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September 27, 2007

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319
2300 Yonge Street, 27th Floor
Toronto, Ontario M4P 1E4

Dear Ms. Walli:

Barrie Hydro Distribution Inc. (licence ED-2002-0534) is one of the LDCs that under the Multi-year Electricity Distribution Rate Setting Plan (EB-2006-0330) is filing a 2008 rebasing application. This filing has now been submitted through the RESS filing system (EB-2007-0746); as well two hard copies have been forwarded to you. Please contact us if any further information is required.

Sincerely,

A handwritten signature in black ink, appearing to read 'M.W.H.' followed by a horizontal line.

Mark W. Henderson
President & CEO
Barrie Hydro Distribution Inc.
705-722-7244 ext 224

A handwritten signature in black ink, appearing to read 'Stephen Perry'.

Stephen Perry C.M.A.
Manager of Regulatory Affairs & CDM
Barrie Hydro Distribution Inc.
705-722-7244 ext 278

BARRIE HYDRO DISTRIBUTION INC.

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ONTARIO ENERGY BOARD

IN THE MATTER OF the Ontario Energy Board Act, 1998,
being Schedule B to the Energy Competition Act, 1998,
S.O. 1998, c.15;

AND IN THE MATTER OF an Application by Barrie Hydro
Distribution Inc. to the Ontario Energy Board for an Order
or Orders approving or fixing just and reasonable rates
and other service charges for the distribution of electricity
as of May 1, 2008.

APPLICATION

The Applicant is Barrie Hydro Distribution Inc. (license ED-2002-0534) (Barrie Hydro). Barrie Hydro is an Ontario corporation with its office in the City of Barrie. The Applicant carries on the business of distributing electricity within the municipal areas known as Barrie, Bradford West Gwillimbury, New Tecumseth (Alliston, Tottenham, Beeton), Penetanguishene and Thornton.

The Applicant hereby applies to the Ontario Energy Board (the "OEB") pursuant to section 78 of the Ontario Energy Board Act, 1998 for approval of its proposed distribution rates and other charges, effective May 1, 2008.

Except where specifically identified in the Application, the Applicant followed Chapter 2 of the Filing Requirements for Transmission and Distribution Applications dated November 14, 2006 (the "Filing Requirements") in order to prepare this application

The Schedule of Rates and Charges proposed in this Application is identified in Appendix 1-1 & Exhibit 9, Tab1, Schedule 4 .

The Applicant requests that the OEB make its Rate Order effective May 1, 2008 in accordance with the Filing Requirements.

The Applicant submits the proposed distribution rates contained in this Application are just and reasonable on the following grounds:

- (i) the proposed rates for the distribution of electricity have been prepared in accordance with the Filing Requirements;
- (ii) the proposed adjusted rates are necessary to meet Barrie Hydro's Market Based Rate of Return and PILs requirements;

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- (iii) when comparing total bill results there are no impacts to any of the customer classes or consumption level subgroups that are so significant as to warrant the deferral of any adjustments being requested by the Applicant

Barrie Hydro applies for an Order or Orders approving the proposed distribution rates and other charges set out in this Application to be effective May 1, 2008. Barrie Hydro submits these rates and charges are just and reasonable pursuant to section 78 of the Ontario Energy Board Act, 1998 being Schedule B to the Energy Competition Act, 1998, S.O. 1998, c.15,

The applicant requests that pursuant to Section 34.01 of the Board's rules of practice and procedure, this proceeding be conducted by way of written hearing.

The address of service for the Applicant is: 55 Patterson Road, Barrie, Ont. (PO Box 7000), Barrie, On. L4M 4V8

DATED at Barrie, Ontario, this 24th day of September, 2007.

Barrie Hydro Distribution Inc.

Mark W. Henderson
President & CEO

Stephen Perry
Manager of Regulatory Affairs&CDM

BARRIE HYDRO DISTRIBUTION INC.

DISTRIBUTOR LICENCE

Please see Appendix 1-2

BARRIE HYDRO DISTRIBUTION INC.

CONTACT INFORMATION

TITLE – Manager of Regulatory Affairs & CDM
NAME – Stephen Perry

Direct line: 705-722-7244 ext 278
Direct Fax: 705-722-6159
E-mail: sperry@barriehydro.com

TITLE – President & CEO
NAME – Mark Henderson

Direct line: 705-722-7244 ext 224
Direct Fax: 705-722-6159
E-mail: mhenderson@barriehydro.com

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SPECIFIC APPROVALS REQUESTED

- Approval to charge rates effective May 1, 2008 as identified in Appendix 1-1 & Exhibit 9, Tab 1, Schedule 4, to recover a revenue deficiency of \$3,890,007 (see Appendix 1-3) and Revenue Requirement of \$35,008,572
- Approval of specific service charges as listed in Appendix 1-1 and Exhibit 9, Tab 1, Schedule 4.
- Approval of the Applicant's proposed change in capital structure, decreasing the Applicant's deemed common equity component from ("45%") to ("42.5%") consistent with Report of the Board on Cost of Capital and 2nd Generation Incentive Regulation for Ontario's Electricity Distributors dated December 20, 2006
- Approval to continue the use of or if need be establish the use of the following deferral/variance accounts on May 1, 2008 :

1505 Un-recovered Plant and Regulatory Study Costs

- 1508 Other Regulatory Assets
- 1510 Preliminary Survey and Investigation Charges
- 1515 Emission Allowance Inventory
- 1516 Emission Allowances Withheld
- 1518 Retail Cost Variance Account – Retail
- 1520 Power Purchase Variance Account
- 1525 Miscellaneous Deferred Debits – including Rebate Cheques
- 1530 Deferred Losses from Disposition of Utility Plant
- 1540 Unamortized Loss on Re-acquired Debt
- 1545 Development Charge Deposits/Receivables
- 1548 Retail Cost Variance Account – STR
- 1550 LV Variance Account
- 1555 Smart Meter Capital Variance Account
- 1556 Smart Meters OM&A Variance Account
- 1560 Deferred Development Cost
- 1562 Deferred Payments in Lieu of Taxes
- 1563 PILS Contra Account
- 1565 CDM Expenditure and Recoveries
- 1566 CDM Contra Account
- 1570 Qualifying Transition Costs
- 1571 Pre-Market Opening Energy Variances Total
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- 1574 Deferred Rate Impact Amounts
- 1580 RSVA-Wholesale Market Service Charge
- 1582 RSVA-One-time Wholesale Market Service
- 1584 RSVA-Retail Transmission Network Charge
- 1586 RSVA-Retail Transmission Connection Charge

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- 1588 RSVA-Power
 - 1590 Recovery of Regulatory Asset Balances
 - 1592 Deferred PILs Account
 - 2425 Other Deferred Credits
-
- Approval of the proposed lost factor as identified in Exhibit 4 Tab 2 Schedule 9
 - Approval to recover deferral variance accounts as identified in Exhibit 5 Tab1 Schedule 3
 - Approval to continue smart meter charge recovery of \$.27 per metered customer per month (please see draft issues list), this amount is included in the rates in Appendix 1-1 & Exhibit 9, Tab 1, Schedule 4.
 - Approval to continue the rate class of General Service 50 to 4999 kw Time of Use. Distribution rates for this class have been harmonized with the General Service 50 to 4999 since market opening. The approved Retail Transmission – Network and Retail Transmission – Line and Transformation Connection charges are different for these two classes, therefore we request that this rate class be kept active.
 - Approval to continue to charge the current approved Standby Power charge. We recognize that the Board is currently reviewing the methodology of developing this rate. We therefore feel that it is prudent to make any changes to this rate upon completion of the Board's review.
 - Approval to recoup \$549,556 through distribution rates representing transformer discount amounts to be paid to those qualifying customers. This amount is not included in the revenue requirement listed above.
 - Approval to recoup low voltage charges through distribution rates in the amount of \$1,215,380. This amount is the recovery of expenses charged to Barrie Hydro. This amount is not included in the revenue requirement above.

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DRAFT ISSUES LIST

Smart Metering

Collect pilot project in 2008 through current \$.27

Barrie Hydro plans to perform a Smart meter pilot project in 2008. The forecasted cost of this project is \$600,000 to install approximately 5,000 smart meters. The technology implemented will be one of the four technologies discussed in the recent Board smart meter decision. As well the forecasted cost of \$600,000 representing the installation of 5,000 smart meters is in line with those costs approved in the recent smart meter decision. Barrie Hydro is proposing to fund this pilot project through the current smart meter rider of \$.27 per month per metered customers that was initiated in the distribution rates effective May 1, 2006. We estimate that at the current rate of \$.27 for the smart meter rider that by December 31, 2008 that \$575,000 will have been collected to fund this pilot project.

BARRIE HYDRO DISTRIBUTION INC.

PROCEDURAL ORDERS/MOTIONS/NOTICES

Barrie Hydro is not aware of any orders/motions/notices at this time.

BARRIE HYDRO DISTRIBUTION INC.

ACCOUNTING ORDERS REQUESTED

Barrie Hydro is not aware of any Accounting Orders at this time.

BARRIE HYDRO DISTRIBUTION INC.

NON-COMPLIANCE WITH UNIFORM SYSTEM OF ACCOUNTS

The Applicant follows the main categories and accounting guidelines as stated in the Uniform System of Accounts to the best of our knowledge.

BARRIE HYDRO DISTRIBUTION INC.

MAP OF DISTRIBUTION SYSTEM & SERVICE AREAS

See appendix 1-4

BARRIE HYDRO DISTRIBUTION INC.

LIST OF NEIGHBORING UTILITIES

LIST OF ADJACENT DISTRIBUTORS

UTILITY NAME:	HYDRO ONE NETWORKS INC.	Direct line: 416-345-5000
ADDRESS:	483 Bay Street	Direct Fax:
	Toronto, ON M5G 2P5	E-mail:

UTILITY NAME:	INNISFIL HYDRO	Direct line: 705-431-4321
ADDRESS:	2073 Commerce Park Drive	Direct Fax: 705-431-6872
	Innisfil, ON L9S 4A2	E-mail:

DESCRIPTION OF DISTRIBUTOR (BARRIE HYDRO)

COMMUNITY SERVED: Barrie, Bradford West Gwillimbury, New Tecumseth (Alliston, Tottenham, Beeton), Penetanguishene and Thornton.

TOTAL SERVICE AREA	374 sq km
RURAL SERVICE AREA	11 sq km
DISTRIBUTION TYPE	Directly connected and embedded with Hydro One Networks
SERVICE AREA POPULATION	178,875
MUNICIPAL POPULATION	194,429
BOUNDARIES	West: as identified in service area maps North: as identified in service area maps East: as identified in service area maps South: as identified in service area maps

BARRIE HYDRO DISTRIBUTION INC.

EXPLANATION OF HOST AND EMBEDDED UTILITIES

Barrie Hydro has no embedded utilities in its service area

BARRIE HYDRO DISTRIBUTION INC.

UTILITY ORGANIZATIONAL CHART

See appendix 1-5

BARRIE HYDRO DISTRIBUTION INC.

CORPORATE ENTITIES RELATIONSHIP CHARTS

See appendix 1-6

BARRIE HYDRO DISTRIBUTION INC.

PLANNED CHANGES IN CORPORATE AND OPERATIONAL STRUCTURE

Barrie Hydro is not contemplating any changes to corporate or operational structure at this time.

BARRIE HYDRO DISTRIBUTION INC.

STATUS REPORT ON BOARD DIRECTIVES

Barrie Hydro is not aware of any Board directives at this time.

BARRIE HYDRO DISTRIBUTION INC.

CONDITIONS OF SERVICE

Barrie Hydro's latest Conditions of Service document was filed with the OEB May 1, 2007. A copy can be seen on our website www.barriehydro.com.

BARRIE HYDRO DISTRIBUTION INC.

PLANNED CHANGES IN CONDITIONS OF SERVICE AND SERVICE CHARGES

Barrie Hydro has no planned changes in its Conditions of Service document at this time.

BARRIE HYDRO DISTRIBUTION INC.

LIST OF WITNESSES

To be provided if oral hearing occurs

BARRIE HYDRO DISTRIBUTION INC.

SUMMARY OF THE APPLICATION

PURPOSE AND NEED

Barrie Hydro has produced this rate application following the Board's mandated filing guidelines. By following this process Barrie Hydro has determined that its present rates will produce a deficiency in distribution revenue of ("(\$3,890,007") for the 2008 Test Year. A revenue requirement of \$35,008,572 has been determined that must be recovered through the new rates applied for in this application. The Applicant therefore seeks the Board's approval to revise its rates applicable to its distribution of electricity. The issues to be reviewed in this case, as the applicant sees them, are discussed below.

Through this Application, Barrie Hydro seeks:

- To recover the revenue requirement determined in this application and any associated revenue deficiency
- To recover Deferral and Variance Account balances as identified in this application over a 3 year period commencing May 1 2008
- To change total loss factor applied to billed consumption
- To continue to collect the smart meter rate rider of \$.27 per month per metered customer.
- To continue to charge the specific service charges outlined in this application. No change in the current charges is asked for.
- To reflect just and reasonable distribution rates that have been modeled in accordance with the Ontario Energy Board filing Requirements for distribution Rate Applications.

It is important to note that Barrie Hydro's service area comprises several rapid growing municipalities. Barrie Hydro's average load and customer growth for the three years from the end of 2004 to the end of 2007 represents 2.75% and 2.5% respectively. 2008 load and customer growth is forecasted to be at 2%. In addition, since the time of Barrie Hydro's last rebasing (2006 EDR) more than \$34 million has been added to our rate base in support of this growth and the ongoing maintenance and refurbishment of our distribution system across all of our service areas.

The information used in this Application is Barrie Hydro's forecasted results for its 2008 Test Year. With the rates presently in effect, we have determined that our revenue for 2008 would not be sufficient to provide a reasonable return as determined by the Board's criteria. We are also presenting the historical actual information for fiscal 2006, information for the current approved test year (2006 EDR) and a forecast for the fiscal 2007 bridge year based on a combination of YTD actual results and forecasted expenditures.

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TIMING

The financial information supporting the test Year for this Application will be Barrie Hydro's fiscal year ending December 31, 2008 (the "2008 Test Year"). However, this information will be used to set rates for the period May 1, 2008 to April 30, 2009. The Test Year revenue requirement is that forecast by Barrie Hydro as needed to enable it to earn a reasonable return as determined by the Board's guidelines commencing May 1, 2008 and forward. For the required revenues to match and appropriately offset the expected costs of service for the Test Year, revised rates reflecting the Board's decision must be effective for volumes consumed on and after May 1, 2008.

CUSTOMER IMPACT

Upon review of the results produced in this application Barrie Hydro has identified that there is for the majority of customers when comparing total bill results very little change. Most customers fall between a range of +2% to -2%, no customers in the bill comparison's identified have a total bill increase of over 10%. Based on these results Barrie Hydro does not anticipate any need for rate mitigation. Although distribution rates for all classes have increased along with the total loss factor (secondary 1.051 to 1.0565), these increases have been almost totally offset with the adjustment of the regulatory asset recovery rate.

Concerning cost allocation, in the cost allocation model filed in January 2007 all of Barrie Hydro's rate classes were within the Board identified ranges, with the exception of Street Lights. As identified in the cost allocation model included in this filing the Revenue to Expense % results were: residential 117.47%, GS<50 97.93%, GS>50 80.57%, Unmetered Scattered Load 101.22%, and Street Lighting 9.33%. Barrie Hydro has made two changes in this rate application to move the cost allocation results closer to 100% Revenue to Expense result; 1/ we have increased Street Lighting revenue by \$20,000 2/ we have changed the methodology for distributing the amount to be collected to offset the transformer allowance credit amount. This resulted in an additional \$427,555 being allocated to GS>50 and a corresponding decrease spread over the other rate classes. This has the affect of increasing the GS>50 % and lowering the other classes %.

Please find a comparison of the proposed new rates to the current rates:

Residential

Charge Description

	Units	2007	2008	Proposed % Change
Service Charge	Monthly	\$ 14.72	\$ 16.85	14.5%
Distribution Volumetric Rate	kWh	\$0.0138	\$0.0154	11.6%
Regulatory Asset Recovery/Deferral	kWh	\$0.0033	\$ -.0002	-106.1%
Retail Transmission-Network Service	kWh	\$0.0057	\$0.0057	0%
Retail Transmission-Line and Transfor	kWh	\$0.0050	\$0.0050	0%
Wholesale Market Service Rate	kWh	\$0.0052	\$0.0052	0%
Rural Rate Protection Charge	kWh	\$0.0010	\$0.0010	0%
Standard Supply Service (if applicable)	Monthly	\$ 0.25	\$ 0.25	0%

The total bill impact of a 1000 kWh Residential customer is an increase of 0.5%

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GS<50	Units	2007	2008	Proposed % Change
Charge Description				
Service Charge	Monthly	\$ 14.59	\$ 16.72	14.6%
Distribution Volumetric Rate	kWh	\$0.0154	\$0.0172	11.7%
Regulatory Asset Recovery/Deferral	kWh	\$0.0020	\$ -.0002	-110.0%
Retail Transmission-Network Service	kWh	\$0.0052	\$0.0052	0%
Retail Transmission-Line and Transfor	kWh	\$0.0045	\$0.0045	0%
Wholesale Market Service Rate	kWh	\$0.0052	\$0.0052	0%
Rural Rate Protection Charge	kWh	\$0.0010	\$0.0010	0%
Standard Supply Service (if applicable)	Monthly	\$ 0.25	\$ 0.25	0%

The total bill impact of a 2000 kWh GS<50 kw customer is an increase of 1.0%

GS>50	Units	2007	2008	Proposed % Change
Charge Description				
Service Charge	Monthly	\$358.12	\$403.91	12.8%
Distribution Volumetric Rate	kWh	\$1.7519	\$2.1680	23.8%
Regulatory Asset Recovery/Deferral	kWh	\$0.6923	\$ -.0653	-109.4%
Retail Transmission-Network Service	kWh	\$2.0459	\$2.0459	0%
Retail Transmission-Line and Transfor	kWh	\$1.7796	\$1.7796	0%
Wholesale Market Service Rate	kWh	\$0.0052	\$0.0052	0%
Rural Rate Protection Charge	kWh	\$0.0010	\$0.0010	0%
Standard Supply Service (if applicable)	Monthly	\$ 0.25	\$ 0.25	0%

The total bill impact of a 500 kw, 100,000 kwh customer is a decrease of 0.8%

Large Use >5MW	Units	2007	2008	Proposed % Change
Charge Description				
Service Charge	Monthly	\$8746.58	\$9854.57	12.7%
Distribution Volumetric Rate	kWh	\$0.5340	\$0.9959	86.5%
Regulatory Asset Recovery/Deferral	kWh	\$0.0000	\$0.0000	0.00%
Retail Transmission-Network Service	kWh	\$2.7233	\$2.7233	0%
Retail Transmission-Line and Transfor	kWh	\$2.3689	\$2.3689	0%
Wholesale Market Service Rate	kWh	\$0.0052	\$0.0052	0%
Rural Rate Protection Charge	kWh	\$0.0010	\$0.0010	0%
Standard Supply Service (if applicable)	Monthly	\$ 0.25	\$ 0.25	0%

The total bill impact of a 15,000 kw, 10,000,000 kwh customer is an increase of 1.0%

Street Lighting	Units	2007	2008	Proposed % Change
Charge Description				
Service Charge	Monthly	\$ 0.31	\$ 0.41	32.3%
Distribution Volumetric Rate	kWh	\$1.4678	\$ 1.8280	24.5%
Regulatory Asset Recovery/Deferral	kWh	\$0.2019	\$-0.0583	-128.9%
Retail Transmission-Network Service	kWh	\$1.6161	\$ 1.6161	0%
Retail Transmission-Line and Transfor	kWh	\$1.4057	\$ 1.4057	0%
Wholesale Market Service Rate	kWh	\$0.0052	\$ 0.0052	0%
Rural Rate Protection Charge	kWh	\$0.0010	\$ 0.0010	0%
Standard Supply Service (if applicable)	Monthly	\$ 0.25	\$ 0.25	0%

The total bill impact for an average sized street light of .181 kw, and 63.27 kwh is an increase of 2.5%

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Unmetered Scattered Load Charge Description	Units	2007	2008	Proposed % Change
Service Charge	Monthly	\$ 7.16	\$ 8.10	13.1%
Distribution Volumetric Rate	kWh	\$.0154	\$.0172	11.7%
Regulatory Asset Recovery/Deferral	kWh	\$0.0021	\$-.0002	-109.5%
Retail Transmission-Network Service	kWh	\$0.0052	\$ 0.0052	0%
Retail Transmission-Line and Transfor	kWh	\$0.0045	\$ 0.0045	0%
Wholesale Market Service Rate	kWh	\$0.0052	\$ 0.0052	0%
Rural Rate Protection Charge	kWh	\$0.0010	\$ 0.0010	0%
Standard Supply Service (if applicable)	Monthly	\$ 0.25	\$ 0.25	0%

The total bill impact for an average sized USL customer of 500 kwh is an increase of 1.6%

Standby Power
Charge Description

Standby Power Charge Description	Units	2007	2008	Proposed % Change
Standby Charge	kw	\$2.6171	\$2.6171	0.00%

Barrie Hydro is not requesting any change to the current Standby charge approved May 1, 2007 at this time.

Specific Service Charges

Barrie Hydro does not propose at this time to change any of the Specific Service Charges previously approved effective May 1, 2007. These charges are listed below.

Arrears certificate \$ 15.00
Easement letter \$ 15.00
Account set up charge/change of occupancy charge (plus credit agency charges if applicable) \$ 15.00
Returned cheque (plus bank charges) \$ 15.00
Meter dispute charge plus Measurement Canada fees (if meter found correct) \$ 30.00
Late Payment - per month % 1.50
Late Payment - per annum % 19.56
Collection of account charge – no disconnection \$ 15.00
Disconnect/Reconnect at meter – during regular hours \$ 30.00
Disconnect/Reconnect at meter – after regular hours \$ 185.00
Disconnect/Reconnect at pole – during regular hours \$ 185.00
Disconnect/Reconnect at pole – after regular hours \$ 415.00
Specific Charge for Access to the Power Poles (\$/pole/year) \$ 22.35
Transformer Allowance for Ownership - per kW of billing demand/month \$/kW (0.60)
Primary Metering Allowance for transformer losses – applied to measured demand and energy % (1.00)

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Loss Factors

	2007 TLF	2008 TLF	Proposed % Change
Total Loss Factor-Secondary Metered Customer <5,000 kW	1.0510	1.0565	10.8%
Total Loss Factor-Primary Metered Customer <5,000 kW	1.0405	1.0462	14.1%

Changes to the Total Loss Factor are detailed in Exhibit 4, Tab 2, schedule 9. The major factor affecting our loss factor is that the load growth in most parts of our service area is occurring in areas distant from the TS station. This necessitates long feeder runs which result in increased losses. Illegal marijuana grow operations also continue to present a challenge in the form of theft of power.

Contributing Issues

There are a number of contributing issues that are anticipated to be examined in this case. These issues are listed below.

Capital Structure

Barrie Hydro is requesting a change in its deemed capital structure. Specifically, we are requesting a decrease in the deemed equity ratio from 45% to 42.5% consistent with the 2 year phase in of Applicant's capital structure from 45% to 40% equity as outlined in the Report of the Board on Cost of Capital and 2nd Generation Incentive Regulation for Ontario Electricity Distributors dated December 20, 2006.

Return on Equity

In addition, the Applicant has assumed a return on equity of 9% as per the current approved rates. Barrie Hydro understands the OEB will be finalizing the return on equity for 2008 rates based on January 2008 market interest rate information.

Capital Expenditures

From 2004 to 2008 Barrie Hydro has realized and is forecasting a continued customer growth in its service areas. As such the need to expand and reinforce its distribution system in order to meet the demand of new and existing customers in its service territory continues. In addition the need to upgrade and/or replace existing infrastructure continues to exist.

Operating and Maintenance Costs

Operating and maintenance costs have been updated to reflect the impact of inflation over a four year period (2004-2008) and actual and expected increased costs due to growth, continued investments in distribution operating and maintenance activities, regulatory bodies and increasing focus on safety.

BARRIE HYDRO DISTRIBUTION INC.

BUDGET DIRECTIVES

Barrie Hydro performs a rigorous yearly budgeting exercise as well as developing 5 and 10 year capital and operating forecasts. While the timing of the 2008 rate application precluded the normal budgeting exercised for 2008 from being concluded, the same principles were instituted in the development of 2008 expenditures which are reflected in this application. Budget information was compiled for the three major components of the budgeting process: revenue forecast, operating and maintenance expense forecast and capital budgets. This budget information is compiled for both the test year and in the case of the bridge year a mix of budget and actual results were used.

Revenue Forecast

The energy sales and revenue forecast model was updated to reflect more recent information. This model was then used to prepare the revenues sales and throughput volume and revenue forecast at existing rates for fiscal 2007 and 2008. The forecast is weather normalized as outlined in a later exhibit and considers such factors as new customer additions and load profiles for all classes of customers.

Operating and Maintenance Expense Forecast

The operating and maintenance expenses for fiscal 2007 bridge year and the 2008 test year have been forecasted and is strongly influenced by prior year experience. Each item is reviewed account by account for each of the forecast years.

Capital Budget

The capital budgeting process begins with a review of all the accounts. All capital expenditures are budgeted on a line by line basis based on need and forecasted customer growth. Barrie Hydro employs a rigorous asset investment strategy optimization process to ensure the prudence of its annual capital plan.

BARRIE HYDRO DISTRIBUTION INC.

CHANGES IN METHODOLOGY

The following is a summary of the changes in methodology requested by the Applicant in the current proceeding:

a) Capital Structure

Barrie Hydro is following the Board mandated change to a common 40%/60% equity/debt structure over a two year period. Our current equity/debt structure is 45%/60%. The equity/debt proposed in this application is 42.5%/ 57.5%.

b) Return on Equity

We have filed this application with a Return on Equity of 9%, which is our current rate. Our understanding is that the Board will update this rate in the final approved rates.

c) Interest Rate Applicable to Deferral/Variance Accounts

Barrie Hydro is following the Board mandated interest rate policy.

d) Cost Allocation & Fully Allocated Costing Study

Barrie Hydro acknowledges the filing of the Cost Allocation study as mandated by the Board in January of 2007. Any changes concerning implementation of these results are discussed in Exhibit 8.

BARRIE HYDRO DISTRIBUTION INC.

NUMERICAL DETAILS OF CAUSES OF DEFICIENCY/SUFFICIENCY
2008 TEST YEAR

Please see attached Appendix 1-3

BARRIE HYDRO DISTRIBUTION INC.

CAUSES OF REVENUE DEFFICIENCY

As hi-lighted in appendix 6 based on 2008 weather normalized loads and forecasted customer growth at current approved rates, a revenue deficiency of \$3,890,007 exists. The last rate rebasing application was the 2006 EDR filing. This rebasing was for rates effective May 1, 2006 but was based on 2004 actual results with some adjustments allowed. In the 2006 EDR OM&A costs were \$10,003,138, 2008 costs in this application are \$10,422,532. This represents four years of inflationary cost and costs brought about by growth. Depreciation in the 2006 EDR was \$6,576,176, 2008 depreciation is \$10,150,089. As well this increase represents four additional years of capital expenditures and as noted previously Barrie Hydro services a high growth area. 2006 EDR PILS to recover in rates was \$3109834, 2008 PILS to be recovered through rates is \$3256673. The rate base in the 2006 EDR was \$115,359,647, debt portion \$4,099,433, equity portion \$4,672,066, the 2008 rate base is \$149,626,979, debt portion \$5,457,636, equity portion of \$5,721,642. The only cost adjustment since the 2006 EDR was the 2007 IRM adjustment which netted to a 0.90% increase (1.90% inflationary increase, -1% efficiency factor decrease). As identified in Exhibit 3 detailing load forecast and customer growth, these factors has not kept pace with OM&A costs and capital expenditures. Therefore, some of the increases noted above have been offset by load/customer growth, but not all. The corresponding differences are those which lead to the revenue deficiency of \$3,890,007 and which are reflected in the applied for distribution rates.

BARRIE HYDRO DISTRIBUTION INC.

AUDITED FINANCIAL STATEMENTS
AT
DECEMBER 31 2006

SEE APPENDIX 1-7

BARRIE HYDRO DISTRIBUTION INC.

PRO FORMA FINANCIAL STATEMENTS
AT
DECEMBER 31 2007

SEE APPENDIX 1-8

BARRIE HYDRO DISTRIBUTION INC.

PRO FORMA FINANCIAL STATEMENTS
AT
DECEMBER 31 2008

SEE APPENDIX 1-9

BARRIE HYDRO DISTRIBUTION INC.

**RECONCILIATION BETWEEN FINANCIAL STATEMENTS AND AUDITED FINANCIAL
RESULTS FILED**

See appendix 1-10 detailing 2004, 2005, and 2006 differences.

BARRIE HYDRO DISTRIBUTION INC.

PROPOSED ACCOUNTING TREATMENT CWIP

Barrie Hydro does not currently capture the cost of funds on CWIP and therefore has not reflected any amounts concerning this practice in this application.

BARRIE HYDRO DISTRIBUTION INC.

INFORMATION ON PARENT AND SUBSIDIARIES

Please see the attached appendix 1-11 our annual report.

APPENDIX 1-1

BARRIE HYDRO DISTRIBUTION INC.
TARIFF OF RATES AND CHARGES
EFFECTIVE MAY 1, 2008

MONTHLY RATES AND CHARGES

Residential

Service Charge	\$	16.85
Distribution Volumetric Rate	\$/kwh	0.0154
Deferral/Variance Account Recovery	\$/kwh	-0.0002
Retail Transmission - Network	\$/kwh	0.0057
Retail Transmission - Line and Transformation Connection	\$/kwh	0.0050
Wholesale Market Service	\$/kwh	0.0052
Rural Rate Protection Charge	\$/kwh	0.0010
Standard supply Service - Admin charge	\$	0.25

General Service less than 50 kw

Service Charge	\$	16.72
Distribution Volumetric Rate	\$/kwh	0.0172
Deferral/Variance Account Recovery	\$/kwh	-0.0002
Retail Transmission - Network	\$/kwh	0.0052
Retail Transmission - Line and Transformation Connection	\$/kwh	0.0045
Wholesale Market Service	\$/kwh	0.0052
Rural Rate Protection Charge	\$/kwh	0.0010
Standard supply Service - Admin charge	\$	0.25

General Service 50 to 4,999 kw

Service Charge	\$	403.91
Distribution Volumetric Rate	\$/kw	2.168
Deferral/Variance Account Recovery	\$/kw	-0.0653
Retail Transmission - Network	\$/kw	2.0459
Retail Transmission - Line and Transformation Connection	\$/kw	1.7796
Wholesale Market Service	\$/kwh	0.0052
Rural Rate Protection Charge	\$/kwh	0.0010
Standard supply Service - Admin charge	\$	0.25

General Service 50 to 4,999 kw Time of Use

Service Charge	\$	403.91
Distribution Volumetric Rate	\$/kw	2.168
Deferral/Variance Account Recovery	\$/kw	-0.0653
Retail Transmission - Network	\$/kw	2.7159
Retail Transmission - Line and Transformation Connection	\$/kw	2.3624
Wholesale Market Service	\$/kwh	0.0052
Rural Rate Protection Charge	\$/kwh	0.0010
Standard supply Service - Admin charge	\$	0.25

Large Use

Service Charge	\$	9854.57
Distribution Volumetric Rate	\$/kw	0.9959
Deferral/Variance Account Recovery	\$/kw	0
Retail Transmission - Network	\$/kw	2.7233
Retail Transmission - Line and Transformation Connection	\$/kw	2.3689
Wholesale Market Service	\$/kwh	0.0052
Rural Rate Protection Charge	\$/kwh	0.0010
Standard supply Service - Admin charge	\$	0.25

Unmetered Scattered Load

Service Charge (per connection)	\$	8.1
Distribution Volumetric Rate	\$/kwh	0.0172
Deferral/Variance Account Recovery	\$/kwh	-0.0002
Retail Transmission - Network	\$/kwh	0.0052
Retail Transmission - Line and Transformation Connection	\$/kwh	0.0045
Wholesale Market Service	\$/kwh	0.0052
Rural Rate Protection Charge	\$/kwh	0.0010
Standard supply Service - Admin charge	\$	0.25

Street Lighting

Service Charge (per connection)	\$	0.41
Distribution Volumetric Rate	\$/kw	1.8280
Deferral/Variance Account Recovery	\$/kw	-0.0583
Retail Transmission - Network	\$/kw	1.6161
Retail Transmission - Line and Transformation Connection	\$/kw	1.4057
Wholesale Market Service	\$/kwh	0.0052
Rural Rate Protection Charge	\$/kwh	0.0010
Standard supply Service - Admin charge	\$	0.25

Standby Power

Standby charge - for a month where standby power is nor provided. The change is applied to the contracted amount (eg. Nameplate rating of generation facility).	\$/kw	2.6171
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Specific Service Charges

Customer Administration

Arrears certificate	\$	15.00
Easement letter	\$	15.00
Account set up charge/change of occupancy charge (plus credit agency costs if applicable)	\$	15.00
Returned cheque charge (plus bank charges)	\$	15.00
Meter dispute charge plus Measurement Canada fees (if meter found correct)	\$	30.00
Non-Payment of Account		
Late Payment - per month		1.5%
Late Payment - per annum		19.56%
Collection of account charge - no disconnection	\$	15.00
Disconnect/Reconnect at meter - during regular hours	\$	30.00
Disconnect/Reconnect at meter - after regular hours	\$	185.00
Disconnect/Reconnect at pole - during regular hours	\$	185.00
Disconnect/Reconnect at pole - after regular hours	\$	415.00
Specific Charge for Access to the Power Poles \$/pole/year	\$	22.35
Allowances		
Transformer Allowance for Ownership - per KW of billing demand/month	\$/kw	(0.60)
Primary Metering Allowance for transformer losses - applied to measured demand and energy	%	(1.00)
LOSS FACTORS		
Total Loss Factor – Secondary Metered Customer < 5,000 kW		1.0565
Total Loss Factor – Secondary Metered Customer > 5,000 kW		1.0145
Total Loss Factor – Primary Metered Customer < 5,000 kW		1.0462
Total Loss Factor – Primary Metered Customer > 5,000 kW		1.0045

Ontario Energy
Board

Commission de l'Énergie
de l'Ontario



RP-2002-0201
EB-2002-0534

IN THE MATTER OF the *Ontario Energy Board Act, 1998*,
S.O.1998, c.15, Schedule B;

AND IN THE MATTER OF an application by Barrie Hydro
Distribution Inc. for renewal of its electricity distribution
licence.

By Delegation, before: Mark C. Garner

DECISION AND ORDER

Barrie Hydro Distribution Inc. ("the Applicant") filed an application dated December 13, 2002 with the Ontario Energy Board under section 60 of the *Ontario Energy Board Act S.O. 1998, c. 15*, Schedule B (the "Act") for renewal of its electricity distribution licence.

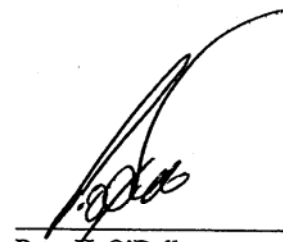
The Board's Notice of Application and Notice of Proposal was published on July 12, 2003. Hydro One Networks ("Networks") responded to the Notice. The Applicant and Networks provided written submissions in response to the Notice.

Consideration has been given to the application, the written submissions by Networks regarding the definition of the Applicant's service area and the Applicant's response to the submissions. After considering the application, I find that it is in the public interest to issue the electricity distribution licence under Part V of the Act.

IT IS THEREFORE ORDERED THAT:

The application by Barrie Hydro Distribution Inc. to renew its electricity distribution licence is granted, on such conditions as are contained in the licence [12NJD-0:1].

DATED at Toronto, March 24, 2004.



Peter H. O'Dell
Assistant Secretary



Electricity Distribution Licence

ED-2002-0534

Barrie Hydro Distribution Inc.

Valid Until
March 23, 2024

Mark C. Garner
Secretary
Ontario Energy Board

Date of Issuance: March 24, 2004

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

Commission de l'Énergie de l'Ontario
C.P. 2319
2300, rue Yonge
26e étage
Toronto ON M4P 1E4

1 **Definitions**

In this Licence:

“**Accounting Procedures Handbook**” means the handbook, approved by the Board which specifies the accounting records, accounting principles and accounting separation standards to be followed by the Licensee;

“**Act**” means the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15, Schedule B;

“**Affiliate Relationships Code for Electricity Distributors and Transmitters**” means the code, approved by the Board which, among other things, establishes the standards and conditions for the interaction between electricity distributors or transmitters and their respective affiliated companies;

“**distribution services**” means services related to the distribution of electricity and the services the Board has required distributors to carry out, including the sales of electricity to consumers under section 29 of the Act, for which a charge or rate has been established in the Rate Order;

“**Distribution System Code**” means the code approved by the Board which, among other things, establishes the obligations of the distributor with respect to the services and terms of service to be offered to customers and retailers and provides minimum, technical operating standards of distribution systems;

“**Electricity Act**” means the *Electricity Act, 1998*, S.O. 1998, c. 15, Schedule A;

“**Licensee**” means: Barrie Hydro Distribution Inc.;

“**Market Rules**” means the rules made under section 32 of the Electricity Act;

“**Performance Standards**” means the performance targets for the distribution and connection activities of the Licensee as established by the Board in accordance with section 83 of the Act;

“**Rate Order**” means an Order or Orders of the Board establishing rates the Licensee is permitted to charge;

“**regulation**” means a regulation made under the Act or the Electricity Act;

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“service area” with respect to a distributor, means the area in which the distributor is authorized by its licence to distribute electricity;

“Standard Supply Service Code” means the code approved by the Board which, among other things, establishes the minimum conditions that a distributor must meet in carrying out its obligations to sell electricity under section 29 of the Electricity Act;

“wholesaler” means a person that purchases electricity or ancillary services in the IMO-administered markets or directly from a generator or, a person who sells electricity or ancillary services through the IMO-administered markets or directly to another person other than a consumer.

2 Interpretation

- 2.1 In this Licence words and phrases shall have the meaning ascribed to them in the Act or the Electricity Act. Words or phrases importing the singular shall include the plural and vice versa. Headings are for convenience only and shall not affect the interpretation of the licence. Any reference to a document or a provision of a document includes an amendment or supplement to, or a replacement of, that document or that provision of that document. In the computation of time under this licence where there is a reference to a number of days between two events, they shall be counted by excluding the day on which the first event happens and including the day on which the second event happens and where the time for doing an act expires on a holiday, the act may be done on the next day.

3 Authorization

- 3.1 The Licensee is authorized, under Part V of the Act and subject to the terms and conditions set out in this Licence:
- a) to own and operate a distribution system in the service area described in Schedule 1 of this Licence;
 - b) to retail electricity for the purposes of fulfilling its obligation under section 29 of the Electricity Act in the manner specified in Schedule 2 of this Licence; and
 - c) to act as a wholesaler for the purposes of fulfilling its obligations under the Retail Settlement Code or under section 29 of the Electricity Act.

4	Obligation to Comply with Legislation, Regulations and Market Rules	25
4.1	The Licensee shall comply with all applicable provisions of the Act and the Electricity Act and regulations under these Acts except where the Licensee has been exempted from such compliance by regulation.	26
4.2	The Licensee shall comply with all applicable Market Rules.	27
5	Obligation to Comply with Codes	28
5.1	The Licensee shall at all times comply with the following Codes (collectively the "Codes") approved by the Board, except where the Licensee has been specifically exempted from such compliance by the Board. Any exemptions granted to the licensee are set out in Schedule 3 of this Licence. The following Codes apply to this Licence:	29
a)	the Affiliate Relationships Code for Electricity Distributors and Transmitters;	30
b)	the Distribution System Code;	31
c)	the Retail Settlement Code; and	32
d)	the Standard Supply Service Code.	33
5.2	The Licensee shall:	34
a)	make a copy of the Codes available for inspection by members of the public at its head office and regional offices during normal business hours; and	35
b)	provide a copy of the Codes to any person who requests it. The Licensee may impose a fair and reasonable charge for the cost of providing copies.	36
6	Obligation to Provide Non-discriminatory Access	37
6.1	The Licensee shall, upon the request of a consumer, generator or retailer, provide such consumer, generator or retailer with access to the Licensee's distribution system and shall convey electricity on behalf of such consumer, generator or retailer in accordance with the terms of this Licence.	38
7	Obligation to Connect	39
7.1	The Licensee shall connect a building to its distribution system if:	40

- a) the building lies along any of the lines of the distributor's distribution system; and 41
- b) the owner, occupant or other person in charge of the building requests the connection in writing. 42
- 7.2 The Licensee shall make an offer to connect a building to its distribution system if: 43
- a) the building is within the Licensee's service area as described in Schedule 1; and 44
- b) the owner, occupant or other person in charge of the building requests the connection in writing. 45
- 7.3 The terms of such connection or offer to connect shall be fair and reasonable and made in accordance with the Distribution System Code, and the Licensee's Rate Order as approved by the Board. 46
- 7.4 The Licensee shall not refuse to connect or refuse to make an offer to connect unless it is permitted to do so by the *Act* or a regulation or any Codes to which the Licensee is obligated to comply with as a condition of this Licence. 47
- 8 Obligation to Sell Electricity** 48
- 8.1 The Licensee shall fulfill its obligation under section 29 of the Electricity Act to sell electricity in accordance with the requirements established in the Standard Supply Service Code, the Retail Settlement Code and the Licensee's Rate Order as approved by the Board. 49
- 9 Obligation to Maintain System Integrity** 50
- 9.1 The Licensee shall maintain its distribution system in accordance with the standards established in the Distribution System Code and Market Rules, and have regard to any other recognized industry operating or planning standards adopted by the Board. 51
- 10 Market Power Mitigation Rebates** 52
- 10.1 The Licensee shall comply with the pass through of Ontario Power Generation rebate conditions set out in Appendix A of this Licence. 53

11	Distribution Rates	54
11.1	The Licensee shall not charge for connection to the distribution system, the distribution of electricity or the retailing of electricity to meet its obligation under section 29 of the Electricity Act except in accordance with a Rate Order of the Board.	55
12	Separation of Business Activities	56
12.1	The Licensee shall keep financial records associated with distributing electricity separate from its financial records associated with transmitting electricity or other activities in accordance with the Accounting Procedures Handbook and as otherwise required by the Board.	57
13	Expansion of Distribution System	58
13.1	The Licensee shall not construct, expand or reinforce an electricity distribution system or make an interconnection except in accordance with the Act and Regulations, the Distribution System Code and applicable provisions of the Market Rules.	59
13.2	In order to ensure and maintain system integrity or reliable and adequate capacity and supply of electricity, the Board may order the Licensee to expand or reinforce its distribution system in accordance with Market Rules and the Distribution System Code, or in such a manner as the Board may determine.	60
14	Provision of Information to the Board	61
14.1	The Licensee shall maintain records of and provide, in the manner and form determined by the Board, such information as the Board may require from time to time.	62
14.2	Without limiting the generality of condition 14.1 the Licensee shall notify the Board of any material change in circumstances that adversely affects or is likely to adversely affect the business, operations or assets of the Licensee as soon as practicable, but in any event no more than twenty (20) days past the date upon which such change occurs.	63
15	Restrictions on Provision of Information	64
15.1	The Licensee shall not use information regarding a consumer, retailer, wholesaler or generator obtained for one purpose for any other purpose without the written consent of the consumer, retailer, wholesaler or generator.	65
15.2	The Licensee shall not disclose information regarding a consumer, retailer, wholesaler or generator to any other party without the written consent of the consumer, retailer, wholesaler or generator, except where such information is required to be disclosed:	66

- a) to comply with any legislative or regulatory requirements, including the conditions of this Licence; 67
 - b) for billing, settlement or market operations purposes; 68
 - c) for law enforcement purposes; or 69
 - d) to a debt collection agency for the processing of past due accounts of the consumer, retailer, wholesaler or generator. 70
- 15.3 The Licensee may disclose information regarding consumers, retailers, wholesalers or generators where the information has been sufficiently aggregated such that their particular information cannot reasonably be identified. 71
- 15.4 The Licensee shall inform consumers, retailers, wholesalers and generators of the conditions under which their information may be released to a third party without their consent. 72
- 15.5 If the Licensee discloses information under this section, the Licensee shall ensure that the information provided will not be used for any other purpose except the purpose for which it was disclosed. 73
- 16 Customer Complaint and Dispute Resolution** 74
- 16.1 The Licensee shall: 75
- a) have a process for resolving disputes with customers that deals with disputes in a fair, reasonable and timely manner; 76
 - b) publish information which will make its customers aware of and help them to use its dispute resolution process; 77
 - c) make a copy of the dispute resolution process available for inspection by members of the public at each of the Licensee's premises during normal business hours; 78
 - d) give or send free of charge a copy of the process to any person who reasonably requests it; and 79
 - e) subscribe to and refer unresolved complaints to an independent third party complaints resolution service provider selected by the Board. This condition will become effective on a date to be determined by the Board. The Board will provide reasonable notice to the Licensee of the date this condition becomes effective. 80

17 Term of Licence

- 17.1 This Licence shall take effect on March 24, 2004 and expire on March 23, 2024. The term of this Licence may be extended by the Board.

18 Fees and Assessments

- 18.1 The Licensee shall pay all fees charged and amounts assessed by the Board.

19 Communication

- 19.1 The Licensee shall designate a person that will act as a primary contact with the Board on matters related to this Licence. The Licensee shall notify the Board promptly should the contact details change.

- 19.2 All official communication relating to this Licence shall be in writing.

- 19.3 All written communication is to be regarded as having been given by the sender and received by the addressee:

- a) when delivered in person to the addressee by hand, by registered mail or by courier;
- b) ten (10) business days after the date of posting if the communication is sent by regular mail; and
- c) when received by facsimile transmission by the addressee, according to the sender's transmission report.

20 Copies of the Licence

- 20.1 The Licensee shall:

- a) make a copy of this Licence available for inspection by members of the public at its head office and regional offices during normal business hours; and
- b) provide a copy of the Licence to any person who requests it. The Licensee may impose a fair and reasonable charge for the cost of providing copies.

SCHEDULE 1 DEFINITION OF DISTRIBUTION SERVICE AREA

This Schedule specifies the area in which the Licensee is authorized to distribute and sell electricity in accordance with condition 8.1 of this Licence.

1. City of Barrie Service Area:

Within the municipal boundary of the City of Barrie as detailed firstly in Schedules A and B to the Barrie-Innisfil Annexation Act, 1981, secondly in the Schedule to the Barrie-Vespra Annexation Act, 1984 and thirdly as shown on Reference Map Document Number 4884 included on page 4 of "Schedule 1 Definition of Distribution Service Area" dated March 10, 2004, filed as supplementary material with the Board.

2. Community of Bradford West Gwillimbury Service Area:

Within the Community of Bradford West Gwillimbury as detailed firstly as the "Expansion Service Area" in Schedule 'B' and 'C' to the Corporation of the Town of Bradford-West Gwillimbury By-law 95-048 dated September 11, 1995, secondly the portions of the Hydro One letter pertaining to Bradford-West Gwillimbury dated November 27, 2003 and thirdly as shown on Reference Map Document Number 4993 included on page 5 of "Schedule 1 Definition of Distribution Service Area" dated March 10, 2004, filed as supplementary material with the Board.

3. Community of Thornton Service Area:

Within the Community of Thornton as detailed firstly in the Thornton Settlement Area in accordance with Schedule "A" of the Official Plan of the Township of Essa as approved by the County of Simcoe, April 22, 2003 and secondly as shown on Reference Map Document Number 5009 included on page 6 of "Schedule 1 Definition of Distribution Service Area" dated March 10, 2004, filed as supplementary material with the Board, excluding the following municipal addresses:

- #'s 6, 8, 10, 12, 19, 21, 23, 25, 27, 28, 29, 30, 31, 32, 33, 34 and 35 Earl's Court;
- # 4520 Robert Street (or County Road 21 Pt.16 Concession11);
- all residential lots fronting onto Jamieson Court from Thornton Ave to the cul-de-sac dead end;
- #'s 218, 219, 220, 221, 222, 223, 224, 225, 226, 227, 228, 229, 230, 231, and 232 Thornton Avenue;

- all residential lots fronting onto Lennox Court from Spence Avenue to the cul-de-sac dead end; 108
 - all residential lots fronting onto Spencer Avenue except # 221 Spencer Avenue from Thornton Avenue to North Ridge Road; 109
 - all residential lots fronting onto Spencer Avenue except # 221 Spencer Avenue from Thornton Avenue to North Ridge Road; 110
 - all residential lots fronting onto North Ridge Road except #'s 204 and 205 from Camilla Crescent to Spencer Avenue. 111
4. Community of Alliston Service Area: 112
- Within the Community of Alliston as detailed firstly as the "Alliston Urban Area Expansion" in Schedule 'A' to the Corporation of the Town of the Amalgamated Municipalities of Alliston, Beeton, Tecumseth & Tottenham By-law 91-169 dated October 15, 1991 (entitled "H.E.C. Service Area Expansion By-Law") and secondly as shown on Reference Map Document Number 5720 included on page 7 of "Schedule 1 Definition of Distribution Service Area" dated March 10, 2004, filed as supplementary material with the Board, excluding the consumer located at 4700 Tottenham Road. 113
5. Community of Beeton Service Area: 114
- Within the Community of Beeton as detailed firstly as the "Beeton Urban Area Expansion" in Schedule 'A' to the Corporation of the Town of the Amalgamated Municipalities of Alliston, Beeton, Tecumseth & Tottenham By-law 91-169 dated October 15, 1991 (entitled "H.E.C. Service Area Expansion By-Law") and secondly as shown on Reference Map Document Number 4982 included on page 8 of "Schedule 1 Definition of Distribution Service Area" dated March 10, 2004, filed as supplementary material with the Board. 115
6. Community of Tottenham Service Area: 116
- Within the Community of Tottenham as detailed firstly as the "Tottenham Urban Area Expansion" in Schedule 'A' to the Corporation of the Town of the Amalgamated Municipalities of Alliston, Beeton, Tecumseth & Tottenham By-law 91-169 dated October 15, 1991 (entitled "H.E.C. Service Area Expansion By-Law") and secondly as shown on Reference Map Document Number 5013 included on page 9 of "Schedule 1 Definition of Distribution Service Area" dated March 10, 2004, filed as supplementary material with the Board. It is noted that the "Beeton Creek" referenced in this schedule is technically a tributary to the actual Beeton Creek. The location of this tributary creek is shown on the Reference Map and it is to the east of the former Village of Tottenham. 117

7. Community of Penetanguishene Service Area:

118

Within the Community of Penetanguishene as detailed firstly as the "Boundary Expansion Agreement" or "Annexation Transfer Agreement" dated December 31, 1998 between the former Ontario Hydro and the Penetanguishene Hydro-Electric Commission and secondly as shown on Reference Map Document Number 5001 included on page 10 of "Schedule 1 Definition of Distribution Service Area" dated March 10, 2004, filed as supplementary material with the Board.

119

SCHEDULE 2 PROVISION OF STANDARD SUPPLY SERVICE

120

This Schedule specifies the manner in which the Licensee is authorized to retail electricity for the purposes of fulfilling its obligation under section 29 of the Electricity Act.

121

The Licensee is authorized to retail electricity directly to consumers within its service area in accordance with condition 8.1 of this Licence, any applicable exemptions to this Licence, and at the rates set out in the Rate Orders.

122

SCHEDULE 3 LIST OF CODE EXEMPTIONS

123

This Schedule specifies any specific Code requirements from which the Licensee has been exempted.

124

The Licensee is exempt from the requirements of section 2.5.3 of the Standard Supply Service Code with respect to the price for small volume/residential consumers, subject to the Licensee offering an equal billing plan as described in its application for exemption from Fixed Reference Price, and meeting all other undertakings and material representations contained in the application and the materials filed in connection with it.

125

APPENDIX A MARKET POWER MITIGATION REBATES

1 Definitions and Interpretation

In this Licence,

“embedded distributor” means a distributor who is not a market participant and to whom a host distributor distributes electricity;

“embedded generator” means a generator who is not a market participant and whose generation facility is connected to a distribution system of a distributor, but does not include a generator who consumes more electricity than it generates;

“host distributor” means a distributor who is a market participant and who distributes electricity to another distributor who is not a market participant.

In this Licence, a reference to the payment of a rebate amount by the IMO includes interim payments made by the IMO.

2 Information Given to IMO

a Prior to the payment of a rebate amount by the IMO to a distributor, the distributor shall provide the IMO, in the form specified by the IMO and before the expiry of the period specified by the IMO, with information in respect of the volumes of electricity withdrawn by the distributor from the IMO-controlled grid during the rebate period and distributed by the distributor in the distributor’s service area to:

i consumers served by a retailer where a service transaction request as defined in the Retail Settlement Code has been implemented; and

ii consumers other than consumers referred to in clause (i) who are not receiving the fixed price under sections 79.4 and 79.5 of the *Ontario Energy Board Act, 1998*.

b Prior to the payment of a rebate amount by the IMO to a distributor which relates to electricity consumed in the service area of an embedded distributor, the embedded distributor shall provide the host distributor, in the form specified by the IMO and before the expiry of the period specified in the Retail Settlement Code, with the volumes of electricity distributed during the rebate period by the embedded distributor’s host distributor to the embedded distributor net of any electricity distributed to the embedded distributor which is attributable to embedded generation and distributed by the embedded distributor in the embedded distributor’s service area to:

- i consumers served by a retailer where a service transaction request as defined in the Retail Settlement Code has been implemented; and 138
 - ii consumers other than consumers referred to in clause (i) who are not receiving the fixed price under sections 79.4 and 79.5 of the *Ontario Energy Board Act, 1998*. 139
- c Prior to the payment of a rebate amount by the IMO to a distributor which relates to electricity consumed in the service area of an embedded distributor, the host distributor shall provide the IMO, in the form specified by the IMO and before the expiry of the period specified by the IMO, with the information provided to the host distributor by the embedded distributor in accordance with section 2. 140

The IMO may issue instructions or directions providing for any information to be given under this section. The IMO shall rely on the information provided to it by distributors and there shall be no opportunity to correct any such information or provide any additional information and all amounts paid shall be final and binding and not subject to any adjustment. 141

For the purposes of attributing electricity distributed to an embedded distributor to embedded generation, the volume of electricity distributed by a host distributor to an embedded distributor shall be deemed to consist of electricity withdrawn from the IMO-controlled grid or supplied to the host distributor by an embedded generator in the same proportion as the total volume of electricity withdrawn from the IMO-controlled grid by the distributor in the rebate period bears to the total volume of electricity supplied to the distributor by embedded generators during the rebate period. 142

3 Pass Through of Rebate 143

A distributor shall promptly pass through, with the next regular bill or settlement statement after the rebate amount is received, any rebate received from the IMO, together with interest at the Prime Rate, calculated and accrued daily, on such amount from the date of receipt, to: 144

- a retailers who serve one or more consumers in the distributor's service area where a service transaction request as defined in the Retail Settlement Code has been implemented; 145
- b consumers who are not receiving the fixed price under sections 79.4 and 79.5 of the *Ontario Energy Board Act, 1998* and who are not served by a retailer where a service transaction request as defined in the Retail Settlement Code has been implemented; and 146
- c embedded distributors to whom the distributor distributes electricity. 147

The amounts paid out to the recipients listed above shall be based on energy consumed and calculated in accordance with the rules set out in the Retail Settlement Code. These payments may be made by way of set off at the option of the distributor. 148

If requested in writing by OPGI, the distributor shall ensure that all rebates are identified as coming from OPGI in the following form on or with each applicable bill or settlement statement:

"ONTARIO POWER GENERATION INC. rebate"

Any rebate amount which cannot be distributed as provided above or which is returned by a retailer to the distributor in accordance with its licence shall be promptly returned to the host distributor or IMO as applicable, together with interest at the Prime Rate, calculated and accrued daily, on such amount from the date of receipt.

Nothing shall preclude an agreement whereby a consumer assigns the benefit of a rebate payment to a retailer or another party.

Pending pass-through or return to the IMO of any rebate received, the distributor shall hold the funds received in trust for the beneficiaries thereof in a segregated account.

Calculation of Revenue Deficiency or Surplus**Determination of Net Utility Income**

	2008 Test Existing Rates	2008 Test Proposed Rates
Revenue		\$ -
Suff/ Def From Below.		\$ 3,890,007
Distribution Revenue	\$ 28,562,491	\$ 28,562,491
Other Operating Revenue (Net)	\$ 2,556,074	\$ 2,556,074
Total Revenue	\$ 31,118,565	\$ 35,008,572
 Distribution Costs		
Operation, Maintenance, and Administrative	\$ 10,050,597	\$ 10,050,597
Depreciation & Amortization	\$ 10,150,089	\$ 10,150,089
Property & Capital Taxes	\$ 371,935	\$ 371,935
Interest- Deemed Interest	\$ 5,457,636	\$ 5,457,636
Total Costs and Expenses	\$ 26,030,257	\$ 26,030,257
 Utility Income Before Income Taxes	\$ 5,088,308	\$ 8,978,315
 Net Adjustments per 2008 Pils	\$ (267,132)	\$ (267,132)
	\$ 4,821,176	\$ 8,711,183
 Income Tax (Tax Rate 34.5%)	\$ 1,663,306	\$ 3,005,358
OCT	\$ 383,687	\$ 383,687
no gross up on OCT	\$ (132,372)	\$ (132,372)
Utility Income	\$ 3,173,687	\$ 5,721,642
 Rate Base	66,146,219	66,146,219
 Equity	42.50%	42.50%
 Equity Component Rate Base	\$ 63,591,466	\$ 63,591,466
 Income / Equity Rate Base %	4.99%	9.00%
 Target Return -Equity on Rate Bas	9.00%	9.00%
 Return- Equity on Rate Base	\$ 5,721,642	\$ 5,721,642
Revenue Deficiency	\$ 2,547,955	
 Revenue Deficiency (Gross-up)	\$ 3,890,007	

March 10, 2004

Page 1 of 10

Schedule 1 Definition of Distribution Service Area

This Schedule specifies the area in which the Licensee is authorized to distribute and sell electricity in accordance with condition 8 of this Licence.

Index

Page

Service Area Descriptions (all within the County of Simcoe):

1)	City of Barrie Service Area	2
2)	Community of Bradford West Gwillimbury Service Area	2
3)	Community of Thornton Service Area	2
4)	Community of Alliston Service Area	3
5)	Community of Beeton Service Area	3
6)	Community of Tottenham Service Area	3
7)	Community of Penetanguishene Service Area	3

Reference Maps (all within the County of Simcoe):

8)	City of Barrie Service Area Map Document Number 4884 Dated January 21, 2004	4
9)	Community of Bradford-West Gwillimbury Service Area Map Document Number 4993 Dated February 4, 2004	5
10)	Community of Thornton Service Area Map Document Number 5009 Dated January 20, 2004	6
11)	Community of Alliston Service Area Map Document Number 5720 Dated January 20, 2004	7
12)	Community of Beeton Service Area Map Document Number 4982 Dated Feb. 2, 2004	8
13)	Community of Tottenham Service Area Map Document Number 5013 Dated Feb. 2, 2004	9
14)	Community of Penetanguishene Service Area Map Document Number 5001 Dated February 4, 2004	10

1) **City of Barrie Service Area:**

Within the municipal boundary of the City of Barrie as detailed firstly in Schedules A and B to the Barrie-Innisfil Annexation Act, 1981; secondly in the Schedule to the Barrie-Vespra Annexation Act, 1984 and thirdly as shown on Reference Map Document Number 4884 Dated January 21, 2004.

2) **Community of Bradford West Gwillimbury Service Area:**

Within the Community of Bradford West Gwillimbury Service Area as detailed firstly as the " Expansion Service Area" in Schedule 'B' and 'C' to the Corporation of the Town of Bradford-West Gwillimbury By-law 95-048 dated September 11th, 1995, secondly the OEB letter dated July 4th, 2002, thirdly the portions of the Hydro One letter pertaining to Bradford-West Gwillimbury dated November 27th, 2003 and fourthly as shown on Reference Map Document Number 4993 Dated February 27, 2004.

3) **Community of Thornton Service Area:**

Within the Community of Thornton Urban Boundary as detailed firstly in the Thornton Settlement Area in accordance with Schedule "A" of the Official Plan of the Township of Essa as approved by the County of Simcoe, April 22, 2003 and secondly as shown on Reference Map Document Number 5009 Dated January 20th, 2004 excluding the following municipal addresses:

- #'s 6, 8, 10, 12, 19, 21, 23, 25, 27, 28, 29, 30, 31, 32, 33, 34 and 35 Earl's Court;
- # 4520 Robert Street (or County Road 21 Pt.16 Concession11);
- all residential lots fronting onto Jamieson Court from Thornton Ave to the cul-de-sac dead end;
- #'s 218, 219, 220, 221, 222, 223, 224, 225, 226, 227, 228, 229, 230, 231, and 232 Thornton Avenue;
- all residential lots fronting onto Lennox Court from Spence Avenue to the cul-de-sac dead end;
- all residential lots fronting onto Spencer Avenue except # 221 Spēncer Avenue from Thornton Avenue to North Ridge Road;
- all residential lots fronting onto North Ridge Road except #'s 204 and 205 from Camilla Crescent to Spencer Avenue.

4) **Community of Alliston Service Area:**

Within the Community of Alliston Service Area as detailed firstly as the "Alliston Urban Area Expansion" in Schedule 'A' to the Corporation of the Town of the Amalgamated Municipalities of Alliston, Beeton, Tecumseth & Tottenham By-law 91-169 dated October 15th, 1991 (entitled "H.E.C. Service Area Expansion By-Law") and secondly as shown on Reference Map Document Number 5720 Dated January 20, 2004 excluding the consumer located at 4700 Tottenham Road.

5) **Community of Beeton Service Area:**

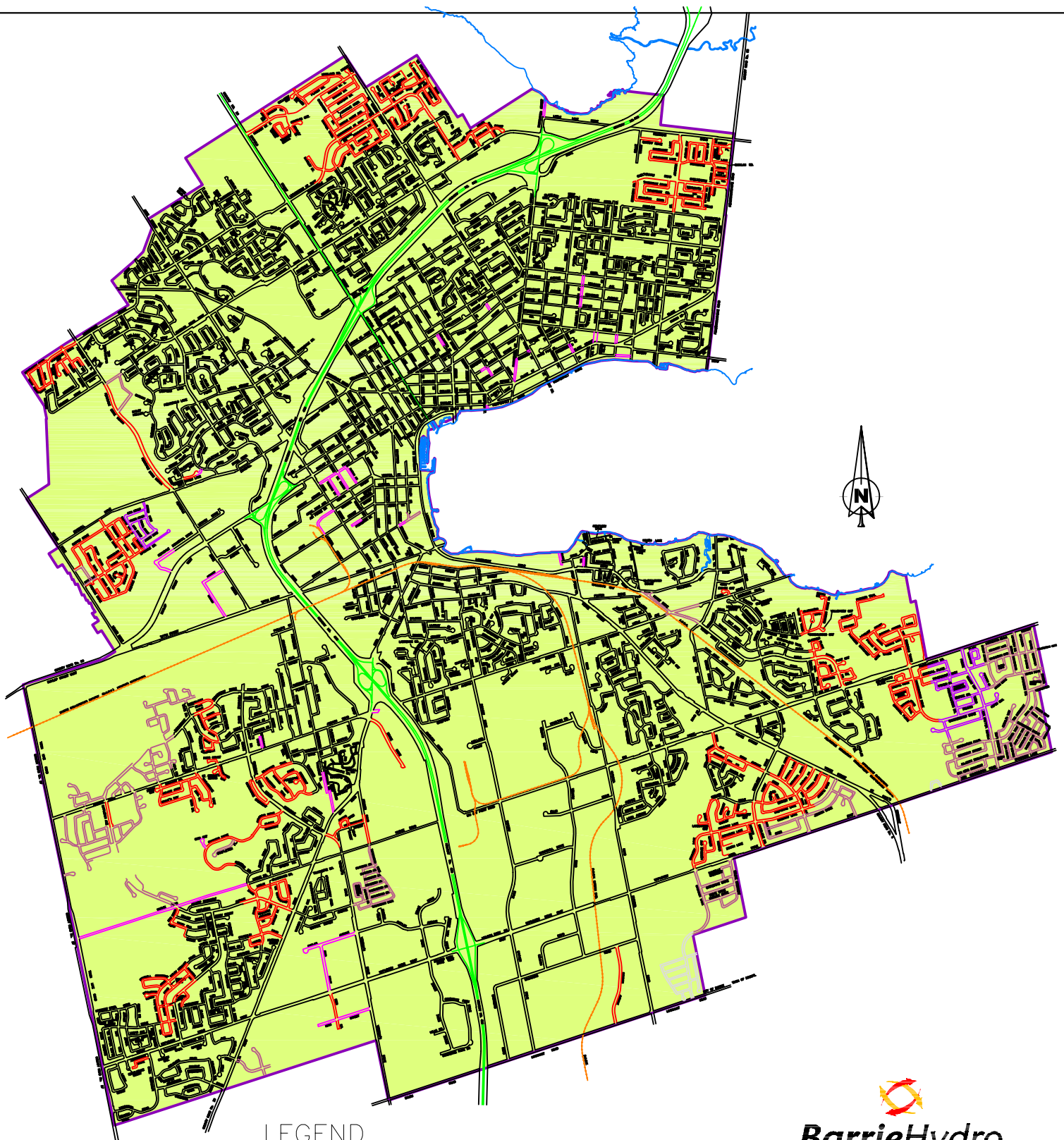
Within the Community of Beeton Service Area as detailed firstly as the "Beeton Urban Area Expansion" in Schedule 'A' to the Corporation of the Town of the Amalgamated Municipalities of Alliston, Beeton, Tecumseth & Tottenham By-law 91-169 dated October 15th, 1991 (entitled "H.E.C. Service Area Expansion By-Law") and secondly as shown on Reference Map Document Number 4982 Dated February 2, 2004.

6) **Community of Tottenham Service Area:**




Within the Community of Tottenham Service Area as detailed firstly as the "Tottenham Urban Area Expansion" in Schedule 'A' to the Corporation of the Town of the Amalgamated Municipalities of Alliston, Beeton, Tecumseth & Tottenham By-law 91-169 dated October 15th, 1991 (entitled "H.E.C. Service Area Expansion By-Law") and secondly as shown on Reference Map Document Number 5013 Dated February 2, 2004. It is noted that the "Beeton Creek" referenced in this schedule is technically a tributary to the actual Beeton Creek. The location of this tributary creek is shown on the Reference Map and it is to the east of the former Village of Tottenham.

7) **Community of Penetanguishene Service Area:**

Within the Community of Penetanguishene Service Area as detailed firstly as the "Boundary Expansion Agreement" or "Annexation Transfer Agreement" dated December 31st, 1998 between the former Ontario Hydro and the Penetanguishene Hydro-Electric Commission and secondly as shown on Reference Map Document Number 5001 Dated February 4, 2004.



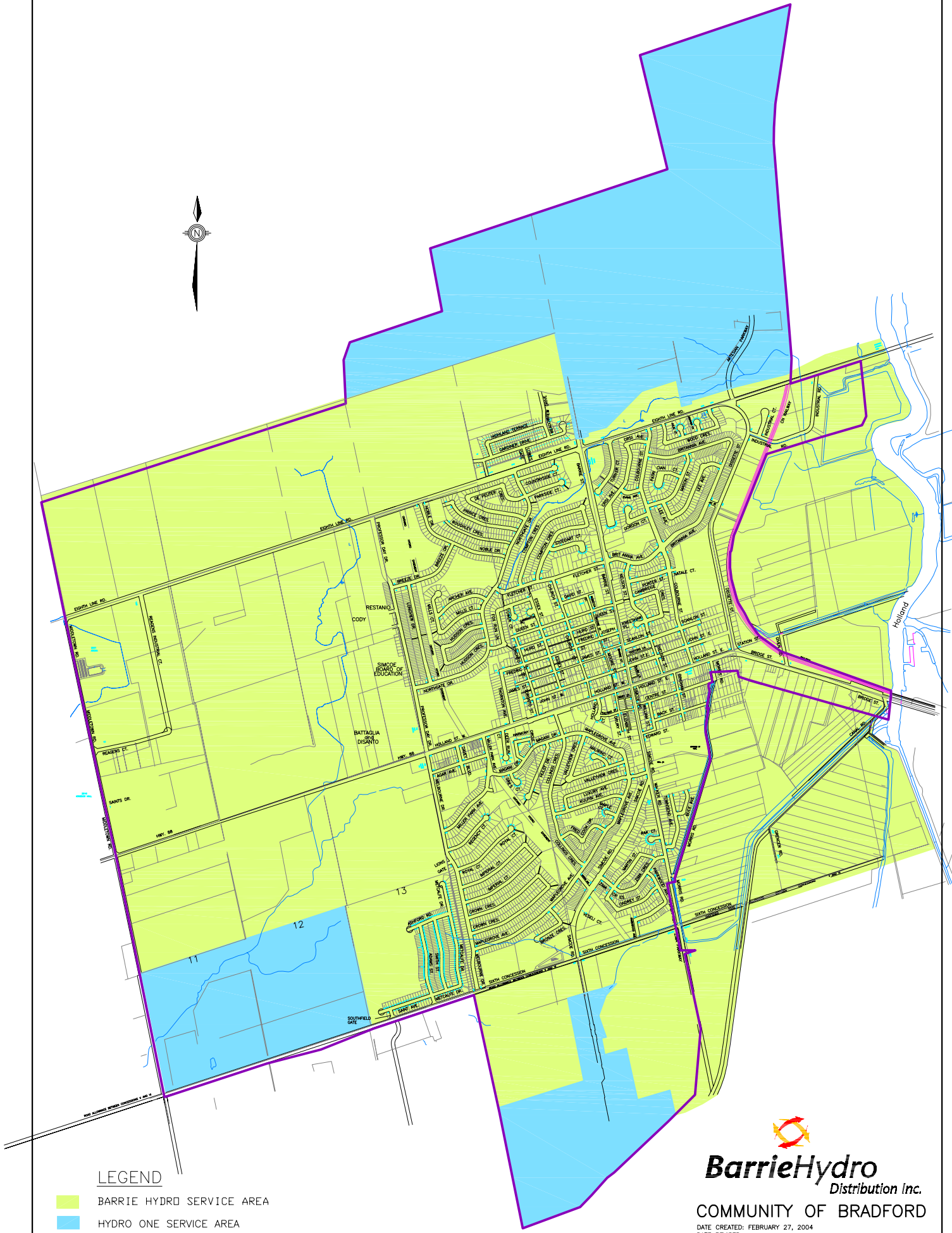
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-  BARRIE HYDRO SERVICE AREA
-  HYDRO ONE SERVICE AREA
-  BARRIE URBAN BOUNDARY





BarrieHydro
Distribution Inc.

CITY OF BARRIE

DATE CREATED: JANUARY 21, 2004
REVISED DATE:
DOCUMENT NUMBER: 4884



LEGEND

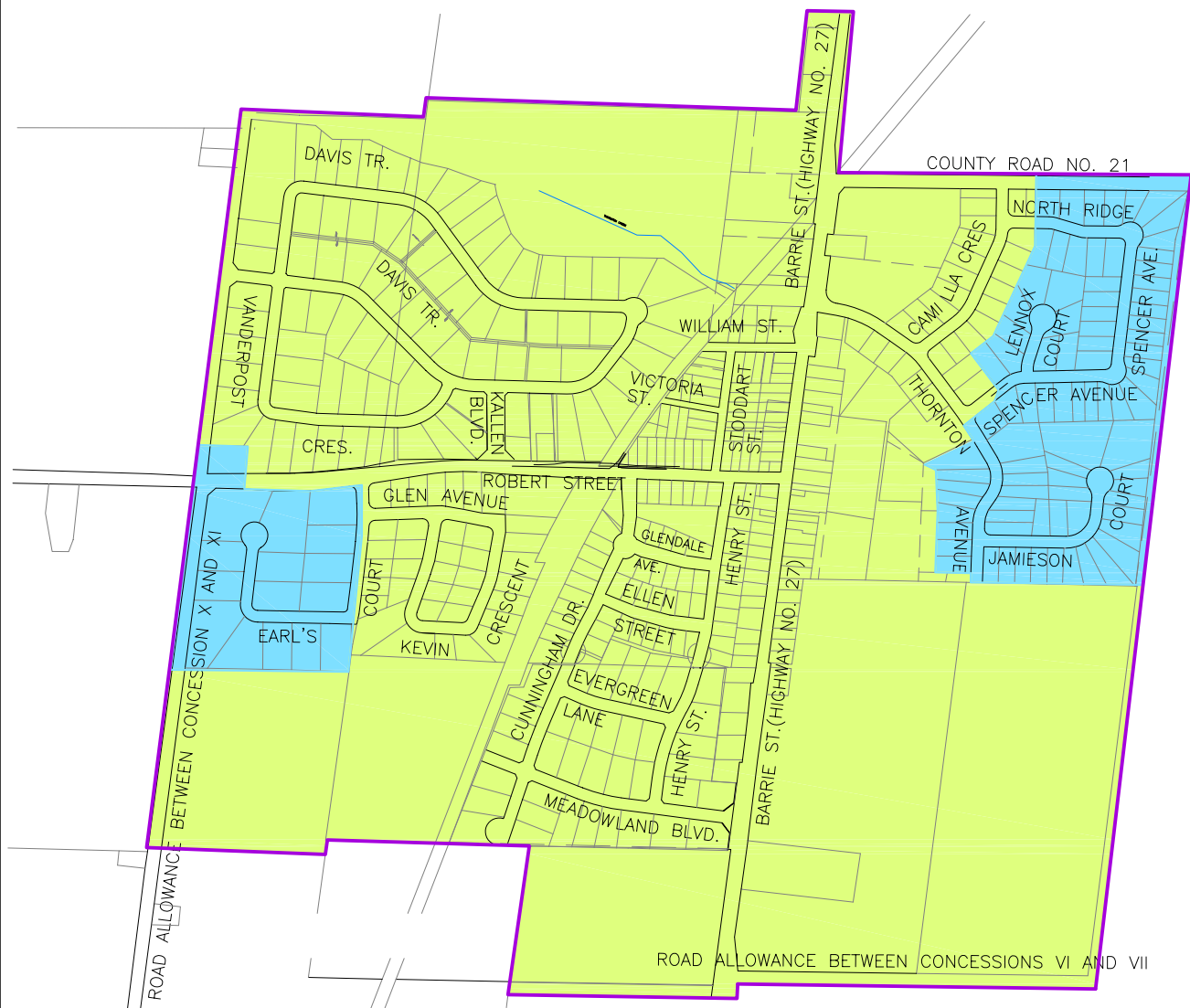
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-  HYDRO ONE SERVICE AREA
-  BRADFORD URBAN BOUNDARY



BarrieHydro
Distribution Inc.


COMMUNITY OF BRADFORD

DATE CREATED: FEBRUARY 27, 2004
DATE REVISED:
DOCUMENT NUMBER: 4993



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 BARRIE HYDRO SERVICE AREA

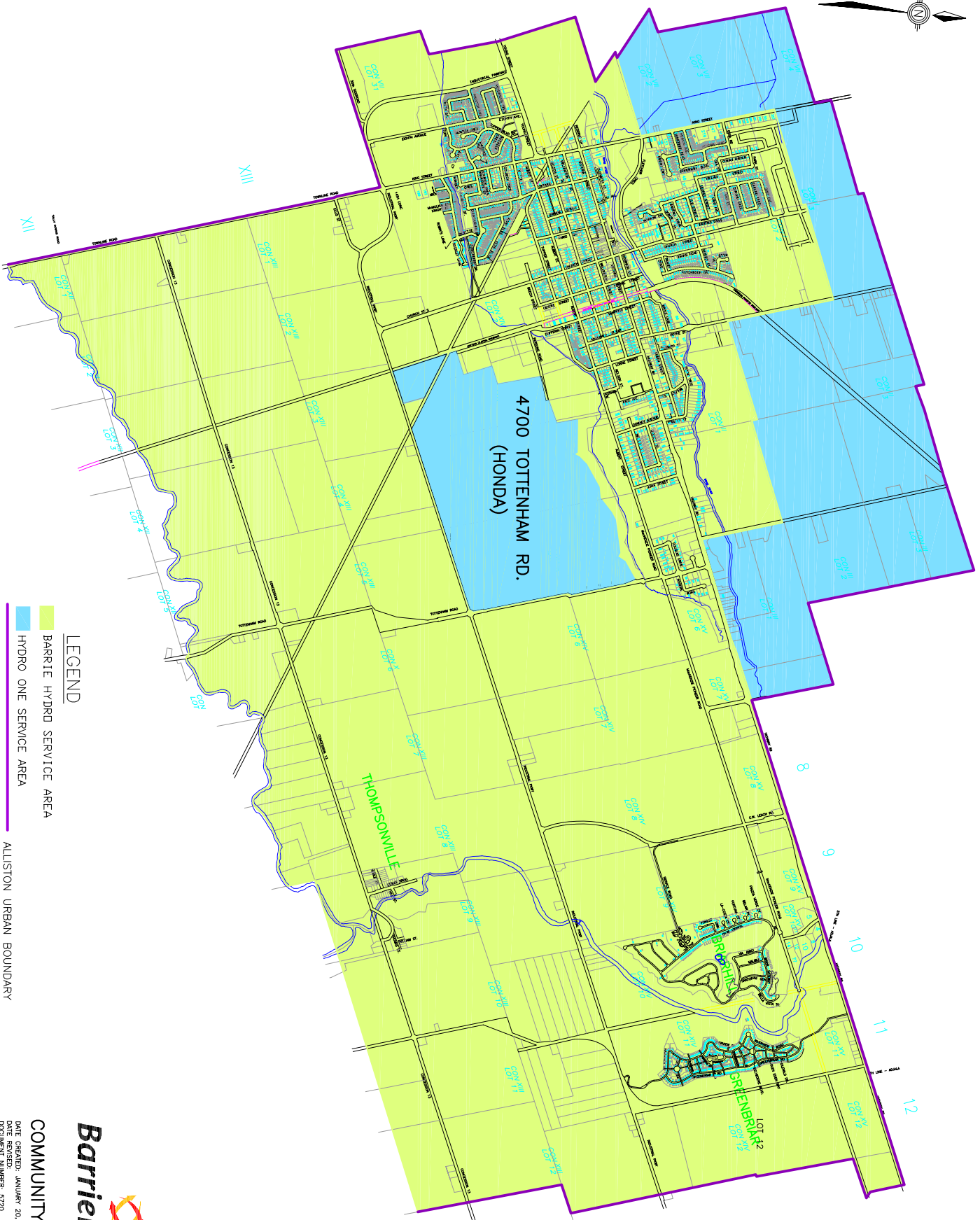
 HYDRO ONE SERVICE AREA

 THORNTON URBAN BOUNDARY


BarrieHydro
Distribution Inc.

COMMUNITY OF THORNTON

DATE CREATED: JANUARY 20, 2004
DATE REVISED:
DOCUMENT NUMBER: 5009



LEGEND

BarrieHydro
Distribution Inc.

COMMUNITY OF ALLISTON

DATE CREATED: JANUARY 20, 2004

DATE REVISED:
DOCUMENT NUMBER: 5720



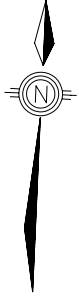
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- BARRIE HYDRO SERVICE AREA
- HYDRO ONE SERVICE AREA
- BEETON URBAN BOUNDARY


BarrieHydro
Distribution Inc.

COMMUNITY OF BEETON

DATE CREATED: FEBRUARY 2, 2004
DATE REVISED:
DOCUMENT NUMBER: 4982



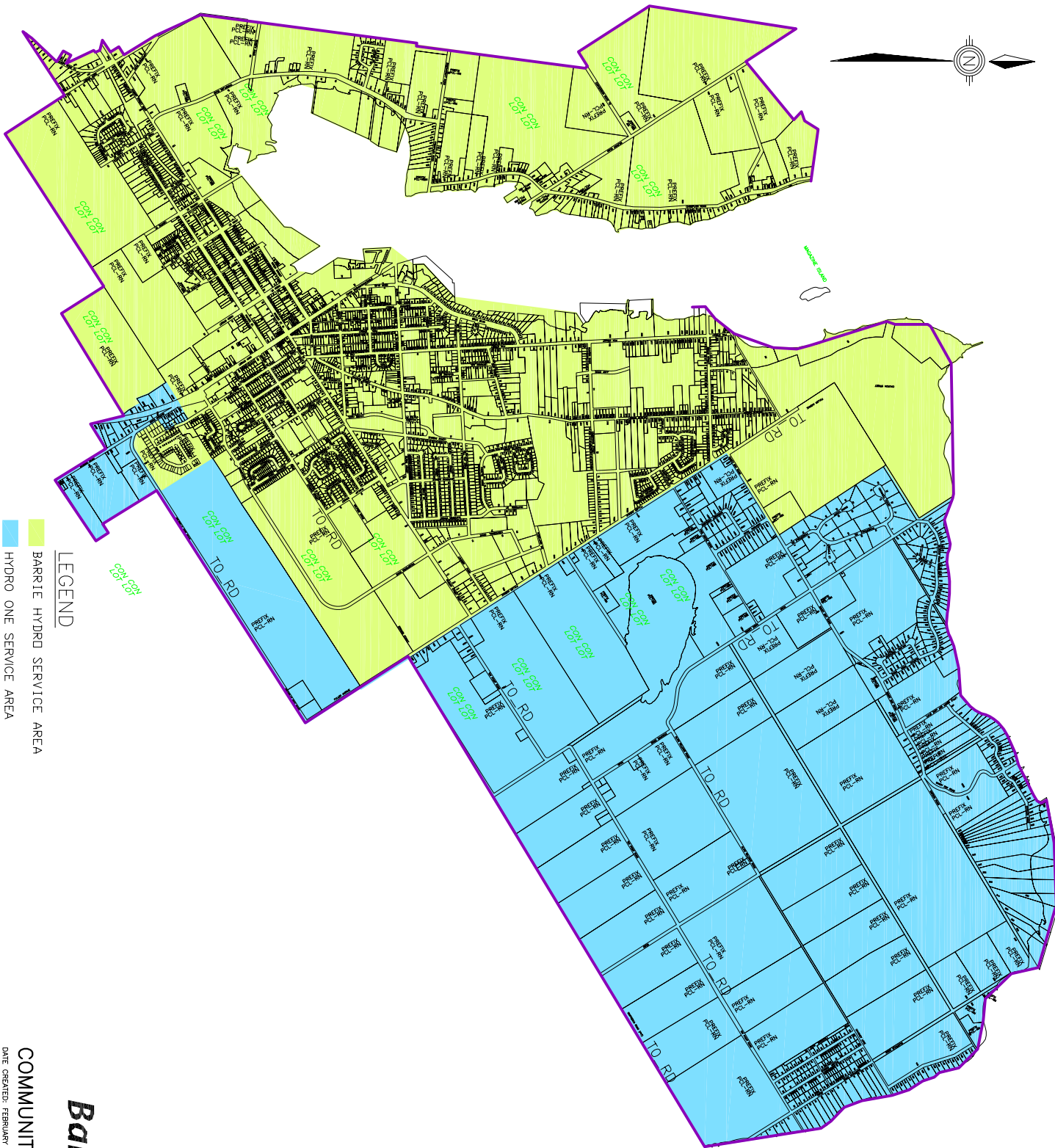
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- BARRIE HYDRO SERVICE AREA
- HYDRO ONE SERVICE AREA
- TOTTENHAM URBAN BOUNDARY

BarrieHydro
Distribution Inc.

COMMUNITY OF TOTTENHAM

DATE CREATED: FEBRUARY 2, 2004
DATE REVISED:
DOCUMENT NUMBER: 5013



LEGEND

- BARRIE HYDRO SERVICE AREA
- HYDRO ONE SERVICE AREA

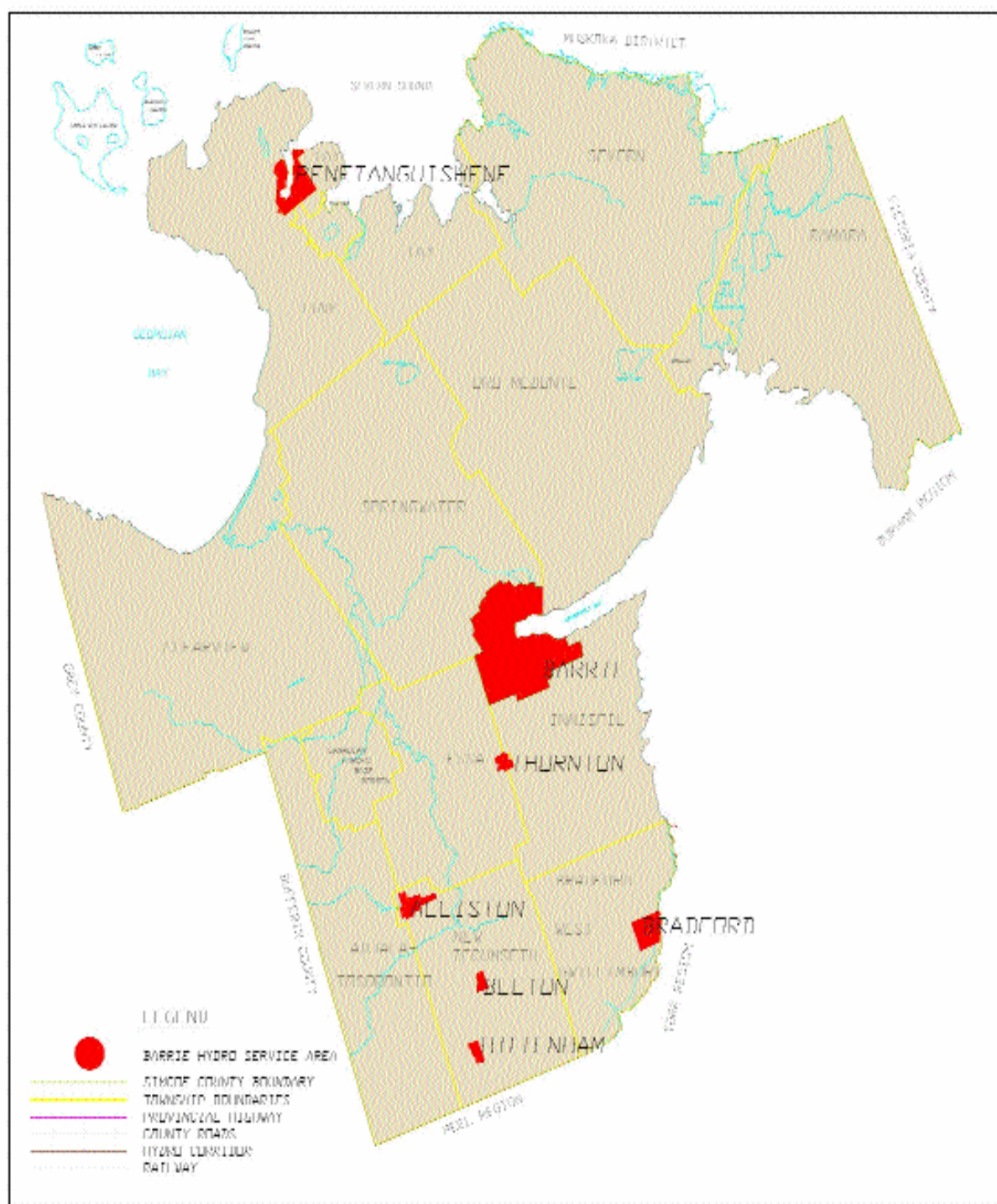
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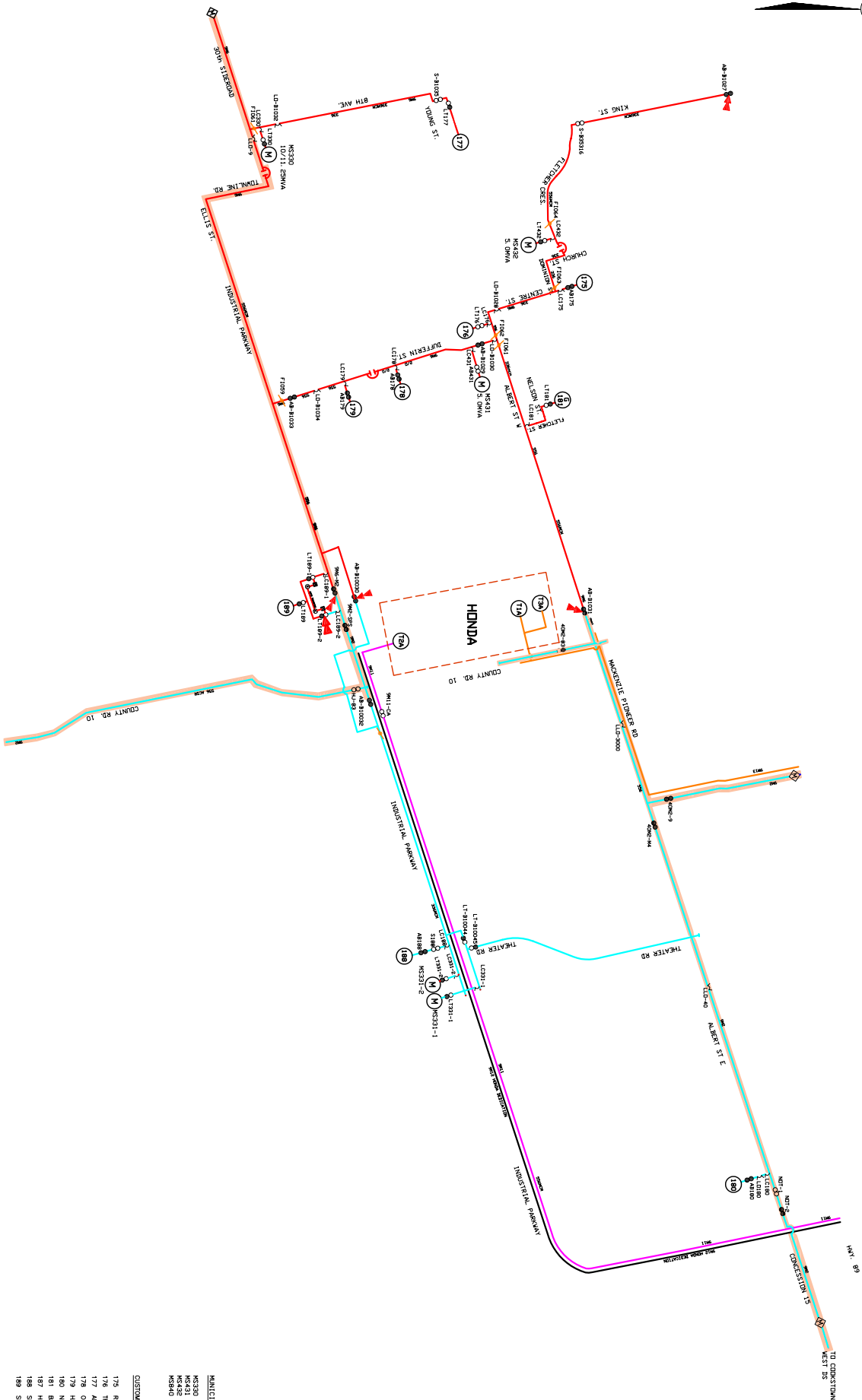


BarrieHydro
Distribution Inc

COMMUNITY OF PENETANGUISHENE

DATE CREATED: FEBRUARY 4, 2004
DATE REVISED:
DOCUMENT NUMBER: 5001





- LEGEND**
- 9M2
 - 9M6
 - 9M11
 - 9M12 (HONDA DEDICATED)
 - 9M13 (DEDICATED TO HONDA CANADA)
 - 3# U/G CABLE
 - BARRIER HYDRO SERVICE BOUNDARY
 - MUNICIPAL SUBSTATION
 - CUSTOMER OWNED SUBSTATION
 - 3# GANG OPERATED AIR BREAK
 - SWITCHGEAR-UNDERGROUND
 - INTERMEDIATE TRANSFORMER
 - SOLID STATE SWITCH
 - LIVE LINE OPENERS
 - LINE CLAMPS
 - OPEN POINT
 - PRIMARY METER
 - KEYED INTERLOCK
 - MOTOR OPERATED SWITCH
 - HYDRO ONE OWNED CONDUCTOR

MUNICIPAL SUBSTATIONS

MS320 EDGEMOUNT AVENUE
MS321 BAYVIEW AVENUE
MS322 BAYVIEW AVENUE
MS323 FLETCHER CRESCENT
MS340 ALBERT STREET E.

13.8/8.0 KV X 27.6/1.6 KV
4.16/2.4 KV X 13.8/8.0 KV
8.32/4.0 KV X 13.8/8.0 KV

CUSTOMER OWNED SUBSTATIONS

175 PRINCEWOOD RETIREMENT
176 TRAVENOL CRI. INC.
177 ALISTON MILLS PLAZA
178 CENNER LTD.
179 HANSO TECHNOLOGIES
180 NOTTAWASKA INN
181 BARNING MIDDLEBURY HIGH SCHOOL
182 BARNING MIDDLEBURY HIGH SCHOOL
183 BARNING MIDDLEBURY HIGH SCHOOL
184 BARNING MIDDLEBURY HIGH SCHOOL
185 BARNING MIDDLEBURY HIGH SCHOOL
186 BARNING MIDDLEBURY HIGH SCHOOL
187 BARNING MIDDLEBURY HIGH SCHOOL
188 BARNING MIDDLEBURY HIGH SCHOOL
189 SHINCE PARTS SERVICE

12MVA
25MVA
25MVA
12MVA
6.75MVA
25MVA
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25MVA
25MVA
25MVA
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BarrieHydro
Distribution Inc.

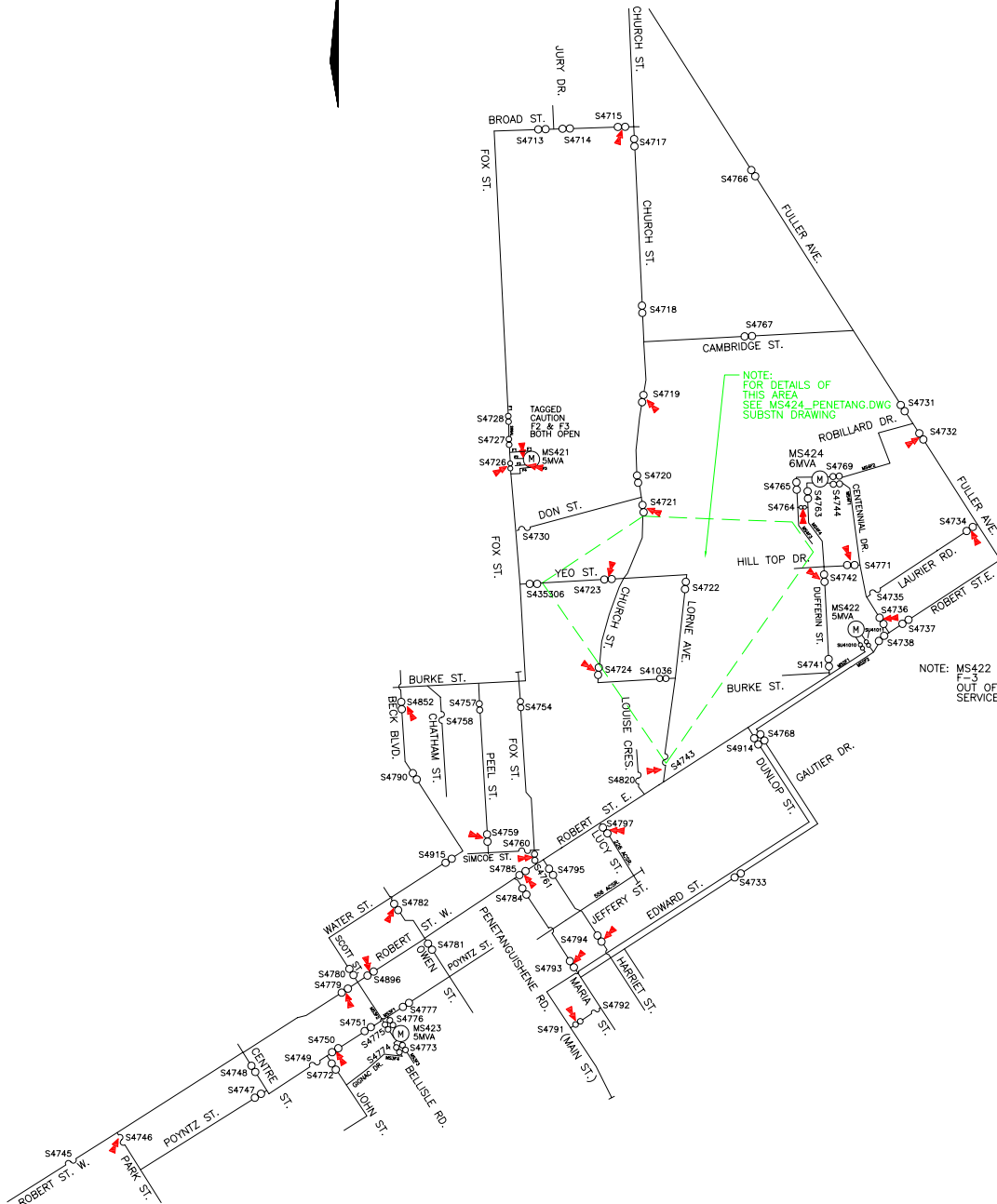
ALLISTON
44KV
DISTRIBUTION SYSTEM

DATE: 14.03.2014
DRAWN BY: T.M. DOCKERTY
CHECKED BY: T.M. DOCKERTY
APPROVED BY: T.M. DOCKERTY
SCALE: 1:12500
PLOT SCALE: 30:4
SHEET NO. 8

"CAUTION: " ALWAYS TEST FOR POTENTIAL. THIS DRAWING
MAY NOT BE UP TO DATE. REPORT ANY DISCREPANCIES
TO THE ENGINEERING DEPARTMENT IMMEDIATELY!

LEGEND

- THREE PHASE OVERHEAD PRIMARY CONDUCTOR
- THREE PHASE UNDERGROUND PRIMARY CABLE
- PMH-3
- PMH-4
- PMH-7
- PMH-9
- PMH-10
- PMH-11
- PMH-12
- INLINE SWITCH
- FUSED SWITCH
- LINE OPENER
- Vault
- LOAD BREAK ELBOW
- 600 AMP TEE
- MUNICIPAL SUBSTATION
- OPEN POINT

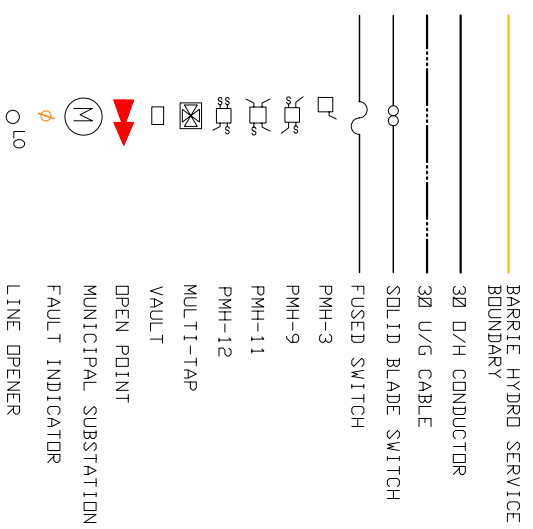


TOWN OF PENETANGUISHENE
4.16kV DISTRIBUTION SYSTEM

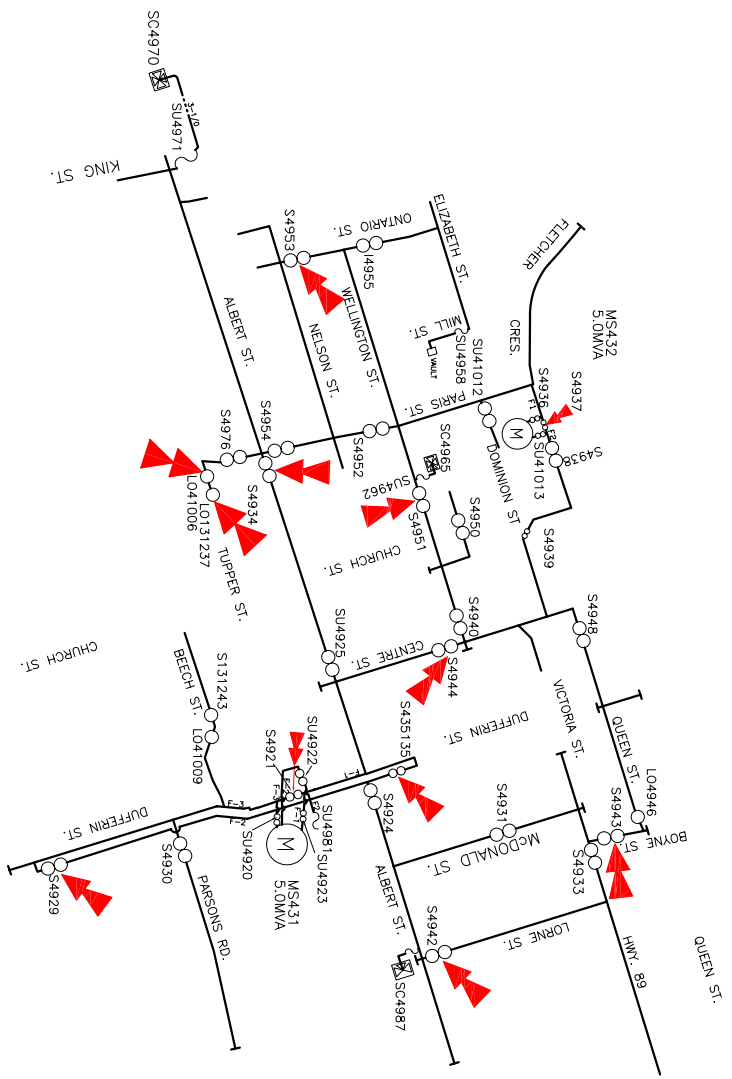
(705) 722-7222

REVISION DATES: 1. 11/20/01 YES ST. 2. 12/17/01 REMOVE S210 3. 12/18/03 BURKE ST & FOX ST. 4. 05/15/07 MS421 F2 & F3 OPENED 5. 07/24/07 MS421-F4 BACK IN SERVICE	DATE DRAWN OCTOBER 12, 2000 APPROVED BY N.D. NUMBER	DRAWN BY TINA DOHERTY SCALE 1:8600 FILE NAME 4.16kV_PENETANG.DWG	DESIGNED BY PLOT SCALE 218.44(C-D-SHT.) SHEET No. 1 of 1
---	--	---	--

LEGEND



“CAUTION: “ ALWAYS TEST FOR POTENTIAL. THIS DRAWING MAY NOT BE UP TO DATE. REPORT ANY DISCREPANCIES TO THE ENGINEERING DEPARTMENT IMMEDIATELY!

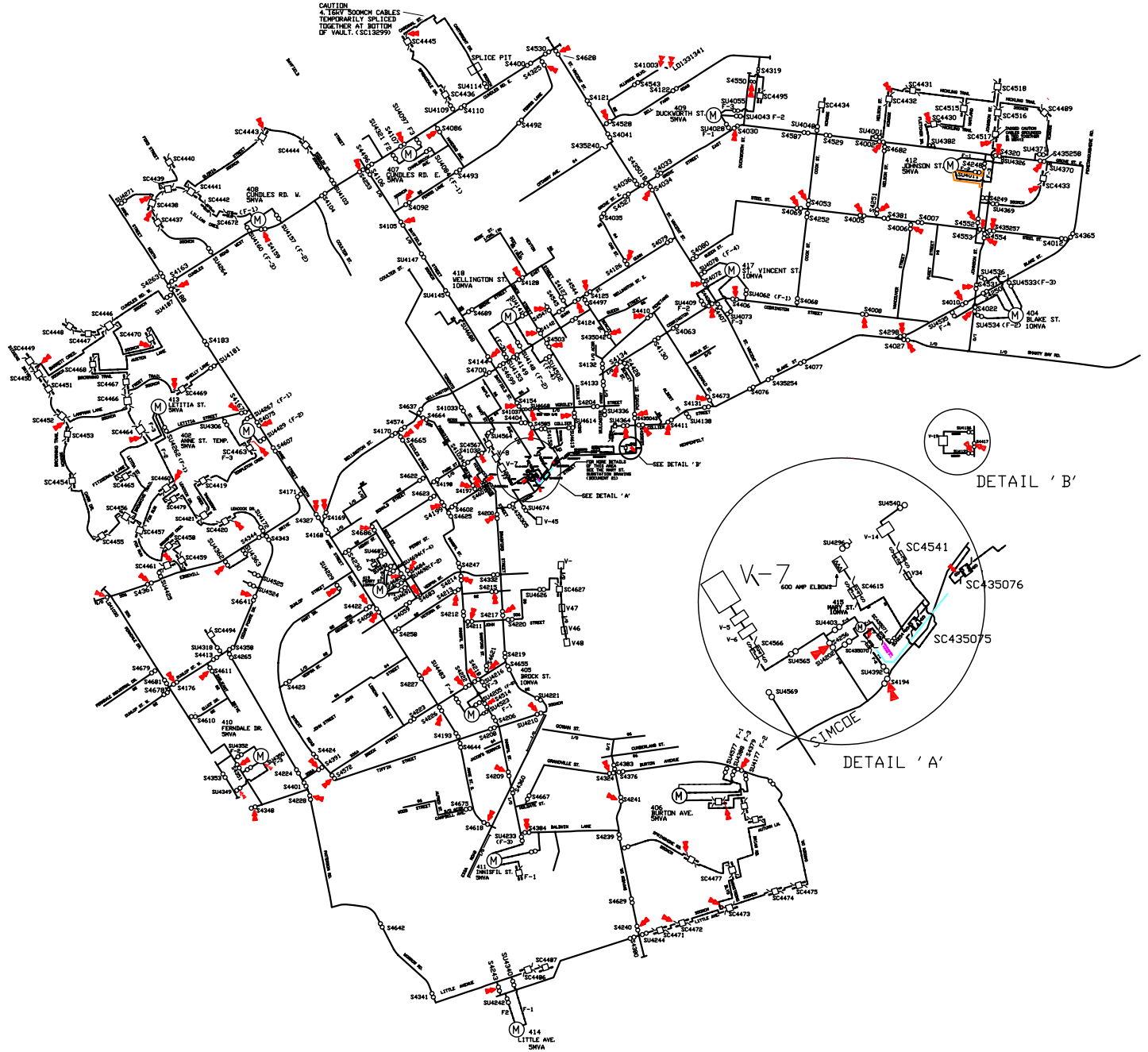


ALLISTON
4.16kV
DISTRIBUTION SYSTEM

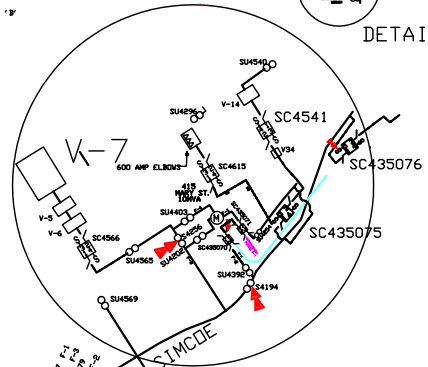
REVISION DATES:			
1.	3/20/02	CHURCH ST.	
2.	4/9/02	OPEN 11820 ON CHURCH ST.	
3.	01/29/03	MS431 TO REFLECT SUBSTN #	
4.	05/05/03	ADD PURPOSED SWITCH #	
5.	01/23/04	CHURCH ST CONVERSION	
DATE DRAWN	JULY 5, 2001	DRAWN BY	I. DOCHERTY
APPROVED BY		SCALE	1:8600(C-SHT)
W. D. NUMBER	1026	FILE NAME	4.16KV_ALLISTON.DWG
		SHEET No.	1 of 1



CAUTION:
4.16KV 300MM CABLES
TEMPORARILY SPLICED
TOGETHER AT BOTTOM
OF VAULT. (SC13299)



DETAIL 'B'



DETAIL 'A'

NOTES:

1. ALL 3 PHASE OVERHEAD PRIMARY CONDUCTOR
IS 350 AL UNLESS OTHERWISE NOTED.
2. ALL 3 PHASE UNDERGROUND PRIMARY CABLE
IS 300 MM UNLESS OTHERWISE NOTED.

LEGEND

- THREE PHASE OVERHEAD PRIMARY CONDUCTOR
- THREE PHASE UNDERGROUND PRIMARY CABLE
- PM-4
- PM-7
- PM-9
- PM-10
- PM-11
- PM-12
- INLINE SWITCH
- FUSED SWITCH
- LINE OPENER
- VAULT
- LOAD BREAK ELBOW
- 600 AMP TEE
- MANICULATED SUBSTATION
- OPEN POINT

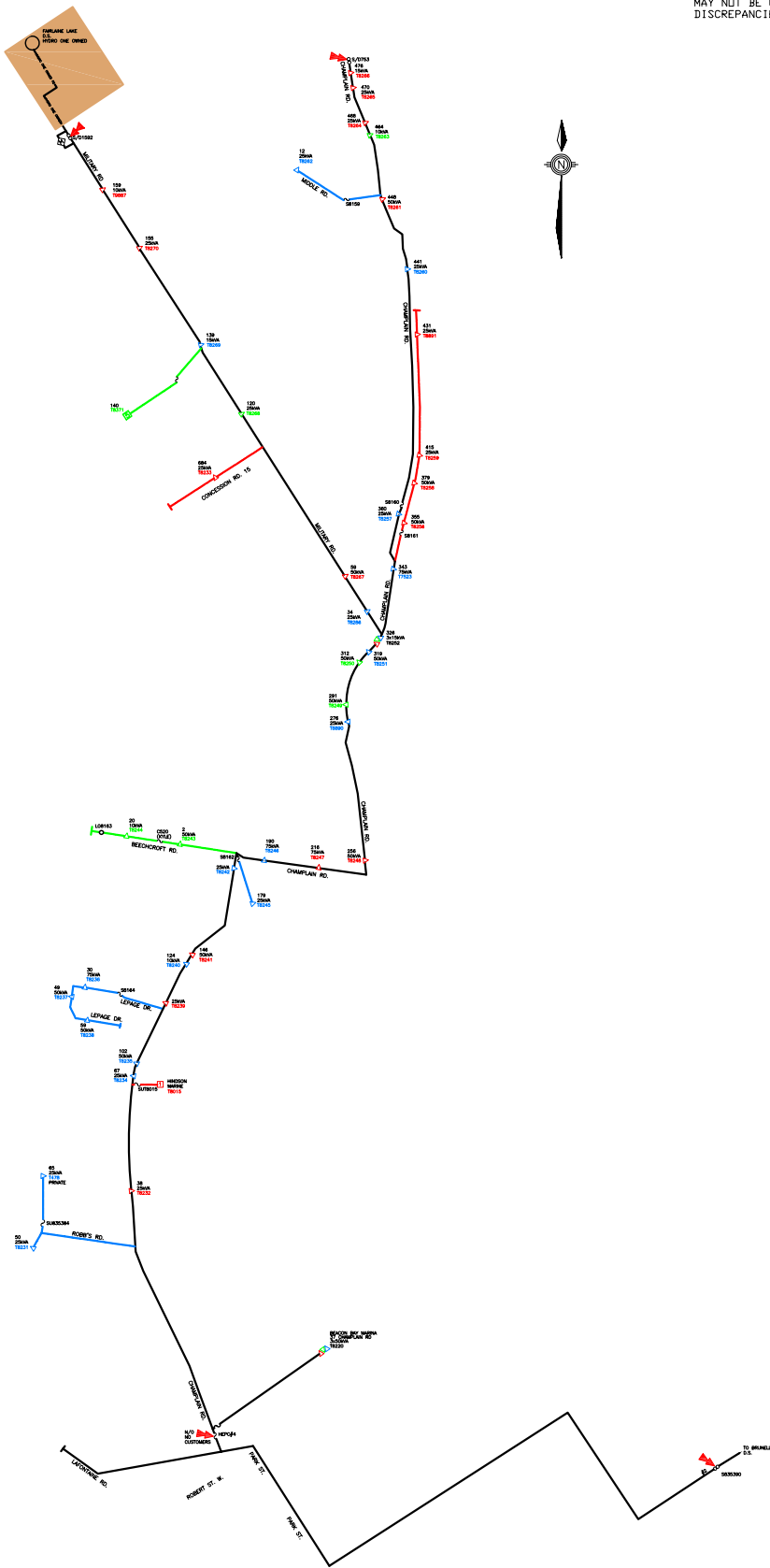
"CAUTION: ALWAYS TEST FOR POTENTIAL. THIS DRAWING
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TO THE ENGINEERING DEPARTMENT IMMEDIATELY"

BarrieHydro
Distribution Inc.

CITY OF BARRIE
4.16KV
DISTRIBUTION SYSTEM

(705) 752-7522

DATE	BY	DATE	BY	DATE	BY
12/14/11	LAURENCE	12/14/11	LAURENCE	12/14/11	LAURENCE
12/14/11	LAURENCE	12/14/11	LAURENCE	12/14/11	LAURENCE
12/14/11	LAURENCE	12/14/11	LAURENCE	12/14/11	LAURENCE



- LEGEND**
- THREE PHASE OVERHEAD PRIMARY CONDUCTOR
- THREE PHASE UNDERGROUND PRIMARY CABLE
- SINGLE PHASE UNDERGROUND CABLE - NEUTRAL
- SINGLE PHASE UNDERGROUND CABLE - WHITE
- SINGLE PHASE UNDERGROUND CABLE - RED
- SINGLE PHASE UNDERGROUND CABLE - BLUE
- SINGLE PHASE OVERHEAD CONDUCTOR - WHITE
- SINGLE PHASE OVERHEAD CONDUCTOR - RED
- SINGLE PHASE OVERHEAD CONDUCTOR - BLUE
- FUTURE
- SINGLE PHASE 50KV PADMOUNT TRANSFORMER
- SINGLE PHASE 70KV PADMOUNT TRANSFORMER
- SINGLE PHASE 100KV PADMOUNT TRANSFORMER
- PM - 3
- PM - 9
- PM - 11
- THREE WAY MULTI-TAP UNIT
- MUNICIPAL SUBSTATION
- OPEN POINT
- FUSED SWITCH
- INLINE SWITCH
- HOLE ONE OWNED
- BARRIE HYDRO SERVICE AREA BOUNDARY

[illegible]



LEGEND

—

BARRIER HYDRO BOUNDARY

—

3Ø D/H CONDUCTOR

— · · · · ·

3Ø U/G CABLE

— ○ —

SOLID BLADE SWITCH

— { —

FUSED SWITCH

PMH-3

PMH-9

PMH-11

PMH-12

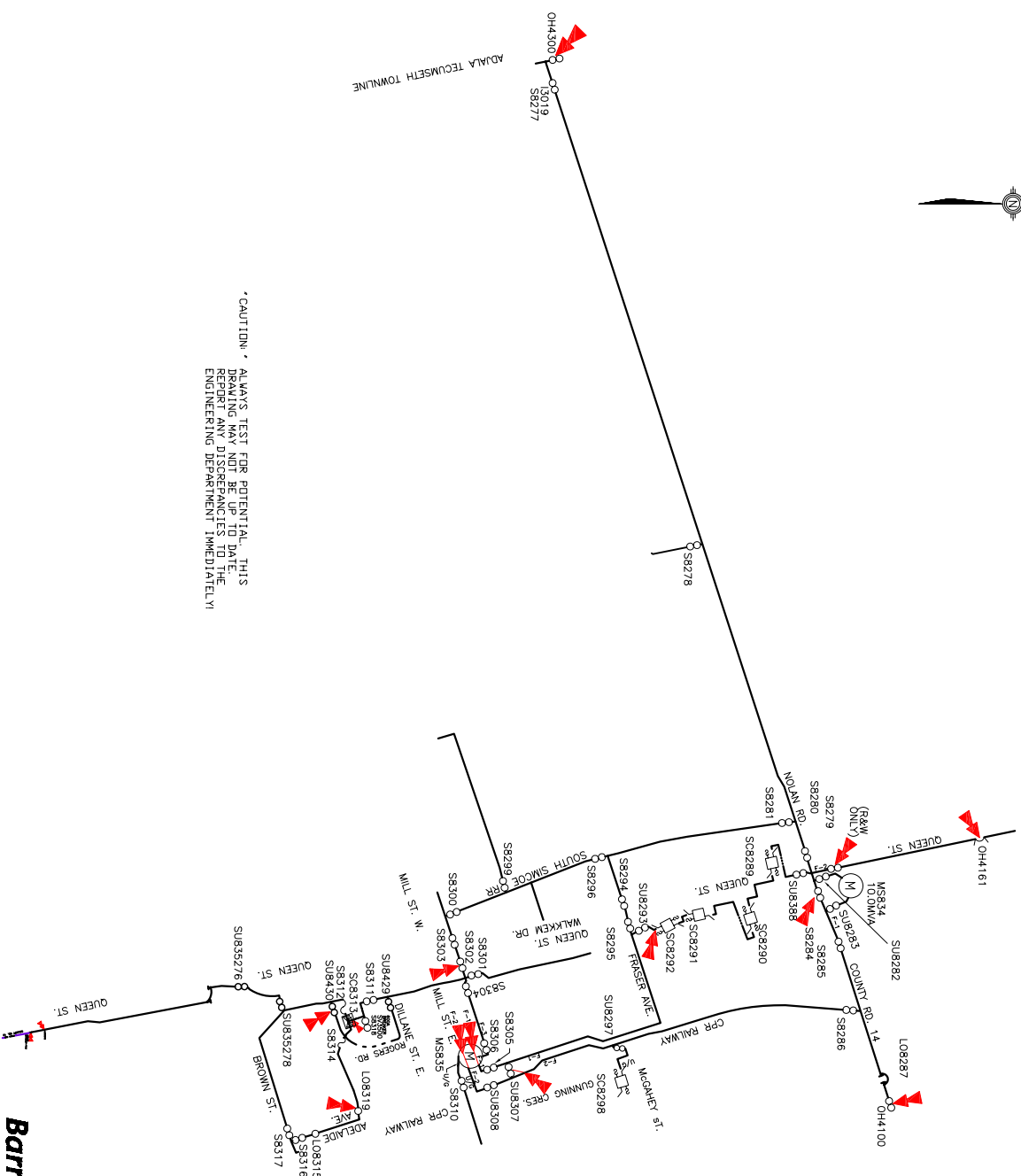
PMH-1-TAP

VAULT

OPEN POINT

MUNICIPAL SUBSTATION

FAULT INDICATOR



CAUTION: ALWAYS TEST FOR POTENTIAL. THIS DRAWING MAY NOT BE UP TO DATE. REPORT ANY DISCREPANCIES TO THE ENGINEERING DEPARTMENT IMMEDIATELY!

BarrieHydro

Distribution Inc.

TOTTENHAM

8.32KV

DISTRIBUTION SYSTEM

REVISION DATES		DATE DRAWN	DESIGNED BY
1	12/2/03	APRIL 2, 2001	TINA DOHERTY
2	12/2/03	OPEN POINT CHANGES	SCALE 1:12000
3	11/09/06	ADD QUEEN ST	PLOT SCALE 304.8
FILE NAME		W.D. NUMBER	SHEET NO.
8.32KV TOTTENHAM.DWG			

(705) 722-7222



- LEGEND**
- | | |
|--|----------------------|
| | NEUTRAL |
| | 3Ø 0/4 CONDUCTOR |
| | 3Ø W/G CABLE |
| | SOLID BLADE SWITCH |
| | FIXED SWITCH |
| | PM-3 |
| | PM-9 |
| | PM-11 |
| | PM-18 |
| | MULTI-TAP |
| | VALVE |
| | OPEN POINT |
| | MUNICIPAL SUBSTATION |
| | FAULT INDICATOR |



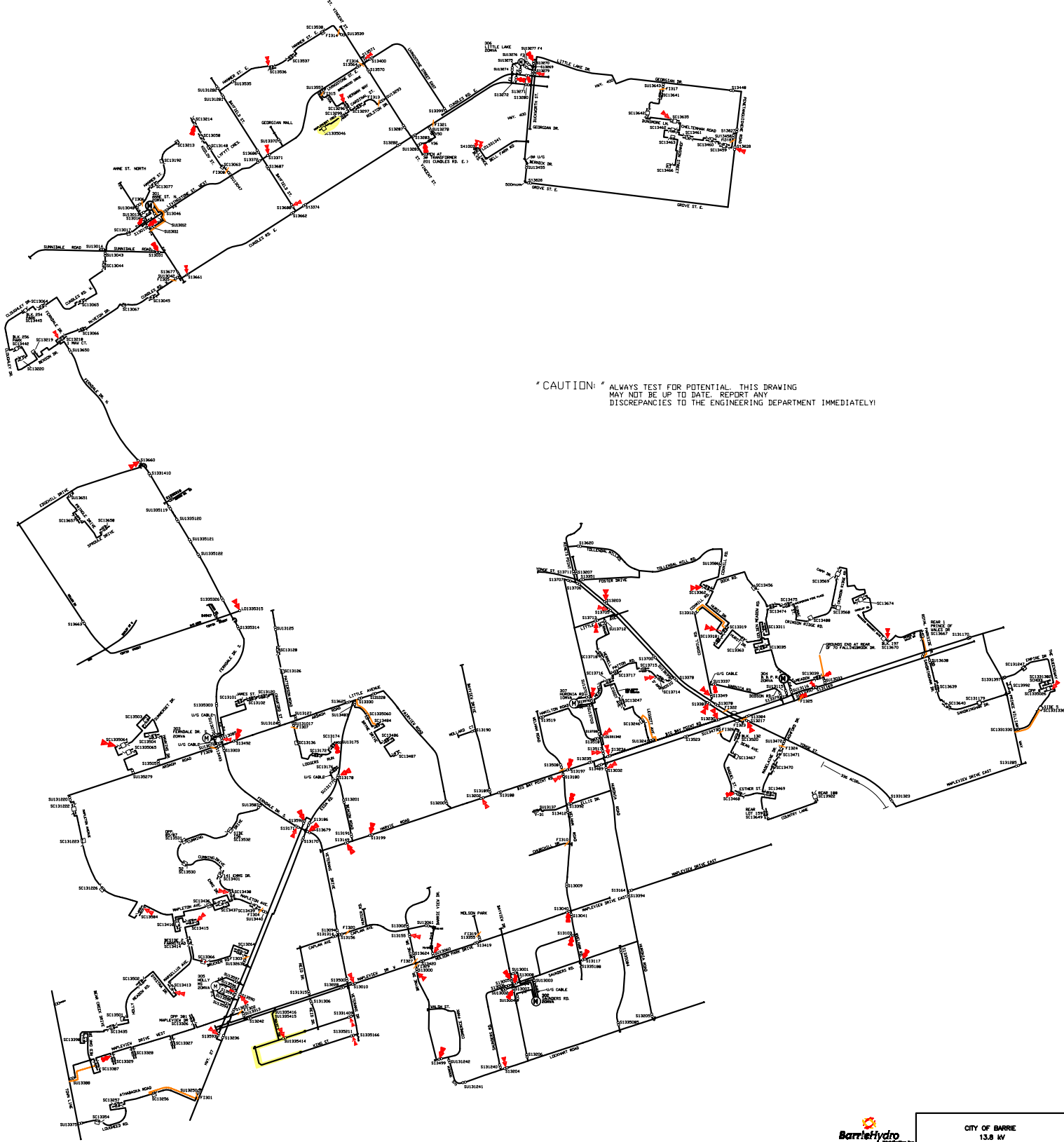


NOTE:

1. ALL 36 OVERHEAD PRIMARY CONDUCTOR IS 356 AL UNLESS OTHERWISE NOTED.
2. ALL 36 UNDERGROUND PRIMARY CABLE IS 500 MCM UNLESS OTHERWISE NOTED.

LEGEND

- NEUTRAL
- 36 D/H CONDUCTOR
- 36 U/G CABLE
- SOLID BLADE SWITCH
- FUSED SWITCH
- PMW-3
- PMW-9
- PMW-11
- PMW-12
- MULTI-TAP
- VAULT
- OPEN POINT
- MUNICIPAL SUBSTATION
- FAULT INDICATOR

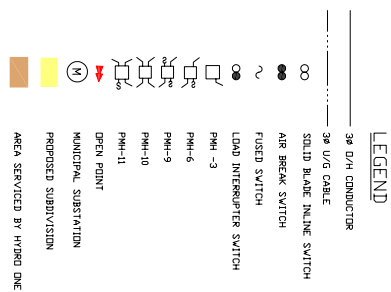


"CAUTION:" ALWAYS TEST FOR POTENTIAL. THIS DRAWING MAY NOT BE UP TO DATE. REPORT ANY DISCREPANCIES TO THE ENGINEERING DEPARTMENT IMMEDIATELY.



CITY OF BARRIE
13.8 kV
DISTRIBUTION SYSTEM

7025722-7222	DATE: 04/01/2019	DESIGNED BY: J. B. B.	REVIEWED BY: J. B. B.
APPROVED BY: J. B. B.	SCALE: 1:1000	PROJECT: 7025722-7222	SHEET NO: 304.8
DATE: 04/01/2019	FILE NAME: 7025722-7222		

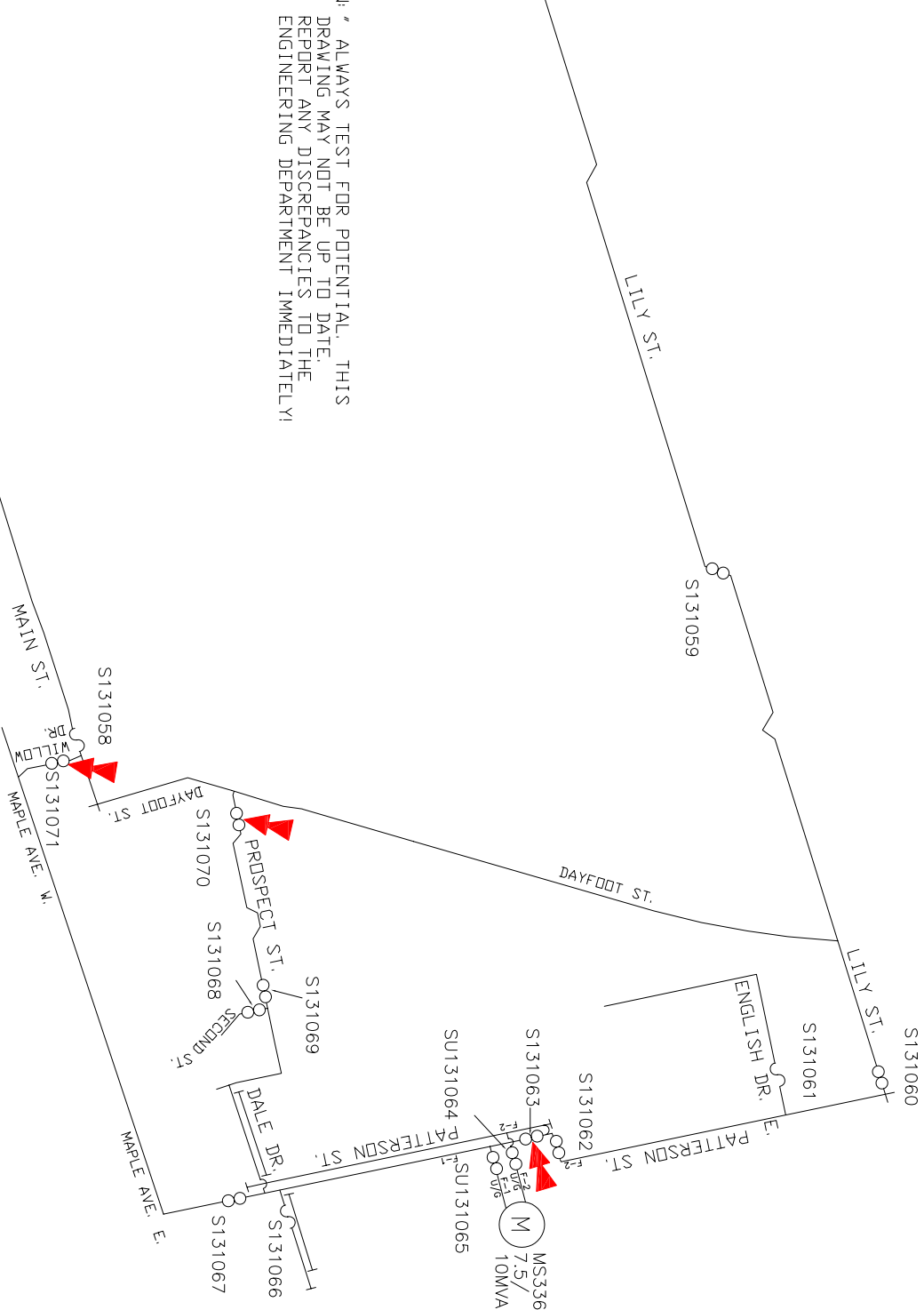


BRADFORD - WEST GWILLIMBURY
13.8kV
DISTRIBUTION SYSTEM

REVISIONS	DATE	BY	DESIGNED BY
1. 09/02 CHANGE F.I.-N.F.2 AT RECENT	NOVEMBER 30, 2000	SCALE 1/4"=1'-0"	PLOT SCALE 218.44
2. 06/03 ADDED SOUTH FIELD SUR.		FILE NAME	SHEET No.
3. 10/16/03 SUDH FIELD PH		13.84V-BROADBAND.DWG	1 of 1
5. 12/10/03 OPEN SUSSE			



"CAUTION: " ALWAYS TEST FOR POTENTIAL. THIS
DRAWING MAY NOT BE UP TO DATE.
REPORT ANY DISCREPANCIES TO THE
ENGINEERING DEPARTMENT IMMEDIATELY!



LEGEND	
	BARTLE HYDRO SERVICE BOUNDARY
	3Ø D/H CONDUCTOR
	3Ø U/G CABLE
	SOLID BLADE SWITCH
	FUSED SWITCH
	PMH-3
	PMH-9
	PMH-11
	PMH-12
	MULTI-TAP
	VAULT
	OPEN POINT
	MUNICIPAL SUBSTATION
	FAULT INDICATOR



(709) 722-7222

REVISION DATES

1: 6/13/01 AS PER VERIFICATION

2: 1/1/02

BEETON

13.8KV

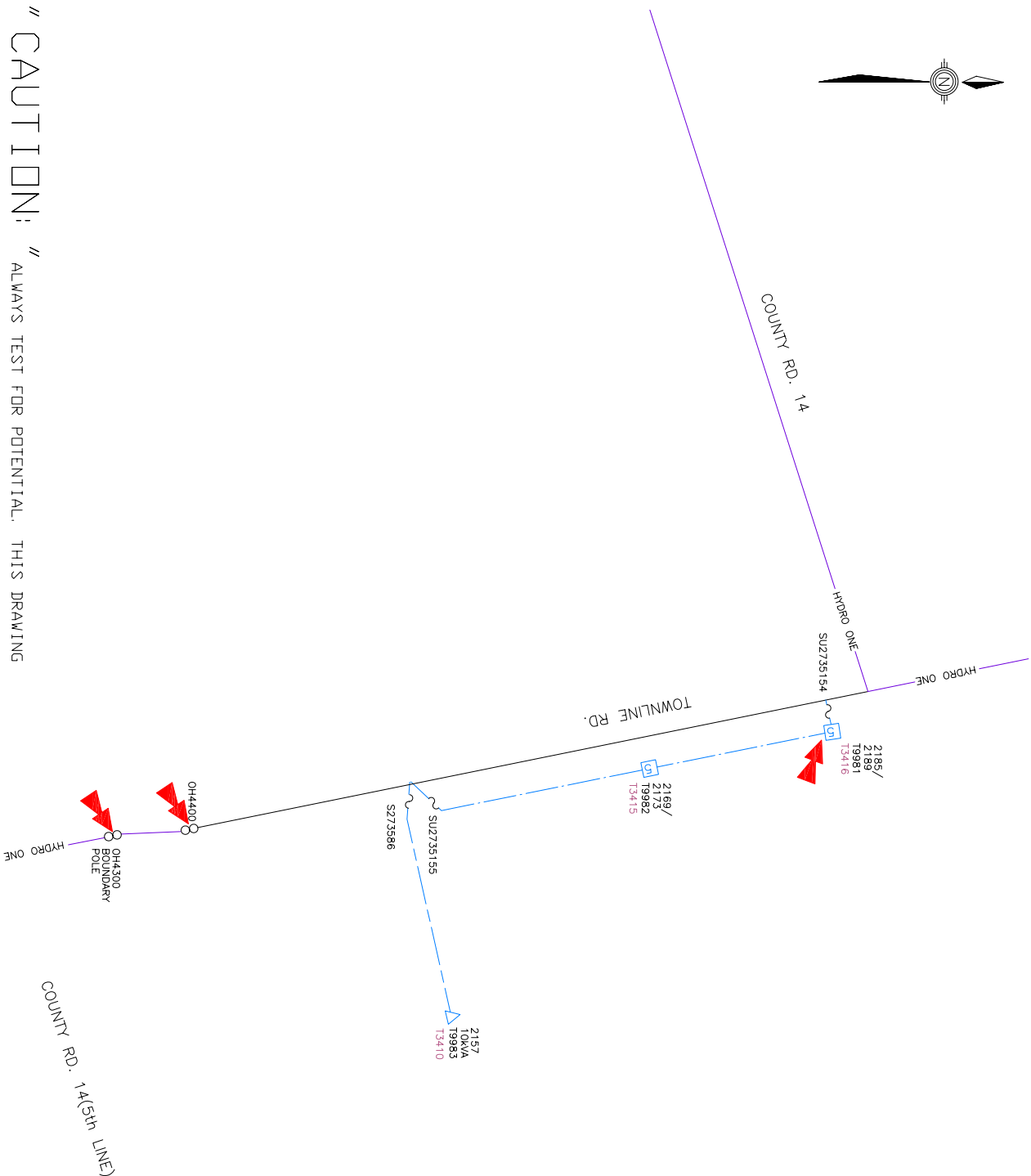
DISTRIBUTION SYSTEM

DATE: MARCH 29, 2001	DRAWN BY: T. DOHERTY	DESIGNED BY:
APPROVED BY:	SCALE: 1:12000	FILED BY: T. DOHERTY
W.D. NUMBER:	FILED BY: T. DOHERTY	SHEET NO.:



“ CAUTION: “

ALWAYS TEST FOR POTENTIAL. THIS DRAWING
MAY NOT BE UP TO DATE. REPORT ANY
DISCREPANCIES TO THE ENGINEERING DEPARTMENT IMMEDIATELY!



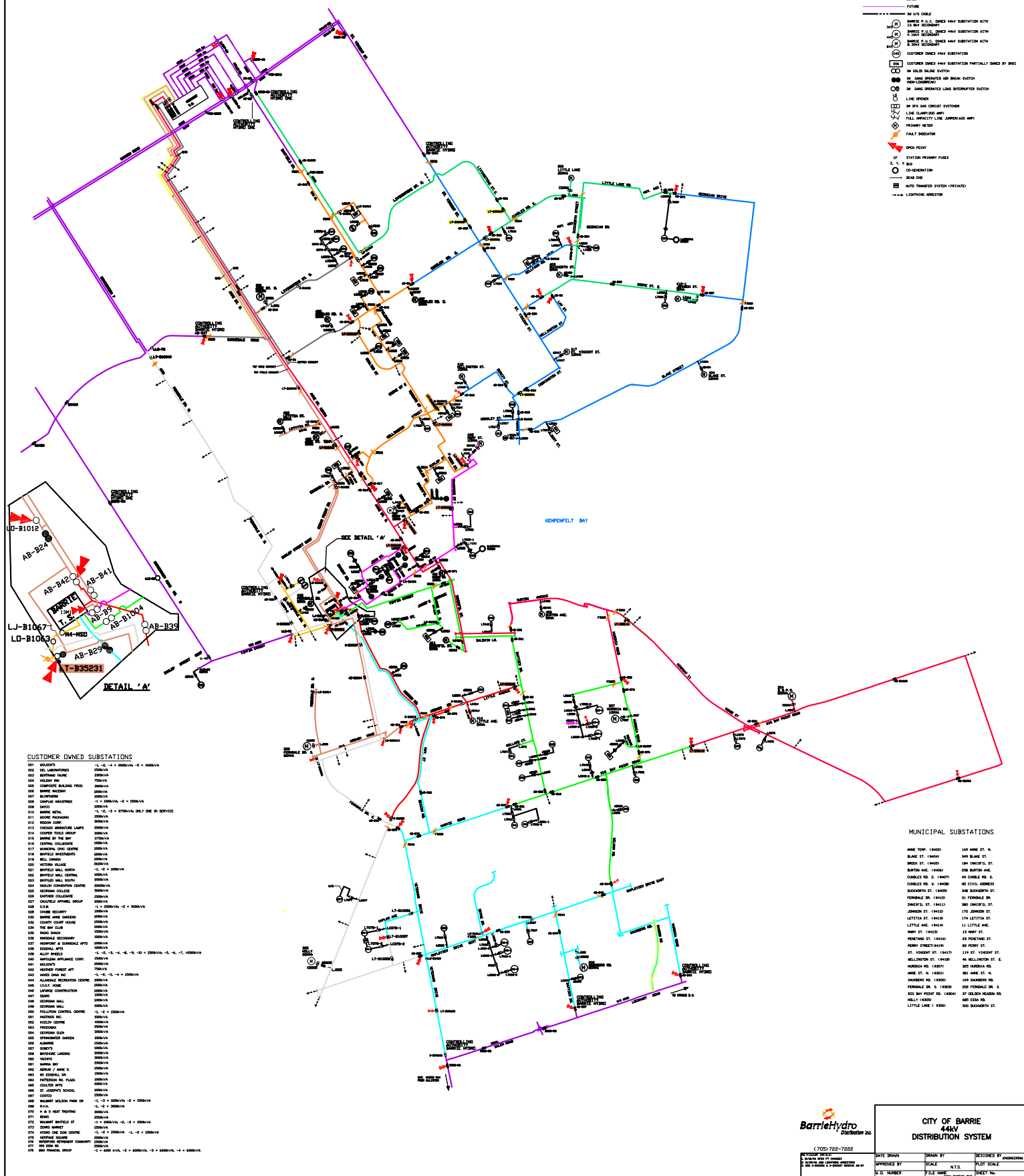
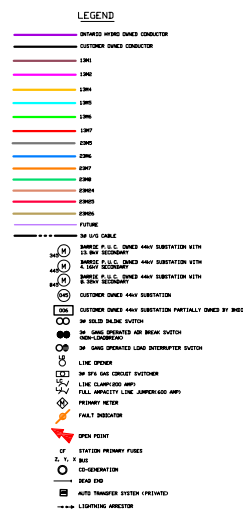
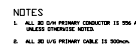
LEGEND

- BARRIER HYDRO SERVICE BOUNDARY
- THREE PHASE OVERHEAD PRIMARY CONDUCTOR
- THREE PHASE UNDERGROUND PRIMARY CABLE
- SINGLE PHASE UNDERGROUND CABLE – NEUTRAL
- SINGLE PHASE UNDERGROUND CABLE – WHITE
- SINGLE PHASE UNDERGROUND CABLE – RED
- SINGLE PHASE UNDERGROUND CABLE – BLUE
- SINGLE PHASE OVERHEAD CONDUCTOR – WHITE
- SINGLE PHASE OVERHEAD CONDUCTOR – RED
- SINGLE PHASE OVERHEAD CONDUCTOR – BLUE
- SINGLE PHASE 50KVA PADMOUNT TRANSFORMER
- SINGLE PHASE 75KVA PADMOUNT TRANSFORMER
- SINGLE PHASE 100KVA PADMOUNT TRANSFORMER
- THREE PHASE PADMOUNT TRANSFORMER(SIZE AS NOTED)
- SINGLE PHASE POLEMOUNT TRANSFORMER(SIZE AS NOTED)
- FUSED SWITCH
- INLINE SWITCH
- OPEN POINT
- PROPOSED – NOT ENERGIZED

BarrieHydro
Distribution Inc.

TOTTENHAM
27.6KV
DISTRIBUTION MAP

DATE: 2023-07-10	DATE: 2023-07-10	DATE: 2023-07-10
FILE NAME: 27.6KV DISTR MAP	FILE NAME: 27.6KV DISTR MAP	FILE NAME: 27.6KV DISTR MAP
SCALE: 1:2500	SCALE: 1:2500	SCALE: 1:2500
SHEET NO. 1 OF 2	SHEET NO. 1 OF 2	SHEET NO. 1 OF 2



MUNICIPAL SUBSTATIONS	
ANGE TUNE (E 0400)	149 ANGE TUNE ST. N.
BURKE ST. (E 0400)	3405 BURKE ST.
BRICK ST. (E 0400)	148 BRICK ST. N.
BURTON AVE. (E 0400?)	258 BURTON AVE.
CUMBLE RD. E. (E 0400?)	43 CUMBLE RD. E.
CUMBLE RD. W. (E 0400)	307 CUMBLE RD. W.
DEWEY ST. (E 0400)	248 DEWEY ST.
FERNALD RD. (E 0410)	31 FERNALD RD.
JENNIFER ST. (E 0410)	380 JENNIFER ST.
JOHNSON ST. (E 0410)	170 JOHNSON ST.
LETTIEA ST. (E 0410)	174 LETTIEA ST.
LYNN AVE. (E 0410)	11 LYNN AVE.
MAY ST. (E 0410)	13 MAY ST.
PINEHART ST. (E 0410)	23 PINEHART ST.
POWERY STREET (E 0410)	89 POWERY ST.
ST. VICENT ST. (E 0417)	119 ST. VICENT
WELLINGTON ST. (E 0418)	46 WELLINGTON ST.
HARVEST RD. (E 0420)	37 HARVEST RD.
W. N. (E 0501)	361 W. N.
SAUNDERS RD. (E 0505)	149 SAUNDERS RD.
FERNALD RD. S. (E 0520)	52 FERNALD RD.
325 344 BAY ST. (E 0600)	37 GOLDEN BAY ST.
344 BAY ST. (E 0600)	37 GOLDEN BAY ST.
LITTLE LANE (E 0600)	500 LITTLE LANE
	500 BUCHANAN ST.



LEGEND

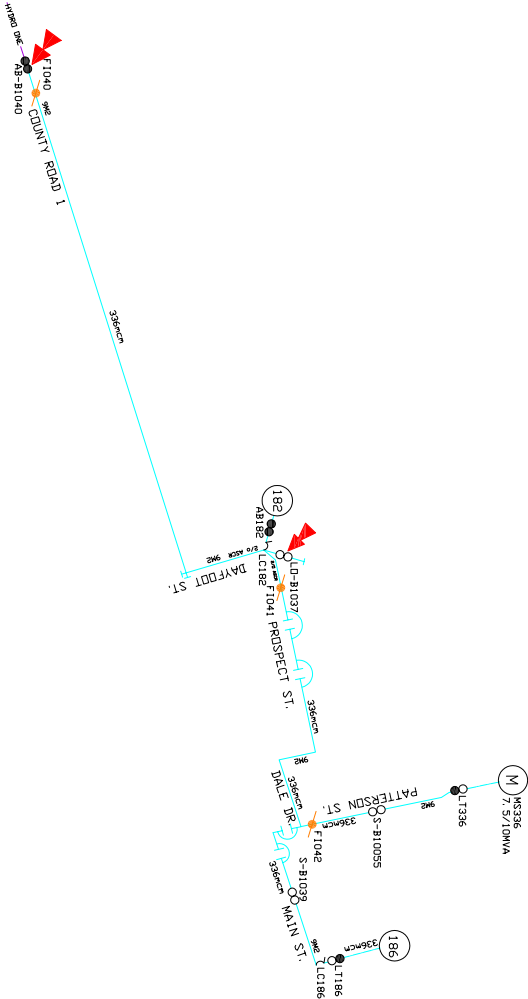
- 9M2
- 3Ø U/G CABLE
- HYDRO ONE OWNED CONDUCTOR
- BARRIER HYDRO SERVICE BOUNDARY
- MUNICIPAL SUBSTATION
- CUSTOMER OWNED SUBSTATION
- 3Ø GANG OPERATED AIR BREAK SWITCH (NON-LOADBREAK)
- 3Ø GANG OPERATED LOAD INTERRUPTER SWITCH
- SOLID BLADE SWITCH
- MID SPAN OPENER
- LIVE LINE OPENERS
- LINE CLAMPS
- OPEN POINT
- PRIMARY METER

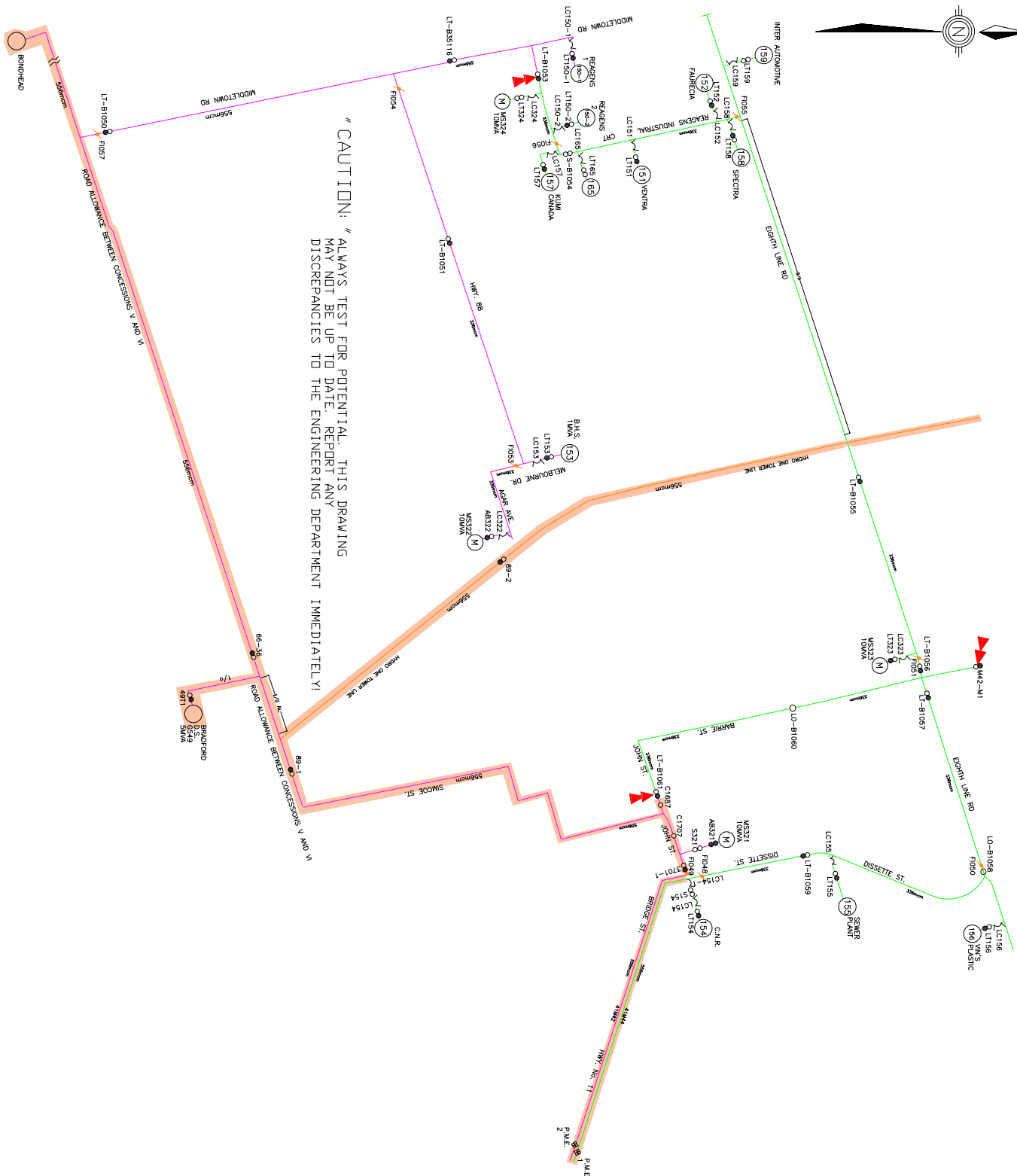
MUNICIPAL SUBSTATIONS

MS336 PATTERSON STREET 13.8/8.0KV

CUSTOMER OWNED SUBSTATIONS

182 BORDEN METALS 1.0MVA
186 SIMCOE MANOR 1.5MVA





LEGEND

- 41M44
- 41M42
- 41M45
- HYDRO ONE TOWER LINE
- 3# U/G CABLE
- BEAD END
- CUSTOMER OWNED 44KV SUBSTATION
- OPEN POINT
- 3# GANG OPERATED LOAD INTERRUPTER SWITCH
- 3# GANG OPERATED AIR BREAK SWITCHING-LUBRICATOR
- MD SPAN OPERATOR
- LINE OPERATOR
- LINE CLAMP(200AMP)
- FULL AMPACITY LINE JUMPER(600AMP)
- PRIMARY METER
- HYDRO ONE OWNED

MUNICIPAL SUBSTATIONS
MS321 JOHN ST.
MS322 MIDDLETOWN DR.
MS323 8th LINE RD.
MS324 REAGENS CT.

CUSTOMER OWNED SUBSTATIONS
150 REAGENS
151 VENTURA
152 REAGENS
153 BRADFORD HIGH SCHOOL
154 GO STATION
155 SEWER PLANT
156 VINS PLASTICS
157 KUMI
158 INTER AUTOMOTIVE
165 CERCOLA FARMS
4000KVA

BarrieHydro
Distribution Inc.

BRADFORD
WEST GUILMBURY
44KV
DISTRIBUTION SYSTEM

DATE: 2020-09-01
BY: [Signature]
CHECKED BY: [Signature]
SCALE: 1:1000
SHEET No. 1 of 1

DATE: 2020-09-01
BY: [Signature]
CHECKED BY: [Signature]
SCALE: 1:1000
SHEET No. 1 of 1

"CAUTION: " ALWAYS TEST FOR POTENTIAL. THIS DRAWING
MAY NOT BE UP TO DATE. REPORT ANY
DISCREPANCIES TO THE ENGINEERING DEPARTMENT IMMEDIATELY!

LEGEND

- BARRIE HYDRO SERVICE AREA BOUNDARY
- MUNICIPAL BOUNDARY
- 98M3(BARRIE HYDRO OWNED)
- 98M3(HYDRO ONE OWNED)
- 98M7(BARRIE HYDRO OWNED)
- 98M7(HYDRO ONE OWNED)
- 3Ø U/G CABLE
- DEAD END
- (M) BARRIE HYDRO OWNED 44KV SUBSTATION WITH 4.16KV SECONDARY
- () CUSTOMER OWNED 44KV SUBSTATION
- ➔ OPEN POINT
- 3Ø GANG OPERATED LOAD INTERRUPTER SWITCH
- 3Ø GANG OPERATED AIR BREAK SWITCH(NON-LOADBREAK)
- INLINE SWITCH
- LINE OPENER
- ~ LC045 LINE CLAMP(200AMP)
- ~ LJ045 FULL AMPACITY LINE JUMPER(600AMP)
- ⊠ PRIMARY METER
- ⚡ FAULT INDICATOR



CONCESSION ROAD 16
FAIRLAIN LAKE D.S. 5MVA

CONCESSION ROAD 15

MACAWALLEY RD.

ROBERT ST. W.
POINTZ ST.
PARK ST.

HYDRO ONE OWNED M7LC-35

JOHN AB-B1001

BRILLIDE RD.

MURRAY RD.

BRUNELLE SIDE ROAD

TO MIDLAND

TO MIDLAND



(705) 722-7222

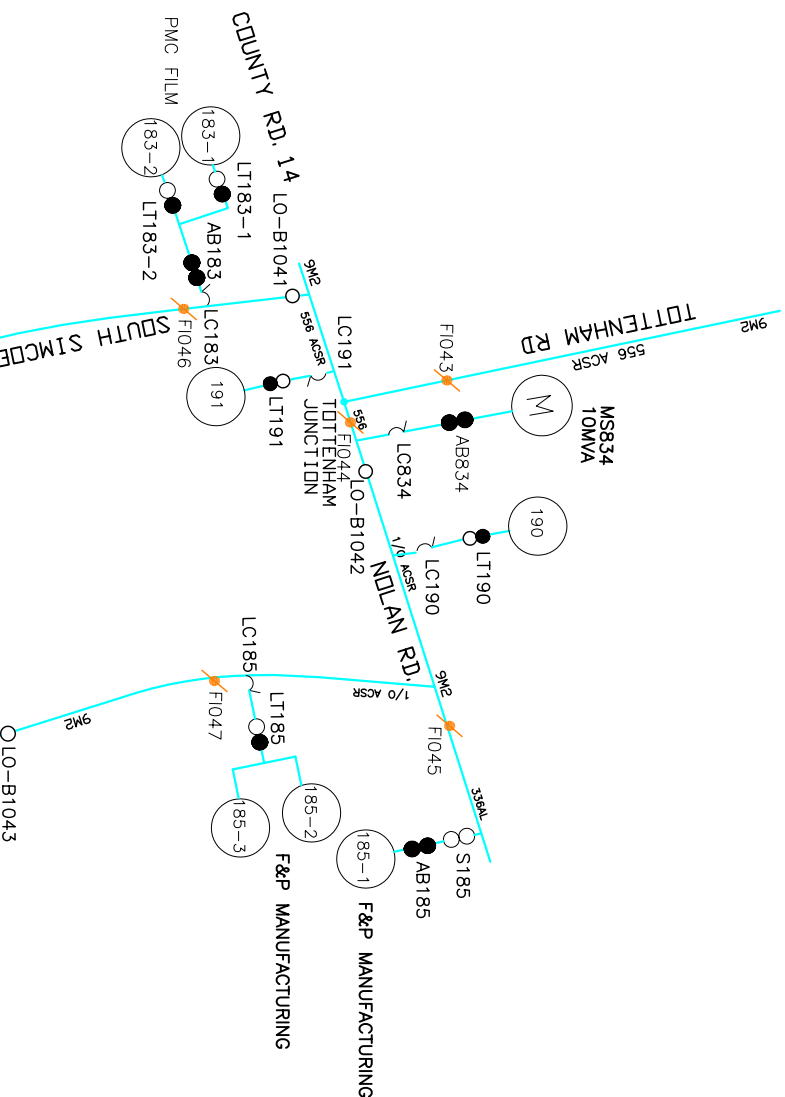
TOWN OF PENETANGUISHENE
44KV DISTRIBUTION SYSTEM

REVISION DATES: 06/01/04 NEW SWITCH NUMBERS	DATE DRAWN: OCTOBER 12, 2000	DRAWN BY: TINA DOHERTY	DESIGNED BY:
APPROVED BY:	SCALE: 1:8600	FILE NAME: 44KV_PENETANG.DWG	SHEET No. 1 of 1



LEGEND

- 9M2
- 3# U/G CABLE
- BARRIER HYDRO SERVICE BOUNDARY
- MUNICIPAL SUBSTATION
- (M)
- CUSTOMER OWNED SUBSTATION
- 3# GANG OPERATED AIR BREAK SWITCHKNOB-LOADBREAK
- 3# GANG OPERATED LOAD INTERRUPTER SWITCH
- SOLID BLADE SWITCH
- LIVE LINE OPENERS
- LINE CLAMPS
- OPEN POINT
- PRIMARY METER



MUNICIPAL SUBSTATIONS

MS834 NOLAN RD 8.32/4.8KV
MS835 MILL ST. EAST 8.32/4.8KV

CUSTOMER OWNED SUBSTATIONS

183 PMC 3.5/2.5MVA
184 SEEBURN METALS 1.5MVA
185L F&P MANUFACTURING 6/7.5MVA
186 F&P MANUFACTURING 2.0MVA
190 ST THOMAS AQUINAS 1.0MVA
191 PRICE CHOPPERS 1.0MVA

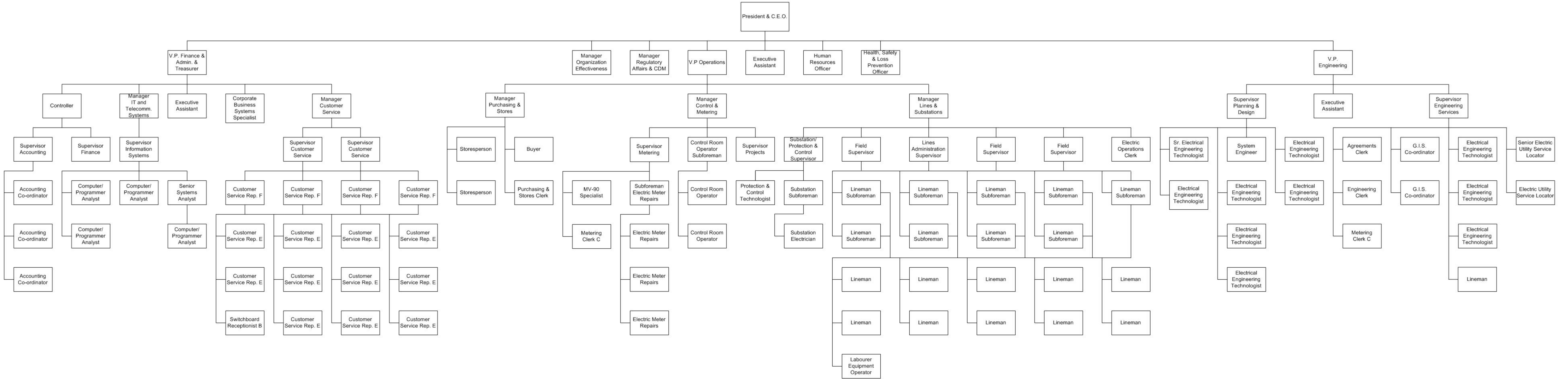


TOTTENHAM
44KV
DISTRIBUTION SYSTEM

REVISION DATES: 1.11/24/04 PAULT INDICATORS			
DATE DRAWN MARCH 19, 2001	DRAWN BY TIMA BOBERTY	DESIGNED BY	
APPROVED BY	SCALE 218.44	PLOT SCALE 1:6000	
FILE NUMBER 44KV TOTTENHAM.DWG		SHEET NO.	

Barrie Hydro Distribution Inc. Organization Chart

2007



Corporate Entities Relationships Chart



City of Barrie



Barrie Hydro Distribution Inc.
Financial Statements
For the year ended December 31, 2006



BDO Dunwoody LLP
Chartered Accountants
and Advisors

300 Lakeshore Drive
Suite 300
Barrie Ontario Canada L4N 0B4
Telephone: (705) 726-6331
Fax: (705) 722-6588

www.bdo.ca

Auditors' Report

**To the Shareholder of
Barrie Hydro Distribution Inc.**

We have audited the balance sheet of Barrie Hydro Distribution Inc. as at December 31, 2006 and the statements of operations and retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the corporation'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 the corporation as at December 31, 2006 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

BDO Dunwoody LLP

Chartered Accountants

Barrie, Ontario
March 16, 2007

Barrie Hydro Distribution Inc. Balance Sheet

December 31 2006 2005

Assets

Current

Cash (Note 1)	\$ 2,186,053	\$ 9,225,335
Accounts receivable	11,714,935	8,699,780
Unbilled service revenue	13,506,096	14,899,271
Inventories	1,575,759	1,240,842
Prepaid expenses	702,882	376,753
	<u>29,685,725</u>	<u>34,441,981</u>

Property, plant and equipment (Note 2)	122,302,120	115,164,862
Construction in progress (Note 2)	2,420,821	4,033,601
Long-term investment (Note 3)	71,785	71,785
Goodwill	9,554,075	9,554,075
Deferred charges and other long-term assets (Note 4)	1,058,687	929,593
Regulatory assets (Note 5)	-	1,864,343

\$165,093,213 \$166,060,240

Liabilities and Shareholder's Equity

Current

Accounts payable and accrued liabilities	\$ 15,532,928	\$ 21,395,972
Construction deposits	1,143,500	1,083,798
Payments in lieu of corporate taxes payable	969,164	911,607
Due to related parties (Note 6)	2,428,521	3,149,027
Customer deposits	1,913,168	1,788,084
Current portion of obligations under capital leases (Note 10)	54,372	51,171
	<u>22,041,653</u>	<u>28,379,659</u>

Customer deposits	2,624,808	2,413,565
Regulatory liabilities (Note 5)	1,657,769	-
Other long-term liabilities (Note 7)	244,114	268,981
Employee future benefits (Note 8)	2,571,708	2,371,626
Long-term debt (Notes 6 and 9)	45,000,000	45,000,000
Obligations under capital leases (Note 10)	64,892	119,265
Subdivision deposit rebates (net of refunds)	13,332,283	11,537,063
	<u>87,537,227</u>	<u>90,090,159</u>

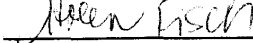
Contingent liabilities (Note 13)

Shareholder's equity

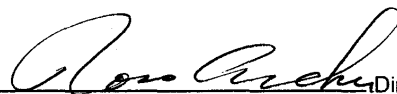
Share capital (Note 14)	61,491,374	61,491,374
Retained earnings	16,064,612	14,478,707
	<u>77,555,986</u>	<u>75,970,081</u>

\$165,093,213 \$166,060,240

On behalf of the Board:

 Helen Eason

Director

 Ron Archibald

Director

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Barrie Hydro Distribution Inc.
Statement of Operations and Retained Earnings

For the year ended December 31	2006	2005
Service revenue		
Residential	\$ 17,877,570	\$ 17,169,125
Commercial (Note 6)	10,504,721	9,984,734
Street lighting	93,331	90,966
	<u>28,475,622</u>	<u>27,244,825</u>
Service revenue adjustments	61,613	535,834
	<u>28,537,235</u>	<u>27,780,659</u>
Cost of power revenue	<u>110,243,230</u>	<u>119,056,463</u>
	138,780,465	146,837,122
Cost of power	<u>110,243,230</u>	<u>119,056,463</u>
Distribution revenue	<u>28,537,235</u>	<u>27,780,659</u>
Other revenue		
Customers' forfeited discounts and late payment charges	521,785	506,118
Water and sewer billing collection services (Note 6)	1,480,731	1,411,216
Other revenue	1,943,287	1,634,061
	<u>3,945,803</u>	<u>3,551,395</u>
	32,483,038	31,332,054
Expenditures		
Administration and general (Note 6)	7,084,216	6,689,413
Amortization	8,432,623	7,245,178
Interest on long-term debt (Note 6)	2,912,508	3,112,500
Other interest	313,769	442,671
Operation maintenance	3,804,017	3,365,508
	<u>22,547,133</u>	<u>20,855,270</u>
	9,935,905	10,476,784
Provision for payments in lieu of corporate income taxes, capital taxes and Part 1.3 tax on large corporations (Note 16)	<u>(5,450,000)</u>	<u>(4,700,578)</u>
Net income for the year	4,485,905	5,776,206
Retained earnings, beginning of year	14,478,707	10,531,501
Dividends (Notes 6 and 15)	<u>(2,900,000)</u>	<u>(1,829,000)</u>
Retained earnings, end of year	<u>\$ 16,064,612</u>	<u>\$ 14,478,707</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Barrie Hydro Distribution Inc. Statement of Cash Flows

For the year ended December 31	2006	2005
Cash flows from operating activities		
Net income for the year	\$ 4,485,905	\$ 5,776,206
Adjustments for		
Amortization of property, plant and equipment	8,432,623	7,245,178
Gain on disposal of property, plant and equipment	(14,839)	(82,872)
Amortization of deferred charges	185,768	307,371
	<u>13,089,457</u>	<u>13,245,883</u>
Changes in non-cash operating working capital		
Accounts receivable	(3,015,155)	2,368,026
Inventories	(334,918)	(111,816)
Prepaid expenses	(326,129)	(30,878)
Unbilled service revenue	1,393,175	(2,306,405)
Accounts payable and accrued liabilities	(5,863,042)	6,045,333
Construction deposits	59,703	(739,886)
Due to related parties	(520,506)	(433,668)
Other long-term liabilities	(24,867)	3,022
Payments in lieu of corporate taxes payable	57,557	(1,215,568)
	<u>(8,574,182)</u>	<u>3,578,160</u>
	<u>4,515,275</u>	<u>16,824,043</u>
Cash flows from investing activities		
Expenditures on property, plant and equipment and construction in progress	(12,161,883)	(7,467,407)
Increase in deferred charges	(314,862)	-
Proceeds on sale of property, plant and equipment	14,839	268,565
Net decrease in regulatory assets	1,864,343	1,305,245
	<u>(10,597,563)</u>	<u>(5,893,597)</u>
Cash flows from financing activities		
Customer deposits	336,327	(1,858,587)
Net increase in regulatory liabilities	1,657,769	-
Increase in employee future benefits	200,082	200,004
Net advances from (repayment of) capital lease obligations	(51,172)	96,697
Dividends	(3,100,000)	(1,279,000)
	<u>(956,994)</u>	<u>(2,840,886)</u>
Increase (decrease) in cash during the year	(7,039,282)	8,089,560
Cash, beginning of year	9,225,335	1,135,775
Cash, end of year	\$ 2,186,053	\$ 9,225,335

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Barrie Hydro Distribution Inc. Summary of Significant Accounting Policies

December 31, 2006

Nature of Business

The corporation was incorporated on October 19, 2000 under the laws of Ontario and is licensed by the Ontario Energy Board ("OEB") as an electricity distributor.

The principal activity of the corporation is to distribute electricity to the City of Barrie, and the towns of Bradford West Gwillimbury, Thornton, New Tecumseth and Penetanguishene.

The corporation is regulated by the OEB under authority of the Ontario Energy Board Act, 1998.

Basis of Accounting

The financial statements of Barrie Hydro Distribution Inc. are prepared by management in accordance with Canadian generally accepted accounting principles (GAAP) and accounting policies provided by its regulator, the OEB, as contained in the Accounting Procedures Handbook for Electric Distribution Utilities ("AP Handbook"), issued under the authority of the Ontario Energy Board Act, 1998.

Due to the regulatory framework the timing of recognition of revenues and expenses and the measurement of certain assets and liabilities may differ from that otherwise expected under Canadian generally accepted accounting principles (GAAP) for non-rate regulated enterprises. Please refer to accounting policies for Spare Transformers and Meters, Post 1999 Contributed Capital, Regulatory Assets and Liabilities, and Payments in lieu of corporate income taxes and capital taxes.

The financial statements reflect the significant accounting policies summarized below.

Seasonality of Operations

The corporation's operations are seasonal. Electricity consumption is typically highest in the summer and winter months, July through September and January through March.

Regulation and Rate Setting

The corporation is required to follow regulations as set by the OEB. The OEB approves and sets rates for the transmission and distribution of electricity, ensures distribution companies fulfil their obligations to connect and service customers, and has the authority to provide rate protection for certain electricity customers.

The OEB sets rates on an annual basis with rates becoming effective on May 1st through April 30th of the following year. The regulation and monitoring of Ontario's Energy Sector is completed by the OEB through application of codes, rules and guidelines, the licensing of market participants, assisting firms with the management of regulatory requirements, monitoring and enforcing compliance and adjudication.

Barrie Hydro Distribution Inc. Summary of Significant Accounting Policies

December 31, 2006

Inventories	Inventories consist of parts, supplies and materials held for future capital expansion or maintenance and are stated at the lower of average cost and replacement cost.																									
Property, Plant and Equipment	<p>Property, plant and equipment are recorded at cost less accumulated amortization. Costs may include material, labour, contracted services, overhead, engineering costs, and interest on funds used during construction when applicable. Also included in property, plant and equipment is the costs of property, plant and equipment constructed by developers or customers and contributed to the corporation.</p> <p>Upon disposal the cost and accumulated amortization related to the asset are removed and any gains or losses on disposal are credited or charged to other income on the statement of operations.</p> <p>Amortization based on the estimated useful life of the asset is calculated as follows:</p> <table><tr><td>Land rights</td><td>- up to 50 years</td><td>straight-line basis</td></tr><tr><td>Buildings</td><td>- 30 to 60 years</td><td>straight-line basis</td></tr><tr><td>Distribution system</td><td>- 25 to 30 years</td><td>straight-line basis</td></tr><tr><td>General office equipment</td><td>- 10 years</td><td>straight-line basis</td></tr><tr><td>Computer equipment</td><td>- 5 years</td><td>straight-line basis</td></tr><tr><td>Computer software</td><td>- 3 years</td><td>straight-line basis</td></tr><tr><td>Rolling stock</td><td>- 5 to 8 years</td><td>straight-line basis</td></tr><tr><td>Other equipment</td><td>- 10 to 25 years</td><td>straight-line basis</td></tr></table>		Land rights	- up to 50 years	straight-line basis	Buildings	- 30 to 60 years	straight-line basis	Distribution system	- 25 to 30 years	straight-line basis	General office equipment	- 10 years	straight-line basis	Computer equipment	- 5 years	straight-line basis	Computer software	- 3 years	straight-line basis	Rolling stock	- 5 to 8 years	straight-line basis	Other equipment	- 10 to 25 years	straight-line basis
Land rights	- up to 50 years	straight-line basis																								
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Distribution system	- 25 to 30 years	straight-line basis																								
General office equipment	- 10 years	straight-line basis																								
Computer equipment	- 5 years	straight-line basis																								
Computer software	- 3 years	straight-line basis																								
Rolling stock	- 5 to 8 years	straight-line basis																								
Other equipment	- 10 to 25 years	straight-line basis																								
Spare Transformers and Meters	<p>Spare transformers and meters are held to back up plant in service and are expected to substitute for original distribution plant transformers and meters when these original plant assets are being repaired.</p> <p>According to the criteria prescribed by the OEB in the AP Handbook the spare transformers and meters are treated as property, plant and equipment. Under Canadian GAAP for unregulated businesses the spare transformers and meters would be treated as inventory. In absence of rate regulation, inventory in 2006 would have been \$3,015,827 (2005 - \$2,733,850).</p>																									
Post 1999 Contributed Capital	Post 1999 contributed capital consists of third party contributions toward the cost of constructing distribution assets collected after January 1, 2000, and are recorded with property, plant and equipment as a contra account. Contributions are amortized at rates corresponding with the useful lives of the related property, plant and equipment. Canadian GAAP provides no specific guideline on the accounting for this type of contribution.																									

Barrie Hydro Distribution Inc. Summary of Significant Accounting Policies

December 31, 2006

Construction in Progress	Construction in progress is comprised of the cost of assets not yet placed into service, assets under construction, and pre-construction activities related to projects expected to be completed. These amounts are not amortized. Upon completion of construction the amounts are transferred to property, plant and equipment and are amortized on a straight-line basis over the expected service life of the asset.
Long-term Investment	The corporation accounts for its investment by the cost method. Income from such investment is recognized only to the extent received or receivable.
Goodwill	<p>Goodwill represents the cost of acquired local distribution companies in excess of fair value of the net identifiable assets purchased.</p> <p>Goodwill is not amortized but is tested for impairment on an annual basis, or more frequently if events or changes in circumstances indicate that the asset might be impaired.</p> <p>Goodwill impairment is assessed based on a comparison for the fair value of the reporting unit to the underlying carrying value of the reporting unit's net assets, including goodwill.</p> <p>When the carrying amount of goodwill exceeds the implied fair value of goodwill an impairment loss is recognized in an amount equal to the excess as a charge against the results of operations.</p> <p>The corporation has determined that goodwill is not impaired.</p>
Deferred Charges	<p>Deferred financing charges represent the unamortized cost to issue long-term debt including fees paid to fix the interest rate of the issue. Amortization is provided on a straight-line basis, over the period to maturity of the related debt.</p> <p>Deferred separation charges represent an unamortized cost to purchase assets from Ontario Hydro Corporation in 1992. Amortization is provided on a straight-line basis, over the remaining useful life of the related assets of 16 years.</p>
Other Long-Term Assets	Other long-term assets consist of amounts paid to Hydro One under capital cost recovery agreements. These costs are amortized over the life of the agreements, being 25 years, which represents the guaranteed revenue stream for Hydro One.

Barrie Hydro Distribution Inc. Summary of Significant Accounting Policies

December 31, 2006

Regulatory Assets and Liabilities

The corporation has adopted the CICA's Accounting Guideline 19 "Disclosures by Entities Subject to Rate Regulation". Based on OEB regulations, certain costs and variance account balances are recorded regulatory assets or regulatory liabilities and are reflected in the balance sheet until the OEB determines the manner and timing of their disposition.

Regulatory assets represent future revenues associated with certain costs, incurred in current or prior period(s), that are expected to be recovered through the rate setting process. Regulatory assets and liabilities can arise from differences in amounts billed to customers (based on regulated rates) and the corresponding cost of non-competitive electricity service incurred by the corporation in the wholesale market administered by the Independent Electricity System Operator "IESO" after May 1, 2002. These amounts have been accumulated pursuant to regulation underlying the Electricity Act and deferred in anticipation of their future recovery in electricity distribution service charges.

Customer Deposits

Customer deposits represent amounts collected from customers to guarantee the payment of energy bills. The customer deposits liability includes interest credited to customers' deposit accounts, with interest expense recorded to offset this amount. Deposits expected to be refunded to customers within one year are classified as a current liability.

Customer deposits also include prudential deposits from retailers.

Construction Deposits

Construction deposits represent maintenance deposits and deposits for recoverable work.

Pension Plan

The corporation offers a pension plan for its full-time employees through the Ontario Municipal Employee Retirement System ("OMERS"). OMERS is a multi-employer, contributory, public sector pension fund established for employees of municipalities, local boards and school boards in Ontario. Participating employers and employees are required to make plan contributions based on participating employees' contributory earnings. The corporation accounts for its participation in OMERS as a defined contribution plan and recognizes the expense related to this plan as contributions are made.

Barrie Hydro Distribution Inc. Summary of Significant Accounting Policies

December 31, 2006

Post-employment Benefits

Employee future benefits other than pension provided by the corporation include medical and insurance benefits. These benefit plans provide benefits to certain employees when they are no longer providing active service.

Standards issued by The Canadian Institute of Chartered Accountants require the corporation to accrue for its obligations under other employee benefit plans and related costs.

The cost of post-employment benefits offered to employees are actuarially determined using the projected benefit method, prorated on service and based on assumptions that reflect management's best estimate. Under this method, the projected post-retirement benefit is deemed to be earned on pro-rata basis over the years of service in the attribution period commencing at date of hire, and ending at the earliest age the employee could retire and qualify for benefits.

The current service cost for the period is equal to the actuarial present value of benefits attributed to employees' services rendered in the period.

Past service costs from plan amendments are amortized on a straight-line basis over the average remaining service period of the employees active at the date of the amendment.

The excess of the net actuarial gains (losses) over 10% of the accrued benefit obligation are amortized into expense on a straight-line basis over the average remaining service period of active employees to full eligibility.

Subdivision Deposits

Subdivision deposits represent deposits received from developers based on the expected cost of capital for a new development. Once a year, the developer can request that an economic evaluation be performed based on the number of services connected during the year. A software developed by the EDA is used to determine the Economic Evaluation (Guidelines were created by OEB). The economic evaluation is a calculation of the net present value (NPV) of the expected revenue net of expected maintenance costs for the next 25 years. If the NPV calculation results in an amount less than the total cost to put the capital in place to service the subdivision the developer only receives a portion of their deposit back.

There is a 5 year window for the developer to collect any refunds available to them. If the money is not refunded to the developer it will be recorded as post 1999 contributed capital and taken out of the subdivision rebate account.

Barrie Hydro Distribution Inc. Summary of Significant Accounting Policies

December 31, 2006

Subdivision Deposits continued

The OEB has stated that effective January 1, 2007 an economic evaluation is to be done at the beginning of the process and funds received will be based on developers anticipated share of the cost based on the NPV calculation.

Revenue Recognition

Revenue from the sale and distribution of electricity is recognized on the accrual basis. The revenue includes cycles billed during the year plus an estimate for unbilled revenue. The unbilled revenue is calculated by estimating the consumption of electricity by customers since their last meter reading date to December 31, 2006. Actual results could differ from estimates made of electricity usage.

Other revenues, which include revenues from pole attachment, customer demand work, and other miscellaneous revenues are recognized at the time the service is provided.

Payment in Lieu of Corporate Income Taxes and Capital Taxes

The corporation is a municipal electricity utility ("MEU") for purposes of the PIL's regime contained in the Electricity Act, 1998. As a MEU the corporation is exempt from tax under the Income Tax Act (Canada) and the Corporations Tax Act (Ontario).

Each taxation year, the corporation is required to make payments in lieu of corporate income taxes and capital taxes to Ontario Electricity Financial Corporation ("OEFC"). These payments are calculated based on the rules for computing taxable income and taxable capital outlined in Income Tax Act (Canada) and the Corporations Tax Act (Ontario) with taking into account any modifications made by the Electricity Act, 1998, and related regulations.

The corporation provides for payments in lieu of corporate income taxes and capital taxes related to its regulated business using the taxes payable method as permitted by the CICA and the OEB.

Under this method, no provisions are made for future income taxes as a result of temporary differences between the tax bases of assets and liabilities and their carrying amounts for accounting purposes. When unrecorded future income taxes become payable or receivable, it is expected that they will be reflected in the rates approved by the OEB at that point in time.

Barrie Hydro Distribution Inc. Summary of Significant Accounting Policies

December 31, 2006

Use of Estimates and Measurement Uncertainty

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes as well as the disclosure of contingent assets and liabilities at the financial statement date.

Accounts receivable, unbilled revenue, regulatory assets, regulatory liabilities and employee future benefits are reported based on amounts expected to be recovered or incurred and an appropriate allowance has been provided based on management's estimate of unrecoverable amounts.

Due to uncertainty involved in making such estimates, actual results could differ from those estimates, including changes as a result of future decisions made by the OEB, the Minister of Energy or the Minister of Finance.

The financial statements have, in management's opinion, been properly prepared using careful judgment within reasonable limits of materiality and within the framework of the accounting policies.

Financial Instruments

The corporation carries various forms of financial instruments. Unless otherwise noted, it is management's opinion that the corporation is not exposed to significant interest, currency or credit risks arising from these financial instruments.

The fair values of these financial instruments approximate their carrying values unless otherwise noted.

Barrie Hydro Distribution Inc. Notes to Financial Statements

For the year ended December 31, 2006

1. Cash

The corporation's bank accounts are held at one chartered bank. The corporation received interest on the bank accounts at prime less 2% until April of 2006 at which time the rate was changed to prime less 1.75%.

2. Property, Plant and Equipment and Construction in Progress

	2006		2005	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 1,856,641	\$ -	\$ 1,856,641	\$ -
Land rights	75,274	57,926	75,274	56,589
Buildings	17,303,742	4,080,073	16,671,546	3,729,083
Distribution system	192,050,087	73,846,958	175,738,482	66,857,593
Spare meters and transformers	1,493,009	-	1,440,068	-
General office equipment	1,276,900	1,037,239	1,275,362	995,335
Computer equipment	5,189,734	3,468,322	4,916,036	2,906,308
Computer software	2,986,562	1,827,031	2,373,102	1,153,873
Rolling stock	3,878,133	2,716,647	3,372,870	2,438,569
Other equipment	5,270,612	2,360,772	4,767,176	2,153,004
Post 1999 contributed capital	(22,319,787)	(2,636,181)	(18,909,541)	(1,878,200)
	\$209,060,907	\$ 86,758,787	\$193,577,016	\$ 78,412,154
Net Book Value		\$122,302,120		\$115,164,862

During the year the corporation acquired \$12,161,883 (2005 - \$7,467,407) of property, plant and equipment using cash.

	2006	2005
Construction in progress	\$ 2,420,821	\$ 4,033,601

Barrie Hydro Distribution Inc. Notes to Financial Statements

For the year ended December 31, 2006

3. Long-term investment

	2006	2005
3.5784% interest in the ENERconnect Limited Partnership	\$ 71,785	\$ 71,785

The fair value of the ENERconnect Limited Partnership is not readily determinable as it is not a publicly traded investment.

4. Deferred Charges and Other Long-term Assets

	2006	2005
Separation charges	\$ 12,444	24,888
Financing costs	307,760	453,680
Deferred assets - Hydro One	738,483	451,025
	\$ 1,058,687	929,593

During the year the corporation entered into an agreement with Hydro One for the right to use meters. The total cost per the agreement was \$314,862. The asset is being amortized over the term of the agreement of 25 years.

Amortization of the separation charges in the amount of \$12,444 (2005 - \$12,444), financing fees in the amount of \$145,920 (2005 - \$275,920), and deferred assets - Hydro One in the amount of \$27,404 (2005 - \$19,007) are included in the Statement of Operations and Retained Earnings.

5. Regulatory Assets and Liabilities

Regulatory assets and liabilities arise as a result of the rate-making process and consist of the following:

	2006	2005
Retail settlement variance accounts	\$ (1,529,885)	\$ 5,467,559
Smart meters deferred revenue	(110,240)	-
Net carrying charges calculated at OEB specified rate	723,406	724,007
Recovery of regulatory assets	(741,050)	(4,327,223)
Net Regulatory Assets (Regulatory Liabilities)	\$ (1,657,769)	\$ 1,864,343

Barrie Hydro Distribution Inc. Notes to Financial Statements

For the year ended December 31, 2006

5. Regulatory Assets and Liabilities continued

Regulatory balances are comprised as follows:

(i) Settlement Variances:

Settlement variances represent the differences between amounts charged by the corporation to its' customers based on regulated rates and the corresponding cost incurred by the corporation in the wholesale market administered by the IESO. Under the OEB's direction, the corporation has deferred the settlement variances that have occurred since May 1, 2002. Accordingly, the corporation has deferred these recoveries in accordance with the AP Handbook.

The OEB allows the variances to be deferred which would normally be recorded as revenue for unregulated businesses under Canadian GAAP. In absence of rate regulation, revenues in 2006 would have been \$3,522,112 higher (2005 - \$1,305,245 higher). The deferred balance for unapproved settlement variances continues to be calculated and carrying charges are accumulated in accordance with the OEB's direction. The manner and timing of disposition of the variance has not been determined by the OEB.

(ii) Carrying Charges

Carrying charges are calculated monthly on the opening balance of the applicable variance account using a specific interest rate as outlined by the OEB. In the absence of rate regulation, other revenues would have been higher by \$601 (2005 - \$98,357 lower).

(iii) Recovery of Regulatory Assets

In a letter dated December 19, 2003, the Minister of Energy granted approval for distributors to make application to the OEB with regard to rate recovery of certain distribution regulatory assets whose inclusion in rates was delayed by the Electricity Pricing, Conservation and Supply Act, 2002 (Electric Pricing, Conservation and Supply Act). As a result of the corporation's distribution rate application dated January 22, 2004, the distribution regulatory assets that accumulated up to December 31, 2002 are expected to be recovered over a four-year period, effective March 1, 2004 with an implementation date for consumption of April 1, 2004.

The rate application for 2006, approved by the OEB, included the recovery of regulatory assets accumulated to December 31, 2004 plus projected interest on these balances up to April 30, 2006. This second phase of recovery is for a two year period with rates effective May 1, 2006.

(iv) Additional Information

Included in regulatory assets is \$265,526 to reflect amounts owing to Hydro One with respect to low voltage charges relating to the time period beginning May 1, 2002 ending December 31, 2003. Also included in regulatory assets is \$123,248 representing an estimate of the low voltage charges for the period beginning January 1, 2004 ending April 30, 2006. These amounts was included in the rate submission for 2006 and is being recovered over a two year period through rates effective May 1, 2006.

Under the OEB's direction all regulatory asset balances as at December 31, 2004 plus accrued interest up to April 30, 2006 were applied against the regulatory asset recovery account. The result of this was a decrease in the settlement variances accounts of \$4,919,561 and a decrease in the carrying charges of \$1,139,033.

Barrie Hydro Distribution Inc. Notes to Financial Statements

For the year ended December 31, 2006

5. Regulatory Assets and Liabilities continued

(v) Fair Value of Regulatory Assets and Regulatory Liabilities

For certain regulatory items identified above, the expected recovery or settlement period, or likelihood of recovery or settlement, is affected by risks and uncertainties related to the ultimate authority of the regulator in determining the asset's treatment for rate setting purposes.

Management continually assesses the likelihood of recovery of regulatory assets. If recovery through future rates is no longer considered probable, the amounts would be charged to the results of operations in the period that the assessment is made.

6. Related Party Transactions

The Corporation of the City of Barrie is the 100% owner of Barrie Hydro Holdings Inc. which is the parent company of Barrie Hydro Distribution Inc. and Barrie Hydro Energy Services Inc.

At the end of the year, the amounts due to related parties are as follows:

	2006	2005
The Corporation of the City of Barrie	\$ 750,468	\$ 1,158,305
Barrie Hydro Energy Services Inc.	151,171	259,319
Barrie Hydro Holdings Inc.	1,526,882	1,731,403
	<u>\$ 2,428,521</u>	<u>3,149,027</u>

These balances are interest-free, payable on demand and have arisen from the sales of product and provision of services referred to below.

Included in the amount due to Barrie Hydro Holdings Inc. is a dividend payable of \$1,450,000 (2005 - \$1,650,000) (see Note 15).

The corporation is also indebted to the Corporation of the City of Barrie for a \$20,000,000 (2005 - \$20,000,000) promissory note (see Note 9).

Barrie Hydro Distribution Inc. Notes to Financial Statements

For the year ended December 31, 2006

6. Related Party Transactions - continued

The following are the corporation's related party transactions for the year:

During the year, the corporation billed electricity and services to the Corporation of the City of Barrie in the amount of \$1,508,471 (2005 - \$1,459,009).

During the year, the corporation billed miscellaneous revenues to the Corporation of the City of Barrie in the amount of \$1,160,946 (2005 - \$1,113,858).

During the year, the corporation paid municipal taxes to the Corporation of the City of Barrie in the amount of \$303,753 (2005 - \$295,784). Municipal taxes are included in administration and general on the Statement of Operations and Retained Earnings.

During the year, the corporation was charged interest expense of \$1,300,008 (2005 - \$1,612,500) by the Corporation of the City of Barrie.

Barrie Hydro Distribution Inc. invoiced Barrie Hydro Energy Services Inc. an amount of \$1,480,731 (2005 - \$1,411,216) for billing and collection services.

These transactions are in the normal course of operations and are measured at fair value.

7. Other Long-term Liabilities

	2006	2005
Developer deposits	\$ 111,207	\$ 141,207
Collateral funds	132,907	127,774
	<u>\$ 244,114</u>	<u>\$ 268,981</u>

Collateral funds represent amounts collected in lieu of development charges. Use of these funds is limited to specific terms set out in an agreement. The above balance includes accrued interest calculated annually at a rate equal to the bank rate obtained by the Corporation for its deposits.

Barrie Hydro Distribution Inc. Notes to Financial Statements

For the year ended December 31, 2006

8. Employee Future Benefits

Barrie Hydro Distribution Inc. pays certain medical and insurance benefits under an unfunded defined benefit plan on behalf of its retired employees. The corporation recognizes these post-retirement costs in the period in which the employees render the services.

An actuarial report was performed and dated February 17, 2005. The accrued benefit obligation and current service cost were determined using the projected method, pro-rated on service. The actuarial valuation was performed on the post-retirement obligations sponsored by Barrie Hydro Distribution Inc. as at January 1, 2004. The next actuarial valuation will be performed in 2007.

Information about Barrie Hydro Distribution Inc.'s defined benefit plan is as follows:

	2006	2005
Accrued benefit obligation, opening balance	\$ 2,371,626	\$ 2,171,622
Current service cost	72,701	68,910
Interest cost	127,382	121,096
Actuarial losses	81,447	87,568
Benefits paid	(81,448)	(77,570)
Projected accrued benefit obligation at December 31, 2006 using a 5.5% discount rate	<u>\$ 2,571,708</u>	<u>\$ 2,371,626</u>
Unfunded accrued benefit obligation	<u>\$ 2,571,708</u>	<u>\$ 2,371,626</u>

Additional Disclosures:

Unamortized actuarial gain (loss)	<u>\$ - \$ -</u>
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Sensitivity Analysis

Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plans.

The effect of a one-percentage point increase in assumed health care cost trend rates on 2006:

Accrued benefit obligation, end of period	<u>\$ 2,717,708</u>	<u>\$ 2,517,626</u>
Increase in net period benefit cost	<u>\$ 146,000</u>	<u>\$ 146,000</u>

The effect of a one-percentage point decrease in assumed health care cost trend rates on 2006:

Accrued benefit obligation, end of period	<u>\$ 2,447,708</u>	<u>\$ 2,247,626</u>
Decrease in net period benefit cost	<u>\$ 124,000</u>	<u>\$ 124,000</u>

Barrie Hydro Distribution Inc.
Notes to Financial Statements

For the year ended December 31, 2006

8. Employee Future Benefits - continued

The main actuarial assumptions employed for the valuations are as follows:

(a) General inflation:

Future general inflation levels, as measured by changes in the Consumer Price Index ("CPI"), were assumed at 2.2% in 2006 (2005 - 2.2%).

(b) Interest (discount) rate:

The obligation as at December 31, 2006, representing the present value of future liabilities was determined using a discount rate of 5.5% (2005 - 5.5%). This corresponds to the assumed CPI rate plus an assumed real rate of return of 3.3% (2005 - 3.3%).

(c) Salary levels:

Future general salary and wage levels were assumed to increase at 3.5% (2005 - 3.5%) per annum.

(d) Medical costs:

Medical costs were assumed to increase at the CPI rate plus a further increase of 6.8% (2005 - 7.8%). This rate will be graded down by 1% per year to 2.8% in 2009 and thereafter.

(e) Dental costs:

Dental costs were assumed to increase at the CPI rate plus a further increase of 2.8% (2005 - 2.8%).

Barrie Hydro Distribution Inc. Notes to Financial Statements

For the year ended December 31, 2006

9. Long-term Debt

	2006	2005
6.45% EDFIN bond, with interest only payable in arrears semi-annually on August 15 and February 15, maturing August 15, 2012	\$ 25,000,000	\$ 25,000,000
6.5% unsecured promissory note, payable to the Corporation of the City of Barrie with interest only payable December 31 maturing December 31, 2007	20,000,000	20,000,000
	<u>\$ 45,000,000</u>	<u>\$ 45,000,000</u>

(a) EDFIN bond:

In August of 2002 the corporation refinanced part of the existing debt with a 10-year bond issue for \$25,000,000. The corporation was one of five local distribution companies ("LDCs") that participated in the Electricity Distributors Finance Corporation ("EDFIN") 10-year Bond issue (Series 2002-1) that was offered on a private placement. EDFIN is a special purpose corporation managed by MEARIE Management Inc., for the purpose of providing LDCs with efficient access to the debt capital markets. Each LDC has executed a debenture which is a direct and unsecured obligation of the LDC. The LDCs' obligations will be several and not joint, and each LDC will be liable for its own obligation and not that of any other LDC. Due to a change in structure of the participating corporations, there are now three LDCs with EDFIN bonds.

(b) Promissory note:

The \$20,000,000 was renewed in 2005 for a two-year term with the additional term commencing on January 1, 2006 with an interest rate of 6.5% per annum. The promissory note has not been reclassified to current liabilities as it is expected that it will be renewed or re-financed through another long-term debt facility.

10. Obligations Under Capital Lease

	2006	2005
Capital lease, \$3,648 payable monthly, bearing interest at 4.75%, maturing September 2008, secured by computer equipment, plus a \$21,903 buyout at the end of the term	\$ 94,740	\$ 133,264
Capital lease, \$1,249 payable monthly, bearing interest at 7.45%, maturing September 2008, secured by computer equipment	24,524	37,172
	119,264	170,436
Less amount due within one year included in current liabilities	(54,372)	(51,171)
	<u>\$ 64,892</u>	<u>\$ 119,265</u>

Barrie Hydro Distribution Inc.
Notes to Financial Statements

For the year ended December 31, 2006

10. Obligations Under Capital Lease continued

The future minimum lease payments are as follows:

2007	\$	58,764
2008		<u>65,975</u>
		124,739
less: Imputed interest		<u>(5,475)</u>
	\$	<u>119,264</u>

11. Pension Agreements

The corporation makes contributions to the OMERS, which is a multi-employer plan, on behalf of members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. The plan is financed by equal contributions from participating employers and employees, and by the investment earnings of the fund.

The contribution rates for 2006 were 6.5% for employees earning up to \$43,700 and 9.6% thereafter. The amount contributed to OMERS for 2006 was \$487,969 (2005 - \$435,695).

12. Liability Insurance

The corporation belongs to the Municipal Electrical Reciprocal Insurance Exchange ("MEARIE"). MEARIE is a self-insurance plan that pools the risks of all of its members. Any losses experienced by MEARIE are shared amongst its members. As at December 31, 2006, the corporation has not been made aware of any assessments for losses.

Barrie Hydro Distribution Inc. Notes to Financial Statements

For the year ended December 31, 2006

13. Contingent Liabilities

i) Griffith et al. v. Toronto Hydro-Electric Commission et al.

This action has been brought under the Class Proceedings Act, 1992. The plaintiff class seeks \$500 million in restitution for amounts paid to Toronto Hydro and to other Ontario municipal electric utilities ("LDCs") who received late payment penalties which constitute interest at an effective rate in excess of 60% per year, contrary to section 347 of the Criminal Code. Pleadings have closed in this action. The action has not yet been certified as a class action and no discoveries have been held, as the parties were awaiting the outcome of a similar proceedings brought against Enbridge Gas Distribution Inc. (formerly Consumers Gas).

On April 22, 2004, the Supreme Court of Canada released a decision in the Consumers Gas case rejecting all of the defences which had been raised by Enbridge, although the Court did not permit the Plaintiff class to recover damages for any period prior to the issuance of the Statement of Claim in 1994 challenging the validity of late payment penalties. The Supreme Court remitted the matter back to the Ontario Superior Court of Justice for determination of the damages. At the end of 2006, a mediation process resulted in the settlement of the damages payable by Enbridge.

After the release by the Supreme Court of Canada of its 2004 decision in the Consumers Gas case, the plaintiffs in the LDC late payment penalties class action indicated their intention to proceed with their litigation against the LDCs. To date, no formal steps have been taken to move the action forward. The electric utilities intend to respond to the action if and when it proceeds on the basis that the LDCs' situation may be distinguishable from that of Consumers Gas.

The corporation collected total late payment penalties of approximately \$4,569,000 from April 30, 1994 to May 1, 2001. No determination of the portion of these payments which may have constituted interest at an impermissible rate has been made, and as such, no accrual for any potential liability has been recorded in the financial statements.

(ii) The corporation has other claims outstanding which in managements' opinion will be covered by insurance.

iii) The corporation has posted a letter of credit for \$100,000 maturing on October 31, 2007.

14. Share Capital

The corporation is authorized to issue an unlimited number of common shares and an unlimited number of preferred shares.

The issued share capital is as follows:

	2006	2005
1,000 Common shares	<u>\$ 61,491,374</u>	<u>\$ 61,491,374</u>

Barrie Hydro Distribution Inc.
Notes to Financial Statements

For the year ended December 31, 2006

15. Dividends

During 2004 a dividend policy was adopted by the Board of Directors of Barrie Hydro Holdings Inc. stating that the amount of dividends payable by the corporation to the Corporation of the City of Barrie is equal to 30% of the corporation's audited net income after extraordinary items for the year.

Dividends totalling \$3,100,000 were paid during the 2006 fiscal year, which included management's best estimate of \$1,650,000 declared in 2005 plus \$82,900 declared in 2006 for the difference between the estimated 2005 dividend and the actual dividend based on the above mentioned policy. A one-time additional dividend of \$1,167,100 was approved by the Board and paid during the year. This extra dividend was issued to increase the dividend payment with respect to 2005 to 50% of net income. Furthermore, the Board approved and paid a dividend of \$200,000.

An additional \$1,450,000 dividend has been declared under the policy calculated using management's best estimate and has been accrued in these financial statements (see Note 6). The dividend is to be paid prior to June 30, 2007. Any difference between the dividend estimated for and the dividend calculated using the December 31, 2006 audited net income after extraordinary items will be paid in 2007.

The dividends reported on the statement of operations include the following dividends declared and described above \$82,900, \$1,167,100, \$200,000 and the \$1,450,000 for a total of \$2,900,000.

Barrie Hydro Distribution Inc. Notes to Financial Statements

For the year ended December 31, 2006

16. Payments in Lieu of Corporate Income Taxes, Capital Taxes, Large Corporation Tax and Future Income Taxes

(a) Payments in lieu of corporate income taxes ("PILs"), large corporation tax and capital taxes

The corporation's provision for PILs is calculated as follows:

	2006	2005
Income before provision for PILs	\$ 9,935,905	\$ 10,476,784
Finance costs and employee benefits	154,642	283,934
Regulatory assets added back for tax purposes	3,522,112	1,269,246
Capital tax included in tax provision	(373,739)	(394,768)
Capital cost (greater than) less than amortization expense	246,976	(21,837)
Other items	38,779	(59,603)
Income for tax purposes	13,524,675	11,553,756
Statutory Canadian federal and provincial tax rate	36.12%	36.12%
Provision for PILs	4,885,113	4,172,773
Part I.3 tax on large corporations	-	12,732
Capital tax	373,739	394,768
Other	191,148	120,305
Total provision	\$ 5,450,000	\$ 4,700,578

(b) Future Taxes

Future income taxes have not been recorded in the accounts as they are expected to be reflected through future distribution revenues.

Significant components of the corporation's future taxes are as follows:

	2006	2005
Employee future benefits	\$ 929,000	\$ 857,000
Regulatory assets and liabilities	599,000	(673,000)
Property, plant and equipment	8,776,000	9,235,000
Net future income tax asset	\$ 10,304,000	\$ 9,419,000

A future income tax expense (recovery) of \$(885,000) (2005 - \$496,000) has not been reflected in the provision.

Barrie Hydro Distribution Inc. Notes to Financial Statements

For the year ended December 31, 2006

17. Risk Management for Fair Value of Financial Assets and Liabilities

The fair value of the financial instruments included in the financial statements, other than the long-term investment, long-term debt and related party balances, approximate their carrying amount because of the short maturity of these instruments.

The fair value of the long-term investment is not readily determinable as it is not a publicly traded investment.

The carrying value of the debenture payable, included in long-term debt, in the amount of \$25,000,000 approximated its fair value as at December 31, 2006 based on quoted market prices.

The fair values of the corporation's related party note payable to the Corporation of the City of Barrie and other amounts due to/from related parties are not determinable due to their related party nature and terms.

The corporation is not exposed to significant interest rate risk as a result of the short-term maturity of its monetary current assets and current liabilities.

Financial assets held by the corporation expose it to credit risk. As at December 31, 2006 there were no significant concentrations of credit risk with respect to any class of financial assets.

18. Statement of Cash Flows

	2006	2005
Interest paid	<u>\$ 3,226,277</u>	<u>\$ 3,555,171</u>
Interest received	<u>\$ 215,453</u>	<u>\$ 117,437</u>
Payment in lieu of corporate income taxes, Part 1.3 and capital taxes paid (net of taxes received)	<u>\$ 5,392,443</u>	<u>\$ 5,916,146</u>

19. Comparative Amounts

Certain comparative figures presented in the financial statements for 2005 have been restated to conform to the financial statement presentation adopted for 2006.

Barrie Hydro Distribution Inc.
Financial Statements
For the year ended December 31, 2006

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GLproj2007

BalanceSheet

FinStmnt APPENDIX 1-8		BS	OK?	YES
Sum of Amount				
GroupDesc	AcctDesc		Total	
1050-Current Assets	1005-Cash		0	
	1010-Cash Advances and Working Funds		2,000	
	1020-Interest Special Deposits		163,296	
	1040-Other Special Deposits		13,225,655	
	1100-Customer Accounts Receivable		9,661,595	
	1104-Accounts Receivable - Recoverable Work		493,343	
	1105-Accounts Receivable - Merchandise, Jobbing, etc.		0	
	1110-Other Accounts Receivable		1,276,200	
	1120-Accrued Utility Revenues		13,506,096	
	1130-Accumulated Provision for Uncollectible Accounts--Credit		-106,853	
	1140-Interest and Dividends Receivable		19,298	
	1150-Rents Receivable		179,310	
	1180-Prepayments		702,882	
	1190-Miscellaneous Current and Accrued Assets		0	
	1200-Accounts Receivable from Associated Companies		-955,697	
1050-Current Assets Total			38,167,125	
1100-Inventory	1305-Fuel Stock		11,806	
	1330-Plant Materials and Operating Supplies		1,563,954	
1100-Inventory Total			1,575,760	
1150-Non-Current Assets	1405-Long Term Investments in Non-Associated Companies		71,785	
	1410-Other Special or Collateral Funds		2,757,715	
	1425-Unamortized Debt Expense		161,840	
	1460-Other Non-Current Assets		0	
1150-Non-Current Assets Total			2,991,340	
1200-Other Assets and Deferred Charges	1508-Other Regulatory Assets		877,918	
	1518-RCVARetail		50,992	
	1525-Miscellaneous Deferred Debits		0	
	1545-Development Charge Deposits/ Receivables		0	
	1548-RCVASTR		-10,872	
	1550-LV Variance Account		18,422	
	1555-Smart Meters Capital Variance Account		-348,296	
	1556-Smart Meters OM&A Variance Account		12,552	

FinStmt APPENDIX 1-8		BS	OK?	YES
Sum of Amount				
GroupDesc	AcctDesc		Total	
1200-Other Assets and Deferred Charges	1562-Deferred Payments in Lieu of Taxes		-50,387	
	1565-Conservation and Demand Management Expenditures and Recoveries		0	
	1566-CDM Contra Account		0	
	1570-Qualifying Transition Costs		0	
	1571-Pre-market Opening Energy Variance		0	
	1580-RSVAWMS		-439,723	
	1582-RSVAONE-TIME		87,798	
	1584-RSVANW		307,292	
	1586-RSVACN		-38,456	
	1588-RSVAPOWER		-1,472,739	
	1590-Recovery of Regulatory Asset Balances		400,000	
1200-Other Assets and Deferred Charges Total			-605,499	
1300-Intangible Plant	1606-Organization		9,554,075	
	1610-Miscellaneous Intangible Plant		0	
1300-Intangible Plant Total			9,554,075	
1450-Distribution Plant	1805-Land		1,856,641	
	1806-Land Rights		99,274	
	1808-Buildings and Fixtures		17,343,442	
	1810-Leasehold Improvements		0	
	1815-Transformer Station Equipment - Normally Primary above 50 kV		738,483	
	1820-Distribution Station Equipment - Normally Primary below 50 kV		23,289,965	
	1830-Poles, Towers and Fixtures		27,543,065	
	1835-Overhead Conductors and Devices		29,572,639	
	1840-Underground Conduit		52,428,374	
	1845-Underground Conductors and Devices		36,558,924	
	1850-Line Transformers		32,766,824	
	1855-Services		0	
	1860-Meters		7,855,475	
1450-Distribution Plant Total			230,053,106	
1500-General Plant	1905-Land		0	
	1906-Land Rights		0	
	1908-Buildings and Fixtures		0	

FinStmnt APPENDIX 1-8		BS	OK?	YES
Sum of Amount				
GroupDesc	AcctDesc		Total	
1500-General Plant	1910-Leasehold Improvements		0	
	1915-Office Furniture and Equipment		1,376,400	
	1920-Computer Equipment - Hardware		5,582,534	
	1925-Computer Software		2,772,597	
	1930-Transportation Equipment		5,240,797	
	1935-Stores Equipment		190,895	
	1940-Tools, Shop and Garage Equipment		1,461,474	
	1945-Measurement and Testing Equipment		0	
	1950-Power Operated Equipment		0	
	1955-Communication Equipment		286,921	
	1960-Miscellaneous Equipment		0	
	1965-Water Heater Rental Units		0	
	1970-Load Management Controls - Customer Premises		0	
	1975-Load Management Controls - Utility Premises		0	
	1980-System Supervisory Equipment		3,029,650	
	1985-Sentinel Lighting Rental Units		0	
	1995-Contributions and Grants - Credit		-25,063,606	
1500-General Plant Total			-5,122,338	
1550-Other Capital Assets	2005-Property Under Capital Leases		360,501	
	2055-Construction Work in Progress--Electric		2,774,999	
	2070-Other Utility Plant		0	
1550-Other Capital Assets Total			3,135,500	
1600-Accumulated Amortization	2105-Accum. Amortization of Electric Utility Plant - Property, Plant, & Equipment		-97,137,821	
	2120-Accumulated Amortization of Electric Utility Plant - Intangibles		0	
1600-Accumulated Amortization Total			-97,137,821	
1650-Current Liabilities	2205-Accounts Payable		-4,866,271	
	2208-Customer Credit Balances		-747,992	
	2210-Current Portion of Customer Deposits		-10,225,655	
	2215-Dividends Declared		0	
	2220-Miscellaneous Current and Accrued Liabilities		-10,865,314	
	2225-Notes and Loans Payable		-10,962,613	
	2240-Accounts Payable to Associated Companies		-1,797,860	

FinStmt APPENDIX 1-8		BS	OK?	YES
Sum of Amount				
GroupDesc	AcctDesc		Total	
1650-Current Liabilities	2250-Debt Retirement Charges(DRC) Payable		0	
	2268-Accrued Interest on Long Term Debt		-604,688	
	2285-Obligations Under Capital Leases--Current		-54,372	
	2290-Commodity Taxes		-852,790	
	2292-Payroll Deductions / Expenses Payable		-2,892	
	2294-Accrual for Taxes, Payments in Lieu of Taxes, Etc.		-111,200	
1650-Current Liabilities Total			-41,091,647	
1700-Non-Current Liabilities	2306-Employee Future Benefits		-2,749,704	
	2320-Other Miscellaneous Non-Current Liabilities		-207,032	
	2325-Obligations Under Capital Lease--Non-Current		0	
	2330-Development Charge Fund		0	
	2335-Long Term Customer Deposits		-2,624,808	
	2340-Collateral Funds Liability		-132,907	
1700-Non-Current Liabilities Total			-5,714,451	
1800-Long-Term Debt	2505-Debentures Outstanding - Long Term Portion		-25,000,000	
	2550-Advances from Associated Companies		-20,000,000	
1800-Long-Term Debt Total			-45,000,000	
1850-Shareholders' Equity	3005-Common Shares Issued		-61,491,374	
	3045-Unappropriated Retained Earnings		-26,883,430	
	3046-Balance Transferred From Income		-4,115,346	
	3049-Dividends Payable-Common Shares		1,685,000	
1850-Shareholders' Equity Total			-90,805,150	
Grand Total			0	

FinStmnt	APPENDIX 1-8	PL
Sum of Amount		
GroupDesc	AcctDesc	Total
3000-Sales of Electricity	4006-Residential Energy Sales	-25,393,771
	4025-Street Lighting Energy Sales	-707,840
	4035-General Energy Sales	-44,240,020
	4050-Revenue Adjustment	0
	4055-Energy Sales for Resale	-18,138,408
	4062-Billed WMS	-8,135,288
	4064-Billed-One-Time	0
	4066-Billed NW	-9,155,526
	4068-Billed CN	-7,876,497
	4075-Billed-LV	-1,190,265
3000-Sales of Electricity Total		-114,837,615
3050-Revenues From Services - Distirbution	4080-Distribution Services Revenue	-28,051,745
	4082-Retail Services Revenues	-147,864
	4084-Service Transaction Requests (STR) Revenues	-4,938
	4090-Electric Services Incidental to Energy Sales	-162,912
3050-Revenues From Services - Distirbution Total		-28,367,459
3100-Other Operating Revenues	4210-Rent from Electric Property	-224,703
	4220-Other Electric Revenues	-7,800
	4225-Late Payment Charges	-629,694
	4230-Sales of Water and Water Power	0
	4235-Miscellaneous Service Revenues	-410,329
3100-Other Operating Revenues Total		-1,272,526
3150-Other Income & Deductions	4355-Gain on Disposition of Utility and Other Property	0
	4375-Revenues from Non-Utility Operations	-1,529,256
	4380-Expenses of Non-Utility Operations	1,529,256
	4390-Miscellaneous Non-Operating Income	-233,000
3150-Other Income & Deductions Total		-233,000
3200-Investment Income	4405-Interest and Dividend Income	-144,649
3200-Investment Income Total		-144,649
3350-Power Supply Expenses	4705-Power Purchased	88,480,039
	4708-Charges-WMS	8,135,288
	4710-Cost of Power Adjustments	0
	4712-Charges-One-Time	0
	4714-Charges-NW	9,155,526

FinStmnt APPENDIX 1-8		PL
Sum of Amount		
GroupDesc	AcctDesc	Total
3350-Power Supply Expenses	4716-Charges-CN	7,876,497
	4750-Charges-LV	1,190,265
3350-Power Supply Expenses Total		114,837,615
3500-Distribution Expenses - Operation	5005-Operation Supervision and Engineering	969,612
	5010-Load Dispatching	161,543
	5012-Station Buildings and Fixtures Expense	197,477
	5016-Distribution Station Equipment - Operation Labour	131,795
	5017-Distribution Station Equipment - Operation Supplies and Expenses	149,222
	5020-Overhead Distribution Lines and Feeders - Operation Labour	159,508
	5025-Overhead Distribution Lines & Feeders - Operation Supplies and Expenses	99,654
	5030-Overhead Subtransmission Feeders - Operation	99,956
	5035-Overhead Distribution Transformers- Operation	319
	5040-Underground Distribution Lines and Feeders - Operation Labour	78,906
	5045-Underground Distribution Lines & Feeders - Operation Supplies & Expenses	44,465
	5055-Underground Distribution Transformers - Operation	5,012
	5065-Meter Expense	310,376
	5070-Customer Premises - Operation Labour	0
	5075-Customer Premises - Materials and Expenses	0
	5085-Miscellaneous Distribution Expense	59,277
	5095-Overhead Distribution Lines and Feeders - Rental Paid	12,600
3500-Distribution Expenses - Operation Total		2,479,722
3550-Distribution Expenses - Maintenance	5105-Maintenance Supervision and Engineering	662,904
	5110-Maintenance of Buildings and Fixtures - Distribution Stations	183,511
	5114-Maintenance of Distribution Station Equipment	175,879
	5120-Maintenance of Poles, Towers and Fixtures	46,429
	5125-Maintenance of Overhead Conductors and Devices	46,429
	5130-Maintenance of Overhead Services	88,810
	5135-Overhead Distribution Lines and Feeders - Right of Way	345,260
	5145-Maintenance of Underground Conduit	77,119
	5150-Maintenance of Underground Conductors and Devices	77,119
	5155-Maintenance of Underground Services	0
	5160-Maintenance of Line Transformers	21,324
	5175-Maintenance of Meters	133,592
	5195-Maintenance of Other Installations on Customer Premises	0

FinStmnt	APPENDIX 1-8	PL
Sum of Amount		
GroupDesc	AcctDesc	Total
3550-Distribution Expenses - Maintenance Total		1,858,376
3650-Billing and Collecting	5305-Supervision	111,584
	5310-Meter Reading Expense	346,277
	5315-Customer Billing	703,395
	5320-Collecting	176,489
	5325-Collecting- Cash Over and Short	0
	5330-Collection Charges	0
	5335-Bad Debt Expense	150,000
3650-Billing and Collecting Total		1,487,745
3700-Community Relations	5415-Energy Conservation	460,000
	5420-Community Safety Program	215,967
3700-Community Relations Total		675,967
3800-Administrative and General Expenses	5605-Executive Salaries and Expenses	509,739
	5610-Management Salaries and Expenses	573,590
	5615-General Administrative Salaries and Expenses	1,372,997
	5620-Office Supplies and Expenses	278,625
	5625-Administrative Expense Transferred Credit	-757,717
	5630-Outside Services Employed	778,500
	5635-Property Insurance	66,154
	5640-Injuries and Damages	145,275
	5645-Employee Pensions and Benefits	0
	5655-Regulatory Expenses	215,000
	5665-Miscellaneous General Expenses	123,180
	5680-Electrical Safety Authority Fees	40,000
3800-Administrative and General Expenses Total		3,345,343
3850-Amortization Expense	5705-Amortization Expense - Property, Plant, and Equipment	9,243,092
	5710-Amortization of Limited Term Electric Plant	0
	5715-Amortization of Intangibles and Other Electric Plant	0
	5725-Miscellaneous Amortization	0
	5740-Amortization of Deferred Charges	0
3850-Amortization Expense Total		9,243,092
3900-Interest Expense	6005-Interest on Long Term Debt	1,612,500
	6010-Amortization of Debt Discount and Expense	145,920
	6030-Interest on Debt to Associated Companies	1,300,000

FinStmnt APPENDIX 1-8	PL
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Sum of Amount		
GroupDesc	AcctDesc	Total
3900-Interest Expense	6035-Other Interest Expense	160,251
	6042-Allowance For Other Funds Used During Construction	0
	6045-Interest Expense on Capital Lease Obligations	0
3900-Interest Expense Total		3,218,671
3950-Taxes Other Than Income Taxes	6105-Taxes Other Than Income Taxes	365,000
3950-Taxes Other Than Income Taxes Total		365,000
4000-Income Taxes	6110-Income Taxes	3,198,372
4000-Income Taxes Total		3,198,372
4100-Extraordinary & Other Items	6205-Donations	30,000
4100-Extraordinary & Other Items Total		30,000
Grand Total		-4,115,346

GLproj2008

BalanceSheet

FinStmnt APPENDIX 1-9		BS	OK?	YES
Sum of Amount				
GroupDesc	AcctDesc		Total	
1050-Current Assets	1005-Cash		0	
	1010-Cash Advances and Working Funds		2,000	
	1020-Interest Special Deposits		163,296	
	1040-Other Special Deposits		10,225,655	
	1100-Customer Accounts Receivable		9,661,595	
	1104-Accounts Receivable - Recoverable Work		493,343	
	1105-Accounts Receivable - Merchandise, Jobbing, etc.		0	
	1110-Other Accounts Receivable		1,276,200	
	1120-Accrued Utility Revenues		13,506,096	
	1130-Accumulated Provision for Uncollectible Accounts--Credit		-119,583	
	1140-Interest and Dividends Receivable		19,298	
	1150-Rents Receivable		179,310	
	1180-Prepayments		702,882	
	1190-Miscellaneous Current and Accrued Assets		0	
	1200-Accounts Receivable from Associated Companies		-955,697	
1050-Current Assets Total			35,154,395	
1100-Inventory	1305-Fuel Stock		11,806	
	1330-Plant Materials and Operating Supplies		1,563,954	
1100-Inventory Total			1,575,760	
1150-Non-Current Assets	1405-Long Term Investments in Non-Associated Companies		71,785	
	1410-Other Special or Collateral Funds		2,757,715	
	1425-Unamortized Debt Expense		15,920	
	1460-Other Non-Current Assets		0	
1150-Non-Current Assets Total			2,845,420	
1200-Other Assets and Deferred Charges	1508-Other Regulatory Assets		890,105	
	1518-RCVARetail		50,992	
	1525-Miscellaneous Deferred Debits		0	
	1545-Development Charge Deposits/ Receivables		0	
	1548-RCVASTR		-10,872	
	1550-LV Variance Account		18,422	
	1555-Smart Meters Capital Variance Account		-572,548	
	1556-Smart Meters OM&A Variance Account		612,552	

FinStmnt APPENDIX 1-9		BS	OK?	YES
Sum of Amount				
GroupDesc	AcctDesc		Total	
1200-Other Assets and Deferred Charges	1562-Deferred Payments in Lieu of Taxes		-55,264	
	1565-Conservation and Demand Management Expenditures and Recoveries		0	
	1566-CDM Contra Account		0	
	1570-Qualifying Transition Costs		0	
	1571-Pre-market Opening Energy Variance		0	
	1580-RSVAWMS		-439,723	
	1582-RSVAONE-TIME		87,798	
	1584-RSVANW		307,292	
	1586-RSVACN		-38,456	
	1588-RSVAPOWER		-1,472,739	
1590-Recovery of Regulatory Asset Balances			400,000	
1200-Other Assets and Deferred Charges Total			-222,441	
1300-Intangible Plant	1606-Organization		9,554,075	
	1610-Miscellaneous Intangible Plant		0	
1300-Intangible Plant Total			9,554,075	
1450-Distribution Plant	1805-Land		1,856,641	
	1806-Land Rights		99,274	
	1808-Buildings and Fixtures		17,400,442	
	1810-Leasehold Improvements		0	
	1815-Transformer Station Equipment - Normally Primary above 50 kV		738,483	
	1820-Distribution Station Equipment - Normally Primary below 50 kV		24,039,965	
	1830-Poles, Towers and Fixtures		32,500,955	
	1835-Overhead Conductors and Devices		34,053,549	
	1840-Underground Conduit		56,921,074	
	1845-Underground Conductors and Devices		39,946,224	
	1850-Line Transformers		33,496,838	
	1855-Services		0	
	1860-Meters		8,005,475	
1450-Distribution Plant Total			249,058,920	
1500-General Plant	1905-Land		0	
	1906-Land Rights		0	
	1908-Buildings and Fixtures		0	

FinStmt APPENDIX 1-9		BS	OK?	YES
Sum of Amount				
GroupDesc	AcctDesc		Total	
1500-General Plant	1910-Leasehold Improvements		0	
	1915-Office Furniture and Equipment		1,451,775	
	1920-Computer Equipment - Hardware		6,308,534	
	1925-Computer Software		4,687,597	
	1930-Transportation Equipment		6,134,372	
	1935-Stores Equipment		190,895	
	1940-Tools, Shop and Garage Equipment		1,636,749	
	1945-Measurement and Testing Equipment		0	
	1950-Power Operated Equipment		0	
	1955-Communication Equipment		286,921	
	1960-Miscellaneous Equipment		0	
	1965-Water Heater Rental Units		0	
	1970-Load Management Controls - Customer Premises		0	
	1975-Load Management Controls - Utility Premises		0	
	1980-System Supervisory Equipment		3,080,900	
	1985-Sentinel Lighting Rental Units		0	
1500-General Plant Total			-33,286,606	
1550-Other Capital Assets	2005-Property Under Capital Leases		-9,508,863	
	2055-Construction Work in Progress--Electric		360,501	
	2070-Other Utility Plant		3,546,518	
1550-Other Capital Assets Total			0	
1600-Accumulated Amortization			3,907,019	
1600-Accumulated Amortization	2105-Accum. Amortization of Electric Utility Plant - Property, Plant, & Equipment		-107,287,910	
	2120-Accumulated Amortization of Electric Utility Plant - Intangibles		0	
1600-Accumulated Amortization Total			-107,287,910	
1650-Current Liabilities	2205-Accounts Payable		1,648,306	
	2208-Customer Credit Balances		-747,992	
	2210-Current Portion of Customer Deposits		-10,225,655	
	2215-Dividends Declared		0	
	2220-Miscellaneous Current and Accrued Liabilities		-10,865,134	
	2225-Notes and Loans Payable		-10,962,613	
1650-Current Liabilities			-1,797,860	
2240-Accounts Payable to Associated Companies				

FinStmt APPENDIX 1-9		BS	OK?	YES
Sum of Amount				
GroupDesc	AcctDesc	Total		
1650-Current Liabilities	2250-Debt Retirement Charges(DRC) Payable	0		
	2268-Accrued Interest on Long Term Debt	-604,688		
	2285-Obligations Under Capital Leases--Current	-54,372		
	2290-Commodity Taxes	-852,790		
	2292-Payroll Deductions / Expenses Payable	-2,892		
	2294-Accrual for Taxes, Payments in Lieu of Taxes, Etc.	-111,200		
1650-Current Liabilities Total		-34,576,890		
1700-Non-Current Liabilities	2306-Employee Future Benefits	-2,927,700		
	2320-Other Miscellaneous Non-Current Liabilities	-87,704		
	2325-Obligations Under Capital Lease--Non-Current	0		
	2330-Development Charge Fund	0		
	2335-Long Term Customer Deposits	-2,624,808		
	2340-Collateral Funds Liability	-132,907		
1700-Non-Current Liabilities Total		-5,773,119		
1800-Long-Term Debt	2505-Debentures Outstanding - Long Term Portion	-25,000,000		
	2550-Advances from Associated Companies	-20,000,000		
1800-Long-Term Debt Total		-45,000,000		
1850-Shareholders' Equity	3005-Common Shares Issued	-61,491,374		
	3045-Unappropriated Retained Earnings	-30,998,776		
	3046-Balance Transferred From Income	-8,921,216		
	3049-Dividends Payable-Common Shares	1,685,000		
1850-Shareholders' Equity Total		-99,726,366		
Grand Total		0		

FinStmnt	APPENDIX 1-9	PL
Sum of Amount		
GroupDesc	AcctDesc	Total
3000-Sales of Electricity	4006-Residential Energy Sales	-26,058,354
	4025-Street Lighting Energy Sales	-726,365
	4035-General Energy Sales	-45,397,830
	4050-Revenue Adjustment	0
	4055-Energy Sales for Resale	-18,613,110
	4062-Billed WMS	-8,348,198
	4064-Billed-One-Time	0
	4066-Billed NW	-9,395,137
	4068-Billed CN	-8,082,634
	4075-Billed-LV	-1,215,380
3000-Sales of Electricity Total		-117,837,008
3050-Revenues From Services - Distirbution	4080-Distribution Services Revenue	-32,452,498
	4082-Retail Services Revenues	-150,821
	4084-Service Transaction Requests (STR) Revenues	-5,037
	4090-Electric Services Incidental to Energy Sales	-166,170
3050-Revenues From Services - Distirbution Total		-32,774,526
3100-Other Operating Revenues	4210-Rent from Electric Property	-224,703
	4220-Other Electric Revenues	-7,800
	4225-Late Payment Charges	-642,288
	4230-Sales of Water and Water Power	0
	4235-Miscellaneous Service Revenues	-951,255
3100-Other Operating Revenues Total		-1,826,046
3150-Other Income & Deductions	4355-Gain on Disposition of Utility and Other Property	0
	4375-Revenues from Non-Utility Operations	-1,590,426
	4380-Expenses of Non-Utility Operations	1,590,426
	4390-Miscellaneous Non-Operating Income	-233,000
3150-Other Income & Deductions Total		-233,000
3200-Investment Income	4405-Interest and Dividend Income	-175,000
3200-Investment Income Total		-175,000
3350-Power Supply Expenses	4705-Power Purchased	90,795,660
	4708-Charges-WMS	8,348,198
	4710-Cost of Power Adjustments	0
	4712-Charges-One-Time	0
	4714-Charges-NW	9,395,137

FinStmnt APPENDIX 1-9	PL
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Sum of Amount		
GroupDesc	AcctDesc	Total
3350-Power Supply Expenses	4716-Charges-CN	8,082,634
	4750-Charges-LV	1,215,380
3350-Power Supply Expenses Total		117,837,009
3500-Distribution Expenses - Operation	5005-Operation Supervision and Engineering	1,017,428
	5010-Load Dispatching	208,745
	5012-Station Buildings and Fixtures Expense	189,285
	5016-Distribution Station Equipment - Operation Labour	146,609
	5017-Distribution Station Equipment - Operation Supplies and Expenses	153,186
	5020-Overhead Distribution Lines and Feeders - Operation Labour	201,259
	5025-Overhead Distribution Lines & Feeders - Operation Supplies and Expenses	133,488
	5030-Overhead Subtransmission Feeders - Operation	102,858
	5035-Overhead Distribution Transformers- Operation	326
	5040-Underground Distribution Lines and Feeders - Operation Labour	81,273
	5045-Underground Distribution Lines & Feeders - Operation Supplies & Expenses	45,309
	5055-Underground Distribution Transformers - Operation	5,136
	5065-Meter Expense	319,349
	5070-Customer Premises - Operation Labour	0
	5075-Customer Premises - Materials and Expenses	0
	5085-Miscellaneous Distribution Expense	62,566
	5095-Overhead Distribution Lines and Feeders - Rental Paid	12,600
3500-Distribution Expenses - Operation Total		2,679,417
3550-Distribution Expenses - Maintenance	5105-Maintenance Supervision and Engineering	694,228
	5110-Maintenance of Buildings and Fixtures - Distribution Stations	184,843
	5114-Maintenance of Distribution Station Equipment	183,255
	5120-Maintenance of Poles, Towers and Fixtures	21,713
	5125-Maintenance of Overhead Conductors and Devices	21,713
	5130-Maintenance of Overhead Services	83,439
	5135-Overhead Distribution Lines and Feeders - Right of Way	345,260
	5145-Maintenance of Underground Conduit	79,115
	5150-Maintenance of Underground Conductors and Devices	79,115
	5155-Maintenance of Underground Services	0
	5160-Maintenance of Line Transformers	21,850
	5175-Maintenance of Meters	137,448
	5195-Maintenance of Other Installations on Customer Premises	0

FinStmnt	APPENDIX 1-9	PL
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Sum of Amount		
GroupDesc	AcctDesc	Total
3550-Distribution Expenses - Maintenance Total		1,851,979
3650-Billing and Collecting	5305-Supervision	115,594
	5310-Meter Reading Expense	379,197
	5315-Customer Billing	706,214
	5320-Collecting	177,206
	5325-Collecting- Cash Over and Short	0
	5330-Collection Charges	0
	5335-Bad Debt Expense	163,040
3650-Billing and Collecting Total		1,541,251
3700-Community Relations	5415-Energy Conservation	0
	5420-Community Safety Program	221,149
3700-Community Relations Total		221,149
3800-Administrative and General Expenses	5605-Executive Salaries and Expenses	525,032
	5610-Management Salaries and Expenses	652,598
	5615-General Administrative Salaries and Expenses	1,577,216
	5620-Office Supplies and Expenses	283,919
	5625-Administrative Expense Transferred Credit	-772,114
	5630-Outside Services Employed	889,182
	5635-Property Insurance	67,412
	5640-Injuries and Damages	148,035
	5645-Employee Pensions and Benefits	0
	5655-Regulatory Expenses	220,000
	5665-Miscellaneous General Expenses	125,521
	5680-Electrical Safety Authority Fees	40,000
3800-Administrative and General Expenses Total		3,756,801
3850-Amortization Expense	5705-Amortization Expense - Property, Plant, and Equipment	10,150,089
	5710-Amortization of Limited Term Electric Plant	0
	5715-Amortization of Intangibles and Other Electric Plant	0
	5725-Miscellaneous Amortization	0
	5740-Amortization of Deferred Charges	0
3850-Amortization Expense Total		10,150,089
3900-Interest Expense	6005-Interest on Long Term Debt	1,612,500
	6010-Amortization of Debt Discount and Expense	145,920
	6030-Interest on Debt to Associated Companies	1,300,000

FinStmnt APPENDIX 1-9	PL
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Sum of Amount		
GroupDesc	AcctDesc	Total
3900-Interest Expense	6035-Other Interest Expense	160,251
	6042-Allowance For Other Funds Used During Construction	0
	6045-Interest Expense on Capital Lease Obligations	0
3900-Interest Expense Total		3,218,671
3950-Taxes Other Than Income Taxes	6105-Taxes Other Than Income Taxes	371,935
3950-Taxes Other Than Income Taxes Total		371,935
4000-Income Taxes	6110-Income Taxes	2,265,493
4000-Income Taxes Total		2,265,493
4100-Extraordinary & Other Items	6205-Donations	30,570
4100-Extraordinary & Other Items Total		30,570
Grand Total		-8,921,216

A/R from assoc companies, AFS move this to liabilities	1200	\$	(1,427,064)					\$	(1,427,064)	1200
Acct 1110		\$	723,265							
Acct 1110		\$	(2,954,530)							
Acct 2210		\$	8,911,751	\$	5,253,422					
				\$	154,052,473					
Reg variance accts w/o in AFS	1508	\$	78,199					\$	78,199	1508
Reg variance accts w/o in AFS	1518	\$	53,450			\$	-	\$	53,450	1518
Reg variance accts w/o in AFS	1548	\$	(1,386)			\$	-	\$	(1,386)	1548
PILS reg variance acct	1562	\$	(3,464,718)					\$	(3,464,718)	1562
CDM Account	1565					\$	-	\$	-	1565
CDM Account	1566					\$	-	\$	-	1566
Reg variance accts w/o in AFS	1570	\$	1,842,185			\$	-	\$	1,842,185	1570
Reg variance accts w/o in AFS	1571	\$	2,528,163			\$	-	\$	2,528,163	1571
			\$	154,052,473		\$	16,519,954	\$	-	\$ 170,572,427

2004 RECONCILIATION

APPENDIX 1-10

AUDITED STATEMENTS TO OEB TRIAL BALANCE

BALANCE SHEET
LIABILITIES

AFS		OEB ACCT			OEB ADJ	REG ASSET RECOV & CDM	FINAL OEB BALANCE	
		2225	0					
ACCT PAY & ACCRUED LIAB	\$ (17,174,324)							
		2205	\$ (1,848,636)				\$ (1,848,636)	2205
		2208	\$ (408,248)				\$ (408,248)	2208
		2220	\$ (12,440,230)				\$ (12,440,230)	2220
		2268	\$ (604,688)				\$ (604,688)	2268
		2290	\$ (912,629)				\$ (912,629)	2290
		2292	\$ (2,293)				\$ (2,293)	2292
		2294	\$ (77,600)				\$ (77,600)	2294
			Construction Deposits in OEB 2210, shown in AFS as accrued liability	\$ (1,823,683)				
			Retailer Prudentials in OEB 2220, shown in AFS as Customer Deposits	\$ 222,013				
			GST Rec from Assets OEB 1110, netted with liab in AFS	\$ 723,265				
			Assoc Company amount in OEB 2205, AFS to Due to related parties	\$ (1,595)	\$ (17,174,324)			
PILS CORP TAXES PAYABLE	\$ (2,127,175)			\$ (2,954,530)	\$ (2,954,530)			
Late AFS entry not reflected in OEB TB	\$ (827,355)			\$ (2,954,530)				
DUE TO RELATED PARTIES	\$ (3,032,695)	2240	\$ (1,607,225)				\$ (1,607,225)	2240
			A/R OEB 1200 from assoc companies, AFS move this to liabilities	\$ (1,427,064)				
			Assoc Company amount in OEB 2205, AFS to Due to related parties	\$ 1,595	\$ (3,032,694)			
CUSTOMER DEPOSITS	\$ (3,724,913)	2210	\$ (14,238,335)				\$ (14,238,335)	2210
			Construction Deposits in AFS moved to Accrued Liability	\$ 1,823,683				
			Retailer Prudentials in OEB 2220, shown in AFS as Customer Deposit	\$ (222,013)				
			Amount shown in AFS as Subdivision Deposit reduction to CIP	\$ 8,911,751	\$ (3,724,914)			
CURRENT PORTION CAPITAL LEASES	\$ (73,739)	2285	\$ (73,739)	\$ (73,739)			\$ (73,739)	2285
LT CUSTOMER DEPOSITS	\$ (2,335,323)	2335	\$ (2,335,323)	\$ (2,335,323)			\$ (2,335,323)	2335
OTHER LT LIAB	\$ (265,959)	2320	\$ (141,207)				\$ (141,207)	2320
		2340	\$ (124,752)	\$ (265,959)			\$ (124,752)	2340
DCA CONTRIBUTIONS	\$ (870,422)	2330	\$ (870,421)	\$ (870,421)			\$ (870,421)	2330
EMPLOYEE FUTURE BENEFITS	\$ (2,171,622)	2306	\$ (2,171,622)	\$ (2,171,622)			\$ (2,171,622)	2306
LT DEBT	\$ (45,000,000)	2505	\$ (25,000,000)				\$ (25,000,000)	2505
		2550	\$ (20,000,000)	\$ (45,000,000)			\$ (20,000,000)	2550
LT PORTION CAPITAL LEASE	\$ -	2325	\$ -	\$ -			\$ -	2325
SUBDIVISION DEPOSIT REBATES	\$ -		\$ -	\$ -				
SHARE CAPITAL	\$ (61,491,374)	3005	\$ (61,491,374)	\$ (61,491,374)			\$ (61,491,374)	3005
RETAINED EARNINGS	\$ (10,531,501)	3045	\$ (7,369,078)				\$ (11,538,741)	3045
		3046	\$ (3,435,069)				\$ 4,880	3046
Late AFS entry (PILS corp tax) not reflected in OEB TB	\$ 827,355	3049	\$ 1,100,000	\$ (9,704,147)			\$ 1,100,000	3049
	\$ (148,799,047)			\$ (148,799,047)				
			\$ 1,427,064					
			\$ (723,265)					
			\$ 2,954,530					
			\$ (8,911,751)	\$ (5,253,422)				
			\$ (154,052,469)					
			\$ (154,052,469)		\$ (16,519,955)	\$ -	\$ (170,572,424)	\$ (170,572,424)

Negative cash balance moved to
OEB acct 2225 from 1005Regulatory adjustments to retained earnings \$ (4,169,663)
Regulatory adjustments to retained earnings \$ 3,439,949

2004 RECONCILIATION

APPENDIX 1-10

AUDITED STATEMENTS TO OEB TRIAL BALANCE

P&L

AFS		OEB ACCT		OEB ADJ	REG ASSET RECOV & CDM	FINAL OEB BALANCE	
SERVICE REVENUE	\$ (25,423,671)	4080	\$ (25,579,070)	ADJ TO PILS 1562	\$ 3,895,324	\$ (21,683,746)	4080
		OEB 4080 includes SSS admin fee revenue, shown in AFS as Other Rev	\$ 155,399				
			\$ (25,423,671)				
COST OF POWER REVENUE	\$ (97,782,637)	4006	\$ (19,290,891)			\$ (19,290,891)	4006
		4025	\$ (572,805)			\$ (572,805)	4025
		4035	\$ (35,760,120)			\$ (35,760,120)	4035
		4050	\$ (766,239)			\$ (766,239)	4050
		4055	\$ (17,215,576)			\$ (17,215,576)	4055
		4062	\$ (9,124,099)			\$ (9,124,099)	4062
		4064	\$			\$	4064
		4066	\$ (8,035,606)			\$ (8,035,606)	4066
		4068	\$ (7,017,300)			\$ (7,017,300)	4068
			\$ (97,782,636)				
COST OF POWER EXPENSE	\$ 97,782,637	4705	\$ 73,605,631			\$ 73,605,631	4705
		4708	\$ 9,124,099			\$ 9,124,099	4708
		4712	\$			\$	4712
		4714	\$ 8,035,606			\$ 8,035,606	4714
		4716	\$ 7,017,300			\$ 7,017,300	4716
			\$ 97,782,636				
LATE PAYMENT CHARGES	\$ (502,729)	4225	\$ (502,729)			\$ (502,729)	4225
WATER & SEWER BILLING	\$ (1,368,515)	4375	\$ (1,368,515)			\$ (1,368,515)	4375
		4380	\$ (1,368,515)	Non Utility W&S costs	\$ 1,368,515	\$ -	4380
			\$ (1,368,515)				
OTHER REVENUE	\$ (1,470,909)	4082	\$ (112,314)			\$ (112,314)	4082
		4084	\$			\$	4084
		4210	\$ (184,096)			\$ (184,096)	4210
		4220	\$ (16,900)			\$ (16,900)	4220
		4235	\$ (545,642)	FROM MISC REVENUE TO 5330	\$ 233,239	\$ (312,403)	4235
		4355	\$ (36,720)			\$ (36,720)	4355
		4390	\$ (37,798)			\$ (37,798)	4390
		4405	\$ (382,037)	Carrying charges on transitional costs & other reg variances	\$ (105,061)	\$ -	4405
		OEB 4080 includes SSS admin fee revenue, shown in AFS as Other Rev	\$ (155,399)			\$ (487,098)	
			\$ (1,470,906)				
AMORTIZATION	\$ 6,909,233	5705	\$ 6,909,234	Amort on transitional assets	\$ (251,793)	\$ 6,657,441	5705
		5740	\$	amort deferred expenses from 5012 & 5025	\$ 5,152	\$ 5,152	5740
OTHER INTEREST	\$ 160,048	6035	\$ 65,892			\$ 65,892	6035
		6045	\$ 11,330			\$ 11,330	6045
		6010	\$ 95,700			\$ 95,700	6010
		OEB 6035, amount moved to LT interest in AFS	\$ (12,874)				
			\$ 160,048				
INTEREST ON LONG TERM DEBT	\$ 3,125,374	6005	\$ 1,612,500			\$ 1,612,500	6005
		6030	\$ 1,500,000			\$ 1,500,000	6030
		OEB 6035, amount moved to LT interest in AFS	\$ 12,874				
			\$ 3,125,374				
ADMINISTRATION & GENERAL	\$ 6,304,717	SEE BELOW	\$ 6,304,717			\$ 6,304,717	
OPERATION MAINTENANCE	\$ 4,104,028	SEE BELOW	\$ 4,104,028			\$ 4,104,028	
TAXES	\$ 3,900,000	6110	\$ 4,727,355			\$ 4,727,355	6110
	\$ (4,262,424)		\$			\$	
			\$ (3,435,065)				
Late AFS Tax entry not reflected in OEB TB	\$ 827,355						
	\$ (3,435,069)						
ADMINISTRATION & GENERAL	\$ 6,304,717		\$ -		0	\$ -	
OPERATION MAINTENANCE	\$ 4,104,028	\$ 10,408,745	\$		0	\$	
		6105	\$ 334,723			\$ 334,723	6105
		6205	\$ 34,551			\$ 34,551	6205
		5420	\$ 66,019			\$ 66,019	5420
		5010	\$ 166,734			\$ 166,734	5010
		5085	\$ 584,555			\$ 584,555	5085
		5030	\$ 24,992			\$ 24,992	5030
		5012	\$ 80,421	amort deferred expenses to 5740	\$ (870)	\$ 79,551	5012
		5016	\$ 32,876			\$ 32,876	5016
		5017	\$ 94,031			\$ 94,031	5017
		5110	\$ 147,078			\$ 147,078	5110
		5114	\$ 61,132			\$ 61,132	5114

5020	\$	207,306				\$	207,306	5020
5025	\$	127,999	amort deferred expenses to 5740	\$	(4,282)	\$	123,717	5025
5120	\$	95,221				\$	95,221	5120
5125	\$	73,895				\$	73,895	5125
5130	\$	111,353				\$	111,353	5130
5135	\$	97,399				\$	97,399	5135
5095	\$	4,320				\$	4,320	5095
5040	\$	67,025				\$	67,025	5040
5045	\$	55,127				\$	55,127	5045
5145	\$	76,143				\$	76,143	5145
5150	\$	76,143				\$	76,143	5150
5155	\$	-				\$	-	5155
5035	\$	8,547				\$	8,547	5035
5160	\$	135,550				\$	135,550	5160
5055	\$	25,341				\$	25,341	5055
5065	\$	289,487				\$	289,487	5065
5175	\$	124,634				\$	124,634	5175
5070	\$	8,791				\$	8,791	5070
5075	\$	8,637				\$	8,637	5075
5005	\$	638,013				\$	638,013	5005
5105	\$	425,341				\$	425,341	5105
5305	\$	138,826	W&S billing costs to 4380	\$	(73,014)	\$	65,812	5305
5310	\$	650,754	W&S billing costs to 4380	\$	(342,259)	\$	308,495	5310
5315	\$	1,463,592	rcva costs to 1518	\$	(20,322)	\$	682,814	5315
			W&S billing costs to 4380	\$	(760,456)			
5320	\$	366,554	W&S billing costs to 4380	\$	(192,786)	\$	173,768	5320
5325	\$	-				\$	-	5325
5330	\$	-	From Misc Rev to 5330	\$	(233,239)	\$	(233,239)	5330
5335	\$	129,863				\$	129,863	5335
5640	\$	142,140				\$	142,140	5640
5645		0				\$	-	5645
5605	\$	615,553				\$	615,553	5605
5610	\$	462,771				\$	462,771	5610
5615	\$	1,087,541				\$	1,087,541	5615
5620	\$	281,199				\$	281,199	5620
5630	\$	621,538				\$	621,538	5630
5635	\$	72,000				\$	72,000	5635
5665	\$	141,003				\$	141,003	5665
5625	\$	(126,175)				\$	(126,175)	5625
5415		0				\$	-	5415
5655		78199	oeb assessment costs to 1508	\$	(78,199)	\$	-	5655
5680		0				\$	-	5680
	\$	10,408,742	EXPENSES ONLY	\$	(1,705,427)	0	\$	8,703,315

AUDITED FINANCIAL STATEMENTS

\$ (3,435,069)

GRAND TOTAL

\$ 3,439,949

\$ -

\$ 4,881 P&L

2005 RECONCILIATION

APPENDIX 1-10

AUDITED STATEMENTS TO OEB TRIAL BALANC

BALANCE SHEET
ASSETS

AFS		OEB ACCT			OEB ADJ	REG ASSET RECOV & CDM	FINAL OEB BALANCE	
CASH	\$ 9,225,335	1005	\$ (7,726,949)		Negative cash balance moved to OEB acct 2225	\$ 7,726,949	\$ -	1005
		1020	\$ 179,041				\$ 179,041	1020
		1010	\$ 2,000				\$ 2,000	1010
		1040	\$ 14,229,903				\$ 14,229,903	1040
		1410	\$ 2,541,340				\$ 2,541,340	1410
				\$ 9,225,335				
A/R	\$ 8,699,780	1100	\$ 6,531,755				\$ 6,531,755	1100
		1104	\$ 666,887				\$ 666,887	1104
		1105	\$ 5,130				\$ 5,130	1105
		1110	\$ 1,248,006				\$ 1,248,006	1110
		1130	\$ (70,515)				\$ (70,515)	1130
		1140	\$ 28,639				\$ 28,639	1140
		1150	\$ 171,102				\$ 171,102	1150
			\$ (792,830)					
GST receivable in acct 1110, AFS moves this amount to liability to net with GST payable			\$ 911,606	\$ 8,699,780				
Taxes recoverable in account 1110, AFS moves this amount to liability								
UNBILLED REVENUE	\$ 14,899,271	1120	\$ 14,899,271	\$ 14,899,271			\$ 14,899,271	1120
INVENTORIES	\$ 1,240,842	1305	\$ 7,215				\$ 7,215	1305
		1330	\$ 1,233,627	\$ 1,240,842			\$ 1,233,627	1330
PREPAID EXPENSES	\$ 376,753	1180	\$ 376,753	\$ 376,753			\$ 376,753	1180
CAPITAL ASSETS	\$ 115,164,862	1805	\$ 1,856,641				\$ 1,856,641	1805
		1806	\$ 75,274				\$ 75,274	1806
		1808	\$ 16,671,546				\$ 16,671,546	1808
		1820	\$ 20,561,085		wholesale meters	\$ 1,320,591	\$ 21,881,676	1820
		1830	\$ 20,927,891				\$ 20,927,891	1830
		1835	\$ 23,599,537				\$ 23,599,537	1835
		1840	\$ 43,615,163				\$ 43,615,163	1840
		1845	\$ 30,308,842				\$ 30,308,842	1845
		1850	\$ 29,311,531				\$ 29,311,531	1850
		1860	\$ 8,854,501		wholesale meters	\$ (1,320,591)	\$ 7,533,910	1860
		1915	\$ 1,275,362				\$ 1,275,362	1915
		1920	\$ 4,916,036				\$ 4,916,036	1920
		1925	\$ 2,373,102				\$ 2,373,102	1925
		1930	\$ 3,372,870		transitional cost asset	\$ (900,765)	\$ 3,372,870	1930
		1935	\$ 190,895				\$ 190,895	1935
		1940	\$ 1,174,370				\$ 1,174,370	1940
		1955	\$ 285,035				\$ 285,035	1955
		1980	\$ 2,541,455				\$ 2,541,455	1980
		1995	\$ (17,031,341)				\$ (17,031,341)	1995
		2005	\$ 575,422		transitional cost asset	\$ (214,920)	\$ 360,502	2005
		2105	\$ (80,290,355)	\$ 115,164,862	transitional cost amort	\$ 920,132	\$ (79,370,223)	2105
CONSTRUCTION IN PROGRESS	\$ 4,033,601	2055	\$ 4,033,601	\$ 4,033,601			\$ 4,033,601	2055
LT INVESTMENT	\$ 71,785	1405	\$ 71,785	\$ 71,785			\$ 71,785	1405
GOODWILL	\$ 9,554,075	1606	\$ 9,554,075	\$ 9,554,075			\$ 9,554,075	1606
DEFERRED CHARGES	\$ 929,593	1425	\$ 453,680				\$ 453,680	1425
		1460	\$ 475,913	\$ 929,593			\$ 475,913	1460
DEVELOPMENT CHARGES	\$ -			\$ -				
REGULATORY ASSETS	\$ 1,864,343	1580	\$ 3,844,528				\$ 3,844,528	1580
		1582	\$ 352,061				\$ 352,061	1582
		1584	\$ 950,508				\$ 950,508	1584
		1586	\$ 275,502				\$ 275,502	1586
		1588	\$ 1,062,041				\$ 1,062,041	1588
		1590	\$ (4,620,297)	\$ 1,864,343	Collected in prior years to revenue	\$ (196,504)	\$ (4,816,801)	1590
	\$ 166,060,240			\$ 166,060,240				

A/R from assoc companies, AFS move this to liabilities	1200	\$	(1,467,659)					\$	(1,467,659)	1200
Acct 1110		\$	792,830							
Acct 1110		\$	(911,606)	\$	(1,586,435)					
				\$	164,473,805					
Reg variance accts w/o in AFS	1508	\$	681,006					\$	681,006	1508
Reg variance accts w/o in AFS	1518	\$	93,502			\$	9,422	\$	102,924	1518
Reg variance accts w/o in AFS	1525	\$	117,285			\$	24,630	\$	141,915	1525
Reg variance accts w/o in AFS	1548	\$	(5,400)			\$	(291)	\$	(5,691)	1548
PILS reg variance acct	1562	\$	268,124					\$	268,124	1562
CDM Account	1565					\$	(988,346)	\$	(988,346)	1565
CDM Account	1566					\$	988,346	\$	988,346	1566
Reg variance accts w/o in AFS	1570	\$	1,937,623			\$	(204,047)	\$	1,733,576	1570
Reg variance accts w/o in AFS	1571	\$	2,528,163			\$	647,477	\$	3,175,640	1571
				\$	164,473,805	\$	13,151,699	\$	280,687	\$ 177,906,191

2005 RECONCILIATION

APPENDIX 1-10

AUDITED STATEMENTS TO OEB TRIAL BALANCE

BALANCE SHEET
LIABILITIES

AFS		OEB ACCT			OEB ADJ	REG ASSET RECOV & CDM	FINAL OEB BALANCE	
		2225		0				
					Negative cash balance moved to OEB acct 2225 from 1005	\$ (7,726,949)	\$ (7,726,949)	2225
ACCT PAY & ACCRUED LIAB	\$ (22,479,770)	2205	\$ (3,142,680)				\$ (3,142,680)	2205
		2208	\$ (687,099)				\$ (687,099)	2208
		2220	\$ (16,989,795)				\$ (16,989,795)	2220
		2268	\$ (604,688)				\$ (604,688)	2268
		2290	\$ (845,930)				\$ (845,930)	2290
		2292	\$ (3,252)				\$ (3,252)	2292
		2294	\$ (94,400)				\$ (94,400)	2294
			Construction Deposits in OEB 2210, shown in AFS as accrued liability	\$ (1,083,797)				
			Retailer Prudentials in OEB 2220, shown in AFS as Customer Deposits	\$ 179,041				
			GST Rec from Assets OEB 1110, netted with liab in AFS	\$ 792,830	\$ (22,479,770)			
PILS CORP TAXES PAYABLE	\$ (911,607)		Taxes recoverable in OEB asset 1110, AFS moves this amount to liability	\$ (911,606)	\$ (911,606)			
DUE TO RELATED PARTIES	\$ (3,149,027)	2240	\$ (1,681,368)				\$ (1,681,368)	2240
			A/R OEB 1200 from assoc companies, AFS move this to liabilities	\$ (1,467,659)	\$ (3,149,027)			
CUSTOMER DEPOSITS	\$ (1,788,084)	2210	\$ (14,229,904)				\$ (14,229,904)	2210
			In AFS moved to Accrued Liability	\$ 1,083,797				
			Retailer Prudentials in OEB 2220, shown in AFS as Customer Deposit	\$ (179,041)				
			Amount shown in AFS as Subdivision Deposit Rebates	\$ 11,537,062	\$ (1,788,086)			
CURRENT PORTION CAPITAL LEASES	\$ (51,171)	2285	\$ (51,171)	\$ (51,171)			\$ (51,171)	2285
LT CUSTOMER DEPOSITS	\$ (2,413,565)	2335	\$ (2,413,565)	\$ (2,413,565)			\$ (2,413,565)	2335
OTHER LT LIAB	\$ (268,981)	2320	\$ (141,207)				\$ (141,207)	2320
		2340	\$ (127,774)	\$ (268,981)			\$ (127,774)	2340
DCA CONTRIBUTIONS	\$ -	2330	\$ -	\$ -			\$ -	2330
EMPLOYEE FUTURE BENEFITS	\$ (2,371,626)	2306	\$ (2,371,626)	\$ (2,371,626)			\$ (2,371,626)	2306
LT DEBT	\$ (45,000,000)	2505	\$ (25,000,000)				\$ (25,000,000)	2505
		2550	\$ (20,000,000)	\$ (45,000,000)			\$ (20,000,000)	2550
LT PORTION CAPITAL LEASE	\$ (119,265)	2325	\$ (119,265)	\$ (119,265)			\$ (119,265)	2325
SUBDIVISION DEPOSIT REBATES	\$ (11,537,063)		Amount shown in AFS as Subdivision Deposit Rebates from OEB 2210	\$ (11,537,062)	\$ (11,537,062)			
SHARE CAPITAL	\$ (61,491,374)	3005	\$ (61,491,374)	\$ (61,491,374)			\$ (61,491,374)	3005
RETAINED EARNINGS	\$ (14,478,707)	3045	\$ (11,631,502)		Regulatory adjustments to retained earnings	\$ (729,710)	\$ (12,361,212)	3045
		3046	\$ (5,776,206)		Regulatory adjustments to retained earnings	\$ (4,695,040)	\$ (10,751,933)	3046
		3049	\$ 2,929,000	\$ (14,478,708)			\$ 2,929,000	3049
	\$ (166,060,240)			\$ (166,060,241)				
			\$ 1,467,659	Acct 1200				
			\$ (792,830)	Acct 1110				
			\$ 911,606	\$ 1,586,435	Acct 1110			
			\$	\$ (164,473,806)				
			\$ (164,473,806)		\$ (13,151,699)	\$ (280,687)	\$ (177,906,192)	\$ (177,906,192)

2005 RECONCILIATION

APPENDIX 1-10

AUDITED STATEMENTS TO OEB TRIAL BALANCE

P&L

AFS		OEB ACCT		OEB ADJ	REG ASSET RECOV & CDM	FINAL OEB BALANCE	
SERVICE REVENUE	\$ (27,780,659)	4080	\$ (27,942,629)	ADJ TO PILS 1562	-3732842	\$ (31,675,471)	4080
		OEB 4080 includes SSS admin fee revenue, shown in AFS as Other Rev	\$ 161,970				
			\$ (27,780,659)				
COST OF POWER REVENUE	\$ (119,056,463)	4006	\$ (23,671,715)			\$ (23,671,715)	4006
		4025	\$ (618,158)			\$ (618,158)	4025
		4035	\$ (47,361,652)			\$ (47,361,652)	4035
		4050	\$ (1,732,749)			\$ (1,732,749)	4050
		4055	\$ (20,099,077)			\$ (20,099,077)	4055
		4062	\$ (9,625,257)			\$ (9,625,257)	4062
		4064	\$ -			\$ -	4064
		4066	\$ (8,513,201)			\$ (8,513,201)	4066
		4068	\$ (7,434,451)			\$ (7,434,451)	4068
			\$ (119,056,460)				
COST OF POWER EXPENSE	\$ 119,056,463	4705	\$ 93,483,553			\$ 93,483,553	4705
		4708	\$ 9,625,257			\$ 9,625,257	4708
		4712	\$ -			\$ -	4712
		4714	\$ 8,513,201			\$ 8,513,201	4714
		4716	\$ 7,434,449			\$ 7,434,449	4716
			\$ 119,056,460				
LATE PAYMENT CHARGES	\$ (506,118)	4225	\$ (506,118)			\$ (506,118)	4225
WATER & SEWER BILLING	\$ (1,411,216)	4375	\$ (1,411,216)			\$ (1,411,216)	4375
		4380	\$ -			\$ -	4380
			\$ (1,411,216)				
OTHER REVENUE	\$ (1,634,061)	4082	\$ (92,583)			\$ (92,583)	4082
		4084	\$ (4,014)			\$ (4,014)	4084
		4210	\$ (221,051)			\$ (221,051)	4210
		4220	\$ (15,600)			\$ (15,600)	4220
		4235	\$ (693,652)			\$ (693,652)	4235
		4355	\$ (82,872)			\$ (82,872)	4355
		4390	\$ (146,524)			\$ (146,524)	4390
		4405	\$ (215,794)			\$ (900,258)	4405
		OEB 4080 includes SSS admin fee revenue, shown in AFS as Other Rev	\$ (161,970)				
			\$ (1,634,060)				
AMORTIZATION	\$ 7,245,178	5705	\$ 7,245,178			\$ 7,017,265	5705
		5740	\$ -			\$ -	5740
			\$ 7,245,178				
OTHER INTEREST	\$ 442,671	6035	\$ 152,193			\$ 152,193	6035
		6045	\$ 14,559			\$ 14,559	6045
		6010	\$ 275,920			\$ 275,920	6010
			\$ 442,672				
INTEREST ON LONG TERM DEBT	\$ 3,112,500	6005	\$ 1,612,500			\$ 1,612,500	6005
		6030	\$ 1,500,000			\$ 1,500,000	6030
			\$ 3,112,500				
ADMINISTRATION & GENERAL	\$ 6,689,413	SEE BELOW	\$ 6,689,413				
OPERATION MAINTENANCE	\$ 3,365,508	SEE BELOW	\$ 3,365,508				
TAXES	\$ 4,700,578	6110	\$ 4,700,578			\$ 4,700,578	6110
	\$ (5,776,206)						
			\$ (5,776,204)				
ADMINISTRATION & GENERAL	\$ 6,689,413					\$ -	
OPERATION MAINTENANCE	\$ 3,365,508	\$ 10,054,921	\$ -	0	0	\$ -	
		6105	\$ 333,938			\$ 333,938	6105
		6205	\$ 40,873			\$ 40,873	6205
		5420	\$ 23,402			\$ 23,402	5420
		5010	\$ 226,726			\$ 226,726	5010
		5085	\$ 29,581			\$ 29,581	5085
		5030	\$ 78,773			\$ 78,773	5030
		5012	\$ 32,151	amort deferred expenses to 5740	\$ (10,443)	\$ 21,708	5012
		5016	\$ 106,742			\$ 106,742	5016
		5017	\$ 32,985			\$ 32,985	5017
		5110	\$ 74,955			\$ 74,955	5110
		5114	\$ 68,843			\$ 68,843	5114

5020	\$ 287,079				\$ 287,079	5020
5025	\$ 80,739	amort deferred expenses to 5740	\$ (8,780)		\$ 71,959	5025
5120	\$ 109,672				\$ 109,672	5120
5125	\$ 109,672				\$ 109,672	5125
5130	\$ 144,694				\$ 144,694	5130
5135	\$ 139,799				\$ 139,799	5135
5095	\$ 12,600				\$ 12,600	5095
5040	\$ 76,728				\$ 76,728	5040
5045	\$ 38,049				\$ 38,049	5045
5145	\$ 76,807				\$ 76,807	5145
5150	\$ 76,807				\$ 76,807	5150
5155	\$ -				\$ -	5155
5035	\$ 3,837				\$ 3,837	5035
5160	\$ 90,256				\$ 90,256	5160
5055	\$ 19,193				\$ 19,193	5055
5065	\$ 156,396				\$ 156,396	5065
5175	\$ 74,953				\$ 74,953	5175
5070	\$ -				\$ -	5070
5075	\$ -				\$ -	5075
5005	\$ 481,222				\$ 481,222	5005
5105	\$ 315,622				\$ 315,622	5105
5305	\$ 177,798	W&S billing costs to 4380	\$ (92,400)		\$ 85,398	5305
5310	\$ 693,098	W&S billing costs to 4380	\$ (360,198)		\$ 332,900	5310
5315	\$ 1,395,192	rcva costs to 1518	\$ (40,053)	\$ 137,637	\$ 715,740	5315
		Non allowed transition costs back to expense				
		W&S billing costs to 4380	\$ (777,036)		\$ -	
5320	\$ 349,400	W&S billing costs to 4380	\$ (181,581)		\$ 167,819	5320
5325	\$ -				\$ -	5325
5330	\$ -	From Misc Revenue to 5330	\$ (280,995)		\$ (280,995)	5330
5335	\$ 32,908				\$ 32,908	5335
5640	\$ 140,038				\$ 140,038	5640
5645	\$ 431,469	omers pension costs to 1508	\$ (431,469)		\$ -	5645
5605	\$ 516,379				\$ 516,379	5605
5610	\$ 488,997				\$ 488,997	5610
5615	\$ 1,313,044				\$ 1,313,044	5615
5620	\$ 368,698				\$ 368,698	5620
5630	\$ 511,324				\$ 511,324	5630
5635	\$ 60,810				\$ 60,810	5635
5665	\$ 116,012				\$ 116,012	5665
5625	\$ (383,797)				\$ (383,797)	5625
5415	\$ 276,472				\$ 276,472	5415
5655	\$ 198,144	oeb assessment costs to 1508	\$ (155,452)		\$ 42,692	5655
5680	\$ 25,839				\$ 25,839	5680
	\$ 10,054,919	EXPENSES ONLY	\$ (2,338,407)	\$ 137,637	\$ 7,854,149	
AUDITED FINANCIAL STATEMENTS	\$ (5,776,206)	GRAND TOTAL	\$ (4,695,039)	\$ (280,687)	\$ (10,751,932) P&L	

2006 RECONCILIATION

APPENDIX 1-10

AUDITED STATEMENTS TO OEB TRIAL BALANC

BALANCE SHEET
ASSETS

AFS		OEB ACCT			OEB ADJ	REG ASSET RECOV & CDM	FINAL OEB BALANCE	
CASH	\$ 2,186,053	1005	\$ (16,962,613)		Negative cash balance moved to OEB acct 2225	\$ 16,962,613	\$ -	1005
		1020	\$ 163,296				\$ 163,296	1020
		1010	\$ 2,000				\$ 2,000	1010
		1040	\$ 16,225,655				\$ 16,225,655	1040
		1410	\$ 2,757,715				\$ 2,757,715	1410
				\$ 2,186,053				
A/R	\$ 11,714,935	1100	\$ 9,661,595				\$ 9,661,595	1100
		1104	\$ 493,343				\$ 493,343	1104
		1105	\$ -				\$ -	1105
		1110	\$ 1,276,200				\$ 1,276,200	1110
		1130	\$ (96,853)				\$ (96,853)	1130
		1140	\$ 19,298				\$ 19,298	1140
		1150	\$ 179,310				\$ 179,310	1150
	GST receivable in acct 1110, AFS moves this amount to liability to net with GST payable		\$ (787,122)					
	Taxes recoverable in account 1110, AFS moves this amount to liability		\$ 969,164	\$ 11,714,935				
UNBILLED REVENUE	\$ 13,506,096	1120	\$ 13,506,096	\$ 13,506,096			\$ 13,506,096	1120
INVENTORIES	\$ 1,575,759	1305	\$ 11,806				\$ 11,806	1305
		1330	\$ 1,563,954	\$ 1,575,760			\$ 1,563,954	1330
PREPAID EXPENSES	\$ 702,882	1180	\$ 702,882	\$ 702,882			\$ 702,882	1180
CAPITAL ASSETS	\$ 122,302,120	1805	\$ 1,856,641				\$ 1,856,641	1805
		1806	\$ 75,274				\$ 75,274	1806
		1808	\$ 17,303,742				\$ 17,303,742	1808
		1820	\$ 21,026,020		wholesale meters	\$ 1,320,591	\$ 22,346,611	1820
		1830	\$ 23,475,994				\$ 23,475,994	1830
		1835	\$ 26,472,929				\$ 26,472,929	1835
		1840	\$ 48,032,056				\$ 48,032,056	1840
		1845	\$ 33,378,208				\$ 33,378,208	1845
		1850	\$ 32,091,824				\$ 32,091,824	1850
		1860	\$ 9,066,066		wholesale meters	\$ (1,320,591)	\$ 7,745,475	1860
		1915	\$ 1,276,900				\$ 1,276,900	1915
		1920	\$ 5,189,734				\$ 5,189,734	1920
		1925	\$ 2,986,562		transitional cost asset	\$ (900,765)	\$ 2,085,797	1925
		1930	\$ 3,878,133				\$ 3,878,133	1930
		1935	\$ 190,895				\$ 190,895	1935
		1940	\$ 1,257,974				\$ 1,257,974	1940
		1955	\$ 286,921				\$ 286,921	1955
		1980	\$ 2,959,401				\$ 2,959,401	1980
		1995	\$ (19,683,606)				\$ (19,683,606)	1995
		2005	\$ 575,421		transitional cost asset	\$ (214,920)	\$ 360,501	2005
		2105	\$ (89,394,967)	\$ 122,302,122	transitional cost amort	\$ 1,100,285	\$ (88,294,682)	2105
CONSTRUCTION IN PROGRESS	\$ 2,420,821	2055	\$ 2,420,820	\$ 2,420,820			\$ 2,420,820	2055
LT INVESTMENT	\$ 71,785	1405	\$ 71,785	\$ 71,785			\$ 71,785	1405
GOODWILL	\$ 9,554,075	1606	\$ 9,554,075	\$ 9,554,075			\$ 9,554,075	1606
DEFERRED CHARGES	\$ 1,058,687	1425	\$ 307,760				\$ 307,760	1425
		1460	\$ 750,927	\$ 1,058,687			\$ 750,927	1460
DEVELOPMENT CHARGES	\$ -			\$ -				
	\$ 165,093,213			\$ 165,093,215				
A/R from assoc companies, AFS move this to liabilities		1200	\$ (955,697)				\$ (955,697)	1200
Acct 1110 AFS moves this to liabilities			\$ 787,122					
Acct 1110 AFS moves this to liabilities			\$ (969,164)	\$ (1,137,739)				
AFS moves this to liabilities		1550	\$ 18,422				\$ 18,422	1550

AFS moves this to liabilities	1555	\$	(124,044)	
AFS moves this to liabilities	1556	\$	12,552	
AFS moves this to liabilities	1580	\$	(439,723)	
AFS moves this to liabilities	1582	\$	87,798	
AFS moves this to liabilities	1584	\$	307,292	
AFS moves this to liabilities	1586	\$	(38,456)	
AFS moves this to liabilities	1588	\$	(1,472,739)	
AFS moves this to liabilities	1590	\$	(8,870)	\$ (1,657,768)
				\$ 162,297,708

					\$ (124,044)	1555
					\$ 12,552	1556
					\$ (439,723)	1580
					\$ 87,798	1582
					\$ 307,292	1584
					\$ (38,456)	1586
					\$ (1,472,739)	1588
				\$ 4,141,791	\$ 4,132,921	1590
Reg variance accts w/o in AFS	1508	\$	841,356		\$ 841,356	1508
Reg variance accts w/o in AFS	1518	\$	50,992	\$ -	\$ 50,992	1518
Reg variance accts w/o in AFS	1525	\$	-	\$ -	\$ -	1525
Reg variance accts w/o in AFS	1548	\$	(10,872)	\$ -	\$ (10,872)	1548
PILS reg variance acct	1562	\$	(18,050)		\$ (18,050)	1562
CDM Account	1565			\$ (482,198)	\$ (482,198)	1565
CDM Account	1566			\$ 482,198	\$ 482,198	1566
Reg variance accts w/o in AFS	1570	\$	-	\$ -	\$ -	1570
Reg variance accts w/o in AFS	1571	\$	-	\$ -	\$ -	1571
		\$ 17,810,639	\$ 4,141,791		\$ 184,250,138	\$ 184,250,138

2006 RECONCILIATION

APPENDIX 1-10

AUDITED STATEMENTS TO OEB TRIAL BALANCE

BALANCE SHEET
LIABILITIES

AFS		OEB ACCT		OEB ADJ	REG ASSET REC OV & CDM	FINAL OEB BALANCE	
		2225	0				
				Negative cash balance moved to OEB acct 2220 from 1005	\$ (16,962,613)	\$ (16,962,613)	2225
ACCT PAY & ACCRUED LIAB	\$ (15,532,928)	2205	\$ (2,758,463)			\$ (2,758,463)	2205
		2208	\$ (747,992)			\$ (747,992)	2208
		2220	\$ (10,865,134)			\$ (10,865,134)	2220
		2268	\$ (604,688)			\$ (604,688)	2268
		2290	\$ (852,790)			\$ (852,790)	2290
		2292	\$ (2,892)			\$ (2,892)	2292
		2294	\$ (111,200)			\$ (111,200)	2294
		OEB 2205 AP to City of Barrie to OEB 2240	\$ (183,036)				
		Retailer Prudentials in OEB 2220, shown in AFS as Customer Deposits	\$ 163,296				
		OEB Account 2320, AFS as AP & Accrued Liabilities	\$ (215,153)				
		AFS adjustment by Auditors OEB 2240 to OEB 2220 (brat water)	\$ (142,000)				
		GST Rec from Assets OEB 1110, netted with lab in AFS	\$ 787,122			\$ (15,532,930)	
CONSTRUCTION DEPOSITS	\$ (1,143,500)	Construction Deposits in OEB 2210, shown in AFS as accrued liability	\$ (1,143,500)			\$ (1,143,500)	
PILS CORP TAXES PAYABLE	\$ (969,164)	Taxes recoverable in OEB asset 1110, AFS moves this amount to liability	\$ (969,164)			\$ (969,164)	
DUE TO RELATED PARTIES	\$ (2,428,521)	2240	\$ (1,797,860)			\$ (1,797,860)	2240
		AFS adjustment by Auditors OEB 2240 to OEB 2220 (brat water)	\$ 142,000				
		OEB 2205 AP to City of Barrie to OEB 2240	\$ 163,036				
		A/R OEB 1200 from assoc companies, AFS move this to liabilities	\$ (955,697)			\$ (2,428,521)	
CUSTOMER DEPOSITS	\$ (1,913,168)	2210	\$ (16,225,655)			\$ (16,225,655)	2210
		In AFS moved to Accrued Liability	\$ 1,143,500				
		Retailer Prudentials in OEB 2220, shown in AFS as Customer Deposit	\$ (163,296)				
		Amount shown in AFS as Subdivision Deposit Rebates	\$ 13,332,283			\$ (1,913,168)	
CURRENT PORTION CAPITAL LEASES	\$ (54,372)	2285	\$ (54,372)			\$ (54,372)	2285
LT CUSTOMER DEPOSITS	\$ (2,624,808)	2335	\$ (2,624,808)			\$ (2,624,808)	2335
REGULATORY ASSETS	\$ (1,657,769)	1550 AFS moves this to liabilities, OEB as Asset	\$ 18,422				
		1555 AFS moves this to liabilities, OEB as Asset	\$ (124,044)				
		1556 AFS moves this to liabilities, OEB as Asset	\$ 12,552				
		1580 AFS moves this to liabilities, OEB as Asset	\$ (439,723)				
		1582 AFS moves this to liabilities, OEB as Asset	\$ 87,798				
		1584 AFS moves this to liabilities, OEB as Asset	\$ 307,292				
		1586 AFS moves this to liabilities, OEB as Asset	\$ (38,456)				
		1588 AFS moves this to liabilities, OEB as Asset	\$ (1,472,739)				
		1590 AFS moves this to liabilities, OEB as Asset	\$ (8,871)			\$ (1,657,769)	
OTHER LT LIAB	\$ (244,114)	2320	\$ (326,360)			\$ (326,360)	2320
		2340	\$ (132,907)			\$ (132,907)	2340
		OEB Account 2320, AFS as AP & Accrued Liabilities	\$ 215,153			\$ (244,114)	
DCA CONTRIBUTIONS	\$ -	2330	\$ -			\$ -	2330
EMPLOYEE FUTURE BENEFITS	\$ (2,571,708)	2306	\$ (2,571,708)			\$ (2,571,708)	2306
LT DEBT	\$ (45,000,000)	2505	\$ (25,000,000)			\$ (25,000,000)	2505
		2550	\$ (20,000,000)			\$ (20,000,000)	2550
LT PORTION CAPITAL LEASE	\$ (64,892)	2325	\$ (64,892)			\$ (64,892)	2325
SUBDIVISION DEPOSIT REBATES	\$ (13,332,283)	Amount shown in AFS as Subdivision Deposit Rebates from OEB 2210	\$ (13,332,283)			\$ (13,332,283)	
SHARE CAPITAL	\$ (61,491,374)	3005	\$ (61,491,374)			\$ (61,491,374)	3005
RETAINED EARNINGS	\$ (16,064,612)	3045	\$ (17,407,708)	Regulatory adjustments to retained earnings	\$ (5,705,437)	\$ (23,113,145)	3045
		3046	\$ (4,485,005)	Regulatory adjustments to retained earnings	\$ 715,620	\$ (3,770,289)	3046
		3049	\$ 5,829,000		\$ -	\$ 5,829,000	3049
	\$ (165,093,213)		\$ (165,093,216)				
		A/R from assoc companies, AFS move this to liabilities	\$ 955,697				
		Acct 1110 AFS moves this to liabilities	\$ (787,122)				
		Acct 1110 AFS moves this to liabilities	\$ 969,164			\$ 1,137,739	
		AFS moves this to liabilities	\$ (18,422)				
		AFS moves this to liabilities	\$ 124,044				
		AFS moves this to liabilities	\$ (12,552)				
		AFS moves this to liabilities	\$ (439,723)				
		AFS moves this to liabilities	\$ (87,798)				
		AFS moves this to liabilities	\$ (307,292)				
		AFS moves this to liabilities	\$ 38,456				
		AFS moves this to liabilities	\$ 1,472,739				
		AFS moves this to liabilities	\$ 8,870			\$ 1,657,768	
			\$ -				
			\$ -				
			\$ -			\$ -	
			\$ (162,297,709)				
			\$ (162,297,709)	\$ (21,962,430)	\$ -	\$ (184,259,139)	\$ (184,259,139)

2006 RECONCILIATION

APPENDIX 1-10

AUDITED STATEMENTS TO OEB TRIAL BALANCE

P&L

AFS		OEB ACCT		OEB ADJ	REG ASSET RECOV & CDM	FINAL OEB BALANCE	
SERVICE REVENUE	\$ (28,537,235)	4080	\$ (28,696,744)	ADJ TO PILS 1562	286174	\$ (27,330,087)	4080
		OEB 4080 includes SSS admin fee revenue, shown in AFS as Other Rev	\$ 159,509		\$ 1,080,483		
			\$ (28,537,235)				
COST OF POWER REVENUE	\$ (110,243,230)	4006	\$ (24,864,307)			\$ (24,864,307)	4006
		4025	\$ (696,059)			\$ (696,059)	4025
		4035	\$ (43,211,319)			\$ (43,211,319)	4035
		4050	\$ 1,648,661			\$ 1,648,661	4050
		4055	\$ (17,786,696)			\$ (17,786,696)	4055
		4062	\$ (9,540,258)			\$ (9,540,258)	4062
		4064	\$ -			\$ -	4064
		4066	\$ (8,424,839)			\$ (8,424,839)	4066
		4068	\$ (7,368,413)			\$ (7,368,413)	4068
			\$ (110,243,230)				
COST OF POWER EXPENSE	\$ 110,243,230	4705	\$ 84,909,721			\$ 84,909,721	4705
		4708	\$ 9,540,257			\$ 9,540,257	4708
		4712	\$ -			\$ -	4712
		4714	\$ 8,424,840			\$ 8,424,840	4714
		4716	\$ 7,368,412			\$ 7,368,412	4716
			\$ 110,243,230				
LATE PAYMENT CHARGES	\$ (521,785)	4225	\$ (521,785)			\$ (521,785)	4225
WATER & SEWER BILLING	\$ (1,480,731)	4375	\$ (1,480,731)			\$ (1,480,731)	4375
		4380	\$ -	Non utility W&S costs & Reg Asset	\$ 1,480,731	\$ -	4380
			\$ (1,480,731)				
OTHER REVENUE	\$ (1,943,287)	4082	\$ (125,569)			\$ (125,569)	4082
		4084	\$ (6,357)			\$ (6,357)	4084
		4210	\$ (217,451)	Cleared to 1548	\$ 6,357	\$ (217,451)	4210
		4220	\$ (14,950)			\$ (14,950)	4220
		4235	\$ (959,376)			\$ (959,376)	4235
		4355	\$ (14,839)	From Misc Revenue to 5330	\$ 430,854	\$ (14,839)	4355
		4390	\$ (230,384)			\$ (230,384)	4390
		4405	\$ (214,852)			\$ (214,852)	4405
		OEB 4080 includes SSS admin fee revenue, shown in AFS as Other Rev	\$ (159,509)	Carrying charges on transitional costs & other reg variances	\$ (260,517)	\$ -	\$ (475,369)
			\$ (1,943,289)				
AMORTIZATION	\$ 8,432,623	5705	\$ 8,432,621	Amort on transitional assets	\$ (180,153)	\$ 8,252,468	5705
		5740	\$ -	amort deferred expenses from 5012 & 5025	\$ 27,403	\$ 27,403	5740
OTHER INTEREST	\$ 313,769	6035	\$ 160,251			\$ 160,251	6035
		6045	\$ 7,598			\$ 7,598	6045
		6010	\$ 145,920			\$ 145,920	6010
			\$ 313,769				
INTEREST ON LONG TERM DEBT	\$ 2,912,508	6005	\$ 1,612,500			\$ 1,612,500	6005
		6030	\$ 1,300,008			\$ 1,300,008	6030
			\$ 2,912,508				
ADMINISTRATION & GENERAL	\$ 7,084,216	SEE BELOW	\$ 7,084,216				
OPERATION MAINTENANCE	\$ 3,804,017	SEE BELOW	\$ 3,804,021				
TAXES	\$ 5,450,000	6110	\$ 5,450,000			\$ 5,450,000	6110
	\$ (4,485,905)		\$ (4,485,905)				
ADMINISTRATION & GENERAL	\$ 7,084,216		\$ -		0	\$ -	
OPERATION MAINTENANCE	\$ 3,804,017	\$ 10,888,233	\$ -		0	\$ -	
		6105	\$ 347,788			\$ 347,788	6105
		6205	\$ 27,952			\$ 27,952	6205
		5420	\$ 106,722			\$ 106,722	5420
		5010	\$ 255,867			\$ 255,867	5010
		5085	\$ 53,560			\$ 53,560	5085
		5030	\$ 63,506			\$ 63,506	5030
		5012	\$ 72,308	amort deferred expenses to 5740	\$ (18,839)	\$ 53,469	5012
		5016	\$ 98,865			\$ 98,865	5016
		5017	\$ 42,963			\$ 42,963	5017
		5110	\$ 108,388			\$ 108,388	5110
		5114	\$ 73,657			\$ 73,657	5114

5020	\$	296,111				\$	296,111	5020
5025	\$	(2,662)	amort deferred expenses to 5740	\$	(8,564)	\$	(11,226)	5025
5120	\$	59,283				\$	59,283	5120
5125	\$	59,283				\$	59,283	5125
5130	\$	112,014				\$	112,014	5130
5135	\$	159,731				\$	159,731	5135
5095	\$	12,600				\$	12,600	5095
5040	\$	115,961				\$	115,961	5040
5045	\$	8,376				\$	8,376	5045
5145	\$	79,710				\$	79,710	5145
5150	\$	79,710				\$	79,710	5150
5155	\$	-				\$	-	5155
5035	\$	2,469				\$	2,469	5035
5160	\$	9,683				\$	9,683	5160
5055	\$	517				\$	517	5055
5160	\$	1,916				\$	1,916	5160
5065	\$	188,375				\$	188,375	5065
5175	\$	83,886				\$	83,886	5175
5070	\$	-				\$	-	5070
5075	\$	-				\$	-	5075
5005	\$	844,632				\$	844,632	5005
5105	\$	571,340				\$	571,340	5105
5305	\$	177,978	W&S billing costs to 4380	\$	(100,447)	\$	77,531	5305
5310	\$	711,197	W&S billing costs to 4380	\$	(401,383)	\$	309,814	5310
5315	\$	1,390,721	rcva costs to 1518	\$	(7,069)	\$	601,329	5315
5320	\$	348,310	W&S billing costs to 4380	\$	(782,323)	\$	151,732	5320
5325	\$	-	W&S billing costs to 4380	\$	(196,578)	\$	-	5325
5330	\$	-	From Misc Revenue to 5330	\$	(430,854)	\$	(430,854)	5330
5335	\$	139,770				\$	139,770	5335
5640	\$	142,500			\$	-	142,500	5640
5605	\$	404,401				\$	404,401	5605
5610	\$	406,215				\$	406,215	5610
5615	\$	1,537,247				\$	1,537,247	5615
5620	\$	379,162				\$	379,162	5620
5630	\$	642,332				\$	642,332	5630
5635	\$	65,253				\$	65,253	5635
5665	\$	142,542				\$	142,542	5665
5625	\$	(240,459)				\$	(240,459)	5625
5415	\$	314,334				\$	314,334	5415
5655	\$	203,291	OEB assessment to 1508	\$	(46,894)	\$	156,397	5655
5680	\$	26,171				\$	26,171	5680
5645	\$	162,761	omers pension costs to 1508	\$	(162,761)	\$	-	5645
		\$ 10,888,237	EXPENSES ONLY	\$	(2,155,712)	\$	-	\$ 8,732,525
			GRAND TOTAL	\$	(364,863)	\$	1,080,483	\$ (3,770,285) P&L

AUDITED FINANCIAL STATEMENTS \$ (4,485,905)



2006 Annual Report

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Message from the Chair

Barrie Hydro Holdings Inc. and its subsidiaries continued to meet their strategic goals and objectives in 2006.

Our primary role as an electricity distributor is to ensure the safe and economic delivery of electricity to our customers. During 2006 the Board of Directors undertook a review of our *Vision* and *Mission* statements reinforcing our commitment to safety and to grow and become the most efficient and effective utility in Ontario while distributing and delivering reliable high quality electricity and customer services.

Barrie Hydro continues to invest in our infrastructure, our people, knowledge, technology, and conservation initiatives. To this end Barrie Hydro had a capital expenditure budget of \$16.2 million. Consolidated Net Income for 2006 was \$4.9 million compared to \$6.2 million in 2005.

Barrie Hydro Holdings Inc. declared a \$3.1 million dividend in 2006 compared to \$1.97 million in 2005. In addition, a \$1.3 million interest payment on a \$20 million promissory note was paid to our shareholder, the City of Barrie, for a cumulative total of \$4.4 million in 2006.

We continued to have a strong financial outlook as demonstrated by our Dominion Bond Rating Services (DBRS) credit rating at A Stable.

A restructuring of the Boards was implemented effective July 1, 2006, in order to be compliant with the Ontario Energy Board's Affiliate Relationship Code. At that time, current director Ronald G. Stevens was re-appointed to the Board of Barrie Hydro Distribution Inc. for a new three-year term.

The Board's Governance Committee worked on a Board Evaluation Process Strategy, director re-appointment, Affiliate

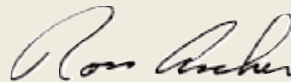
Relationship Code compliance, and a review of its Corporate Governance Guidelines.

A new era of leadership began in September 2006 with the appointment of Mr. Mark Henderson as President & CEO following the retirement of Mr. George Todd.

Health & Safety continues as the most important priority for our companies and we are pleased with our progress. However, this is an area where we emphasize continuous improvement.

In the spring of 2006 our safety record continued to be strong as demonstrated when Barrie Hydro Distribution Inc. was awarded the Electrical and Utilities Safety Association's President's Award for the successful completion of 250,000 hours without a lost-time injury. We are committed to a goal of zero injuries by protecting the health and safety of all employees, contractors and the public and we strive to eliminate all foreseeable hazards.

On behalf of the Board I would like to thank all employees for their valued contribution and dedication to Barrie Hydro. I would like to express appreciation to our Shareholder for its support and the Board of Directors for their guidance and commitment.



Ross Archer

Chair

Corporate Governance

Barrie Hydro Holdings Inc. is the sole shareholder of two subsidiary companies and the Boards of Directors for the companies are structured, effective July 1, 2006, as follows:

Barrie Hydro Holdings Inc.:	R.A. Archer, Chair; R.J. Hamilton, Director; S.B.A. Trotter, Director
Barrie Hydro Distribution Inc.:	R.A. Archer, Chair; H.L. Fisch, Vice-Chair; R.G. Stevens, Director; R.J. Hamilton, Director; S.B.A. Trotter, Director
Barrie Hydro Energy Services Inc.:	R.A. Archer, Chair; R.J. Hamilton, Director; S.B.A. Trotter, Director

New Directors were appointed to the three Boards in December 2006 replacing R.J. Hamilton and S.B.A. Trotter.

With the corporate governance restructuring July 1, 2006, the Audit and Finance, Human Resources and Compensation, and Governance committees no longer reported to Barrie Hydro Holdings Inc. They are now accountable to Barrie Hydro Distribution Inc.

Audit and Finance Committee

The Audit & Finance Committee performs a critical role in the oversight of the financial reporting process for Barrie Hydro Distribution Inc. The Committee has the responsibility to ensure that the financial reporting is of the highest quality and reflects the integrity and ethics of the company. The Committee reviews financial statements, accounting practices and policies; evaluates the results of external audits and related matters; oversees financial risk management; and assesses internal controls. The Committee met five times in 2006.

Members: R.G. Stevens, H.L. Fisch, R.A. Archer

Human Resources and Compensation Committee

The Human Resources and Compensation Committee is responsible for reviewing performance and remuneration of senior executives and reviews succession plans for the corporation with the President & CEO. The Committee met two times in 2006.

Members: R.G. Stevens, H.L. Fisch, S.B.A. Trotter

Governance Committee

The Governance Committee assists the Board in fulfilling its oversight responsibilities in relation to corporate governance practice, performance, compliance and conduct and to advise the Board in relation to composition, nominations, remuneration, succession and training of the Board. The Committee met five times in 2006.

Members: R.G. Stevens, H.L. Fisch, S.B.A. Trotter

Message from the President & CEO

Barrie Hydro Holdings Inc. owns and operates two affiliates in the electricity distribution and energy services businesses. Barrie Hydro Distribution Inc. is the electricity distribution company, holding 97% of the assets and accounting for 95% of the revenue of the organization.

A review of our strategic direction as a company was undertaken with our Board to ensure that the strategic objectives link from the Objectives and Guiding Principles in our Shareholder's Agreement. To this end, our Mission Statement was amended, and our Strategy Map was revised and weighted to clearly emphasize our two strategic themes of *Growing the Business* and *Getting Better*. The results of our efforts is an integrated and aligned set of 11 key strategic objectives; each with its own key performance indicator to help us track and measure how we are performing.

Meeting the challenges of growth across our service areas remained a key challenge in 2006. We once again made significant capital investments in our electrical distribution infrastructure to service the growth and continue providing safe and reliable power.

Barrie Hydro met all Service Quality Indicators in 2006. Our customer service representatives processed just under 80,000 telephone inquiries within the target set by the Ontario Energy Board of 65% of calls answered within 30 seconds. Our Service Reliability Indices were slightly outside of our three-year average as weather conditions contributed to increased power outages.

We are pleased to report our 2006 Customer Satisfaction Survey improved to a 90% overall satisfaction rating. This will continue to be an area where we strive to improve.

During 2006 we undertook our annual Employee Satisfaction Survey with an 84% overall employee satisfaction rating.

The province of Ontario has introduced directives to local


distribution companies to develop Conservation and Demand Management (C&DM) initiatives that will assist in establishing a province-wide culture of conservation.

As part of our Ontario Energy Board approved initiatives, approximately \$825,000 was spent in 2006 on C&DM programs. This included projects such as the replacement of City of Barrie signal lights with new energy efficient LED lights, the replacement of inefficient appliances with Energy Star efficient models in Barrie Municipal Non-profit Housing Corporation, upgrading a portion of Barrie Hydro's distribution plant to reduce losses, and a solar water heater display pilot project. As a result of our efforts and our customers' active participation we received several prestigious awards including Ontario Power Authority Certificate of Merit, Energy Star Regional Utility of the Year Award, and the Bell Canada Business Award.

During 2006 Barrie Hydro continued to focus on its health and safety program. Our efforts resulted in another successful year of no lost time injuries. Our number of loss incidents declined as well.

With the successful completion of the E&USA Bronze Award Program, we made application in 2006 for the Silver Award program. This will be used as a tool for developing a managed health and safety system for Barrie Hydro so we continue to make safety a central part of everything we do every day.

I would like to take this opportunity to thank our Shareholder, our Board of Directors, management and staff for their support and commitment to our strategic direction and for their continued focus on providing Barrie Hydro customers with safe and reliable high quality electricity and customer services.



Mark W. Henderson
President and CEO

Corporate Structure



City of Barrie - sole shareholder of Barrie Hydro Holdings Inc.



Barrie Hydro Holdings Inc. - sole shareholder of two subsidiary companies, one that distributes electricity (Barrie Hydro Distribution Inc.) and another that provides energy services (Barrie Hydro Energy Services Inc.).



Barrie Hydro Distribution Inc. - is the local electricity distribution company for the municipalities of Barrie, Bradford West Gwillimbury, New Tecumseth (Alliston, Tottenham, Beeton), Penetanguishene and Thornton. It is the eleventh largest distribution company in the province responsible for the safe and reliable delivery of electricity to approximately 67,200 residential and business customers.



Barrie Hydro Energy Services Inc. - is the energy services company engaged in the business of providing customer billing and collection services, hot water tank services and street light repair and maintenance. Barrie Hydro Energy Services Inc. holds 37.5% of the shares of the fibre-optic networks company, SCBN Telecommunications Inc.

Barrie Hydro Holdings Inc.

Our Mission

Our fundamental purpose is to deliver services through our subsidiaries at competitive rates to maximize shareholder value.

Our Vision

To actively enhance and expand our business activities, which build upon our excellence in electricity distribution, throughout Ontario.

CONSOLIDATED FINANCIAL HIGHLIGHTS

	2006	2005	2004
Consolidated Revenues (thousands \$)			
Distribution service revenue	28,537	27,781	25,423
Other revenue	5,738	5,191	3,949
Total revenue (Net of Cost of Power)	34,275	32,972	29,372
Cost of Power	110,243	119,056	97,783
Earnings (thousands \$)			
EBIT (Earnings Before Interest & Taxes)	13,823	14,597	11,951
Net income for the year	4,918	6,168	4,607
Retained earnings end of year	17,031	15,204	11,045
Dividend (thousands \$)			
Dividend	3,120	1,966	1,168
Ratios			
Return on equity	5.9%	7.7%	6.1%

Barrie Hydro Distribution Inc.

Our Mission

Our fundamental purpose is the distribution and delivery of reliable, high quality electricity and customer services, which result in a return on investment that meets the expectations of our shareholder.

Our Vision

With a strong commitment to safety, we will grow and become the most efficient and effective utility in Ontario.

Barrie Hydro is a local electricity distribution company. As the 11th largest municipally-owned distribution company in Ontario, Barrie Hydro serves 67,211 customers both residential and commercial across a 374 square kilometre service area. It receives power from the provincial electricity grid and transports it across a distribution network comprised of 40 distribution stations, 790 kilometres of underground cable, 657 kilometres of overhead lines, 8,901 transformers and 10,860 hydro poles.



Distribution Company 2006 Overview

In 2006 we continued to focus on sound financial management, workplace health and safety, operational excellence and community involvement.

Barrie Hydro Distribution Inc.'s (BHDI) net income for 2006 was \$4.486 million with a return on equity of 5.85%.

In a continuing effort to ensure system reliability, Barrie Hydro completed a significant amount of work in Alliston to convert load to 13.8 kV and install a second tie line between the two 13.8 kV Alliston substations. In Penetanguishene aging poles and conductor were rebuilt. These projects were just part of our budgeted capital construction project expenditures for 2006 of \$10 million.

2006 was the seventh year of investment in our Supervisory Control And Data Acquisition (SCADA) system. In addition to the completion of the installation in all Barrie substations, seven automated 44 kV switches were installed. This provides greater operational flexibility and improved outage response times.

We have built a very reliable substation protection system which will improve our customer service. We have standardized all of the stations and every relay can be accessed from the administration centre or remotely by laptop in the event of an emergency.

In early 2006 Barrie Hydro completed the upgrade of wholesale metering points which began in 2002 and now makes us market compliant with the Independent Electricity System Operator (IESO).

Barrie Hydro once again met the requirements of the Ontario Energy Board (plant inspection), the Electrical Safety Association (compliance audit), and other governing entities that regulate our operations.

Our service reliability indices (SAIDI, SAIFI, CAIDI) for 2006 were slightly higher than our three-year average and this can be attributed to weather related and supply issues.

A security assessment and audit of Barrie Hydro's computerized network infrastructure was performed in 2006. This analysis will assist us in securing and protecting our business.

During the year, there were considerable energy policy and regulatory developments affecting the industry. As a distributor we are responsible for delivering electricity and billing our customers. Our distribution rates are approved by the Ontario Energy Board (OEB) based on cost of service rate regulation. On May 1, 2006 Barrie Hydro implemented new distribution rates based on a full "Cost of Service" study filed with the OEB in 2005. Throughout much of 2006 we prepared a "Cost Allocation Study" which was filed with the OEB in early 2007. The OEB will review this study to ensure the distribution rates for each rate class are recovering the costs which are attributable to that class.

A significant development in the area of Conservation and Demand Management (C&DM) in 2006 was the determination that the Ontario Power Authority (OPA) will have the prime responsibility for funding C&DM activities in the province of Ontario going forward. In 2006 BHDI participated in two C&DM programs with the OPA, the "Every Kilowatt Counts Program" and an "Appliance Retirement Program". Both programs were very successful.

In addition, in late 2006 Barrie Hydro developed along with other partners, an innovative pilot project in which a residential scaled solar hot water heating system was installed on our administrative building. When the installation is fully completed in 2007, the solar system will be monitored with meters and other measuring devices so that Barrie Hydro can track its performance. This information will be displayed in our lobby so that customers can experience

Distribution Company 2006 Overview

the system live. The system will act as an educational tool to help our customers better understand the principals and benefits of domestic solar hot water heating.

We continue to make safety a central part of everything we do every day. In 2006 we made application for the Electric and Utilities Safety Association Silver Award Program which will be used as a tool for developing a managed health and safety system for Barrie Hydro.

In May 2006, we achieved 250,000 hours without a lost time injury. Management held a celebration breakfast for staff for their efforts and contributions in achieving this award.

Our focus remains on achieving zero injuries. With the participation of all staff, medical aid incidents and electrical incidents were reduced. An emphasis was placed on hazard and near miss reporting which resulted in increases in these two areas. Reporting on hazards and near misses allows for preventative measures to be established so loss incidents don't occur.

An extensive driver training program was undertaken encompassing all vehicle operators. This training consisted of in class and one-on-one driving instruction. This training was conducted in an effort to increase driving awareness, and contributed in reducing our motor vehicle incident rate from the previous year.

We again held our annual Rescue Practice Day and our Health and Safety Day. As in the past, health and safety training as well as specific industry related training was conducted.

Barrie Hydro is committed to our customers, employees, share holder and the communities that we serve. We contribute to many registered charities and organizations including the Georgian College Foundation, the United Way of Simcoe County, the YMCA, Talk Is Free Theatre, Theatre By the Bay, the Colours of Music and the Festival of Trees.

Also, Barrie Hydro and its staff have supported and participated in for many years the Juvenile Diabetes Walk for the Cure.

Distribution Company Fast Facts

2006
Regional
Utility of the
Year
Award



2006 System
Peak

313 MW

All Time
System Peak

313 MW

Our Customers
(Total Customers)
67,211

Barrie:	48,295
New Tecumseth:	8,880
Bradford West Gwillimbury:	6,168
Penetanguishene:	3,483
Thornton:	385

Total
Electricity
Purchased
in 2006
(thousands)

**1,560,391
kW.h**

New High
Voltage
(> 750 volts)
connections

332

New Low
Voltage
(< 750 volts)
connections

1,452

Customers Served per
Barrie Hydro Employees

606

City of Barrie
Chamber of
Commerce
Bell Canada
Green Award



Controllable
Expenses
per Customer

\$164

Capital
Expenditures
per Customer

\$181

**E&USA Presidents
Award**
250,000 Hours
Without a
Compensable
Injury



Total
Underground
Cable Locates

8,292

Average Annual Electricity
Consumption Billed per Customer

Residential	8,747 kW.h
General Service	136,561 kW.h

Full Time Employees
111

Barrie Hydro Energy Services Inc.

Our Mission

Our fundamental purpose is the distribution and delivery of reliable, high quality utility customer services, which results in a return on investment that meets the expectations of our shareholder.

Our Vision

To become an operationally excellent, customer focused organization that delivers effective and efficient services at competitive rates throughout Ontario.

Barrie Hydro Energy Services Inc. provides water and sewer billing services to the City of Barrie and the Town of Bradford West Gwillimbury, resulting in approximately 660,000 water and sewer bills being processed and collected in 2006. Streetlight maintenance services previously provided to the City of Barrie, Town of Bradford West Gwillimbury, and the Town of Penetanguishene are being phased out as the contracts expire.

We maintain the existing 3,302 rental water heaters in our service areas.



Barrie Hydro Energy Services Inc. owns a 37.5% interest in SCBN Telecommunications Inc., which provides fibre-optic network service with over 1,000 kilometres of fibre-optic cable placed throughout Simcoe County, the Cities of Barrie and Orillia and adjacent communities. The network links all the schools and municipalities, colleges and hospitals and many businesses in this area.

Subsequent to year-end, Barrie Hydro Energy Services Inc.'s investment in SCBN Telecommunications Inc. was sold.



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Chartered Accountants
and Advisors

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Auditors' Report

**To the Shareholder of
Barrie Hydro Holdings Inc.**

We have audited the consolidated balance sheet of Barrie Hydro Holdings Inc. as at December 31, 2006 and the consolidated statements of operations and retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the corporation'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 consolidated financial statements present fairly, in all material respects, the financial position of the corporation as at December 31, 2006 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

BDO Dunwoody LLP

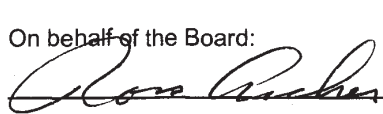
Chartered Accountants

Barrie, Ontario
March 16, 2007

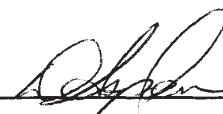
Barrie Hydro Holdings Inc. Consolidated Balance Sheet

December 31	2006	2005
Assets		
Current		
Cash (Note 1)	\$ 3,014,306	\$ 9,722,002
Accounts receivable (Note 3)	11,852,784	8,973,366
Unbilled service revenue	13,506,096	14,899,271
Inventories	1,575,759	1,240,842
Prepaid expenses	702,882	377,503
	<u>30,651,827</u>	<u>35,212,984</u>
Property, plant and equipment (Note 2)	122,823,097	115,626,555
Construction in progress (Note 2)	2,420,821	4,033,601
Long-term investments (Notes 3 and 18)	4,571,785	4,571,785
Goodwill	9,554,075	9,554,075
Deferred charges and other long-term assets (Note 4)	1,058,687	929,593
Regulatory assets (Note 5)	-	1,864,343
	<u>\$171,080,292</u>	<u>\$171,792,936</u>
Liabilities and Shareholder's Equity		
Current		
Accounts payable and accrued liabilities	\$ 15,543,923	\$ 21,408,566
Construction deposits	1,143,500	1,083,798
Payments in lieu of corporate taxes payable	971,662	931,015
Due to related parties (Note 6)	2,247,870	2,937,206
Customer deposits	1,913,168	1,788,084
Current portion of obligations under capital leases (Note 10)	54,372	51,171
	<u>21,874,495</u>	<u>28,199,840</u>
Customer deposits	2,624,808	2,413,565
Regulatory liabilities (Note 5)	1,657,769	-
Other long-term liabilities (Note 7)	244,114	268,981
Employee future benefits (Note 8)	2,571,708	2,371,626
Long-term debt (Notes 6 and 9)	45,000,000	45,000,000
Obligations under capital leases (Note 10)	64,892	119,265
Subdivision deposit rebates (net of refunds)	13,332,283	11,537,063
	<u>87,370,069</u>	<u>89,910,340</u>
Contingent liabilities (Note 13)		
Shareholder's equity		
Share capital (Note 14)	66,678,893	66,678,893
Retained earnings	17,031,330	15,203,703
	<u>83,710,223</u>	<u>81,882,596</u>
	<u>\$171,080,292</u>	<u>\$171,792,936</u>

On behalf of the Board:



Director



Director

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Barrie Hydro Holdings Inc. Consolidated Statement of Operations and Retained Earnings

For the year ended December 31	2006	2005
Service revenue		
Residential (Note 6)	\$ 17,877,570	\$ 17,169,125
Commercial	10,504,721	9,984,734
Street lighting	93,331	90,966
	<u>28,475,622</u>	<u>27,244,825</u>
Service revenue adjustments	61,613	535,834
	<u>28,537,235</u>	<u>27,780,659</u>
Cost of power revenue	<u>110,243,230</u>	<u>119,056,463</u>
	138,780,465	146,837,122
Cost of power	<u>110,243,230</u>	<u>119,056,463</u>
Distribution revenue	<u>28,537,235</u>	<u>27,780,659</u>
Other revenue		
Service fees (Note 6)	1,680,150	1,605,479
Customers' forfeited discounts and late payment charges	521,785	506,118
Interest income (Note 3)	488,098	169,189
Other revenue	1,727,835	1,634,061
Rentals	383,696	355,947
Streetlight revenue	936,196	920,070
	<u>5,737,760</u>	<u>5,190,864</u>
	<u>34,274,995</u>	<u>32,971,523</u>
Expenditures		
Administration and general (Note 6)	7,195,306	6,781,168
Amortization	8,518,401	7,319,708
Interest on long-term debt (Note 6)	2,912,508	3,112,500
Other interest	313,769	442,671
Operation maintenance	3,804,017	3,365,508
Streetlighting expenses	934,750	907,635
	<u>23,678,751</u>	<u>21,929,190</u>
	<u>10,596,244</u>	<u>11,042,333</u>
Provision for payments in lieu of corporate income taxes, capital taxes and Part 1.3 tax on large corporations (Note 16)	<u>(5,678,618)</u>	<u>(4,873,875)</u>
Net income for the year	<u>4,917,626</u>	<u>6,168,458</u>
Retained earnings beginning of year	<u>15,203,703</u>	<u>11,045,441</u>
Refundable dividend tax (Notes 16 and 17)	<u>30,001</u>	<u>(44,196)</u>
Dividends (Notes 6 and 15)	<u>(3,120,000)</u>	<u>(1,966,000)</u>
Retained earnings, end of year	<u>\$ 17,031,330</u>	<u>\$ 15,203,703</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Barrie Hydro Holdings Inc. Consolidated Statement of Cash Flows

For the year ended December 31	2006	2005
Cash flows from operating activities		
Net income for the year	\$ 4,917,626	\$ 6,168,458
Adjustments for		
Amortization of property, plant and equipment	8,518,401	7,319,708
Gain on disposal of property, plant and equipment	(14,839)	(82,872)
Amortization of deferred charges	185,768	307,371
	<u>13,606,956</u>	<u>13,712,665</u>
Changes in non-cash operating working capital		
Accounts receivable	(2,879,418)	2,393,837
Inventories	(334,917)	(111,816)
Prepaid expenses	(325,379)	(31,628)
Unbilled service revenue	1,393,175	(2,306,405)
Accounts payable and accrued liabilities	(5,864,644)	5,982,441
Construction deposits	59,703	(739,886)
Due to related parties	(509,336)	(250,154)
Other long-term liabilities	(24,867)	3,022
Payments in lieu of corporate taxes payable	40,647	(1,205,558)
	<u>(8,445,036)</u>	<u>3,733,853</u>
	<u>5,161,920</u>	<u>17,446,518</u>
Cash flows from investing activities		
Expenditures on property, plant and equipment and construction in progress	(12,306,943)	(7,590,687)
Note receivable	-	10,386
Proceeds on sale of property, plant and equipment	14,839	268,565
Increase in deferred charges	(314,862)	-
Net decrease in regulatory assets	1,864,343	1,305,246
	<u>(10,742,623)</u>	<u>(6,006,490)</u>
Cash flows from financing activities		
Customer deposits	336,327	(1,858,587)
Net increase in regulatory liabilities	1,657,769	-
Increase in employee future benefits	200,082	200,004
Dividends	(3,300,000)	(1,384,000)
Net advances from (repayment of) capital lease obligations	(51,172)	96,697
Refundable dividend tax	30,001	(44,196)
	<u>(1,126,993)</u>	<u>(2,990,082)</u>
Increase in cash during the year	<u>(6,707,696)</u>	<u>8,449,946</u>
Cash, beginning of year	<u>9,722,002</u>	<u>1,272,056</u>
Cash, end of year	<u>\$ 3,014,306</u>	<u>\$ 9,722,002</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Barrie Hydro Holdings Inc. Summary of Significant Accounting Policies

December 31, 2006

Nature of Business

The corporation was incorporated on October 19, 2000 under the laws of Ontario and is the sole shareholder of Barrie Hydro Distribution Inc. and Barrie Hydro Energy Services Inc.

Barrie Hydro Distribution Inc. is incorporated under the laws of Ontario and is licensed by the Ontario Energy Board ("OEB") as an electricity distributor. The principal activity of the corporation is to distribute electricity to the City of Barrie, and the towns of Bradford West Gwillimbury, Thornton, New Tecumseth and Penetanguishene.

The corporation is regulated by the OEB under authority of the Ontario Energy Board Act, 1998.

Barrie Hydro Energy Services Inc. is incorporated under the laws of Ontario and is engaged in the operation of electricity related products and services.

Basis of Consolidation

These financial statements have been prepared on a consolidated basis. They include the accounts of its two wholly owned subsidiaries. The assets and liabilities of the acquired companies are initially recorded at their cost. The results of operations of the acquired companies are included from the dates of acquisition. All significant intercorporate transactions and balances have been eliminated on consolidation.

The following subsidiaries' assets, liabilities and operations are included in these financial statements:

Barrie Hydro Distribution Inc.	- 100% owned
Barrie Hydro Energy Services Inc.	- 100% owned

Basis of Accounting

The financial statements of Barrie Hydro Holdings Inc. are prepared by management in accordance with Canadian generally accepted accounting principles (GAAP) and accounting policies provided by its regulator, the OEB, as contained in the Accounting Procedures Handbook for Electric Distribution Utilities ("AP Handbook"), issued under the authority of the Ontario Energy Board Act, 1998.

Due to the regulatory framework the timing of recognition of revenues and expenses and the measurement of certain assets and liabilities may differ from that otherwise expected under Canadian generally accepted accounting principles (GAAP) for non-rate regulated enterprises. Please refer to accounting policies for Spare Transformers and Meters, Post 1999 Contributed Capital, Regulatory Assets and Liabilities, and Payments in lieu of corporate income taxes and capital taxes.

Barrie Hydro Holdings Inc. Summary of Significant Accounting Policies

December 31, 2006

The financial statements reflect the significant accounting policies summarized below.

Seasonality of Operations

The corporation's operations are seasonal. Electricity consumption is typically highest in the summer and winter months, July through September and January through March.

Regulation and Rate Setting

The corporation is required to follow regulations as set by the OEB. The OEB approves and sets rates for the transmission and distribution of electricity, ensures distribution companies fulfil their obligations to connect and service customers, and has the authority to provide rate protection for certain electricity customers.

The OEB sets rates on an annual basis with rates becoming effective on May 1st through April 30th of the following year. The regulation and monitoring of Ontario's Energy Sector is completed by the OEB through application of codes, rules and guidelines, the licensing of market participants, assisting firms with the management of regulatory requirements, monitoring and enforcing compliance and adjudication.

Inventories

Inventories consist of parts, supplies and materials held for future capital expansion or maintenance and are valued at the lower of average cost and replacement cost.

Barrie Hydro Holdings Inc. Summary of Significant Accounting Policies

December 31, 2006

Property, Plant and Equipment Property, plant and equipment are recorded at cost less accumulated amortization. Costs may include material, labour, contracted services, overhead, engineering costs, and interest on funds used during construction when applicable. Also included in property, plant and equipment is the costs of property, plant and equipment constructed by developers or customers and contributed to the corporation.

Upon disposal the cost and accumulated amortization related to the asset are removed and any gains or losses on disposal are credited or charged to other income on the statement of operations.

Amortization based on the estimated useful life of the asset is calculated as follows:

Land rights	- up to 50 years	straight-line basis
Buildings	- 30 to 60 years	straight-line basis
Distribution system	- 25 to 30 years	straight-line basis
General office equipment	- 10 years	straight-line basis
Computer equipment	- 5 years	straight-line basis
Computer software	- 3 years	straight line basis
Rolling stock	- 5 to 8 years	straight-line basis
Other equipment	- 10 to 25 years	straight-line basis
Water heaters	- 8 years	straight-line basis
Sentinel lights	- 10 years	straight-line basis

Spare Transformers and Meters

Spare transformers and meters are held to back up plant in service and are expected to substitute for original distribution plant transformers and meters when these original plant assets are being repaired.

According to the criteria prescribed by the OEB in the AP Handbook the spare transformers and meters are treated as property, plant and equipment. Under Canadian GAAP for unregulated businesses the spare transformers and meters would be treated as inventory. In absence of rate regulation, inventory in 2006 would have been \$3,015,827 (2005 - \$2,733,850).

Post 1999 Contributed Capital

Post 1999 contributed capital consists of third party contributions toward the cost of constructing distribution assets collected after January 1, 2000, and are recorded with property, plant and equipment as a contra account. Contributions are amortized at rates corresponding with the useful lives of the related property, plant and equipment. Canadian GAAP provides no specific guideline on the accounting for this type of contribution.

Barrie Hydro Holdings Inc. Summary of Significant Accounting Policies

December 31, 2006

Construction in Progress	Construction in progress is comprised of the cost of assets not yet placed into service, assets under construction, and pre-construction activities related to projects expected to be completed. These amounts are not amortized. Upon completion of construction the amounts are transferred to property, plant and equipment and are amortized on a straight-line basis over the expected service life of the asset.
Long-term Investments	<p>The corporation accounts for its investments by the cost method as it has been determined that significant influence does not exist.</p> <p>Income from such investments is recognized only to the extent received or receivable.</p>
Goodwill	<p>Goodwill represents the cost of acquired local distribution companies in excess of fair value of the net identifiable assets purchased.</p> <p>Goodwill is not amortized but is tested for impairment on an annual basis, or more frequently if events or changes in circumstances indicate that the asset might be impaired.</p> <p>Goodwill impairment is assessed based on a comparison for the fair value of the reporting unit to the underlying carrying value of the reporting unit's net assets, including goodwill.</p> <p>When the carrying amount of goodwill exceeds the implied fair value of goodwill an impairment loss is recognized in an amount equal to the excess as a charge against the results of operations.</p> <p>The corporation has determined that goodwill is not impaired.</p>
Deferred Charges	<p>Deferred financing charges represent the unamortized cost to issue long-term debt including fees paid to fix the interest rate of the issue. Amortization is provided on a straight-line basis, over the period to maturity of the related debt.</p> <p>Deferred separation charges represent unamortized cost to purchase assets from Ontario Hydro Corporation in 1992. Amortization is provided on a straight-line basis, over the remaining useful life of the related assets of 16 years.</p>
Other Long-Term Assets	Other long-term assets consist of amounts paid to Hydro One under capital cost recovery agreements. These costs are amortized over the life of the agreements, being 25 years, which represents the guaranteed revenue stream for Hydro One.

Barrie Hydro Holdings Inc. Summary of Significant Accounting Policies

December 31, 2006

Regulatory Assets and Liabilities

The corporation has adopted the CICA's Accounting Guideline 19 "Disclosures by Entities Subject to Rate Regulation". Based on OEB regulations, certain costs and variance account balances are recorded regulatory assets or regulatory liabilities and are reflected in the balance sheet until the OEB determines the manner and timing of their disposition.

Regulatory assets represent future revenues associated with certain costs, incurred in current or prior period(s), that are expected to be recovered through the rate setting process. Regulatory assets and liabilities can arise from differences in amounts billed to customers (based on regulated rates) and the corresponding cost of non-competitive electricity service incurred by the corporation in the wholesale market administered by the Independent Electricity System Operator "IESO" after May 1, 2002. These amounts have been accumulated pursuant to regulation underlying the Electricity Act and deferred in anticipation of their future recovery in electricity distribution service charges.

Customer Deposits

Customer deposits represent amounts collected from customers to guarantee the payment of energy bills. The customer deposits liability includes interest credited to customers' deposit accounts, with interest expense recorded to offset this amount. Deposits expected to be refunded to customers within one year are classified as a current liability.

Customer deposits also include prudential deposits from retailers.

Construction Deposits

Construction deposits represent maintenance deposits and deposits for recoverable work.

Pension Plan

The corporation offers a pension plan for its full-time employees through the Ontario Municipal Employee Retirement System ("OMERS"). OMERS is a multi-employer, contributory, public sector pension fund established for employees of municipalities, local boards and school boards in Ontario. Participating employers and employees are required to make plan contributions based on participating employees' contributory earnings. The corporation accounts for its participation in OMERS as a defined contribution plan and recognizes the expense related to this plan as contributions are made.

Barrie Hydro Holdings Inc. Summary of Significant Accounting Policies

December 31, 2006

Post-employment Benefits

Employee future benefits other than pension provided by the corporation include medical and insurance benefits. These benefit plans provide benefits to certain employees when they are no longer providing active service.

Standards issued by The Canadian Institute of Chartered Accountants with respect to accounting for employee future benefits require the corporation to accrue for its obligations under other employee benefit plans and related costs.

The cost of post-employment benefits offered to employees are actuarially determined using the projected benefit method, prorated on service and based on assumptions that reflect management's best estimate. Under this method, the projected post-retirement benefit is deemed to be earned on pro-rata basis over the years of service in the attribution period commencing at date of hire, and ending at the earliest age the employee could retire and qualify for benefits.

The current service cost for the period is equal to the actuarial present value of benefits attributed to employees' services rendered in the period.

Past service costs from plan amendments are amortized on a straight-line basis over the average remaining service period of the employees active at the date of the amendment.

The excess of the net actuarial gains (losses) over 10% of the accrued benefit obligation are amortized into expense on a straight-line basis over the average remaining service period of active employees to full eligibility.

Subdivision Deposits

Subdivision deposits represent deposits received from developers based on the expected cost of capital for the new development. Once a year, the developer can request that an economic evaluation be performed based on the number of services connected during the year. A software developed by the EDA is used to determine the Economic Evaluation (Guidelines were created by OEB). The economic evaluation is a calculation of the net present value (NPV) of the expected revenue net of expected maintenance costs for the next 25 years. If the NPV calculation results in an amount less than the total cost to put the capital in place to service the subdivision the developer only receives a portion of their deposit back.

There is a 5 year window for the developer to collect any refunds available to them. If the money is not refunded to the developer it will be recorded as post 1999 contributed capital and taken out of the subdivision rebate account.

Barrie Hydro Holdings Inc. Summary of Significant Accounting Policies

December 31, 2006

Subdivision Deposits continued The OEB has stated that effective January 1, 2007 an economic evaluation is to be done at the beginning of the process and funds received will be based on developers anticipated share of the cost based on the NPV calculation.

Revenue Recognition

Revenue from the sale and distribution of electricity is recognized on the accrual basis. The revenue includes cycles billed during the year plus an estimate for unbilled revenue. The unbilled revenue is calculated by estimating the consumption of electricity by customers since their last meter reading date to December 31, 2006. Actual results could differ from estimates made of electricity usage.

Other revenues, which include revenues from pole attachment, customer demand work, and other miscellaneous revenues are recognized at the time the service is provided.

Revenue from service fees consists of amounts billed to the Corporation of the City of Barrie and the Town of Bradford West Gwillimbury for water and sewer billings. This revenue is recognized on a monthly basis as services are provided.

Revenue from rentals represents water heater rentals which are recognized on a monthly basis as amounts become due.

Streetlight maintenance and capital revenue is recognized at the time projects are complete.

Investment income consists of interest earned on the note receivable and is recognized on a monthly basis as interest accrues.

Payment in Lieu of Income Taxes

The corporation is a municipal electricity utility ("MEU") for purposes of the PIL's regime contained in the Electricity Act, 1998. As a MEU the corporation is exempt from tax under the Income Tax Act (Canada) and the Corporations Tax Act (Ontario).

Each taxation year, the corporation is required to make payments in lieu of corporate income taxes and capital taxes to Ontario Electricity Financial Corporation ("OEFC"). These payments are calculated based on the rules for computing taxable income and taxable capital outlined in Income Tax Act (Canada) and the Corporations Tax Act (Ontario) with taking into account any modifications made by the Electricity Act, 1998, and related regulations.

The corporation provides for payments in lieu of corporate income taxes and capital taxes related to its regulated business using the taxes payable method as permitted by the CICA and the OEB.

Barrie Hydro Holdings Inc. Summary of Significant Accounting Policies

December 31, 2006

**Payment in Lieu of Income
Taxes - continued**

Under this method, no provisions are made for future income taxes as a result of temporary differences between the tax bases of assets and liabilities and their carrying amounts for accounting purposes. When unrecorded future income taxes become payable or receivable, it is expected that they will be reflected in the rates approved by the OEB at that point in time.

**Use of Estimates and
Measurement of Uncertainty**

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes as well as the disclosure of contingent assets and liabilities at the financial statement date.

Accounts receivable, unbilled revenue and regulatory assets, regulatory liabilities and employee future benefits are reported based on amounts expected to be recovered or incurred which reflect an appropriate allowance for unrecoverable amounts.

Due to uncertainty involved in making such estimates, actual results could differ from those estimates, including changes as a result of future decisions made by the OEB, the Minister of Energy or the Minister of Finance.

The financial statements have, in management's opinion, been properly prepared using careful judgment within reasonable limits of materiality and within the framework of the accounting policies.

Financial Instruments

The corporation carries various forms of financial instruments. Unless otherwise noted, it is management's opinion that the corporation is not exposed to significant interest, currency or credit risks arising from these financial instruments.

The fair values of these financial instruments approximate their carrying values unless otherwise noted.

Barrie Hydro Holdings Inc. Notes to Consolidated Financial Statements

For the year ended December 31, 2006

1. Cash

The corporation's bank accounts are held at one chartered bank. The corporation received interest on the bank accounts at prime less 2% until April of 2006 at which time the rate was changed to prime less 1.75%.

2. Property, Plant and Equipment and Construction in Progress

	2006		2005	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 1,856,641	\$ -	\$ 1,856,641	\$ -
Land rights	75,274	57,926	75,274	56,589
Buildings	17,303,742	4,080,073	16,671,546	3,729,083
Distribution system	192,050,087	73,846,958	175,738,481	66,857,593
Spare meters and transformers	1,493,009	-	1,440,068	-
General office equipment	1,276,900	1,037,239	1,275,362	995,335
Computer equipment	5,189,734	3,468,322	4,916,036	2,906,307
Computer software	2,986,562	1,827,031	2,373,102	1,153,874
Rolling stock	3,878,133	2,716,647	3,372,870	2,438,569
Water heaters	2,252,625	1,732,368	2,107,565	1,646,809
Sentinel lights	7,015	6,295	7,015	6,077
Other equipment	5,270,612	2,360,772	4,767,176	2,153,004
Post 1999 contributed capital	(22,319,787)	(2,636,181)	(18,909,541)	(1,878,200)
	\$211,320,547	\$ 88,497,450	\$195,691,595	\$ 80,065,040
Net Book Value		\$122,823,097		\$115,626,555

During the year the corporation acquired \$12,306,943 (2005 - \$7,590,687) of property, plant and equipment using cash.

	2006	2005
Construction in progress	\$ 2,420,821	\$ 4,033,601

Barrie Hydro Holdings Inc. Notes to Consolidated Financial Statements

For the year ended December 31, 2006

3. Long-term Investments

	2006	2005
Promissory notes receivable from SCBN Telecommunications Inc., bearing interest at bank prime plus 1%, due October 19, 2008	\$ 3,150,000	\$ 3,150,000
Common shares representing a 37.5% interest in SCBN Telecommunications Inc.	1,350,000	1,350,000
3.5784% interest in ENERconnect Limited Partnership	71,785	71,785
	<u>\$ 4,571,785</u>	<u>\$ 4,571,785</u>

The fair values of the investment in ENERconnect Limited Partnership and SCBN Telecommunications Inc. are not readily determinable as they are not publicly traded investments.

Interest income	<u>\$ 246,173</u>	<u>\$ 165,000</u>
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Interest receivable included in accounts receivable	<u>\$ 110,250</u>	<u>\$ 248,920</u>
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The investment in SCBN Telecommunications Inc. was sold subsequent to year end, please refer to Note 18.

4. Deferred Charges and Other Long-term Assets

	2006	2005
Separation charges	\$ 12,444	24,888
Financing costs	307,760	453,680
Deferred asset - Hydro One	738,483	451,025
	<u>\$ 1,058,687</u>	<u>\$ 929,593</u>

During the year the corporation entered into an agreement with Hydro One for the right to use meters. The total cost per the agreement was \$314,862. The asset is being amortized over the term of the agreement of 25 years.

Amortization of the separation charges in the amount of \$12,444 (2005 - \$12,444), financing fees in the amount of \$145,920 (2005 - \$275,920), and deferred assets - Hydro One in the amount of \$27,404 (2005 - \$19,007) are included in the Statement of Operations and Retained Earnings.

Barrie Hydro Holdings Inc. Notes to Consolidated Financial Statements

For the year ended December 31, 2006

5. Regulatory Assets and Liabilities

Regulatory assets and liabilities arise as a result of the rate-making process and consist of the following:

	2006	2005
Retail settlement variance accounts	\$ (1,529,885)	\$ 5,467,559
Smart meters deferred revenue	(110,240)	-
Recovery of regulatory assets	(741,050)	(4,327,223)
Carrying charges calculated at 7%	723,406	724,007
Net Regulatory Assets (Regulatory Liabilities)	\$ (1,657,769)	\$ 1,864,343

Regulatory balances are comprised as follows:

(i) Settlement Variances:

Settlement variances represent the differences between amounts charged by the corporation to its' customers based on regulated rates and the corresponding cost incurred by the corporation in the wholesale market administered by the IESO. Under the OEB's direction, the corporation has deferred the settlement variances that have occurred since May 1, 2002. Accordingly, the corporation has deferred these recoveries in accordance with the AP Handbook.

The OEB allows the variances to be deferred which would normally be recorded as revenue for unregulated businesses under Canadian GAAP. In absence of rate regulation, revenues in 2006 would have been \$3,522,112 higher (2005 - \$1,305,245 higher). The deferred balance for unapproved settlement variances continues to be calculated and carrying charges are accumulated in accordance with the OEB's direction. The manner and timing of disposition of the variance has not been determined by the OEB.

(ii) Carrying Charges

Carrying charges are calculated monthly on the opening balance of the applicable variance account using a specific interest rate as outlined by the OEB. In the absence of rate regulation, other revenues would have been higher by \$601 (2005 - \$98,357 lower).

(iii) Recovery of Regulatory Assets

In a letter dated December 19, 2003, the Minister of Energy granted approval for distributors to make application to the OEB with regard to rate recovery of certain distribution regulatory assets whose inclusion in rates was delayed by the Electricity Pricing, Conservation and Supply Act, 2002 (Electric Pricing, Conservation and Supply Act). As a result of the corporation's distribution rate application dated January 22, 2004, the distribution regulatory assets that accumulated up to December 31, 2002 are expected to be recovered over a four-year period, effective March 1, 2004 with an implementation date for consumption of April 1, 2004.

The rate application for 2006, approved by the OEB, included the recovery of regulatory assets accumulated to December 31, 2004 plus projected interest on these balances up to April 30, 2006. This second phase of recovery is for a two year period with rates effective May 1, 2006.

Barrie Hydro Holdings Inc. Notes to Consolidated Financial Statements

For the year ended December 31, 2006

5. Regulatory Assets and Liabilities continued

(iv) Additional Information

Included in regulatory assets is \$265,526 to reflect amounts owing to Hydro One with respect to low voltage charges relating to the time period beginning May 1, 2002 ending December 31, 2003. Also included in regulatory assets is \$123,248 representing an estimate of the low voltage charges for the period beginning January 1, 2004 ending April 30, 2006. These amounts was included in the rate submission for 2006 and is being recovered over a two year period through rates effective May 1, 2006.

Under the OEB's direction all regulatory asset balances as at December 31, 2004 plus accrued interest up to April 30, 2006 were applied against the regulatory asset recovery account. The result of this was a decrease in the settlement variances accounts of \$4,919,561 and a decrease in the carrying charges of \$1,139,033.

(v) Fair Value of Regulatory Assets and Regulatory Liabilities

For certain regulatory items identified above, the expected recovery or settlement period, or likelihood of recovery or settlement, is affected by risks and uncertainties related to the ultimate authority of the regulator in determining the asset's treatment for rate setting purposes.

Management continually assesses the likelihood of recovery of regulatory assets. If recovery through future rates is no longer considered probable, the amounts would be charged to the results of operations in the period that the assessment is made.

6. Related Party Transactions

At the end of the year, the amount due to the shareholder is as follows:

	<u>2006</u>	<u>2005</u>
The Corporation of the City of Barrie	<u>\$ 2,247,870</u>	<u>\$ 2,937,206</u>

Included in the amount due to the Corporation of the City of Barrie is a dividend payable of \$1,570,000 (2005 - \$1,750,000) (see Note 15).

These balances are interest-free, payable on demand and have arisen from the sales of product and provision of services referred to below.

The corporation is also indebted to the Corporation of the City of Barrie for a \$20,000,000 promissory note (see Note 9).

Barrie Hydro Holdings Inc. Notes to Consolidated Financial Statements

For the year ended December 31, 2006

6. Related Party Transactions

The following are the corporation's related party transactions for the year:

During the period, the corporation billed electricity and services to the shareholder in the amount of \$1,508,471 (2005 - \$1,459,009).

During the period, the corporation billed miscellaneous revenues to the shareholder in the amount of \$1,160,946 (2005 - \$1,113,858).

The corporation charged The Corporation of the City of Barrie \$1,680,150 (2005 - \$1,605,479) for water and sewer billing.

During the period, the corporation paid municipal taxes to its shareholder in the amount of \$303,753 (2005 - \$295,784). Municipal taxes are included in administration and general on the Statement of Operations and Retained Earnings.

During the year, the corporation was charged interest expense of \$1,300,008 (2005 - \$1,612,500) by the Corporation of the City of Barrie.

These transactions are in the normal course of operations and are measured at fair value.

7. Other Long-term Liabilities

	2006	2005
Developer deposits	\$ 111,207	\$ 141,207
Collateral funds	132,907	127,774
	<u>\$ 244,114</u>	<u>\$ 268,981</u>

Collateral funds represent amounts collected in lieu of development charges. Use of these funds is limited to specific terms set out in an agreement. The above balance includes accrued interest calculated annually at a rate equal to the bank rate obtained by the Corporation for its deposits.

Barrie Hydro Holdings Inc. Notes to Consolidated Financial Statements

For the year ended December 31, 2006

8. Employee Future Benefits

Barrie Hydro Distribution Inc. pays certain medical and insurance benefits under an unfunded defined benefit plan on behalf of its retired employees. The corporation recognizes these post-retirement costs in the period in which the employees render the services.

An actuarial report was dated February 17, 2005. The accrued benefit obligation and current service cost were determined using the projected method, pro-rated on service. The actuarial valuation was performed on the post-retirement obligations sponsored by Barrie Hydro Distribution Inc. as at January 31, 2004. The next actuarial valuation will be performed in 2007.

Information about Barrie Hydro Distribution Inc.'s defined benefit plan is as follows:

	2006	2005
Accrued benefit obligation, opening balance	\$ 2,371,626	\$ 2,171,622
Current service cost	72,701	68,910
Interest cost	127,382	121,096
Actuarial losses	81,447	87,568
Benefits paid	(81,448)	(77,570)
Projected accrued benefit obligation at December 31, 2006 using a 5.5% discount rate	<u>\$ 2,571,708</u>	<u>\$ 2,371,626</u>
Unfunded accrued benefit obligation	<u>\$ 2,571,708</u>	<u>\$ 2,371,626</u>
Additional Disclosures:		
Unamortized actuarial gain (loss)	<u>\$ -</u>	<u>\$ -</u>

Sensitivity Analysis

Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plans.

The effect of a one-percentage point increase in assumed health care cost trend rates on 2006:

Accrued benefit obligation, end of period	<u>\$ 2,717,708</u>	<u>\$ 2,517,626</u>
Increase in net period benefit cost	<u>\$ 146,000</u>	<u>\$ 146,000</u>

The effect of a one-percentage point decrease in assumed health care cost trend rates on 2006:

Accrued benefit obligation, end of period	<u>\$ 2,447,708</u>	<u>\$ 2,247,626</u>
Decrease in net period benefit cost	<u>\$ 124,000</u>	<u>\$ 124,000</u>

Barrie Hydro Holdings Inc. Notes to Consolidated Financial Statements

For the year ended December 31, 2006

8. Employee Future Benefits continued

The main actuarial assumptions employed for the valuations are as follows:

(a) General inflation:

Future general inflation levels, as measured by changes in the Consumer Price Index ("CPI"), were assumed at 2.2% in 2006 (2005 - 2.2%)

(b) Interest (discount) rate:

The obligation as at December 31, 2006, representing the present value of future liabilities was determined using a discount rate of 5.5% (2005 - 5.5%). This corresponds to the assumed CPI rate plus an assumed real rate of return of 3.3% (2005 - 3.3%).

(c) Salary levels:

Future general salary and wage levels were assumed to increase at 3.5% (2005 - 3.5%) per annum.

(d) Medical costs:

Medical costs were assumed to increase at the CPI rate plus a further increase of 6.8% (2005 - 7.8%). This rate will be graded down by 1% per year to 2.8% in 2009 and thereafter.

(e) Dental costs:

Dental costs were assumed to increase at the CPI rate plus a further increase of 2.8% (2005 - 2.8%).

9. Long-term Debt

	2006	2005
6.45% EDFIN bond, with interest only payable in arrears semi-annually on August 15 and February 15, maturing August 15, 2012	\$ 25,000,000	\$ 25,000,000
6.5% unsecured promissory note, payable to the Corporation of the City of Barrie with interest only payable December 31 maturing December 31, 2007	20,000,000	20,000,000
	<u>\$ 45,000,000</u>	<u>\$ 45,000,000</u>

Barrie Hydro Holdings Inc. Notes to Consolidated Financial Statements

For the year ended December 31, 2006

9. Long-term Debt continued

(a) EDFIN bond:

In August of 2002 the corporation refinanced part of the existing debt with a 10-year bond issue for \$25,000,000. The corporation was one of five local distribution companies ("LDCs") that participated in the Electricity Distributors Finance Corporation ("EDFIN") 10-year Bond issue (Series 2002-1) that was offered on a private placement. EDFIN is a special purpose corporation managed by MEARIE Management Inc., for the purpose of providing LDCs with efficient access to the debt capital markets. Each LDC has executed a debenture which is a direct and unsecured obligation of the LDC. The LDCs' obligations will be several and not joint, and each LDC will be liable for its own obligation and not that of any other LDC. Due to a change in structure of the participating corporations, there are now three LDCs with EDFIN bonds.

(b) Promissory note:

The \$20,000,000 was renewed for a two-year term with the additional term commencing on January 1, 2006 with an interest rate of 6.5% per annum. The promissory note has not been reclassified to current liabilities as it is expected that it will be renewed or re-financed through another long-term debt facility.

10. Obligations Under Capital Lease

	2006	2005
Capital lease, \$3,648 payable monthly, bearing interest at 4.75%, maturing September 2008, secured by computer equipment, plus a \$21,903 buyout at the end of the term	\$ 119,264	\$ 133,264
Capital lease, \$1,249 payable monthly, bearing interest at 7.45%, maturing September 2008, secured by computer equipment	-	37,172
	119,264	170,436
Less amount due within one year included in current liabilities	54,372	51,171
	<u>\$ 64,892</u>	<u>\$ 119,265</u>

The future minimum lease payments are as follows:

2007	\$ 58,764
2008	65,975
	124,739
less: Imputed interest	(5,475)
	<u>\$ 119,264</u>

Barrie Hydro Holdings Inc. Notes to Consolidated Financial Statements

For the year ended December 31, 2006

11. Pension Agreements

The corporation makes contributions to the OMERS, which is a multi-employer plan, on behalf of members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. The plan is financed by equal contributions from participating employers and employees, and by the investment earnings of the fund.

The contribution rates for 2006 were 6.5% for employees earning up to \$43,700 and 9.6% thereafter. The amount contributed to OMERS for 2006 was \$487,969 (2005 - \$435,695).

12. Liability Insurance

The corporation belongs to the Municipal Electrical Reciprocal Insurance Exchange ("MEARIE"). MEARIE is a self-insurance plan that pools the risks of all of its members. Any losses experienced by MEARIE are shared amongst its members. As at December 31, 2006, the corporation has not been made aware of any assessments for losses.

13. Contingent Liabilities

i) Griffith et al. v. Toronto Hydro-Electric Commission et al.

This action has been brought under the Class Proceedings Act, 1992. The plaintiff class seeks \$500 million in restitution for amounts paid to Toronto Hydro and to other Ontario municipal electric utilities ("LDCs") who received late payment penalties which constitute interest at an effective rate in excess of 60% per year, contrary to section 347 of the Criminal Code. Pleadings have closed in this action. The action has not yet been certified as a class action and no discoveries have been held, as the parties were awaiting the outcome of a similar proceedings brought against Enbridge Gas Distribution Inc. (formerly Consumers Gas).

On April 22, 2004, the Supreme Court of Canada released a decision in the Consumers Gas case rejecting all of the defences which had been raised by Enbridge, although the Court did not permit the Plaintiff class to recover damages for any period prior to the issuance of the Statement of Claim in 1994 challenging the validity of late payment penalties. The Supreme Court remitted the matter back to the Ontario Superior Court of Justice for determination of the damages. At the end of 2006, a mediation process resulted in the settlement of the damages payable by Enbridge.

After the release by the Supreme Court of Canada of its 2004 decision in the Consumers Gas case, the plaintiffs in the LDC late payment penalties class action indicated their intention to proceed with their litigation against the LDCs. To date, no formal steps have been taken to move the action forward. The electric utilities intend to respond to the action if and when it proceeds on the basis that the LDCs' situation may be distinguishable from that of Consumers Gas.

The corporation collected total late payment penalties of approximately \$4,569,000 from April 30, 1994 to May 1, 2001. No determination of the portion of these payments which may have constituted interest at an impermissible rate has been made, and as such, no accrual for any potential liability has been recorded in the financial statements.

Barrie Hydro Holdings Inc. Notes to Consolidated Financial Statements

For the year ended December 31, 2006

13. Contingent Liabilities continued

- (ii) The corporation has other claims outstanding which in managements' opinion will be covered by insurance.
 - iii) The corporation has posted a letter of credit for \$100,000 maturing on October 31, 2007.
-

14. Share Capital

The corporation is authorized to issue an unlimited number of common shares and an unlimited number of preferred shares.

The issued share capital is as follows:

	<u>2006</u>	<u>2005</u>
1,000 Common shares	<u>\$ 66,678,893</u>	<u>\$ 66,678,893</u>

15. Dividends

During 2004 a dividend policy was adopted by the Board of Directors of Barrie Hydro Holdings Inc. stating that the amount of dividends payable by the corporation to the Corporation of the City of Barrie is equal to 30% of the corporation's audited net income after extraordinary items for the year.

Dividends totalling \$3,300,000 were paid during the 2006 fiscal year, which included management's best estimate of \$1,750,000, declared in 2005 plus \$101,900 for the difference between the estimated 2005 dividend and the actual dividend based on the above mentioned policy. A one-time additional dividend of \$1,248,100 was approved by the Board and paid during the year. This extra dividend was issued to increase the dividend payment with respect to 2005 to 50% of net income. Furthermore, the Board approved and paid a dividend of \$200,000.

An additional \$1,570,000 has been declared under the policy calculated using management's best estimate and has been accrued in these financial statements (see Note 6). The dividend is to be paid prior to June 30, 2007. Any difference between the dividend estimated and the dividend calculated using the December 31, 2006 audited net income after extraordinary items will be paid in 2007.

The dividends reported on the statement of operations include the following dividends declared and described above \$101,900, \$1,248,100, \$200,000 and the \$1,570,000 for a total of \$3,120,000.

Barrie Hydro Holdings Inc. Notes to Consolidated Financial Statements

For the year ended December 31, 2006

16. Payments in Lieu of Corporate Income Taxes, Capital Taxes, Large Corporation Tax and Future Income Taxes

(a) Payments in lieu of corporate income taxes ("PILs"), large corporation tax and capital taxes

The corporation's provision for PILs is calculated as follows:

	<u>2006</u>	<u>2005</u>
Income before provision for PILs	\$ 10,596,244	\$ 11,042,333
Finance costs and employee benefits	154,642	283,934
Regulatory assets added back for tax purposes	3,522,112	1,269,246
Capital tax included in tax provision	(377,268)	(397,822)
Capital cost allowance (greater) less than amortization expense	233,885	(9,665)
Other items	38,788	25,449
	<u>14,168,403</u>	<u>12,213,475</u>
Statutory Canadian federal and provincial tax rate	36.12%	36.12%
Provision for PILs	5,117,627	4,411,389
Part I.3 tax on large corporations	-	12,732
Capital tax	377,268	397,822
Other	219,789	96,128
Refundable taxes	(36,066)	(44,196)
Total provision	<u>\$ 5,678,618</u>	<u>\$ 4,873,875</u>

(b) Future Taxes

Future income taxes have not been recorded in the accounts as they are expected to be reflected through future distribution revenues.

Significant components of the corporation's future taxes are as follows:

	<u>2006</u>	<u>2005</u>
Employee future benefits	\$ 929,000	\$ 857,000
Regulatory assets	599,000	(673,000)
Property, plant and equipment	8,836,000	9,219,050
Net future income tax asset	<u>\$ 10,364,000</u>	<u>\$ 9,403,050</u>

A future income tax (recovery) expense of \$(960,950) (2005 - \$502,500) has not been reflected in the provision.

Barrie Hydro Holdings Inc. Notes to Consolidated Financial Statements

For the year ended December 31, 2006

17. Refundable Taxes on Investment Income

Retained earnings have been charged with refundable taxes on investment income which may be recovered upon the payment of sufficient taxable dividends in the ratio of \$1 recoverable for each \$3 of dividend paid. Accumulated refundable taxes at December 31, 2006 amount to \$208,361 (2005 - \$172,295).

The increase in refundable taxes of \$36,066 has been charged against retained earnings. In addition the current years dividend refund of \$66,067 has been credited to retained earnings. The net impact of these amounts is an increase in retained earnings of \$30,001.

18. Subsequent Event

Subsequent to year end, on March 30, 2007, the corporation's investment in SCBN Telecommunications Inc. was sold for \$1,152,937 plus amounts held in escrow. The investment was recorded in the financial statements at a cost of \$1,350,000. The difference between the investment and the total monies received to date is \$197,062. The investment has not been written down as management believes that the amounts they will receive from escrow will exceed this difference.

Two separate amounts are being held in escrow relating to this transaction. The first \$500,000 held in escrow is being held to cover any representations and warranties and amounts payable in relation to the Ontario Labour Relations Board proceedings. Any amount remaining will be split amongst the former shareholders of SCBN Telecommunications Inc. on a pro-rata basis based on amounts invested. Management does not believe any monies will be received in relation to this amount held in escrow. A further \$500,000 has been held of which \$300,000 represents Barrie Hydro Energy Services Inc.'s share. This money is being held to cover payouts related to the Ontario Labour Relations Board proceedings. The amount recoverable cannot be estimated at this time and therefore has not been reflected in the financial statements.

Upon sale of the investment the corporation received full repayment of the promissory notes and interest receivable recorded in these financial statements.

Barrie Hydro Holdings Inc. Notes to Consolidated Financial Statements

For the year ended December 31, 2006

19. Risk Management for Fair Value of Financial Assets and Liabilities

The fair value of the financial instruments included in the financial statements, other than the long-term investment, long-term debt and related party balances, approximate their carrying amount because of the short maturity of these instruments.

The fair value of the long-term investments is not readily determinable as they are not publicly traded investments.

The carrying value of the debenture payable, included in long-term debt, in the amount of \$25,000,000 approximated its fair value as at December 31, 2006 based on quoted market prices.

The fair values of the corporation's related party note payable to the Corporation of the City of Barrie and other amounts due to/from related parties are not determinable due to their related party nature and terms.

Financial assets held by the corporation expose it to credit risk. As at December 31, 2006 there were no significant concentrations of credit risk with respect to any class of financial assets.

20. Statement of Cash Flows

	2006	2005
Interest paid	<u>\$ 3,226,277</u>	<u>\$ 3,555,171</u>
Interest received	<u>\$ 592,200</u>	<u>\$ 117,437</u>
Payment in lieu of corporate income taxes, Part 1.3 and capital taxes paid (net of taxes received)	<u>\$ 5,604,423</u>	<u>\$ 5,708,866</u>

21. Comparative Amounts

Certain comparative figures presented in the financial statements for 2005 have been restated to conform to the current year's presentation adopted for 2006.

Corporate Officers

Mark Henderson
President and CEO

Barb Gray
Vice-President, Finance & Administration & Treasurer, & Corporate Secretary

Doug Switzer
Vice-President, Engineering

Shelly Cunningham
Vice-President, Operations



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BARRIE HYDRO DISTRIBUTION INC.

2 – Rate Base

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BARRIE HYDRO DISTRIBUTION INC.

RATE BASE OVERVIEW

A projection of the Applicant's rate base is provided for both the Bridge year (2007) and the Test year (2008). Historical data pertaining to rate base is also presented for Board approved 2006 EDR (2004) and 2006 Actual.

Barrie Hydro's forecasted rate base for the test year is \$149,626,979. The rate base underlying the test year revenue requirement includes a forecast of net fixed assets, plus a working capital allowance. Net fixed assets are gross assets in service minus accumulated depreciation and contributed capital. Details for the utility's working capital allowance is provided at Exhibit 2, Tab 4, Schedule 1 and follows the current Board methodology of 15% of predetermined account balances.

Gross Asset – Property, Plant and Equipment and Accumulated Depreciation

The bridge and test year's gross asset balance reflects the capital expenditure programs forecast for both years. These programs are described in detail in the written evidence at Exhibits 2, Tab 3, and Schedule 1. The justification for capital projects in excess of 1% of the net fixed assets are filed at Exhibit 2, Tab 3, Schedule 2. Please note that Account 1815 represents contributions made to Hydro One for transformer station upgrades. These amounts were approved to be shown in this Account in the 2006 EDR process.

Capital Budget

The bridge year (2007) and test year (2008) capital budget is included in Appendix 2-1.

Allowance for Working Capital

As noted previously the allowance for working capital follows the board's current methodology of 15% of predetermined account balances, this calculation is detailed in Exhibit 2, Tab 4, Schedule 1.

BARRIE HYDRO DISTRIBUTION INC.

RATE BASE SUMMARY TABLE

	2006 Board Approved	2006 Actual	Variance form 2006 Board Approved	2006 Actual	2007 Bridge	Variance form 2006 Actual	2007 Bridge	2008 Test	Variance form 2007 Bridge
	(\$'s)	(\$'s)	(\$'s)	(\$'s)	(\$'s)	(\$'s)	(\$'s)	(\$'s)	(\$'s)
<u>Gross Asset</u>									
Asset Values at Cost	168079366	202460515	34381149	202460515	217936337	15475822	217936337	232600914	14664577
<u>Accumulated Depreciation</u>	-68624019	-83832452	-	-83832452	-92716252	-8883800	-92716252	-	-9496614
Depreciation			15208433					102212866	
Net Fixed Asset	99455347	118628063	19172716	118628063	125220085	6592022	125220085	130388048	5167963
<u>Allowance for Working Capital</u>	15904301	17842170	1937869	17842170	18757466	915295	18757465	19238931	481466
<hr/>									
Utility Rate Base	115359647	136470233	21110585	136470233	143977551	7507318	143977551	149626979	5649428

Please note that the amounts presented for gross asset and accumulated depreciation are averages of beginning and ending year balances

BARRIE HYDRO DISTRIBUTION INC.

VARIANCE ANALYSIS ON RATE BASE SUMMARY TABLE

A summary of utility rate base is presented in Exhibit 2, Tab 1, Schedule 2.

2008 Test Year

As shown in Exhibit 2, Tab 1, Schedule 2, the total rate base in the 2008 test year is forecast to be \$149,626,979. Net fixed assets accounts for \$130,388,048 of this total. The allowance for working capital totals \$19,238,931.

Comparison to 2007 Bridge Year

The total rate base is expected to be \$5,649,428 or 3.9% higher in the 2008 test year than in the 2007 bridge year. This increase is shown in Exhibit 2, Tab 1, Schedule 2. This increase is the result of increased capital spending, OM&A, and power supply expenses.

2007 Bridge Year

As shown in Exhibit 2, Tab 1, Schedule 2, the total rate base in the 2007 test year is forecast to be \$143,977,551. Net fixed assets accounts for \$125,220,085 of this total. The allowance for working capital totals \$18,757,465.

Comparison to 2006 Actual

The total rate base is \$7,507,318 or 5.5% higher in the 2007 bridge year than in the 2006 actual year. This increase is the result of increased capital spending, OM&A, and power supply expenses.

2006 Actual

As shown in Exhibit 2, Tab 1, Schedule 2, the total rate base in the 2006 actual year was \$136,470,233. Net fixed assets accounts for \$118,628,063 of this total. The allowance for working capital totals \$17,842,170.

Comparison to 2006 Board Approved

The total rate base was \$21,110,585 or 18.3% higher in the 2006 actual year than in the 2006 Board approved year. This increase is the result of increased capital spending, OM&A, and power supply expenses. Please note that this comparison looks at a 2 year span (2004 – 2006). As well a large reduction in CWIP occurred in this time period. CWIP balance was reduced from \$11 million in the 2006 board approved to \$2 million in the 2006 actual.

BARRIE HYDRO DISTRIBUTION INC.

2006 Board Approved

As shown in Exhibit 2, Tab 1, Schedule 2, the total rate base in the 2006 Board approved year was \$115,359,647. Net fixed assets accounts for \$99,455,347 of this total. The allowance for working capital totals \$15,904,301.

BARRIE HYDRO DISTRIBUTION INC.

CONTINUITY STATMENTS

	<u>2006 Actual</u>			<u>2007 Bridge</u>			<u>2008 Test</u>		
	Gross Asset Value	Accumulated Depreciation	Net Book Value	Gross Asset Value	Accumulated Depreciation	Net Book Value	Gross Asset Value	Accumulated Depreciation	Net Book Value
Land and Buildings									
1805-Land -Opening Balance	1,856,641		1,856,641	1,856,641		1,856,641	1,856,641		1,856,641
1805-Land -Additions									
1805-Land -Depreciation									
1805-Land -Adjustments									
1805-Land -Closing Balance	1,856,641		1,856,641	1,856,641		1,856,641	1,856,641		1,856,641
Average	1,856,641		1,856,641	1,856,641		1,856,641	1,856,641		1,856,641
1806-Land Rights -Opening Balance	75,274	-56588	18686	75,274	-57,925	17,349	99,274	-59,657	39,617
1806-Land Rights -Additions				24,000		24,000			
1806-Land Rights -Depreciation		-1337	-1337		-1,732	-1,732		-2,132	-2,132
1806-Land Rights -Adjustments									
1806-Land Rights -Closing Balance	75,274	-57925	17349	99,274	-59,657	39,617	99,274	-61,789	37,485
Average	75,274	-57256	18,018	87,274	-58,791	28,483	99,274	-60,723	38,551
1808-Buildings and Fixtures -Opening Balance	16,671,546	-3734143	12,937,403	17,303,742	-4,080,073	13,223,669	17,343,442	-4,396,777	12,946,665
1808-Buildings and Fixtures -Additions	632,196		632196	39,700		39,700	57,000		57,000
1808-Buildings and Fixtures -Depreciation		-345930	-345930		-316,704	-316,704		-318,315	-318,315
1808-Buildings and Fixtures -Adjustments									
1808-Buildings and Fixtures -Closing Balance	17,303,742	-4080073	13,223,669	17,343,442	-4,396,777	12,946,665	17,400,442	-4,715,092	12,685,350
Average	16,987,644	-3907108	13,080,536	17,323,592	-4,238,425	13,085,167	17,371,942	-4,555,935	12,816,008
1906-Land Rights-Opening Balance									
1906-Land Rights-Additions									
1906-Land Rights-Depreciation									
1906-Land Rights -Adjustments									
1906-Land Rights -Closing Balance									
Average									
1810-Leasehold Improvements-Opening Balance									
1810-Leasehold Improvements-Additions									
1810-Leasehold Improvements-Depreciation									
1810-Leasehold Improvements -Adjustments									
1810-Leasehold Improvements -Closing Balance									
Average									
Total									
TS Primary Above 50									
1815-Transformer Station Equipment - Normally Primary above 50 kV-Opening Balance				738,483		738,483	738,483	-31,608	706,875

BARRIE HYDRO DISTRIBUTION INC.

1815-Transformer Station Equipment - Normally Primary above 50 kV-
Additions

	Gross Asset Value	Accumulated Depreciation	Net Book Value	Gross Asset Value	Accumulated Depreciation	Net Book Value	Gross Asset Value	Accumulated Depreciation	Net Book Value
1815-Transformer Station Equipment - Normally Primary above 50 kV- Depreciation					-31,608	-31,608		-31,608	-31,608
1815-Transformer Station Equipment - Normally Primary above 50 kV- Adjustments	738,483								
1815-Transformer Station Equipment - Normally Primary above 50 kV- Closing Balance				738,483	-31,608	706,875	738,483	-63,216	675,267
Average				738,483	-15,804	722,679	738,483	-47,412	691,071
Total									

DS

1820-Distribution Station Equipment - Normally Primary below 50 kV- Opening Balance	21,881,676	-6,942,186	14,939,490	22,346,611	-7,618,552	14,728,059	23,289,965	-8,323,987	14,965,978
1820-Distribution Station Equipment - Normally Primary below 50 kV- Additions	464,935		464,935	943,354		943,354	750,000		750,000
1820-Distribution Station Equipment - Normally Primary below 50 kV- Depreciation		-676366	-676366		-705,435	-705,435		-733,657	-733,657
1820-Distribution Station Equipment - Normally Primary below 50 kV- Adjustments									
1820-Distribution Station Equipment - Normally Primary below 50 kV- Closing Balance	22,346,611	-7,618,552	14,728,059	23,289,965	-8,323,987	14,965,978	24,039,965	-9,057,644	14,982,321
Average	22114143	-7,280,369	14,833,775	22,818,288	-7,971,270	14,847,019	23,664,965	-8,690,816	14,974,150
Total									

Poles and Wires

1830-Poles, Towers and Fixtures-Opening Balance	20,927,891	-7,453,401	13,474,490	23,475,994	-8,205,975	15,270,019	27,543,065	-9,083,711	18,459,354
1830-Poles, Towers and Fixtures-Additions	2,548,103		2,548,103	4,067,071		4,067,071	4,957,890		4,957,890
1830-Poles, Towers and Fixtures-Depreciation		-752574	-752,574		-877,736	-877,736		-1,050,935	-1,050,935
1830-Poles, Towers and Fixtures-Adjustments									
1830-Poles, Towers and Fixtures-Closing Balance	23,475,994	-8,205,975	15,270,019	27,543,065	-9,083,711	18,459,354	32,500,955	-10,134,646	22,366,309
Average	22,201,943	-7,829,688	1,372,254	25,509,530	-8,644,843	16,864,687	30,022,010	-9,609,179	20,412,832

1835-Overhead Conductors and Devices-Opening Balance	23,599,537	-8,404,900	-15,194,637	26,472,929	-9,253,547	17,219,382	29,572,639	-10,213,602	19,359,037
1835-Overhead Conductors and Devices-Additions	2,873,392		2,873,392	3,099,710		3,099,710	4,480,910		4,480,910
1835-Overhead Conductors and Devices-Depreciation		-848,647	-848,647		-960,055	-960,055		-1,088,505	-1,088,505
1835-Overhead Conductors and Devices-Adjustments									
1835-Overhead Conductors and Devices-Closing Balance	26,472,929	-9,253,547	17,219,382	29,572,639	-10,213,602	19,359,037	34,053,549	-11,302,107	22,751,442
Average	25,036,233	-8,829,224	8,103,505	28,022,784	-9,733,575	18,289,210	31,813,094	-10,757,855	21,055,240

1840-Underground Conduit-Opening Balance	43,615,163	-16,683,665	26,931,498	48,032,056	-18,249,871	29,782,185	52,428,374	-20,028,608	32,399,766
1840-Underground Conduit-Additions	4,416,893		4,416,893	4,396,318		4,396,318	4,492,700		4,492,700
1840-Underground Conduit-Depreciation		-1,566,206	-1,566,206		-1,778,737	-1,778,737		-1,954,875	-1,954,875
1840-Underground Conduit-Adjustments									
1840-Underground Conduit-Closing Balance	48,032,056	-18,249,871	29,782,185	52,428,374	-20,028,608	32,399,766	56,921,074	-21,983,483	34,937,591
Average	45,823,610	-17,466,768	28,401,842	50,230,215	-19,139,240	31,090,976	54,674,724	-21,006,046	33,668,679

1845-Underground Conductors and Devices-Opening Balance	30,308,842	-11,593,733	18,715,109	33,378,208	-12,682,113	20,696,095	36,558,924	-13,920,698	22,638,226
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BARRIE HYDRO DISTRIBUTION INC.

1845-Underground Conductors and Devices-Additions	3,069,366		3,069,366	3,180,716		3,180,716	3,387,300		3,387,300
1845-Underground Conductors and Devices-Depreciation		-1,088,380	-1,088,380		-1,238,585	-1,238,585		-1,369,945	-1,369,945
	Gross	Accumulated	Net Book	Gross	Accumulated	Net Book	Gross	Accumulated	Net Book
	Asset Value	Depreciation	Value	Asset Value	Depreciation	Value	Asset Value	Depreciation	Value
1845-Underground Conductors and Devices-Adjustments									
1845-Underground Conductors and Devices-Closing Balance	33,378,208	-12,682,113	20,696,095	36,558,924	-13,920,698	22,638,226	39,946,224	-15,290,643	24,655,581
Average	31,843,525	-12,137,923	19,705,602	34,968,566	-13,301,406	21,667,161	38,252,574	-14,605,671	23,646,904
Line Transformers									
1850-Line Transformers-Opening Balance	29,311,531	-12,881,352	16,430,179	32,091,824	-13,857,097	18,234,727	32,766,824	-14,954,317	17,812,507
1850-Line Transformers-Additions	2,780,293		2,780,293	675,000		675,000	730,017		730,014
1850-Line Transformers-Depreciation		-975,745	-975,745		-1,097,220	-1,097,220		-1,125,321	-1,125,321
1850-Line Transformers-Adjustments									
1850-Line Transformers-Closing Balance	32,091,824	-13,857,097	18,234,727	32,766,824	-14,954,317	17,812,507	33,496,838	-16,079,638	17,417,200
Average	30,701,678	13,369,225	17,332,453	32,429,324	-14,405,707	18,023,617	33,131,831	-15,516,978	17,614,854
I									
Services and Meters									
1855-Services-Opening Balance									
1855-Services-Additions									
1855-Services-Depreciation									
1855-Services-Adjustments									
1855-Services-Closing Balance									
Average									
1860-Meters-Opening Balance	7,533,910	-3,635,548	3,898,362	7,745,475	-3,979,803	3,765,672	7,855,475	-4,340,827	3,514,648
1860-Meters-Additions	211,565		211,565	110,000		110,000	150,000		150,000
1860-Meters-Depreciation		-344,255	-344,255		-361,024	-361,024		-334,866	-334,866
1860-Meters-Adjustments									
1860-Meters-Closing Balance	7,745,475	-3,979,803	3,765,672	7,855,475	-4,340,827	3,514,648	8,005,475	-4,675,693	3,329,782
Average	7,639,693	3,807,676	3,832,017	7,800,475	-4,160,315	3,640,160	7,930,475	-4,508,260	3,422,215
General Plant									
1908-Buildings and Fixtures-Opening Balance									
1908-Buildings and Fixtures-Additions									
1908-Buildings and Fixtures-Depreciation									
1908-Buildings and Fixtures-Adjustments									
1908-Buildings and Fixtures-Closing Balance									
Average									
1910-Leasehold Improvements-Opening Balance									
1910-Leasehold Improvements-Additions									
1910-Leasehold Improvements-Depreciation									
1910-Leasehold Improvements-Adjustments									
1910-Leasehold Improvements-Closing Balance									
Average									
Total									
IT Assets									
1920-Computer Equipment - Hardware-Opening Balance	4,916,036	-3,086,461	1,829,575	5,189,734	-3,468,322	1,721,412	5,582,534	-4,031,164	1,551,370
1920-Computer Equipment - Hardware-Additions	273,698		273,698	392,800		392,800	726,000		726,000

1920-Computer Equipment - Hardware-Depreciation		-381,861	-381,861		-562,842	-562,842		-644,722	-644,722	
1920-Computer Equipment - Hardware-Adjustments										
		Gross Asset Value	Accumulated Depreciation	Net Book Value	Gross Asset Value	Accumulated Depreciation	Net Book Value	Gross Asset Value	Accumulated Depreciation	Net Book Value
1920-Computer Equipment - Hardware-Closing Balance		5,189,734	-3,468,322	1,721,412	5,582,534	-4,031,164	1,551,370	6,308,534	-4,675,886	1,632,648
Average		5,052,885	-3,277,392	1,775,494	5,386,134	-3,749,743	1,636,391	5,945,534	-4,353,525	1,592,009
1925-Computer Software-Opening Balance		1,472,337	-268,509	1,203,828	2,085,797	-941,666	1,144,131	2,772,597	-1,596,842	1,175,755
1925-Computer Software-Additions		613,460		613,460	686,800		686,800	1,915,000		1,915,000
1925-Computer Software-Depreciation			-673,157	-673,157		-655,176	-655,176		-1,082,037	-1,082,037
1925-Computer Software-Adjustments										
1925-Computer Software-Closing Balance		2,085,797	-941,666	1,144,131	2,772,597	-1,596,842	1,175,755	4,687,597	-2,678,879	2,008,718
Average		1,779,067	-605,088	1,173,980	2,429,197	-1,269,254	1,159,943	3,730,097	-2,137,861	1,592,237
Equipment										
1915-Office Furniture and Equipment-Opening Balance		1,275,362	-995,336	280,026	1,276,900	-1,037,239	239,661	1,376,400	-1,078,718	297,682
1915-Office Furniture and Equipment-Additions		1,538		1,538	99,500		99,500	75,375		75,375
1915-Office Furniture and Equipment-Depreciation			-41,903	-41,903		-41,479	-41,479		-50,223	-50,223
1915-Office Furniture and Equipment-Adjustments										
1915-Office Furniture and Equipment-Closing Balance		1,276,900	-1,037,239	239,661	1,376,400	-1,078,718	297,682	1,451,775	-1,128,941	322,834
Average		1,276,131	-1,016,288	-259,844	1,326,650	-1,057,979	268,672	1,414,088	-1,103,830	310,258
1930-Transportation Equipment-Opening Balance		3,372,870	-2,352,578	1,020,292	3,878,133	-2,716,647	1,161,486	5,240,797	-2,823,221	2,417,576
1930-Transportation Equipment-Additions		505,263		505,263	1,362,664		1,362,664	893,575		893,575
1930-Transportation Equipment-Depreciation			-364,069	-364,069		-506,527	-506,527		-505,407	-505,407
1930-Transportation Equipment-Adjustments						399,953	399,953			
1930-Transportation Equipment-Closing Balance		3,878,133	-2,716,647	1,161,486	5,240,797	-2,823,221	2,417,576	6,134,372	-3,328,628	2,805,744
Average		3,625,502	-2,534,613	1,090,889	4,559,465	-2,769,934	1,789,531	5,687,585	-3,075,925	2,611,660
1935-Stores Equipment-Opening Balance		190,895	-185,874	5,021	190,895	-189,448	1,447	190,895	-192,895	-1,541
1935-Stores Equipment-Additions										
1935-Stores Equipment-Depreciation			-3,574	-3,574		-2,988	-2,988		-2,988	-2,988
1935-Stores Equipment-Adjustments										
1935-Stores Equipment-Closing Balance		190,895	-189,448	1,447	190,895	-192,436	-1,541	190,895	-195,424	-4,529
Average		190,895	187,661	3,234	190,895	-190,942	-47	190,895	-193,930	-3,035
1940-Tools, Shop and Garage Equipment-Opening Balance		1,174,370	-721,869	452,501	1,257,974	-797,333	460,641	1,416,474	-881,092	580,382
1940-Tools, Shop and Garage Equipment-Additions		83,604		83,604	203,500		203,500	175,275		175,275
1940-Tools, Shop and Garage Equipment-Depreciation			-75,464	-75,464		-83,759	-83,759		-102,698	-102,698
1940-Tools, Shop and Garage Equipment-Adjustments										
1940-Tools, Shop and Garage Equipment-Closing Balance		1,257,974	-797,333	460,641	1,461,474	-881,092	580,382	1,636,749	-983,790	652,959
Average		1,216,172	-759,601	456,571	1,359,724	-839,213	520,512	1,549,112	-932,441	616,671

[illegible]

BARRIE HYDRO DISTRIBUTION INC.

	2006 Board Approved	2006 Actual	Variance form 2006 Board Approved	2006 Actual	2007 Bridge	Variance form 2006 Actual	2007 Bridge	2008 Test	Variance form 2007 Bridge
IT Assets	(\$'s)	(\$'s)		(\$'s)	(\$'s)		(\$'s)	(\$'s)	
1920-Computer Equipment - Hardware	3446507	5,189,734	1743227	5,189,734	5,582,534	392800	5,582,534	6,308,534	726000
1925-Computer Software	742688	2,085,797	1343109	2,085,797	2,772,597	686800	2,772,597	4,687,597	1915000
Sub-Total-IT Assets				7275531	8355131	1079600	8355131	10996131	2641000
Equipment									
1915-Office Furniture and Equipment	1229135	1,276,900	47765	1,276,900	1,376,400	99500	1,376,400	1,451,775	75375
1930-Transportation Equipment	3479349	3,878,133	398784	3,878,133	5,240,797	1362664	5,240,797	6,134,372	893575
1935-Stores Equipment	190895	190,895	0	190,895	190,895	0	190,895	190,895	0
1940-Tools, Shop and Garage Equipment	1047463	1,257,974	210511	1,257,974	1,461,474	203500	1,461,474	1,636,749	175275
1945-Measurement and Testing Equipment									
1950-Power Operated Equipment									
1955-Communication Equipment	275271	268,921	11650	268,921	268,921	0	268,921	268,921	0
1960-Miscellaneous Equipment									
Sub-Total-Equipment	6222113	6890823	668710	6890823	8556487	1665664	8556487	9700712	1144225
Other Distribution Assets									
1825-Storage Battery Equipment									
1970-Load Management Controls - Customer Premises									
1975-Load Management Controls - Utility Premises									
1980-System Supervisory Equipment	2008780	2,959,401	950621	2,959,401	3,029,650	70249	3,029,650	3,080,900	51250
1985-Sentinel Lighting Rental Units									
1990-Other Tangible Property									
1995-Contributions and Grants - Credit	-11031343	-19,683,606	-8652263	-19,683,606	-25,063,606	-5380000	-25,063,606	-33,286,606	-8223000
Sub-Total-Other Distribution Assets	-9022563	-16274205	-7701642	-16274205	-22033956	-5309751			
2005- Property under Capital Leases	360,501	360,501	0	360,501	360,501	0	360,501	360,501	0
GROSS ASSET TOTAL	169,990,769	210,581,404	40,590,635	210,581,404	225,291,269	14,709,865	225,291,269	239,910,558	14,619,289

BARRIE HYDRO DISTRIBUTION INC.**MATERIALITY ANALYSIS ON GROSS ASSET**

For any rate base related variance exceeding the materiality threshold of 1%, a detailed explanation is required. For Barrie Hydro 1% of rate base equates to \$1,460,000 for 2007 to 2008, \$1,400,000 for 2006 actual to 2007, \$1,340,000 for 2006 approved to 2006 actual.

Asset Account	2007	2008	Variance
1830 Poles, Towers, Fixtures	27,543,065	32,500,955	4,957,890

Explanation: The main items in this account are the Pole, towers and fixtures component of a new large user customer, "The Ethanol Plant (\$1.6M) estimated load is approx 15MW, additional feeders from the TS station have to be installed to accommodate this load. Another significant portion of this spending is for the "Municipal road works project" (1.5M).

Asset Account	2007	2008	Variance
1835 Overhead Conductors and Devices	29,572,639	34,053,549	4,480,910

Explanation: The main items in this account pertain to the Ethanol Plant mentioned above (\$1.9M) and the "Municipal road Works" program at (\$1.7M).

Asset Account	2007	2008	Variance
1840 Underground Conduit	52,428,374	56,921,074	4,492,700

Explanation: The majority of spending in this account pertains to new subdivision servicing (\$3.1M) and new General Service connections (\$1.1M).

Asset Account	2007	2008	Variance
1845 Underground Conductors & Devices	36,558,924	39,946,224	3,387,300

Explanation: The majority of spending in this account pertains to new subdivision servicing ((\$2.2M) and new General Service connections (\$0.7M).

Asset Account	2007	2008	Variance
1925 Computer Software	2,772,597	4,687,597	1,915,000

Explanation: The major item in this account is the purchase and implementation of a new ERP system (\$1.5M).

BARRIE HYDRO DISTRIBUTION INC.

Asset Account	2007	2008	Variance
	-	-	-
1995 Contributions & Grants	25,063,606	33,286,606	8,223,000

Explanation: The main items in this account pertain to the Ethanol Plant, capital contribution (\$1.7M) the "Municipal road Works" program at (\$1.6M), General Service connections (\$1.7M), and new subdivision servicing (\$3.2M)

Asset Account	2006	2007	Variance
1830 Poles, towers, fixtures	23,475,994	27,543,065	4,067,071

Explanation: The main items in this account pertain to feeder conversion and enhancement to accommodate growth ((\$0.7M), Municipal road Works, (\$1.4M), yearly pole replacement project (\$0.5).

Asset Account	2006	2007	Variance
1835 Overhead conductors & Devices	26,472,929	29,572,639	3,099,710

Explanation: The main spending pertains to municipal road works projects (\$1.6M) and distribution ties between substations (\$0.3M).

Asset Account	2006	2007	Variance
1840 Underground Conduit	48,032,056	52,428,374	4,396,318

Explanation: The spending relates to new subdivision servicing (\$2.4M), new general Service connections (\$1.1M).

Asset Account	2006	2007	Variance
1845 Underground Conductors & Devices	33,378,208	36,558,924	3,180,716

Explanation: The spending relates to new subdivision servicing (\$1.7M), new general service connections (\$0.7M), and rehabilitation of underground subdivision systems which are approx 30 years old (\$0.4M).

Asset Account	2006	2007	Variance
	-	-	-
1995 Contributions & Grants	19,683,606	25,063,606	5,380,000

Explanation: The main items are; Subdivision servicing (\$2.1M), general service connections (\$1.7M), and municipal road works projects (\$1.4M).

BARRIE HYDRO DISTRIBUTION INC.

Asset Account	2006 approved	2006 actual	Variance
1808 Building & Fixtures	15,500,314	17,303,742	1,803,428

Explanation: This comparison represents 2 years of spending (2005 and 2006). Major items were; roof replacement at Operations Center (\$0.7M), new substation Building (\$0.8M).

Asset Account	2006 approved	2006 actual	Variance
1820 Distribution station Equipment	19,190,203	22,346,611	3,156,408

Explanation: This comparison represents 2 years of spending (2005 and 2006). Major items were; equipment installed in new substation energized (\$1.0M) and upgrades to substation SCADA equipment (\$0.5M).

Asset Account	2006 approved	2006 actual	Variance
1830 Poles, Towers, Fixtures	15,982,542	23,475,994	7,493,452

Explanation: This comparison represents 2 years of spending (2005 and 2006). On a yearly basis the amounts mirror those identified in 2007 and 2008, and the major items are similar, Municipal Road Relocation, pole replacements, feeder upgrades.

Asset Account	2006 approved	2006 actual	Variance
1835 Overhead Conductors & Devices	18,022,866	26,472,929	8,450,063

Explanation: this comparison represents 2 years of spending (2005 and 2006). Included in the spending amount was not only 2005 and 2006 normal spending, the major component of which was Municipal road relocations but also included was an adjustment from 2004 CWIP of \$3.9M. As can be seen in a comparison of account 2055 CWIP the 2006 actual to 2006 approved (2004) was a reduction in CWIP of \$16.1M.

Asset Account	2006 approved	2006 actual	Variance
1840 Underground conduit	37,362,782	48,032,056	10,669,274

Explanations: This comparison represents 2 years of spending plus a adjustment for the adjustment to 2004 CWIP mentioned above. The spending drivers for this account as in 2007 and 2008 are new subdivision servicing and new general service connections.

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Asset Account	2006 approved	2006 actual	Variance
1845 Underground Conductors and Devices	25,963,967	33,378,208	7,414,241

Explanations: This comparison represents 2 years of spending plus an adjustment for the adjustment to 2004 CWIP mentioned above. The spending drivers for this account as in 2007 and 2008 are new subdivision servicing and new general service connections.

Asset Account	2006 approved	2006 actual	Variance
1850 Line transformers	27,027,224	32,091,824	5,064,600

Explanations: This comparison represents 2 years of spending (2005 and 2006); spending on overhead transformers represented (\$0.4M) and on underground transformers represented (\$4.6M).

Asset Account	2006 approved	2006 actual	Variance
1920 Computer Hardware	3,446,507	5,189,734	1,743,227

Explanations: Major spending components in this account were AS400 upgrade (\$0.15M) and hardware for a new Geographical Information System (\$1.1M).

Asset Account	2006 approved	2006 actual	Variance
1925 Computer Software	742,688	2,085,797	1,343,109

Explanations: Major spending components in this account were software for a new Geographical Information System (\$1.0M).

Asset Account	2006 approved	2006 actual	Variance
1995 Contributions and Grants	11,031,343	19,683,606	8,652,263

Explanations: The change in capital contributions identified represents those for 2 years (2005 and 2006). As identified in 2007 and 2008 spending the main components were subdivisions, general service connections and municipal road relocations.

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1910-Leasehold Improvements-Depreciation

Sub-Total-General Plant

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	2006 Board Approve d (\$'s)	2006 Actual (\$'s)	Variance form 2006 Board Approved	2006 Actual (\$'s)	2007 Bridge (\$'s)	Variance form 2006 Actual	2007 Bridge (\$'s)	2008 Test (\$'s)	Variance form 2007 Bridge
IT Assets									
1920-Computer Equipment - Hardware-Depreciation	-2567061	-3,468,322	-901261	-3,468,322	-4,031,164	-562842	-4,031,164	-4,675,886	-644722
1925-Computer Software-Depreciation	-195869	-941,666	-745797	-941,666	-1,596,842	-655176	-1,596,842	-2,678,879	-1082037
Sub-Total-IT Assets	-2762930	-4409988	-1647058	--4409988	-5628006	-1218018	-5628006	-7354765	-1726759
Equipment									
1915-Office Furniture and Equipment-Depreciation	-972406	-1,037,239	-64833	-1,037,239	-1,078,718	-41479	-1,078,718	-1,128,941	-50223
1930-Transportation Equipment-Depreciation	-2365167	-2,716,647	-351480	-2,716,647	-2,823,221	-106574	-2,823,221	-3,328,628	-505407
1935-Stores Equipment-Depreciation	-180299	-189,448	-9149	-189,448	-192,436	-2988	-192,436	-195,424	-2988
1940-Tools, Shop and Garage Equipment-Depreciation	-655580	-797,333	-141753	-797,333	-881,092	-83759	-881,092	-983,790	-102698
1945-Measurement and Testing Equipment-									
1945-Measurement and Testing Equipment-Depreciation									
1950-Power Operated Equipment-Depreciation									
1955-Communication Equipment-Depreciation	-168098	-196,196	-28098	-196,196	-210,164	-13968	-210,164	-224,132	-13968
1960-Miscellaneous Equipment-Depreciation									
Sub-Total-Equipment	-4341550	-4936863	-595313	-4936863	-5185631	-248768	-5185631	-5860915	-675284
Other Distribution Assets									
1825-Storage Battery Equipment-Depreciation									
1970-Load Management Controls - Customer Premises-									
Depreciation									
1975-Load Management Controls - Utility Premises-Depreciation									
1980-System Supervisory Equipment-Depreciation	-395056	-602,374	-207318	-602,374	-717,491	-115117	-717,491	-835,038	-117547
1985-Sentinel Lighting Rental Units-Depreciation									
1990-Other Tangible Property-Depreciation									
1995-Contributions and Grants - Credit-Depreciation	0	0	0	0	107,600	107600	107,600	487,260	379660
Sub-Total-Other Distribution Assets	-395056	-602374	-207318	-602374	-609891	-7517	-609891	-347778	262113
2005 Property Under Capital Leases	-360501	-360501	0	-360,501	-360,501	0	-360,501	-360,501	0
	-				-				
ACCUMULATED DEPRICIATION TOTAL	72124925	-88,294,682	-16169757	-88,294,682	97,137,821	-8843139	-97,137,821	-107,287,910	-10150089

BARRIE HYDRO DISTRIBUTION INC.

MATERIALITY ANALYSIS ON ACCUMULATED DEPRICIATION

For any rate base related variance exceeding the materiality threshold of 1%, a detailed explanation is required.

Asset Account	2007	2008	Variance
2105 Accum Amortization	- 97,131,821	- 107,287,910	- 10,150,089

Explanation: The accumulated amortization variance represents the amortization expense for 2008, as highlighted in the gross assets accumulated depreciation is growing at the same rate as capital assets.

Asset Account	2006	2007	Variance
2105 Accum Amortization	- 88,294,682	- 97,137,821	- 8,843,139

Explanation: The accumulated amortization variance represents the amortization expense for 2007 less any fully depreciated disposals, as highlighted in the gross assets accumulated depreciation is growing at the same rate as capital assets.

Asset Account	2006 approved	2006 actual	Variance
2105 Accum Amortization	- 72,124,925	- 88,294,682	- 16,169,757

Explanation: The accumulated amortization variance represents the amortization expense for 2006 and 2005 less any fully depreciated disposals, as highlighted in the gross assets accumulated depreciation is growing at the same rate as capital assets.

BARRIE HYDRO DISTRIBUTION INC.

CAPITAL BY PROJECT

2006 Actual

Municipal Road Relocation Program

Barrie Hydro has been actively involved in capital projects related to growth and development within the City of Barrie, and more recently in 2005, Bradford West Gwillimbury. Physical plant needs to be relocated, expanded, or modified in some manner to accommodate road expansion and/or relocation work initiated by the municipality to support growth.

These plant relocation projects resulting from road relocation projects are funded under the formula dictated by Province's Public Service Works on Highways Act. The City, as the road authority has the right to make this change.

Barrie Hydro typically incurs approximately 70% of the cost of municipality initiated road relocation projects with the municipality paying the other 30% out of DCA funds. In 2006 the net cost to Barrie Hydro are estimated to be approximately \$1,775,000. This level of investment is directly related to a major construction program within the City of Barrie driven by new funding made available to the municipality via the federal government gas tax, the completion of EA processes, and/or the successful resolution property acquisition issues.

City staff and Barrie Hydro staff meet monthly to review projects and the proposed list for 2006 was validated using the current-best information available from the City at the time the budget was created.

Gross cost - \$1,204,148 USOA 1830 & 1835

8th Avenue to 14th Line Tie -Alliston

This project involves reconstructing and converting existing pole lines from Municipal Sub Station (MS330) (8th line) and Municipal Sub Station (MS331) (14th line) in Alliston. Considerable pole line work will be undertaken along highway Highway 89 from C. W. Leach and Sir Fredrick Banting Road, a distance of approximately 2.6 kilometres. This project will interconnect these substations that are presently "islands", creating the backup called for in our system design criteria. The existing electrical load on MS330 has reached the normal operating capacity range and relief from MS331 is required. This interconnection will also provide the opportunity for the 13.8kV system to service the growth development in the north quadrant of Alliston. This interconnection also provides an alternative supply option, which provides increased system reliability to our existing customers.

Gross cost - \$865,159 USOA 1830 & 1835

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Subdivision Cable Plant Replacement

This investment represent year two of a three to four year program to replace the primary and secondary cable in the Tall Tree subdivision (Springdale Drive). The cable in the subdivision was installed in the early 1970's. The primary cable consists of 4/0 Al, unjacketed XLPE. A time domain reflectometers test was carried out on the cable. The test demonstrates neutral discontinuities in several locations. In addition, there has been a history of a high number of both primary and secondary faults on the cable, indicating a deteriorated condition of the cable. The 2006 investment level has increased considerably as we plan to replace more cable and transformers (continuing the conversion to 13.8kV) while having a more current and accurate sense of actual costs for this type of major rehabilitation type work, particularly in mature subdivision areas and conforming with new City bylaws pertaining to restoration.

Gross Cost - \$934,849 USOA 1840 & 1845 & 1850

Load Transfer Customers

Load transfer customers involve customers properties are located in a geographical area of one licensed LDC (Local Distribution Company) with the electrical service being supplied by another neighbouring LDC. This situation has been accepted industry practice with customer billing reconciling occurring annually and most typically occurs on at service area boundaries. The legislated mandate is to discontinue this practice and eliminate all existing load transfer customers by May 2007. The elimination of load transfer customers will require the two LDCs to reach agreement on how to service the customers and maintain the rights of each LDC as granted through the OEB Service Area License process. The majority of the load transfer customers are in New Tecumseth, with a much small number in other service areas. An important question for consideration when addressing load transfer customer options is: what is a single rural farm service today may well be a subdivision in the future. Therefore, expenditures today to preserve this rural customer may be a valid business decision allowing for future growth opportunities.

Gross cost - \$205,474 USOA 1830 & 1845

Ferndale F1 Conversion & Ferndale F2 Conversion

The conversion of these two 4kV feeders is interdependent on the Anne Street to Ferndale Drive tie project (see Project Description immediately below). The conversion of F1 requires a 13.8kV pole line to be built on Dunlop Street from Ferndale Drive to Miller Drive or to rebuild the existing Hydro One pole line on Tiffin Street from Ferndale Drive to Dunlop Street. Both options are being deliberated. The most cost effective option will ultimately be selected. The F2 conversion requires transformer and lightning arrestors to be converted from 4kV to 13.8kV in the Lennox Drive and Ferndale Industrial Drive areas. Both of these projects will decrease the electrical load on the existing Ferndale 4kV substation (MS 410), improve reliability and simplify the circuit configurations being constructed on Ferndale Drive between Dunlop Street and Tiffin Street in 2005, thereby enhancing operational flexibility.

Gross cost - \$497,404 USOA 1830 & 1835

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Anne North Municipal Sub Station to Ferndale Municipal Sub Station Tie

This project includes the construction of a new pole line on Ferndale Drive from Bishop Street to Tiffin Street along the proposed City of Barrie Road Allowance. This pole line will provide a 13.8kV interconnection between the Anne Street North MS and Ferndale Drive MS. There is presently no interconnection between these two substations. The existing electrical loads are of significant magnitude to require this interconnection. This interconnection allows for compliance with system planning design criteria and operating principals. This project allows for significant reliability improvement as currently any interruption at Anne Street MS 301 results in customers being without power until the problem can be identified and repaired.

Gross cost - \$177,337 USOA 1830 & 1835

44 KV Switch Upgrade Program

Given the rapid pace of load growth the past five years, we are now in a situation where contingency-planning conditions could cause current levels on our feeders to exceed the rating of the equipment for short durations of time. The intent of the Upgrade Program is to identify strategically located switches within the system and replace these in a timely fashion. We are continuing our ten-year program to upgrade key 44kV switches to load interrupter and motorize the switches for automation and remote control. The upgraded switches will ensure safe paralleling of the 44kV lines between Midhurst and Barrie TS. The automation will allow power to be restored quicker in the event of an outage and eliminate the need to have crews do switching when load transfers are required on the system. This represents a significant productivity improvement. Three switches were completed in 2005, the first year of the program. Based on our experience and learning from 2005 we plan to install six switches in 2006.

Gross cost - \$489,721 USOA 1830 & 1835

Wholesale Meter Points – IMO Compliance

A Wholesale Revenue Metering point is defined as a point used to account for the electricity conveyed, through or out of the IMO-controlled grid. A Wholesale Meter Point is typically comprised of current and voltage transformers, a primary meter and an alternate meter along with associated communications equipment.

Historically Hydro One has owned and maintained these Revenue Meters throughout the province. This responsibility has now been made that of the meter market participant, (MMP). BHDl is now considered a MMP. Like any meter there is a seal expiry date. Once such seal expires, the MMP for the metering installation shall make such alternative arrangements as may be necessary to comply with the provisions of Chapter 6 of the IMO Market Rules.

The 2006 Budget covers the cost for the replacement of two meter points located at Barrie TS. The prolonged labour disruption at Hydro One earlier in 2005 has forced this project to roll over into 2006. The financial investment is impacted by the fact Hydro One staff have to be heavily involved and the technical complexities of these installations are significantly more challenging than in other installations.

Gross cost - \$41,030 USOA 1820

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Transformer Betterment Program

The OEB Inspection Program has identified a significant number of transformers that need to be changed out due to their deteriorated condition. The deteriorated condition primarily involves rust, which if left too long will result in leaking transformers or unsafe conditions for the public. We are mandated to repair deficiencies noted and reported as part of the OEB Inspection Program. The 2006 plan calls for the replacement of 50 Transformers at a cost of approximately \$400,000. It should be noted that this investment level is impacted by the financial treatment of Transformer inventory returning from the field.

Gross cost - \$567,280 USOA 1850

Substation SCADA Relay Retro Program

Barrie Hydro has been systematically upgrading selected substations for a number of years in order to support ongoing load growth, system consistency, system reliability, and system optimization across all of its service areas. When embarking on a substation upgrade it makes economic and operational sense to make the station "SCADA ready". In cases where we are not doing conversion or upgrade work at a particular station, we simply make the station "SCADA ready".

Essentiality SCADA enables staff to remotely monitor substations based on real time information. The SCADA system is our eyes and ears of the electrical plant. The SCADA system alarms when power is out and helps our Operators and Linemen to restore it more quickly and efficiently. Our outage management and performance indices have improved because of this.

Accurate load information allows our Engineers to more accurately plan and optimize the system. We can now with confidence make better engineering decisions based on empirical data that was not otherwise available before. The SCADA system further assists us to improve Plant Utilization.

An additional major benefit of SCADA is cost savings. Currently to obtain data and operate equipment a physical visit to a substation is required. Load readings are required for switching, monitoring and planning. Interruption data is required for the OEB and breaker operation/fault current data is needed to make informed maintenance decisions. (Condition-based Maintenance). Operation of equipment is required for switching and obtaining hold-offs.

Substation staff visits every substation (40 stations) twice a month for load readings, inspections and to reset event records. Line staff visit substations to apply hold-off's and to obtain feeder target information when a line trips. ***Substations that are monitored by SCADA do not require as many visits and the required visits are shorter.*** Hold-off and feeder event info can be acted upon instantly when a station is equipped with SCADA.

Staff safety and security also improve with SCADA. Entry alarms are installed on all SCADA sites. The Control Room receives immediate notification when a station has been entered. SF6 gas equipment and smoke alarms can also be monitored so staff and emergency services can

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be advised. Operators will isolate feeders on request in an emergency situation in a SCADA environment.

Our 2006 plan is to continue the installation of the SCADA program in four substations. We will complete the following four Barrie stations, Johnson Street, Cundles West, Cundles East, and Ferndale, which will bring the total stations with SCADA installed to 36 of 40.

Gross cost - \$417,647 USOA 1820

Albert Street Conversion - Alliston

This project involves the continuation of a conversion project that commenced in 2005. The Albert Street Municipal Sub Station (MS840) is in excess of 40 years of age and energized at 8.30kV. The objective is to eliminate this voltage and retire this station in the near term. By converting the electrical load currently supplied from MS840 to the neighbouring 13.8 kV Municipal Sub Stations, MS330 and MS331; we can transfer some current 44kV load from the 9M2 Feeder out of Alliston Transformer Station (TS) to the 9M6 Feeder, also out of the same TS. This load transferring and balancing provides short-term voltage support for the 44 kV electrical loads in Tottenham, which are close to being outside of acceptable levels.

Gross cost - \$255,609 USOA 1830 & 1835

Wood Pole Replacement Program

In the 2000 Budget money was allocated to test all the wood poles in Barrie. This testing projected the life of the poles over an eight to ten year period. The results gathered indicate that we have approximately 800 wood poles in various states of decay that need replacing over the next eight to ten years. In 2001 we identified 100 of the worst case transformer poles that required replacement. In 2002 we continued the program with a plan to replace a further 100 poles. With the continuing large volume of capital work we have determined that replacing 100 poles per year may be unachievable and we have thus reduced the number in 2003 to 75 poles. We budgeted in 2004 to replace 75 poles and to continue further pole testing in other service areas at a cost of \$350,000. In 2005 we replaced 70 poles at a cost of \$300,000. In 2006 we replaced approximately 60 poles with an increased investment spending level due to the impacts of the new ESA Regulation 22/04 on pole class and guying considerations, particularly for joint use poles. This will be an annual ongoing budget requirement.

Gross cost - \$378,049 USOA 1830

New Subdivision Servicing

Barrie Hydro's service area continued to see high growth mainly in new residential subdivisions as in previous years the number of new lots serviced was in the 2,000 range.

Gross cost - \$4,613,307 USOA 1830 & 1835 & 1850

General Service Connections

The continuing growth in the residential area continues to attract new commercial and business customers as well. Continued growth mirrors that in previous years.

Gross cost - \$2,118,994 USOA 1830 & 1835 & 1850

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Contributed Capital

Contributed capital continues to be received from new residential subdivision work, new general service connections and municipal road works.

Gross cost - (\$3,410,246) USOA 1995

2007 Bridge

Municipal Road Works

The City of Barrie has proposed seven road reconstruction projects in 2007 that will necessitate the relocation of existing Barrie Hydro facilities. There is also one road relocation project in Alliston initiated to facilitate expansion at Honda that impacts existing Barrie Hydro infrastructure.

Relocations required by the Municipalities are completed under Provincial Legislation titled, 'The Public Service Works on Highways Act.' This results in Barrie Hydro only recovering 50% of the labour and equipment costs from the Road Authority.

Each year Barrie Hydro and the City of Barrie staff meet to discuss the list of potential projects and timing for these projects. Issues such as property acquisition, environmental assessments, modifications to the potential project list and lack of detailed road designs have traditionally resulted in discrepancies between proposed projects in September of the current year and the execution of actual projects during the following year. This is particularly challenging when Municipal Budgets are not approved until March/April of the following year.

The list of projects and financial commitments are based on the best information currently available.

See appendix 2-2, code – municipalroadworks for spending and USOA, **Note – over materiality**

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Saunders MS302 and Big Bay MS304 Distribution Ties

This project is to construct a 13.8kV electrical connection between the existing substation on Big Bay Point Road and Saunders Road. This connection is necessary as the electrical load has grown to the point that when a planned or unplanned outage occurs on one of these substations, the electrical load cannot be transferred to the neighboring substations.

Not completing this project would result in longer duration when outages occur as finding and then fixing the problem would be required as switching would not be an option. This would reflect poorly in our system performance indices.

The completion of this project is also consistent with the criteria and perimeters established in our system planning and operating documentation.

See appendix 2-2, code – ms302-304distributionties for spending and USOA

Belle Isle (MS423) Feeder 2 Upgrade

This project is for the construction of a 4.16kV electrical connection between the existing substation on Belle Isle substation (MS423) and the Fox Street substation (MS421) in Penetanguishene. This connection is necessary as the electrical load has grown to the point that when a planned or unplanned outage occurs on one of these substations the electrical load cannot be transferred to the neighbouring substations.

The construction of this interconnection will also facilitate some additional growth on this substation. This capacity is currently restrained due to the limitations of the existing conductor size. Not completing this project would result in longer duration when outages occur as finding and then fixing the problem would be required as switching would not be an option. This would reflect poorly in our system performance indices.

The completion of this project is also consistent with the criteria & parameters established in our system planning and operating documentation.

See appendix 2-2, code – belleislefeederupgrade for spending and USOA

13.8kV Tie Line between 8th (MS330)Ave and 14th (MS331) Line Substations

This project is the reconstruction of a poleline in Alliston and is similar in functional nature to the Saunders and Big Bay tie line.

This work is the completion of the extensive poleline reconstruction project that was undertaken in 2006 along Hwy 89 from C. W. Leach to Downey Street. Currently the 8th Line and 14th Line Substations operate as “islands”. The poleline work undertaken in 2006 and 2007 is to facilitate the increased load as a result of the new residential growth in north Alliston as well as creating an interconnection of these substations to eliminate the “islands”. This additional load has exceeded the normal and emergency thresholds of the existing feeders.

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This project will also facilitate the removal of the Albert Street 8.30kV substation by converting the existing load to the 13.8kV system. This interconnection will provide reliable supply to the new development and increases reliability to the existing customers.

See appendix 2-2, code – substties for spending and USOA

44kv Automated Switch Program

The first phase of a multi-year program to install automated 44kV switches in the Barrie area commenced in 2005 with the installation of four switches.

In 2006, six additional switches were installed under this program and one additional switch was installed under a poleline reconstruction project. We are proposing to install six additional switches per year for each of the next three years. These switches are to be installed at strategic locations within the entire service area but focusing on Barrie. These switches have voltage and current sensing capabilities and can be operated remotely.

This is a time saving measure where crews do not have to be dispatched to operate these switches which results in faster restoration time to our customers and has a reduced outage duration impact on our system outage indices.

See appendix 2-2, code – 44kvswitch for spending and USOA

Tall Trees Subdivision Underground Rehabilitation

This is the third year of a five year program to replace the existing primary cable, secondary cables and transformers in the area referred to as the 'Tall Trees' subdivision located in the Springdale Drive area in Barrie.

This area services approximately 500 residential homes and is the one of the first subdivisions in Barrie that was serviced from an underground distribution system. This system was installed in the early 1970's.

"Industry norms" would suggest that this generation of underground cables would have a life expectancy of approximately 25 years. In that this system is in excess of thirty years, it would explain why we have experienced a history of cables breakdowns resulting in outages to the customers in this area. Since these outages are unplanned the activities required to locate the failure, to complete the necessary excavation, to undertake the repairs and complete the restoration is very time consuming and expensive.

Since the existing are "first generation" primary unjacketed cables, they are more susceptible to corrosion which can result in stray neutral currents finding their way to ground through the watermain and/or other metallic objects. This is an undesirable situation.

See appendix 2-2, code – talltreesugrehab for spending and USOA

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MS423 and MS421 Substation Automation

This is the next to last year of the program to automate our electrical substations. Since 2000, Barrie Hydro has systematically upgraded 38 of the 40 substations in the entire service area.

Upgrading includes replacing the existing switchgear and equipment with automated relays and SCADA equipment. The program for 2007 includes the upgrading of two substations in Penetanguishene. They are the Belle Isle (MS423) and Fox Street (MS421) stations.

The final year of the program is 2008 which would be to complete the program by automating the final substation on Mill Street in Tottenham and the Centennial station in Penetanguishene.

Automation and SCADA provide valuable data that is of benefit to our Planning Engineer, our Operators, our Linemen and our Substation electricians which ultimately, benefits our customers with reduced outage times, more efficient process and a more reliable electrical distribution system.

See appendix 2-2, code – substequipswitchgear for spending and USOA

13.8kV Gang Operated Switches

The installation of these switches will enable load on the 13.8kV distribution system to be transferred in a more efficient manner therefore improving our system performance indices during an outage to a 13.8kV substation. Utilizing gang operated (three phase switching simultaneously) switches will also minimize single phasing of three phase loads during switching operations. This will provide a safer means for the staff operating these switches and will reduce potential damage to customer's equipment.

This is the first year of a three year program for the 13.8kV system program in Barrie. Future considerations will be installing these switches in all service territories, on the 4kV systems and for automating these switches. Each of these considerations would be an independent program.

See appendix 2-2, code – loadbreakswitch for spending and USOA

Wood Pole Replacement Program

This is an annual program to replace aged and deteriorated wood poles. In 2000, Barrie Hydro undertook the first year of a program to test the existing condition of wood poles installed in our electrical distribution system. Testing of all the wood poles in the entire system was accomplished over a four year period. The test method employed for this testing categorized pole replacements into three areas; in need of immediate replacement, need of replacement within one year and not in need replacement. The testing cycle was suggested at five year intervals.

Annually, since 2000, we have undertaken the replacement of poles that were identified through this testing program and other poles that have been identified through the OEB inspection program or poles identified as unacceptable for system enhancements initiated by customer requests.

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Since 2005, all enhancements must comply with ESA standards. The testing program in 2000 identified 800 poles in need of replacement. We have changed out 100 poles in 2001, 100 poles in 2002, 75 poles in 2003, 75 poles in 2004, 70 poles in 2005 and 60 poles in 2006.

In 2006, Barrie Hydro undertook the second round of testing of wood poles. This test method has utilized newer technology and we are compiling the results.

It is estimated that the “67 worst” poles identified in the most recent test will be replaced. It is also our intention to continue the testing wood pole program that was started in 2006, in 2007 and to finish this round of testing in 2008.

See appendix 2-2, code – polereplace for spending and USOA

Transformer Betterment

This is an annual program to replace aged, damaged and deteriorated padmounted and overhead transformers. These deficiencies in transformers have been identified by the inspection program being conducted by Barrie Hydro staff and also from concerned customers that have contacted us.

The major of the identified deficiencies involve rusting of the transformer tank that, if not addressed, will result in oil leaks or exposing the public to an unsafe condition.

A planned program is a more cost effective and proactive method to replace these transformers rather than costly unplanned change outs. The 2007 program is to replace 80 transformers in the Barrie Hydro service area.

See appendix 2-2, code – transfbetterment for spending and USOA

Subdivision Servicing – It is estimated that 1350 lots will be serviced in 2007. This is in line with last years estimates. While residential land in Barrie is dwindling, Bradford is poised to take off, while New Tecumseth is expected to continue its strong growth.

See appendix 2-2, code – newsubdservicing for spending and USOA **Note – over materiality level**

General Service Connections – It is estimated that 35 new ICI connections will be required for 2007.

See appendix 2-2, code – gsconnections for spending and USOA **Note – over materiality level**

Contributed Capital – Contributed capital continues to be collected mainly for new residential subdivisions, general service connections and municipal road works.

See appendix 2-2, code – contributedcapital for spending and USOA **Note – over materiality level**

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2008 Test

2008 Capital Budget Proposal for Rebasing

Subdivision Servicing – It is estimated that 1300 lots will be serviced in 2008. This is in line with last years estimates. While residential land in Barrie is dwindling, Bradford is poised to take off, while New Tecumseth is expected to continue its strong growth.

See appendix 2-2, code – newsubdservicing for spending and USOA **Note – over materiality level**

Residential Services – It is expected that we will have approximately 2500 CA's in 2008, a slight decline from 2007. 2007 actuals are coming in below estimates.

See appendix 2-2, code – residentialservice for spending and USOA

General Service Connections – It is estimated that 45 new ICI transformers will be required for 2008 at an average cost of \$40,000.

See appendix 2-2, code – gsconnections for spending and USOA **Note – over materiality**

Northern Ethanol – Expected to require power sometime in 2008. There estimated base load is around 10-15 MWs with a start-up capacity of 20-22 MWs. Existing feeder capacity is not adequate to supply the plant. For this reason a new feeder is required to be constructed. The closest transformer station is Barrie TS. This station is near capacity during summer peak times. For this reason a new feeder is to be constructed from Midhurst TS. The estimated feeder length to be built new is 10,000 meters. Various system reconfigurations are also required in order to supply the plant.

See appendix 2-2, code – ethanolplant for spending and USOA **Note – over materiality**

City Road Relocation Projects – Based on the City of Barrie's road work plans for 2008, much of our plant needs to be relocated. There are approximately 7,500 meters of road projects scheduled in Barrie. The Net estimate costs are calculated based on the fact the Municipal Road Work Act requires the City of Barrie to pay for 50% of our labour and labour saving devices.

See appendix 2-2, code – municipalroadworks for spending and USOA **Note – over materiality**

BARRIE HYDRO DISTRIBUTION INC.

Transformer Betterment Program – Replacement of pad-mounted transformers that have reached the end of their useful life, often as a result of salt corrosion.

See appendix 2-2, code – transformerbetterment for spending and USOA

44 kV Switch Automation Program – The purpose is to automate strategic switches on the sub-transmission system in order to improve operational flexibility and power restoration times.

See appendix 2-2, code – 44kvswitchautomation for spending and USOA

Pole Replacement – Based on pole testing data various poles are replaced in order to maintain structural stability of the plant.

See appendix 2-2, code – polereplace for spending and USOA

MS835 Mill Street Upgrade – Replaced obsolete fused switch gear with modern circuit breakers/relays as well as tie the station into the existing SCADA system.

See appendix 2-2, code – substequpmillstreet for spending and USOA

Belle Isle Feeder F1 Upgrade – Improve feeder ties between substations. Backup requirement in the event a station is taken out of service.

See appendix 2-2, code – belleislefeeder for spending and USOA

Underground Primary Cable Betterment – Replace +40 year old underground cable. Improve subdivision service continuity.

See appendix 2-2, code – ugprimecable for spending and USOA

Essa Road Concrete Pole Rehabilitation – Replace corroded concrete poles. Poles are considered to be structurally unsafe (exposed re-bar).

See appendix 2-2, code – essardpolerehab for spending and USOA

Miscellaneous Substation Projects – Oil containment at two substations, transformer monitoring equipment at three stations, replace three station battery systems, rewind spare power transformer, decommissioned substation requires contaminated soil clean up, and a replacement of a poorly constructed station riser (improper clearances) as well as a carry over for data concentrator replacements.

See appendix 2-2, code – substprojects for spending and USOA

2007 Carryover – Monies for various projects that can not be completed in there calendar year due to unforeseen reasons.

See appendix 2-2, code – overhead2007cwip for spending and USOA

Mill / Nolan Feeder Balancing and Contingency - Improve feeder ties between substations. Backup requirement in the event a station is taken out of service.

See appendix 2-2, code – millnolanfeedercontingency for spending and USOA

BARRIE HYDRO DISTRIBUTION INC.

MS415-F4 Conductor Upgrade – Replace approximately 350 meters of 1/0 Aluminum cable with 336 Aluminum cable. Increase feeder capacity for anticipated load growth in the downtown Barrie area.

See appendix 2-2, code – f4conductorupgrade for spending and USOA

13.8 kV Switch Installation - Install 3-phase ganged load break switches at strategic locations in order to improve operational flexibility and power restoration times.

See appendix 2-2, code – 13.8kvswitchinstall for spending and USOA

Protection Upgrade – Replace various distribution fuse links with properly coordinated sizes. The purpose is to improve overall feeder protection coordination, which will help to minimize the affected area in the event of a permanent fault.

See appendix 2-2, code – protectupgrade for spending and USOA

PCB Removal – Currently there are approximately 51 distribution transformers which contain some level of PCB's. The purpose is to safely remove these units from service and replace them with non-PCB transformers.

See appendix 2-2, code – pcbtransformer for spending and USOA

2009 Pre-Design Capital – Engineering hours and consultant time (such as Ontario Land Surveyors) used to design the “year a head” projects, in order to keep work flows steady.

See appendix 2-2, code – predesign2009 for spending and USOA

Pole Testing – Wooden poles are tested for structural strength. The information is collected in a database and used to prioritize the Pole Replacement program.

See appendix 2-2, code – poletest for spending and USOA

Lightning Arrestors – Installed on the 44 kV system to help mitigate the damaging effects of lightning.

See appendix 2-2, code – lightningarrestors for spending and USOA

Vault Betterment – Restoration of aged underground concrete vaults in the Barrie downtown area.

See appendix 2-2, code – vaultbetterment for spending and USOA

Unplanned Minor Capital Upgrades – allowance due to rejected insurance claims and miscellaneous system upgrades.

See appendix 2-2, code – minorcapupgrades for spending and USOA

Contributed Capital – Contributed capital received for Ethanol plant, City road works, new subdivision servicing and general service connections.

See appendix 2-2, code – contributedcapital for spending and USOA **Note – over materiality level**

BARRIE HYDRO DISTRIBUTION INC.

ERP Software - Currently Barrie Hydro has an ERP system JD Edwards that was installed in 1995. This system does not meet the current needs to assist management in continuous process improvements and improving efficiencies. We hired a consultant to complete a review of our current system and they reviewed several options: maintain, upgrade or replace. It was determined there was no upgrade path since Barrie Hydro had not made any investments in this software and was several versions behind. To maintain the system and implement the changes was cost prohibitive so a replacement of our ERP was recommended. The estimated cost is based on internal estimates of purchased software and implementation costs.

See appendix 2-2, code – erpsoftware for spending and USOA **Note – over materiality level**

BARRIE HYDRO DISTRIBUTION INC.

SYSTEM EXPANSIONS

2008 Test Year

System expansions in 2008 consist of the Ethanol Plant project and New Subdivision Servicing. Expected contributed capital to be received is for the ethanol plant (\$1.7M) and subdivision servicing (\$3.2M). The subdivision servicing amount is based on prior year's actual results and updated rate and cost information.

2007 Bridge Year

System expansions in 2007 consist of New Subdivision Servicing. Expected contributed capital to be received is for subdivision servicing (\$2.1M). The subdivision servicing amount is based on prior year's actual results and updated rate and cost information.

2006 Actual

System expansions in 2006 consist of New Subdivision Servicing. Contributed capital received is for subdivision servicing (\$2.4M).

BARRIE HYDRO DISTRIBUTION INC.

CAPITALIZATION POLICY

Criteria for Capitalization:

Asset life must be greater than one year and provides benefits for future periods

- a) Expenditure incurred to improve or replace the existing asset will be capitalized if the asset useful life is extended or the asset's productivity is increased or the associated operating costs are lowered.
- b) A capital purchase must meet the above criteria as well as have a purchase value of \$1,000 or more. A per unit purchase valued at less than \$1,000 but like items grouped/pooled together to total more than \$1,000 should be capitalized.

Approval of Capital Spending:

The approval process for capital spending shall follow the Management Policy #M-1, "Purchasing Policies, Procedures and Authorization Levels" and the Board Policy #D-2, "Capital Spending and Reporting".

Depreciation:

The straight line form of depreciation will be used as the depreciation method for capital assets. The specific rates for depreciation vary and are detailed below.

BARRIE HYDRO DISTRIBUTION INC.

Asset Classification and Depreciation rate:

Tangible assets are recorded as Grouped Assets (sometimes referred to as pooled assets) or Readily Identifiable Assets

- a) Grouped Assets are those assets that by their nature make identification of individual components impractical (e.g. Conductors and devices, line transformers, poles and associated fixtures).

The following asset classes are grouped assets:

▪ Overhead Transformers	S.L. depreciation over 25 years / 300 mths
▪ Underground Transformers	S.L. depreciation over 25 years / 300 mths
▪ Overhead Lines	S.L. depreciation over 25 years / 300 mths
▪ Underground Lines	S.L. depreciation over 25 years / 300 mths
▪ Subtransmission Feeders	S.L. depreciation over 25 years / 300 mths
▪ Metering	S.L. depreciation over 25 years / 300 mths
▪ Substations	S.L. depreciation over 30 years / 360 mths
▪ Misc. Equipment	S.L. depreciation over 10 years / 120 mths
▪ Radio Equipment	S.L. depreciation over 10 years / 120 mths

- b) Readily identifiable assets are assets that have a material unit cost and are tracked on an individual unit basis (e.g. Computers, office equipment, rolling stock).

The following asset classes are identifiable assets:

▪ Land	Non-depreciable
▪ Land Rights	S.L. depreciation over 30 years / 360 mths
▪ Office Equipment	S.L. depreciation over 10 years / 120 mths
▪ Computer Hardware	S.L. depreciation over 5 years / 60mths
▪ Computer Software	S.L. depreciation over 3 years / 36 mths
▪ Rolling stock	S.L. depreciation over 5 years / 60mths
▪ SCADA equipment	S.L. depreciation over 25 years / 300 mths
▪ Building – bricks & steel	S.L. depreciation over 50 years / 600 mths (prior to 1992 @ 60 years / 720 mths)
▪ Building – other	S.L. depreciation over 30 years / 360 mths

BARRIE HYDRO DISTRIBUTION INC.

End of Economic Life of an Asset:

An asset will be considered to be at the end of its economic life when it is of no further use or potential use to Barrie Hydro.

Disposal of Capital Assets:

The accounting treatment for disposal of a capital asset should be as follows for Readily identifiable (Non-grouped) capital assets:

- a) The proceeds from the disposal, net of costs of disposal, shall be credited to the asset account up to the amount of the asset value less accumulated depreciation. The accumulated depreciation for that asset should be removed.
- b) To the extent that the remaining un-depreciated value is greater than the proceeds from disposal, the difference shall be written off.
- c) To the extent that the proceeds exceed the recorded asset value less accumulated depreciation, the additional proceeds shall be recorded as "other revenue."

Assets that are grouped remain in the pool even after the disposal of any one item and continue to be depreciated.

BARRIE HYDRO DISTRIBUTION INC.

WORKING CAPITAL ALLOWANCE CALCULATION BY ACCOUNT

	2006 Actual	15%	Allowance for Working Capital	2007 Bridge	15%	Allowance for Working Capital	2008 Test	15%	Allowance for Working Capital
Operation (Working Capital)									
5005-Operation Supervision and Engineering	844,632			969,612			1,017,428		
5010-Load Dispatching	255,867			161,543			208,745		
5012-Station Buildings and Fixtures Expense	53,469			197,477			189,285		
5014-Transformer Station Equipment - Operation Labour									
5015-Transformer Station Equipment - Operation Supplies and Expenses									
5016-Distribution Station Equipment - Operation Labour	98,865			131,795			146,609		
5017-Distribution Station Equipment - Operation Supplies and Expenses	42,963			149,222			153,186		
5020-Overhead Distribution Lines and Feeders - Operation Labour	296,111			159,508			201,259		
5025-Overhead Distribution Lines & Feeders - Operation Supplies and Expenses	(11,226)			99,654			133,488		
5030-Overhead Sub transmission Feeders - Operation	63,506			99,956			102,858		
5035-Overhead Distribution Transformers- Operation	2,469			319			326		
5040-Underground Distribution Lines and Feeders - Operation Labour	115,961			78,906			81,273		
5045-Underground Distribution Lines & Feeders - Operation Supplies & Expenses	8,376			44,465			45,309		
5050-Underground Sub transmission Feeders - Operation									
5055-Underground Distribution Transformers - Operation	517			5,012			5,136		
5060-Street Lighting and Signal System Expense									
5065-Meter Expense	188,375			310,376			319,349		
5070-Customer Premises - Operation Labour	0			0			0		
5075-Customer Premises - Materials and Expenses	0			0			0		
5085-Miscellaneous Distribution Expense	53,560			59,277			62,566		
5090-Underground Distribution Lines and Feeders - Rental Paid									
5095-Overhead Distribution Lines and Feeders - Rental Paid	12,600			12,600			12,600		
5096-Other Rent									
Sub-Total	2,026,045		303,907	2,479,722		371,958	2,679,417		401,913
Maintenance (Working Capital)									
5105-Maintenance Supervision and Engineering	571,340			662,904			694,228		
5110-Maintenance of Buildings and Fixtures - Distribution Stations	108,388			183,511			184,843		
5112-Maintenance of Transformer Station Equipment									
5114-Maintenance of Distribution Station Equipment	73,657			175,879			183,255		

[illegible]

BARRIE HYDRO DISTRIBUTION INC.

	2006 Actual	15%	Allowance for Working Capital	2007 Bridge	15%	Allowance for Working Capital	2008 Test	15%	Allowance for Working Capital
4705-Power Purchased	84,909,721			88,480,039			90,795,660		
4708-Charges-WMS	9,540,257			8,135,288			8,348,198		
4710-Cost of Power Adjustments	0			0			0		
4712-Charges-One-Time	0			0			0		
4714-Charges-NW	8,424,840			9,155,526			9,395,137		
4716-Charges-CN	7,368,412			7,876,497			8,082,634		
4750-Charges-LV				1,190,265			1,215,380		
5685-Independent Market Operator Fees and Penalties									
Sub-Total	<u>110,243,230</u>		<u>16,536,485</u>	<u>114,837,615</u>		<u>17,225,642</u>	<u>117,837,009</u>		<u>17,675,551</u>
WORKING CAPITAL ALLOWANCE TOTAL			17,842,170			18,757,466			19,238,931

Appendix 2-3 shows the calculation for the 4700 account series.

2007 Capital Budget Proposal for Rebasing					
ID #	Project ID	Gross	Contributed	Net	Notes
1	King and Yonge Street Alliston Trespass	\$24,000	\$0	\$24,000	
2	MS423 Automated Switchgear, Gnd fault protection, SCADA	\$350,000	\$0	\$350,000	
3	MS421 Automated Switchgear, Gnd fault protection, SCADA	\$350,000	\$0	\$350,000	
4	Substation Oil Containment	\$140,466	\$0	\$140,466	
5	SEL2030 Upgrade to SEL2032 Data concentrator	\$55,844	\$0	\$55,844	
6	MS840 Decommission and Enviro Study	\$47,044	\$0	\$47,044	
7	Lightning Arrestors	\$58,295	\$0	\$58,295	
8	44KV Switch Automation	\$502,773	\$0	\$502,773	
9	Municipal Road Works	\$2,993,550	\$1,400,000	\$1,593,550	
10	Saunders MS302 and Big Bay Point MS304 distribution ties	\$628,226	\$0	\$628,226	
11	Belle Isle Feeder 2 Upgrade	\$381,452	\$130,000	\$251,452	
12	13.8kV tie line between 8th Avenue and 14th Line substations	\$318,710	\$0	\$318,710	
13	Load Transfers - New Tecumseth	\$275,715	\$0	\$275,715	
14	Alliston HON Everett 44KV Reconfiguration	\$234,125	\$0	\$234,125	
15	Bayfield Street Pole Rehabilitation	\$227,650	\$0	\$227,650	
16	2006 Work In Progress	\$213,825	\$0	\$213,825	
17	Albert St substation (MS840) Feeder 3 conversion	\$201,968	\$0	\$201,968	
18	Protection Upgrade	\$140,000	\$0	\$140,000	
19	13.8kV Switch Installations Load Break Gang Operated	\$133,000	\$0	\$133,000	
20	Letitia Avenue Pole Rehabilitation	\$99,500	\$0	\$99,500	
21	Bradford Arena pole line relocation	\$75,742	\$0	\$75,742	
22	Pole Testing	\$60,000	\$0	\$60,000	
23	Unplanned Minor Capital Upgrades	\$50,000	\$0	\$50,000	
24	Marcus Street Pole Rehabilitation	\$37,250	\$0	\$37,250	
25	Owen Street Pole Rehabilitation	\$35,000	\$0	\$35,000	
26	Pole Replacements	\$500,000	\$0	\$500,000	
27	Collier Lane Looping	\$70,000	\$0	\$70,000	
28	Fox Street Station Egress	\$46,415	\$0	\$46,415	
29	Belle Isle Station Egress	\$46,415	\$0	\$46,415	
30	Melbourne Station MS322 Riser Upgrade	\$28,318	\$0	\$28,318	
31	Anne Street (MS301) F3 and F2 feeder tie	\$23,500	\$0	\$23,500	
32	Vault Betterment	\$50,000	\$0	\$50,000	
33	Install substation neutrals	\$112,386	\$0	\$112,386	
34	2007 New Subdivision Servicing	\$4,100,000	\$2,050,000	\$2,050,000	
35	General Service Connections	\$1,800,000	\$1,700,000	\$100,000	
36	Tall Trees Subdivision Underground Rehabilitation	\$900,000	\$0	\$900,000	
37	Residential Services	\$400,000	\$100,000	\$300,000	
38	Remove PCB Transformers	\$75,000	\$0	\$75,000	
39	Transformer Betterment 2007	\$600,000	\$0	\$600,000	
40	Rugged Com RS400 Switches	\$45,472	\$0	\$45,472	
41	Install 701 Transformer Relays	\$24,777	\$0	\$24,777	
	Project Total	\$16,456,417	\$5,380,000	\$11,076,417	
42	Building	\$39,700	\$0	\$39,700	
43	Office Equipment	\$99,500	\$0	\$99,500	
44	Computer Hardware	\$392,800	\$0	\$392,800	
45	Computer Software	\$686,800	\$0	\$686,800	
46	Vehicles	\$1,362,664	\$0	\$1,362,664	
47	Miscellaneous Equipment	\$203,500	\$0	\$203,500	
48	Meters	\$110,000	\$0	\$110,000	
49	Scada	\$0	\$0	\$0	
	Purchased Capital	\$2,894,964	\$0	\$2,894,964	
	Grand Total	\$19,351,381	\$5,380,000	\$13,971,381	

2008 Capital Budget Proposal for Rebasing					
ID #	Project ID	Gross	Contributed	Net	Notes
1	2008 Subdivision Servicing	\$5,330,000	\$3,198,000	\$2,132,000	Conservatively 1300 lots @ \$4,100 (40% contributed by BHDl)
2	Residential Services	\$400,000	\$100,000	\$300,000	JD,JD for layouts,upgrades& CK for CA's
3	General Service Connections	\$1,800,000	\$1,700,000	\$100,000	45 new ICI Xfmrs @ \$40,000 per
3B	Northern Ethanol Plant	\$3,500,000	\$1,650,000	\$1,850,000	\$3.5 million for Ethanol Plant with \$1.65 mil contributed
4	City Road Relocation Projects - (Appendix A1)	\$3,175,000	\$1,575,000	\$1,600,000	See below for details
5	Transformer Betterment	\$600,000	\$0	\$600,000	70 units @ \$8,600 - 2007 was estimated 80 units @ \$7,500 per
6	44kV Switch Automation Upgrades	\$510,000	\$0	\$510,000	6 switches at \$85,000 per install - 2007 was estimated 6 units @ \$84,000 per
7	Pole Replacements	\$506,800	\$0	\$506,800	100 poles @ \$5,068 - 2007 was estimated 67 poles @ \$7462 per - details required
8	MS835 (Mill Street) Upgrade	\$500,000	\$0	\$500,000	Property resolved, no SCADA nor relays
9	Belle Isle Feeder 1 Upgrade	\$400,000	\$0	\$400,000	2nd section to achieve looping between stations started in 2007 completion 2009
10	Underground Primary Cable Betterment	\$300,000	\$0	\$300,000	An allowance - no identified project yet.
11	Essa Road Concrete Pole Rehab	\$250,000	\$0	\$250,000	Existing concrete poles in very poor condition
12	Miscellaneous Substation Projects	\$250,000	\$0	\$250,000	2 oil containment units + misc
13	2007 Carryover (Work in Progress)	\$200,000	\$0	\$200,000	2007 actual was estimated at \$227,600 actual \$243,000
14	Mill / Nolan Feeder Balancing and Contingency	\$172,000	\$0	\$172,000	Single feed no existing contingency
15	MS415 F4 Conductor Upgrade	\$165,000	\$0	\$165,000	Mary St station part of Downtown Barrie 4 kV proposal so 13.8 kV not required
16	13.8kV Switch Installations (LBGO)	\$150,000	\$0	\$150,000	10 Switches @ \$15, 000 per - 2007 was estimated 12 units @ \$11,000 per
17	Protection Upgrade	\$150,000	\$0	\$150,000	2nd yr. of 3 yr. program
18	PCB Removals	\$130,014	\$0	\$130,014	18 units @ \$7,223 per - 2007 was estimated 10 units @ \$7,500 per - 51 units left
19	2009 Pre-Design Capital	\$75,000	\$0	\$75,000	Eng. Hrs., surveying
20	Pole Testing	\$75,000	\$0	\$75,000	3rd year to complete this round of testing - 2007 was \$60,000
21	Lightning Arresters	\$60,000	\$0	\$60,000	6 sets @ \$10,000 - final yr. of program
22	Vault Betterment	\$50,000	\$0	\$50,000	2007 was estimated 5 units @ \$10,000
23	Unplanned Minor Capital Upgrades	\$50,000	\$0	\$50,000	Allowance due to rejected insurance claims & BHDl upgrades
24	Smart Metering	\$0	\$0	\$0	Pilot Project for 3,000 to 5,000 meters @ approx \$200/each
25	Yonge & King Plaza	\$0	\$0	\$0	Potential project if not completed in 2007
26	Long Term Load Transfers	\$0	\$0	\$0	
	Project Total	\$18,798,814	\$8,223,000	\$10,575,814	
27	Building	\$57,000	\$0	\$57,000	
28	Office Equipment	\$75,375	\$0	\$75,375	
29	Computer Hardware	\$726,000	\$0	\$726,000	
30	Computer Software	\$1,915,000	\$0	\$1,915,000	
31	Vehicles	\$893,575	\$0	\$893,575	
32	Miscellaneous Equipment	\$175,275	\$0	\$175,275	
33	Meters	\$150,000	\$0	\$150,000	
34	Scada	\$51,250	\$0	\$51,250	
	Purchased Capital	\$4,043,475	\$0	\$4,043,475	
	Grand Total	\$22,842,289	\$8,223,000	\$14,619,289	

APPENDIX 2-2

CapitalPlan

BARRIE HYDRO DISTRIBUTION INC

CapitalSpending

Code APPENDIX 2-2	USAacct	ServiceYr	SpendYr	SpendAmt	CwipYrs	AFUDC	CapAmt		
landrights	1806	Bridge	Bridge	24,000	0	0	24,000		
substequipswitchgear	1820	Bridge	Bridge	350,000	0	0	350,000		
substequipswitchgear	1820	Bridge	Bridge	350,000	0	0	350,000		
substoilcontainment	1820	Bridge	Bridge	140,466	0	0	140,466		
substupgradedataconcentrator	1820	Bridge	Bridge	55,844	0	0	55,844		
ms840environmental	1820	Bridge	Bridge	47,044	0	0	47,044		
lightningarrestors	1830	Bridge	Bridge	58,295	0	0	58,295		
f1conv&systemenhancecwip2006	1830	Bridge	Hist	717,626	1	0	717,626		
44kvswitch	1830	Bridge	Bridge	-214,853	0	0	-214,853		
municipalroadworks	1830	Bridge	Hist	822,823	1	0	822,823		
municipalroadworks	1830	Bridge	Bridge	584,146	0	0	584,146		
municipalroadworks	1835	Bridge	Bridge	1,586,581	0	0	1,586,581		
overheadcwip2006	1830	Bridge	Hist	126,491	1	0	126,491		
ms302-304distributionties	1830	Bridge	Bridge	168,775	0	0	168,775		
ms302-304distributionties	1835	Bridge	Bridge	332,960	0	0	332,960		
belleislefeederupgrade	1830	Bridge	Bridge	179,282	0	0	179,282		
belleislefeederupgrade	1835	Bridge	Bridge	202,170	0	0	202,170		
substties	1830	Bridge	Bridge	149,794	0	0	149,794		
substties	1835	Bridge	Bridge	168,916	0	0	168,916		
loadtransfers	1830	Bridge	Bridge	129,586	0	0	129,586		
loadtransfers	1835	Bridge	Bridge	146,129	0	0	146,129		
alliston-hon44kvreconfig	1830	Bridge	Bridge	110,039	0	0	110,039		
alliston-hon44kvreconfig	1835	Bridge	Bridge	124,086	0	0	124,086		
bayfieldpolerehab	1830	Bridge	Bridge	227,650	0	0	227,650		
poeline2006wip	1835	Bridge	Hist	0	1	0	0		
poeline2006wip	1835	Bridge	Bridge	213,825	0	0	213,825		
albertstsubstfeedconv	1830	Bridge	Bridge	94,925	0	0	94,925		
albertstsubstfeedconv	1835	Bridge	Bridge	107,043	0	0	107,043		
protectionupgrade	1830	Bridge	Bridge	140,000	0	0	140,000		
loadbreakswitch	1835	Bridge	Bridge	133,000	0	0	133,000		
letitiaavepolerehab	1830	Bridge	Bridge	99,500	0	0	99,500		
2008predesigncap	1835	Test	Bridge	75,000	1	0	75,000		
bradfordpoelinereloc	1830	Bridge	Bridge	75,742	0	0	75,742		
poletest	1830	Bridge	Bridge	60,000	0	0	60,000		
minorupgrades	1835	Bridge	Bridge	50,000	0	0	50,000		
marcusstpolerehab	1830	Bridge	Bridge	37,250	0	0	37,250		
owenstpolerehab	1835	Bridge	Bridge	35,000	0	0	35,000		
polereplace	1830	Bridge	Bridge	500,000	0	0	500,000		
collierlaneloop	1840	Bridge	Bridge	70,000	0	0	70,000		
foxstategress	1845	Bridge	Bridge	46,415	0	0	46,415		
bellestategress	1845	Bridge	Bridge	46,415	0	0	46,415		

Code APPENDIX 2-2	USAacct	ServiceYr	SpendYr	SpendAmt	CwipYrs	AFUDC	CapAmt		
melbournestatriserupgrade	1840	Bridge	Bridge	28,318	0	0	28,318		
annestfeedertie	1845	Bridge	Bridge	23,500	0	0	23,500		
vaultbetterment	1840	Bridge	Bridge	50,000	0	0	50,000		
substneutrals	1845	Bridge	Bridge	112,386	0	0	112,386		
newsbusd servicing	1840	Bridge	Hist	382,362	1	0	382,362		
newsbusd servicing	1840	Bridge	Bridge	2,036,638	0	0	2,036,638		
newsbusd servicing	1845	Bridge	Bridge	1,681,000	0	0	1,681,000		
gsconnections	1840	Bridge	Test	371,519	-1	0	371,519		
gsconnections	1840	Bridge	Bridge	690,481	0	0	690,481		
gsconnections	1845	Bridge	Bridge	738,000	0	0	738,000		
talltreesugrehab	1840	Bridge	Bridge	531,000	0	0	531,000		
talltreesugrehab	1845	Bridge	Bridge	369,000	0	0	369,000		
residservices	1840	Bridge	Bridge	236,000	0	0	236,000		
residservices	1845	Bridge	Bridge	164,000	0	0	164,000		
replpcbtransf	1850	Bridge	Bridge	75,000	0	0	75,000		
transfbetterment	1850	Bridge	Bridge	600,000	0	0	600,000		
scadaswitches	1980	Bridge	Bridge	45,472	0	0	45,472		
transfrelays	1980	Bridge	Bridge	24,777	0	0	24,777		
buildfixt	1808	Bridge	Bridge	39,700	0	0	39,700		
officeequip	1915	Bridge	Bridge	99,500	0	0	99,500		
comphardware	1920	Bridge	Bridge	392,800	0	0	392,800		
softwaregis	1925	Bridge	Bridge	300,000	0	0	300,000		
software	1925	Bridge	Bridge	386,800	0	0	386,800		
vehicles	1930	Bridge	Bridge	1,362,664	0	0	1,362,664		
miscequip	1940	Bridge	Bridge	203,500	0	0	203,500		
meters	1860	Bridge	Bridge	110,000	0	0	110,000		
substequipmillstreet	1820	Test	Test	500,000	0	0	500,000		
substproj	1820	Test	Test	250,000	0	0	250,000		
ethanolplant	1830	Test	Test	1,645,000	0	0	1,645,000		
ethanolplant	1835	Test	Test	1,855,000	0	0	1,855,000		
feeder&enhancement2007cwip	1830	Test	Bridge	700,000	1	0	700,000		
44kvswitchautomation	1830	Test	Test	-190,000	0	0	-190,000		
belleislefeeder	1830	Test	Test	188,000	0	0	188,000		
belleislefeeder	1835	Test	Test	212,000	0	0	212,000		
f4conductorupgrade	1835	Test	Test	165,000	0	0	165,000		
lightningarrestors	1830	Test	Test	60,000	0	0	60,000		
municipalroadworks	1830	Test	Bridge	900,000	1	0	900,000		
municipalroadworks	1830	Test	Test	592,250	0	0	592,250		
municipalroadworks	1835	Test	Test	1,682,750	0	0	1,682,750		
polereplace	1830	Test	Test	506,800	0	0	506,800		
essardpolerehab	1830	Test	Test	250,000	0	0	250,000		

Code APPENDIX 2-2	USAacct	ServiceYr	SpendYr	SpendAmt	CwipYrs	AFUDC	CapAmt		
overhead2007cwip	1835	Test	Bridge	200,000	1	0	200,000		
2007wip	1835	Test	Test	0	0	0	0		
mill/nolanfeedercontingency	1830	Test	Test	80,840	0	0	80,840		
mill/nolanfeedercontingency	1835	Test	Test	91,160	0	0	91,160		
13.8kvswitchinstall	1830	Test	Test	150,000	0	0	150,000		
protectupgrade	1835	Test	Test	150,000	0	0	150,000		
predesign2009	1830	Future	Test	75,000	1	0	75,000		
poletest	1830	Test	Test	75,000	0	0	75,000		
minorcapupgrades	1835	Test	Test	50,000	0	0	50,000		
newsudbservicing	1840	Test	Bridge	500,000	1	0	500,000		
newsudbservicing	1840	Test	Test	2,644,700	0	0	2,644,700		
newsudbservicing	1845	Test	Test	2,185,300	0	0	2,185,300		
residentialservice	1840	Test	Test	236,000	0	0	236,000		
residentialservice	1845	Test	Test	164,000	0	0	164,000		
gsconnections	1840	Test	Bridge	400,000	1	0	400,000		
gsconnections	1840	Test	Test	662,000	0	0	662,000		
gsconnections	1845	Test	Test	738,000	0	0	738,000		
u/gprimecablebetter	1845	Test	Test	300,000	0	0	300,000		
vaultbetterment	1840	Test	Test	50,000	0	0	50,000		
replapcbtransf	1850	Test	Test	130,014	0	0	130,014		
transfbetterment	1850	Test	Test	600,000	0	0	600,000		
buildfixt	1808	Test	Test	57,000	0	0	57,000		
officeequip	1915	Test	Test	75,375	0	0	75,375		
computerhardw	1920	Test	Test	726,000	0	0	726,000		
erpsoftware	1925	Test	Test	1,500,000	0	0	1,500,000		
software	1925	Test	Test	415,000	0	0	415,000		
vehicles	1930	Test	Test	893,575	0	0	893,575		
miscequip	1940	Test	Test	175,275	0	0	175,275		
meters	1860	Test	Test	150,000	0	0	150,000		
scada	1980	Test	Test	51,250	0	0	51,250		
contributedcapital	1995	Bridge	Bridge	-5,380,000	0	0	-5,380,000		
contributedcapital	1995	Test	Test	-8,223,000	0	0	-8,223,000		
cwipsubd2008	1840	Future	Test	700,000	1	0	700,000		
cwipgsconn2008	1840	Future	Test	500,000	1	0	500,000		
cwipmunicipalroadrelocate2008	1830	Future	Test	1,100,000	1	0	1,100,000		
cwipfeederconv&systemenhance2008	1830	Future	Test	500,000	1	0	500,000		
cwipoverhead2008	1835	Future	Test	300,000	1	0	300,000		
cwipmunicipalroadrelocate2007	2055	Test	Bridge	0	1	0	0		
cwipsubd2007	2055	Test	Bridge	0	1	0	0		
cwipgsconn2007	2055	Test	Bridge	0	1	0	0		
cwipfeederconv&systemenhance2007	2055	Test	Bridge	0	1	0	0		

CapitalPlan

BARRIE HYDRO DISTRIBUTION INC

CapitalSpending

Code APPENDIX 2-2	USAacct	ServiceYr	SpendYr	SpendAmt	CwipYrs	AFUDC	CapAmt		
cwipoverhead2007	2055	Test	Bridge	0	1	0	0		
contributedcapital	1995	Test	Test	0	0	0	0		
contributedcapital	1995	Test	Test	0	0	0	0		
contributedcapital	1995	Test	Test	0	0	0	0		
contributedcapital	1995	Test	Test	0	0	0	0		
contributedcapital	1995	Test	Test	0	0	0	0		
contributedcapital	1995	Test	Test	0	0	0	0		
contributedcapital	1995	Test	Test	0	0	0	0		
contributedcapital	1995	Test	Test	0	0	0	0		
contributedcapital	1995	Test	Test	0	0	0	0		

CapitalPlan

AssetAdditions

BARRIE HYDRO DISTRIBUTION INC

APPENDIX 2-2

Sum of CapAmt	ServiceYr				Grand Total
USAacct	Bridge	Test	Future	(blank)	Grand Total
1806	24,000				24,000
1808	39,700	57,000			96,700
1820	943,354	750,000			1,693,354
1830	4,067,071	4,957,890	1,675,000		10,699,961
1835	3,099,710	4,480,910	300,000		7,880,620
1840	4,396,318	4,492,700	1,200,000		10,089,018
1845	3,180,716	3,387,300			6,568,016
1850	675,000	730,014			1,405,014
1860	110,000	150,000			260,000
1915	99,500	75,375			174,875
1920	392,800	726,000			1,118,800
1925	686,800	1,915,000			2,601,800
1930	1,362,664	893,575			2,256,239
1940	203,500	175,275			378,775
1980	70,249	51,250			121,499
1995	-5,380,000	-8,223,000			-13,603,000
2055		0			0
(blank)					
Grand Total	13,971,382	14,619,289	3,175,000		31,765,671

BARRIE HYDRO DISTRIBUTION INC.

APPENDIX 2-3

2007 WEIGHTED AVERAGE KWH

	RETAIL KWH		APPL LOSS FACTOR	WHOLESALE KWH
RESIDENTIAL	551,422,629		1.051	579,545,183
GS<50	195,076,744		1.051	205,025,658
USL	4,635,749		1.051	4,872,172
		20.33%	156,090,901	162,412,582
GS>50	767,786,033	79.67%	611,695,132	642,891,584
STREET LIGHT	10,943,925		1.051	11,502,065
LARGE USER	-		1.0045	-
	1,529,865,080			1,606,249,245

GS>50 CALC

GS>50 interval

2007 YTD JULY WMS %

		4.46%
5.10%	39.1%	
4.05%	60.9%	4.46%

2007 YTD JULY WMS KWH NO LOSSES GS>50INT

146,769,315

2007 YTD JULY WMS KWH NO LOSSES GS>50

292,932,830

439,702,145

2007 YTD JULY WMS KWH NO LOSSES GS>50INT

146,769,315

5.10%	39.1%	KWH	57,386,802
4.05%	60.9%		89,382,513
			146,769,315

2007 YTD JULY WMS KWH NO LOSSES GS>50

292,932,830

5.10%

350,319,632

79.67% SECONDARY

2007 YTD JULY WMS KWH NO LOSSES GS>50INT

57,386,802

5.10%

2007 YTD JULY WMS KWH NO LOSSES GS>50INT

89,382,513

4.05%

89,382,513

20.33% PRIMARY

439,702,145

439,702,145

BARRIE HYDRO DISTRIBUTION INC.

APPENDIX 2-3

2008 WEIGHTED AVERAGE KWH

	RETAIL KWH		APPL LOSS FACTOR	WHOLESALE KWH
RESIDENTIAL	563,043,922		1.0565	594,855,904
GS<50	196,331,603		1.0565	207,424,339
USL	4,665,581		1.0565	4,929,186
		20.33%	157,064,036	164,320,394
GS>50	772,572,729	79.67%	615,508,693	650,284,934
STREET LIGHT	11,174,739		1.0565	11,806,112
LARGE USER	14,600,000		1.0045	14,665,700
	1,562,388,574			1,648,286,569

GS>50 CALC

Gs>50 interval

2007 YTD JULY WMS %

4.46%

5.10%

39.1%

4.05%

60.9%

4.46%

2007 YTD JULY WMS KWH NO LOSSES GS>50INT

146,769,315

2007 YTD JULY WMS KWH NO LOSSES GS>50

292,932,830

439,702,145

KWH

2007 YTD JULY WMS KWH NO LOSSES GS>50INT

146,769,315

5.10%

39.1%

57,386,802

4.05%

60.9%

89,382,513

146,769,315

2007 YTD JULY WMS KWH NO LOSSES GS>50

292,932,830

5.10%

350,319,632

79.67% SECONDARY

2007 YTD JULY WMS KWH NO LOSSES GS>50INT

57,386,802

5.10%

2007 YTD JULY WMS KWH NO LOSSES GS>50INT

89,382,513

4.05%

89,382,513

20.33% PRIMARY

439,702,145

439,702,145

BARRIE HYDRO DISTRIBUTION INC.

APPENDIX 2-3

	JAN	FEB	MAR	APR	MAY	JUN	JUL	TOTAL IESO	TOTAL HYDRO ONE	GRAND TOTAL	\$/KWH	2008 WHOLESALE KWH 1,648,286,569	USOA	2007 WHOLESALE KWH 1,606,249,245
5501 COP	\$ 7,713,449	\$ 8,007,000	\$ 7,051,929	\$ 5,768,928	\$ 6,561,813	\$ 7,142,148	\$ 7,088,439	\$ 49,333,706		\$ 49,333,706	\$ 0.0535	\$ 88,140,206	4705	\$ 85,892,309
5601 GA	\$ (64,887)	\$ (936,086)	\$ 864,817	\$ 232,600	\$ (304,551)	\$ 1,738,032	\$ (43,618)	\$ 1,486,307		\$ 1,486,307	\$ 0.0016	\$ 2,655,454	4705	\$ 2,587,731
5620 WMS	\$ 870,934	\$ 755,318	\$ 592,783	\$ 454,083	\$ 570,201	\$ 796,794	\$ 632,528	\$ 4,672,641		\$ 4,672,641	\$ 0.0051	\$ 8,348,198	4708	\$ 8,135,288
5640 ONE TIME	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -	4712	\$ -
5660 NETWORK	\$ 510,410	\$ 517,930	\$ 527,959	\$ 431,697	\$ 612,030	\$ 646,375	\$ 605,739	\$ 3,852,140	\$ 1,406,492	\$ 5,258,632	\$ 0.0057	\$ 9,395,137	4714	\$ 9,155,526
5670 LINE CONECTION	\$ <u>427,328</u>	\$ <u>439,921</u>	\$ <u>454,432</u>	\$ <u>398,131</u>	\$ <u>536,637</u>	\$ <u>566,690</u>	\$ <u>529,876</u>	\$ 3,353,015	\$ 1,170,985	\$ 4,524,000	\$ 0.0049	\$ 8,082,634	4716	\$ 7,876,497
	\$ 9,457,234	\$ 8,784,083	\$ 9,491,920	\$ 7,285,439	\$ 7,976,130	\$ 10,890,039	\$ 8,812,964			LV PER CALC		\$ <u>1,215,380</u>	4750	\$ <u>1,190,265</u>
KWH	142,783,290	135,113,410	130,798,530	121,558,650	121,848,540	135,190,690	135,283,420	922,576,530				\$ 117,837,008		\$ 114,837,616
	\$ 469,311	\$ 535,845	\$ 571,574	\$ 404,910	\$ 477,673	\$ 650,566	\$ 37,525					\$ 90,795,660		\$ 88,480,039
HYDRO ONE	\$ 9,926,545	\$ 9,319,928	\$ 10,063,494	\$ 7,690,349	\$ 8,453,803	\$ 11,540,605	\$ 8,850,489							
5660 NETWORK	\$ 205,272	\$ 203,021	\$ 207,131	\$ 195,305	\$ 172,161	\$ 185,613	\$ 237,989	\$ 1,406,492				4006 28.7% \$ 26,058,354	4006	\$ 25,393,771
5670 LINE CONECTION	\$ 170,709	\$ 168,379	\$ 171,788	\$ 163,488	\$ 145,292	\$ 153,949	\$ 197,380	\$ 1,170,985				4025 0.8% \$ 726,365	4025	\$ 707,840
5617 LV	\$ 107,793	\$ 98,848	\$ 100,987	\$ 102,039	\$ 87,065	\$ 86,573	\$ 122,219	\$ 705,524				4035 50.0% \$ 45,397,830	4035	\$ 44,240,020
												4050 0.0% \$ -	4050	\$ -
												4055 20.5% \$ 18,613,110	4055	\$ 18,138,408
												\$ 90,795,660		\$ 88,480,039

BARRIE HYDRO DISTRIBUTION INC.

<u>Ex.</u>	<u>Tab</u>	<u>Schedule</u>	<u>Contents of Schedule</u>
<u>3 - Operating Revenue</u>			
		1	Overview of Operation Revenue
		2	Summary of Operating Revenue Table
		3	Variance Analysis on Operating Revenue Table
	2		Throughput Revenue
		1	Weather Normalized Forecasting Methodology
		2	Normalized Volume Forecast Table
		3	Variance Analysis on Normalized Volume Forecast Table
		4	Customer Count Forecast Table
		5	Variance Analysis on Customer Count Forecast Table
	3		Other Revenue
		1	Other Distribution Revenue
		2	Variance Analysis on Other Distribution Revenue
		3	Rate of Return on Other Distribution Revenue
	4		Revenue Sharing
		1	Description of Revenue Sharing

BARRIE HYDRO DISTRIBUTION INC.

OVERVIEW OF OPERATING REVENUE

This exhibit provides the details on Barrie Hydro's operating revenue for Historical Actual, Historical Board Approved, Bridge and Test years. This exhibit also provides a detailed variance analysis by rate class of the operating revenue components.

Distribution revenues have been calculated using the most recently approved rates. In particular, delivery rates are based on the EB-2007-0507 Rate Order dated April 12, 2007.

Throughput Revenue

Information related to the utility's throughput revenue include details such as weather normalized forecasting methodology, normalized volume and customer counts forecast tables. Detailed variance analysis on the forecast information is also provided.

Other Revenue

Other revenues include revenues such as Late Payment Charges and Other Revenues. A summary of these operating revenues is presented in Exhibit 3, Tab 3, Schedule 1.

Revenue Sharing

Not applicable.

BARRIE HYDRO DISTRIBUTION INC.

SUMMARY OF OPERATING REVENUE TABLE

	2006 Board Approved (\$'s)	2006 Actual (\$'s)	Variance form 2006 Board Approved (\$'s)	2006 Actual (\$'s)	2007 Actual (\$'s)	Variance form 2006 Actual (\$'s)	2007 Bridge (\$'s)	2008 Test (\$'s)	Variance form 2007 Actual (\$'s)
<u>Distribution Revenues</u>									
Residential	16277159	17277809	1000650	17277809	17792929	515120	17792929	20711184	2918255
GS<50	3660445	3761575	101130	3761575	3794325	32750	3794325	4312937	518612
GS>50	5699058	6056235	357177	6056235	6265818	209583	6265818	7565786	1299968
Large Use	0	0	0	0	0	0	0	136300	136300
USL	88871	143188	54317	143188	106857	-36331	106857	152527	45670
Street Lighting	83259	91280	8021	91280	91815	535	91815	123319	31504
Total	25808792	27330087	1521295	27330087	28051745	721658	28051745	33002053	4950308
<u>Other Distribution Revenue</u>									
Late Payment Charges	502730	521785	19055	521785	629694	107909	629694	642288	12594
Other Revenues	1342728	1607086	264358	1607086	1336195	-270891	1336195	1364230	28035
	27654250	29,458,958	1804708	29,458,958	30,017,634	558676	30,017,634	35008571	4990937

BARRIE HYDRO DISTRIBUTION INC.

VARIANCE ANALYSIS ON OPERATING REVENUE TABLE

Barrie Hydro's 2007 distribution revenue has been calculated using the most recently approved rates. In particular, delivery rates are based on the EB-2007-0507 Rate Order, dated April 12, 2007. 2008 distribution revenues are based on the results from the 2008 rate application. Please note that the distribution revenues shown Exhibit 3, Tab 1, schedule 2 include the recovery of transformer discount in the amount of \$549,556 for 2008. Distribution revenue does not include commodity related revenue.

A summary of distribution revenues per variable driver is presented in appendix 3-1.

2008 Test Year

Barrie Hydro's operating revenue is forecast to be \$35,008,571 in Fiscal 2008, as shown in Exhibit 3, Tab 1, Schedule 2. Distribution revenue totals \$33,002,053 or 94.3% of total revenues. Other operating revenue (net) accounts for the remaining revenue of \$2,006,518.

Comparison to 2007 Bridge Year

As shown in Exhibit 3, Tab 1, Schedule 2, the total operating revenue is expected to be \$4,990,937 above the bridge year level in fiscal 2007. This increase is the result of 1 year of customer growth and the adjustments of costs and rate base from 2004 to 2008 forecast.

2007 Bridge Year

Barrie Hydro's operating revenue is forecast to be \$30,017,634 in Fiscal 2007, as shown in Exhibit 3, Tab 1, Schedule 2. Distribution revenue totals \$28,051,745 or 93.5% of total revenues. Other operating revenue (net) accounts for the remaining revenue of \$1,965,889.

Comparison to 2006 Actual

As shown in Exhibit 3, Tab 1, Schedule 2, the total operating revenue is expected to be \$558,676 above the 2006 actual year level in fiscal 2007. This increase is the result of 1 year of customer growth and the adjustments from the 2007 rate application

2006 Actual

Barrie Hydro's operating revenue was \$29,458,958 in Fiscal 2006, as shown in Exhibit 3, Tab 1, Schedule 2. Distribution revenue totals \$27,330,087 or 92.8% of total revenues. Other operating revenue (net) accounts for the remaining revenue of \$2,128,871.

Comparison to 2006 Board approved

As shown in Exhibit 3, Tab 1, Schedule 2, the total operating revenue is expected to be \$1,804,708 above the 2006 Board approved year. This increase is the result of 2 year of customer growth.

BARRIE HYDRO DISTRIBUTION INC.

2006 Board Approved

Barrie Hydro's operating revenue was \$27,654,250 in 2006 board approved, as shown in Exhibit 3, Tab 1, Schedule 2. Distribution revenue totals \$25,808,792 or 93.3% of total revenues. Other operating revenue accounts for the remaining revenue of \$1,845,458.

BARRIE HYDRO DISTRIBUTION INC.

WEATHER NORMALIZED FORECASTING METHODOLOGY

This exhibit discusses the methodology used to determine Barrie Hydro's customer and load forecast. A projection for the number of customers in each customer class is provided for both the Bridge Year (2007) and the Test Year (2008). Historical data for the annual number of customers in each rate class is provided for 2004 through to 2006. As a result of the limited amount of data available, time series techniques that are often used to help estimate forecast values cannot be used. Rather, we have used a simple trend growth in customer connections, by class, to forecast Bridge and Test Year customer numbers. Barrie Hydro experienced high customer growth in the 4 to 5% range in 2000 to 2004. Actual growth in 2005, 2006, and forecasted 2007 is slowing. The main factor causing this slowing is that the majority of Barrie Hydro's municipal service areas is approaching total buildout. This slowing growth has been forecasted to continue in the 2008 test year data. Historical and forecast customer numbers, by class, are displayed in the next section.

As required by the OEB Filing Requirements for Transmission and Distribution Applications, we are providing normalized historical and forecast (Bridge Year and Test Year) throughput data. Weather normalization (where required) is based on normalized average use per customer ("NAC") calculated from the weather-normalized throughput of the utility from 2004. This weather-normalized throughput was generated by Hydro One using their weather normalization model for the Cost Allocation process previously undertaken by the Board. The process to obtain these weather normal data was an intensive effort for all parties involved, and we are leveraging the value of this work by using it for this process.

Customer Forecast

Table 1 below presents historical and forecast customer numbers, by class, for Barrie Hydro

<i>Table 1 – Customers by Class</i>							
			2004	2005	2006	2007	2008
Residential			57473	59186	60659	61684	62984
<i>Per cent chg</i>				3.0	2.5	1.7	2.1
GS < 50kW			5227	5280	5320	5441	5476
<i>Per cent chg</i>				1.0	0.8	2.3	0.6

BARRIE HYDRO DISTRIBUTION INC.

GS (>50 to 5000)			744	763	784	802	807
<i>Per cent chg</i>				2.6	2.8	2.3	0.6
Large Use (>5000)			0	0	0	0	1
USL			529	583	760	777	782
				10.2	30.4	2.2	0.6
Street Lighting			13252	14026	14174	14414	14718
<i>Per cent chg</i>				5.8	1.1	1.7	2.1

For residential GS<50 and GS>50 classes 2007 counts are based on May YTD actual growth factors prorated for the entire year. 2008 increases are based on the actual number of new connections forecasted in our capital projects. We have used the same methodology for the USL class as that used for GS. For Street lighting we have used the same growth projections as used for residential. We would note that in 2004 and 2005 that for USL we incurred difficulties in obtaining an accurate count for USL, 2006 actuals are an accurate count.

We are forecasting that a new large user customer (>5000kW) will be in service in November of 2008, prior to this we have not had a large use customer for a number of years.

BARRIE HYDRO DISTRIBUTION INC.

Load Forecast

Weather sensitive load (Residential, GS<50, and GS>50 classes) is calculated by using a retail normalized average use per customer ("retail NAC"). This is calculated by dividing the class weather normal retail kWh for 2004 by the number of customers in class in 2004. Class weather normal retail kWh for 2004 is determined by dividing the class weather normal wholesale kWh for 2004 reported in the Hydro One weather normalization analysis by the class loss factor. The class loss factor is calculated for 2004 by dividing the class weather actual wholesale consumption for 2004 (Hydro One file) by the class weather actual retail consumption (utility data). Weather sensitive class weather actual wholesale and retail kWh and associated loss factors are reported in the following table below. Although not weather sensitive the same methodology was used to develop a load forecast for USL and Street Lighting. Barrie Hydro has indicated in its capital plan that a new large use customer will come into service in 2008. According to the best information available the in service date will be November of 2008 and peak monthly load will be 15,000kW per month. To develop a monthly kWh load forecast Barrie Hydro used the following calculation- $15,000\text{kW} @ 80\% @ 20\text{hours/day} @ 365\text{ days/yr} = 87,600,000\text{ kWh/yr} / 12\text{ months} @ 2\text{months} = 14,600,000\text{ kWh for 2008}$. See appendix 3.2 and 3.3 for further details including kWh and kW amounts from the Cost allocation Model.

BARRIE HYDRO DISTRIBUTION INC.

<i>2004 Weather Normalized kWh and Loss Factors for Weather Sensitive Load</i>			
Class	Weather Actual Wholesale kWh	Weather Actual Retail kWh	Loss Factor
Residential	537,565,246	513,777,354	1.0463
GS < 50	196,080,994	187,404,180	1.0463
GS >50 to 5,000	745,238,105	712,260,360	1.0463

Unmetered Scat Load	3,302,257	3,156,128	1.0463
Street Lighting	10,527,524	10,061,669	1.0463

Weather sensitive class retail weather normal kWh, number of customers, and retail NAC for 2004 is reported in the table below.

Class	Weather Normal Retail kWh (2004)	Customer Connections (2004)	Retail NAC
Residential	513,777,354	57,473	8939.6
GS < 50	196,080,994	5227	35853.11
GS >50 to 5,000	712,260,360	744	957.339.19

Unmetered Scat Load	3,156,128	529	5,966.22
Street Lighting	10,061,669	13252	759.26

Annual class kWh for Bridge Year and Test Year are calculated by multiplying retail NAC by forecast number of customers in class.

Several classes are billed based on demand charges (GS>50, Street Lighting) and require an estimate of billed kW. Billed kW is estimated based on a load factor calculated using a ratio of historical billed kW to historical retail kWh, by class. For GS>50 the average ratio for the period 2002 to 2006 was 0.00255, using the weather adjusted data for 2004 the result was 0.00253, we have used the weather adjusted ratio of 0.00253. For Street lighting the same process yielded a 5 year average of 0.00289. The 2004 weather adjusted result was 0.00286, we have used the 0.00286. Details are provided in appendix 3-2 and 3-3.

The following table summarizes the results of The Applicant's customer and load forecast.

BARRIE HYDRO DISTRIBUTION INC.

			Historical Board Approved	Historical Actual Normalized		Bridge Year Forecast Normalized	Test Year Normalized Forecast
Year			2004	2006		2007	2008
Residential	#		57,473	60,659		61,684	62,984
	kWh		497,770,378	542,258,461		551,422,629	563,043,922
GS < 50 kW	#		5227	5320		5441	5476
	kWh		188,869,683	190,738,519		195,076,744	196,331,603
GS >50 to 5000	#		744	784		802	807
	kWh		724,181,039	750,553,928		767,786,033	772,572,729
	kW		1841391	1898032		1941610	1953714
Large Use >5000	#		0	0	0	0	1
	kWh		0	0	0	0	14,600,000
	kW		0	0	0	0	30000
USL	#		529	760		777	782
	kWh		3,144,915	4,534,324		4,635,749	4,665,581
Sentinel Lights	#						
	kWh						
	kW						
Street Lighting	#		13252	14174		14414	14718
	kWh		11,118,284	10,761,704		10,943,925	11,174,739
	kW		32095	30756		31276	31936

BARRIE HYDRO DISTRIBUTION INC.**NORMALIZED VOLUME FORECAST TABLE**

	2006 Board Approved (kWh)	2006 Board Approved (kW)	2006 Normalized Actual (kWh)	2006 Norm Actual (kW)	Variance form 2006 Board Approved	2006 Normalized Actual (kWh)	2006 Norm Actual (kW)	2007 Bridge (kWh)	2007 Bridge (kW)	Variance form 2006 Norm Actual	2007 Bridge (kWh)	2007 Bridge (kW)	2008 Test (kWh)	2008 Test (kW)	Variance form 2007 Actual
(Volumetric + Monthly Service Charge)															
Rate Classes															
Residential	497770378		542258461		44488083	542258461		551422629		9164168	551422629		563043922		11621293
General Service <50	188869683		190738519		1868836	190738519		195076744		4338225	195076744		196331603		1254859
General Service >50	724181039	1841391	750553928	1898032	56641	750553928	1898032	767786033	1941610	43578	767786033	1941610	772572729	1953714	12104
Large User													14600000	30000	30000
USL	3144915		4534324		1389409	4534324		4635749		101425	4635749		4665581		19832
Street Lighting	11118284	32095	10761704	30756	-1339	10761704	30756	10943925	31276	520	10943925	31276	11174739	31936	660

BARRIE HYDRO DISTRIBUTION INC.

VARIANCE ANALYSIS ON NORMALIZED VOLUME FORECAST

The purpose of the evidence contained in Exhibit 3, Tab 2, Schedule 2, is to provide the Board with a review of Barrie Hydro normalized consumptions.

Fiscal 2008 Test Year

Due to the methodology we have used we would highlight that the variance from 2007 to 2008 represents the same % as the customer growth

2007 Bridge Year

Due to the methodology we have used we would highlight that the variance from 2006 to 2007 represents the same % as the customer growth

BARRIE HYDRO DISTRIBUTION INC.

CUSTOMER COUNT FORECAST TABLE

	2006 Board Approved	2006 Actual	Variance form 2006 Board Approved	2006 Actual	2007 Actual	Variance form 2006 Actual	2007 Bridge	2008 Test	Variance form 2007 Actual
Customers Count									
Residential	57473	60659	3186	60659	61684	1025	61684	62984	1300
GS<50	5227	5320	93	5320	5441	121	5441	5476	35
GS>50	744	784	40	784	802	18	802	807	5
Large User	0	0	0	0	0	0	0	1	1
USL	529	760	231	760	777	17	777	782	5
Street Light	13252	14174	922	14174	14414	240	14414	14718	304

BARRIE HYDRO DISTRIBUTION INC.

VARIANCE ANALYSIS ON CUSTOMER COUNT FORECAST

The purpose of the evidence contained in Exhibit 3, Tab 2, Schedule 4, is to provide the Board with a review of Barrie Hydro actual and forecasted customers.

Fiscal 2008 Test Year

2008 increases are based on the actual number of new connections forecasted in our capital projects. We have used the same methodology for the USL class as that used for GS. For Street lighting we have used the same growth projections as used for residential. We are forecasting that a new large user customer (>5000kW) will be in service in November of 2008, prior to this we have not had a large use customer for a number of years.

2007 Bridge Year

For residential GS<50 and GS>50 classes 2007 counts are based on May YTD actual growth factors prorated for the entire year. We have used the same methodology for the USL class as that used for GS. For Street lighting we have used the same growth projections as used for residential.

BARRIE HYDRO DISTRIBUTION INC.**OTHER DISTRIBUTION REVENUE**

	2006 Board Approved (\$'s)	2006 Actual (\$'s)	Variance form 2006 Board Approved (\$'s)	2006 Actual (\$'s)	2007 Actual (\$'s)	Variance form 2006 Actual	2007 Bridge	2008 Test	Variance form 2007 Actual
<u>Other Distribution Revenue</u>									
Retail Services Revenues	112314	125569	13255	125569	147864	22295	147864	150821	2957
Service Transaction Requests (STR) Revenues	0	0	0	0	4938	4938	4938	5037	99
Electric Services Incidental to Energy Sales	155399	0	-155399	0	162912	162912	162912	166170	3258
Rent from electric Property	44757	217451	172694	217451	224703	7252	224703	224703	0
Other electric revenues	423181	14950	-408231	14950	7800	-7150	7800	7800	0
Late Payment charges	502730	521785	19055	521785	629694	107909	629694	642288	12594
Sales of water & waterpower	139339	0	-139339	0	0	0	0	0	0
Misc Service revenues	-93878	528524	622402	528524	410329	-118195	410329	951255	540926
Gain on Disposition of Property	36720	14839	-21881	14839	0	-14839	0	0	0
Revenues from non utility	0	1480731	1480731	1408731	1529256	120525	1529256	1590426	61170
Expenses of non utility	372515	-1480731	-1853246	-1408731	-1529256	-120525	-1529256	-1590426	-61170
Miscellaneous non operating income	37798	230384	192586	230384	233000	2616	233000	233000	0
Interest	114583	475369	360786	475369	144649	-330720	144649	175000	30351
TOTAL	1845458	2128871	283413	2128871	1965889	-162982	1965889	2556074	590185

BARRIE HYDRO DISTRIBUTION INC.

MATERIALITY ANALYSIS ON OTHER DISTRIBUTION REVENUE

For any variance exceeding the materiality threshold of 1%, a detailed explanation is required. 2007 to 2008 variance materiality \$200,000, 2006 to 2007 \$190,000, 2006 approved to 2006 actual \$170,000.

Asset Account	2007	2008	Variance
4235 Miscellaneous Service revenues	410329	951255	540926

Explanation: In 2007 the Transformer allowance credit to customers was netted into this account. In 2008 to properly calculate the revenue requirement and to allocate transformer discount amount to the proper class, the transformer discount amount of \$549,556 was not netted into this amount.

Asset Account	2006 actual	2007	Variance
4405 Interest Income	475369	144649	-330720

Explanation: Carrying charges in income position in 2006 have swung to an expense position in 2007.

Asset Account	2006 approved	2006 actual	Variance
4210 Rent from electric Property	44757	217451	172694

Explanation: In the 2006 EDR process (2006 approved) the amount of pole rentals was directed to be moved from 4210 to 4230, in 2006 actual the pole rental amount remains in account 4210

Asset Account	2006 approved	2006 actual	Variance
4235 Misc service revenues	-93878	528524	622402

Explanation: in the 2006 EDR \$406,281 was moved from account 4235 to account 4220 representing favourable overhead allocations, a similar adjustment in 2006 was not required; if required the amount would have been for 2006 actual \$415,389

Asset Account	2006 approved	2006 actual	Variance
4380 Expenses of non utility operations	372515	-1480731	-1853246

Explanation: In the 2006 edr this account was used for adjustments, it is not part of the calculation of the revenue requirement

BARRIE HYDRO DISTRIBUTION INC.

Asset Account	2006 approved	2006 actual	Variance
4390 Misc non operating income	37798	230384	192586

Explanation: A discount earned was booked into this account in 2006 actual.

Asset Account	2006 approved	2006 actual	Variance
4405 Interest Income	114583	475369	360786

Explanation: The amount of \$372,515 of carrying charges was removed from this account in the 2006 edr process, the adjustment was not required in 2006 actual.

Asset Account	2006 approved	2006 actual	Variance
4220 Other electric revenues	423181	14950	-408231

Explanation: Amount directed to be moved to this account in 2006 EDR, no amounts moved to this account in 2006 actual.

Asset Account	2006 approved	2006 actual	Variance
4375 Revenue of non utility operations	0	1480731	1480731

Explanations: No revenues in this account in 2006 Approved.

BARRIE HYDRO DISTRIBUTION INC.

RATE OF RETURN ON OTHER DISTRIBUTION ACTIVITIES

As part of this rate application Barrie Hydro is applying for the same specific service charges as previously approved by the Board in the 2007 Tariffs of Rates and Charges.

BARRIE HYDRO DISTRIBUTION INC.

DESCRIPTION OF REVENUE SHARING

Not applicable

BARRIE HYDRO DISTRIBUTION INC.
REVENUE / VARIABLE DRIVER

APPENDIX 3-1

2006 Board approved from 2006 EDR

	Customer	kwh	kw	Dist Rev	Rev/kwh/kw
Residential	57,473	497,770,378		\$ 16,277,159	\$ 0.0327
GS<50	5,227	188,869,683		\$ 3,660,445	\$ 0.0194
GS>50	744		1,841,391	\$ 5,699,058	\$ 3.0950
USL	529	3,144,915		\$ 88,871	\$ 0.0283
Street Light	13,252		32,095	\$ 83,259	\$ 2.5941
				\$ 25,808,792	

2006 actual

	Customer	kwh	kw	Dist Rev	Rev/kwh/kw
Residential	60,659	530,557,254		\$ 17,277,809	\$ 0.0326
GS<50	5,320	193,302,055		\$ 3,761,575	\$ 0.0195
GS>50	784		1,916,615	\$ 6,056,235	\$ 3.1599
USL	760	4,088,900		\$ 143,188	\$ 0.0350
Street Light	14,174		31,276	\$ 91,280	\$ 2.9185
				\$ 27,330,087	

2007

	Customer	kwh	kw	Dist Rev	Rev/kwh/kw
Residential	61,684	551,422,629		\$ 17,792,929	\$ 0.0323
GS<50	5,441	195,076,744		\$ 3,794,325	\$ 0.0195
GS>50	802		1,941,610	\$ 6,265,818	\$ 3.2271
USL	777	4,635,749		\$ 106,857	\$ 0.0231
Street Light	14,414		31,276	\$ 91,815	\$ 2.9356
				\$ 28,051,744	

2008

	Customer	kwh	kw	Dist Rev	Rev/kwh/kw
Residential	62,984	563,043,922		\$ 20,711,184	\$ 0.0368
GS<50	5,476	196,331,603		\$ 4,312,937	\$ 0.0220
GS>50	807		1,953,714	\$ 7,565,786	\$ 3.8725
Large User	1		30,000	\$ 136,300	\$ 4.5433
USL	782	4,665,581		\$ 152,527	\$ 0.0327
Street Light	14,718		31,936	\$ 123,319	\$ 3.8614
				\$ 33,002,053	

**2006 COST ALLOCATION INFORMATION FILING****BARRIE HYDRO DISTRIBUTION INC.**

EB-2005-0338 EB-2007-0001

Thursday, January 18, 2007

Sheet 16 Customer Data Worksheet - Optional Third Run

APPENDIX 3-2

Total kWhs	1,400,960,581
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Total kWhs	1,829,949
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Total Approved Distribution Revenue (\$)	\$25,808,792
--	--------------

			1	2	3	4	6	7	9
	ID	Total	Residential	GS <50	GS>50-Regular	GS> 50-TOU	Large Use >5MW	Street Light	Unmetered Scattered Load
Billing Data									
kWh from approved EDR model, Sheet 7-1, Col M	CEN	1,400,969,581	500,490,733	193,744,994	706,022,007			9,711,847	
KW from approved EDR model, Sheet 7-1, Col S	CDEM	1,820,949	-	-	1,801,194			28,755	
kWh, included in CDEM, from customers with line transformer allowance from approved EDR model, Sheet 6-3, Col P		786,520	-	-	786,520			-	
Optional - kWh, included in CEN, from customers that receive a line transformation allowance on a kWh basis. In most cases this will not be applicable and will be left blank.		-							
KWh excluding kWh from Wholesale Market Participants	CEN EWMP	1,400,969,581	500,490,733	193,744,994	706,022,007		-	9,711,847	-
kWh - 30 year weather normalized amount		1,428,659,692	513,777,354	190,560,309	712,260,360	-	-	10,061,669	-
Approved Distribution Rev from approved EDR, Sheet 7-1, Col AK + Sheet 7-3 Col H	CREV	\$25,808,792	\$16,277,159	\$3,749,316	\$5,699,058			\$83,250	
Bad Debt 3 Year Historical Average from Approved EDR Model	BDHA	\$174,925	\$130,041	\$23,451	\$21,433	\$0	\$0	\$0	\$0
Late Payment 3 Year Historical Average	LPHA	\$510,459	\$339,059	\$79,714	\$91,686			\$0	
Weighting Factor - Services			1.0	2.0	10.0	10.0	30.0	1.0	1.0
Weighting Factor - Billings			1.0	2.0	7.0	7.0	15.0	1.0	5.0
Number of Bills	CNB	758,618	680,669	68,937	8,928			84	
Number of Connections (Unmetered)	CCON	10,602	-	-	-			10,602	
Total Number of Customer from Approved EDR, Sheet 7-1, Col H excluding connections	CCA	63,960	57,473	5,756	744			7	
Blank Customer Base	CCB	-	-	-	-			-	-
Primary Customer Base	CCP	63,960	57,473	5,756	744			7	
Line Transformer Customer Base	CCLT	62,730	56,823	5,251	649			7	
Secondary Customer Base	CCS	57,330	56,323	1,000	-			7	
Weighted - Services	CWCS	68,925	56,323	2,000	-	-	-	10,602	-
Weighted Meter -Capital	CWMC	6,447,420	3,275,600	1,877,020	1,294,800	-	-	-	-
Weighted Meter Reading	CWMR	1,086,173	782,487	239,397	64,289	-	-	-	-
Weighted Bills	CWNB	881,123	680,669	137,874	62,496	-	-	84	-
Data Mismatch Analysis									
Revenue with 30 year weather normalized kWh		26,232,631	16,709,272	3,687,687	5,749,414	-	-	86,258	-

Weather Normalized Data from Hydro

	Total	Residential	GS <50	GS>50-Regular	GS> 50-TOU	Large Use >5MW	Street Light	Unmetered Scattered Load
KWh - 30 year weather normalized amount	1,492,714,036	537,565,246	199,383,251	745,238,015			10,527,524	
2006 EDR Distribution Loss Factor		1.0463	1.0463	1.0463			1.0463	

Bad Debt Data from EDR 2006

Sheet ADJ5 rows 26 - 32, column E
Sheet ADJ5 rows 26 - 32, column F
Sheet ADJ5 rows 26 - 32, column G
Three-year average

193,245	149,937	26,285	17,023	-	-	-
201,668	142,554	26,080	33,034	-	-	-
129,603	97,633	17,987	14,243	-	-	-
174,925	130,041	23,451	21,433	-	-	-

BARRIE HYDRO DISTRIBUTION INC.

APPENDIX 3-3

[illegible][illegible]

KWH		WA KWH	WA LOSS ADJ KWH		YEARLY KWH	MTHLY KWH	2006 2006 wa norm CUST KWH	2007 2007 wa CUST KWH	2007 2008 wa CUST KWH
GS>50	745,238,105	712,260,360	0.00253	744	957,339.19	79,778.27	784 750,553,928	802 767,786,033	807 772,572,729
		712260360					0.00253 KWH	0.00253 KWH	0.00253 KWH
		1801194					1,898,032 KW	1,941,610 KW	1,953,714 KW

[illegible]

SL	2002	2003	2004	2005	2006	TOTAL
KWH WITHOUT LOSSES	7943162	9870165	11118284	10477548	10653086	50062245
KW BILLED	24204	29349	28755	30941	31287	144536
kw/kwh	0.00305	0.00297	0.00259	0.00295	0.00294	0.00289
	7943162	9870165	11118284	10477548	10653086	50062245
	24204	29349	28755	30941	31287	144536

BARRIE HYDRO DISTRIBUTION INC.

4 - Operating Costs

1	Overview
1	Overview of Operating Costs
2	Summary of Operating Costs Table
2	OM&A Costs
1	OM&A Detailed Costs Table
2	Variance Analysis on OM&A Table
3	Materiality Analysis on OM&A Costs
4	Shared Services
5	Corporate Cost Allocation
6	Purchase of Services
7	Employee Compensation, Incentive Plan Expenses, Pension Expense and Post Retirement Benefits
8	Depreciation, Amortization and Depletion
9	Loss Adjustment Factor
3	Income Tax, Large Corporation Tax
1	Tax Calculations/CCA
2	Interest Expense

BARRIE HYDRO DISTRIBUTION INC.

OVERVIEW OF OPERATING COSTS

Operating Costs

The operating costs presented in this section represent the annual expenditures required to sustain Barrie Hydro's Distribution Operations. The information presented in this section is grouped into two different categories: Operation & Maintenance and Other Costs which include items such as Administration & General, Sales Promotion & Customer Accounting, Depreciation, Amortization and Depreciation, Shared Services and Loss Adjustment Factor.

The second category includes Income Tax, Large Corporation Tax and Ontario Capital Taxes. Exhibit 4, Tab 1, Schedule 2 provides a summary of The Applicant's Operating Costs for the historical, bridge and test years.

OM&A Costs

The OM&A costs in this section represents Barrie Hydro's integrated set of asset maintenance and customer activity needs to meet public and employee safety objectives; to comply with the Distribution System Code, environmental requirements and Government direction; and to maintain distribution business service quality and reliability at targeted performance levels. These costs also include providing services to customers connected to the Applicant's Distribution system, and to meet the service levels stipulated in the Standard Supply Service Code and the Retailer Settlement Codes and the Distribution System Code.

The proposed OM&A cost expenditures for the 2008 test year result from a rigorous business planning and work prioritization process that reflects risk-based decision making to ensure that the most appropriate, cost effective solutions are put in place. For 2007 costs we combined the May YTD actual results, our 2007 Budget and a review of any anticipated changes in the last ½ of 2007 to develop our 2007 forecast. For 2008 we started with the 2007 forecast used in this process, adjusted labour amounts by 3% (union contract amount for 2008), adjusted other costs by 1.90% inflationary amount (that used in the 2007 rate application) and reviewed for other adjustments required.

OM&A expenditures totaled \$10,003,138 in 2006 Board Approved, \$8,356,785 in 2006 Actual and are forecast to be \$9,847,153 in 2007 and \$10,050,597 in 2008.

Income Tax, Large Corporation Tax and Ontario Capital Taxes

This information consists of detailed calculations of income taxes, and indemnity payments to the Province. Details of the expenditures are filed at Exhibit, Tab Schedule.

The Income Taxes, Large Corporation Taxes and Ontario Capital Taxes expenditures totaled \$4,727,355 in 2006 Board Approved, \$5,450,000 in 2006 Actual and are forecast to be \$3,198,372 in 2007 and \$2,265,493 in 2008.

BARRIE HYDRO DISTRIBUTION INC.

SUMMARY OF OPERATING COSTS

	2006 Board Approved	2006 Actual	2007 Bridge	2008 Test
OM&A expenses				
Operation (Working Capital)	2419050	2026045	2479722	2679417
Maintenance (Working Capital)	1423889	1398601	1858376	1851979
Billing and Collections	1360752	849322	1487745	1541251
Community Relations	66019	421056	675967	221149
Administrative and General Expenses	4733428	3661761	3345343	3756801
Amortization Expenses	6576176	8279871	9243092	10150089
Cost of Power	95690812	110243230	114837615	117837009
Other Operating Costs (taxes & donations)	369274	375740	395000	402505
LCT,OCT and Income Taxes	4727355	5450000	3198372	2265493
Total Operating Costs	117,366,755	132705626	137521232	140705693

BARRIE HYDRO DISTRIBUTION INC.

OM&A COSTS TABLE

Please see Appendix 4-1.

Barrie Hydro Distribution Inc.

VARIANCE ANALYSIS ON OM&A COSTS TABLE

A summary of operating and maintenance costs is presented in Appendix 4-1.

2008 Test year

The 2008 test year OM&A forecast is shown in appendix 4-1.

The total net cost is expected to be \$10,050,597. Operations & Maintenance costs account for 45% of the total. Administration and General costs total a further 37%. Billing & collecting costs account for 15% and Community Relations accounts for 3% of the total Operating and Maintenance & Administration costs. Community relations contains costs for Energy Conservation, in 2008 Barrie Hydro is forecasting this amount to be \$0 as the OPA funding is providing funds for this activity.

Comparison to Fiscal 2007 Bridge Year

The 2008 year represents 2.1% or \$203,444 increase over 2007.

2007 Bridge Year

The 2007 bridge year OM&A forecast is shown in Appendix 4-1.

The total net cost is expected to be \$9,847,153. Operations & Maintenance costs account for 44% of the total. Administration and General costs total a further 34%. Customer Accountings costs accounts for 15% and community Relations accounts for 7% of the total Operating and Maintenance & Administration costs. Community relations contain costs for Energy conservation in 2007 in the amount of \$460,000.

Comparison to 2006 Actual

The 2007 year represents a 15% or \$1,490,368 increase over 2006 actual. \$431,000 of this increase is due to account 5330 Collection charges showing a credit in 2006. this amount is reported in this account in the RRR filings but as directed in the 2006 EDR for rate calculation purposes it should be shown as a miscellaneous revenue. It was shown this way in 2007 and 2008 (as miscellaneous revenue). Labour increases of 3%, inflationary costs, \$254,000 in community relations focusing on conservation and safety, \$185,000 increase in tree trimming all contributed to the increase from year to year.

2006 Actual

The 2006 actual year OM&A forecast is shown in Appendix 4-1.

The total net cost is expected to be \$8,356,785. Operations & Maintenance costs account for 41% of the total. Administration and General costs total a further 44%. Billing & Collecting costs account for 10% and Community Relations accounts for 5% of the total Operating and Maintenance & Administration costs. As reflected above the Billing & Collecting costs in 2006 actual were reduced by \$431,000 for account 5330.

Barrie Hydro Distribution Inc.

Comparison to 2006 Board Approved

The 2006 Actual represents a 16.5% or \$1,646,353 decrease as compared to 2006 Board approved. As mentioned previously for 2006 actual it is decreased \$431,000 for account 5330, this account was cleared for the 2006 EDR process to miscellaneous revenue. As well account 5665 in the 2006 board approved contained \$1,242,000 for low voltage charges, the 2006 EDR process directed that this account be shown in this way. If these amounts were adjusted the two years results would be approx equal.

2006 Board Approved

The 2006 actual year OM&A forecast is shown in Appendix 4-1.

The total net cost is expected to be \$10,003,138. Operations & Maintenance costs account for 38% of the total. Administration and General costs total a further 47%. Billing & Collecting costs account for 14% and Community Relations accounts for 1% of the total Operating and Maintenance & Administration costs. Some differences in the 2006 EDR reporting are highlighted above.

Barrie Hydro Distribution Inc.

MATERIALITY ANALYSIS ON OM&A COSTS

A written explanation is required for operating costs related information when a variance greater or equal to 1% of the total distribution expenses before PILs, whichever is larger. 2008 materiality \$200,000, 2007 materiality 190,000, 2006 materiality \$170,000.

Asset Account	2007	2008	Variance
5415 Energy Conservation	460000	0	-460000

Explanation: 2007 spending represents final 3rd tranche spending.

Asset Account	2007	2008	Variance
5615 GA salaries & expenses	1372997	1577216	204219

Explanation: 3% labour increase, one additional General Administration position in 2008, transfer of position in 2008 from Management to General Admin

Asset Account	2006 Actual	2007	Variance
5330 Collection Charges	-430854	0	430854

Explanation: As noted previously for 2007 and 2008 reporting collection Charges moved to miscellaneous revenue.

Asset Account	2006 actual	2007	Variance
5625 Admin Expense transferred credit	-240459	-757717	-517258

Explanation: Represents allocated overhead from General Administration costs, allocation of costs reduced in O&M accounts, increased in Administration costs.

Barrie Hydro Distribution Inc.

Asset Account	2006 approved	2006 actual	Variance
5005 Operation Supervision	638013	844632	206619

Explanation: Change in 2006 actual in accounts costs recorded in. Costs recorded in 2006 approved (2004 RRR) in account 5085 moved to 5005 & 5105 in 2006 RRR. Increase in variance in 5005 & 5105 offset by reduction in 5085.

Asset Account	2006 approved	2006 actual	Variance
5085 Miscellaneous distribution expenses	584555	53560	-530995

Explanation: See above.

Asset Account	2006 approved	2006 actual	Variance
5330 Collection Charges	0	-430854	-430854

Explanation: In 2006 EDR (2006 approved) collection charges moved to misc revenue.

Asset Account	2006 approved	2006 actual	Variance
5415 Energy Conservation	0	314334	314334

Explanation: 3rd tranche spending in 2006 actual, no spending in 2006 approved.

Asset Account	2006 approved	2006 actual	Variance
5615 General Admin Salaries & Expense	1305351	1537247	231896

Explanation: Two years of increases approx 3% per year salaries, approx 10% per year benefits.

Asset Account	2006 approved	2006 actual	Variance
5665	1383401	142542	-1240859

Explanation: In 2006 EDR process direction to include low voltage charges in this account. In 2006 actual low voltage included in variance account.

Barrie Hydro Distribution Inc.

SHARED SERVICES

Water and sewer billing for the City of Barrie and the Town of Bradford West Gwillimbury and water heater activity is currently booked in Barrie Hydro Energy Services Inc. (BHESI). The actual bills are performed by Barrie Hydro Distribution Inc. (BHDI) staff. A transfer pricing worksheet has been developed to determine what the cost is per bill for water, sewer and water heaters. Currently they are all bundled together on the same bill so a transfer pricing mechanism is needed to charge the appropriate amount from BHDI to BHESI.

Yearly we estimate the costs in Customer Service, Meter reading, Building, CFO, Accounting, IT and Corporate Services to determine the what percentage of these activities contribute to the billing of the services mentioned above. The attached spreadsheet takes these attributable costs and allocates it among the electrical charge, the water heaters, the water and the sewer billing on a per bill basis. The actual cost per bill is determined including overheads and a profit of 9% is added. This represents the total per bill that BHDI should charge monthly for billing the BHESI amounts. Every month the number of bills sent on behalf of BHESI are determined and the costs per bill is charged from BHDI to BHESI.

Appendix 4-2 shows the calculation of the transfer pricing for shared services for those activities listed above for 2007 bridge year in the amount of \$1,529,256. These costs and revenues are shown in accounts 4375 and 4380. The same methodology was used for 2008 test year; to the 2007 amount forecasted growth of 2% and forecasted customers of 2% equated to an overall 4% increase, the amount used for 2008 was therefore \$1,590,426. The same methodology as noted was also used for 2006 actual \$1,480,731 in 2006 approved (2004) accounts 4375 and 4380 were not input in the model.

Barrie Hydro Distribution Inc.

CORPORATE COST ALLOCATION

N/A

Barrie Hydro Distribution Inc.

PURCHASE OF SERVICES

See appendix 4-3

The costs identified in the above noted appendix are for 2006. For the purposes of the 2007 bridge year the purchase of services was estimated at the same level with an adjustment for inflationary pressure. As well the amount for tree trimming was increased by \$185,000; this amount represents a normalized spending year. In 2008 the purchased services costs were increased by the inflationary measure of 1.90% as well as \$95,000 in Information Technology costs for software and hardware maintenance and \$50,000 for meter reading costs due to growth and costs.

Barrie Hydro Distribution Inc.

EMPLOYEE DESCRIPTION

Number of employees (Full-time equivalents (FTE's):

	<u>2006</u> <u>Board</u> <u>Approved</u>	<u>2006</u> <u>Actual</u>	<u>2007</u> <u>Bridge</u>	<u>2008</u> <u>Test</u>
Executive	4.6	3	4	4
Management	23.0	23	21	24
Non-Unionized	8.0	7	7	8
Unionized	79.5	79	78	77
	115.1	112	110	113

Number of employees (Part-time equivalents (PTE's):

	<u>2006</u> <u>Board</u> <u>Approved</u>	<u>2006</u> <u>Actual</u>	<u>2007</u> <u>Bridge</u>	<u>2008</u> <u>Test</u>
Executive				
Management				
Non-Unionized	5.9	6	5	5
Unionized				

Compensation (Total Salary and Wages (\$):

	<u>2006</u> <u>Board</u> <u>Approved</u>	<u>Average</u>	<u>2006</u> <u>Actual</u>	<u>Average</u>	<u>2007</u> <u>Bridge</u>	<u>Average</u>	<u>2008</u> <u>Test</u>	<u>Average</u>
Executive	593814	129090	404400	134800	509738	127435	525030	131258
Management	1774877	77168	1929461	83889	1776164	84579	2079739	86656
Non-Unionized	643204	46274	672710	51747	666698	55558	765268	58867
Unionized	4563111	57398	4822664	61046	5032114	64514	5086257	66055
	7575006	62603	7829235	66349	7984714	69432	8456294	71663

Compensation (Total Benefits (\$):

	<u>2006</u> <u>Board</u> <u>Approved</u>	<u>Average</u>	<u>2006</u> <u>Actual</u>	<u>Average</u>	<u>2007</u> <u>Bridge</u>	<u>Average</u>	<u>2008</u> <u>Test</u>	<u>Average</u>
Executive	106088	23063	75843	25281	97687	24422	100618	25155
Management	372288	16186	429288	18665	402010	19143	473215	19717
Non-Unionized	107970	7768	124202	9554	140612	11718	156904	12070
Unionized	1044622	13140	1301200	16471	1372599	17597	1395618	18125
	1630968	13479	1930533	16360	2012908	17504	2126355	18020

Barrie Hydro Distribution Inc.

Compensation (Total Incentives (\$):

	<u>2006</u> <u>Board</u> <u>Approved</u>	<u>Average</u>	<u>2006</u> <u>Actual</u>	<u>Average</u>	<u>2007</u> <u>Bridge</u>	<u>Average</u>	<u>2008</u> <u>Test</u>	<u>Average</u>
Executive	0		19334	6445	19789	4947	20383	5096
Management	0		69184	3008	68957	3284	71026	2959
Non-Unionized	0		13092	1007	19026	1586	19597	1507
Unionized	0		0	0	0		0	0
	0		101610	2605	107772	2913	111006	2707

Total of Labour & Benefits Costs charged to O&M (\$):

	<u>2006</u> <u>Board</u> <u>Approved</u>	<u>Average</u>	<u>2006</u> <u>Actual</u>	<u>Average</u>	<u>2007</u> <u>Bridge</u>	<u>Average</u>	<u>2008</u> <u>Test</u>	<u>Average</u>
TOTAL	4021554	33236	4398312	37274	4505928	39181	4641106	39331

Status of pension funding

Barrie Hydro Distribution Inc. and its employees are members of the OMERS pension plan.

Post Retirement Benefits

Barrie Hydro engages a consultant every 3 years to perform an actuarial valuation of the post retirement non-pension benefits sponsored by Barrie Hydro, the last actuarial was done as of December 31, 2004. In the 2006 EDR the amount included was \$155,000. Based on current estimates we have included \$183,000 for test year 2008.

Incentive Plan Amounts

Barrie Hydro currently has an incentive plan for management staff. The incentive amount paid on a yearly basis is based on completion of goals as identified by senior staff. In the 2006 EDR no incentive amounts were included due to confusion in identifying how these amounts were to be justified. In the 2008 process \$111,000 is being included in distribution costs to be recovered as part of the revenue requirement. All goals and targets that these incentive payments are based on are related to providing benefits to the customer. Appendix 4-4 details the goals of the President & CEO, all management staff goals are a direct derivative of these goals identified in Appendix 4-4.

Barrie Hydro Distribution Inc.

DEPRECIATION, AMORTIZATION AND DEPLETION

See depreciation schedule appendix 4-5

Depreciation for 2007 additions in 2007 and 2008 additions in 2008 are depreciated in those years using the ½ year rule. One adjustment concerns vehicles account 1930. Barrie Hydro depreciates all vehicles internally on a 5 year life, the OEB's guidelines indicate large vehicles should be depreciated on a 8 year life. Appendix 4-6 shows the calculation for 2008 test year to restate those large vehicles to the proper asset life. A decrease in depreciation of \$201,590 resulted. Increases in the depreciation amounts for 2007 & 2008 are due to increases in capital expenditures as highlighted in the rate base section.

Barrie Hydro Distribution Inc.

LOSS ADJUSTMENT FACTOR CALCULATION

Please see Appendix 4-7 for calculation

Barrie Hydro Distribution Inc.

MATERIALITY ANALYSIS ON DISTRIBUTION LOSSES

Barrie Hydro's distribution loss factor for 2008 test year is 5.18%, this is an increase from the current distribution loss factor of 4.63%. This calculation is based on the three year average 2004, 2005, and 2006, the same methodology used in the 2006 EDR process. Much of Barrie Hydro's service area continues to experience rapid growth. In most areas this growth is in areas distant from the Transformer Stations, therefore the feeders from the Transformer Stations are at distances which exceed the ideal length. Due to this fact, line losses due to plant are increasing. Barrie Hydro continues to attempt to mitigate these losses through planning, switching, etc, the fact remains that new customers must be served and as such these long feeder runs are needed. As well we recognize the problem of marijuana grow houses on unidentified losses through theft of power. While it is impossible to estimate the effect of these grow houses on losses, it is safe to say that they are an increasing problem and will continue to have an effect in the future.

Barrie Hydro Distribution Inc.

INCOME TAX, LARGE CORPORATON TAX AND ONTARIO CAPITAL TAX TABLE

See appendix 4-8

Appendix 4-8 highlights the PILS calculation for 2007 and 2008. The sheets contained in this appendix for each year follow the order of:

1. Income Tax rates
2. CCA class and additions by class
3. UCC balances and transactions
4. Cumulative eligible capital
5. Reserves
6. Calculation of taxable income
7. PILS calculation
8. Capital Taxes
9. Other Additions
10. Interest Schedule
11. Other Deductions

Barrie Hydro Distribution Inc.

INTEREST EXPENSE

2006

2006 Actual Interest Expense	3218679
2006 Capitalized Interest (USoA 6040)	
2006 Capitalized Interest (USoA 6042)	
Interest on capitalized lease	<u>7598</u>
2006 Actual Interest	3226277
Interest Forecast for Tier 1 or 2 Adjustments	
Total Interest	<u><u>3226277</u></u>

2007

2007 Actual Interest Expense	3218671
2007 Capitalized Interest (USoA 6040)	
2007 Capitalized Interest (USoA 6042)	
Interest on capitalized lease	<u>0</u>
2007 Actual Interest	
Interest Forecast for Tier 1 or 2 Adjustments	
Total Interest	<u><u>3218671</u></u>

2008

2005 Actual Interest Expense	3218671
2005 Capitalized Interest (USoA 6040)	
2005 Capitalized Interest (USoA 6042)	
Interest on capitalized lease	<u></u>
2005 Actual Interest	
Interest Forecast for Tier 1 or 2 Adjustments	
Total Interest	<u><u>3218671</u></u>
Excess Interest Expense for 2008 PILs	2238965

APPENDIX 4-1

Variances

PLacct

FinStmnt	BARRIE HYDRO	PL	APPENDIX 4-1			
			Variances in excess of \$170,000 are shown in bold			
			Data			
GroupDesc	AcctDesc		Historical Approved Data	Historical Actual Data	Var \$	Var %
3000-Sales of Electricity	4006-Residential Energy Sales		(19,290,891)	(24,864,307)	5,573,416	22.4%
	4025-Street Lighting Energy Sales		(572,805)	(696,059)	123,254	17.7%
	4035-General Energy Sales		(35,760,120)	(43,211,319)	7,451,199	17.2%
	4050-Revenue Adjustment		(766,239)	1,648,661	(2,414,900)	(146.5%)
	4055-Energy Sales for Resale		(17,215,576)	(17,786,696)	571,120	3.2%
	4062-Billed WMS		(9,124,099)	(9,540,258)	416,159	4.4%
	4064-Billed-One-Time		0	0	0	--
	4066-Billed NW		(8,035,606)	(8,424,839)	389,233	4.6%
	4068-Billed CN		(7,017,300)	(7,368,413)	351,113	4.8%
	4075-Billed-LV		0	0	0	--
3000-Sales of Electricity Total			(97,782,636)	(110,243,230)	12,460,594	11.3%
3050-Revenues From Services - Distribution	4080-Distribution Services Revenue		(21,528,347)	(27,330,087)	5,801,740	21.2%
	4082-Retail Services Revenues		(112,314)	(125,569)	13,255	10.6%
	4084-Service Transaction Requests (STR) Revenues		0	0	0	--
	4090-Electric Services Incidental to Energy Sales		(155,399)	0	(155,399)	--
3050-Revenues From Services - Distribution Total			(21,796,060)	(27,455,656)	5,659,596	20.6%
3100-Other Operating Revenues	4210-Rent from Electric Property		(44,757)	(217,451)	172,694	79.4%
	4220-Other Electric Revenues		(423,181)	(14,950)	(408,231)	(2730.6%)
	4225-Late Payment Charges		(502,730)	(521,785)	19,055	3.7%
	4230-Sales of Water and Water Power		(139,339)	0	(139,339)	--
	4235-Miscellaneous Service Revenues		93,878	(528,524)	622,402	117.8%
3100-Other Operating Revenues Total			(1,016,129)	(1,282,710)	266,581	20.8%
3150-Other Income & Deductions	4355-Gain on Disposition of Utility and Other Property		(36,720)	(14,839)	(21,881)	(147.5%)
	4375-Revenues from Non-Utility Operations		(1,368,515)	(1,480,731)	112,216	7.6%
	4380-Expenses of Non-Utility Operations		(372,515)	1,480,731	(1,853,246)	(125.2%)
	4390-Miscellaneous Non-Operating Income		(37,798)	(230,384)	192,586	83.6%
3150-Other Income & Deductions Total			(1,815,548)	(245,223)	(1,570,325)	(640.4%)
3200-Investment Income	4405-Interest and Dividend Income		(114,583)	(475,369)	360,786	75.9%
3200-Investment Income Total			(114,583)	(475,369)	360,786	75.9%
3350-Power Supply Expenses	4705-Power Purchased		73,605,631	84,909,721	(11,304,090)	(13.3%)
	4708-Charges-WMS		9,124,099	9,540,257	(416,158)	(4.4%)
	4710-Cost of Power Adjustments		(2,091,824)	0	(2,091,824)	--
	4712-Charges-One-Time		0	0	0	--
	4714-Charges-NW		8,035,606	8,424,840	(389,234)	(4.6%)
	4716-Charges-CN		7,017,300	7,368,412	(351,112)	(4.8%)
	4750-Charges-LV		0	0	0	--
3350-Power Supply Expenses Total			95,690,812	110,243,230	(14,552,418)	(13.2%)
3500-Distribution Expenses - Operation	5005-Operation Supervision and Engineering		638,013	844,632	(206,619)	(24.5%)
	5010-Load Dispatching		166,734	255,867	(89,133)	(34.8%)
	5012-Station Buildings and Fixtures Expense		79,551	53,469	26,082	48.8%
	5016-Distribution Station Equipment - Operation Labour		32,876	98,865	(65,989)	(66.7%)
	5017-Distribution Station Equipment - Operation Supplies and Expenses		94,031	42,963	51,068	118.9%
	5020-Overhead Distribution Lines and Feeders - Operation Labour		207,306	296,111	(88,805)	(30.0%)
	5025-Overhead Distribution Lines & Feeders - Operation Supplies and Expenses		123,717	(11,226)	134,943	1202.1%
	5030-Overhead Subtransmission Feeders - Operation		24,992	63,506	(38,514)	(60.6%)

Variances

PLacct

FinStmnt BARRIE HYDRO		PL		APPENDIX 4-1	
				Variances in excess of \$170,000 are shown in bold	
		Data			
GroupDesc	AcctDesc	Historical Approved Data	Historical Actual Data	Var \$	Var %
3500-Distribution Expenses - Operation	5035-Overhead Distribution Transformers- Operation	8,547	2,469	6,078	246.2%
	5040-Underground Distribution Lines and Feeders - Operation Labour	67,025	115,961	(48,936)	(42.2%)
	5045-Underground Distribution Lines & Feeders - Operation Supplies & Expenses	55,127	8,376	46,751	558.2%
	5055-Underground Distribution Transformers - Operation	25,341	517	24,824	4801.5%
	5065-Meter Expense	289,487	188,375	101,112	53.7%
	5070-Customer Premises - Operation Labour	8,791	0	8,791	--
	5075-Customer Premises - Materials and Expenses	8,637	0	8,637	--
	5085-Miscellaneous Distribution Expense	584,555	53,560	530,995	991.4%
	5095-Overhead Distribution Lines and Feeders - Rental Paid	4,320	12,600	(8,280)	(65.7%)
3500-Distribution Expenses - Operation Total		2,419,050	2,026,045	393,005	19.4%
3550-Distribution Expenses - Maintenance	5105-Maintenance Supervision and Engineering	425,341	571,340	(145,999)	(25.6%)
	5110-Maintenance of Buildings and Fixtures - Distribution Stations	147,078	108,388	38,690	35.7%
	5114-Maintenance of Distribution Station Equipment	61,132	73,657	(12,525)	(17.0%)
	5120-Maintenance of Poles, Towers and Fixtures	95,221	59,283	35,938	60.6%
	5125-Maintenance of Overhead Conductors and Devices	73,895	59,283	14,612	24.6%
	5130-Maintenance of Overhead Services	111,353	112,014	(661)	(0.6%)
	5135-Overhead Distribution Lines and Feeders - Right of Way	97,399	159,731	(62,332)	(39.0%)
	5145-Maintenance of Underground Conduit	76,143	79,710	(3,567)	(4.5%)
	5150-Maintenance of Underground Conductors and Devices	76,143	79,710	(3,567)	(4.5%)
	5155-Maintenance of Underground Services	0	0	0	--
	5160-Maintenance of Line Transformers	135,550	11,599	123,951	1068.6%
	5175-Maintenance of Meters	124,634	83,886	40,748	48.6%
	5195-Maintenance of Other Installations on Customer Premises	0	0	0	--
3550-Distribution Expenses - Maintenance Total		1,423,889	1,398,601	25,288	1.8%
3650-Billing and Collecting	5305-Supervision	65,812	77,531	(11,719)	(15.1%)
	5310-Meter Reading Expense	308,495	309,814	(1,319)	(0.4%)
	5315-Customer Billing	682,814	601,329	81,485	13.6%
	5320-Collecting	173,768	151,732	22,036	14.5%
	5325-Collecting- Cash Over and Short	0	0	0	--
	5330-Collection Charges	0	(430,854)	430,854	100.0%
	5335-Bad Debt Expense	129,863	139,770	(9,907)	(7.1%)
3650-Billing and Collecting Total		1,360,752	849,322	511,430	60.2%
3700-Community Relations	5415-Energy Conservation	0	314,334	(314,334)	(100.0%)
	5420-Community Safety Program	66,019	106,722	(40,703)	(38.1%)
3700-Community Relations Total		66,019	421,056	(355,037)	(84.3%)
3800-Administrative and General Expenses	5605-Executive Salaries and Expenses	544,175	404,401	139,774	34.6%
	5610-Management Salaries and Expenses	414,065	406,215	7,850	1.9%
	5615-General Administrative Salaries and Expenses	1,305,351	1,537,247	(231,896)	(15.1%)
	5620-Office Supplies and Expenses	281,199	379,162	(97,963)	(25.8%)
	5625-Administrative Expense Transferred Credit	(126,175)	(240,459)	114,284	47.5%
	5630-Outside Services Employed	621,538	642,332	(20,794)	(3.2%)
	5635-Property Insurance	61,286	65,253	(3,967)	(6.1%)
	5640-Injuries and Damages	142,140	142,500	(360)	(0.3%)
	5645-Employee Pensions and Benefits	10,541	0	10,541	--
	5655-Regulatory Expenses	95,907	156,397	(60,490)	(38.7%)
	5665-Miscellaneous General Expenses	1,383,401	142,542	1,240,859	870.5%

Variances

PLacct

FinStmnt BARRIE HYDRO	PL	APPENDIX 4-1				Variances in excess of \$170,000 are shown in bold	
		Data					
GroupDesc	AcctDesc	Historical Approved Data	Historical Actual Data	Var \$	Var %		
3800-Administrative and General Expenses	5680-Electrical Safety Authority Fees	0	26,171	(26,171)	(100.0%)		
3800-Administrative and General Expenses Total		4,733,428	3,661,761	1,071,667	29.3%		
3850-Amortization Expense	5705-Amortization Expense - Property, Plant, and Equipment	6,571,024	8,252,468	(1,681,444)	(20.4%)		
	5725-Miscellaneous Amortization	0	0	0	--		
	5740-Amortization of Deferred Charges	5,152	27,403	(22,251)	(81.2%)		
3850-Amortization Expense Total		6,576,176	8,279,871	(1,703,695)	(20.6%)		
3900-Interest Expense	6005-Interest on Long Term Debt	1,612,500	1,612,500	0	0.0%		
	6010-Amortization of Debt Discount and Expense	95,700	145,920	(50,220)	(34.4%)		
	6030-Interest on Debt to Associated Companies	1,500,000	1,300,008	199,992	15.4%		
	6035-Other Interest Expense	65,892	160,251	(94,359)	(58.9%)		
	6045-Interest Expense on Capital Lease Obligations	11,330	7,598	3,732	49.1%		
3900-Interest Expense Total		3,285,422	3,226,277	59,145	1.8%		
3950-Taxes Other Than Income Taxes	6105-Taxes Other Than Income Taxes	334,723	347,788	(13,065)	(3.8%)		
3950-Taxes Other Than Income Taxes Total		334,723	347,788	(13,065)	(3.8%)		
4000-Income Taxes	6110-Income Taxes	4,727,355	5,450,000	(722,645)	(13.3%)		
4000-Income Taxes Total		4,727,355	5,450,000	(722,645)	(13.3%)		
4100-Extraordinary & Other Items	6205-Donations	34,551	27,952	6,599	23.6%		
4100-Extraordinary & Other Items Total		34,551	27,952	6,599	23.6%		
Grand Total		(1,872,779)	(3,770,285)	1,897,506	50.3%		

FinStmnt BARRIE HYDRO		PL	APPENDIX 4-1			
			Variances in excess of \$190,000 are shown in bold			
			Data			
GroupDesc	AcctDesc		Historical Actual Data	Bridge Year Projection	Var \$	Var %
3000-Sales of Electricity	4006-Residential Energy Sales		(24,864,307)	(25,393,771)	529,464	2.1%
	4025-Street Lighting Energy Sales		(696,059)	(707,840)	11,781	1.7%
	4035-General Energy Sales		(43,211,319)	(44,240,020)	1,028,701	2.3%
	4050-Revenue Adjustment		1,648,661	0	1,648,661	--
	4055-Energy Sales for Resale		(17,786,696)	(18,138,408)	351,712	1.9%
	4062-Billed WMS		(9,540,258)	(8,135,288)	(1,404,970)	(17.3%)
	4064-Billed-One-Time		0	0	0	--
	4066-Billed NW		(8,424,839)	(9,155,526)	730,687	8.0%
	4068-Billed CN		(7,368,413)	(7,876,497)	508,084	6.5%
	4075-Billed-LV		0	(1,190,265)	1,190,265	100.0%
3000-Sales of Electricity Total			(110,243,230)	(114,837,615)	4,594,385	4.0%
3050-Revenues From Services - Distirbution	4080-Distribution Services Revenue		(27,330,087)	(28,051,745)	721,658	2.6%
	4082-Retail Services Revenues		(125,569)	(147,864)	22,295	15.1%
	4084-Service Transaction Requests (STR) Revenues		0	(4,938)	4,938	100.0%
	4090-Electric Services Incidental to Energy Sales		0	(162,912)	162,912	100.0%
3050-Revenues From Services - Distirbution Total			(27,455,656)	(28,367,459)	911,803	3.2%
3100-Other Operating Revenues	4210-Rent from Electric Property		(217,451)	(224,703)	7,252	3.2%
	4220-Other Electric Revenues		(14,950)	(7,800)	(7,150)	(91.7%)
	4225-Late Payment Charges		(521,785)	(629,694)	107,909	17.1%
	4230-Sales of Water and Water Power		0	0	0	--
	4235-Miscellaneous Service Revenues		(528,524)	(410,329)	(118,195)	(28.8%)
3100-Other Operating Revenues Total			(1,282,710)	(1,272,526)	(10,184)	(0.8%)
3150-Other Income & Deductions	4355-Gain on Disposition of Utility and Other Property		(14,839)	0	(14,839)	--
	4375-Revenues from Non-Utility Operations		(1,480,731)	(1,529,256)	48,525	3.2%
	4380-Expenses of Non-Utility Operations		1,480,731	1,529,256	(48,525)	(3.2%)
	4390-Miscellaneous Non-Operating Income		(230,384)	(233,000)	2,616	1.1%
3150-Other Income & Deductions Total			(245,223)	(233,000)	(12,223)	(5.2%)
3200-Investment Income	4405-Interest and Dividend Income		(475,369)	(144,649)	(330,720)	(228.6%)
3200-Investment Income Total			(475,369)	(144,649)	(330,720)	(228.6%)
3350-Power Supply Expenses	4705-Power Purchased		84,909,721	88,480,039	(3,570,318)	(4.0%)
	4708-Charges-WMS		9,540,257	8,135,288	1,404,969	17.3%
	4710-Cost of Power Adjustments		0	0	0	--
	4712-Charges-One-Time		0	0	0	--
	4714-Charges-NW		8,424,840	9,155,526	(730,686)	(8.0%)
	4716-Charges-CN		7,368,412	7,876,497	(508,085)	(6.5%)
	4750-Charges-LV		0	1,190,265	(1,190,265)	(100.0%)
3350-Power Supply Expenses Total			110,243,230	114,837,615	(4,594,385)	(4.0%)
3500-Distribution Expenses - Operation	5005-Operation Supervision and Engineering		844,632	969,612	(124,980)	(12.9%)
	5010-Load Dispatching		255,867	161,543	94,324	58.4%
	5012-Station Buildings and Fixtures Expense		53,469	197,477	(144,008)	(72.9%)
	5016-Distribution Station Equipment - Operation Labour		98,865	131,795	(32,930)	(25.0%)
	5017-Distribution Station Equipment - Operation Supplies and Expenses		42,963	149,222	(106,259)	(71.2%)
	5020-Overhead Distribution Lines and Feeders - Operation Labour		296,111	159,508	136,603	85.6%
	5025-Overhead Distribution Lines & Feeders - Operation Supplies and Expenses		(11,226)	99,654	(110,880)	(111.3%)
	5030-Overhead Subtransmission Feeders - Operation		63,506	99,956	(36,450)	(36.5%)

FinStmt BARRIE HYDRO		PL	APPENDIX 4-1		Variances in excess of \$190,000 are shown in bold	
GroupDesc		AcctDesc		Data		
				Historical Actual Data	Bridge Year Projection	Var \$ Var %
3500-Distribution Expenses - Operation	5035-Overhead Distribution Transformers- Operation			2,469	319	2,150 674.0%
	5040-Underground Distribution Lines and Feeders - Operation Labour			115,961	78,906	37,055 47.0%
	5045-Underground Distribution Lines & Feeders - Operation Supplies & Expenses			8,376	44,465	(36,089) (81.2%)
	5055-Underground Distribution Transformers - Operation			517	5,012	(4,495) (89.7%)
	5065-Meter Expense			188,375	310,376	(122,001) (39.3%)
	5070-Customer Premises - Operation Labour			0	0	0 --
	5075-Customer Premises - Materials and Expenses			0	0	0 --
	5085-Miscellaneous Distribution Expense			53,560	59,277	(5,717) (9.6%)
	5095-Overhead Distribution Lines and Feeders - Rental Paid			12,600	12,600	0 0.0%
3500-Distribution Expenses - Operation Total				2,026,045	2,479,722	(453,677) (18.3%)
3550-Distribution Expenses - Maintenance	5105-Maintenance Supervision and Engineering			571,340	662,904	(91,564) (13.8%)
	5110-Maintenance of Buildings and Fixtures - Distribution Stations			108,388	183,511	(75,123) (40.9%)
	5114-Maintenance of Distribution Station Equipment			73,657	175,879	(102,222) (58.1%)
	5120-Maintenance of Poles, Towers and Fixtures			59,283	46,429	12,854 27.7%
	5125-Maintenance of Overhead Conductors and Devices			59,283	46,429	12,854 27.7%
	5130-Maintenance of Overhead Services			112,014	88,810	23,204 26.1%
	5135-Overhead Distribution Lines and Feeders - Right of Way			159,731	345,260	(185,529) (53.7%)
	5145-Maintenance of Underground Conduit			79,710	77,119	2,591 3.4%
	5150-Maintenance of Underground Conductors and Devices			79,710	77,119	2,591 3.4%
	5155-Maintenance of Underground Services			0	0	0 --
	5160-Maintenance of Line Transformers			11,599	21,324	(9,725) (45.6%)
	5175-Maintenance of Meters			83,886	133,592	(49,706) (37.2%)
	5195-Maintenance of Other Installations on Customer Premises			0	0	0 --
3550-Distribution Expenses - Maintenance Total				1,398,601	1,858,376	(459,775) (24.7%)
3650-Billing and Collecting	5305-Supervision			77,531	111,584	(34,053) (30.5%)
	5310-Meter Reading Expense			309,814	346,277	(36,463) (10.5%)
	5315-Customer Billing			601,329	703,395	(102,066) (14.5%)
	5320-Collecting			151,732	176,489	(24,757) (14.0%)
	5325-Collecting- Cash Over and Short			0	0	0 --
	5330-Collection Charges			(430,854)	0	(430,854) --
	5335-Bad Debt Expense			139,770	150,000	(10,230) (6.8%)
3650-Billing and Collecting Total				849,322	1,487,745	(638,423) (42.9%)
3700-Community Relations	5415-Energy Conservation			314,334	460,000	(145,666) (31.7%)
	5420-Community Safety Program			106,722	215,967	(109,245) (50.6%)
3700-Community Relations Total				421,056	675,967	(254,911) (37.7%)
3800-Administrative and General Expenses	5605-Executive Salaries and Expenses			404,401	509,739	(105,338) (20.7%)
	5610-Management Salaries and Expenses			406,215	573,590	(167,375) (29.2%)
	5615-General Administrative Salaries and Expenses			1,537,247	1,372,997	164,250 12.0%
	5620-Office Supplies and Expenses			379,162	278,625	100,537 36.1%
	5625-Administrative Expense Transferred Credit			(240,459)	(757,717)	517,258 68.3%
	5630-Outside Services Employed			642,332	778,500	(136,168) (17.5%)
	5635-Property Insurance			65,253	66,154	(901) (1.4%)
	5640-Injuries and Damages			142,500	145,275	(2,775) (1.9%)
	5645-Employee Pensions and Benefits			0	0	0 --
	5655-Regulatory Expenses			156,397	215,000	(58,603) (27.3%)
	5665-Miscellaneous General Expenses			142,542	123,180	19,362 15.7%

FinStmnt BARRIE HYDRO		PL	APPENDIX 4-1			Variances in excess of \$190,000 are shown in bold	
			Data				
GroupDesc	AcctDesc		Historical Actual Data	Bridge Year Projection	Var \$	Var %	
3800-Administrative and General Expenses	5680-Electrical Safety Authority Fees		26,171	40,000	(13,829)	(34.6%)	
3800-Administrative and General Expenses Total			3,661,761	3,345,343	316,418	9.5%	
3850-Amortization Expense	5705-Amortization Expense - Property, Plant, and Equipment		8,252,468	9,243,092	(990,624)	(10.7%)	
	5710-Amortization of Limited Term Electric Plant		0	0	0	--	
	5715-Amortization of Intangibles and Other Electric Plant		0	0	0	--	
	5725-Miscellaneous Amortization		0	0	0	--	
	5740-Amortization of Deferred Charges		27,403	0	27,403	--	
3850-Amortization Expense Total			8,279,871	9,243,092	(963,221)	(10.4%)	
3900-Interest Expense	6005-Interest on Long Term Debt		1,612,500	1,612,500	0	0.0%	
	6010-Amortization of Debt Discount and Expense		145,920	145,920	0	0.0%	
	6030-Interest on Debt to Associated Companies		1,300,008	1,300,000	8	0.0%	
	6035-Other Interest Expense		160,251	160,251	0	0.0%	
	6042-Allowance For Other Funds Used During Construction		0	0	0	--	
	6045-Interest Expense on Capital Lease Obligations		7,598	0	7,598	--	
3900-Interest Expense Total			3,226,277	3,218,671	7,606	0.2%	
3950-Taxes Other Than Income Taxes	6105-Taxes Other Than Income Taxes		347,788	365,000	(17,212)	(4.7%)	
3950-Taxes Other Than Income Taxes Total			347,788	365,000	(17,212)	(4.7%)	
4000-Income Taxes	6110-Income Taxes		5,450,000	3,198,372	2,251,628	70.4%	
4000-Income Taxes Total			5,450,000	3,198,372	2,251,628	70.4%	
4100-Extraordinary & Other Items	6205-Donations		27,952	30,000	(2,048)	(6.8%)	
4100-Extraordinary & Other Items Total			27,952	30,000	(2,048)	(6.8%)	
Grand Total			(3,770,285)	(4,115,346)	345,061	8.4%	

FinStmt BARRIE HYDRO		PL		APPENDIX 4-1	
				Variances in excess of \$200,000 are shown in bold	
		Data			
GroupDesc	AcctDesc	Bridge Year Projection	Test Year Projection	Var \$	Var %
3000-Sales of Electricity	4006-Residential Energy Sales	(25,393,771)	(26,058,354)	664,583	2.6%
	4025-Street Lighting Energy Sales	(707,840)	(726,365)	18,525	2.6%
	4035-General Energy Sales	(44,240,020)	(45,397,830)	1,157,810	2.6%
	4050-Revenue Adjustment	0	0	0	
	4055-Energy Sales for Resale	(18,138,408)	(18,613,110)	474,702	2.6%
	4062-Billed WMS	(8,135,288)	(8,348,198)	212,910	2.6%
	4064-Billed-One-Time	0	0	0	--
	4066-Billed NW	(9,155,526)	(9,395,137)	239,611	2.6%
	4068-Billed CN	(7,876,497)	(8,082,634)	206,137	2.6%
	4075-Billed-LV	(1,190,265)	(1,215,380)	25,115	2.1%
3000-Sales of Electricity Total		(114,837,615)	(117,837,008)	2,999,393	2.5%
3050-Revenues From Services - Distribution	4080-Distribution Services Revenue	(28,051,745)	(32,452,498)	4,400,753	13.6%
	4082-Retail Services Revenues	(147,864)	(150,821)	2,957	2.0%
	4084-Service Transaction Requests (STR) Revenues	(4,938)	(5,037)	99	2.0%
	4090-Electric Services Incidental to Energy Sales	(162,912)	(166,170)	3,258	2.0%
3050-Revenues From Services - Distribution Total		(28,367,459)	(32,774,526)	4,407,067	13.4%
3100-Other Operating Revenues	4210-Rent from Electric Property	(224,703)	(224,703)	0	0.0%
	4220-Other Electric Revenues	(7,800)	(7,800)	0	0.0%
	4225-Late Payment Charges	(629,694)	(642,288)	12,594	2.0%
	4230-Sales of Water and Water Power	0	0	0	--
	4235-Miscellaneous Service Revenues	(410,329)	(951,255)	540,926	56.9%
3100-Other Operating Revenues Total		(1,272,526)	(1,826,046)	553,520	30.3%
3150-Other Income & Deductions	4355-Gain on Disposition of Utility and Other Property	0	0	0	--
	4375-Revenues from Non-Utility Operations	(1,529,256)	(1,590,426)	61,170	3.8%
	4380-Expenses of Non-Utility Operations	1,529,256	1,590,426	(61,170)	(3.8%)
	4390-Miscellaneous Non-Operating Income	(233,000)	(233,000)	0	0.0%
3150-Other Income & Deductions Total		(233,000)	(233,000)	0	0.0%
3200-Investment Income	4405-Interest and Dividend Income	(144,649)	(175,000)	30,351	17.3%
3200-Investment Income Total		(144,649)	(175,000)	30,351	17.3%
3350-Power Supply Expenses	4705-Power Purchased	88,480,039	90,795,660	(2,315,621)	(2.6%)
	4708-Charges-WMS	8,135,288	8,348,198	(212,910)	(2.6%)
	4710-Cost of Power Adjustments	0	0	0	--
	4712-Charges-One-Time	0	0	0	--
	4714-Charges-NW	9,155,526	9,395,137	(239,611)	(2.6%)
	4716-Charges-CN	7,876,497	8,082,634	(206,137)	(2.6%)
	4750-Charges-LV	1,190,265	1,215,380	(25,115)	(2.1%)
3350-Power Supply Expenses Total		114,837,615	117,837,009	(2,999,394)	(2.5%)
3500-Distribution Expenses - Operation	5005-Operation Supervision and Engineering	969,612	1,017,428	(47,816)	(4.7%)
	5010-Load Dispatching	161,543	208,745	(47,202)	(22.6%)
	5012-Station Buildings and Fixtures Expense	197,477	189,285	8,192	4.3%
	5016-Distribution Station Equipment - Operation Labour	131,795	146,609	(14,814)	(10.1%)
	5017-Distribution Station Equipment - Operation Supplies and Expenses	149,222	153,186	(3,964)	(2.6%)
	5020-Overhead Distribution Lines and Feeders - Operation Labour	159,508	201,259	(41,751)	(20.7%)
	5025-Overhead Distribution Lines & Feeders - Operation Supplies and Expenses	99,654	133,488	(33,834)	(25.3%)
	5030-Overhead Subtransmission Feeders - Operation	99,956	102,858	(2,902)	(2.8%)

FinStmt BARRIE HYDRO		PL		APPENDIX 4-1	
				Variances in excess of \$200,000 are shown in bold	
		Data			
GroupDesc	AcctDesc	Bridge Year Projection	Test Year Projection	Var \$	Var %
3500-Distribution Expenses - Operation	5035-Overhead Distribution Transformers- Operation	319	326	(7)	(2.1%)
	5040-Underground Distribution Lines and Feeders - Operation Labour	78,906	81,273	(2,367)	(2.9%)
	5045-Underground Distribution Lines & Feeders - Operation Supplies & Expenses	44,465	45,309	(844)	(1.9%)
	5055-Underground Distribution Transformers - Operation	5,012	5,136	(124)	(2.4%)
	5065-Meter Expense	310,376	319,349	(8,973)	(2.8%)
	5070-Customer Premises - Operation Labour	0	0	0	--
	5075-Customer Premises - Materials and Expenses	0	0	0	--
	5085-Miscellaneous Distribution Expense	59,277	62,566	(3,289)	(5.3%)
	5095-Overhead Distribution Lines and Feeders - Rental Paid	12,600	12,600	0	0.0%
3500-Distribution Expenses - Operation Total		2,479,722	2,679,417	(199,695)	(7.5%)
3550-Distribution Expenses - Maintenance	5105-Maintenance Supervision and Engineering	662,904	694,228	(31,324)	(4.5%)
	5110-Maintenance of Buildings and Fixtures - Distribution Stations	183,511	184,843	(1,332)	(0.7%)
	5114-Maintenance of Distribution Station Equipment	175,879	183,255	(7,376)	(4.0%)
	5120-Maintenance of Poles, Towers and Fixtures	46,429	21,713	24,716	113.8%
	5125-Maintenance of Overhead Conductors and Devices	46,429	21,713	24,716	113.8%
	5130-Maintenance of Overhead Services	88,810	83,439	5,371	6.4%
	5135-Overhead Distribution Lines and Feeders - Right of Way	345,260	345,260	0	0.0%
	5145-Maintenance of Underground Conduit	77,119	79,115	(1,996)	(2.5%)
	5150-Maintenance of Underground Conductors and Devices	77,119	79,115	(1,996)	(2.5%)
	5155-Maintenance of Underground Services	0	0	0	--
	5160-Maintenance of Line Transformers	21,324	21,850	(526)	(2.4%)
	5175-Maintenance of Meters	133,592	137,448	(3,856)	(2.8%)
	5195-Maintenance of Other Installations on Customer Premises	0	0	0	--
3550-Distribution Expenses - Maintenance Total		1,858,376	1,851,979	6,397	0.3%
3650-Billing and Collecting	5305-Supervision	111,584	115,594	(4,010)	(3.5%)
	5310-Meter Reading Expense	346,277	379,197	(32,920)	(8.7%)
	5315-Customer Billing	703,395	706,214	(2,819)	(0.4%)
	5320-Collecting	176,489	177,206	(717)	(0.4%)
	5325-Collecting- Cash Over and Short	0	0	0	--
	5330-Collection Charges	0	0	0	--
	5335-Bad Debt Expense	150,000	163,040	(13,040)	(8.0%)
3650-Billing and Collecting Total		1,487,745	1,541,251	(53,506)	(3.5%)
3700-Community Relations	5415-Energy Conservation	460,000	0	460,000	--
	5420-Community Safety Program	215,967	221,149	(5,182)	(2.3%)
3700-Community Relations Total		675,967	221,149	454,818	205.7%
3800-Administrative and General Expenses	5605-Executive Salaries and Expenses	509,739	525,032	(15,293)	(2.9%)
	5610-Management Salaries and Expenses	573,590	652,598	(79,008)	(12.1%)
	5615-General Administrative Salaries and Expenses	1,372,997	1,577,216	(204,219)	(12.9%)
	5620-Office Supplies and Expenses	278,625	283,919	(5,294)	(1.9%)
	5625-Administrative Expense Transferred Credit	(757,717)	(772,114)	14,397	1.9%
	5630-Outside Services Employed	778,500	889,182	(110,682)	(12.4%)
	5635-Property Insurance	66,154	67,412	(1,258)	(1.9%)
	5640-Injuries and Damages	145,275	148,035	(2,760)	(1.9%)
	5645-Employee Pensions and Benefits	0	0	0	--
	5655-Regulatory Expenses	215,000	220,000	(5,000)	(2.3%)
	5665-Miscellaneous General Expenses	123,180	125,521	(2,341)	(1.9%)

FinStmt BARRIE HYDRO		PL	APPENDIX 4-1			Variances in excess of \$200,000 are shown in bold	
GroupDesc		AcctDesc	Data				
			Bridge Year Projection	Test Year Projection	Var \$	Var %	
3800-Administrative and General Expenses	5680-Electrical Safety Authority Fees		40,000	40,000	0	0.0%	
3800-Administrative and General Expenses Total			3,345,343	3,756,801	(411,458)	(11.0%)	
3850-Amortization Expense	5705-Amortization Expense - Property, Plant, and Equipment		9,243,092	10,150,089	(906,997)	(8.9%)	
	5710-Amortization of Limited Term Electric Plant		0	0	0	--	
	5715-Amortization of Intangibles and Other Electric Plant		0	0	0	--	
	5725-Miscellaneous Amortization		0	0	0	--	
	5740-Amortization of Deferred Charges		0	0	0	--	
3850-Amortization Expense Total			9,243,092	10,150,089	(906,997)	(8.9%)	
3900-Interest Expense	6005-Interest on Long Term Debt		1,612,500	1,612,500	0	0.0%	
	6010-Amortization of Debt Discount and Expense		145,920	145,920	0	0.0%	
	6030-Interest on Debt to Associated Companies		1,300,000	1,300,000	0	0.0%	
	6035-Other Interest Expense		160,251	160,251	0	0.0%	
	6042-Allowance For Other Funds Used During Construction		0	0	0	--	
	6045-Interest Expense on Capital Lease Obligations		0	0	0	--	
3900-Interest Expense Total			3,218,671	3,218,671	0	0.0%	
3950-Taxes Other Than Income Taxes	6105-Taxes Other Than Income Taxes		365,000	371,935	(6,935)	(1.9%)	
3950-Taxes Other Than Income Taxes Total			365,000	371,935	(6,935)	(1.9%)	
4000-Income Taxes	6110-Income Taxes		3,198,372	2,265,493	932,879	41.2%	
4000-Income Taxes Total			3,198,372	2,265,493	932,879	41.2%	
4100-Extraordinary & Other Items	6205-Donations		30,000	30,570	(570)	(1.9%)	
4100-Extraordinary & Other Items Total			30,000	30,570	(570)	(1.9%)	
Grand Total			(4,115,346)	(8,921,216)	4,805,870	53.9%	

BARRIE HYDRO
Internal Allocations to BHESI - Budget
(Based upon 2007 Estimated Budget Costs/Revenues)

APPENDIX 4-2

ASSUMPTIONS:

		Customer Count -Sept 2006 - est for 2007 @ 2.0% growth(except WH @ 0%)				
		Electric	Water Heaters	Water	Sewer	Total
Weighting		1.00				
Barrie Hydro		61,468	3,467			64,935
Residential (monthly) - Barrie				38,727	37,958	76,686
Residential (monthly) - Bradford				5,790	5,517	11,307
Monthly Total		61,468	3,467	44,517	43,475	152,928
Annual Total		737,619	41,604	534,203	521,706	1,835,131
Barrie Hydro		6,668				6,668
General Service(monthly) - Barrie				2,157	2,107	4,265
General Service(monthly) - Bradford				249	213	462
Monthly Total		6,668		2,406	2,321	11,394
Annual Total		80,013		28,874	27,846	136,733
Total Annual No.of Bills		817,632	41,604	563,077	549,552	1,971,864

		Barrie				Bradford			Total	
				Water	Sewer	Total	Water	Sewer	Total	
Customer Service:										
Revenues		(203,012)	(10,330)	(121,816)	(119,376)	(241,193)	(17,992)	(17,074)	(35,065)	(489,600)
Salaries & Benefits & Other costs		635,165	32,319	381,127	373,492	754,620	56,290	53,419	109,709	1,531,813
Postage		174,591	8,884	104,762	102,663	207,426	15,473	14,683	30,156	421,056
Pre-Printed Forms		32,567	1,657	19,541	19,150	38,691	2,886	2,739	5,625	78,540
										-
	Sub-Total	639,310	32,530	383,615	375,929	759,544	56,657	53,767	110,424	1,541,809
	Cost/Billing	\$ 0.78	\$ 0.78	\$ 0.78	\$ 0.78	\$ 0.78	\$ 0.78	\$ 0.78	\$ 0.78	\$ 0.78
Metering Costs:		410,738	-	246,461	-	246,461	36,401	-	36,401	693,600
	Cost/Billing	\$ 0.50	\$ -	\$ 0.50		\$ 0.50	\$ 0.50		\$ 0.50	\$ 0.50
Occupancy Costs: (Approx. 10% of total costs)		34,442	1,753	20,667	20,253	40,919	3,052	2,897	5,949	83,062
	Cost/Billing	\$ 0.04	\$ 0.04	\$ 0.04	\$ 0.04	\$ 0.04	\$ 0.04	\$ 0.04	\$ 0.04	\$ 0.04
Administrative Costs: (19.1/120.5 of costs = 15.8%)										
CFO		12,283	595	7,014	6,873	13,887	1,036	983	2,019	28,189
Accounting		24,135	1,169	13,781	13,505	27,285	2,035	1,931	3,967	55,387
IT		72,648	3,518	41,481	40,650	82,131	6,126	5,814	11,940	166,719
Corporate Services		16,746	811	9,562	9,370	18,932	1,412	1,340	2,752	38,429
	Sub-Total	119,719	6,092	71,837	70,398	142,235	10,610	10,069	20,678	288,724
	Cost/Billing	\$ 0.15	\$ 0.15	\$ 0.15	\$ 0.15	\$ 0.15	\$ 0.15	\$ 0.15	\$ 0.15	\$ 0.15
Total Cost		1,204,209	40,375	722,579	466,580	1,189,159	106,720	66,732	173,453	2,607,195
	Cost/Billing	\$ 1.47	\$ 0.97	\$ 1.47	\$ 0.97	\$ 1.22	\$ 1.47	\$ 0.97	\$ 1.23	\$ 1.32
Total Cost on Water Contracts - with profit margin of > 9.00%			44,008	787,612	508,572	1,296,184	116,325	72,738	189,063	1,529,255
Cost to Barrie Hydro		1,077,940								1,077,940
Total Cost		1,077,940	44,008	787,612	508,572	1,296,184	116,325	72,738	189,063	2,607,195
Shared Service Profitability		(126,269)	3,634	65,032	41,992	107,024	9,605	6,006	15,611	126,269
	Cost/Billing	\$ 1.32	\$ 1.06	\$ 1.61	\$ 1.06	\$ 1.33	\$ 1.61	\$ 1.06	\$ 1.34	\$ 1.32

Current Contractual Rate - Jan 1/07 (2% inflation)	\$ 1.67	\$ 1.46	\$ 1.57	\$ 1.77	\$ 1.52	\$ 1.65	
Revenue Per Contractual Rate - Bradford			(Average)	128,603	104,508	233,111	233,111
Revenue Per Contractual Rate - Barrie	820,702	701,276	1,521,979				1,521,979
Consolidated Revenue - Barrie & Bradford							1,755,090

BARRIE HYDRO DISTRIBUTION INC.
APPENDIX 4-3
PURCHASED SERVICES

COMPANY	SERVICE	PURCHASING METHOD	2006 ACTUAL COST
Savage Data	EBT Hub Services	Exclusive to current version of H.T.E. billing system	\$ 15,500.00
EnnerConnect	Settlement Services/Market Pricing	Integrated into existing MV-90 and H.T.E. billing system	\$ 103,000.00
Olameter	Meter Reading and Field Collection Services	Contract reviewed on regular basis by Purchasing	\$ 730,000.00
Orillia Messenger	Courier Services		\$ 12,000.00
Mearie	Expenses for Mgt of EDFIN debenture includig Rating Maintenance fee	EDFIN debenture is managed by MEARIE	\$ 21,500.00
BDO	Audit fees and Tax return completion	Appointed by Board of Directors and approved by City of Barrie (Same auditors as City of Barrie)	\$ 41,600.00
Tomorrow Now	Software Maintenance for JDEdwards	Prices received from several vendors and reviewed by IT	\$ 30,571.00
H.T.E.	Software maintenance for billing system	H.T.E. system originally tendered	\$ 67,144.00
Midrange	IBM system maintenance	System originally tendered	\$ 13,644.00
UNIS Lumin	UNIS maintenance agreement for Keystone renewal /New core	System originally tendered	\$ 55,756.00
ESRI	GIS software maintenance	System originally tendered	\$ 41,024.00
Spescom	Document Management, EB system maintenance	System originally tendered	\$ 13,375.00
Digital Boundary	Security Audit	Prices received from several vendors and reviewed by IT	\$ 14,800.00
Barker Dunn Rossi	Strategic Planning	Based on Industry Expertise	\$ 46,064.00
Simul Corp	Customer satisfaction Survey	Review of recommended companies	\$ 15,700.00
Lovas Stanley	Position recruitment	expertise in field	\$ 65,546.00
DMH Public relations	Public Relations Strategy	expertise in field	\$ 18,520.00
Electricity Safety	Elementary School Safety training	expertise in field	\$ 12,170.00
Yeoman & associates	Develop & Revise operations	expertise in field	\$ 21,200.00
IAPA	Loss prevention training	industry expertise	\$ 17,159.00
Progressive Management	Management of building and property	Tendered	\$359,000
Currie Truck	Maintenance of Trucks	Tendered	\$78,000
Patterson Service Centre	Maintenance of Trucks	Tendered	\$37,000
Simcoe Hose & Hydraulics	Hydraulic and Hose Maintenance on Trucks	Tendered	\$92,000
Syntas	Carpet Mtce	Georgian Bay Cooperative - Tenc	\$12,400
Simcoe Fence	Repair, Upgrade and Installation of Fences	Pre-qualified, then quotes obtaine	\$24,019
Custom Landscapes	Lawn Maintenance of Substation Properties	Tendered	\$28,767

PCB Disposal	Disposal of PCB Transformer Oil	Single source that meets needs	\$21,207
Rondar Oil Testing	Power Transformer Oil Testing	Single source that meets needs	\$10,500
Point to Point Communications	Radio Services	Single source that meets needs	\$6,592
Encore	After Hours Answering	Single source that meets needs	\$21,451
McNamara Powerlines	Tree Trimming	Tendered	\$147,454
Lineman's Testing	Testing of rubber gloves and live line equipr	Tendered	\$13,102
Jim Bertram Cranes	Hoist large equipment, primarily transforme	Single source that meets needs	\$16,618
Oakville Hydro	Accredited Meter Reverifications	Through Simcoe Meter Cooperati	\$50,468
Peterbourouh Utilities	MSP Services	Quotes from providers that met n	\$15,110

President & CEO Performance Objectives

1. Ensure the Corporation provides a “safe working environment” as measured by the Health and Safety indicators on the Balanced Scorecard, and the achievement of the annual Corporate Health, Safety, and Loss Prevention Goals.

Targets

- 2:1 Potential Loss to Loss Reports Filed Ratio
- 75 Potential Loss Reports Filed
- Zero Lost Time Injuries
- 50% Reduction Motor Vehicle Loss Incidents
- 100% Reduction Medical Aid Incident
- 100 % Reduction in Electrical Loss Incidents
- Managed Health & Safety System Assessment and Action Plan

2. Ensure the Corporation implements appropriate action plans in support of, and relative to, the weighted Strategic Objectives on the BHDI Strategy Map and measures progress against these Objectives using the indicators on the Balanced Scorecard.

Targets

- Action Plan and Implementation Status of Strategic Initiatives
- Quarterly Reporting of all BSC Indicators

3. Ensure the Corporation implements the Board approved “Grow the Business” action plan and measures and reports progress against the plan.

Targets

- Approved Grow the Business Action Plan
- Monthly Progress Reporting Against Plan

4. Ensure the Corporation measures, reports, and performs at or above the required levels of reliability and customer service performance as mandated by the OEB’s Service Quality and Service Reliability Indicators.

Targets

- Meet or Exceed OEB SQI and SRI Indicators

5. Ensure the Corporation delivers “high levels of service to its customers” as measured by the annual Customer Satisfaction Survey Overall Score.

Targets

- Maintain or exceed 2006 Overall Satisfaction Score
- Action Plans to address identified issues/concerns

6. Ensure the Corporation provides “secure and rewarded employment” as measured by the annual Employee Satisfaction Overall Score.

Targets

- Maintain or exceed 2006 Overall Satisfaction Score
- Action plans to address identified issues/concerns

7. Deliver a “reasonable rate of return” as measured by Return on Equity of 7.1% and Net Income Before Taxes Compared to Budget of \$9.781 million that ensures the Corporation’s “rate of return is comparable to other rapidly growing areas of the province.”

Targets

- ROE of 7.1%
- EBIT of \$9.781 million

8. Ensure the Corporation strives to be a “good corporate citizen and facilitator of regional development” by supporting “local community groups and organizations.”

Targets

- Donations and Sponsorship Budgets respectively spent in support of a minimum of five different community groups and organizations
- Broader/stronger community partnerships established with at least three community groups/organizations (United Way, Georgian College, etc)
- Improve “Good Corporate Citizen” (69%) question score on 2007 Customer Satisfaction Survey.

9. Ensure the corporation develops and implements a communication and public relations strategy.

Targets

- Development and implementation of a corporate PR and Communications Plan.
- Improve “A leader in the industry” (60%) and “A leader in energy conservation” (52%) question scores on 2007 Customer Satisfaction Survey.

APPENDIX 4-5

		2,007	2,008	1/2 YR IN 2008 2,008	1/2 YR IN 2007 2,007	IN 2007 2006 & PRIOR	2,007	2,008	2,006
		CAPITAL ADDITIONS	TOTAL CAPITAL ADDITIONS	DEPR. TERM (YEARS)	DEPREC. EXPENSE	DEPREC. EXPENSE	DEPREC. EXPENSE	TOTAL DEPREC. EXPENSE	ACTUAL DEPREC. EXPENSE
1815		0	0	40	0	\$0	\$31,608	\$ 31,608	\$ 27,403
1805	-	\$0	\$0	0	0	0	0	\$ -	\$ -
1808	-	0	0	60	0	\$0	\$219,802	\$ 219,802	\$ 240,549
1808		39,700	57,000	30	1,900	1,323	\$96,240	\$ 96,902	\$ 105,381
1820	-	943,354	750,000	30	25,000	31,445	\$689,712	\$ 705,435	\$ 676,366
1830	-	4,067,071	4,957,890	25	198,316	162,683	\$796,394	\$ 877,736	\$ 752,574
1835	-	3,099,710	4,480,910	25	179,236	123,988	\$898,061	\$ 960,055	\$ 848,647
1840	-	4,396,318	4,492,700	25	179,708	175,853	\$1,690,810	\$ 1,778,737	\$ 1,566,206
1845	-	3,180,716	3,387,300	25	135,492	127,229	\$1,174,970	\$ 1,238,585	\$ 1,088,380
1850		675,000	730,014	25	29,201	27,000	\$1,083,720	\$ 1,097,220	\$ 975,745
1860	-	110,000	150,000	25	6,000	4,400	\$358,824	\$ 361,024	\$ 344,255
1915		99,500	75,375	10	7,538	9,950	\$36,504	\$ 41,479	\$ 41,903
1920	-	392,800	726,000	5	145,200	78,560	\$523,562	\$ 562,842	\$ 381,861
1935		0	0	10	0	0	\$2,988	\$ 2,988	\$ 3,574
1930		1,362,664	893,575	5	178,715	272,533	\$370,260	\$ 506,527	\$ 364,069
1930		0	0	5	0	0	\$0	\$ -	\$ -
1925		686,800	1,915,000	3	638,333	228,933	\$540,709	\$ 655,176	\$ 673,157
1940		203,500	175,275	10	17,528	20,350	\$73,584	\$ 83,759	\$ 75,464
1980		70,249	51,250	25	2,050	2,810	\$113,712	\$ 115,117	\$ 98,391
1955		0	0	10	0	0	\$13,968	\$ 13,968	\$ 14,608
2005		0	0	3	0	0	\$0	\$ -	\$ -
1806		24,000	0	30	0	800	\$1,332	\$ 1,732	\$ 1,337
1995		(5,380,000)	(8,223,000)	25	(328,920)	(215,200)	\$0	\$ (107,600)	\$ -
		\$0	\$13,971,382		\$1,415,297	\$1,052,657	\$8,685,152	\$9,243,089	\$8,279,870
	\$	13,971,382	\$ 14,619,289						

**BARRIE HYDRO DISTRIBUTION INC.
LARGE VEHICLE ADJUSTMENT FOR 8 YEAR LIFE**

APPENDIX 4-6

	PURCH DATE	ORIG COST	60 MTH DEPR	96 MTH DEPR	60 ACC DEP 12/31/2006	60 ACC DEP 12/31/2007	96 ACC DEP 12/31/2007	60 ACC DEP 12/31/2008	96 ACC DEP 12/31/2008	DEPR EXP ADJ 2008
EV32	10/1/2001	\$ 167,474	\$ 2,791	\$ 1,745	\$ (163,767)	\$ (167,474)	\$ (130,839)	\$ (167,474)	\$ (151,773)	\$ 20,934
EV29	11/9/2001	\$ 82,963	\$ 1,383	\$ 864	\$ (82,963)	\$ (82,961)	\$ (63,951)	\$ (82,961)	\$ (74,321)	\$ 10,370
EV41	12/23/2003	\$ 198,664	\$ 3,311	\$ 2,069	\$ (121,988)	\$ (161,721)	\$ (101,401)	\$ (201,454)	\$ (126,234)	\$ (14,900)
EV45	12/23/2003	\$ 198,664	\$ 3,311	\$ 2,069	\$ (121,961)	\$ (161,694)	\$ (101,401)	\$ (201,427)	\$ (126,234)	\$ (14,900)
EV12	12/23/2003	\$ 198,664	\$ 3,311	\$ 2,069	\$ (121,961)	\$ (161,694)	\$ (101,401)	\$ (201,427)	\$ (126,234)	\$ (14,900)
EV50	7/21/2004	\$ 189,504	\$ 3,158	\$ 1,974	\$ (94,752)	\$ (132,653)	\$ (82,908)	\$ (170,554)	\$ (106,596)	\$ (14,213)
EV32	12/1/2005	\$ 159,820	\$ 2,664	\$ 1,665	\$ (34,129)	\$ (66,093)	\$ (41,620)	\$ (98,057)	\$ (61,597)	\$ (11,987)
EV28	4/13/2006	\$ 49,391	\$ 823	\$ 514	\$ (7,405)	\$ (17,283)	\$ (10,804)	\$ (27,161)	\$ (16,978)	\$ (3,704)
EV46	12/13/2006	\$ 400,680	\$ 6,678	\$ 4,174	\$ (6,678)	\$ (86,814)	\$ (54,259)	\$ (166,950)	\$ (104,344)	\$ (30,051)
EV59	6/30/2007	\$ 242,390	\$ 4,040	\$ 2,525	\$ -	\$ (24,239)	\$ (15,149)	\$ (72,717)	\$ (45,448)	\$ (18,179)
EV61	6/30/2007	\$ 242,390	\$ 4,040	\$ 2,525	\$ -	\$ (24,239)	\$ (15,149)	\$ (72,717)	\$ (45,448)	\$ (18,179)
EV48	6/30/2007	\$ 282,591	\$ 4,710	\$ 2,944	\$ -	\$ (28,259)	\$ (17,662)	\$ (84,777)	\$ (52,986)	\$ (21,194)
EV34	6/30/2007	\$ 60,000	\$ 1,000	\$ 625	\$ -	\$ (6,000)	\$ (3,750)	\$ (18,000)	\$ (11,250)	\$ (4,500)
EV31	6/30/2007	\$ 90,000	\$ 1,500	\$ 938	\$ -	\$ (9,000)	\$ (5,625)	\$ (27,000)	\$ (16,875)	\$ (6,750)
EV51	6/30/2007	\$ 320,000	\$ 5,333	\$ 3,333	\$ -	\$ (32,000)	\$ (20,000)	\$ (96,000)	\$ (60,000)	\$ (24,000)
EV100	6/30/2007	\$ 100,000	\$ 1,667	\$ 1,042	\$ -	\$ (10,000)	\$ (6,250)	\$ (30,000)	\$ (18,750)	\$ (7,500)
LARGE VEH 2008	6/30/2008	\$ 745,000	\$ 12,417	\$ 7,760	\$ -	\$ -	\$ -	\$ (74,500)	\$ (46,563)	\$ (27,938)
		\$ 3,728,195				\$ (1,172,124)	\$ (772,170)	\$ (1,793,175)	\$ (1,191,632)	\$ (201,590)
					LOWER ACC DEPR	\$399,953		\$601,543		

BARRIE HYDRO LINE LOSSES

APPENDIX 4-7

USE LAST THREE YEARS ACTUAL HISTORY

	2004	2005	2006	
WHOLESALE KWH	1,482,754,350	1,564,290,816	1,560,391,453	
WHOLESALE KWH FOR LARGE USER	<u>-</u>	<u>-</u>	<u>-</u>	
NET WHOLESALE KWH	1,482,754,350	1,564,290,816	1,560,391,453	4,607,436,619
RETAIL KWH	1,418,931,519	1,485,097,407	1,476,305,856	
RETAIL KWH LARGE USERS 1% LOSS	<u>0</u>	<u>0</u>	<u>0</u>	
NET RETAIL KWH	1,418,931,519	1,485,097,407	1,476,305,856	4,380,334,782
LOSS FACTOR LINE15/LINE24	1.0450	1.0533	1.0570	
3YR AVERAGE LOSS FACTOR			1.0518	1.0518
LOSS FACTOR				
SUPPLY FACILITIES LOSS FACTOR			1.0045	
DIST LOSS FACTOR SECONDARY METER <5000			1.0518	
DIST LOSS FACTOR SECONDARY METER >5000			1.0100	
DIST LOSS FACTOR PRIMARY METER <5000			1.0415	
DIST LOSS FACTOR PRIMARY METER >5000			1.0000	
TOTAL LOSS FACTOR SECONDARY METER <5000			1.0565	
TOTAL LOSS FACTOR SECONDARY METER >5000			1.0145	
TOTAL LOSS FACTOR PRIMARY METER <5000			1.0462	
TOTAL LOSS FACTOR PRIMARY METER >5000			1.0045	

PILS2007

TaxRates

BARRIE HYDRO
APPENDIX 4-8

	<i>Income Range</i>			
	0 to 300,000	300,000 to 400,000	400,000 to 1,128,519	1,128,519 or more
Federal Income Tax	13.120%	13.120%	22.120%	22.120%
Ontario Income Tax	5.500%	5.500%	5.500%	14.000%
Combined Income Tax	18.620%	18.620%	27.620%	36.120%
Ontario SBD Clawback	0.000%	0.000%	4.667%	0.000%

Total Rate Base	149,626,979
OCT exemption	12,500,000
LCT exemption	50,000,000
OCT rate	0.285%
LCT rate	0.000%
LCT surtax	0.000%

9/19/2007

USAacct	AcctDesc	CCAcct	Additions	Disposals
1606	1606-Organization	ECP	0	
1608	1608-Franchises and Consents	14	0	
1610	1610-Miscellaneous Intangible Plant	ECP	0	
1805	1805-Land	LAND	0	
1806	1806-Land Rights	ECP	24,000	
1808	1808-Buildings and Fixtures	1	39,700	
1810	1810-Leasehold Improvements	13 3	0	
1815	1815-Transformer Station Equipment - Normally Primary above 50 kV	47	0	
1820	1820-Distribution Station Equipment - Normally Primary below 50 kV	47	943,354	
1825	1825-Storage Battery Equipment	47	0	
1830	1830-Poles, Towers and Fixtures	47	4,067,071	
1835	1835-Overhead Conductors and Devices	47	3,099,710	
1840	1840-Underground Conduit	47	4,396,318	
1845	1845-Underground Conductors and Devices	47	3,180,716	
1850	1850-Line Transformers	47	675,000	
1855	1855-Services	47	0	
1860	1860-Meters	47	110,000	
1865	1865-Other Installations on Customer's Premises	47	0	
1870	1870-Leased Property on Customer Premises	1	0	
1875	1875-Street Lighting and Signal Systems	8	0	
1905	1905-Land	LAND	0	
1906	1906-Land Rights	ECP	0	
1908	1908-Buildings and Fixtures	47	0	
1910	1910-Leasehold Improvements	13 4	0	
1915	1915-Office Furniture and Equipment	8	99,500	
1920	1920-Computer Equipment - Hardware	45	392,800	
1925	1925-Computer Software	45	686,800	
1930	1930-Transportation Equipment	10	1,362,664	
1935	1935-Stores Equipment	8	0	
1940	1940-Tools, Shop and Garage Equipment	8	203,500	
1945	1945-Measurement and Testing Equipment	8	0	
1950	1950-Power Operated Equipment	8	0	
1955	1955-Communication Equipment	8	0	
1960	1960-Miscellaneous Equipment	8	0	
1965	1965-Water Heater Rental Units	8	0	
1970	1970-Load Management Controls - Customer Premises	8	0	

USAacct	AcctDesc	CCAcct	Additions	Disposals
1975	1975-Load Management Controls - Utility Premises	8	0	
1980	1980-System Supervisory Equipment	8	70,249	
1985	1985-Sentinel Lighting Rental Units	8	0	
1990	1990-Other Tangible Property	8	0	
1995	1995-Contributions and Grants - Credit	47	(5,380,000)	
2005	2005-Property Under Capital Leases	CL	0	
2010	2010-Electric Plant Purchased or Sold	47	0	
2020	2020-Experimental Electric Plant Unclassified	47	0	
2030	2030-Electric Plant and Equipment Leased to Others	47	0	
2040	2040-Electric Plant Held for Future Use	47	0	
2050	2050-Completed Construction Not Classified--Electric	47	0	
2055	2055-Construction Work in Progress--Electric	WIP	0	
2060	2060-Electric Plant Acquisition Adjustment	ECP	0	
2065	2065-Other Electric Plant Adjustment	ECP	0	
2070	2070-Other Utility Plant	47	0	
2075	2075-Non-Utility Property Owned or Under Capital Leases	CL	0	

Class	Class Description	UCC Prior Year Ending Balance	Less: Non-Distribution Portion	Less: Disallowed FMV Increment	UCC Bridge Year Opening Balance
1	Distribution System - 1988 to 22-Feb-2005	137,756,804	0	0	137,756,804
2	Distribution System - pre 1988	0	0	0	0
8	General Office/Stores Equip	2,102,762	0	0	2,102,762
10	Computer Hardware/ Vehicles	2,804,115	0	0	2,804,115
10.1	Certain Automobiles		0	0	0
12	Computer Software		0	0	0
13 ₁	Lease # 1	737,797	0	0	737,797
13 ₂	Lease #2		0	0	0
13 ₃	Lease # 3		0	0	0
13 ₄	Lease # 4		0	0	0
14	Franchise	0	0	0	0
17	New Electrical Generating Equipment Acq'd after Feb 27/00 Other Than Bldgs		0	0	0
43.1	Certain Energy-Efficient Electrical Generating Equipment		0	0	0
45	Computers & Systems Software acq'd post Mar 22/04	838,503	0	0	838,503
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)		0	0	0
47	Distribution System - post 22-Feb-2005	10,795,299			10,795,299
98	No CCA		0	0	0
		0	0	0	0

Class	Class Description	UCC Prior Year Ending Balance	Less: Non- Distribution Portion	Less: Disallowed FMV Increment	UCC Bridge Year Opening Balance
		0	0	0	0
	SUB-TOTAL - UCC	155,035,280	0	0	155,035,280
CEC	Goodwill	13,799	0	0	13,799
CEC	Land Rights	0	0	0	0
CEC	FMV Bump-up	0	0	0	0
CEC		0	0	0	0
CEC		0	0	0	0
	SUB-TOTAL - CEC	13,799	0	0	13,799

Class	Class Description	UCC Opening Balance	Additions	Dispositions	UCC Before 1/2 Yr Adjustment	1/2 Year Rule {1/2 Additions Less Disposals}	Reduced UCC	Rate %	CCA	UCC Ending Balance
1	Distribution System - 1988 to 22-Feb-2005	137,756,804	39,700	0	137,796,504	19,850	137,776,654	4%	5,511,066	132,285,438
2	Distribution System - pre 1988	0	0	0	0	0	0	6%	0	0
8	General Office/Stores Equip	2,102,762	373,249	0	2,476,011	186,625	2,289,387	20%	457,877	2,018,134
10	Computer Hardware/ Vehicles	2,804,115	1,362,664	0	4,166,779	681,332	3,485,447	30%	1,045,634	3,121,145
10.1	Certain Automobiles	0	0	0	0	0	0	30%	0	0
12	Computer Software	0	0	0	0	0	0	100%	0	0
13 1	Lease # 1	737,797	0	0	737,797	0	737,797		30,250	707,547
13 2	Lease #2	0	0	0	0	0	0		0	0
13 3	Lease # 3	0	0	0	0	0	0		0	0
13 4	Lease # 4	0	0	0	0	0	0		0	0
14	Franchise	0	0	0	0	0	0		0	0
17	New Electrical Generating Equipment Acq'd after Feb 27/00 Other Than Bldgs	0	0	0	0	0	0	8%	0	0
43.1	Certain Energy-Efficient Electrical Generating Equipment	0	0	0	0	0	0	30%	0	0
45	Computers & Systems Software acq'd post Mar 22/04	838,503	1,079,600	0	1,918,103	539,800	1,378,303	45%	620,236	1,297,867
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)	0	0	0	0	0	0	30%	0	0

Class	Class Description	UCC Opening Balance	Additions	Dispositions	UCC Before 1/2 Yr Adjustment	1/2 Year Rule {1/2 Additions Less Disposals}	Reduced UCC	Rate %	CCA	UCC Ending Balance
47	Distribution System - post 22-Feb-2005	10,795,299	11,092,169	0	21,887,468	5,546,085	16,341,384	8%	1,307,311	20,580,157
98	No CCA	0	0	0	0	0	0		0	0
			0	0		0	0		0	0
			0	0			0		0	0
	TOTAL	155,035,280	13,947,382	0	168,982,662	6,973,691	162,008,971		8,972,375	160,010,287

	Cumulative Eligible Capital			<u>13,799</u>
<u>Additions</u>				
	Cost of Eligible Capital Property Acquired during the year	24,000		
	Other Adjustments	0		
	Subtotal	<u>24,000</u>	x 3/4 =	18,000
	Non-taxable portion of a non-arm's length transferor's gain realized on the transfer of an ECP to the Corporation after Friday, December 20, 2002	0	x 1/2 =	0
				<u>18,000</u>
	Amount transferred on amalgamation or wind-up of subsidiary	0		0
	Subtotal			<u>31,799</u>
<u>Deductions</u>				
	Projected proceeds of sale (less outlays and expenses not otherwise deductible) from the disposition of all ECP during the year			
	Other Adjustments	0		
	Subtotal	<u>0</u>	x 3/4 =	0
				<u>0</u>
Cumulative Eligible Capital Balance				31,799
CEC Deduction				31,799 x 7% = 2,226
Cumulative Eligible Capital - Closing Balance				29,573

Description	Prior Year Ending Balance	Non-Distribution Eliminations Sign Convention: Increase (+) Decrease (-)	Utility Only Opening Balance	Eliminate Amounts Not Relevant for Test Year Sign Convention: Increase (+) Decrease (-)	Bridge Year Adjusted Opening Balance	Add (+)	Deduct (-)	Ending Balance	Change During the Year	Disallowed Expenses
Capital Gains Reserves ss.40(1)			0		0			0	0	
Tax Reserves Not Deducted for accounting purposes										
Reserve for doubtful accounts ss. 20(1)(l)	123,130		123,130		123,130		(16,277)	106,853	(16,277)	
Reserve for goods and services not delivered ss. 20(1)(m)			0		0			0	0	
Reserve for unpaid amounts ss. 20(1)(n)			0		0			0	0	
Debt & Share Issue Expenses ss. 20(1)(e)			0		0			0	0	
Other tax reserves			0		0			0	0	
			0		0			0	0	
			0		0			0	0	
Total Tax Reserves	123,130	0	123,130	0	123,130	0	(16,277)	106,853	(16,277)	0
Accounting Reserves (not deductible for Tax Purposes)										
General Reserve for Inventory Obsolescence (non-specific)			0		0			0	0	
General reserve for bad debts	123,130		123,130		123,130		(16,277)	106,853	(16,277)	
Accrued Employee Future Benefits:			0		0			0	0	
- Medical and Life Insurance			0		0			0	0	
-Short & Long-term Disability			0		0			0	0	
-Accumulated Sick Leave			0		0			0	0	
- Termination Cost			0		0			0	0	
- Other Post-Employment Benefits			0		0			0	0	
Provision for Environmental Costs			0		0			0	0	
Restructuring Costs			0		0			0	0	
Accrued Contingent Litigation Costs			0		0			0	0	
Accrued Self-Insurance Costs			0		0			0	0	
Other Contingent Liabilities			0		0			0	0	
Bonuses Accrued and Not Paid Within 180 Days of Year-End ss. 78(4)			0		0			0	0	
Unpaid Amounts to Related Person and Not Paid Within 3 Taxation Years ss. 78(1)			0		0			0	0	
Other Accounting Reserves			0		0			0	0	
			0		0			0	0	
			0		0			0	0	
Total Accounting Reserves	123,130	0	123,130	0	123,130	0	(16,277)	106,853	(16,277)	0

Line Item	T2S1 line #	Total for Legal Entity	Non-Distribution Eliminations	Utility Amount
Income before PILs/Taxes	A	7,313,718	0	7,313,718
Additions:				
Interest and penalties on taxes	103	0	0	0
Amortization of tangible assets	104	9,243,092	0	9,243,092
Amortization of intangible assets	106	0	0	0
Recapture of capital cost allowance from Schedule 8	107	0	0	0
Gain on sale of eligible capital property from Schedule 10	108	0	0	0
Income or loss for tax purposes- joint ventures or partnerships	109	0	0	0
Loss in equity of subsidiaries and affiliates	110	0	0	0
Loss on disposal of assets	111	0	0	0
Charitable donations	112	30,000	0	30,000
Taxable Capital Gains	113		0	0
Political Donations	114		0	0
Deferred and prepaid expenses	116		0	0
Scientific research expenditures deducted on financial statements	118		0	0
Capitalized interest	119		0	0
Non-deductible club dues and fees	120	5,630	0	5,630
Non-deductible meals and entertainment expense	121	9,521	0	9,521
Non-deductible automobile expenses	122		0	0
Non-deductible life insurance premiums	123		0	0
Non-deductible company pension plans	124		0	0
Tax reserves beginning of year	125	123,130	0	123,130
Reserves from financial statements- balance at end of year	126	106,853	0	106,853
Soft costs on construction and renovation of buildings	127	0	0	0
Book loss on joint ventures or partnerships	205	0	0	0
Capital items expensed	206	0	0	0

Line Item	T2S1 line #	Total for Legal Entity	Non-Distribution Eliminations	Utility Amount
Debt issue expense	208	0	0	0
Development expenses claimed in current year	212	0	0	0
Financing fees deducted in books	216	0	0	0
Gain on settlement of debt	220	0	0	0
Non-deductible advertising	226	0	0	0
Non-deductible interest	227	0	0	0
Non-deductible legal and accounting fees	228	0	0	0
Recapture of SR&ED expenditures	231	0	0	0
Share issue expense	235	0	0	0
Write down of capital property	236	0	0	0
Amounts received in respect of qualifying environment trust per paragraphs 12(1)(z.1) and 12(1)(z.2)	237	0	0	0
Interest Expensed on Capital Leases	290	0	0	0
Realized Income from Deferred Credit Accounts	291	0	0	0
Pensions	292	0	0	0
Non-deductible penalties	293	0	0	0
Debt Financing Expenses for Book Purposes	294		0	0
Other Additions (see OtherAdditions sheet)	295	3,585,540	0	3,585,540
Total Additions		13,103,766	0	13,103,766
Deductions:				
Gain on disposal of assets per financial statements	401	0	0	0
Dividends not taxable under section 83	402	0	0	0
Capital cost allowance from Schedule 8	403	8,972,375	0	8,972,375
Terminal loss from Schedule 8	404	0	0	0
Cumulative eligible capital deduction from Schedule 10	405	2,226	0	2,226
Allowable business investment loss	406	0	0	0

Line Item	T2S1 line #	Total for Legal Entity	Non-Distribution Eliminations	Utility Amount
Deferred and prepaid expenses	409	0	0	0
Scientific research expenses claimed in year	411	0	0	0
Tax reserves end of year	413	106,853	0	106,853
Reserves from financial statements - balance at beginning of year	414	123,130	0	123,130
Contributions to deferred income plans	416	0	0	0
Book income of joint venture or partnership	305	0	0	0
Equity in income from subsidiary or affiliates	306	0	0	0
Interest capitalized for accounting deducted for tax	390	0	0	0
Capital Lease Payments	391	0	0	0
Non-taxable imputed interest income on deferral and variance accounts	392	0	0	0
Financing fees for tax under S 2041(c)	393	0	0	0
Other Deductions (see OtherDeductions sheet)	394	3,410,031	0	3,410,031
Total Deductions		12,614,614	0	12,614,614
Net Income for Tax Purposes		7,802,870	0	7,802,870
Charitable donations from Schedule 2	311	30,000	0	30,000
Taxable dividends deductible under section 112 or 113, from Schedule 3 (item 22)	320	0	0	0
Non-capital losses of preceding taxation years from Schedule 7-1	331	0	0	0
Net-capital losses of preceding taxation years from Schedule 7-1	332	0	0	0
Limited partnership losses of preceding taxation years from Schedule 4	335	0	0	0
TAXABLE INCOME		7,772,870	0	7,772,870

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TotalExpense

	Source or Input	Tax Payable	Inclusion in Revenue Req.	
Regulatory Taxable Income	TxbllIncome	7,772,870		
Combined Income Tax Rate	TaxRates	36.120%		
Total Income Taxes		2,807,561		
Investment Tax Credits				
Miscellaneous Tax Credits				
Total Tax Credits		-		
Income Tax Provision		2,807,561	4,395,054	grossed-up for income taxes
Ontario Capital Tax	CapitalTaxes	390,812	390,812	not grossed-up
Large Corporations Tax	CapitalTaxes	-	-	grossed-up for income taxes
Total PILs		3,198,372	4,785,866	amount for Output

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CapitalTaxes

	OCT	LCT
Total Rate Base	149,626,979	149,626,979
Exemption	(12,500,000)	(50,000,000)
Deemed Taxable Capital	137,126,979	99,626,979
Rate	0.285%	0.000%
Gross Tax Payable	390,812	0
Surtax		0
Net Tax Payable	390,812	0

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OtherAdditions

Line Item	Amount		
Actual Interest Expense	3,218,671		
Business income T5013-Ennerconnect	11,345		
Amortization Deferred Charges	31,608		
Financinf fees deducted	145,920		
Employee future benefits	177,996		

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InterestSched7-3

Deemed Interest Expense	5,457,636
Actual Interest Expense	3,218,671
6040-Allowance for Borrowed Funds Used During Construction--Credit	0
6042-Allowance For Other Funds Used During Construction	0
Actual Interest Cost	3,218,671
Adjustments (attach explanations)	0
Total Interest	3,218,671
Excess Interest Expense	0

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OtherDeductions

Line Item	Amount		
Deemed Interest Expense	5,457,636		
Financing Fees for Tax Under S.20(1)(c)	191,360		
R&D Refund	-		
adjust deemed to actual interest	(2,238,965)		
S.13(7.4) Election			
Bad Debt Recovery - Pre. October 1, 2001			
ITC Booked in Accounting Income			

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BARRIE HYDRO

APPENDIX 4-8

	<i>Income Range</i>			
	0 to 300,000	300,000 to 400,000	400,000 to 1,128,519	1,128,519 or more
Federal Income Tax	11.500%	11.500%	20.500%	20.500%
Ontario Income Tax	5.500%	5.500%	5.500%	14.000%
Combined Income Tax	17.000%	17.000%	26.000%	34.500%
Ontario SBD Clawback	0.000%	0.000%	4.667%	0.000%

Total Rate Base	149,626,979
OCT exemption	15,000,000
LCT exemption	50,000,000
OCT rate	0.285%
LCT rate	0.000%
LCT surtax	0.000%

USAacct	AcctDesc	CCAcct	Additions	Disposals
1606	1606-Organization	ECP	0	
1608	1608-Franchises and Consents	14	0	
1610	1610-Miscellaneous Intangible Plant	ECP	0	
1805	1805-Land	LAND	0	
1806	1806-Land Rights	ECP	0	
1808	1808-Buildings and Fixtures	1	57,000	
1810	1810-Leasehold Improvements	13 3	0	
1815	1815-Transformer Station Equipment - Normally Primary above 50 kV	47	0	
1820	1820-Distribution Station Equipment - Normally Primary below 50 kV	47	750,000	
1825	1825-Storage Battery Equipment	47	0	
1830	1830-Poles, Towers and Fixtures	47	4,957,890	
1835	1835-Overhead Conductors and Devices	47	4,480,910	
1840	1840-Underground Conduit	47	4,492,700	
1845	1845-Underground Conductors and Devices	47	3,387,300	
1850	1850-Line Transformers	47	730,014	
1855	1855-Services	47	0	
1860	1860-Meters	47	150,000	
1865	1865-Other Installations on Customer's Premises	47	0	
1870	1870-Leased Property on Customer Premises	1	0	
1875	1875-Street Lighting and Signal Systems	8	0	
1905	1905-Land	LAND	0	
1906	1906-Land Rights	ECP	0	
1908	1908-Buildings and Fixtures	47	0	
1910	1910-Leasehold Improvements	13 4	0	
1915	1915-Office Furniture and Equipment	8	75,375	
1920	1920-Computer Equipment - Hardware	45	726,000	
1925	1925-Computer Software	12	1,915,000	
1930	1930-Transportation Equipment	10	893,575	
1935	1935-Stores Equipment	8	0	
1940	1940-Tools, Shop and Garage Equipment	8	175,275	
1945	1945-Measurement and Testing Equipment	8	0	
1950	1950-Power Operated Equipment	8	0	
1955	1955-Communication Equipment	8	0	
1960	1960-Miscellaneous Equipment	8	0	
1965	1965-Water Heater Rental Units	8	0	
1970	1970-Load Management Controls - Customer Premises	8	0	

USAacct	AcctDesc	CCAcct	Additions	Disposals
1975	1975-Load Management Controls - Utility Premises	8	0	
1980	1980-System Supervisory Equipment	8	51,250	
1985	1985-Sentinel Lighting Rental Units	8	0	
1990	1990-Other Tangible Property	8	0	
1995	1995-Contributions and Grants - Credit	47	(8,223,000)	
2005	2005-Property Under Capital Leases	CL	0	
2010	2010-Electric Plant Purchased or Sold	47	0	
2020	2020-Experimental Electric Plant Unclassified	47	0	
2030	2030-Electric Plant and Equipment Leased to Others	47	0	
2040	2040-Electric Plant Held for Future Use	47	0	
2050	2050-Completed Construction Not Classified--Electric	47	0	
2055	2055-Construction Work in Progress--Electric	WIP	0	
2060	2060-Electric Plant Acquisition Adjustment	ECP	0	
2065	2065-Other Electric Plant Adjustment	ECP	0	
2070	2070-Other Utility Plant	47	0	
2075	2075-Non-Utility Property Owned or Under Capital Leases	CL	0	

Class	Class Description				UCC Test Year Opening Balance
1	Distribution System - 1988 to 22-Feb-2005				132,285,438
2	Distribution System - pre 1988				0
8	General Office/Stores Equip				2,018,134
10	Computer Hardware/ Vehicles				3,121,145
10.1	Certain Automobiles				0
12	Computer Software				0
13 ₁	Lease # 1				707,547
13 ₂	Lease #2				0
13 ₃	Lease # 3				0
13 ₄	Lease # 4				0
14	Franchise				0
17	New Electrical Generating Equipment Acq'd after Feb 27/00 Other Than Bldgs				0
43.1	Certain Energy-Efficient Electrical Generating Equipment				0
45	Computers & Systems Software acq'd post Mar 22/04				1,297,867
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)				0
47	Distribution System - post 22-Feb-2005				20,580,157
98	No CCA				0
					0

Class	Class Description				UCC Test Year Opening Balance
					0
	SUB-TOTAL - UCC				160,010,287
	SUB-TOTAL - CEC				29,573

USAacct	AcctDesc	CCAcct	Additions	Disposals
1606	1606-Organization	ECP	0	
1608	1608-Franchises and Consents	14	0	
1610	1610-Miscellaneous Intangible Plant	ECP	0	
1805	1805-Land	LAND	0	
1806	1806-Land Rights	ECP	0	
1808	1808-Buildings and Fixtures	1	57,000	
1810	1810-Leasehold Improvements	13 3	0	
1815	1815-Transformer Station Equipment - Normally Primary above 50 kV	47	0	
1820	1820-Distribution Station Equipment - Normally Primary below 50 kV	47	750,000	
1825	1825-Storage Battery Equipment	47	0	
1830	1830-Poles, Towers and Fixtures	47	4,957,890	
1835	1835-Overhead Conductors and Devices	47	4,480,910	
1840	1840-Underground Conduit	47	4,492,700	
1845	1845-Underground Conductors and Devices	47	3,387,300	
1850	1850-Line Transformers	47	730,014	
1855	1855-Services	47	0	
1860	1860-Meters	47	150,000	
1865	1865-Other Installations on Customer's Premises	47	0	
1870	1870-Leased Property on Customer Premises	1	0	
1875	1875-Street Lighting and Signal Systems	8	0	
1905	1905-Land	LAND	0	
1906	1906-Land Rights	ECP	0	
1908	1908-Buildings and Fixtures	47	0	
1910	1910-Leasehold Improvements	13 4	0	
1915	1915-Office Furniture and Equipment	8	75,375	
1920	1920-Computer Equipment - Hardware	45	726,000	
1925	1925-Computer Software	12	1,915,000	
1930	1930-Transportation Equipment	10	893,575	
1935	1935-Stores Equipment	8	0	
1940	1940-Tools, Shop and Garage Equipment	8	175,275	
1945	1945-Measurement and Testing Equipment	8	0	
1950	1950-Power Operated Equipment	8	0	
1955	1955-Communication Equipment	8	0	
1960	1960-Miscellaneous Equipment	8	0	
1965	1965-Water Heater Rental Units	8	0	
1970	1970-Load Management Controls - Customer Premises	8	0	

USAacct	AcctDesc	CCAcct	Additions	Disposals
1975	1975-Load Management Controls - Utility Premises	8	0	
1980	1980-System Supervisory Equipment	8	51,250	
1985	1985-Sentinel Lighting Rental Units	8	0	
1990	1990-Other Tangible Property	8	0	
1995	1995-Contributions and Grants - Credit	47	(8,223,000)	
2005	2005-Property Under Capital Leases	CL	0	
2010	2010-Electric Plant Purchased or Sold	47	0	
2020	2020-Experimental Electric Plant Unclassified	47	0	
2030	2030-Electric Plant and Equipment Leased to Others	47	0	
2040	2040-Electric Plant Held for Future Use	47	0	
2050	2050-Completed Construction Not Classified--Electric	47	0	
2055	2055-Construction Work in Progress--Electric	WIP	0	
2060	2060-Electric Plant Acquisition Adjustment	ECP	0	
2065	2065-Other Electric Plant Adjustment	ECP	0	
2070	2070-Other Utility Plant	47	0	
2075	2075-Non-Utility Property Owned or Under Capital Leases	CL	0	

Class	Class Description				UCC Test Year Opening Balance
1	Distribution System - 1988 to 22-Feb-2005				132,285,438
2	Distribution System - pre 1988				0
8	General Office/Stores Equip				2,018,134
10	Computer Hardware/ Vehicles				3,121,145
10.1	Certain Automobiles				0
12	Computer Software				0
13 ₁	Lease # 1				707,547
13 ₂	Lease #2				0
13 ₃	Lease # 3				0
13 ₄	Lease # 4				0
14	Franchise				0
17	New Electrical Generating Equipment Acq'd after Feb 27/00 Other Than Bldgs				0
43.1	Certain Energy-Efficient Electrical Generating Equipment				0
45	Computers & Systems Software acq'd post Mar 22/04				1,297,867
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)				0
47	Distribution System - post 22-Feb-2005				20,580,157
98	No CCA				0
					0

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CapOpenBal

Class	Class Description				UCC Test Year Opening Balance
					0
	SUB-TOTAL - UCC				160,010,287
	SUB-TOTAL - CEC				29,573

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Class	Class Description	UCC Opening Balance	Additions	Dispositions	UCC Before 1/2 Yr Adjustment	1/2 Year Rule {1/2 Additions Less Disposals}	Reduced UCC	Rate %	CCA	UCC Ending Balance
1	Distribution System - 1988 to 22-Feb-2005	132,285,438	57,000	0	132,342,438	28,500	132,313,938	4%	5,292,558	127,049,880
2	Distribution System - pre 1988	0	0	0	0	0	0	6%	0	0
8	General Office/Stores Equip	2,018,134	301,900	0	2,320,034	150,950	2,169,084	20%	433,817	1,886,217
10	Computer Hardware/ Vehicles	3,121,145	893,575	0	4,014,720	446,788	3,567,932	30%	1,070,380	2,944,340
10.1	Certain Automobiles	0	0	0	0	0	0	30%	0	0
12	Computer Software	0	1,915,000	0	1,915,000	957,500	957,500	100%	957,500	957,500
13 1	Lease # 1	707,547	0	0	707,547	0	707,547		29,009	678,538
13 2	Lease #2	0	0	0	0	0	0		0	0
13 3	Lease # 3	0	0	0	0	0	0		0	0
13 4	Lease # 4	0	0	0	0	0	0		0	0
14	Franchise	0	0	0	0	0	0		0	0
17	New Electrical Generating Equipment Acq'd after Feb 27/00 Other Than Bldgs	0	0	0	0	0	0	8%	0	0
43.1	Certain Energy-Efficient Electrical Generating Equipment	0	0	0	0	0	0	30%	0	0
45	Computers & Systems Software acq'd post Mar 22/04	1,297,867	726,000	0	2,023,867	363,000	1,660,867	45%	747,390	1,276,477
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)	0	0	0	0	0	0	30%	0	0

Class	Class Description	UCC Opening Balance	Additions	Dispositions	UCC Before 1/2 Yr Adjustment	1/2 Year Rule {1/2 Additions Less Disposals}	Reduced UCC	Rate %	CCA	UCC Ending Balance
47	Distribution System - post 22-Feb-2005	20,580,157	10,725,814	0	31,305,971	5,362,907	25,943,064	8%	2,075,445	29,230,526
98	No CCA	0	0	0	0	0	0		0	0
			0	0		0	0		0	0
			0	0			0		0	0
	TOTAL	160,010,287	14,619,289	0	174,629,576	7,309,645	167,319,932		10,606,098	164,023,478

	Cumulative Eligible Capital			<u>29,573</u>
<u>Additions</u>				
	Cost of Eligible Capital Property Acquired during the year	0		
	Other Adjustments	0		
	Subtotal	<u>0</u>	x 3/4 =	0
	Non-taxable portion of a non-arm's length transferor's gain realized on the transfer of an ECP to the Corporation after Friday, December 20, 2002	0	x 1/2 =	0
				<u>0</u>
	Amount transferred on amalgamation or wind-up of subsidiary	0		0
	Subtotal			<u>29,573</u>
<u>Deductions</u>				
	Projected proceeds of sale (less outlays and expenses not otherwise deductible) from the disposition of all ECP during the year			
	Other Adjustments	0		
	Subtotal	<u>0</u>	x 3/4 =	0
				<u>0</u>
Cumulative Eligible Capital Balance				<u>29,573</u>
CEC Deduction				<u>29,573</u>
			x 7% =	<u>2,070</u>
Cumulative Eligible Capital - Closing Balance				<u>27,503</u>

Description	Test Year Adjusted Opening Balance	Add (+)	Deduct (-)	Ending Balance	Change During the Year	Disallowed Expenses
Capital Gains Reserves ss.40(1)	0			0	0	
Tax Reserves Not Deducted for						
Reserve for doubtful accounts ss. 20(1)(i)	106,853	13,000		119,853	13,000	
Reserve for goods and services not delivered ss. 20(1)(m)	0			0	0	
Reserve for unpaid amounts ss. 20(1)(n)	0			0	0	
Debt & Share Issue Expenses ss. 20(1)(e)	0			0	0	
Other tax reserves	0			0	0	
	0			0	0	
	0			0	0	
Total Tax Reserves	106,853	13,000	0	119,853	13,000	0
Accounting Reserves (not deductible)						
General Reserve for Inventory Obsolescence (non-specific)	0			0	0	
General reserve for bad debts	106,853	13,000		119,853	13,000	
Accrued Employee Future Benefits:	0			0	0	
- Medical and Life Insurance	0			0	0	
-Short & Long-term Disability	0			0	0	
-Accumulated Sick Leave	0			0	0	
- Termination Cost	0			0	0	
- Other Post-Employment Benefits	0			0	0	
Provision for Environmental Costs	0			0	0	
Restructuring Costs	0			0	0	
Accrued Contingent Litigation Costs	0			0	0	
Accrued Self-Insurance Costs	0			0	0	
Other Contingent Liabilities	0			0	0	
Bonuses Accrued and Not Paid Within 180 Days of Year-End ss. 78(4)	0			0	0	
Unpaid Amounts to Related Person and Not Paid Within 3 Taxation Years ss. 78(1)	0			0	0	
Other Accounting Reserves	0			0	0	
	0			0	0	
	0			0	0	
Total Accounting Reserves	106,853	13,000	0	119,853	13,000	0

Line Item	T2S1 line #	Total for Legal Entity	Non-Distribution Eliminations	Utility Amount
Income before PILs/Taxes	A	5,721,642	0	5,721,642
Additions:				
Interest and penalties on taxes	103		0	0
Amortization of tangible assets	104	10,150,089	0	10,150,089
Amortization of intangible assets	106	0	0	0
Recapture of capital cost allowance from Schedule 8	107	0	0	0
Gain on sale of eligible capital property from Schedule 10	108	0	0	0
Income or loss for tax purposes- joint ventures or partnerships	109	0	0	0
Loss in equity of subsidiaries and affiliates	110	0	0	0
Loss on disposal of assets	111	0	0	0
Charitable donations	112	30,570	0	30,570
Taxable Capital Gains	113		0	0
Political Donations	114		0	0
Deferred and prepaid expenses	116		0	0
Scientific research expenditures deducted on financial statements	118		0	0
Capitalized interest	119		0	0
Non-deductible club dues and fees	120	5,735	0	5,735
Non-deductible meals and entertainment expense	121	9,702	0	9,702
Non-deductible automobile expenses	122	0	0	0
Non-deductible life insurance premiums	123	0	0	0
Non-deductible company pension plans	124	0	0	0
Tax reserves beginning of year	125	106,853	0	106,853
Reserves from financial statements- balance at end of year	126	119,853	0	119,853
Soft costs on construction and renovation of buildings	127	0	0	0
Book loss on joint ventures or partnerships	205	0	0	0
Capital items expensed	206	0	0	0

Line Item	T2S1 line #	Total for Legal Entity	Non-Distribution Eliminations	Utility Amount
Debt issue expense	208	0	0	0
Development expenses claimed in current year	212	0	0	0
Financing fees deducted in books	216	0	0	0
Gain on settlement of debt	220	0	0	0
Non-deductible advertising	226	0	0	0
Non-deductible interest	227	0	0	0
Non-deductible legal and accounting fees	228	0	0	0
Recapture of SR&ED expenditures	231	0	0	0
Share issue expense	235		0	0
Write down of capital property	236		0	0
Amounts received in respect of qualifying environment trust per paragraphs 12(1)(z.1) and 12(1)(z.2)	237		0	0
Interest Expensed on Capital Leases	290		0	0
Realized Income from Deferred Credit Accounts	291		0	0
Pensions	292		0	0
Non-deductible penalties	293		0	0
Debt Financing Expenses for Book Purposes	294		0	0
Other Additions (see OtherAdditions sheet)	295	3,585,541	0	3,585,541
Total Additions		14,008,343	0	14,008,343

Deductions:

Gain on disposal of assets per financial statements	401	0	0	0
Dividends not taxable under section 83	402	0	0	0
Capital cost allowance from Schedule 8	403	10,606,098	0	10,606,098
Terminal loss from Schedule 8	404	0	0	0
Cumulative eligible capital deduction from Schedule 10	405	2,070	0	2,070
Allowable business investment loss	406	0	0	0

Line Item	T2S1 line #	Total for Legal Entity	Non-Distribution Eliminations	Utility Amount
Deferred and prepaid expenses	409	0	0	0
Scientific research expenses claimed in year	411	0	0	0
Tax reserves end of year	413	119,853	0	119,853
Reserves from financial statements - balance at beginning of year	414	106,853	0	106,853
Contributions to deferred income plans	416	0	0	0
Book income of joint venture or partnership	305	0	0	0
Equity in income from subsidiary or affiliates	306	0	0	0
Interest capitalized for accounting deducted for tax	390	0	0	0
Capital Lease Payments	391	0	0	0
Non-taxable imputed interest income on deferral and variance accounts	392	0	0	0
Financing fees for Tax Under S 2041(c)	393	0	0	0
Other Deductions (see OtherDeductions sheet)	394	3,410,031	0	3,410,031
Total Deductions		14,244,905	0	14,244,905
Net Income for Tax Purposes		5,485,080	0	5,485,080
Charitable donations from Schedule 2	311	30,570	0	30,570
Taxable dividends deductible under section 112 or 113, from Schedule 3 (item 20)	320	0	0	0
Non-capital losses of preceding taxation years from Schedule 7-1	331	0	0	0
Net-capital losses of preceding taxation years from Schedule 7-1	332	0	0	0
Limited partnership losses of preceding taxation years from Schedule 4	335	0	0	0
TAXABLE INCOME		5,454,510	0	5,454,510

PILS2008

TotalExpense

	Source or Input	Tax Payable	Inclusion in Revenue Req.	
Regulatory Taxable Income	TxbllIncome	5,454,510		
Combined Income Tax Rate	TaxRates	34.500%		
Total Income Taxes		1,881,806		
Investment Tax Credits				
Miscellaneous Tax Credits				
Total Tax Credits		-		
Income Tax Provision		1,881,806	2,872,986	grossed-up for income taxes
Ontario Capital Tax	CapitalTaxes	383,687	383,687	not grossed-up
Large Corporations Tax	CapitalTaxes	-	-	grossed-up for income taxes
Total PILs		2,265,493	3,256,673	amount for Output

PILS2008


Capital Taxes

	OCT	LCT
Total Rate Base	149,626,979	149,626,979
Exemption	(15,000,000)	(50,000,000)
Deemed Taxable Capital	134,626,979	99,626,979
Rate	0.285%	0.000%
Gross Tax Payable	383,687	0
Surtax		0
Net Tax Payable	383,687	0

PILS2008

OtherAdditions

Line Item	Amount		
Actual Interest Expense	3,218,671		
Business Income - Ennerconnect	11,346		
Amort - Deferred Charges	31,608		
Finance Fees	145,920		
employee future benefits	177,996		



PILS2008

InterestSched7-3

Deemed Interest Expense	5,457,636
Actual Interest Expense	3,218,671
6040-Allowance for Borrowed Funds Used During Construction--Credit	0
6042-Allowance For Other Funds Used During Construction	0
Actual Interest Cost	3,218,671
Adjustments (attach explanations)	
Total Interest	3,218,671
Excess Interest Expense	0

PILS2008

OtherDeductions

Line Item	Amount		
Deemed Interest Expense	5,457,636		
Financing Fees for Tax Under S.20(1)(c)	191,360		
Capital Tax Adjust to Actual			
adjust deemed interest to actual interest	(2,238,965)		
S.13(7.4) Election			
Bad Debt Recovery - Pre. October 1, 2001			
ITC Booked in Accounting Income			

PILS2008

InterestSched7-3

Deemed Interest Expense

5,457,636

Actual Interest Expense

3,218,671

6040-Allowance for Borrowed Funds Used During Construction--Credit

0

6042-Allowance For Other Funds Used During Construction

0

Actual Interest Cost

3,218,671

Adjustments (attach explanations)

Total Interest

3,218,671

Excess Interest Expense

0

Barrie Hydro Distribution Inc.

5 – Deferral and Variance Accounts

1	1	Description
	2	Calculation of Balances by Account
	3	Method of Recovery

Barrie Hydro Distribution Inc.

DESCRIPTION OF DEFERRAL AND VARIANCE ACCOUNTS

COMMODITY ACCOUNTS ARE CLASSIFIED AS FOLLOWS:

- 1588 Retail Settlement Variance Account – Power
- 1588 RSVA Power, Sub-account Global Adjustments

NON-COMMODITY ACCOUNTS ARE CLASSIFIED IN TWO CATEGORIES AS FOLLOWS:

Wholesale and Retail Market Variance Accounts

- 1518 Retail Cost Variance Account – Retail
- 1548 Retail Cost Variance Account – STR
- 1580 Retail Settlement Variance Account - Wholesale Market Service Charges
- 1582 Retail Settlement Variance Account - One-time Wholesale Market Service
- 1584 Retail Settlement Variance Account - Retail Transmission Network
Charges
- 1586 Retail Settlement Variance Account - Retail Transmission Connection
Charges
- 1588 Retail Settlement Variance Account - Power
- 1588 Retail Settlement Variance Account - Power Sub-Account Global

Utility Deferral Accounts

- 1508 Other Regulatory Assets
- 1508 Other Regulatory Assets - Sub-account OEB Cost Assessments
- 1508 Other Regulatory Assets - Sub-account Pension Contributions
- 1525 Miscellaneous Deferred Debits
- 1555 Smart Meter Capital and Recovery Offset Variance
- 1565 Smart Meter OM&A Variance
- 1562 Deferred Payments in Lieu of Taxes
- 1563 PILs contra account
- 1565 Conservation and Demand Management Expenditures and Recoveries
- 1566 CDM Contra
- 1572 Extraordinary Event Losses
- 1574 Deferred Rate Impact Amounts
- 1592 PLS & Tax Variance
- 2425 Other Deferred Credits

Closed Accounts not classified are as follows:

- 1570 Qualifying Transition Costs (closed December 31, 2002)

Barrie Hydro Distribution Inc.

CALCULATION OF BALANCES BY ACCOUNT

Please see appendix 5-1.

Barrie Hydro Distribution Inc.

METHOD OF RECOVERY

Barrie Hydro is proposing to settle outstanding deferral account balances as of December 31, 2006. The balances and methodology for recovering are similar to those employed in the 2006 EDR. The deferral accounts proposed to be recovered are:

1508 Other Regulatory Assets – this amount represents OEB assessment costs and OMERS costs not recovered in previous rates.

1518 Retail Cost Variance Account – Retail – this amount represents the difference between charges to retailers for transactions with them and the cost of performing those services.

1548 Retail Cost Variance Account – STR – this amount represents the difference between charges to retailers for STR transactions and the cost of performing those services.

1550 Low Voltage Variance Account – charges incurred from Hydro One for low voltage line charges.

1562 Deferred Payments in Lieu of Taxes – this account became inactive upon implementation of the May 1, 2006 rates. We are suggesting final settlement of this account in this application to avoid the continue carrying of the amounts until the next rebasing year (3years). From our understanding of Board methodology we have complied with the proper tracking of this account. The December 31 2006 balance reported was a credit of \$18,050; after a final adjustment was made in 2007 the balance being claimed is a credit of \$43,141.

1565 & 1566 CDM expenditures & recovery and CDM contra account – These two accounts offset one another, therefore no recovery is required. Final 3rd tranche CDM spending must be completed by September 30 2007; Barrie Hydro will have spent all available funds and will not have any amount left in these accounts.

1580 Wholesale Market Service Charge – RSVA

1582 One Time wholesale market Service Charge - RSVA

1584 Retail Transmission Network Charge – RSVA

1586 Retail Transmission Connection Charge – RSVA

1588 Power – RSVA & Global Adjustment

Barrie Hydro Distribution Inc.

1590 Recovery of Regulatory Asset Balances – This account represents the balance of Regulatory Asset amounts previously approved by the Board for settlement. We are not requesting any settlement of estimated over or under collected amounts in this application.

We are proposing to settle these amounts through rates over a 3 year period (May1/08 to April 30/11). This proposal is based on the Board directive that a rebasing application will be filed every three years.

The allocation basis for the deferral accounts follows that approved in the 2006 EDR with the exception of account 1508 & account 1562. In the 2006 EDR account 1508 was allocated based on number of customers, in this application we are basing it on KWH. The allocator of kWh supports a smoother allocation of these costs over the rate classes as opposed to number of customers which allocates over 90 percent to one class (residential). Account 1562 was not settled as part of the 2006 EDR process. We have used Distribution Revenue to allocate this amount. PILS amounts are collected through distribution rates therefore it seems fair and equitable to use distribution revenues to allocate this amount.

Recovery of these balances is noted as separate rate amounts in the proposed rates shown in Appendix 1-1 and Exhibit 9, Tab 1, Schedule 4.

DATE 6-Sep-07

APPENDIX 5-1

NAME OF UTILITY BARRIE HYDRO DISTRIBUTION INC.

LICENCE NUMBER ED-2002-0534

DOCID NUMBER EB-2007-0746

Annual Interest Rate: 4.59% Consult OEB website at:

http://www.oeb.gov.on.ca/html/en/industryrelations/rulesguidesandforms_regulatory_prescribedinterestrates.htm

This column should reconcile with Dec 31/06 trial balances.

Deferred Charge Accounts

Account Description	Account Number	Dec 31/06 Balance			Apply for Disposal?	Jan1/07 to Apr30/07			May1/07 to Dec31/07			Jan1 to Apr30/08			May1 to Dec31/08		
		Principal Portion	Accum. Interest	Total		Interest	Other	Balance	Interest	Other	Balance	Interest	Other	Balance	Interest	Other	Balance
Unrecovered Plant and Regulatory Study Costs	1505	-	-	-	YES	-	-	-	-	-	-	-	-	-	-	-	-
Other Regulatory Assets	1508	796,577	44,779	841,356	YES	12,188	-	853,544	24,375	-	877,919	12,188	-	890,107	24,375	-	914,482
Preliminary Survey and Investigation Charges	1510	-	-	-	YES	-	-	-	-	-	-	-	-	-	-	-	-
Emission Allowance Inventory	1515	-	-	-	YES	-	-	-	-	-	-	-	-	-	-	-	-
Emission Allowances Withheld	1516	-	-	-	YES	-	-	-	-	-	-	-	-	-	-	-	-
Retail Cost Variance Account - Retail	1518	47,121	3,871	50,992	YES	721	-	51,713	1,442	-	53,155	721	-	53,876	1,442	-	55,318
Power Purchase Variance Account	1520	-	-	-	YES	-	-	-	-	-	-	-	-	-	-	-	-
Misc. Deferred Debits - incl. Rebate Cheques	1525	-	-	-	YES	-	-	-	-	-	-	-	-	-	-	-	-
Deferred Losses from Disposition of Utility Plant	1530	-	-	-	YES	-	-	-	-	-	-	-	-	-	-	-	-
Unamortized Loss on Reacquired Debt	1540	-	-	-	YES	-	-	-	-	-	-	-	-	-	-	-	-
Development Charge Deposits/ Receivables	1545	-	-	-	YES	-	-	-	-	-	-	-	-	-	-	-	-
Retail Cost Variance Account - STR	1548	(10,371)	(501)	(10,872)	YES	(159)	-	(11,031)	(317)	-	(11,348)	(159)	-	(11,507)	(317)	-	(11,824)
LV Variance Account	1550	19,202	(780)	18,422	YES	294	-	18,716	588	-	19,303	294	-	19,597	588	-	20,185
Smart Meter Capital Variance Account	1555	-	-	-	YES	-	-	-	-	-	-	-	-	-	-	-	-
Smart Meters OM&A Variance Account	1556	-	-	-	YES	-	-	-	-	-	-	-	-	-	-	-	-
Deferred Development Costs	1560	-	-	-	YES	-	-	-	-	-	-	-	-	-	-	-	-
Deferred Payments in Lieu of Taxes	1562	(318,764)	275,623	(43,141)	YES	(4,877)	-	(48,018)	(9,754)	-	(57,772)	(4,877)	-	(62,649)	(9,754)	-	(72,404)
PILS Contra Account	1563	-	-	-	YES	-	-	-	-	-	-	-	-	-	-	-	-
CDM Expenditures and Recoveries	1565	(482,198)	-	(482,198)	YES	(7,378)	-	(489,576)	(14,755)	-	(504,331)	(7,378)	-	(511,709)	(14,755)	-	(526,464)
CDM Contra Account	1566	482,198	-	482,198	YES	7,378	-	489,576	14,755	-	504,331	7,378	-	511,709	14,755	-	526,464
Qualifying Transition Costs	1570	-	-	-	YES	-	-	-	-	-	-	-	-	-	-	-	-
Pre-Market Opening Energy Variances Total	1571	-	-	-	YES	-	-	-	-	-	-	-	-	-	-	-	-
Extra-Ordinary Event Losses	1572	-	-	-	YES	-	-	-	-	-	-	-	-	-	-	-	-
Deferred Rate Impact Amounts	1574	-	-	-	YES	-	-	-	-	-	-	-	-	-	-	-	-
RSVA - Wholesale Market Service Charge	1580	(497,731)	58,008	(439,723)	YES	(7,615)	-	(447,338)	(15,231)	-	(462,569)	(7,615)	-	(470,184)	(15,231)	-	(485,415)
RSVA - One-time Wholesale Market Service	1582	80,600	7,198	87,798	YES	1,233	-	89,031	2,466	-	91,498	1,233	-	92,731	2,466	-	95,197
RSVA - Retail Transmission Network Charge	1584	299,234	8,058	307,292	YES	4,578	-	311,870	9,157	-	321,027	4,578	-	325,605	9,157	-	334,762
RSVA - Retail Transmission Connection Charge	1586	(34,373)	(4,083)	(38,456)	YES	(526)	-	(38,982)	(1,052)	-	(40,034)	(526)	-	(40,560)	(1,052)	-	(41,611)
RSVA - Power	1588	(1,396,817)	(75,923)	(1,472,740)	YES	(21,371)	-	(1,494,111)	(42,743)	-	(1,536,854)	(21,371)	-	(1,558,225)	(42,743)	-	(1,600,968)
Deferred PILs Account	1592	-	-	-	YES	-	-	-	-	-	-	-	-	-	-	-	-
Other Deferred Credits	2425	-	-	-	YES	-	-	-	-	-	-	-	-	-	-	-	-
Sub-totals		(1,015,322)	316,250	(699,072)		(15,534)	-	(714,606)	(31,069)	-	(745,675)	(15,534)	-	(761,210)	(31,069)	-	(792,279)

Recovery of Regulatory Asset Balances (acct #1590)

Approved Balance	4,132,921																
Less Period Disposals							1,190,025		2,380,050			1,206,503				2,413,007	
Plus Period Interest						54,130		55,294			1,056				(53,234)		
Balance to (Refund) or Recover from 2006	4,132,921						2,997,026		672,271			(533,177)				(2,999,417)	

Bridge Year (2007) Forecast

Customer Class	Metric	kW	kWhs	# Customers	EDR 2006 Approved Rates*	EDR 2007 Approved Rates**	Jan1/07 to Apr30/07 Disposal	May1/07 to Dec31/07 Disposal	Proportional Allocation
Residential	kWhs		551,422,629	61,684	0.0033	0.0033	606,565	1,213,130	51%
GS < 50 KW	kWhs		195,076,744	5,441	0.0020	0.0020	130,051	260,102	11%
GS > 50 Non TOU	kW	1,941,610	767,786,033	802	0.6923	0.6923	448,059	896,118	38%
GS > 50 TOU	kW						-	-	0%
Intermediate	kW						-	-	0%
Large Users	kW	0	0	0	0.0000	0.0000	-	-	0%
Small Scattered Load	kWhs		4,635,749	120	0.0021	0.0021	3,245	6,490	0%
Standby Power	kW				0.0000	0.0000	-	-	0%
Sentinel Lighting	kW	0	0	0	0.0000	0.0000	-	-	0%
Street Lighting	kW	31,276	10,943,925	7	0.2019	0.2019	2,105	4,210	0%
Additional Customer Class 1							-	-	0%
Additional Customer Class 2							-	-	0%
Additional Customer Class 3							-	-	0%
Additional Customer Class 4							-	-	0%
Totals		1,972,886	1,529,865,080	68,054			1,190,025	2,380,050	100%

Test Year (2008) Forecast

Customer Class	Metric	kW	kWhs	# Customers	Dx Revenue	# Customers w/Rebate Cheques	Additional Allocator 1	Additional Allocator 2	Additional Allocator 3	EDR 2007 Approved Rates	Jan1/08 to Apr30/08 Disposal	May 1/08 to Dec 31/08 Disposal
Residential	kWhs		563,043,922	62,984	20,711,184					0.0033	619,348	1,238,697
GS < 50 KW	kWhs		196,331,603	5,476	4,312,937					0.0020	130,888	261,775
GS > 50 Non TOU	kW	1,953,714	772,572,779	807	7,016,230					0.6923	450,852	901,704
GS > 50 TOU	kW									0.0000	-	-
Intermediate	kW									0.0000	-	-
Large Users	kW	0	0	0	0					0.0000	-	-
Small Scattered Load	kWhs		4,665,581	120	152,527					0.0021	3,266	6,532
Standby Power	kW									0.0000	-	-
Sentinel Lighting	kW	0	0	0	0					0.0000	-	-
Street Lighting	kW	31,936	11,174,739	7	123,319					0.2019	2,149	4,299
Additional Customer Class 1											-	-
Additional Customer Class 2											-	-
Additional Customer Class 3											-	-
Additional Customer Class 4											-	-
Totals		1,985,650	1,547,788,624	69,394	32,316,197	-	-	-	-		1,206,503	2,413,007

* EDR Approved 2006 rates can be found at:
http://www.oeb.gov.on.ca/html/en/consumers/understanding/2006edr_decisions.htm

** EDR Approved 2007 rates can be found at:
http://www.oeb.gov.on.ca/html/en/consumers/understanding/2007edr_decisions.htm

APPENDIX 5-1

Account Description	Account Number	Dec31/06 Balance	Apr 30/08 Balance	Allocation Basis	Residential	GS < 50 KW	GS > 50 Non TOU	GS > 50 TOU	Intermediate	Large Users	Small Scattered Load	Standby Power	Sentinel Lighting	Street Lighting	Additional Customer Class 1	Additional Customer Class 2	Additional Customer Class 3	Additional Customer Class 4	Totals
Unrecovered Plant and Regulatory Study Costs	1505	-	-																-
Other Regulatory Assets	1508	841,356	890,107	KWh	323,797	112,907	444,293	-	-	-	2,683	-	-	6,426	-	-	-	-	890,107
Preliminary Survey and Investigation Charges	1510	-	-																-
Emission Allowance Inventory	1515	-	-																-
Emission Allowances Withheld	1516	-	-																-
Retail Cost Variance Account - Retail	1518	50,992	53,876	# Customers	48,899	4,251	627	-	-	-	93	-	-	5	-	-	-	-	53,876
Power Purchase Variance Account	1520	-	-																-
Misc. Deferred Debits - incl. Rebate Cheques	1525	-	-	# Customers w/Rebate Cheques	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred Losses from Disposition of Utility Plant	1530	-	-																-
Unamortized Loss on Reacquired Debt	1540	-	-																-
Development Charge Deposits/ Receivables	1545	-	-																-
Retail Cost Variance Account - STR	1548	(10,872)	(11,507)	# Customers	(10,444)	(908)	(134)	-	-	-	(20)	-	-	(1)	-	-	-	-	(11,507)
LV Variance Account	1550	18,422	19,597	KWh	7,129	2,486	9,782	-	-	-	59	-	-	141	-	-	-	-	19,597
Smart Meter Capital Variance Account	1555	-	-																-
Smart Meters OM&A Variance Account	1556	-	-																-
Deferred Development Costs	1560	-	-																-
Deferred Payments in Lieu of Taxes	1562	(43,141)	(62,649)	Dx Revenue	(40,151)	(8,361)	(13,602)	-	-	-	(296)	-	-	(239)	-	-	-	-	(62,649)
PILS Contra Account	1563	-	-																-
CDM Expenditures and Recoveries	1565	(482,198)	(511,709)																-
CDM Contra Account	1566	482,198	511,709																-
Qualifying Transition Costs	1570	-	-	# Customers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Pre-Market Opening Energy Variances Total	1571	-	-	KWh for Non TOU Customers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Extra-Ordinary Event Losses	1572	-	-	Dx Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred Rate Impact Amounts	1574	-	-																-
RSVA - Wholesale Market Service Charge	1580	(439,723)	(470,184)	KWh	(171,040)	(59,641)	(234,691)	-	-	-	(1,417)	-	-	(3,395)	-	-	-	-	(470,184)
RSVA - One-time Wholesale Market Service	1582	87,798	92,731	KWh	33,733	11,763	46,286	-	-	-	280	-	-	869	-	-	-	-	92,731
RSVA - Retail Transmission Network Charge	1584	307,292	325,605	KWh	118,446	41,302	162,525	-	-	-	981	-	-	2,351	-	-	-	-	325,605
RSVA - Retail Transmission Connection Charge	1586	(38,456)	(40,560)	KWh	(14,755)	(5,145)	(20,245)	-	-	-	(122)	-	-	(293)	-	-	-	-	(40,560)
RSVA - Power	1588	(1,472,740)	(1,558,225)	KWh	(566,840)	(197,655)	(777,782)	-	-	-	(4,697)	-	-	(11,250)	-	-	-	-	(1,558,225)
Deferred PILS Account	1592	-	-																-
Other Deferred Credits	2425	-	-	# Customers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sub-total to Dispose at May1/08 or Dec31/06?	Apr30/08	(699,072)	(761,210)		(271,226)	(99,002)	(382,941)	-	-	-	(2,456)	-	-	(5,584)	-	-	-	-	(761,210) OK
Clear residual 1590 balance as of April 30/08?	NO				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total to Dispose at May1/08					(271,226)	(99,002)	(382,941)	-	-	-	(2,456)	-	-	(5,584)	-	-	-	-	(761,210)
Disposal period?	3 YEARS				(90,409)	(33,001)	(127,647)	-	-	-	(819)	-	-	(1,861)	-	-	-	-	(253,737)
Projected 2008 Rate Riders					(0.0002)	(0.0002)	(0.0653)				(0.0002)			(0.0583)	0.0000	0.0000	0.0000		
Rate Determinant					kWh	kWh	kW	kW	kW	kW	kWh	kW	kW	kW					

Checks Allocation Totals Against Total to Recover at May1/08 or Dec 31/06

Test Year (2008) Allocations

Customer Class	Metric	kW	KWh	# Customers	KWh for Non TOU Customers	Dx Revenue	# Customers w/Rebate Cheques	Additional Allocator 1	Additional Allocator 2	Additional Allocator 3
Residential	kWhs	0%	36%	91%	37%	64%	0%			
GS < 50 KW	kWhs	0%	13%	8%	13%	13%	0%			
GS > 50 Non TOU	kW	98%	50%	1%	50%	22%	0%			
GS > 50 TOU	kW	0%	0%	0%		0%	0%			
Intermediate	kW	0%	0%	0%		0%	0%			
Large Users	kW	0%	0%	0%		0%	0%			
Small Scattered Load	kWhs	0%	0%	0%	0%	0%	0%			
Standby Power	kW	0%	0%	0%		0%	0%			
Sentinel Lighting	kW	0%	0%	0%		0%	0%			
Street Lighting	kW	2%	1%	0%		0%	0%			
Additional Customer Class 1		0%	0%	0%		0%	0%			
Additional Customer Class 2		0%	0%	0%		0%	0%			
Additional Customer Class 3		0%	0%	0%		0%	0%			
Additional Customer Class 4		0%	0%	0%		0%	0%			
Totals		100%	100%	100%	100%	100%	0%	0%	0%	0%

Barrie Hydro Distribution Inc.

Exhibit	Tab	Schedule	Contents
6 – Cost of Capital and Rate of Return	1	1	Overview
		2	Capital Structure
		3	Cost of Debt
		4	Calculations of Return on Rate Base

Barrie Hydro Distribution Inc.

1. COST OF CAPITAL OVERVIEW:

In this Exhibit, Barrie Hydro has addressed its capital structure and the method and cost of financing its capital requirements for the 2008 test year. Barrie Hydro's current OEB-approved capital structure for rate-making purposes is 55% debt / 45% equity; its Return on Equity is 9.00%; and its Long Term Debt Rate is 6.46%.

In this Application, Barrie Hydro proposes the following with respect to its capital structure, ROE and Debt Rate:

- Barrie Hydro will be changing its OEB-approved capital structure of 55% debt / 45% equity to 57.5% debt / 42.5% equity
- Barrie Hydro has used a Return on Equity of 9.00% in the design of its proposed 2008 distribution rates. In the Board's December 20, 2006 Report on Cost of Capital and 2nd Generation Incentive Regulation for Ontario's Electricity Distributors (referred to here as the "Report" – OEB File No. EB-2006-0088) it states in Appendix B, Page iii, Paragraph 2 that – *"Therefore, for May 1 rate changes, the ROE will be based on January data – effectively Consensus Forecasts published during that month and Bank of Canada data for all business days during the month of January."* As a result, Barrie Hydro understands the Return on Equity for 2008 rates will be established based on January 2008 data and for this purposes of this Application has used the current Return on Equity of 9.00%.
- Barrie Hydro has used a Long Term Debt Rate of 6.46% to reflect the weighted average rate of return to support Barrie Hydro's long term debt instruments.
- Barrie Hydro has used a Short Term Debt Rate of 4.77% in accordance with the methodology set out in the Report.

Barrie Hydro Distribution Inc.

2. CAPITAL STRUCTURE:

As a distributor with a rate base of between \$100 million and \$250 million, Barrie Hydro' current OEB-approved capital structure for rate-making purposes is 55% debt / 45% equity. In the Report, the OEB determined (at page 5 of the Report) that there would be a single capital structure for all distributors for rate-making purposes, and "that a split of 60% debt, 40% equity is appropriate for all distributors."

The Report contains a methodology for adjusting the capital structure to the 60% / 40% ratio over a period of years commencing in 2008. In the case Barrie Hydro the movement to the new capital structure for rate-making purposes will be take place over two years in accordance with the Report.

Barrie Hydro has prepared the following table illustrating its capital structure and component costs, in accordance with the Filing Requirements, for the following years:

- 2006 Board Approved;
- 2006 Actual
- 2007 Bridge; and
- 2008 Test

Cost of Debt and ROE calculations for the 2008 Test Year are discussed in the corresponding Schedules below.

Barrie Hydro Distribution Inc.

CAPITAL STRUCTURE:

Barrie Hydro has provided its capital structure in accordance with the Filing Requirements in Table 1 below. The guidelines require the capital structure to be developed in a manner that “equates total capitalization with rate base.” We note the change to our capital structure in 2008.

**Table 1
Barrie Hydro’s Capital Structure**

	2006 Board Approved Amount	%	2006 Actual Amount	%	2007 Bridge Amount	%	2008 Test Amount	%
Long Term Debt	63,477,806	55%	77,070,891	55%	78,935,947	55%	80,050,434	53.5%
Short Term	0		0		0		5,985,079	4%
Total Debt	63,477,806		77,070,891		78,935,947		86,035,079	
Common Equity	51,191,841	45%	63,058,001	45%	64,583,956	45%	63,591,466	42.5%
Total Rate Base	115,359,647	100%	140,128,892	100%	143,519,903	100%	149,626,979	100%

See Exhibit 2 Tab 1, Schedule 1 for rate base amounts.

Barrie Hydro Distribution Inc.

COST OF DEBT:

Long-term Debt:

At pages 13 and 14 of the Report, the Board established the following policies with respect to long-term debt:

- for embedded debt the rate approved in prior Board decisions shall be maintained for the life of each active instrument, unless a new rate is negotiated, in which case it will be treated as new debt;
- the rate for new debt that is held by a third party will be the prudently negotiated contracted rate. This would include recognition of premiums and discounts;
- for new affiliated debt, the allowed rate will be the lower of the contracted rate and the deemed long-term debt rate, calculated as the Long Canada Bond Forecast plus an average spread with "A/BBB" rate corporate bond yields; and
- for all variable-rate debt and for all affiliate debt that is callable on demand the Board will use the current deemed long-term debt rate. When setting distribution rates at rebasing these debt rates will be adjusted regardless of whether the applicant makes a request for the change.

Barrie Hydro' long-term debt consists of embedded debt. The embedded debt is in the form of a Shareholder Promissory Note in the amount of \$20,000,000 with the City of Barrie, initially issued January 1, 2004 and a third party unsecured debt instrument in the amount of \$25,000,000 with EDFIN, initially issued August 1, 2002. Barrie Hydro's debt rates, approved in the 2006 EDR OEB decision, were 6% for the Promissory Note and 6.83% for the third party unsecured debt instrument. The current actual interest rate on the Promissory Note is 6.50%, therefore we are using the deemed rate of 6.00% for this rate application. The interest rate on the third party unsecured debt instrument remains at 6.83%. Accordingly, the long-term debt rate to be used for the purposes of establishing Barrie Hydro' 2008 distribution rates is 6.46%.

Barrie Hydro Distribution Inc.

Short-term Debt:

Barrie Hydro has a credit facility with TD Commercial Banking to provide for its short-term debt requirements, which Barrie Hydro draws on from time to time. At page 9 of the Report, the Board confirmed its determination that “short-term debt should be factored into rate setting, and that a deemed amount should be included in the capital structures of electricity distributors. **The short-term debt amount will be fixed at 4% of rate base.**” (OEB emphasis)

At page 15 of the Report, the OEB confirms that the deemed short-term debt rate will be calculated as the average of the 3-month bankers’ acceptance rate plus a fixed spread of 25 basis points, and that the rate will be updated using data available three full months in advance of the effective date of the rates. Accordingly, as with the ROE calculation discussed above, there is no “final” rate for deemed 2008 short-term debt at this time. However, for the purposes of preparing this Application and designing its proposed 2008 electricity distribution rates, Barrie Hydro has assigned a debt rate of 4.77% to its deemed short-term debt.

In arriving at this rate, Barrie Hydro used the methodology set out in the Report. The rate represents the average of the 3-month bankers’ acceptance rate for all business days of the month of June, 2007, as published on the Bank of Canada’s web site, plus a fixed spread of 25 basis points. Barrie Hydro based the short term debt rate, for the purposes of filing this application, on the three month Banker’s Acceptance V122527 as of June 26, 2007 having an average rate of 4.52% plus the fixed spread of 0.25%.

For the Board’s assistance, Barrie Hydro has set out the particulars of its cost of debt in the following table 1

Barrie Hydro Distribution Inc.

Table 1
2006 Actual, 2007 Bridge and 2008 Test Year Cost of Debt

Affiliate debt is shown at the lower of actual or deemed

Description	Debt Holder	Affiliate	Date of Issuance	Principal	Term	Act/Deem	Days	Interest
Promissory Note	Shareholder	Y	Jan 1/2006	20,000,000	1 yr	6.00	365	1,200,000
Promissory Note	Shareholder	Y	Jan 1/2007	20,000,000	1 yr	6.00	365	1,200,000
Promissory Note	Shareholder	Y	Jan 1/2008	20,000,000	1 yr	6.00	365	1,200,000
Unsecured Deben	Edfin	N	Aug 1/2002	25,000,000	10 yr	6.83	365	1,707,500
Total Long Term Debt 2006	\$45,000,000		Total cost at deemed and actual			\$2,907,500		Rate 6.46%
Total Long Term Debt 2007	\$45,000,000		Total cost at deemed and actual			\$2,907,500		Rate 6.46%
Total Long Term Debt 2008	\$45,000,000		Total cost at deemed and actual			\$2,907,500		Rate 6.46%

Please note that in 2006 the actual interest rate on the promissory note was 7.5%, in 2007 and 2008 6.5%.

Barrie Hydro Distribution Inc.

CALCULATIONS OF RETURN ON RATE BASE

Barrie Hydro has calculated Return on Rate Base in accordance with the Filing Requirements and its deemed debt to equity ratio and is summarized in the following Table 1.

Table 1
Barrie Hydro's Return on Rate Base and Debt

	2006 Board Approved Amount	%	2006 Actual Amount	%	2007 Bridge Amount	%	2008 Test Amount	%
Int on LT Debt	4,099,433	6.46	4,978,779	6.46	5,099,262	6.46	5,172,148	6.46
Int. Short Term	0		0		0		285,488	4.77
Total Int. on debt	4,099,433	6.46	4,978,779	6.46	5,099,262	6.46	5,457,636	6.34
Ret on Comm Eq	4,672,066	9.00	5,675,220	9.00	5,812,556	9.00	5,721,642	9.00
Ret on rate base	8,771,499	7.60	10,653,999	7.60	10,911,818	7.60	11,179,278	7.47

Barrie Hydro Distribution Inc.

Exhibit	Tab	Schedule	Contents
7 – Calculation of Revenue Sufficiency/(Deficiency)			
	1	1	Revenue Sufficiency/(Deficiency)

Barrie Hydro Distribution inc.

1. REVENUE SUFFICIENCY (DEFICIENCY):

The information in this Exhibit supports Barrie Hydro's request in this Application for an increase in its revenue requirement. Barrie Hydro requires this increase in order to implement its capital and operating budgets for 2008, so that it can continue to provide a safe, reliable supply of electricity to the customers it serves; earn its permitted return on equity and the amount required to service its debt; and pay its deemed PILs.

Revenue sufficiency/deficiency is calculated as the difference between distribution revenue at existing rates and the revenue requirement for the specific test year. Barrie Hydro' 2008 Test Year revenue deficiency amounts to \$3,890,007, and as such Barrie Hydro is applying to increase its rates for the 2008 Test Year accordingly. The 2008 revenue deficiency is outlined below in Table 1.

Table 1
Revenue Sufficiency/Deficiency

As discussed in Exhibit 1 a calculation of revenue deficiency is included as appendix 1-3.

Barrie Hydro Distribution Inc.

Exhibit	Tab	Schedule	Contents
8 – Cost Allocation			
	1	1	Cost Allocation Overview
		2	Summary of Results and Proposed Changes

Barrie Hydro Distribution Inc.

COST ALLOCATION OVERVIEW:

Introduction:

On September 29, 2006 the OEB issued its directions on Cost Allocation Methodology for Electricity Distributors ("the Directions"). On November 15, 2006, the Board issued the Cost Allocation Information Filing Guidelines for Electricity Distributors ("the Guidelines"), the Cost Allocation Model ("the Model") and User Instructions (the "Instructions") for the Model. Barrie Hydro prepared a cost allocation information filing consistent with Barrie Hydro's understanding of the Directions, the Guidelines, the Model and the Instructions. Barrie Hydro submitted this filing to the OEB in late January 2007.

One of the main objectives of the filing was the provision of information that would indicate any apparent cross-subsidization among rate classifications within a distributor.

Background:

In the mid 1980's, Ontario Hydro, at the time the regulator of the distribution sector, completed the most recent cost allocation study that reflected the distribution function, but this was an integrated cost allocation study. The integrated study reviewed the full costs of providing electricity to customers which included energy, transmission and distribution. Distribution represented only approximately 15% of the total costs reviewed. The results of this study assisted Ontario Hydro in developing the Standard Application of Rates that was used by Municipal Electric Utilities to develop the bundled rates they charged customers until 2000.

Under the *Energy Competition Act, 1998*, the former Ontario Hydro was restructured into separate transmission/distribution (Hydro One) and generation (Ontario Power Generation) companies (among others). This was in part to facilitate the establishment of competitive markets for the electricity as a commodity. In furtherance of that objective, the rates charged by distributors were "unbundled" from transmission and commodity portions of the customer's bill. The unbundling also facilitated the addition of commercial returns on equity, debt rates and Payments in Lieu of Taxes ("PILs") to the distribution rates, in keeping with government policy. The unbundling of distribution from generation and transmission was completed in the 2000/2001 timeframe using the OEB's 2000 Electricity Distribution Rate Handbook and the Rate Unbundling and Design Model (the "RUD" model). The Rate Handbook and RUD model provided a method to unbundle distribution rates from the other rates by rate classification but they did not determine whether the unbundled rates fully collected the cost of providing distribution service to each rate classification. The cost allocation informational filing process in 2006 represented the first time a cost allocation study has been conducted in Ontario that focuses completely on distribution costs to determine whether or not the distribution rates are collecting the cost of providing distribution service to the corresponding rate classifications.

Barrie Hydro Distribution Inc.

2. SUMMARY OF RESULTS AND PROPOSED CHANGES:

Results of the Cost Allocation Study:

The cost/financial data used in the Model was consistent with Barrie Hydro's cost data that supported its 2006 OEB-approved distribution rates. Consistent with the Guidelines, Barrie Hydro assets were broken out into primary and secondary distribution functions. The breakout of assets, capital contributions, depreciation, accumulated depreciation, customer data and load data by primary, line transformer and secondary categories were developed from the best data available from Barrie Hydro's engineering records and customer and financial information systems.

The results of a cost allocation study are typically presented in the form of revenue to cost ratios. The ratio is shown by rate classification and is the percentage of distribution revenue collected by rate classification compared to the costs allocated to the classification. The percentage shows the rate classifications that are being subsidized and those that are over-contributing. A percentage of less than 100% means the rate classification is under-contributing and is being subsidized by other classes. A percentage of greater than 100% indicates the rate classification is over-contributing the cost assigned to the classification and is subsidizing other classes.

The following table outlines the revenue to cost ratios from the cost allocation informational filing submitted by Barrie Hydro. In addition, the dollar amount that each rate classification is being subsidized or over-contributing is provided. Please note that the results presented are a combination of the cost allocation filing runs 1 and 2. In Barrie Hydro's case run 1 did not include Unmetered Scattered Load, run 2 included results for Unmetered Scattered Loads. For the purposes of the application we have included the result of run 1 for classes other than Unmetered scattered Load. For Unmetered scattered Load we have used the results for Run 2 and removed the costs and revenues pertaining to Unmetered Scattered Load from the GS<50 class.

Barrie Hydro Distribution Inc.

Table 1
Revenue to Cost Ratios as Filed in Barrie Hydro's
2006 Cost Allocation Informational Filing

Rate Classification	Revenue to Cost Ratio	\$(Being Subsidized)/ \$Over Contributing
Residential	117.5%	\$2,646,367
GS <50 kW	97.9%	(\$83,867)
GS>50 kW	80.6%	(\$1,461,824)
Street Light	9.3%	(\$1,102,242)
Unmetered Scattered Load	101.2%	\$1,565
Total		0

Proposed Changes:

Barrie Hydro would refer to Section 3.7 of the Board Staff Discussion Paper on the Implications Arising from Review of the Electricity Distributor's Cost Allocation Filings, EB-2007-0667, and the OEB staff proposed acceptable revenue to cost ratios. Table 2, below, summarizes the OEB staff proposal as well as Barrie Hydro results from the cost allocation model. As can be seen from the table, the cost allocation results for Barrie Hydro indicate the Street Light class is the only class that falls out of the proposed revenue to cost ratio ranges.

Table 2
OEB Proposed Revenue to Cost Ratio Ranges & Barrie Hydro Results

Customer Class	Low	High	Barrie Hydro
Residential	80%	120%	117.5%
GS <50 kW	80%	120%	97.9%
GS>50 kW	80%	180%	80.6%
Street Light	80%	180%	9.3%
Unmetered Scattered Load	70%	120%	101.2%

Section 3.5 of the Discussion Paper states *"Any distributor with a class ratio that falls outside the suggested ranges should re-align its distribution rates so that all classes fall within the respective ranges."* Barrie Hydro is proposing to address the under recovery of revenue in the Street Light class by moving about \$20,000 of revenue from Residential class to the Street Light class. The amount does not appear to be significant but it represents an increase in Street Light distribution rates of about 20% which in Barrie Hydro's view is a good "first step" in addressing the under recovery. As well in this application we are submitting a change in the way that the

Barrie Hydro Distribution Inc.

transformer discount credit is recovered through rates. In the 2006 EDR the recovery of the transformer discount was allocated to all customer classes. In this application we are proposing that the recovery of the transformer discount be allocated only to the GS>50 kW customer. This change also has the effect of further reallocating distribution revenues as it pertains to cost allocation. This change has allocated an additional \$427,555 to GS>50kW class and reduced the other rate classes. Table 3 outlines Barrie Hydro's revised revenue to cost ratio with the proposed changes.

Table 3
Revised Barrie Hydro's Revenue to Cost Ratios

Rate Classification	Revenue to Cost Ratio	\$(Being Subsidized)/ \$Over Contributing
Residential	115.1%	\$2,282,895
GS <50 kW	96.0%	(\$162,454)
GS>50 kW	86.3%	(\$1,034,269)
Street Light	10.8%	(\$1,084,440)
Unmetered Scattered Load	98.6%	(\$1,732)
Total		0

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Exhibit	Tab	Schedule	Contents
9 – Rate Design	1	1	Rate Design
		2	Existing Rate Classes
		3	Existing Rate Schedule
		4	Proposed Rate Schedule
		5	Reconciliation of Rate Class Revenue to total Revenue Requirement
		6	Bill Impacts

Barrie Hydro Distribution Inc.

1. RATE DESIGN:

This exhibit documents the calculation of Barrie Hydro's proposed distribution rates by rate class for the 2008 test year, based the movement of revenue as proposed in Exhibit 8 and rate design as proposed in this Exhibit.

Barrie Hydro has determined its total 2008 service revenue requirement to be \$35,008,572. The total revenue offsets as set out in Exhibit 3, in the amount of \$2,556,074, reduce Barrie Hydro's total service revenue requirement to a base revenue requirement of \$32,452,498, which is used to determine the proposed distribution rates. The base revenue requirement is derived from Barrie Hydro's 2008 capital and operating forecasts and Barrie Hydro's regulated return on rate base. The revenue requirement is summarized in Table 1.

Table 1
Calculation of Base Revenue Requirement

OM&A Expenses	\$10,422,532
Amortization Expenses	\$10,150,089
Total Distribution Expense	<u>\$20,572,621</u>
Regulated Return on Rate Base	\$11,179,278
PILs (with gross-up)	<u>\$3,256,673</u>
Total Service Revenue Requirement	\$35,008,572
Less: Revenue Offsets	<u>(\$2,556,074)</u>
Base Revenue Requirement	\$32,452,498

Revenue Allocation:

The proportion of distribution revenue currently collected by Barrie Hydro by rate class is shown in Table 2.

Barrie Hydro Distribution Inc.

Table 2
Current Proportion of Barrie Hydro's Distribution Revenue

Rate Class	Current Revenue Proportion
Residential	64.1%
GS <50 kW	13.4%
GS>50 kW	21.7%
Street Light	0.3%
Unmetered Scattered Load	0.5%
Total	100.0%

As outlined in Exhibit 8 – Cost Allocation, Barrie Hydro is proposing to partially mitigate the cross subsidization with the Street Light class by moving about \$20,000 in revenue from the Residential class to the Street Light class as well as an adjustment with the recovery of the Transformer Discount recovery. In addition, Barrie Hydro expects to have a new Large Use customer in November 2008. Although Barrie Hydro has not had a Large Use customer for a number of years a rate was developed and approved in the original RUD model. In each rate application since that time we have applied to keep that rate active in anticipation of a Large Use customer returning to our service area. We have updated that rate in this application.

With the proposed change in revenue for the Street Light class and the additional new Large Use customer the proportion of Barrie Hydro's Distribution Revenue is proposed to be the following:

Table 3
Proposed Proportion of Barrie Hydro's Distribution Revenue

Rate Class	Current Revenue Proportion
Residential	63.8%
GS <50 kW	13.3%
GS>50 kW	21.6%
Large Use	0.4%
Street Light	0.4%
Unmetered Scattered Load	0.5%
Total	100.0%

Barrie Hydro Distribution Inc.

Table 4 outlines the proposed base revenue requirement by rate class using the proposed proportion in Table 3.

Table 4
Proposed Allocation of Barrie Hydro's Base Revenue Requirement

Rate Class	Proposed Revenue Allocation
Residential	\$20,711,184
GS <50 kW	\$4,312,937
GS>50 kW	\$7,016,230
Large Use	\$136,300
Street Light	\$123,319
Unmetered Scattered Load	\$152,527
Total	\$32,452,498

Determination of Monthly Fixed Charges:

Barrie Hydro's current OEB-approved monthly fixed charges based on its 2007 IRM application by customer class are summarized in Table 5 below.

Table 5
Current Monthly Fixed Charges

Rate Class	Current Monthly Fixed Charge
Residential	\$14.72
GS <50 kW	\$14.59
GS>50 kW	\$358.12
Large Use	\$8,746.58
Street Light	\$0.31
Unmetered Scattered Load	\$7.16

Using the current monthly fixed charges Barrie Hydro has calculated the proportion of fixed distribution revenue as a percent of total distribution revenue derived by rate class. Table 6 outlines the resulting proportion of fixed distribution revenue by rate class.

Barrie Hydro Distribution Inc.

Table 6
Proposed Proportion of Fixed Distribution Revenue

Rate Class	Fixed Distribution Proportion
Residential	60.5%
GS <50 kW	25.1%
GS>50 kW	55.7%
Large Use	86.8%
Street Light	59.4%
Unmetered Scattered Load	49.8%

Barrie Hydro submits that it is appropriate for 2008 to maintain the current fixed/variable proportions. This matter is discussed further below.

In September 2006 the OEB completed its Cost Allocation Review and issued the Board Directions on Cost Allocation Methodology For Electricity Distributors, RP-2005-0317. The results of this Board report stem from at least three years of discussions and work groups which included OEB staff, electricity distributors, intervenors and experts at various stages of the review process. Subsequently, in November of 2006, the OEB issued the Cost Allocation Informational Filing Guidelines for Electricity Distributors ("the Guidelines") and the cost allocation Model. The Guidelines and Model provided LDCs the framework to complete their cost allocation studies which were filed in early 2007.

In its follow-up to the review of the cost allocation filings, the OEB issued a "Board Staff Discussion Paper On the Implications Arising from a Review of the Electricity Distributors' Cost Allocation Filings" (EB-2007-0667), in which OEB staff have requested comments on proposed ranges for revenue to cost ratios and well as ranges for the fixed distribution charges.

In Section 4 of the Discussion Paper, OEB staff provides an analysis of fixed distribution charges and suggest an upper and lower range based on the minimum system concept. This concept has been a long-standing methodology for cost allocation studies, however OEB staff are proposing that each distributor set fixed rates within these ranges "at the time of its next rebasing rate application." Barrie Hydro submits that OEB staff comments in this section of the Staff Discussion Paper are contradictory to other Reports, Decisions and OEB initiatives, which are currently outstanding and in fact support the notion of an overall review of fundamental distribution rate design as discussed below.

Barrie Hydro Distribution Inc.

Barrie Hydro further submits that the Staff suggestion is in fact a proposed approach to rate design, and Barrie Hydro suggest that this is premature at this time and in addition, this study should not be used in isolation of other factors to make determinations on rate design. Instead, the issue of the appropriate split between fixed and variable distribution charges should be moved to the OEB's proceeding EB-2007-0031– Rate Design for Electricity Distributors – in which the OEB is considering rate design issues. OEB staff currently have several papers released for discussion that also address rate design. These are discussed in further detail below.

On March 2, 2007 the OEB issued its Report of the Board on the Regulatory Framework for Conservation and Demand Management by Ontario Electricity Distributors in 2007 and Beyond, EB-2006-0266, which established the guiding principles for the OEB to follow in designing a regulatory framework for CDM activities by distributors.

In Section 4.1.2 of the Report (Revenue Protection), the OEB provided background information which stated “Unforecasted CDM results can have the effect of eroding distributor revenues due to lower than forecast throughput. **Distributors recover fixed distribution costs through both a fixed and a variable rate** [emphasis added], which is set based on a forecast of consumption. If actual consumption is less than the forecasted amount used for rate-setting purposes, the distributor earns less revenue than it otherwise would have, all things being equal. Since the intention and effect of CDM activities is to reduce capacity and energy use, it also has the effect of reducing throughput and associated distributor revenues, which can result in a disincentive for distributors to deliver CDM programs.” The OEB staff involved in the development of this Report recognized that the distributors' fixed distribution costs exceed the revenue earned through the fixed distribution charge and as a result, fixed distribution costs are also recovered through the variable distribution rate. Barrie Hydro submits that it is not reasonable for distributors to be at risk for the recovery of fixed distribution charges, incurred to supply customers, through a variable component.

Further in this section, the OEB concludes by stating: “The Board has also determined that consideration of alternative mechanisms to address lost revenue due to changes in electricity consumption, including those resulting from all forms of conservation, should be considered as part of the process to develop 3rd Generation IRM and/or during the Board's review of options for the fundamental redesign of electricity distribution rates.”

The Board's conclusion acknowledges that lost revenue resulting from conservation programs must be considered as part of the redesign of electricity distribution rates.

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The March 30, 2007 OEB Staff Discussion Paper in EB-2007-0031 – “Rate Design for Electricity Distributors: Overview and Scoping” – was issued “primarily to solicit input from interested parties that will enable Board staff to better understand which areas, if any, might be a priority for distributors and consumers” in key rate design principles. This Discussion Paper clearly invites stakeholder input on key rate design principles, which will include the fixed and variable distribution rate design.

Another OEB Staff Report (EB-2007-0097) – Stakeholder Consultations on Conservation and Demand Management – again addresses the need to consider issues such as conservation and lost distribution revenue “as part of the process to develop 3rd Generation IRM and/or during the Board’s review of options for the fundamental redesign of electricity distribution rates.”

In each of the above Reports or Decisions the OEB and/or OEB staff reiterate the need to proceed with fundamental electricity distribution rate design to address several potential rate design issues. As the fundamental rate design still needs to go into the consultation process Barrie Hydro submits that any changes beyond those being proposed to the existing fixed variable distribution rate and revenue proportions are beyond the scope of this 2008 rate application process and as such should not be addressed without a full rate design process. As a result, Barrie Hydro is proposing to maintain the existing fixed/variable split until such time as the rate design proceedings are concluded and a Decision of the Board is rendered. Table 7 below provides Barrie Hydro’s calculations of its proposed monthly fixed distribution charges for the 2008 Test Year.

**Table 7
Proposed Fixed Distribution Charge**

Customer Class	Total Net Rev. Requirement	Fixed charges as percent of total for customer class	Fixed Distribution Revenue	2008 Test Year Annualized Customers/Connections	Proposed Fixed Distribution Charge
Residential	\$20,711,184	60.5%	\$12,531,297	62,984	\$16.58
GS <50 kW	\$4,312,937	25.1%	\$1,080,962	5,476	\$16.45
GS>50 kW	\$7,016,230	55.7%	\$3,908,850	807	\$403.64
Large Use	\$136,300	86.8%	\$118,252	1	\$9,854.30
Street Light	\$123,319	59.4%	\$72,413	14,718	\$0.41
Unmetered Scattered Load	\$152,527	49.8%	\$76,010	782	\$8.10
Total	\$32,452,498		\$17,787,783		

Barrie Hydro Distribution Inc.

Proposed Volumetric Charges:

Barrie Hydro has calculated the proposed variable distribution base revenue requirement by subtracting the fixed distribution revenue from the total distribution base revenue requirement. The variable distribution charge is calculated by dividing the variable distribution revenue requirement by the appropriate 2008 Test Year usage, kWh or kW, as the class charge determinant. Table 8 summarizes both the proposed variable base distribution revenue and the proposed variable distribution charge to collect this revenue.

**Table 8
Proposed Variable Distribution Charge for Base Revenue Requirement**

Customer Class	Total Base Revenue Requirement	Fixed Distribution Revenue	Variable Distribution Base Revenue	2008 Test Year Usage	Unit of Measure	Proposed Variable Distribution Charge
Residential	\$20,711,184	\$12,531,297	\$8,179,888	563,043,922	kWh	\$0.0145
GS <50 kW	\$4,312,937	\$1,080,962	\$3,231,975	196,331,603	kWh	\$0.0165
GS>50 kW	\$7,016,230	\$3,908,850	\$3,107,380	1,953,714	kW	\$1.5905
Large Use	\$136,300	\$118,252	\$18,049	30,000	kW	\$0.6016
Street Light	\$123,319	\$72,413	\$50,907	31,936	kW	\$1.5940
Unmetered Scattered Load	\$152,527	\$76,010	\$76,516	4,665,581	kWh	\$0.0164
Total	\$32,452,498	\$17,787,783	\$14,664,715			

Proposed Adjustment for Transformer Allowance:

Barrie Hydro proposes the amount of transformer allowance expected to be provided to those GS > 50 kW customers that own their transformers should be included in the GS > 50 kW volumetric charge. This means the volumetric charge calculated in Table 8 for GS > 50 kW customer should be increased by \$0.2813 per kW to address the recovery of the transformer allowance.

Currently, Barrie Hydro provides a transformer allowance to those customers that own their transformation facilities. Barrie Hydro's current approved transformer ownership allowance is \$0.60 per kW. Barrie Hydro proposes to continue providing this same allowance in 2008 to those customers that own their transformer. The transformer allowance is intended to reflect the costs to Barrie Hydro of providing step down transformation facilities to the customer's utilization voltage. Since Barrie Hydro provides electricity at utilization voltage, the cost of the Barrie Hydro's transformers are captured in and recovered through the distribution rates. However, the distribution rates only reflect the cost of Barrie Hydro's transformers not the cost associated with

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transformers owned by the customer. Therefore, the rate should reflect every customer is using the Barrie Hydro's transformers and the transformer allowance should be applied to this rate for those customers that own their transformer. This means the amount of transformation allowance should be added back to the volumetric rate to produce a rate that assumes every customer is using Barrie Hydro's transformer. Then the transformer allowance would be applied to this rate and the customer that owns their transformer will receive a credit for their transformer and Barrie Hydro will collect enough revenue to cover the cost of providing transformation to the customer using Barrie Hydro's transformers.

Recovery of Low Voltage Costs:

Consistent with the approach in the Board's 2006 EDR model, Barrie Hydro's projected 2008 LV costs of \$1,215,380 have been allocated to each rate class based on the proportion of retail transmission connection revenue collected from each class. This calculation is outlined in the following table:

Table 9 – Allocation of LV Costs

Customer Class	Retail Transmission Connection Revenue (\$)	Allocation Percentages	Allocated LV (\$)
Residential	6,024,570	38.38%	466,454
GS <50 kW	1,904,417	12.13%	147,450
GS>50 kW	7,473,933	47.61%	578,672
Large Use >5MW	152,766	0.97%	11,828
Street Light	96,504	0.62%	7,472
Unmetered Scattered Load	45,256	0.29%	3,504
TOTAL	15,697,446	100.00%	1,215,380

The proposed LV costs by rate class are then divided by the projected usage levels outlined in Table 7 and the proposed adjustments to the distribution volumetric charges for LV costs are shown in Table 10.

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Table 10 – LV-Related Adjustments to Volumetric Charges

Customer Class	LV Adjustment (\$ per kWh)	LV Adjustment (\$ per kW)
Residential	\$0.0008	-
GS <50 kW	\$0.0008	-
GS>50 kW	-	\$0.2962
Large Use >5MW	-	\$0.3943
Street Light	-	\$0.2340
Unmetered Scattered Load	\$0.0008	

Proposed Distribution Rates:

The following table sets out Barrie Hydro' proposed 2008 electricity distribution rates based on the foregoing calculations, including adjustments for the recovery of LV costs:

**Table 11
Proposed 2008 Electricity Distribution Rates**

Customer Class	Customer	Connection	kWh	kW
Residential	\$16.58		\$0.0154	
GS <50 kW	\$16.45		\$0.0172	
GS>50 kW	\$403.64			\$2.1680
Large Use >5MW	\$9,854.30			\$0.9959
Street Light		\$0.41		\$1.8280
Unmetered Scattered Load		\$8.10	\$0.0172	
GS>50 kW Transformer Allowance				(0.60)

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2. EXISTING RATE CLASSES:

Barrie Hydro is not proposing any changes to its existing customer classes. The following definitions are provided from Barrie Hydro OEB-approved 2007 Tariff of Rates and Charges.

Residential:

This classification refers to the supply of electrical energy to residential customers residing in detached, semi detached, townhouse (freehold or condominium) dwelling units duplexes or triplexes. Supply will be limited up to a maximum of 200 amps @ 240/120 volt. Further servicing details are available in the utility's Conditions of Service.

General Service Less Than 50 kW:

This classification refers to a non residential account taking electricity at 750 Volts or less whose monthly peak demand is less than, or is expected to be less than, 50 kW. Further servicing details are available in the utility's Conditions of Service.

General Service 50 to 4,999 kW:

This classification refers to a non residential account whose monthly average peak demand is equal to or greater than, or is expected to be equal to or greater than 50kW but less than 5000 kW. Further servicing details are available in the utility's Conditions of Service.

General Service 50 to 4,999 kW TOU

This classification refers to a non residential account whose monthly average peak demand is equal to or greater than, or is expected to be equal to or greater than 50kW but less than 5000 kW and who has an electrical service of at least 600 amps at 600/347 volts or 1600 amps at 208/120 volts. If the customer meets these criteria then an interval meter is required. Further servicing details are available in the utility's Conditions of Service.

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Large Use:

This classification refers to an account whose monthly average peak demand is equal to or greater than, or is expected to be equal to or greater than, 5,000 kW. Further servicing details are available in the utility's Conditions of Service.

Unmetered Scattered Load:

This classification refers to a non-residential account taking electricity at 240/120 or 120 volts whose monthly peak demand is less than or expected to be less than 50k. As determined by Barrie Hydro Distribution Inc. because of the type of connection or location a meter is not feasible in these situations. A detailed calculation of the load will be calculated for billing purposes. Further servicing details are available in the utility's Conditions of Service.

Street Lighting:

This classification refers to accounts concerning roadway lighting for a Municipality, Regional Municipality, and/or the Ministry of Transportation. This lighting will be controlled by photo cells. The consumption for these customers will be based on the calculated connected load times as established in the approved OEB street lighting load shape template. Further servicing details are available in the utility's Conditions of Service.

Standby Power:

This classification refers to an account that has load displacement generation and requires the distributor to provide back up service.

Barrie Hydro Distribution Inc.

3. EXISTING RATE SCHEDULE:

Table 1 sets out Barrie Hydro's current electricity distribution rates and charges:

Table 1

Current Electricity Distribution Rates and Charges

MONTHLY RATES AND CHARGES

Residential

Service Charge	\$	14.72
Distribution Volumetric Rate	\$/kWh	0.0138
Regulatory Asset Recovery	\$/kWh	0.0033
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0057
Retail Transmission Rate - Line and Transformation		
Connection Service Rate	\$/kWh	0.0050
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0010
Standard Supply Service - Administration Charge (if applicable)	\$	0.25

General Service Less Than 50 kW

Service Charge	\$	14.59
Distribution Volumetric Rate	\$/kWh	0.0154
Regulatory Asset Recovery	\$/kWh	0.0020
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0052
Retail Transmission Rate - Line and Transformation		
Connection Service Rate	\$/kWh	0.0045
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0010
Standard Supply Service - Administration Charge (if applicable)	\$	0.25

General Service 50 to 4,999 kW

Service Charge	\$	358.12
Distribution Volumetric Rate	\$/kW	1.7519
Regulatory Asset Recovery	\$/kW	0.6923
Retail Transmission Rate - Network Service Rate	\$/kW	2.0459
Retail Transmission Rate - Line and Transformation		
Connection Service Rate	\$/kW	1.7796
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0010
Standard Supply Service - Administration Charge (if applicable)	\$	0.25

General Service 50 to 4,999 kW Time of Use

Service Charge	\$	358.12
Distribution Volumetric Rate	\$/kW	1.7519
Regulatory Asset Recovery	\$/kW	0.6923
Retail Transmission Rate - Network Service Rate- interval metered	\$/kW	2.7159
Retail Transmission Rate - Line and Transformation		
Connection Service Rate- Interval Metered	\$/kW	2.3624
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0010
Standard Supply Service - Administration Charge (if applicable)	\$	0.25

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Large Use

Service Charge	\$	8,746.58
Distribution Volumetric Rate	\$/kW	0.5340
Regulatory Asset Recovery	\$/kW	0.0000
Retail Transmission Rate - Network Service Rate-Interval Metered	\$/kW	2.7233
Retail Transmission Rate - Line and Transformation		
Connection Service Rate-Interval Metered	\$/kW	2.3689
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0010
Standard Supply Service - Administration Charge (if applicable)	\$	0.25

Unmetered Scattered Load

Service Charge (per connection)	\$	7.16
Distribution Volumetric Rate	\$/kWh	0.0154
Regulatory Asset Recovery	\$/kWh	0.0021
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0052
Retail Transmission Rate - Line and Transformation		
Connection Service Rate	\$/kWh	0.0045
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0010
Standard Supply Service - Administration Charge (if applicable)	\$	0.25

Standby Power

Standby charge – for a month where standby power is not provided.
The charge is applied to the contracted amount (e.g. nameplate rating
Of generation facility)

\$/kW 2.6171

Street Lighting

Service Charge (per connection)	\$	0.31
Distribution Volumetric Rate	\$/kW	1.4678
Regulatory Asset Recovery	\$/kW	0.2019
Retail Transmission Rate - Network Service Rate	\$/kW	1.6161
Retail Transmission Rate - Line and Transformation		
Connection Service Rate	\$/kW	1.4057
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0010
Standard Supply Service - Administration Charge (if applicable)	\$	0.25

Specific Service Charges Customer Administration

Arrears certificate	\$15.00
Easement letter	\$15.00
Account set up charge/change of occupancy charge (plus credit agency costs if applicable)	\$15.00
Returned cheque charge (plus bank charges)	\$15.00
Meter dispute charge plus Measurement Canada fees (if meter found correct)	\$30.00
Non-Payment of Account	
Late Payment - per month	1.5%
Late Payment - per annum	19.56%
Collection of account charge - no disconnection	\$15.00
Disconnect/Reconnect at meter - during regular hours	\$30.00

Barrie Hydro Distribution Inc.

Disconnect/Reconnect at meter - after regular hours	\$185.00
Disconnect/Reconnect at pole - during regular hours	\$185.00
Disconnect/Reconnect at pole - after regular hours	\$415.00

Specific Charge for Access to the Power Poles \$/pole/year \$22.35

Allowances

Transformer Allowance for Ownership - per KW of billing demand/month \$/kW (0.60)

Primary Metering Allowance for transformer losses - applied to measured demand and energy% (1.00)

LOSS FACTORS

Total Loss Factor – Secondary Metered Customer < 5,000 kW	1.0510
Total Loss Factor – Secondary Metered Customer > 5,000 kW	1.0145
Total Loss Factor – Primary Metered Customer < 5,000 kW	1.0405
Total Loss Factor – Primary Metered Customer > 5,000 kW	1.0045

Barrie Hydro Distribution Inc.

4. PROPOSED RATE SCHEDULE:

Table 1 sets out Barrie Hydro's proposed electricity distribution rates to be implemented with an effective date of May 1, 2008. Barrie Hydro notes that it is not proposing to make any changes to retail transmission service charges.

**Table 1
Proposed Electricity Distribution Rates
Effective May 1, 2008**

MONTHLY RATES AND CHARGES

Residential

Service Charge	\$	16.85
Distribution Volumetric Rate	\$/kWh	0.0154
Regulatory Asset Recovery	\$/kWh	-0.0002
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0057
Retail Transmission Rate - Line and Transformation		
Connection Service Rate	\$/kWh	0.0050
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0010
Standard Supply Service - Administration Charge (if applicable)	\$	0.25

General Service Less Than 50 kW

Service Charge	\$	16.72
Distribution Volumetric Rate	\$/kWh	0.0172
Regulatory Asset Recovery	\$/kWh	-0.0002
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0052
Retail Transmission Rate - Line and Transformation		
Connection Service Rate	\$/kWh	0.0045
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0010
Standard Supply Service - Administration Charge (if applicable)	\$	0.25

General Service 50 to 4,999 kW

Service Charge	\$	403.91
Distribution Volumetric Rate	\$/kW	2.1680
Regulatory Asset Recovery	\$/kW	-0.0653
Retail Transmission Rate - Network Service Rate	\$/kW	2.0459
Retail Transmission Rate - Line and Transformation		
Connection Service Rate	\$/kW	1.7796
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0010
Standard Supply Service - Administration Charge (if applicable)	\$	0.25

General Service 50 to 4,999 kW Time of Use

Service Charge	\$	403.91
Distribution Volumetric Rate	\$/kW	2.1680
Regulatory Asset Recovery	\$/kW	-0.0653
Retail Transmission Rate - Network Service Rate	\$/kW	2.7159
Retail Transmission Rate - Line and Transformation		
Connection Service Rate	\$/kW	2.3624
Wholesale Market Service Rate	\$/kWh	0.0052

Barrie Hydro Distribution Inc.

Rural Rate Protection Charge	\$/kWh	0.0010
Standard Supply Service - Administration Charge (if applicable)	\$	0.25

Large Use

Service Charge	\$	9854.57
Distribution Volumetric Rate	\$/kW	0.9959
Regulatory Asset Recovery	\$/kW	0
Retail Transmission Rate - Network Service Rate	\$/kW	2.7233
Retail Transmission Rate - Line and Transformation		
Connection Service Rate	\$/kW	2.3689
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0010
Standard Supply Service - Administration Charge (if applicable)	\$	0.25

Unmetered Scattered Load

Service Charge (per connection)	\$	8.10
Distribution Volumetric Rate	\$/kWh	0.0172
Regulatory Asset Recovery	\$/kWh	-0.0002
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0052
Retail Transmission Rate - Line and Transformation		
Connection Service Rate	\$/kWh	0.0045
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0010
Standard Supply Service - Administration Charge (if applicable)	\$	0.25

Standby Power

Standby charge – for a month where standby power is not provided.		
The charge is applied to the contracted amount (e.g. nameplate rating of generation facility)	\$/kW	2.6171

Street Lighting

Service Charge (per connection)	\$	0.41
Distribution Volumetric Rate	\$/kW	1.8280
Regulatory Asset Recovery	\$/kW	-0.0583
Retail Transmission Rate - Network Service Rate	\$/kW	1.6161
Retail Transmission Rate - Line and Transformation		
Connection Service Rate	\$/kW	1.4057
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0010
Standard Supply Service - Administration Charge (if applicable)	\$	0.25

Specific Service Charges
Customer Administration

Arrears certificate	\$15.00
Easement letter	\$15.00
Account set up charge/change of occupancy charge (plus credit agency costs if applicable)	\$15.00
Returned cheque charge (plus bank charges)	\$15.00
Meter dispute charge plus Measurement Canada fees (if meter found correct)	\$30.00

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Non-Payment of Account	
Late Payment - per month	1.5%
Late Payment - per annum	19.56%
Collection of account charge - no disconnection	\$15.00
Disconnect/Reconnect at meter - during regular hours	\$30.00
Disconnect/Reconnect at meter - after regular hours	\$185.00
Disconnect/Reconnect at pole - during regular hours	\$185.00
Disconnect/Reconnect at pole - after regular hours	\$415.00

Specific Charge for Access to the Power Poles \$/pole/year \$22.35

Allowances

Transformer Allowance for Ownership - per KW of billing demand/month \$/kW (0.60)

Primary Metering Allowance for transformer losses - applied to measured demand and energy% (1.00)

LOSS FACTORS

Total Loss Factor – Secondary Metered Customer < 5,000 kW	1.0565
Total Loss Factor – Secondary Metered Customer > 5,000 kW	1.0145
Total Loss Factor – Primary Metered Customer < 5,000 kW	1.0462
Total Loss Factor – Primary Metered Customer > 5,000 kW	1.0045

Barrie Hydro Distribution Inc.

5. RECONCILIATION OF RATE CLASS REVENUE TO TOTAL REVENUE REQUIREMENT:

Barrie Hydro has provided the reconciliation between its proposed distribution rates and 2008 Test Year volumes and the expected distribution revenue derived from Barrie Hydro's rate model in Table 1 below. Table 1 summarizes the results by customer class.

**Table 1
Calculated and Expected Distribution Revenue by Customer Class**

Customer Class	Fixed Distribution Revenue	Variable Distribution Revenue	Transformer Allowance Credit	Total Base Distribution Revenue
Residential	\$12,531,297	\$8,179,888		\$20,711,184
GS <50 kW	\$1,080,962	\$3,231,975		\$4,312,937
GS>50 kW	\$3,908,850	\$3,656,937	(\$549,556)	\$7,016,230
Large Use >5MW	\$118,252	\$18,049		\$136,300
Street Light	\$72,413	\$50,907		\$123,319
Unmetered Scattered Load	\$76,010	\$76,516		\$152,527
Total	\$17,787,783	\$15,214,272	(\$549,556)	\$32,452,498

Barrie Hydro Distribution Inc.

6. BILL IMPACTS:

Barrie Hydro has proposed recovery of its Regulatory Deferral and Variance Account balances outstanding as at December 31, 2006 and has included the required rate riders to dispose of these balances. The 2008 customer class revenue and rates have been calculated using Barrie Hydro 2008 Test Year forecasted usage. Table 1 summarize the bill impacts for the in each customer class.

Barrie Hydro submits that the total bill impacts shown below are minimal, and that no further mitigation measures are required beyond those proposed in this Application.

Barrie Hydro Distribution Inc.

Table 1
Bill Impacts arising out of Proposed 2008 Distribution Rates

Please see appendix 9-1.

**BARRIE HYDRO DISTRIBUTION INC.
BILL COMPARISON**

APPENDIX 9-1

Residential

250 kWh Consumption

	Metric	2007 BILL			2008 BILL			IMPACT		
		Volume	Rate \$	Charge \$	Volume	Rate \$	Charge \$	Change \$	Change %	% of Total Bill
Monthly Service Charge				14.72			16.85	2.13	14.5%	5.2%
Distribution	kWh	250	0.01380	3.45	250	0.01540	3.85	0.40	11.6%	1.0%
Sub-Total				18.17			20.70	2.53	13.9%	6.2%
Regulatory Asset	kWh	250	0.00330	0.83	250	-0.00020	(0.05)	(0.88)	-106.1%	-2.1%
Retail Transmission -	kWh	263	0.00570	1.50	264	0.00570	1.51	0.01	0.5%	0.0%
Retail Transmission -	kWh	263	0.00500	1.31	264	0.00500	1.32	0.01	0.5%	0.0%
Wholesale Market	kWh	263	0.00520	1.37	264	0.00520	1.37	0.01	0.5%	0.0%
Rural Rate Protection	kWh	263	0.00100	0.26	264	0.00100	0.26	0.00	0.5%	0.0%
Debt Retirement	kWh	250	0.00700	1.75	250	0.00700	1.75	0.00	0.0%	0.0%
Cost of Power	kWh	263	0.05350	14.06	264	0.05350	14.13	0.07	0.5%	0.2%
Total Bill				39.24			40.99	1.75	4.5%	4.3%

Residential

1,000 kWh Consumption

	Metric	2007 BILL			2008 BILL			IMPACT		
		Volume	Rate \$	Charge \$	Volume	Rate \$	Charge \$	Change \$	Change %	% of Total Bill
Monthly Service Charge				14.72			16.85	2.13	14.5%	1.9%
Distribution	kWh	1,000	0.01380	13.80	1,000	0.01540	15.40	1.60	11.6%	1.4%
Sub-Total				28.52			32.25	3.73	13.1%	3.3%
Regulatory Asset	kWh	1,000	0.00330	3.30	1,000	-0.00020	(0.20)	(3.50)	-106.1%	-3.1%
Retail Transmission -	kWh	1,051	0.00570	5.99	1,057	0.00570	6.02	0.03	0.5%	0.0%
Retail Transmission -	kWh	1,051	0.00500	5.26	1,057	0.00500	5.28	0.03	0.5%	0.0%
Wholesale Market	kWh	1,051	0.00520	5.47	1,057	0.00520	5.49	0.03	0.5%	0.0%
Rural Rate Protection	kWh	1,051	0.00100	1.05	1,057	0.00100	1.06	0.01	0.5%	0.0%
Debt Retirement	kWh	1,000	0.00700	7.00	1,000	0.00700	7.00	0.00	0.0%	0.0%
Cost of Power	kWh	1,051	0.05350	56.23	1,057	0.05350	56.52	0.29	0.5%	0.3%
Total Bill				112.81			113.43	0.62	0.5%	0.5%

GS <50

1,000 kWh Consumption

	Metric	2007 BILL			2008 BILL			IMPACT		
		Volume	Rate \$	Charge \$	Volume	Rate \$	Charge \$	Change \$	Change %	% of Total Bill
Monthly Service Charge				14.59			16.72	2.13	14.6%	1.9%
Distribution	kWh	1,000	0.01540	15.40	1,000	0.01720	17.20	1.80	11.7%	1.6%
Sub-Total				29.99			33.92	3.93	13.1%	3.4%
Regulatory Asset	kWh	1,000	0.00200	2.00	1,000	-0.00020	(0.20)	(2.20)	-110.0%	-1.9%
Retail Transmission -	kWh	1,051	0.00520	5.47	1,057	0.00520	5.49	0.03	0.5%	0.0%
Retail Transmission -	kWh	1,051	0.00450	4.73	1,057	0.00450	4.75	0.02	0.5%	0.0%
Wholesale Market	kWh	1,051	0.00520	5.47	1,057	0.00520	5.49	0.03	0.5%	0.0%
Rural Rate Protection	kWh	1,051	0.00100	1.05	1,057	0.00100	1.06	0.01	0.5%	0.0%
Debt Retirement	kWh	1,000	0.00700	7.00	1,000	0.00700	7.00	0.00	0.0%	0.0%
Cost of Power	kWh	1,051	0.05350	56.23	1,057	0.05350	56.52	0.29	0.5%	0.3%
Total Bill				111.93			114.04	2.11	1.9%	1.9%

GS <50

2,000 kWh Consumption

	Metric	2007 BILL			2008 BILL			IMPACT		
		Volume	Rate \$	Charge \$	Volume	Rate \$	Charge \$	Change \$	Change %	% of Total Bill
Monthly Service Charge				14.59			16.72	2.13	14.6%	1.0%
Distribution	kWh	2,000	0.01540	30.80	2,000	0.01720	34.40	3.60	11.7%	1.7%
Sub-Total				45.39			51.12	5.73	12.6%	2.7%
Regulatory Asset	kWh	2,000	0.00200	4.00	2,000	-0.00020	(0.40)	(4.40)	-110.0%	-2.1%
Retail Transmission -	kWh	2,102	0.00520	10.93	2,113	0.00520	10.99	0.06	0.5%	0.0%
Retail Transmission -	kWh	2,102	0.00450	9.46	2,113	0.00450	9.51	0.05	0.5%	0.0%
Wholesale Market	kWh	2,102	0.00520	10.93	2,113	0.00520	10.99	0.06	0.5%	0.0%
Rural Rate Protection	kWh	2,102	0.00100	2.10	2,113	0.00100	2.11	0.01	0.5%	0.0%
Debt Retirement	kWh	2,000	0.00700	14.00	2,000	0.00700	14.00	0.00	0.0%	0.0%
Cost of Power	kWh	2,102	0.05350	112.46	2,113	0.05350	113.05	0.59	0.5%	0.3%
Total Bill				209.27			211.36	2.09	1.0%	1.0%

GS>50-Regular

100 kW Consumption
40,000 kWh Consumption

	Metric	2007 BILL			2008 BILL			IMPACT		
		Volume	Rate \$	Charge \$	Volume	Rate \$	Charge \$	Change \$	Change %	% of Total Bill
Monthly Service Charge				358.12			403.91	45.79	12.8%	1.2%
Distribution	kW	100	1.75190	175.19	100	2.16800	216.80	41.61	23.8%	1.1%
Sub-Total				533.31			620.71	87.40	16.4%	2.3%
Regulatory Asset	kW	100	0.69230	69.23	100	-0.06530	(6.53)	(75.76)	-109.4%	-2.0%
Retail Transmission -	kW	105	2.04590	215.02	106	2.04590	216.15	1.13	0.5%	0.0%
Retail Transmission -	kW	105	1.77960	187.04	106	1.77960	188.01	0.98	0.5%	0.0%
Wholesale Market	kWh	42,040	0.00520	218.61	42,260	0.00520	219.75	1.14	0.5%	0.0%
Rural Rate Protection	kWh	42,040	0.00100	42.04	42,260	0.00100	42.26	0.22	0.5%	0.0%
Debt Retirement	kWh	40,000	0.00700	280.00	40,000	0.00700	280.00	0.00	0.0%	0.0%
Cost of Power	kWh	42,040	0.05350	2,249.14	42,260	0.05350	2,260.91	11.77	0.5%	0.3%
Total Bill				3,794.39			3,821.27	26.88	0.7%	0.7%

GS>50-Regular

500 kW Consumption
100,000 kWh Consumption

	Metric	2007 BILL			2008 BILL			IMPACT		
		Volume	Rate \$	Charge \$	Volume	Rate \$	Charge \$	Change \$	Change %	% of Total Bill
Monthly Service Charge				358.12			403.91	45.79	12.8%	0.4%
Distribution	kW	500	1.75190	875.95	500	2.16800	1,084.00	208.05	23.8%	2.0%
Sub-Total				1,234.07			1,487.91	253.84	20.6%	2.4%
Regulatory Asset	kW	500	0.69230	346.15	500	-0.06530	(32.65)	(378.80)	-109.4%	-3.6%
Retail Transmission -	kW	526	2.04590	1,075.12	528	2.04590	1,080.75	5.63	0.5%	0.1%
Retail Transmission -	kW	526	1.77960	935.18	528	1.77960	940.07	4.89	0.5%	0.0%
Wholesale Market	kWh	105,100	0.00520	546.52	105,650	0.00520	549.38	2.86	0.5%	0.0%
Rural Rate Protection	kWh	105,100	0.00100	105.10	105,650	0.00100	105.65	0.55	0.5%	0.0%
Debt Retirement	kWh	100,000	0.00700	700.00	100,000	0.00700	700.00	0.00	0.0%	0.0%
Cost of Power	kWh	105,100	0.05350	5,622.85	105,650	0.05350	5,652.28	29.43	0.5%	0.3%
Total Bill				10,564.99			10,483.39	(81.60)	-0.8%	-0.8%

GS>50-Regular

3,000 kW Consumption
1,000,000 kWh Consumption

	Metric	2007 BILL			2008 BILL			IMPACT		
		Volume	Rate \$	Charge \$	Volume	Rate \$	Charge \$	Change \$	Change %	% of Total Bill
Monthly Service Charge				358.12			403.91	45.79	12.8%	0.1%
Distribution	kW	3,000	1.75190	5,255.70	3,000	2.16800	6,504.00	1,248.30	23.8%	1.4%
Sub-Total				5,613.82			6,907.91	1,294.09	23.1%	1.5%
Regulatory Asset	kW	3,000	0.69230	2,076.90	3,000	-0.06530	(195.90)	(2,272.80)	-109.4%	-2.6%
Retail Transmission -	kW	3,153	2.04590	6,450.72	3,170	2.04590	6,484.48	33.76	0.5%	0.0%
Retail Transmission -	kW	3,153	1.77960	5,611.08	3,170	1.77960	5,640.44	29.36	0.5%	0.0%
Wholesale Market	kWh	1,051,000	0.00520	5,465.20	1,056,500	0.00520	5,493.80	28.60	0.5%	0.0%
Rural Rate Protection	kWh	1,051,000	0.00100	1,051.00	1,056,500	0.00100	1,056.50	5.50	0.5%	0.0%
Debt Retirement	kWh	1,000,000	0.00700	7,000.00	1,000,000	0.00700	7,000.00	0.00	0.0%	0.0%
Cost of Power	kWh	1,051,000	0.05350	56,228.50	1,056,500	0.05350	56,522.75	294.25	0.5%	0.3%
Total Bill				89,497.22			88,909.98	(587.24)	-0.7%	-0.7%

Large Use >5MW

15,000 kW Consumption
 10,000,000 kWh Consumption

	Metric	2007 BILL			2008 BILL			IMPACT		
		Volume	Rate \$	Charge \$	Volume	Rate \$	Charge \$	Change \$	Change %	% of Total Bill
Monthly Service Charge Distribution	kW	15,000	0.53400	8,746.58	15,000	0.99590	9,854.57	1,107.99	12.7%	0.1%
				8,010.00			14,938.50	6,928.50	86.5%	0.9%
Sub-Total				16,756.58			24,793.07	8,036.49	48.0%	1.0%
Regulatory Asset	kW	15,000	0.00000	0.00	15,000	0.00000	0.00	0.00	0.0%	0.0%
Retail Transmission -	kW	15,068	2.72330	41,033.32	15,068	2.72330	41,033.32	0.00	0.0%	0.0%
Retail Transmission -	kW	15,068	2.36890	35,693.40	15,068	2.36890	35,693.40	0.00	0.0%	0.0%
Wholesale Market	kWh	10,045,000	0.00520	52,234.00	10,045,000	0.00520	52,234.00	0.00	0.0%	0.0%
Rural Rate Protection	kWh	10,045,000	0.00100	10,045.00	10,045,000	0.00100	10,045.00	0.00	0.0%	0.0%
Debt Retirement	kWh	10,000,000	0.00700	70,000.00	10,000,000	0.00700	70,000.00	0.00	0.0%	0.0%
Cost of Power	kWh	10,045,000	0.05350	537,407.50	10,045,000	0.05350	537,407.50	0.00	0.0%	0.0%
Total Bill				763,169.80			771,206.29	8,036.49	1.1%	1.0%

Street Light

0.181 kW Consumption
 63.27 kWh Consumption

	Metric	2007 BILL			2008 BILL			IMPACT		
		Volume	Rate \$	Charge \$	Volume	Rate \$	Charge \$	Change \$	Change %	% of Total Bill
Monthly Service Charge Distribution	kW	0	1.46780	0.31	0	1.82800	0.41	0.10	32.3%	1.7%
				0.27			0.33	0.07	24.5%	1.1%
Sub-Total				0.58			0.74	0.17	28.7%	2.9%
Regulatory Asset	kW	0	0.20190	0.04	0	-0.05830	(0.01)	(0.05)	-128.9%	-0.8%
Retail Transmission -	kW	0	1.61610	0.31	0	1.61610	0.31	0.00	0.5%	0.0%
Retail Transmission -	kW	0	1.40570	0.27	0	1.40570	0.27	0.00	0.5%	0.0%
Wholesale Market	kWh	66	0.00520	0.35	67	0.00520	0.35	0.00	0.5%	0.0%
Rural Rate Protection	kWh	66	0.00100	0.07	67	0.00100	0.07	0.00	0.5%	0.0%
Debt Retirement	kWh	63	0.00700	0.44	63	0.00700	0.44	0.00	0.0%	0.0%
Cost of Power	kWh	66	0.05350	3.56	67	0.05350	3.58	0.02	0.5%	0.3%
Total Bill				5.60			5.74	0.14	2.5%	2.5%

Unmetered Scattered Load

500 kW Consumption
 500 kWh Consumption

	Metric	2007 BILL			2008 BILL			IMPACT		
		Volume	Rate \$	Charge \$	Volume	Rate \$	Charge \$	Change \$	Change %	% of Total Bill
Monthly Service Charge Distribution	kW	500	0.01540	7.16	500	0.01720	8.10	0.94	13.1%	1.7%
				7.70			8.60	0.90	11.7%	1.6%
Sub-Total				14.86			16.70	1.84	12.4%	3.2%
Regulatory Asset	kW	500	0.00210	1.05	500	-0.00020	(0.10)	(1.15)	-109.5%	-2.0%
Retail Transmission -	kW	526	0.00520	2.73	528	0.00520	2.75	0.01	0.5%	0.0%
Retail Transmission -	kW	526	0.00450	2.36	528	0.00450	2.38	0.01	0.5%	0.0%
Wholesale Market	kWh	526	0.00520	2.73	528	0.00520	2.75	0.01	0.5%	0.0%
Rural Rate Protection	kWh	526	0.00100	0.53	528	0.00100	0.53	0.00	0.5%	0.0%
Debt Retirement	kWh	500	0.00700	3.50	500	0.00700	3.50	0.00	0.0%	0.0%
Cost of Power	kWh	526	0.05350	28.11	528	0.05350	28.26	0.15	0.5%	0.3%
Total Bill				55.88			56.76	0.88	1.6%	1.6%