If not, what should they be, and why?

Response

Experience will determine whether the increments are adequate. The use of a variance account for this activity would be useful in determining whether an LDC needs an incremental adjustment to meet the proposed timelines of this activity. The variance account would similarly determine whether the customers had over contributed to the activity, and depending upon the scheduled implementation, a rebate might be in order for the customers.

HALDIMAND COUNTY HYDRO INC.
(Member of the ECMI Group of LDCs)
EB-2006-0088/0089
COST OF CAPITAL and 2ND GENERATION INCENTIVE REGULATION
RESPONSE TO TECHNICAL CONFERENCE QUESTIONS
OF THE SCHOOL ENERGY COALITION ("SEC")

1. **Many parties have raised the issue of whether the proposed changes to cost of capital and to rates will have a negative impact on the financial health of LDCs. Please file your most recent annual audited or unaudited, as the case may be, financial statements. If your LDC represents more than 50% of the assets of a holding company, please file the holding company's most recent annual audited or unaudited, as the case may be, financial statements.**

   Response

   The annual audited statements of the LDC, Haldimand County Hydro Inc. ("HCHI") as at and for the year ended December 31, 2005 are attached. The holding company financial statements are not provided as it is not a regulated entity.

2. **A number of LDCs have, in their submissions, raised the question of whether the proposed changes in cost of capital are a surprise to LDCs and for that or other reasons will erode the foundation of their current business plans. The PWU has also relied on this proposition in its submissions. Please file your most recent multi-year business plan, if such a document exists and has been reviewed and/or approved by any of your shareholders or your board of directors. If the business plan includes unregulated business activities, please redact all parts of the plan that relate to an unregulated business and don't relate to the regulated utility business. If the business plan includes other confidential information, please file the document in confidence so that the Board's protections for confidential filings can be engaged.**

Response

Business plans are often strategic documents, and as opposed to a specific project, their complete disclosure to a third party would be unreasonable disclosure of commercially sensitive material. No specific response is provided.

3. **If your LDC has carried out a merger or acquisition of an LDC since 1999, or has prepared an investment analysis of a proposed merger or acquisition of another LDC, or has prepared an analysis of a potential sale of your LDC to another LDC, please provide that investment analysis, business case, or similar document showing the financial parameters of the deal or proposed deal, including in particular any calculations of expected overall return or return on equity, and advise of the eventual result of the proposed transaction. If any such document contains confidential information, please file the document in confidence so that the Board's protections for confidential filings can be engaged.**

Response

The valuation of an LDC contains extremely commercially sensitive information, and, if provided could certainly be detrimental in any future potential merger or divestiture discussions. If this information is made available it could "impose barriers to consolidation within the electricity distribution sector". No specific response is provided.

HCHI's municipal Shareholder initiated an RFP for the divestiture of the utility in October 2004, after which the process was stopped in February 2005. HCHI was not privy to any valuation that may have been prepared by a third party and provided to the Shareholder as part of that process.

4. **Dr. Yatchew posits, at page 16 of his report, that mergers or acquisitions of LDCs may have been cancelled, repriced, or otherwise materially affected by uncertainty about whether the acquiror would be able to receive the benefit of savings generated by the transaction. If your utility has any documents showing that this was a consideration in any transaction, please file those documents. If any such document contains confidential information, please file the document in confidence so that the Board's protections for confidential filings can be engaged.**

Response

Such documents would probably contain extremely commercially sensitive information and if provided could certainly be detrimental in any future potential merger discussions. If this information were made available it could "impose barriers to consolidation within the electricity distribution sector". No specific response is provided.

5. **Several parties have suggested that the proposed changes in the ROE and capital structure may cause LDCs to be offside on their debt covenants. Please advise whether such changes may cause your utility to be offside on your debt covenants, and if so, file the text of such covenants, the amounts of borrowing to which they relate, and whether the lender is an affiliate/shareholder or an arm's length third party.**

Response

The short-term cost of money may be very dependent on the specific situation in which an LDC finds itself. The disclosure of the existence or non-existence of debt covenants could jeopardize any potential future borrowings. No specific response is provided.

6. **An important issue in this proceeding is maintaining the creditworthiness of the LDC. If your LDC has been rated by Standard & Poors, DBRS, Moody's or Dun and Bradstreet within the last 18 months, please file the last full rating from each rating agency, plus any updates since that full rating. If your LDC is rated and you have a public sector shareholder, please also advise the shareholder's debt rating(s) if any.**

Response

A bond rating by a bond rating agency may or may not be valid. Further, the credit rating of a public sector shareholder where it is a municipality, which operates under the Municipal Act, is not relevant because the Municipal Act imposes all sorts of requirements on the municipality. Potentially, the Ontario Government may provide an implicit guarantee to any borrowing by a municipal corporation. The Ontario Government has demonstrated its willingness to appoint a Superintendent to administer the activities of a municipality should its debt become a concern to the Minister. The statute which created municipally-owned LDCs clearly states that such LDCs are

OBCA companies, and therefore, can go bankrupt. No specific response is provided.

7. **The ability of utilities to attract equity investment has been raised as a critical issue by many parties. Please provide the date, amount, investor identity and terms of the last common equity investment in your utility. If there was an offering or disclosure document, please file that document.**

   Response

   The LDC's Board may be in conflict with its fiduciary responsibilities if it releases this information. If any LDC finds itself unable to raise debt in the public market, then demands on existing equity imposed by the Distribution System Code, Transmission System Code, or any other Codes, may leave them cash poor. In any case, LDCs are constrained in attracting equity investment without potentially triggering the transfer tax. No specific response is provided.

8. **Mr. Camfield believes that inadequate returns will result in lower than required investment in capital assets. Please provide for your utility the opening rate base, capital expenditures, and closing rate base for each year from 2000 to 2005 inclusive, and your current projected numbers for 2006**.

   Response

   In addition to referring to our response if Q. 7, the LDC's rate base would have to be defined for each year, as the working capital allowance is not defined for each year – nor is the basis for such determination established by the Board. It is not possible to provide the rate bases as requested. No specific response is provided.

9. **Please provide a chart showing your fixed asset age distribution measured by dollar amount (e.g. $120 million at 25-30 years old).**

   Response

   The division of clusters of assets by age is not readily available and existing documents will not provide the specific information as requested. No specific response is provided.

10. For each LDC that has debt traded in the public markets, either directly or indirectly, please provide a chart for the period 2003 to date showing the average yield of your debt (broken down by issue if you had more than one outstanding) each month in the market, and for the same month the average yield of 10 year Canadas.

Response

Not all long-term debt is issued for a 10-year period. Terms for the long-term debt are often negotiated in a different period than the actual date of issue. Since it might be misleading, no specific response is provided.

11. At pages 11 and 17 of his report, Dr. Yatchew notes that utilities already have an "informal yardstick competition" currently going on. Please file any efficiency comparisons between Ontario LDCs in the possession of your utility, including any line item or similar benchmarking, any estimates of "best practices" standards, any formal or informal studies, etc.

Response

The question posed is not sufficiently specific to permit an answer. No specific response is provided.

12. At page 12 of his report, Dr. Yatchew discusses the importance of aligning performance compensation plans to incentive regulation plans. Please provide the performance based compensation plan of your utility, if any, together with a list of any changes to that plan between 2000 and today.

Response

Any such alignment would have to occur over a period of time consistent with the terms of any such contract. As this information may relate to filing information specific to an individual it may well be in violation of Federal protection of privacy information. No specific response if provided.

13. Please describe any attempts your utility has made in the past to borrow in the market in common or in tandem with other LDCs. If you have

proceeded with or proposed any such transaction, please describe the structure, the impact on cost of capital, and the result.

Response

The disclosure of the existence or non-existence of attempted joint borrowing debt covenants could jeopardize any potential future borrowings. No specific response is provided.

14. If your utility has a holding company of which at least 50% of its consolidated assets are assets of the LDC, please advise whether the debt rating of the holding company is different from the debt rating of the LDC, and if so advise the two ratings.

Response

The consolidated audited statements are not provided as the holding company is not a regulated entity. No specific response is provided.

15. Please provide the "Bill Impacts" pages of the 2006 EDR Model for your utility, and comparable calculations using the year 2000 and 2003 approved distribution rates.

Response

The requested information direct from the 2006 EDR Application, Tab 9-1 "Bill Impacts" is attached. Time constraints did not allow us to calculate using the 2000 and 2003 approved rates as requested.

16. Please provide a list of the Tier 1 adjustments sought by your utility in your 2006 rate application, the dollar amount of each, and the total revenue requirement applied for.

Response

The 2006 EDR Application as approved by the Board, included the following Tier 1 Adjustments to the Rate Base:

Wholesale Meters	$262,831
CDM Qualifying Investment – Capital Amount	$332,085
Total Tier 1 Adjustments to the Rate Base	$594,916

The 2006 EDR Application as approved by the Board, provided for a total revenue requirement of $12,259,300, including a credit amount of $603,148 for the recovery of Regulatory Assets.

HALDIMAND COUNTY HYDRO INC.

FINANCIAL STATEMENTS

For the year ended December 31, 2005

HALDIMAND COUNTY HYDRO INC.

For the year ended December 31, 2005

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AUDITORS' REPORT

To the Shareholder of
Haldimand County Hydro Inc.

We have audited the statement of financial position of Haldimand County Hydro Inc. as at December 31, 2005 and the statements of income and retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of Haldimand County Hydro Inc. as at December 31, 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Millard, Rouse & Rosebrugh LLP

March 6, 2006 CHARTERED ACCOUNTANTS

HALDIMAND COUNTY HYDRO INC.

STATEMENT OF FINANCIAL POSITION

As at December 31	2005	2004
ASSETS		
Current Assets		
Cash and bank	6,502,427	6,956,091
Unbilled revenue	4,038,124	3,640,771
Accounts receivable	1,800,054	2,201,675
Due from Haldimand County Utilities Inc.	15,604	292,623
Inventory	1,208,504	990,962
Income taxes recoverable	805,351	-
Prepaid expenses	151,791	137,656
	14,521,855	14,219,778
Property, Plant and Equipment (Note 4)	30,405,892	30,439,502
Deferred Financing Costs	42,059	51,764
Regulatory Assets (Note 5)	-	295,575
	44,969,806	45,006,619
LIABILITIES		
Current Liabilities		
Accounts payable and accrued expenses	5,472,854	4,326,039
Due to Haldimand County Energy Inc.	252,425	471,490
Income taxes payable	-	768,703
Current portion of long term liabilities	2,367,679	1,138,000
	8,092,958	6,704,232
Regulatory Liabilities (Note 5)	215,102	-
Long Term Liabilities (Note 6)	12,507,792	14,617,574
	20,815,852	21,321,806
Deferred Credits		
Contributions in aid of construction	1,607,552	1,070,991
Less: Amortization to date	171,732	107,430
	1,435,820	963,561
SHAREHOLDER'S EQUITY		
Capital (Note 7)	19,880,705	19,880,705
Retained Earnings	2,837,429	2,840,547
	22,718,134	22,721,252
	44,969,806	45,006,619

See accompanying notes

HALDIMAND COUNTY HYDRO INC.

STATEMENT OF INCOME AND RETAINED EARNINGS

For the year ended December 31	2005	2004
Service Revenue		
Residential	12,467,922	10,228,186
General	9,844,902	8,510,089
Street lighting	133,026	122,510
Distribution services	9,011,618	9,291,444
	31,457,468	28,152,229
Service revenue adjustment	(22,395)	555,567
	31,435,073	28,707,796
Cost of Power	22,495,462	19,447,557
Gross Margin on Service Revenue	8,939,611	9,260,239
Other Operating Revenue (Note 8)	646,545	729,482
	9,586,156	9,989,721
Expenses		
Distribution, operation and maintenance (Note 9)	2,685,337	2,639,489
Community relations	87,332	28,034
Billing and collecting	1,144,673	1,096,343
General Administration	1,505,470	1,422,917
Directors	63,261	80,860
	5,486,073	5,267,643
Amortization	2,292,187	2,158,360
Less: Amortization of contributions in aid of construction	64,302	42,840
	2,227,885	2,115,520
	7,713,958	7,383,163
Income Before Interest and Income Taxes	1,872,198	2,606,558
Interest expense	968,226	1,019,077
Income Before Income Taxes	903,972	1,587,481
Income taxes - current (Note 10)	747,049	1,433,350
Net Income	156,923	154,131
Retained Earnings - Beginning of Year	2,840,547	2,706,070
Dividends	(160,041)	(19,654)
Retained Earnings - End of Year	2,837,429	2,840,547

See accompanying notes

HALDIMAND COUNTY HYDRO INC.

STATEMENT OF CASH FLOWS

For the year ended December 31	2005	2004
Cash Flows from Operating Activities		
Net Income	156,923	154,131
Charges (credits) to income not involving cash		
Amortization	2,292,187	2,158,360
Amortization allocated as overhead	127,138	124,984
Amortization of contributions in aid of capital	(64,302)	(42,840)
Loss on disposal of property, plant and equipment	36,727	(23,474)
	2,548,673	2,371,161
Net change in non-cash working capital balances related to operations	(596,694)	(636,446)
Dividends	(160,041)	(19,654)
	1,791,938	1,715,061
Cash Flows from Financing Activities		
Deposits from customers (net)	7,897	223,494
Contributions in aid of construction	536,561	220,871
Long term debt	(888,000)	(849,000)
Deferred financing costs	9,705	9,706
	(333,837)	(394,929)
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(2,493,616)	(2,337,788)
Proceeds on disposal of property, plant and equipment	71,174	23,474
Regulatory assets/liabilities	510,677	2,030,597
	(1,911,765)	(283,717)
Net Decrease in Cash and Cash Equivalents	(453,664)	1,036,415
Opening Cash and Cash Equivalents	6,956,091	5,919,676
Closing Cash and Cash Equivalents	6,502,427	6,956,091

See accompanying notes

HALDIMAND COUNTY HYDRO INC.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2005

1. NATURE OF ACTIVITIES

The company was incorporated under the Ontario Business Corporations Act on October 13, 2000 to provide regulated electricity distribution services to residents of Haldimand County.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) General

These financial statements have been prepared in accordance with accounting principles for electrical utilities in Ontario as required by the Ontario Energy Board under the authority of Section 70(2) of the OEB Act, 1998, of The Energy Competition Act, 1998, and reflect the following policies as set forth in the Ontario Energy Board Accounting Procedures Handbook. All principles employed are in accordance with Canadian generally accepted accounting principles.

(b) Measurement

Financial statements are based on representations that may require estimates to be made in anticipation of future transactions and events and include measurement that may, by their nature, be approximations.

(c) Inventory

Inventory is stated at the lower of cost or net realizable value. Cost is determined on a weighted average basis.

(d) Property, Plant and Equipment and Amortization

Property, plant and equipment are recorded at their historical cost. Amortization is calculated on a straight-line basis over the estimated useful service life as follows:

Buildings	50 years
Distribution stations	30 years
Distribution lines - overhead	25 years
Distribution lines - underground	25 years
Distribution transformers	25 years
Distribution meters	25 years
Rolling stock	8 years
Other capital assets	5 - 50 years

(e) Contributions in Aid of Construction

Contributions in aid of construction are reported as deferred credits and amortized over the useful life of the related property, plant and equipment. Contributions prior to 2000 are included in equity as contributed capital.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Payments in Lieu of Corporate Income Taxes

The Company provides for payments in lieu of corporate income taxes using the taxes payable method. Under the taxes payable method, no provisions are made for future income taxes as a result of temporary differences between the tax basis of assets and liabilities and their carrying amounts for accounting purposes. When unrecorded future income taxes become payable, it is expected that they will be included in the rates approved by the OEB and recovered from the customers of Haldimand County Hydro Inc. at that time. As at December 31, 2005, future income tax assets of $1,025,000, based on substantively enacted tax rates, have not been recorded.

(g) Regulatory Policies

The Company has adopted the following policies, as prescribed by the Ontario Energy Board (OEB) for rate-regulated enterprises. The policies have resulted in accounting treatments differing from Canadian generally accepted accounting principles for enterprises operating in a non-rate-regulated environment:

1. Various regulatory costs have been deferred in accordance with criteria set out in the OEB's Accounting Procedures handbook. In the absence of such regulation, these costs would have been expensed when incurred under Canadian GAAP.

2. The Company has deferred certain retail settlement variance amounts under the provisions of Article 490 in the OEB's Accounting Procedures handbook.

3. The Company provides for payments in lieu of corporate income taxes relating to its regulated business using the taxes payable method.

3. RATE SETTING

The rates of the Company's electricity distribution business is subject to regulation by the OEB.

With the commencement of the open market, the Company purchases electricity from the Independent Electricity System Operator (IESO), at spot market rates and charges its customers unbundled rates. The unbundled rates include the actual cost of generation and transmission of electricity and an approved rate for electricity distribution. The cost of generation, transmission and other charges such as connection and debt retirement are collected by Haldimand County Hydro Inc. and remitted to the IESO. The Company retains the distribution charge on the customer hydro invoices. The OEB has the general power to include or exclude costs, revenues, losses or gains in the rates of a specific period, resulting in a change in the timing of accounting recognition from that which would have applied in an unregulated company. Such change in timing gives rise to the recognition of regulatory assets and liabilities. The Company's regulatory assets represent certain amounts receivable from future customers and costs that have been deferred for accounting purposes because it is probable that they will be recovered in future rates. In addition, the Company has recorded regulatory liabilities which represent amounts for expenses incurred in different periods than would be the case had the Company been unregulated. Specific regulatory assets and liabilities are disclosed in Note 5.

3. RATE SETTING (continued)

Haldimand County Hydro Inc.'s approved rate for distribution includes components for the recovery of regulatory assets. The approved rates for 2005 were calculated on a 1999 rate base and included a rate of return on equity of 9.88%. The approved return of 9.88% required the Company to invest in conservation and demand management projects. The company has applied for a rate adjustment to be effective May 1, 2006. The new rates include a rate of return on equity of 9.0% based on a 2004 rate base.

4. PROPERTY, PLANT AND EQUIPMENT

	Cost	Accumulated Amortization	2005	2004
Land	160,824	-	160,824	260,824
Buildings	1,241,844	148,319	1,093,525	1,025,367
Distribution stations	399,499	172,330	227,169	257,069
Distribution lines - overhead	18,588,329	5,163,366	13,424,963	13,726,317
Distribution lines - underground	6,159,293	1,563,757	4,595,536	4,540,246
Distribution transformers	9,371,077	2,067,985	7,303,092	7,073,940
Distribution meters	2,293,245	543,256	1,749,989	1,727,808
Rolling stock	1,029,638	592,847	436,791	528,327
Other capital assets	2,334,615	920,612	1,414,003	1,299,604
	41,578,364	11,172,472	30,405,892	30,439,502

5. REGULATORY ASSETS (LIABILITIES)

	2005	2004
Qualifying transition costs	297,622	642,431
Pre-market opening energy variance	426,646	576,125
Deferred payments in lieu of taxes	599,593	318,696
Retail settlement variance accounts	(1,675,953)	(1,241,677)
Deferred pension costs	136,990	-
	(215,102)	295,575

Qualifying transition costs represent the incremental recoverable costs of preparing for the open electricity market.

The pre-market opening energy variance and the retail settlement variance accounts represent differences between charges billed to customers using the Ontario Energy Board approved fixed reference price and the actual costs billed to Haldimand County Hydro Inc. by the IESO.

The deferred payments in lieu of taxes represents the accumulated difference in the approved estimate of taxes to be paid and the actual taxes paid. The estimates were approved by the OEB and are now being recovered as part of the Company's rate base. The estimated PILs true up for 2005 is a recovery of $222,356, (2004 - $1,015,000). The true up has been recorded as part of deferred payments in lieu of taxes and charged to income in 2005.

5. REGULATORY ASSETS (LIABILITIES) (continued)

On December 9, 2004, the OEB issued its decision on the Phase II recovery of various regulatory deferral accounts incurred prior to December 31, 2003, plus related interest. As a result of the OEB's decision, the proportion of our regulatory assets subject to potential OEB disallowance has been significantly reduced. The Company elected to file a minimum review application for regulatory assets. This minimum review required a 10% write down of transition costs and consequently $104,816 of transition costs were charged as an expense during the year. The Company continually assesses the likelihood of recovery of each of its regulatory assets and continues to believe that it is probable that the OEB will factor its regulatory assets and liabilities into the setting of future rates. If, at some future date, the Company judges that it is no longer probable that the OEB will include a regulatory asset or liability in future rates, the appropriate carrying amount will be reflected in results of operations in the period that the assessment is made. In its 2006 rate application, the Company has applied to recover/settle its 2004 regulatory assets over a two year period effective May 1, 2006.

6. LONG TERM LIABILITIES

	2005	2004
Non-callable debenture, with graduated interest rates starting at 6% in 2000, up to 6.5% in 2010. Interest is payable semi-annually, principal is payable annually. Due May 1, 2010	9,530,000	9,930,000
Non-callable debenture, with graduated interest rates starting at 5.25% in 1999, up to 6.125% in 2009. Interest is payable semi-annually, principal is payable annually. Due July 2, 2009	3,449,000	3,737,000
Prime minus 0.6% CIBC demand loan repayable in monthly instalments of $16,667 plus interest. Due December 2011	1,200,000	1,400,000
Customer Deposits	696,471	688,574
	14,875,471	15,755,574
Current portion	2,367,679	1,138,000
	12,507,792	14,617,574

Estimated annual principal repayments and return of customer deposits are as follows:

2006 - 2,367,679 2007 - 786,025 2008 - 860,305 2009 - 3,053,410 2010 - 7,719,505

The CIBC demand instalment loan is secured by a general security agreement on all property owned by the Company. The debentures are payable to The Corporation of Haldimand County on behalf of the former Region of Haldimand-Norfolk.

7. CAPITAL	2005	2004
Capital Stock		
Authorized - an unlimited number of common shares		
Issued - 1,001 common shares	17,144,796	17,144,796
Miscellaneous Paid-in Capital	2,735,909	2,735,909
	19,880,705	19,880,705

8. OTHER OPERATING REVENUE	2005	2004
Rural rate adjustments	-	83,799
Late payment charges	64,923	60,061
Retail service charges	26,645	27,007
Interest earned	(11,218)	29,929
Pole rentals	(39,377)	68,016
Change of occupancy charges	22,510	23,998
Collection charges	104,553	93,564
Reconnection charges	19,000	19,902
Profit on sale of material services	18,222	21,219
Water and sewer billings	297,849	283,812
Gain (loss) on disposal of property, plant and equipment	(36,727)	23,474
Miscellaneous	180,165	(5,299)
	646,545	729,482

9. DISTRIBUTION OPERATION AND MAINTENANCE	2005	2004
Distribution station equipment	35,315	111,730
Overhead distribution lines	1,560,056	1,583,260
Underground distribution lines	136,485	95,434
Distribution transformers	328,015	242,924
Distribution meters	163,017	211,087
Distribution supervision and engineering	462,449	395,054
	2,685,337	2,639,489

10. INCOME TAXES - CURRENT

	2005	2004
The income tax provision was calculated based on taxable income.		
Taxable income is calculated as follows:		
Income before income taxes	903,972	1,587,481
Amortization in excess of Capital Cost Allowance	606,056	575,173
Net change in regulatory assets	510,677	2,030,597
Loss on disposal of assets	36,727	(23,474)
Other additions and deductions	5,870	14,789
Taxable income	2,063,302	4,184,566
Tax at 36.21%	747,049	1,433,350

11. RELATED PARTY TRANSACTIONS

The company is a wholly owned subsidiary of Haldimand County Utilities Inc. and Haldimand County Utilities Inc. is wholly owned by The Corporation of Haldimand County. Haldimand County Utilities Inc. also owns Haldimand County Energy Inc. and Haldimand County Generation Inc. Transactions between Haldimand County Hydro Inc., Haldimand County Energy Inc., Haldimand County Generation Inc., and Haldimand County Utilities Inc. occur in the normal course of operations and consideration paid is on similar terms as transactions with unrelated parties.

12. PRUDENTIAL SUPPORT

Haldimand County Hydro Inc. is required, through the IESO, to provide security to mitigate the Company's risk of default based on its expected activity in the electricity market. The IESO could draw on this guarantee if Haldimand County Hydro Inc. fails to make a payment required by a default notice issued by the IESO. The maximum potential payment is the face value of the bank letters of credit. As at December 31, 2005 the Company provided prudential support in the form of bank letters of credit of $3,362,596. The letters of credit are secured by a general security agreement on all property owned by the Company.

13. FINANCIAL INSTRUMENTS

Fair Value

The fair value of financial instruments such as cash and bank, accounts receivable, unbilled revenue and accounts payables and accrued liabilities are determined to approximate their recorded value due to their short term maturity.

Interest Rate Risk

The company's exposure to interest rate risk relates to its floating bank rate indebtedness (see Note 6).

Credit Risk

The company's exposure to credit risk relates to its accounts receivable and unbilled revenue. The risk of significant credit loss is considered remote.

14. LATE PAYMENT PENALTIES

A class action claiming $500 million in restitutionary payments plus interest was served on Toronto Hydro on November 18, 1998. The action was initiated against The Toronto Hydro-Electric Commission as the representative of the Defendant Class consisting of all municipal electric utilities in Ontario which have charged late payment charges on overdue utility bills at any time after April 1, 1981.

This claim is that late payment penalties result in the municipal electric utilities receiving interest at effective rates in excess of 60% per year, which is illegal under Section 347(1)(b) of the Criminal Code.

The Municipal Electric Association is undertaking the defence of this class action. At this time it is not possible to quantify the effect, if any, of this claim on the financial statements of the company, consequently no provision for a loss, if any, has been recorded in these financial statements.

EDR 2006 MODEL (ver. 2.1)

HALDIMAND COUNTY HYDRO INC.

ED-2002-0539 (RP-2005-0020, EB-2005-0373)

Final Model Adjusted by Board Staff for Decision Issued on April 12, 2006

9-1 BILL IMPACTS *(Monthly Consumptions)*

RESIDENTIAL Urban

Consumption 100 kWh	2005 BILL			2006 BILL			IMPACT		
	Volume	RATE $	CHARGE $	Volume	RATE $	CHARGE $	Change $	Change %	% of Total Bill
Monthly Service Charge			**9.92**			**11.17**	1.25	12.60	5.66
Distribution (kWh)	100	**0.0218**	2.18	100	**0.0315**	3.15	0.97	44.50	4.39
Regulatory Assets (kWh)				100	0.0009	0.09	0.09		0.41
Sub-Total			**12.10**			**14.41**	**2.31**	**19.10**	**10.47**
Other Charges (kWh)	108	0.0239	2.57	106	0.0226	2.38	(0.19)	-7.36	-0.86
Cost of Power Commodity (kWh)	108	0.0500	5.38	106	0.0500	5.28	(0.10)	-1.84	-0.45
Total Bill			**20.05**			**22.08**	**2.02**	**10.08**	**9.16**

RESIDENTIAL Urban

Consumption 250 kWh	2005 BILL			2006 BILL			IMPACT		
	Volume	RATE $	CHARGE $	Volume	RATE $	CHARGE $	$	%	% of Total Bill
Monthly Service Charge			**9.92**			**11.17**	1.25	12.60	3.25
Distribution (kWh)	250	**0.0218**	5.45	250	**0.0315**	7.88	2.43	44.50	6.31
Regulatory Assets (kWh)				250	0.0009	0.23	0.23		0.59
Sub-Total			**15.37**			**19.27**	**3.90**	**25.39**	**10.15**
Other Charges (kWh)	269	0.0239	6.43	264	0.0226	5.96	(0.47)	-7.36	-1.23
Cost of Power Commodity (kWh)	269	0.0500	13.45	264	0.0500	13.21	(0.25)	-1.84	-0.64
Total Bill			**35.25**			**38.44**	**3.18**	**9.02**	**8.28**

RESIDENTIAL Urban

Consumption 500 kWh	2005 BILL			2006 BILL			IMPACT		
	Volume	RATE $	CHARGE $	Volume	RATE $	CHARGE $	$	%	% of Total Bill
Monthly Service Charge			**9.92**			**11.17**	1.25	12.60	1.90
Distribution (kWh)	500	**0.0218**	10.90	500	**0.0315**	15.75	4.85	44.50	7.38
Regulatory Assets (kWh)				500	0.0009	0.45	0.45		0.69
Sub-Total			**20.82**			**27.37**	**6.55**	**31.48**	**9.97**
Other Charges (kWh)	538	0.0239	12.86	528	0.0226	11.91	(0.95)	-7.36	-1.44
Cost of Power Commodity (kWh)	538	0.0500	26.91	528	0.0500	26.41	(0.49)	-1.84	-0.75
Total Bill			**60.59**			**65.70**	**5.11**	**8.44**	**7.78**

RESIDENTIAL Urban

Consumption 750 kWh	2005 BILL			2006 BILL			IMPACT		
	Volume	RATE $	CHARGE $	Volume	RATE $	CHARGE $	$	%	% of Total Bill
Monthly Service Charge			**9.92**			**11.17**	1.25	12.60	1.34
Distribution (kWh)	750	**0.0218**	16.35	750	**0.0315**	23.63	7.28	44.50	7.83
Regulatory Assets (kWh)				750	0.0009	0.68	0.68		0.73
Sub-Total			**26.27**			**35.48**	**9.21**	**35.04**	**9.90**
Other Charges (kWh)	807	0.0239	19.29	792	0.0226	17.87	(1.42)	-7.36	-1.53
Cost of Power Commodity (kWh)	807	0.0500	40.36	792	0.0500	39.62	(0.74)	-1.84	-0.80

Total Bill		**85.92**		**92.97**	**7.04**	**8.20**	**7.57**

RESIDENTIAL Urban

		2005 BILL			2006 BILL			IMPACT		
		Volume	RATE $	CHARGE $	Volume	RATE $	CHARGE $	$	%	% of Total Bill
Consumption	Monthly Service Charge			**9.92**			**11.17**	1.25	12.60	1.04
1,000 kWh	Distribution (kWh)	1,000	**0.0218**	21.80	1,000	**0.0315**	31.50	9.70	44.50	8.04
	Regulatory Assets (kWh)				1,000	0.0009	0.91	0.91		0.75
	Sub-Total			**31.72**			**43.58**	**11.86**	**37.38**	**9.82**
	Other Charges (kWh)	1,076	0.0239	25.72	1,057	0.0226	23.83	(1.89)	-7.36	-1.57
	Cost of Power Commodity (kWh)	1,000	0.0500	50.00	1,000	0.0500	50.00	0.00	0.00	0.00
	Cost of Power Commodity (kW)	76	0.0580	4.43	57	0.0580	3.28	(1.15)	-25.95	-0.95
	Total Bill			**111.87**			**120.68**	**8.81**	**7.88**	**7.30**

RESIDENTIAL Urban

		2005 BILL			2006 BILL			IMPACT		
		Volume	RATE $	CHARGE $	Volume	RATE $	CHARGE $	$	%	% of Total Bill
Consumption	Monthly Service Charge			**9.92**			**11.17**	1.25	12.60	0.70
1,500 kWh	Distribution (kWh)	1,500	**0.0218**	32.70	1,500	**0.0315**	47.25	14.55	44.50	8.11
	Regulatory Assets (kWh)				1,500	0.0009	1.36	1.36		0.76
	Sub-Total			**42.62**			**59.78**	**17.16**	**40.26**	**9.56**
	Other Charges (kWh)	1,614	0.0239	38.59	1,585	0.0226	35.74	(2.84)	-7.36	-1.58
	Cost of Power Commodity (kWh)	1,000	0.0500	50.00	1,000	0.0500	50.00	0.00	0.00	0.00
	Cost of Power Commodity (kW)	614	0.0580	35.64	585	0.0580	33.92	(1.72)	-4.83	-0.96
	Total Bill			**166.84**			**179.44**	**12.60**	**7.55**	**7.02**

RESIDENTIAL Urban

		2005 BILL			2006 BILL			IMPACT		
		Volume	RATE $	CHARGE $	Volume	RATE $	CHARGE $	$	%	% of Total Bill
Consumption	Monthly Service Charge			**9.92**			**11.17**	1.25	12.60	0.52
2,000 kWh	Distribution (kWh)	2,000	**0.0218**	43.60	2,000	**0.0315**	63.00	19.40	44.50	8.14
	Regulatory Assets (kWh)				2,000	0.0009	1.81	1.81		0.76
	Sub-Total			**53.52**			**75.98**	**22.46**	**41.97**	**9.43**
	Other Charges (kWh)	2,153	0.0239	51.45	2,113	0.0226	47.66	(3.79)	-7.36	-1.59
	Cost of Power Commodity (kWh)	1,000	0.0500	50.00	1,000	0.0500	50.00	0.00	0.00	0.00
	Cost of Power Commodity (kW)	1,153	0.0580	66.85	1,113	0.0580	64.55	(2.30)	-3.44	-0.96
	Total Bill			**221.82**			**238.20**	**16.38**	**7.38**	**6.88**

RESIDENTIAL Suburban

		2005 BILL			2006 BILL			IMPACT		
		Volume	RATE $	CHARGE $	Volume	RATE $	CHARGE $	Change $	Change %	% of Total Bill
Consumption	Monthly Service Charge			**11.39**			**11.66**	0.27	2.37	1.21
100 kWh	Distribution (kWh)	100	**0.0220**	2.20	100	**0.0317**	3.17	0.97	44.09	4.34
	Regulatory Assets (kWh)				100	(0.0016)	(0.16)	(0.16)		-0.71
	Sub-Total			**13.59**			**14.67**	**1.08**	**7.96**	**4.84**
	Other Charges (kWh)	108	0.0239	2.57	106	0.0226	2.38	(0.19)	-7.36	-0.85
	Cost of Power Commodity (kWh)	108	0.0500	5.38	106	0.0500	5.28	(0.10)	-1.84	-0.44
	Total Bill			**21.54**			**22.34**	**0.79**	**3.68**	**3.55**

RESIDENTIAL Suburban

Consumption 250 kWh	2005 BILL			2006 BILL			IMPACT		
	Volume	RATE $	CHARGE $	Volume	RATE $	CHARGE $	$	%	% of Total Bill
Monthly Service Charge			**11.39**			**11.66**	0.27	2.37	0.70
Distribution (kWh)	250	**0.0220**	5.50	250	**0.0317**	7.93	2.43	44.09	6.32
Regulatory Assets (kWh)				250	(0.0016)	(0.40)	(0.40)		-1.03
Sub-Total			**16.89**			**19.19**	**2.30**	**13.62**	**6.00**
Other Charges (kWh)	269	0.0239	6.43	264	0.0226	5.96	(0.47)	-7.36	-1.23
Cost of Power Commodity (kWh)	269	0.0500	13.45	264	0.0500	13.21	(0.25)	-1.84	-0.65
Total Bill			**36.77**			**38.35**	**1.58**	**4.29**	**4.12**

RESIDENTIAL Suburban

Consumption 500 kWh	2005 BILL			2006 BILL			IMPACT		
	Volume	RATE $	CHARGE $	Volume	RATE $	CHARGE $	$	%	% of Total Bill
Monthly Service Charge			**11.39**			**11.66**	0.27	2.37	0.42
Distribution (kWh)	500	**0.0220**	11.00	500	**0.0317**	15.85	4.85	44.09	7.46
Regulatory Assets (kWh)				500	(0.0016)	(0.79)	(0.79)		-1.21
Sub-Total			**22.39**			**26.72**	**4.33**	**19.34**	**6.66**
Other Charges (kWh)	538	0.0239	12.86	528	0.0226	11.91	(0.95)	-7.36	-1.46
Cost of Power Commodity (kWh)	538	0.0500	26.91	528	0.0500	26.41	(0.49)	-1.84	-0.76
Total Bill			**62.16**			**65.05**	**2.89**	**4.65**	**4.44**

RESIDENTIAL Suburban

Consumption 750 kWh	2005 BILL			2006 BILL			IMPACT		
	Volume	RATE $	CHARGE $	Volume	RATE $	CHARGE $	$	%	% of Total Bill
Monthly Service Charge			**11.39**			**11.66**	0.27	2.37	0.29
Distribution (kWh)	750	**0.0220**	16.50	750	**0.0317**	23.78	7.28	44.09	7.93
Regulatory Assets (kWh)				750	(0.0016)	(1.19)	(1.19)		-1.29
Sub-Total			**27.89**			**34.25**	**6.36**	**22.80**	**6.93**
Other Charges (kWh)	807	0.0239	19.29	792	0.0226	17.87	(1.42)	-7.36	-1.55
Cost of Power Commodity (kWh)	807	0.0500	40.36	792	0.0500	39.62	(0.74)	-1.84	-0.81
Total Bill			**87.54**			**91.74**	**4.20**	**4.79**	**4.57**

RESIDENTIAL Suburban

Consumption 1,000 kWh	2005 BILL			2006 BILL			IMPACT		
	Volume	RATE $	CHARGE $	Volume	RATE $	CHARGE $	$	%	% of Total Bill
Monthly Service Charge			**11.39**			**11.66**	0.27	2.37	0.23
Distribution (kWh)	1,000	**0.0220**	22.00	1,000	**0.0317**	31.70	9.70	44.09	8.16
Regulatory Assets (kWh)				1,000	(0.0016)	(1.58)	(1.58)		-1.33
Sub-Total			**33.39**			**41.78**	**8.39**	**25.13**	**7.06**
Other Charges (kWh)	1,076	0.0239	25.72	1,057	0.0226	23.83	(1.89)	-7.36	-1.59
Cost of Power Commodity (kWh)	1,000	0.0500	50.00	1,000	0.0500	50.00	0.00	0.00	0.00
Cost of Power Commodity (kW)	76	0.0580	4.43	57	0.0580	3.28	(1.15)	-25.95	-0.97
Total Bill			**113.54**			**118.89**	**5.35**	**4.71**	**4.50**

RESIDENTIAL Suburban

Consumption 1,500 kWh	2005 BILL			2006 BILL			IMPACT		
	Volume	RATE $	CHARGE $	Volume	RATE $	CHARGE $	$	%	% of Total Bill
Monthly Service Charge			**11.39**			**11.66**	0.27	2.37	0.15
Distribution (kWh)	1,500	**0.0220**	33.00	1,500	**0.0317**	47.55	14.55	44.09	8.24
Regulatory Assets (kWh)				1,500	(0.0016)	(2.37)	(2.37)		-1.34
Sub-Total			**44.39**			**56.84**	**12.45**	**28.05**	**7.05**
Other Charges (kWh)	1,614	0.0239	38.59	1,585	0.0226	35.74	(2.84)	-7.36	-1.61
Cost of Power Commodity (kWh)	1,000	0.0500	50.00	1,000	0.0500	50.00	0.00	0.00	0.00
Cost of Power Commodity (kW)	614	0.0580	35.64	585	0.0580	33.92	(1.72)	-4.83	-0.98
Total Bill			**168.61**			**176.50**	**7.89**	**4.68**	**4.47**

RESIDENTIAL Suburban

Consumption 2,000 kWh	2005 BILL			2006 BILL			IMPACT		
	Volume	RATE $	CHARGE $	Volume	RATE $	CHARGE $	$	%	% of Total Bill
Monthly Service Charge			**11.39**			**11.66**	0.27	2.37	0.12
Distribution (kWh)	2,000	**0.0220**	44.00	2,000	**0.0317**	63.40	19.40	44.09	8.29
Regulatory Assets (kWh)				2,000	(0.0016)	(3.16)	(3.16)		-1.35
Sub-Total			**55.39**			**71.90**	**16.51**	**29.81**	**7.05**
Other Charges (kWh)	2,153	0.0239	51.45	2,113	0.0226	47.66	(3.79)	-7.36	-1.62
Cost of Power Commodity (kWh)	1,000	0.0500	50.00	1,000	0.0500	50.00	0.00	0.00	0.00
Cost of Power Commodity (kW)	1,153	0.0580	66.85	1,113	0.0580	64.55	(2.30)	-3.44	-0.98
Total Bill			**223.69**			**234.11**	**10.42**	**4.66**	**4.45**

GENERAL SERVICE Less than 50 kW

Consumption 1,000 kWh	2005 BILL			2006 BILL			IMPACT		
	Volume	RATE $	CHARGE $	Volume	RATE $	CHARGE $	Change $	Change %	% of Total Bill
Monthly Service Charge			**13.43**			**18.42**	4.99	37.18	4.33
Distribution (kWh)	1,000	**0.0183**	18.30	1,000	**0.0229**	22.88	4.58	25.03	3.98
Regulatory Assets (kWh)				1,000	(0.0023)	(2.25)	(2.25)		-1.95
Sub-Total			**31.73**			**39.05**	**7.32**	**23.08**	**6.35**
Other Charges (kWh)	1,076	0.0229	24.65	1,057	0.0217	22.91	(1.74)	-7.06	-1.51
Cost of Power Commodity (kWh)	1,000	0.0500	50.00	1,000	0.0500	50.00	0.00	0.00	0.00
Cost of Power Commodity (kW)	76	0.0580	4.43	57	0.0580	3.28	(1.15)	-25.95	-1.00
Total Bill			**110.80**			**115.24**	**4.43**	**4.00**	**3.85**

GENERAL SERVICE Less than 50 kW

Consumption 2,000 kWh	2005 BILL			2006 BILL			IMPACT		
	Volume	RATE $	CHARGE $	Volume	RATE $	CHARGE $	$	%	% of Total Bill
Monthly Service Charge			**13.43**			**18.42**	4.99	37.18	2.27
Distribution (kWh)	2,000	**0.0183**	36.60	2,000	**0.0229**	45.76	9.16	25.03	4.16
Regulatory Assets (kWh)				2,000	(0.0023)	(4.50)	(4.50)		-2.05
Sub-Total			**50.03**			**59.68**	**9.65**	**19.29**	**4.39**
Other Charges (kWh)	2,153	0.0229	49.29	2,113	0.0217	45.81	(3.48)	-7.06	-1.58
Cost of Power Commodity (kWh)	1,000	0.0500	50.00	1,000	0.0500	50.00	0.00	0.00	0.00
Cost of Power Commodity (kW)	1,153	0.0580	66.85	1,113	0.0580	64.55	(2.30)	-3.44	-1.04
Total Bill			**216.18**			**220.05**	**3.87**	**1.79**	**1.76**

GENERAL SERVICE Less than 50 kW

Consumption
5,000 kWh

	2005 BILL			2006 BILL			IMPACT		
	Volume	RATE $	CHARGE $	Volume	RATE $	CHARGE $	$	%	% of Total Bill
Monthly Service Charge			**13.43**			**18.42**	4.99	37.18	0.93
Distribution (kWh)	5,000	**0.0183**	91.50	5,000	**0.0229**	114.41	22.91	25.03	4.29
Regulatory Assets (kWh)				5,000	(0.0023)	(11.26)	(11.26)		-2.11
Sub-Total			**104.93**			**121.57**	**16.64**	**15.86**	**3.11**
Other Charges (kWh)	5,382	0.0229	123.24	5,283	0.0217	114.53	(8.70)	-7.06	-1.63
Cost of Power Commodity (kWh)	1,000	0.0500	50.00	1,000	0.0500	50.00	0.00	0.00	0.00
Cost of Power Commodity (kW)	4,382	0.0580	254.13	4,283	0.0580	248.39	(5.74)	-2.26	-1.07
Total Bill			**532.29**			**534.49**	**2.19**	**0.41**	**0.41**

GENERAL SERVICE Less than 50 kW

Consumption
10,000 kWh

	2005 BILL			2006 BILL			IMPACT		
	Volume	RATE $	CHARGE $	Volume	RATE $	CHARGE $	$	%	% of Total Bill
Monthly Service Charge			**13.43**			**18.42**	4.99	37.18	0.47
Distribution (kWh)	10,000	**0.0183**	183.00	10,000	**0.0229**	228.81	45.81	25.03	4.33
Regulatory Assets (kWh)				10,000	(0.0023)	(22.52)	(22.52)		-2.13
Sub-Total			**196.43**			**224.72**	**28.29**	**14.40**	**2.67**
Other Charges (kWh)	10,763	0.0229	246.47	10,565	0.0217	229.06	(17.41)	-7.06	-1.64
Cost of Power Commodity (kWh)	1,000	0.0500	50.00	1,000	0.0500	50.00	0.00	0.00	0.00
Cost of Power Commodity (kW)	9,763	0.0580	566.25	9,565	0.0580	554.77	(11.48)	-2.03	-1.08
Total Bill			**1,059.16**			**1,058.55**	**(0.61)**	**-0.06**	**-0.06**

GENERAL SERVICE Less than 50 kW

Consumption
15,000 kWh

	2005 BILL			2006 BILL			IMPACT		
	Volume	RATE $	CHARGE $	Volume	RATE $	CHARGE $	$	%	% of Total Bill
Monthly Service Charge			**13.43**			**18.42**	4.99	37.18	0.32
Distribution (kWh)	15,000	**0.0183**	274.50	15,000	**0.0229**	343.22	68.72	25.03	4.34
Regulatory Assets (kWh)				15,000	(0.0023)	(33.78)	(33.78)		-2.13
Sub-Total			**287.93**			**327.86**	**39.93**	**13.87**	**2.52**
Other Charges (kWh)	16,145	0.0229	369.71	15,848	0.0217	343.60	(26.11)	-7.06	-1.65
Cost of Power Commodity (kWh)	1,000	0.0500	50.00	1,000	0.0500	50.00	0.00	0.00	0.00
Cost of Power Commodity (kW)	15,145	0.0580	878.38	14,848	0.0580	861.16	(17.23)	-1.96	-1.09
Total Bill			**1,586.02**			**1,582.61**	**(3.41)**	**-0.21**	**-0.22**

GENERAL SERVICE Other > 50 kW (specify) .

Consumption
11,000 kWh
500 kW

	2005 BILL			2006 BILL			IMPACT		
	Volume	RATE $	CHARGE $	Volume	RATE $	CHARGE $	Change $	Change %	% of Total Bill
Monthly Service Charge			**25.52**			**34.08**	8.56	33.54	0.17
Distribution (kWh)	11,000	**0.0000**	0.00	11,000	**0.0000**	0.00	0.00	#DIV/0!	0.00
Distribution (kW)	500	**5.1504**	2,575.20	500	**6.0641**	3,032.04	456.84	17.74	9.02
Regulatory Assets (kW)				500	(1.1627)	(581.33)	(581.33)		-11.48
Sub-Total			**2,600.72**			**2,484.78**	**(115.94)**	**-4.46**	**-2.29**
Other Charges (kWh)	11,839	0.0132	156.28	11,622	0.0132	153.40	(2.87)	-1.84	-0.06
Other Charges (kW)	538	3.9100	2,104.17	528	3.4194	1,806.31	(297.86)	-14.16	-5.88
Cost of Power Commodity (kWh)	0	0.0531	0.00	0	0.0531	0.00	0.00	#DIV/0!	0.00
Cost of Power Commodity (kW)	11,839	0.0531	629.02	11,622	0.0531	617.45	(11.57)	-1.84	-0.23
Total Bill			**5,490.19**			**5,061.95**	**(428.24)**	**-7.80**	**-8.46**

GENERAL SERVICE Other > 50 kW (specify) .

Consumption
15,000 kWh
1,000 kW

	2005 BILL			2006 BILL			IMPACT		
	Volume	RATE $	CHARGE $	Volume	RATE $	CHARGE $	$	%	% of Total Bill
Monthly Service Charge			**25.52**			**34.08**	8.56	33.54	0.09
Distribution (kWh)	15,000	**0.0000**	0.00	15,000	**0.0000**	0.00	0.00	#DIV/0!	0.00
Distribution (kW)	1,000	**5.1504**	5,150.40	1,000	**6.0641**	6,064.07	913.67	17.74	9.52
Regulatory Assets (kW)				1,000	(1.1627)	(1,162.66)	(1,162.66)		-12.11
Sub-Total			**5,175.92**			**4,935.49**	**(240.43)**	**-4.65**	**-2.50**
Other Charges (kWh)	16,145	0.0132	213.11	15,848	0.0132	209.19	(3.92)	-1.84	-0.04
Other Charges (kW)	1,076	3.9100	4,208.33	1,057	3.4194	3,612.62	(595.72)	-14.16	-6.21
Cost of Power Commodity (kWh)	0	0.0531	0.00	0	0.0531	0.00	0.00	#DIV/0!	0.00
Cost of Power Commodity (kW)	16,145	0.0531	857.76	15,848	0.0531	841.98	(15.78)	-1.84	-0.16
Total Bill			**10,455.12**			**9,599.27**	**(855.85)**	**-8.19**	**-8.92**

GENERAL SERVICE Other > 50 kW (specify) .

Consumption
20,000 kWh
1,500 kW

	2005 BILL			2006 BILL			IMPACT		
	Volume	RATE $	CHARGE $	Volume	RATE $	CHARGE $	$	%	% of Total Bill
Monthly Service Charge			**25.52**			**34.08**	8.56	33.54	0.06
Distribution (kWh)	20,000	**0.0000**	0.00	20,000	**0.0000**	0.00	0.00	#DIV/0!	0.00
Distribution (kW)	1,500	**5.1504**	7,725.60	1,500	**6.0641**	9,096.11	1,370.51	17.74	9.65
Regulatory Assets (kW)				1,500	(1.1627)	(1,743.99)	(1,743.99)		-12.28
Sub-Total			**7,751.12**			**7,386.19**	**(364.93)**	**-4.71**	**-2.57**
Other Charges (kWh)	21,526	0.0132	284.14	21,130	0.0132	278.92	(5.23)	-1.84	-0.04
Other Charges (kW)	1,614	3.9100	6,312.50	1,585	3.4194	5,418.92	(893.58)	-14.16	-6.29
Cost of Power Commodity (kWh)	0	0.0531	0.00	0	0.0531	0.00	0.00	#DIV/0!	0.00
Cost of Power Commodity (kW)	21,526	0.0531	1,143.68	21,130	0.0531	1,122.64	(21.04)	-1.84	-0.15
Total Bill			**15,491.44**			**14,206.67**	**(1,284.77)**	**-8.29**	**-9.04**

GENERAL SERVICE Other > 50 kW (specify) .Interval meter

Consumption
11,000 kWh
500 kW

	2005 BILL			2006 BILL			IMPACT		
	Volume	RATE $	CHARGE $	Volume	RATE $	CHARGE $	Change $	Change %	% of Total Bill
Monthly Service Charge			**25.52**			**34.08**	8.56	33.54	0.17
Distribution (kWh)	11,000	**0.0000**	0.00	11,000	**0.0000**	0.00	0.00	#DIV/0!	0.00
Distribution (kW)	500	**5.1504**	2,575.20	500	**6.0641**	3,032.04	456.84	17.74	8.83
Regulatory Assets (kW)				500	(1.1627)	(581.33)	(581.33)		-11.24
Sub-Total			**2,600.72**			**2,484.78**	**(115.94)**	**-4.46**	**-2.24**
Other Charges (kWh)	11,839	0.0132	156.28	11,622	0.0132	153.40	(2.87)	-1.84	-0.06
Other Charges (kW)	538	4.2271	2,274.81	528	3.6957	1,952.24	(322.57)	-14.18	-6.24
Cost of Power Commodity (kWh)	0	0.0500	0.00	0	0.0500	0.00	0.00	#DIV/0!	0.00
Cost of Power Commodity (kW)	11,839	0.0500	592.32	11,622	0.0500	581.42	(10.90)	-1.84	-0.21
Total Bill			**5,624.13**			**5,171.85**	**(452.28)**	**-8.04**	**-8.75**

GENERAL SERVICE Other > 50 kW (specify) .Interval meter

Consumption
15,000 kWh
1,000 kW

	2005 BILL			2006 BILL			IMPACT		
	Volume	RATE $	CHARGE $	Volume	RATE $	CHARGE $	$	%	% of Total Bill
Monthly Service Charge			**25.52**			**34.08**	8.56	33.54	0.09
Distribution (kWh)	15,000	**0.0000**	0.00	15,000	**0.0000**	0.00	0.00	#DIV/0!	0.00
Distribution (kW)	1,000	**5.1504**	5,150.40	1,000	**6.0641**	6,064.07	913.67	17.74	9.28
Regulatory Assets (kW)				1,000	(1.1627)	(1,162.66)	(1,162.66)		-11.81
Sub-Total			**5,175.92**			**4,935.49**	**(240.43)**	**-4.65**	**-2.44**
Other Charges (kWh)	16,145	0.0132	213.11	15,848	0.0132	209.19	(3.92)	-1.84	-0.04
Other Charges (kW)	1,076	4.2271	4,549.63	1,057	3.6957	3,904.48	(645.15)	-14.18	-6.56
Cost of Power Commodity (kWh)	0	0.0500	0.00	0	0.0500	0.00	0.00	#DIV/0!	0.00
Cost of Power Commodity (kW)	16,145	0.0500	807.71	15,848	0.0500	792.85	(14.86)	-1.84	-0.15
Total Bill			**10,746.36**			**9,842.01**	**(904.36)**	**-8.42**	**-9.19**

GENERAL SERVICE Other > 50 kW (specify) .Interval meter

Consumption
20,000 kWh
1,500 kW

	2005 BILL			2006 BILL			IMPACT		
	Volume	RATE $	CHARGE $	Volume	RATE $	CHARGE $	$	%	% of Total Bill
Monthly Service Charge			**25.52**			**34.08**	8.56	33.54	0.06
Distribution (kWh)	20,000	**0.0000**	0.00	20,000	**0.0000**	0.00	0.00	#DIV/0!	0.00
Distribution (kW)	1,500	**5.1504**	7,725.60	1,500	**6.0641**	9,096.11	1,370.51	17.74	9.40
Regulatory Assets (kW)				1,500	(1.1627)	(1,743.99)	(1,743.99)		-11.96
Sub-Total			**7,751.12**			**7,386.19**	**(364.93)**	**-4.71**	**-2.50**
Other Charges (kWh)	21,526	0.0132	284.14	21,130	0.0132	278.92	(5.23)	-1.84	-0.04
Other Charges (kW)	1,614	4.2271	6,824.44	1,585	3.6957	5,856.72	(967.72)	-14.18	-6.64
Cost of Power Commodity (kWh)	0	0.0500	0.00	0	0.0500	0.00	0.00	#DIV/0!	0.00
Cost of Power Commodity (kW)	21,526	0.0500	1,076.95	21,130	0.0500	1,057.13	(19.81)	-1.84	-0.14
Total Bill			**15,936.65**			**14,578.97**	**(1,357.68)**	**-8.52**	**-9.31**

GENERAL SERVICE Other > 50 kW (specify) .Interval meter

Consumption
30,000 kWh
2,500 kW

	2005 BILL			2006 BILL			IMPACT		
	Volume	RATE $	CHARGE $	Volume	RATE $	CHARGE $	$	%	% of Total Bill
Monthly Service Charge			**25.52**			**34.08**	8.56	33.54	0.04
Distribution (kWh)	30,000	**0.0000**	0.00	30,000	**0.0000**	0.00	0.00	#DIV/0!	0.00
Distribution (kW)	2,500	**5.1504**	12,876.00	2,500	**6.0641**	15,160.18	2,284.18	17.74	9.50
Regulatory Assets (kW)				2,500	(1.1627)	(2,906.66)	(2,906.66)		-12.08
Sub-Total			**12,901.52**			**12,287.60**	**(613.92)**	**-4.76**	**-2.55**
Other Charges (kWh)	32,289	0.0132	426.21	31,695	0.0132	418.37	(7.84)	-1.84	-0.03
Other Charges (kW)	2,691	4.2271	11,374.07	2,641	3.6957	9,761.20	(1,612.86)	-14.18	-6.71
Cost of Power Commodity (kWh)	0	0.0500	0.00	0	0.0500	0.00	0.00	#DIV/0!	0.00
Cost of Power Commodity (kW)	32,289	0.0500	1,615.42	31,695	0.0500	1,585.70	(29.72)	-1.84	-0.12
Total Bill			**26,317.22**			**24,052.88**	**(2,264.34)**	**-8.60**	**-9.41**

GENERAL SERVICE Unmetered Scattered Load

Consumption
150 kWh

	2005 BILL			2006 BILL			IMPACT		
	Volume	RATE $	CHARGE $	Volume	RATE $	CHARGE $	Change $	Change %	% of Total Bill
Monthly Service Charge			**13.43**			**9.08**	(4.35)	-32.39	-18.15
Distribution (kWh)	150	**0.0183**	2.75	150	**0.0237**	3.55	0.81	29.36	3.36
Regulatory Assets (kWh)				150	(0.0002)	(0.03)	(0.03)		-0.12
Sub-Total			**16.18**			**12.60**	**(3.57)**	**-22.09**	**-14.91**
Other Charges (kWh)	161	0.0229	3.70	158	0.0217	3.44	(0.26)	-7.06	-1.09
Cost of Power Commodity (kWh)	161	0.0500	8.07	158	0.0500	7.92	(0.15)	-1.84	-0.62
Total Bill			**27.94**			**23.96**	**(3.98)**	**-14.25**	**-16.62**

GENERAL SERVICE Unmetered Scattered Load

Consumption		2005 BILL			2006 BILL			IMPACT		
		Volume	RATE $	CHARGE $	Volume	RATE $	CHARGE $	$	%	% of Total Bill
200 kWh	Monthly Service Charge			**13.43**			**9.08**	(4.35)	-32.39	-15.04
	Distribution (kWh)	200	**0.0183**	3.66	200	**0.0237**	4.73	1.07	29.36	3.72
	Regulatory Assets (kWh)				200	(0.0002)	(0.04)	(0.04)		-0.14
	Sub-Total			**17.09**			**13.78**	**(3.31)**	**-19.40**	**-11.46**
	Other Charges (kWh)	215	0.0229	4.93	211	0.0217	4.58	(0.35)	-7.06	-1.20
	Cost of Power Commodity (kWh)	215	0.0500	10.76	211	0.0500	10.57	(0.20)	-1.84	-0.68
	Total Bill			**32.78**			**28.92**	**(3.86)**	**-11.78**	**-13.35**

GENERAL SERVICE Unmetered Scattered Load

Consumption		2005 BILL			2006 BILL			IMPACT		
		Volume	RATE $	CHARGE $	Volume	RATE $	CHARGE $	$	%	% of Total Bill
300 kWh	Monthly Service Charge			**13.43**			**9.08**	(4.35)	-32.39	-11.20
	Distribution (kWh)	300	**0.0183**	5.49	300	**0.0237**	7.10	1.61	29.36	4.15
	Regulatory Assets (kWh)				300	(0.0002)	(0.06)	(0.06)		-0.15
	Sub-Total			**18.92**			**16.12**	**(2.80)**	**-14.79**	**-7.20**
	Other Charges (kWh)	323	0.0229	7.39	317	0.0217	6.87	(0.52)	-7.06	-1.34
	Cost of Power Commodity (kWh)	323	0.0500	16.14	317	0.0500	15.85	(0.30)	-1.84	-0.76
	Total Bill			**42.46**			**38.84**	**(3.62)**	**-8.52**	**-9.31**

Sentinel Lighting

Consumption		2005 BILL			2006 BILL			IMPACT		
		Volume	RATE $	CHARGE $	Volume	RATE $	CHARGE $	Change $	Change %	% of Total Bill
150 kWh 1 kW	Monthly Service Charge			**1.28**			**1.72**	0.44	34.17	2.78
	Distribution (kWh)	150	**0.0000**	0.00	150	**0.0000**	0.00	0.00	#DIV/0!	0.00
	Distribution (kW)	1	**3.8892**	1.94	1	**4.7155**	2.36	0.41	21.25	2.63
	Regulatory Assets (kW)				1	(2.0665)	(1.03)	(1.03)		-6.57
	Sub-Total			**3.22**			**3.04**	**(0.18)**	**-5.67**	**-1.16**
	Other Charges (kWh)	161	0.0132	2.13	158	0.0132	2.09	(0.04)	-1.84	-0.25
	Other Charges (kW)	1	3.0196	1.62	1	2.6400	1.39	(0.23)	-14.18	-1.47
	Cost of Power Commodity (kWh)	0	0.0500	0.00	0	0.0500	0.00	0.00	#DIV/0!	0.00
	Cost of Power Commodity (kW)	161	0.0580	9.36	158	0.0580	9.19	(0.17)	-1.84	-1.10
	Total Bill			**16.34**			**15.72**	**(0.62)**	**-3.82**	**-3.97**

Sentinel Lighting

Consumption		2005 BILL			2006 BILL			IMPACT		
		Volume	RATE $	CHARGE $	Volume	RATE $	CHARGE $	$	%	% of Total Bill
200 kWh 1 kW	Monthly Service Charge			**1.28**			**1.72**	0.44	34.17	1.97
	Distribution (kWh)	200	**0.0000**	0.00	200	**0.0000**	0.00	0.00	#DIV/0!	0.00
	Distribution (kW)	1	**3.8892**	3.89	1	**4.7155**	4.72	0.83	21.25	3.72
	Regulatory Assets (kW)				1	(2.0665)	(2.07)	(2.07)		-9.31
	Sub-Total			**5.17**			**4.37**	**(0.80)**	**-15.53**	**-3.62**
	Other Charges (kWh)	215	0.0132	2.84	211	0.0132	2.79	(0.05)	-1.84	-0.24
	Other Charges (kW)	1	3.0196	3.25	1	2.6400	2.79	(0.46)	-14.18	-2.08
	Cost of Power Commodity (kWh)	0	0.0500	0.00	0	0.0500	0.00	0.00	#DIV/0!	0.00
	Cost of Power Commodity (kW)	215	0.0580	12.49	211	0.0580	12.26	(0.23)	-1.84	-1.03
	Total Bill			**23.75**			**22.20**	**(1.55)**	**-6.51**	**-6.96**

Street Lighting

Consumption
2,000 kWh
50 kW

	2005 BILL			2006 BILL			IMPACT		
	Volume	RATE $	CHARGE $	Volume	RATE $	CHARGE $	Change $	Change %	% of Total Bill
Monthly Service Charge			**1.12**			**1.52**	0.40	36.07	0.10
Distribution (kWh)	2,000	**0.0000**	0.00	2,000	**0.0000**	0.00	0.00	#DIV/0!	0.00
Distribution (kW)	50	**3.3233**	166.17	50	**4.1290**	206.45	40.29	24.24	9.69
Regulatory Assets (kW)				50	(1.6113)	(80.57)	(80.57)		-19.38
Sub-Total			**167.29**			**127.41**	**(39.87)**	**-23.84**	**-9.59**
Other Charges (kWh)	2,153	0.0132	28.41	2,113	0.0132	27.89	(0.52)	-1.84	-0.13
Other Charges (kW)	54	2.9826	160.51	53	2.6079	137.76	(22.74)	-14.17	-5.47
Cost of Power Commodity (kWh)	0	0.0500	0.00	0	0.0500	0.00	0.00	#DIV/0!	0.00
Cost of Power Commodity (kW)	2,153	0.0580	124.85	2,113	0.0580	122.55	(2.30)	-1.84	-0.55
Total Bill			**481.06**			**415.62**	**(65.44)**	**-13.60**	**-15.74**

Street Lighting

Consumption
20,000 kWh
500 kW

	2005 BILL			2006 BILL			IMPACT		
	Volume	RATE $	CHARGE $	Volume	RATE $	CHARGE $	$	%	% of Total Bill
Monthly Service Charge			**1.12**			**1.52**	0.40	36.07	0.01
Distribution (kWh)	20,000	**0.0000**	0.00	20,000	**0.0000**	0.00	0.00	#DIV/0!	0.00
Distribution (kW)	500	**3.3233**	1,661.65	500	**4.1290**	2,064.51	402.86	24.24	9.73
Regulatory Assets (kW)				500	(1.6113)	(805.65)	(805.65)		-19.45
Sub-Total			**1,662.77**			**1,260.39**	**(402.38)**	**-24.20**	**-9.71**
Other Charges (kWh)	21,526	0.0132	284.14	21,130	0.0132	278.92	(5.23)	-1.84	-0.13
Other Charges (kW)	538	2.9826	1,605.09	528	2.6079	1,377.64	(227.45)	-14.17	-5.49
Cost of Power Commodity (kWh)	0	0.0500	0.00	0	0.0500	0.00	0.00	#DIV/0!	0.00
Cost of Power Commodity (kW)	21,526	0.0580	1,248.51	21,130	0.0580	1,225.54	(22.97)	-1.84	-0.55
Total Bill			**4,800.51**			**4,142.48**	**(658.03)**	**-13.71**	**-15.88**

Street Lighting

Consumption
30,000 kWh
1,000 kW

	2005 BILL			2006 BILL			IMPACT		
	Volume	RATE $	CHARGE $	Volume	RATE $	CHARGE $	$	%	% of Total Bill
Monthly Service Charge			**1.12**			**1.52**	0.40	36.07	0.01
Distribution (kWh)	30,000	**0.0000**	0.00	30,000	**0.0000**	0.00	0.00	#DIV/0!	0.00
Distribution (kW)	1,000	**3.3233**	3,323.30	1,000	**4.1290**	4,129.03	805.73	24.24	10.70
Regulatory Assets (kW)				1,000	(1.6113)	(1,611.30)	(1,611.30)		-21.39
Sub-Total			**3,324.42**			**2,519.25**	**(805.17)**	**-24.22**	**-10.69**
Other Charges (kWh)	32,289	0.0132	426.21	31,695	0.0132	418.37	(7.84)	-1.84	-0.10
Other Charges (kW)	1,076	2.9826	3,210.17	1,057	2.6079	2,755.28	(454.90)	-14.17	-6.04
Cost of Power Commodity (kWh)	0	0.0500	0.00	0	0.0500	0.00	0.00	#DIV/0!	0.00
Cost of Power Commodity (kW)	32,289	0.0580	1,872.76	31,695	0.0580	1,838.31	(34.45)	-1.84	-0.46
Total Bill			**8,833.57**			**7,531.21**	**(1,302.36)**	**-14.74**	**-17.29**