

EDR 2006 MODEL (ver. 2.1)
Waterloo North Hydro Inc.

ED-2002-0575 (RP-2005-0021, EB-2005-0448)

August 2, 2005

ADJ 1 (RATE BASE -TIER 1)

Tier 1 Adjustments (and other adjustments) to the Rate Base (Sheet 1 of 2).

			posted to account
1) New Transformer Stations - 2005 In Service Date			1010 - Transformer Equip - Primary above 50 kV
2) Retirements Without Replacement			
Total from Sheet ADJ 1a		0	various
3) Wholesale Meters			
2004 amount	386,482		
2005 amount	117,391		
Adjustment (Increase)		0	1860 - Meters
4) CDM Qualifying Investment and Smart Meter Investment			
<u>CDM</u>			
capital amount - 3rd tranche (incl. smart meters)		665,000	1565 - Conservation & Demand Mgmt
capital amount - post 3rd tranche	(Handbook p.15)		
<u>Smart Meters</u>			
post 3rd tranche	(Handbook p.16)		1860 - Meters
5) Non Routine/Unusual Adjustments			
Total from Sheet ADJ 1a		0	various

Subtotal - Tier 1 Adjustments to the Rate Base 665,000

6) Adjustment to Cost of Power as Recorded in Trial Balance			
<u>Adjustment for "Normalized" Cost of Power</u>	(Handbook 5.4)		
Cost of Power - 2004 Amount	86,255,158		
Consumption per customer: Ratio of three year average vs. 2004 (calculated from figures in Sheet 6-2)	1.0260		
Adjustment Factor	0.0260	2,241,724	
<u>Accounting Adjustment</u>			
Normalized Cost of Power (re. above)	88,496,882		
Additional Adjustment (with explanation)			
Total Adjustment to Cost of Power		2,241,724	4710 - Cost of Power Adjustments

Total Tier 1 and Other Adjustments to the Rate Base 2,906,724

WATERLOO NORTH HYDRO INC.

EDR - 2006

TIER 1 ADJUSTMENT SHEETS WITH \$0

ADJ 1a (RATE BASE -TIER 1)

ADJ 2 (TIER 2 - RATE BASE)

ADJ 3a (DISTRIBUTION EXPENSES -TIER 1)

ADJ 4 (DISTRIBUTION EXPENSES -TIER 2)

ADJ 6 (REVENUE AMOUNTS -TIER 1)

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ADJ 3 (DISTRIBUTION EXPENSES -TIER 1)

*Tier 1 Adjustments related to **Distribution Expenses** (Sheet 1 of 3).*

		posted to account
1) OEB Annual Dues and Other Regulatory Agency Costs		
2004 amount (from Accounting Data Input, account 5655)	112,178	
2005 amount	203,840	
Adjustment (Increment)		5655 - Regulatory Expenses
	91,662	
2) Pensions		
2004 OMERS amount (from ADJ 5)	418,106	
2005 amount	472,218	
Adjustment (Increment)		5645 - Employee Pensions and Benefits
	54,112	
3) Insurance		
2004 amount (from ADJ 5)	190,761	
2005 amount	202,672	
Adjustment		5635 - Property Insurance
	11,911	
4) Non Routine/Unusual Adjustments		
Total from Sheet 3a		various
	0	
5) Low Voltage/Wheeling Adjustments (Handbook p.13)		
(Embedded Distributors only)		
Amount included in 2004 Trial Balance data, if any		
Incremental Amount per section A (Handbook, p. 13)		
Amount per section C (Handbook, p. 13)	95,727	
[above items to Sheet 5-5 B.R.R. #2]		
Adjustment		5665 - Miscellaneous General Expenses
	95,727	
6) Amortization Related to Tier 1 Adjustment to the Rate Base		
Total from Sheet 3b		5705 - Amortization
	26,600	
7) CDM (and Smart Meters) (Handbook p.14)		
<u>CDM</u>		
Adjustment		5415 - Energy Conservation
<u>Smart Meters</u>		
Adjustment		5065 - Meter Expense
Net Tier 1 Adjustments to Distribution Expenses	280,011	

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ADJ 3b (TIER 1 AMORTIZATION)

Adjustments to Amortization related to Tier 1 Adjustment to the Rate Base (Sheet 3 of 3)

	1) Tier 1 Adjustments from Worksheet ADJ1 (items 1, 3, 4)	2) Retirements Without Replacement	5) Non Routine/ Unusual Adjustments	Total Adjustments	Amortization Rate (If more than one rate, or different than Appendix B, explain in Schedule 3-1)	Adjustment to Amortization
	\$	\$	\$	\$	%	\$
1565 Conservation and Demand Management Expenditures and Recoveries	665,000			665,000	4	26,600
1808 Buildings and Fixtures		0	0	0		0
1810 Leasehold Improvements		0	0	0		0
1815 Transformer Station Equipment - Normally Primary above 50 kV	0	0	0	0		0
1820 Distribution Station Equipment - Normally Primary below 50 kV		0	0	0		0
1825 Storage Battery Equipment		0	0	0		0
1830 Poles, Towers and Fixtures		0	0	0		0
1835 Overhead Conductors and Devices		0	0	0		0
1840 Underground Conduit		0	0	0		0
1845 Underground Conductors and Devices		0	0	0		0
1850 Line Transformers		0	0	0		0
1855 Services		0	0	0		0
1860 Meters	0	0	0	0		0
1908 Buildings and Fixtures		0	0	0		0
1910 Leasehold Improvements		0	0	0		0
1915 Office Furniture and Equipment		0	0	0		0
1920 Computer Equipment - Hardware		0	0	0		0
1925 Computer Software		0	0	0		0
1930 Transportation Equipment		0	0	0		0
1935 Stores Equipment		0	0	0		0
1940 Tools, Shop and Garage Equipment		0	0	0		0
1945 Measurement and Testing Equipment		0	0	0		0
1950 Power Operated Equipment		0	0	0		0
1955 Communication Equipment		0	0	0		0
1960 Miscellaneous Equipment		0	0	0		0
1970 Load Management Controls - Customer Premises		0	0	0		0
1975 Load Management Controls - Utility Premises		0	0	0		0
1980 System Supervisory Equipment		0	0	0		0
1990 Other Tangible Property		0	0	0		0
1995 Contributions and Grants - Credit		0	0	0		0
2005 Property Under Capital Leases		0	0	0		0
2010 Electric Plant Purchased or Sold		0	0	0		0
						26,600

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ADJ 5 (SPECIFIC DISTRIBUTION EXPENSES)*Enter Adjustments for Specific Distribution Expenses.*

Description	HANDBOOK REF.	2002 Expenses \$	2003 Expenses \$	2004 Expenses \$	Non-Recoverable 2004 Amounts \$	
INSURANCE EXPENSE	6.2.1	144,992	13,882	(0)		
3rd Party Insurance						2005
Type & Number of Insurers						
Property Insurance - 1 Insurer		62,033	73,436	79,578		81,145
Liability Insurance - 1 Insurer		95,282	109,525	121,927		125,713
Vehicle Insurance - 1 Insurer		30,026	35,528	31,396		33,099
Less: Capitalized/Recovered		(27,800)	(63,482)	(42,139)		(37,285)
Total - 3rd Party Insurance		159,541	155,006	190,761	0	202,672
BAD DEBT EXPENSE	6.2.2	101,327	107,754	114,820		
Residential		54,879	58,305	57,066		
GS<50		27,188	31,884	28,919		
GS>50		19,260	17,565	28,835		
Intermediate						
Large Use						
Street Lighting						
Sentinel Lighting						
Total Bad Debt		101,327	107,754	114,820	0	
Material Bad Debt Occurrences						
Materiality (0.2% x Distribtn. Expenses) =	28,467					
ADVERTISING, ETC.	6.2.4					
Advertising Expenses		(0)	(0)	(0)		
Political Contributions						
Employee Dues						
Charitable Contributions		(0)	560	5,715		
Amount of recoverable contributions (details to be put in Schedule 6-3)				5,000		
Other Contributions (non-recoverable)						715
PENSION AND POST-RETIREMENT BENEFITS	6.2.6	161,457	0	0		
OMERS Members						
<i>Total of OMERS Pension Premiums and Adjustments</i>		161,457	214,111	418,106		

TOTAL NON-RECOVERABLE AMOUNT

715

5-5 BASE REVENUE REQUIREMENT

	<u>\$</u>	<u>\$</u>
Service Revenue Requirement <i>(from Sheet 5-1)</i>		24,718,896
LESS:		
Revenue Offsets:		
Board Approved Charges		
Specific Service Charges <i>(from Sheet 5-2)</i>	304,646	
Late Payment Charges <i>(from Sheet 2-4 ADJUSTED ACCOUNTING DATA)</i>	160,296	
Other Distribution Revenue <i>(from Sheet 5-3)</i>	213,053	
Other Income & Deductions <i>(from Sheet 2-4 ADJUSTED ACCOUNTING DATA)</i>	323,902	
	<hr/>	
TOTAL REVENUE OFFSETS	1,001,897	1,001,897
Base Revenue Requirement		<hr/> 23,716,999 <hr/>
(defined as SERVICE REVENUE REQUIREMENT NET OF REVENUE OFFSETS)		
<u>Base Revenue Requirement is allocated to classes in three portions:</u>		
B.R.R. #1: Base Revenue Requirement net of B.R.R. #2 and #3 (below)		23,621,272
B.R.R. #2: Low Voltage Wheeling Costs (Embedded Distributors only) <i>(from Sheet ADJ3, item 5)</i>		95,727
B.R.R. #3: Directly assigned CDM <i>(from Sheet 5-4)</i>		0
Base Revenue Requirement (as above)		<hr/> 23,716,999 <hr/>