

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 Waterloo North Hydro 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, 2011.

WATERLOO NORTH HYDRO INC. DRAFT SETTLEMENT AGREEMENT

Filed: March 31, 2011

INTRODUCTION:

Waterloo North Hydro Inc. (“WNH”) owns and operates the electricity distribution system within its licensed service area of 672 square kilometers in the City of Waterloo and the Townships of Wellesley and Woolwich, of which approximately 90% is a rural distribution system. WNH serves approximately 52,000 customers.

WNH filed an application (the “Application”) with the Ontario Energy Board (the “OEB”) on August 27, 2010 under section 78 of the *Ontario Energy Board Act, 1998, S.O. 1998, c. 15, (Schedule B)*, seeking approval for changes to the rates that WNH charges for electricity distribution, to be effective May 1, 2011. The Board assigned File Number EB-2010-0144 to the Application. Three parties requested and were granted Intervenor status: Energy Probe Research Foundation (“Energy Probe”); the School Energy Coalition (“SEC”); and the Vulnerable Energy Consumers' Coalition (“VECC”). Two customers – Ernie Reiter and Tony Skells – filed Letters of Comment.

The Board issued Procedural Order No. 1 on November 5, 2010, scheduling November 11, 2010 as the date for WNH's Information on the Confidentiality Claim, November 17, 2010 as the date for Board Staff and Intervenors to provide submissions on the Confidentiality Claim and November 22, 2010 for WNH's Reply Submission. Procedural Order No. 1 also scheduled November 22, 2010 and November 26, 2010 as the date for written interrogatories from Board Staff and Intervenors respectively and December 10, 2010 as the date for WNH's responses.

OEB staff filed interrogatories on November 22, 2010 and all registered Intervenors, except VECC, filed interrogatories on November 26, 2010 and VECC filed interrogatories on November 28, 2010. On December 10, 2010 WNH filed responses to all interrogatories, except Board Staff Interrogatory # 40, which was filed on December 14, 2010.

The Board issued Procedural Order No. 2 on January 21, 2011 which set February 24, 2011 for a Technical Conference; a Settlement Conference for March 2 and 3, 2011; and March 17, 2011 for filing a Settlement Proposal.

The evidence in this proceeding (referred to here as the "Evidence") consists of the Application; and WNH's responses to the initial interrogatories, the questions provided to WNH prior to and during the Technical Conference, and its responses to Undertakings given during the Technical Conference. The Appendices to this Settlement Agreement (the "Agreement") are also included in the Evidence.

The Settlement Conference was duly convened in accordance with Procedural Order 2, with Mr. George Dominy as facilitator. The Settlement Conference concluded on March 3, 2011.

WNH and the following Intervenors participated in the Settlement Conference:

Energy Probe Research Foundation (Energy Probe)
School Energy Coalition (SEC)
Vulnerable Energy Consumers Coalition (VECC).

WNH and the intervenors are collectively referred to below as the "Parties".

These settlement proceedings are subject to the rules relating to confidentiality and privilege contained in the Board's *Settlement Conference Guidelines* (the "Guidelines"). The parties understand this to mean that the documents and other information provided, the discussion of each issue, the offers and counter-offers, and the negotiations leading to the settlement – or not – of each issue during the Settlement Conference are strictly confidential and without prejudice. None of the foregoing is admissible as evidence in this proceeding, or otherwise, with one exception: the need to resolve a subsequent dispute over the interpretation of any provision of this Settlement Agreement.

The role adopted by Board staff in the Settlement Conference is set out in page 5 of the Guidelines. Although OEB staff is not a party to this Agreement, as noted in the Guidelines, OEB staff who did participate in the Settlement Conference are bound by the same confidentiality standards that apply to the Parties to the proceeding.

A COMPLETE SETTLEMENT HAS BEEN REACHED IN THIS PROCEEDING:

The Parties are pleased to advise the Board that a complete settlement has been reached on all issues in the proceeding. This document comprises the Proposed Settlement Agreement to the Board, and it is presented jointly by WNH and Energy Probe, SEC and VECC. It identifies the settled matters, and contains such references to the Evidence as is necessary to assist the Board in understanding the Agreement. The Parties confirm that the Evidence filed to date in respect of each settled issue, as supplemented in some instances by additional information recorded in this Agreement, supports the settlement of the matters identified in this Agreement. In addition, the Parties agree that the Evidence, supplemented where necessary by the additional information appended to this Agreement, contains sufficient detail, rationale and quality of information to allow the Board to make findings in keeping with the settlement reached by the Parties.

The Parties explicitly request that the Board consider and accept this Settlement Agreement as a package. None of the matters in respect of which a settlement has been reached is severable. Numerous compromises were made by the Parties with respect to various matters to arrive at this comprehensive Agreement. The distinct issues addressed in this proposal are intricately interrelated, and reductions or increases to the agreed-upon amounts may have financial consequences in other areas of this proposal which may be unacceptable to one or more of the Parties. If the Board does not accept the Agreement in its entirety, then there is no Agreement unless the Parties agree that those portions of the Agreement that the Board does accept may continue as a valid settlement.

It is further acknowledged and agreed that none of the Parties will withdraw from this Agreement under any circumstances, except as provided under Rule 32.05 of the *Board's Rules of Practice and Procedure*.

It is also agreed that this Agreement is without prejudice to any of the Parties re-examining these issues in any subsequent proceeding and taking positions inconsistent with the resolution of these issues in this Agreement. However, none of the Parties will, in any subsequent proceeding, take the position that the resolution therein of any issue settled in this Agreement, if contrary to the terms of this Agreement, should be applicable for all or any part of the 2011 Test Year.

References to the Evidence supporting this Agreement on each issue are set out in each section of the Agreement. The Appendices to the Agreement provide further evidentiary support. The Parties agree that this Agreement and the Appendices form part of the record in EB-2010-0144. The Appendices were prepared by the Applicant. The Intervenors are relying on the accuracy and completeness of the Appendices in entering into this Agreement.

The Parties believe that the Agreement represents a balanced proposal that protects the interests of WNH's customers, employees and shareholder and promotes economic efficiency and cost effectiveness. It also provides the resources which will allow WNH to manage its assets so that the highest standards of performance levels are achieved and customers' expectations for the safe and reliable delivery of electricity at reasonable prices are met.

The Parties have agreed that the effective date of the rates resulting from this proposed agreement is May 1, 2011. In the event that the Board does not issue its Final Rate Order in time for WNH to implement the rates resulting from this Agreement as of May 1, 2011, the Parties agree that WNH may establish a rate rider that would allow it to recover that portion of the Revenue Deficiency that would have been recovered between May 1, 2011 and the Board-Approved Effective Date.

ORGANIZATION AND SUMMARY OF THE SETTLEMENT AGREEMENT:

There is no approved Issues List for this proceeding. However, for the purposes of organizing this Agreement, the Parties have followed the OEB's Filing Guidelines that address all of the revenue requirement components, load forecast, deferral and variance account dispositions, cost allocation and rate design and other issues relevant to determining WNH's 2011 distribution rates.

The following Appendices accompany this Settlement Agreement:

- Appendix A – Summary of the Significant Items Adjusted as a result of this Agreement
- Appendix B – Updated Fixed Asset & Depreciation Expense Continuity Schedules
- Appendix C – Updated Cost of Power
- Appendix D – 2011 Test Year Updated Load Forecast
- Appendix E – 2011 Test Year Updated Other Revenue
- Appendix F – 2011 Test Year Updated OM&A Expense
- Appendix G – 2011 Test Year Updated PILs
- Appendix H – 2011 Test Year Updated Cost of Capital
- Appendix I – 2011 Test Year Updated Revenue Deficiency
- Appendix J – 2011 Test Year Updated Revenue to Cost Ratios
- Appendix K – Summary of Updated Customer Impacts
- Appendix L – 2011 Test Year LRAM and SSM
- Appendix M – Updated Deferral and Variance Accounts and Low Voltage Rate Riders
- Appendix N – Capital Gain Rate Riders
- Attachment 1 – Cost Allocation Sheets O1 and O2
- Attachment 2 – Revenue Requirement Work Form

UNSETTLED MATTERS

There are no unsettled matters in this proceeding.

OVERVIEW OF THE SETTLED MATTERS:

This Agreement will allow WNH to continue to make the necessary investments in maintenance and operation expenditures as well as capital investments to maintain the safety and reliability of the electricity distribution service that it provides. This Agreement will also allow WNH to: maintain current capital investment levels in infrastructure to ensure a reliable distribution system; manage current and future staffing levels, skills and training to ensure regulatory compliance with Codes and Regulations; promote conservation programs including the Ministry of Energy directives as a condition of WNH's distribution licence; and continue to provide the high level of customer service that WNH customers have come to expect.

The Parties agree that no rate classes face bill impacts in this proceeding that require mitigation efforts.

The revised Base Revenue Requirement for the 2011 Test Year is \$28,119,401. This revenue requirement has been adjusted based on the updated cost of capital parameters issued by the Board on March 3, 2011. This represents a revenue deficiency, based on forecast 2011 revenue at current rates, of \$3,781,285. The revised revenue deficiency of \$3,781,285 is \$1,231,155 lower, or 25% lower than that set out in the pre-filed evidence of \$5,012,440. An amount of \$538,794 of the reduction is attributable to the updated cost of capital parameters. The changes are detailed in the table below.

	Original As per Application (A)	Settlement Submission (B)	Difference (C = B - A)
Service Revenue Requirement	30,036,603	29,120,358	(916,245)
Revenue Offset	1,055,963	1,000,957	(55,006)
Base Revenue Requirement	28,980,640	28,119,401	(861,240)
Revenue at Existing Rates	23,968,200	24,338,116	369,916
Revenue Deficiency	5,012,440	3,781,285	(1,231,155)

Through the settlement process, WNH has agreed to certain adjustments from its original 2011 Application. The changes are described in the following sections.

ADMINISTRATION (Exhibit 1)

1.1. Has WNH responded to all relevant Board Directives from previous proceedings?

Status: Complete Settlement

Supporting Parties: WNH, Energy Probe, SEC, VECC

For the purpose of obtaining complete settlement of all issues, the Parties accept WNH's confirmation that there are no outstanding obligations or orders from previous Board decisions.

2. RATE BASE (Exhibit 2)

2.1. Are the amounts proposed for Rate Base appropriate?

Status: **Complete Settlement**
Supporting Parties: WNH, Energy Probe, SEC, VECC
Evidence: Exhibit 2, Page 1 to 399
Interrogatory response Board Staff IR # 4, 5, 6, 7, TCQ # 1
Interrogatory response VECC TCQ # 8, 27

For the purpose of achieving settlement on all issues, the Parties agree that WNH's Rate Base should be \$150,992,464 for the 2011 Test Year. The adjustments listed below result in an agreed-upon reduction in the total Rate Base in the amount of \$1,815,853 from \$152,808,317 as filed, to \$150,992,464 for the purposes of this Settlement Agreement. This reflects the following material changes:

- The 2010 Bridge Year capital expenditures will be reduced by \$1,457,711 per section 2.2 below;
- The 2010 balance for land is reduced by \$240,656, which amount is, transferred to Work-In-Progress;
- The 2010 Closing Accumulated Depreciation was increased by \$287,064, as reflected in the table below;
- The 2011 balance for AFUDC/Capitalized Interest on the New Administration and Service Centre will be increased by \$758,873, as set out in section 2.3 below;
- The 2011 capital additions forecast for land is reduced by \$683,925 and transferred to Work-In-Progress, as set out in section 2.3 below;
- The 2011 Test Year capital additions will reflect a transfer of \$400,000 from Capital Additions to Work-In-Progress, as set out in section 2.3 below;
- 2011 Working Capital Allowance has been increased by \$135,904 as set out in section 2.4 below;
- An adjustment to the 2010 Bridge Year and 2011 Test Year depreciation expense which impacts accumulated depreciation as set out in section 4.2 below; and
- HST/ITC reductions of Rate Base in the amount of \$733,971 in the original application were accepted by the Parties.

Changes in Accumulated Depreciation (000's)		
Closing Balance, Accumulated Depreciation 2010 per Application		105,748
Less: 2010 Depreciation Expense Adjusted re: Actual 2010 Additions		(87)
Add : Increase in Accumulated Depreciation (1/2 of \$574,128)		287
Closing Balance, Accumulated Depreciation 2010 per Settlement Agreement		105,948
Opening Balance, Accumulated Depreciation 2011 per Settlement Agreement		105,948
2011 Depreciation per Application	8,499	
2011 Disposal per Application	(1,758)	6,741
Add : 2011 Depreciation Expense on AFUDC Increase	7	
Less: 2011 Depreciation Expense Adjusted re: Actual 2010 Additions	(87)	
Less: 2011 Depreciation Expense Removed re: \$400,000 Transferred to 2011 WIP	(8)	(88)
Closing Balance, Accumulated Depreciation 2011 per Settlement Agreement		112,601

The adjustments to WNH's Rate Base are set out in the following table:

Description	As per Application	As per Settlement Agreement	Change
Gross Fixed Assets, Opening Balance	\$ 223,954,642	\$ 222,256,275	\$ (1,698,367)
Net Additions/Disposals for 2011	\$ 38,265,052	\$ 38,069,830	\$ (195,222)
Gross Fixed Assets, Closing Balance	\$ 262,219,694	\$ 260,326,104	\$ (1,893,589)
Accumulated Depreciation, Opening Balance	\$ 105,748,291	\$ 105,947,980	\$ 199,689
Net Depreciation Additions/Disposals for 2011	\$ 6,740,575	\$ 6,652,754	\$ (87,821)
Accumulated Depreciation, Closing Balance	\$ 112,488,866	\$ 112,600,734	\$ 111,868
Net Book Value	\$ 149,730,828	\$ 147,725,370	\$ (2,005,458)
Average Gross Fixed Assets	\$ 243,087,168	\$ 241,291,190	\$ (1,795,978)
Average Accumulated Depreciation	\$ (109,118,578)	\$ (109,274,357)	\$ (155,779)
Average Net Book Value	\$ 133,968,589	\$ 132,016,832	\$ (1,951,757)
Working Capital	\$ 125,598,185	\$ 126,504,210	\$ 906,025
Working Capital Allowance	\$ 18,839,728	\$ 18,975,631	\$ 135,904
Rate Base	\$ 152,808,317	\$ 150,992,464	\$ (1,815,853)

The parties have agreed to establish a variance account in respect of WNH's new Administrative Building and Service Centre ("Building"). The Building is included in WNH's 2011 Revenue Requirement; however, if the building is not in service by the end of 2011, any over-collection of the amount that is included in the 2011 revenue requirement for the building will be placed into a variance account. The variance is only to capture any over-collection in the 2011 rate year and would only be applicable if the building is not in service in 2011. For purposes of clarity, the Parties agree that the amount of the over-collection will be determined as follows: WNH will remove the 2011 revenue requirement pertaining to the building; re-run the revenue requirement model with the 2011 building-related revenue requirement, including any related debt, return equity, depreciation expense and tax impacts removed; and compare the result to the revenue requirement set out in this Agreement to determine the resulting variance. Should any over-collection result, in a subsequent Cost of Service Rate Application to the Board, WNH will seek disposition of such balance and authorization of the Board to refund or credit the over-collection back to ratepayers.

The amount of the over-collection that will be recorded into a variance account, if the building is not in service by the end of 2011, has been calculated as \$858,536 as detailed in the table below.

Over-Collection Variance Calculation

Service Revenue Requirement - 2011			
	With Bldg	No Bldg*	Difference
OM&A Expenses	10,014,338	10,014,338	-
Amortization Expenses	7,749,422	7,510,740	(238,681)
Total Distribution Expenses	17,763,759	17,525,078	(238,681)
Regulated Return On Capital	10,344,810	9,646,236	(698,574)
PILs	1,011,788	1,090,508	78,720
Service Revenue Requirement - 2011	29,120,358	28,261,822	(858,536)

Depreciation Change - 2011			
2011 Addition			
Cost	Land	Building	Furn & Equip
	1,483,905	23,497,834	1,700,000
Depreciation Rate - Regulatory (1/2 Year)	0%	2%	10%
Depreciation Expense x 50%	-	234,978	85,000
			(319,978)
Depreciation - Existing Building Would Have Been Claimed			81,297
Net Decrease in Depreciation - 2011			(238,681)

Rate Base Calculation/Return on Capital Change - 2011			
	With Bldg	No Bldg*	Difference
Fixed Assets Opening Balance 2011	116,308,295	116,308,295	
Fixed Assets Closing Balance 2011	147,725,370	124,953,015	
Average Fixed Asset Balance for 2011	132,016,832	120,630,655	(11,386,178)
Working Capital Allowance	18,975,631	18,975,631	
Rate Base	150,992,464	139,606,286	(11,386,178)
Regulated Rate of Return	6.85%	6.91%	0.06%
Regulated Return on Capital	10,344,810	9,646,236	(698,574)
Deemed Interest Expense	4,558,779	4,296,523	(262,256)
Deemed Return on Equity	5,786,031	5,349,713	(436,318)
Description	Deemed Portion	Effective Rate	
Long-Term Debt	56%	5.22%	
Short-Term Debt	4%	2.46%	
Return On Equity	40%	9.58%	
Weighted Debt Rate		5.03%	
Regulated Rate of Return		6.85%	
Description	Deemed Portion	Effective Rate	
Long-Term Debt	56%	5.32%	
Short-Term Debt	4%	2.46%	
Return On Equity	40%	9.58%	
Weighted Debt Rate		5.13%	
Regulated Rate of Return		6.91%	

PILs Change - 2011			
	With Bldg	No Bldg*	Difference
<i>Tax Exhibit</i>			
Deemed Utility Income	5,786,031	5,349,713	(436,318)
Tax Adjustments to Accounting Income Change - see below	(2,603,005)	(1,966,751)	636,254
Taxable Income prior to adjusting revenue to PILs	3,183,026	3,382,962	199,935
Tax Rate	24.12%	24.38%	
Total PILs before gross up	767,745	824,672	
Grossed up PILs	1,011,788	1,090,508	78,720
Tax Adjustments to Accounting Income Change			
Amortization Added Back	8,410,910	8,172,229	
CCA Claimed	(11,542,951)	(10,668,016)	
	(3,132,041)	(2,495,788)	636,254

Service Revenue Requirement Change - 2011			
	With Bldg	No Bldg*	Difference
Service Revenue Requirement	29,120,358	28,261,822	
Less: Revenue Offsets	1,000,957	1,000,957	
Base Revenue Requirement	28,119,401	27,260,865	(858,536)

	With Bldg	No Bldg*	Difference
Revenue Deficiency After Tax	2,869,240	2,210,264	(658,976)
Revenue Deficiency Before Tax	3,781,285	2,922,749	(858,536)

* Remove New Building & Service Centre - Land (USoA 1805), Building (USoA 1808) & Furniture/Equipment (USoA 1915) and Added back in the Existing Building/Service Centre - Land (USoA 1805) & Building (USoA 1805)

2.2. Are the amounts proposed for the 2010 Bridge Year Capital Expenditures appropriate?

Status: **Complete Settlement**
Supporting Parties: WNH, Energy Probe, SEC, VECC
Evidence: Exhibit 2, Pages 27, 48, 76 to 80, 92-99, 112, 297 to 350
Interrogatory response Energy Probe IR # 1, 4, 6, 12, 13, TCQ # 1, 2, 22, 23
Interrogatory response VECC IR # 20, 21

For the purposes of obtaining complete settlement of all issues, the Parties agree to a reduction of the 2010 Bridge Year capital additions in the amount of \$1,457,711 and the reduction to the opening balance of land, purchased in 2008 and included in USoA Account 1805, in the amount of \$240,656 for the following reasons:

- The sum of \$240,656 represents a parcel of land purchased by WNH in 2008, as the future site of a WNH Transformer Station (#4). As Transformer Station # 4 is not scheduled to be built or come into service until some future time beyond the 2011 Test Year, this amount will be transferred from the opening capital for the 2010 Bridge Year and transferred to Work-In-Progress (WIP) in order to calculate the 2011 opening and closing fixed assets; and
- The sum of \$1,457,711 for the 2010 Bridge Year represents an adjustment to reflect WNH's actual 2010 capital additions.

2.3. Are the amounts proposed for the 2011 Test Year Capital Additions appropriate?

Status:	Complete Settlement
Supporting Parties:	WNH, Energy Probe, SEC, VECC
Evidence:	Exhibit 2, Pages 28, 49, 81 to 91, 100-107, 113, 351 to 399 Interrogatory response Board Staff # 4, 5, 6, 7, 18 Interrogatory response Energy Probe IR# 5, 6, 10, 13, TCQ # 2, 3, 5, 13, 27 Interrogatory response SEC IR # 3, 4, TCQ # 9

For the purposes of obtaining complete settlement of all issues, the Parties agree to a reduction in the 2011 Test Year capital additions in the amount of \$195,222, reflecting the following adjustments:

- An increase to correct the amount of AFUDC for the new Administrative Building and Service Centre in the amount of \$758,873 for the 2011 Test Year;
- A transfer of \$400,000 from capital expenditures to WIP for 2011 to reflect later in-service dates for some capital expenditures;
- An increase of \$39,905 in USoA 1805 – Land to reflect actual additions; and
- The removal of \$594,000 and transfer to WIP to reflect the value of 10 of the 35 acres at WNH's New Administrative Building and Service Centre, as those 10 acres are designated for a future WNH Transformer Station (#5) that will not be constructed or in service until some future time beyond the 2011 Test Year...

2.4. Has the Working Capital Allowance been determined appropriately?

Status: **Complete Settlement**
Supporting Parties: WNH, Energy Probe, SEC, VECC
Evidence: Exhibit 2, Pages 54, 58-59
Interrogatory response Board Staff IR # 8
Interrogatory response Energy Probe IR # 9, 11

For the purposes of obtaining complete settlement of all issues, the parties agree that the amount proposed for WNH's Working Capital and rate base as shown in section 2.1 shall be increased by \$906,025, resulting in an increase of \$135,904 in Working Capital Allowance, which reflects the following adjustments:

- i. WNH has updated its Cost of Power (see Appendix C) calculation as follows:
 - The total kWh purchases will be based on the total kWh determined in the revised load forecast as set out in section 3.1 adjusted for the agreed-upon loss factors.
 - The commodity rates to be used are based upon the rates issued in the October 18, 2010 *Regulated Price Plan Report*, for the calendar year 2011. The non-RPP cost of power to be used is \$64.18 per MWh (\$37.80 + \$26.38). The RPP cost of power to be used is \$66.84 per MWh ($\$37.80 * 1.0747 + \$26.38 + \$1.00 - \1.16).
- ii. Adjustments related to OM&A changes as set out in section 4.1 below.

The adjustments to WNH's Working Capital Allowance are set out in the following table:

Change in Working Capital			
Description	As per Application	As per Settlement Agreement	Change
Cost of Power	\$ 115,414,347	\$ 116,489,872	\$ 1,075,525
Operations	\$ 3,877,534	\$ 3,877,534	\$ -
Maintenance	\$ 1,559,180	\$ 1,559,180	\$ -
Billing & Collecting	\$ 2,188,939	\$ 2,075,189	\$ (113,750)
Community Relations	\$ 246,777	\$ 246,777	\$ -
Administration & General Expense	\$ 2,311,407	\$ 2,405,657	\$ 94,250
OM&A Adjustment difference		\$ (150,000)	\$ (150,000)
Working Capital	\$ 125,598,185	\$ 126,504,210	\$ 906,025
Working Capital allowance @ 15%	\$ 18,839,728	\$ 18,975,631	\$ 135,904

The Board's Decision in EB-2010-0002, setting Transmission Rates effective January 1, 2011, and the Board's Decision in Hydro One Networks Inc.'s application to establish Retail Transmission Service Rates effective January 1, 2011 (EB-2009-0096), have been used in the calculation of the Power Supply Expense - Network and Power Supply Expense - Connection.

3. OPERATING REVENUE (Exhibit 3)

3.1. Is the load forecast appropriate?

Status:	Complete Settlement
Supporting Parties:	WNH, Energy Probe, SEC, VECC
Evidence:	Exhibit 3, Pages 5 to 26, Appendix A-C Interrogatory responses Energy Probe IR # 15, 16, 17, 18, 19, 20, 24, TCQ # 7, 8, 9, 10, 11 Interrogatory response VECC IR # 1, 3, 4, 5, 6, 7, 8, 9, 10, TCQ # 1, 5, 6, 7

For the purposes of obtaining complete settlement of all issues, the parties agree that WNH's proposed 2011 Test Year load forecast is to be increased by 22,264,517 kWh to a total of 1,451,447,141 kWh (see Appendix D), up from 1,429,182,624 kWh in the pre-filed Evidence (Exhibit 3, Page 21), reflecting the following adjustments:

- The customer count for the Residential Class will be increased by 350 in 2010 and 700 in 2011 to reflect the actual number of customers in this rate class as of December 31, 2010 and to adjust the forecast for 2011;
- The customer count for the General Service Less than 50 kW Class will be increased by 29 in 2010 and 58 in 2011 to reflect the actual number of customers in this rate class as of December 31, 2010 and to adjust the forecast for 2011;
- The 2011 kWh consumption for the metered customer classes will be reduced to one tenth (1/10th) of WNH's OEB/OPA directed CDM target of 66.49 GWhs;
- The OPA CDM Savings used in the Application (at Exhibit 3, Table 3-13A), will be adjusted to 5,366.07 GWh in 2010 and 0 GWh in 2011.
- The Average Percentage Ratio is to be used for the calculation of the kW/kWh ratio for the Large Use (Ratio of .1932%) and Street Light Rate Classes (Ratio of .2802%) and the General Service Greater than 50 kW will continue to be calculated using the Trend Function (Ratio of .2251%); and
- The average of the 2003-2009 loss factor of 1.039 will be used for the purposes of converting the Predicted Purchased kWh to Billed kWh.

The agreed-upon load forecast is also used in the updated cost of power calculation (see Appendix C) of this Agreement, in the billing determinants in cost allocation and rate design, and in the updated bill impact tables (see Appendix K).

The Parties have agreed that any revenue deficiency or sufficiency resulting from the implementation of the CDM Target adjustment may be recovered through an LRAM application and the Intervenors will not oppose the filing of such an application. All parties may take such positions as they consider appropriate with respect to the particulars of any such application.

The Parties recognize that if the Board decides on an adjustment mechanism and/or deferral account on a generic basis specifically to address the energy (kWh) and peak demand (kW) reductions associated with CDM Targets, any new guidelines or filing requirements will supersede the previous methodology.]

3.2 Is the proposed amount for 2011 Test Year Other Revenue Appropriate?

Status:	Complete Settlement
Supporting Parties:	WNH, Energy Probe, SEC, VECC
Evidence:	Exhibit 3, Pages 27 to 41 Interrogatory responses Board Staff IR # 4, TCQ # 2 Interrogatory responses Energy Probe IR # 14, 21, 22, 23, 29, TCQ # 6, 12, 14, 27 Interrogatory responses SEC TCQ # 5 Interrogatory responses VECC IR # 13

For the purposes of obtaining complete settlement of all issues, the Parties agree that the forecast for Other Revenues in the 2011 Test Year should be \$1,000,957, a decrease of \$55,006 (see Appendix E), reflecting the following adjustments:

- In the Application, WNH had included \$11,000 in revenue on account of gains on the disposal of depreciable utility assets in the 2011 Test Year. The gain on disposal of depreciable utility assets in the 2011 Test Year will be increased by \$11,000, to a 2011 total of \$22,000, with no 50/50 sharing of net proceeds between WNH's ratepayers and shareholders (i.e., the net benefit is 100% attributed to ratepayers); and
- The removal of Street Lighting Return and PILs, which had been included twice, in both USoA accounts 4375 and 5625. The reduction, in order to reflect the Return and PILs only once, is in the amount of \$66,006.

3.3. Are the proposed Specific Service Charges for 2010 appropriate?

Status: **Complete Settlement**
Supporting Parties: WNH, Energy Probe, SEC, VECC
Evidence: Exhibit 3, Page 34
Interrogatory response Board Staff IR # 34, 35

For the purposes of obtaining complete settlement of all issues, the Parties accept the Specific Service Charges proposed by WNH.

4. OPERATING COSTS (Exhibit 4)

- 4.1. Are the overall levels of the 2011 Test Year Operation, Maintenance and Administration costs appropriate?

Status:	Complete Settlement
Supporting Parties:	WNH, Energy Probe, SEC, VEC
Evidence:	Exhibit 4, Pages 1 to 50 Interrogatory responses Board Staff IRs # 11, 12, 13, 14, 15, 16, 17, 21, TCQ # 3, 5, 6, 7 Interrogatory responses Energy Probe IR # 7, 25, 26, 27, 28, 30, TCQ # 15, 16, 24, 25 Interrogatory response SEC IR # 6, 7, 8, 9, 10, 11, 12, 13, TCQ # 1, 2, 3 Interrogatory response VECC IR # 23, 24, TCQ # 10, 11

For the purposes of obtaining complete settlement of all issues, the Parties agree to a reduction of the OM&A expenditures in the amount of \$169,500 from a forecast of \$10,183,838 proposed in the Application to a forecast of \$10,014,338 for the 2011 Test Year (see Appendix F).

The decrease of \$169,500 reflects the following adjustments:

- Increase in OMERS Costs of \$126,250, from the \$85,000 included in the Application, to \$211,250 in order to provide for normalized OMERS increases for 2011-2014. The Parties have agreed that a variance account will be established and any differences between the amount paid by WNH and the annualized amount of \$211,250 will be disposed of by way of payments by, or refunds to, WNH's customers at the next Cost of Service Filing;
- A reduction of \$113,750 in Meter Reading Expenses from \$260,318 in the application to \$146,568. The reduction removes manual meter reading costs to reflect the implementation of smart meter reads and was calculated based on a \$65,000 reduction for one half of 2011 and \$135,000 for the full years 2012 to 2014 and amortized over four years;
- A reduction of \$32,000 to reduce the inflation increase on non-wage expenses from 2.0% to 1.3%. The 1.3% is consistent with the price escalator for 2nd and 3rd Generation Incentive Rate Mechanisms for adjusting electricity distribution rates effective May 1, 2011;

- An additional overall reduction of \$150,000 in OM&A Expenses; and
- HST/ITC reductions of OM&A Expenses in the amount of \$76,691 in the original Application were accepted by the Parties.

The LEAP Emergency Financial Assistance, referred to in the Board's letter dated October 20, 2010, is not included in the OM&A envelope of \$10,014,338. The Parties have agreed that the direction provided in the Board's letter is as follows: "*The relevant LEAP amount proposed would be adjusted in distributors' draft rate orders to account for any changes resulting from the Board's decision on the final service revenue requirement.*" The parties acknowledge that \$10,000 of LEAP costs has been included in the Application and that the adjustment to OM&A will take this into account.

4.2. Is WNH's depreciation expense appropriate?

Status:	Complete Settlement
Supporting Parties:	WNH, Energy Probe, SEC, VECC
Evidence:	Exhibit 4, Pages 73 to 81
Settlement Agreement	2.2, 2.3 Interrogatory response Energy Probe IR # 8, 34, 35, TCQ # 18, 19

For the purposes of obtaining complete settlement of all issues, the Parties agree to the following adjustment to the proposed 2011 Test Year depreciation expense:

- A decrease of \$66,909 in 2011 to reflect the agreed-upon changes in the 2010 Bridge Year and the 2011 Test Year capital additions in sections 2.2 and 2.3 of this Settlement Agreement. The Depreciation Expense is decreased from \$7,816,331 to \$7,749,422 (see Appendix B).

4.3. Is the amount proposed for the 2011 Test Year Payment in Lieu of Taxes appropriate?

Status:	Complete Settlement
Supporting Parties:	WNH, Energy Probe, SEC, VECC
Evidence:	Exhibit 4, Pages 88 to 96 Interrogatory response Board Staff IR # 22, 23, TCQ #4 Interrogatory responses Energy Probe IR # 31, 33, 38, 39, 40, 41, TCQ # 17, 20, 21 Interrogatory response SEC IR # 17, TCQ # 10, 27

For the purposes of obtaining complete settlement of all issues, the Parties agree to an overall reduction in grossed-up 2011 Payments in Lieu of Taxes ("PILs") (see Appendix G) in the amount of \$200,522, reflecting the following adjustments:

- Flow-through of agreed upon changes in OM&A expenses and capital expenditures;
- Correction to the classification of computer hardware to the appropriate CCA class (see Energy Probe IR # 40, TCQ # 21);
- CCA on Land Rights in the amount of \$1,410 previously omitted (see Energy Probe IR # 41, TCQ # 21);
- Increase in Apprentice and Co-operative Education Tax Credits in the amount of \$75,544 to reflect forecasted tax credits for 2011; and
- The Parties have agreed to a tax reduction in the amount of \$36,250, related to the elimination of the Ontario surtax claw-back on the first \$500,000 of taxable income in Ontario and the provincial tax rate of 4.5% on the first \$500,000 of taxable income.

5. COST OF CAPITAL (Exhibit 5)

5.1. Are the proposed Capital Structure and Rate of Return on Equity appropriate?

Status: **Complete Settlement**
Supporting Parties: WNH, Energy Probe, SEC, VECC
Evidence: Exhibit 5, Pages 1 to 7, 10 to 11

For the purposes of obtaining complete settlement of all issues, the Parties accept that WNH's proposed debt to equity ratio for rate making purposes of 60% (comprised of 56% long term debt and 4% short term debt) to 40%, as documented in Appendix H, is appropriate.

For the purposes of its Application, WNH used the Cost of Capital parameters applicable to cost of service applications for the 2010 Test Year. This included a Return on Equity of 9.85%. The cost of capital parameters have been adjusted to reflect the Board's updated Cost of Capital parameters for cost of service applications for distribution rates effective May 1, 2011, that were issued by the Board on March 3, 2011. This includes an adjustment of the Return on Equity to 9.58%.

5.2. Is the proposed Return on Debt appropriate?

Status:	Complete Settlement
Supporting Parties:	WNH, Energy Probe, SEC, VECC
Evidence:	Exhibit 5, Pages 7 to 10 Interrogatory responses Board Staff IR # 24, 25, 26 Interrogatory responses Energy Probe TCQ # 26

For the purposes of obtaining complete settlement of all issues, the Parties agree that the forecasted Infrastructure Ontario debt will be reflected as borrowed mid-way through the 2011 Test Year for the purpose of calculating the Long-Term Debt Rate. This resulted in a weighted cost of long-term debt of 5.61%, prior to the application of the Board's updated Cost of Capital parameters issued on March 3, 2011. The updated parameters reduced the weighted cost of long-term debt to 5.22%.

For the purposes of its Application, WNH used the Cost of Capital parameters in Appendix H applicable to cost of service applications for the 2010 Test Year. This included a Long-Term Debt Rate of 5.87% and a Short-Term Debt Rate of 2.07%. This settlement has been updated to reflect the Board's updated cost of capital parameters, including the deemed Long-Term Debt Rate of 5.32%, of which the impact is described above, and the deemed Short-Term Debt Rate of 2.46%.

6. CALCULATION OF REVENUE DEFICIENCY OR SURPLUS (Exhibit 6)

6.1. Is the Revenue Deficiency for the 2011 Test Year appropriate?

Status: **Complete Settlement**
Supporting Parties: WNH, Energy Probe, SEC, VECC
Evidence: Exhibit 6

For purposes of obtaining complete settlement of all issues, the Parties accept and rely on the updated calculation by the Applicant of the Test Year revenue deficiency of \$3,781,285 as detailed in Appendix I.

7. COST ALLOCATION (Exhibit 7)

7.1. Is WNH's cost allocation appropriate?

Status:	Complete Settlement
Supporting Parties:	WNH, Energy Probe, SEC, VECC
Evidence:	Exhibit 7 Interrogatory response VECC IR # 14

For purposes of obtaining complete settlement of all issues, the Parties accept WNH's cost allocation as proposed in the Application.

7.2. Are the proposed revenue-to-cost ratios appropriate?

Status:	Complete Settlement
Supporting Parties:	WNH, Energy Probe, SEC, VECC
Evidence:	Exhibit 7, Pages 1 to 5 Interrogatory response Board Staff IR # 27, 28, 29

For purposes of obtaining complete settlement of all issues, the Parties accept WNH's revenue-to-cost ratios as set out in Appendix J. Attachment 1, which follows the Appendices, contains Sheets O1 and O2 of the Cost Allocation Model.

8. RATE DESIGN (Exhibit 8)

8.1 Are the proposed customer classes appropriate?

Status: **Complete Settlement**
Supporting Parties: WNH, Energy Probe, SEC, VECC
Evidence: Exhibit 8

For the purposes of obtaining complete settlement of all issues, the Parties accept the addition of the Embedded Distributor Customer Class.

8.2 Are the customer charges and the fixed-variable splits for each class appropriate?

Status: **Complete Settlement**
Supporting Parties: WNH, Energy Probe, SEC, VECC
Evidence: Exhibit 8, Pages 2 to 6
Interrogatory responses VECC IR # 15

For the purposes of obtaining complete settlement of all issues, the Parties accept the customer charges and the fixed-variable splits resulting from this Agreement (see Appendix K) for 2011.

The customer charges in Appendix L for the General Service Greater than 50 kW rate class reflect a one-third reduction between the current monthly customer charge of \$187.01 and the ceiling of \$114.22 as calculated in Sheet O2 of the Cost Allocation Model, resulting in a monthly customer charge of \$162.75 for the 2011 rate year. The Parties agree that in 2012 and 2013, further reductions will occur as follows: Any (GDP-IPI – X) increases or decreases under the IRM plan will be applied to the ceiling from Sheet O2 of the Cost Allocation Model, the difference between the May 1, 2010 rate (\$187.01) and the 2012 Adjusted Ceiling will be multiplied by 2/3 and subtracted from the May 1, 2010 rate to obtain the 2012 customer charge. In 2013, any (GDP-IPI – X) increases or decreases under the IRM plan are applied to the 2012 adjusted ceiling and the resulting 2013 Adjusted Ceiling will become the 2013 Customer Charge for this rate class. For each of 2012 and 2013, the rate design model will be re-run using the adjusted fixed charge for the General Service Greater than 50 kW class, and the consumption agreed upon in this Agreement, in order to establish the variable charge (“re-calculated variable charge”) for that class for the corresponding year. The re-calculated variable charge will then have any (GDP-IPI – X) increases or decreases under the IRM plan applied. In 2012 the applicable 2012 (GDP-IPI – X) increase or decrease will be applied to the re-calculated 2012 variable charge. In 2013 the applicable 2012 and 2013 (GDP-IPI – X) increases or decreases will be applied to the re-calculated 2013 variable charge. Two illustrative examples are provided below

Illustrative examples are provided below.

Illustrative Example – Customer Charge

GS>50 kW Monthly Customer Charge			
Details	2011	2012	2013
May 1, 2010 Rate	\$ 187.01	\$ 187.01	\$ 187.01
Ceiling per O2 Cost Allocation	114.22		
Difference	72.79		
Decrease 1/3	24.26		
Resulting Customer Charge	\$ 162.75		
Ceiling per O2 Cost Allocation		114.22	
GDP-IPI -X IRM Increase		0.30%	
Adjusted Ceiling		114.56	
Difference		72.45	
Decrease 2/3		48.30	
Resulting Customer Charge		\$ 138.71	
Ceiling per O2 Cost Allocation			114.56
GDP-IPI -X IRM Increase			0.50%
Adjusted Ceiling			115.14
Difference			71.87
Decrease 3/3			71.87
Resulting Customer Charge			\$ 115.14

Illustrative Example – Variable Charge

GS>50 kW Monthly Variable Charge			
Details	2011	2012	2013
May 1, 2011 Rate per Settlement	\$ 4.3054		
Re-calculate Variable Charge for new 2012 Customer Charge		4.4269	
2012 GDP-IPI -X IRM Increase		0.30%	
Resulting Variable Charge		\$ 4.4402	
Re-calculate Variable Charge for new 2013 Customer Charge			4.5462
2012 GDP-IPI -X IRM Increase			0.30%
2012 GDP-IPI -X IRM Increase			0.50%
Resulting Variable Charge			\$ 4.5826

8.3 Are the customer bill impacts appropriate?

Status: **Complete Settlement**
Supporting Parties: WNH, Energy Probe, SEC, VECC
Evidence: Exhibit 8, Page 13 to 35

For the purposes of obtaining complete settlement of all issues, the Parties agree that the bill impacts provided in Appendix K of the Agreement are appropriate and that no classes will experience a total bill impact of greater than 10% based on the underlying assumptions in this Agreement.

8.4. Are the proposed Retail Transmission Service Rates appropriate?

Status: **Complete Settlement**
Supporting Parties: WNH, Energy Probe, SEC, VECC
Evidence: Exhibit 8, Page 8
 Interrogatory Response Energy Probe TCQ # 27

For the purposes of obtaining complete settlement of all issues, the Parties agree that WNH's proposed Retail Transmission Service Rates are appropriate. The rates are provided in the table below.

Class	Retail Transmission Service Rates	
	Network	Connection
Residential	\$ 0.0067	\$ 0.0022
GS < 50 kW	\$ 0.0061	\$ 0.0020
GS >50 kW Less than 1,000 kW	\$ 2.4945	\$ 0.7822
GS >50 kW Interval Metered (less than 1,000 kW)	\$ 2.6495	\$ 0.9771
GS >50 kW Interval Metered (1,000 to 4,999 kW)	\$ 2.6461	\$ 0.9759
Large Use	\$ 2.9335	\$ 0.9804
Street Lighting	\$ 1.8815	\$ 0.6046
Unmetered Scattered Load	\$ 0.0061	\$ 0.0020

8.5. Are the proposed Loss Factors appropriate?

Status: **Complete Settlement**
Supporting Parties: WNH, Energy Probe, SEC, VECC
Evidence: Exhibit 8, Pages 10 to 12
 Interrogatory Response Board Staff IR # 32, 33

For the purposes of obtaining complete settlement of all issues, the Parties accept WNH's proposed loss factors. These are summarized in the table below.

2011 Proposed Total Loss Factor	
Supply Facilities Loss Factor	1.0050
Distribution Loss Factor - Secondary Metered Customer < 5,000 kW	1.0352
Distribution Loss Factor - Secondary Metered Customer > 5,000 kW	1.0100
Distribution Loss Factor - Primary Metered Customer < 5,000 kW	1.0249
Distribution Loss Factor - Primary Metered Customer > 5,000 kW	1.0000
Total Loss Factor - Secondary Metered Customer < 5,000 kW	1.0404
Total Loss Factor - Secondary Metered Customer > 5,000 kW	1.0150
Total Loss Factor - Primary Metered Customer < 5,000 kW	1.0300
Total Loss Factor - Primary Metered Customer > 5,000 kW	1.0050

9. DEFERRAL AND VARIANCE ACCOUNTS (Exhibit 9)

9.1. Are the balances in the Deferral and Variance Accounts appropriate?

Status: Complete Settlement
Supporting Parties: WNH, Energy Probe, SEC, VECC
Evidence: Exhibit 9, Pages 3 to 6
Interrogatory responses Board Staff IR # 36, 37, 38
Interrogatory response VECC IR # 25

For the purposes of obtaining complete settlement of all issues, the Parties accept the balances in WNH's Deferral and Variance Accounts. Adjustments to the Application include: The deferral and variance account balance was decreased by \$96,506 to reflect disposition of USoA 1592, PILs and Tax Variances, Sub-account HST / OVAT Input Tax Credits (ITCs) and the Parties have agreed to dispose of the Late Payment Penalty Rate Rider as filed by WNH with the Board on February 28, 2011, the amount subject to Board review and approval of the amount in this proceeding.

WNH will be disposing of its existing Administration Building and Service Centre on Northfield Drive in Waterloo. It is anticipated that disposition will occur in 2012. The parties have agreed for the purposes of settlement that WNH's customers will receive 75% of the Net after Tax Gain on the sale of this property, and WNH will retain the remaining 25%. While the property is not expected to be sold until 2012 or later, the Parties have agreed that payments to WNH's customers will begin May 1, 2011, and that this will mitigate impacts to customers of WNH regarding collection of amounts owing in the Deferral and Variance Accounts as noted in Section 9.2 on the following basis:

- a) The payments will be in the form of a rate rider (please see Appendix N), and will be spread equally over three years commencing May 1, 2011, to align with the disposition of Deferral and Variance Accounts in Section 9.2;
- b) The value of the payment to be made by way of the rate rider will be based on the estimate of the net after tax gain set out in the following table; and

Estimate for Purposes of this Settlement	
Estimated Fair Market Value	\$ 7,300,000
Estimated Selling Costs (real estate, legal, cleanup costs)	(900,000)
Estimated Net Book Value of Land and Building	(3,600,000)
Estimated Taxes	(800,000)
Estimated Gain on Sale	\$ 2,000,000
75% of Estimated Gain on Sale	\$ 1,500,000
Rate Rider Annually, Paid for Three Years	\$ 500,000

- c) A variance account will be created to track the difference between 75% of the Actual Net after Tax Gain and the payout of the 75% of the Estimated Net after Tax Gain that is included in this Settlement. The variance will be paid to customers or collected from customers at the time of WNH's next rebasing.

9.2. Are the methods of disposition of the Deferral and Variance Accounts appropriate?

Status: **Complete Settlement**
Supporting Parties: WNH, Energy Probe, SEC, VECC
Evidence: Exhibit 9, Pages 7 to 16
Interrogatory responses OEB Staff IR # 36

For the purposes of obtaining complete settlement of all issues, the Parties accept that the Deferral and Variance Account balances being disposed of in this proceeding will be recovered from or rebated to the customers by WNH, over a three year period and the rate rider will be calculated to the fifth decimal point. The rate riders are presented in Appendix M. In addition, the Low Voltage Rate Riders are presented in Appendix M.

10.1. Are the LRAM/SSM charges and disposition rate rider appropriate?

Status:	Complete Settlement
Supporting Parties:	WNH, Energy Probe, SEC, VECC
Evidence:	Exhibit 10 Interrogatory responses OEB Staff IR # 41 Interrogatory responses VECC IRs # 27, 28, 29, 30, TCQ # 13, 14

For the purposes of obtaining complete settlement of all issues, the Parties accept WNH's proposed LRAM and SSM, to be disposed of over four years, as detailed in Appendix L.

Appendix A

Summary of the Significant Items Adjusted as a Result of this Settlement Agreement

Summary of Significant Items Adjusted			
	Original As per Application (A)	Settlement Submission (B)	Difference (C = B - A)
Rate Base	152,808,317	150,992,464	(1,815,853)
<i>Capital Additions</i>			
2010 Bridge Year	22,397,227	20,939,516	(1,457,711)
2011 Test Year	43,693,910	43,498,688	(195,222)
Other Revenue	1,055,963	1,000,957	(55,006)
Loss Factor	4.04%	4.04%	0%
Load Forecast (kWh)	1,429,182,624	1,451,447,141	22,264,517
RPP Cost of Power Rate	0.06964	0.06684	(0.0028)
Non-RPP Cost of Power Rate	0.06480	0.06418	(0.0006)
<i>Cost of Capital</i>			
Long-Term Debt Rate	5.87%	5.32%	
Short-Term Debt Rate	2.07%	2.46%	
Return on Equity	9.85%	9.58%	
Weighted Debt Rate	5.47%	5.22%	
Return on Long-Term Debt	4,676,951	4,410,202	(266,749)
Return on Short-Term Debt	126,525	148,577	22,052
Return on Equity	6,020,648	5,786,031	(234,617)
Total Return on Capital	10,824,124	10,344,810	(479,314)
OM&A Expenses	10,183,838	10,014,338	(169,500)
<i>PST/HST</i>			
OM&A Removed PST/HST	(76,691)	(76,691)	-
Capital Removed PST/HST	(733,971)	(733,971)	-
<i>Depreciation Expense</i>			
2010 Bridge Year	7,464,713	7,398,250	(66,463)
2011 Test Year	7,816,331	7,749,422	(66,909)
Deferral and Variance \$	1,375,587	1,279,081	(96,506)
Deferral and Variance \$ Rate Riders (over 4 years)	343,897		
Deferral and Variance \$ Rate Riders (over 3 years)		426,360	82,463
Capital Gain Rate Rider \$	-	(1,500,000)	(1,500,000)
Capital Gain \$ Rate Rider (over 3 years)	-	(500,000)	(500,000)
LRAM / SSM (Rate Rider over 4 years)	1,337,684	1,394,932	57,248

Summary of Significant Items Adjusted			
	Original As per Application (A)	Settlement Submission (B)	Difference (C = B - A)
Gross Fixed Assets (Average)	243,087,168	241,291,190	(1,795,978)
Accumulated Depreciation (Average)	(109,118,578)	(109,274,357)	(155,779)
Net Book Value (Average)	133,968,589	132,016,832	(1,951,757)
Average Fixed Assets	133,968,589	132,016,832	(1,951,757)
Working Capital Allowance	18,839,728	18,975,631	135,904
Rate Base	152,808,317	150,992,464	(1,815,853)
Deemed Long-Term Debt Component %	56%	56%	0%
Deemed Short-Term Debt Component %	4%	4%	0%
Deemed Equity Component %	40%	40%	0%
Long-Term Debt Rate (Weighted)	5.47%	5.22%	-0.25%
Short-Term Debt Rate	2.07%	2.46%	0.39%
Return on Equity	9.85%	9.58%	-0.27%
Weighted Average Cost of Capital	7.08%	6.85%	-0.23%
Cost of Capital (Return on Rate Base)	10,824,124	10,344,810	(479,314)
Deemed Return on Equity	6,020,648	5,786,031	(234,616)
Deemed Interest	4,803,477	4,558,779	(244,698)
Cost of Power	115,414,347	116,489,872	1,075,525
OM&A	10,183,838	10,014,338	(169,500)
PILs	1,212,310	1,011,788	(200,522)
Service Revenue Requirement	30,036,603	29,120,358	(916,245)
Revenue Offset	1,055,963	1,000,957	(55,006)
Base Revenue Requirement	28,980,640	28,119,401	(861,239)
Revenue Deficiency Prior to Updated Cost of Capital	5,012,440	4,332,078	(680,362)
Revenue Deficiency After Updated Cost of Capital	5,012,440	3,781,285	(1,231,155)

Appendix B

Updated Fixed Asset and Depreciation Continuity Schedules – 2010 Bridge Year and 2011 Test Year

OEB	Description	Cost				Accumulated Depreciation				Net Book Value
		Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
1805	Land	1,568,530		11,000	1,577,530	0			0	1,577,530
1806	Land Rights	375,882	18,724		394,606	0			0	394,606
1808	Buildings and Fixtures	9,021,731	100,886	30,433	9,092,183	2,416,178	156,502	17,066	2,555,615	6,536,568
1810	Leasehold Improvements	0			0	0			0	0
1815	Transformer Station Equipment - Normally Prime	22,083,802	6,808,086		28,891,888	7,330,312	698,381		8,028,693	20,863,195
1820	Distribution Station Equipment - Normally Prime	4,575,678	190,141	79,263	4,686,556	3,114,696	89,343	79,263	3,124,776	1,561,780
1825	Storage Battery Equipment	0			0	0			0	0
1830	Poles, Towers and Fixtures	41,379,030	3,954,240		45,333,270	17,356,244	1,680,056		19,323,363	26,009,907
1835	Overhead Conductors and Devices	18,365,509	2,729,151		21,094,660	6,593,203	795,787		7,388,990	13,705,670
1840	Underground Conduit	12,491,281	1,358,153		13,849,434	6,143,571	506,674		6,650,245	7,199,189
1845	Underground Conductors and Devices	28,797,416	1,855,137		30,652,553	14,047,852	1,122,398		15,170,250	15,482,303
1850	Line Transformers	37,668,256	4,011,047		41,679,303	16,006,363	1,644,774		17,651,137	24,028,165
1855	Services	19,213,317	1,325,272		20,538,589	9,480,949	750,688		10,231,637	10,306,953
1860	Meters	9,101,646	278,078		9,379,724	5,359,444	339,321		5,698,765	3,680,960
1865	Other installations on Customer's Premises	0			0	0			0	0
1905	Land	0			0	0			0	0
1906	Land Rights	0			0	0			0	0
1908	Buildings and Fixtures	0			0	0			0	0
1910	Leasehold Improvements	0			0	0			0	0
1915	Office Furniture and Equipment	797,483	14,927		812,410	599,653	40,757		640,410	172,000
1920	Computer Equipment - Hardware	2,932,381	103,397		3,035,778	2,662,691	130,416		2,793,106	242,671
1925	Computer Software	3,712,353	420,185		4,132,538	2,894,127	394,097		3,288,224	844,314
1930	Transportation Equipment	6,929,582	620,367	339,706	7,210,242	5,252,630	498,023	339,706	5,410,947	1,799,295
1935	Stores Equipment	177,703	2,700		180,403	93,757	11,244		105,001	75,402
1940	Tools, Shop and Garage Equipment	703,181	128,161		831,342	489,238	60,781		550,019	281,322
1945	Measurement and Testing Equipment	658,466	27,451		685,917	562,109	22,152		584,261	101,656
1950	Power Operated Equipment	0			0	0			0	0
1955	Communication Equipment	439,754	6,337		446,091	123,727	39,470		163,198	282,893
1960	Miscellaneous Equipment	593,867	84,593		678,460	484,369	26,543		510,911	167,549
1970	Load Management Controls - Customer Premise	0			0	0			0	0
1975	Load Management Controls - Utility Premises	0			0	0			0	0
1980	System Supervisory Equipment	2,639,261	222,140		2,861,401	1,851,539	156,487		2,008,025	853,376
1985	Sentinel Lighting Rentals	0			0	0			0	0
1990	Other Tangible Property	0			0	0			0	0
1995	Contributions and Grants	(22,468,945)	(3,319,656)		(25,788,604)	(4,896,887)	(1,032,708)		(5,929,595)	(19,859,010)
2005	Property under Capital Lease	0			0	0			0	0
	Total before Work in Process	201,777,161	20,939,516	460,402	222,256,275	97,965,764	8,131,186	436,034	105,947,980	116,308,295
	Work in Process	6,151,497	11,183,323	3,302,672	14,032,148	0			0	14,032,148
	Total after Work in Process	207,928,658	32,122,839	3,763,074	236,288,422	97,965,764	8,131,186	436,034	105,947,980	130,340,442

Less: Fully Allocated Depreciation

Transportation/Tools	558,805
Stores	11,244
Engineering Hardware	9,204
Engineering Software	153,683
Net Depreciation	<u>7,398,250</u>

Fixed Asset Continuity Schedule (Distribution & Operations)
 As at December 31, 2011

OEB	Description	Cost				Accumulated Depreciation				Net Book Value
		Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
1805	Land	1,577,530	1,483,905	754,394	2,307,041	0	0	0	2,307,041	0
1806	Land Rights	394,606	16,350	0	410,956	0	0	0	410,956	0
1808	Buildings and Fixtures	9,092,183	23,556,990	4,674,464	27,974,709	2,585,615	311,209	1,758,156	1,108,668	26,866,041
1810	Leasehold Improvements	0	0	0	0	0	0	0	0	0
1815	Transformer Station Equipment - Normally Primed	28,891,888	265,871	0	29,157,759	8,028,693	690,816	0	8,719,509	20,438,250
1820	Distribution Station Equipment - Normally Primed	4,686,556	15,171	0	4,701,727	3,124,778	87,542	0	3,212,318	1,489,409
1825	Storage Battery Equipment	0	0	0	0	0	0	0	0	0
1830	Poles, Towers and Fixtures	45,333,270	3,878,501	0	49,211,771	19,323,363	1,733,085	0	21,056,449	28,155,322
1835	Overhead Conductors and Devices	21,094,660	2,953,287	0	24,047,947	7,388,990	846,392	0	8,235,382	15,812,566
1840	Underground Conduit	13,849,434	820,062	0	14,669,496	6,650,245	521,437	0	7,171,681	7,497,815
1845	Underground Conductors and Devices	30,652,553	2,748,362	0	33,400,915	15,170,250	1,166,771	0	16,337,020	17,063,895
1850	Line Transformers	41,679,303	4,253,666	0	45,932,969	17,651,137	1,662,022	0	19,313,159	26,619,810
1855	Services	20,538,589	676,804	0	21,215,393	10,231,637	740,810	0	10,972,447	10,242,946
1860	Meters	9,379,724	315,250	0	9,694,974	5,696,765	326,966	0	6,025,730	3,669,244
1865	Other Installations on Customer's Premises	0	0	0	0	0	0	0	0	0
1905	Land	0	0	0	0	0	0	0	0	0
1906	Land Rights	0	0	0	0	0	0	0	0	0
1908	Buildings and Fixtures	0	0	0	0	0	0	0	0	0
1910	Leasehold Improvements	0	0	0	0	0	0	0	0	0
1915	Office Furniture and Equipment	812,410	1,710,204	0	2,522,614	640,410	124,832	0	765,242	1,757,372
1920	Computer Equipment - Hardware	3,035,778	349,544	0	3,385,322	2,793,106	136,417	0	2,929,523	455,799
1925	Computer Software	4,132,538	647,615	0	4,780,152	3,288,224	377,676	0	3,665,900	1,114,252
1930	Transportation Equipment	7,210,282	570,468	0	7,780,750	5,410,947	457,522	0	5,868,469	1,912,281
1935	Stores Equipment	180,403	53,500	0	233,903	105,001	13,817	0	118,818	115,085
1940	Tools, Shop and Garage Equipment	831,342	162,037	0	993,379	550,019	61,925	0	611,945	381,434
1945	Measurement and Testing Equipment	685,917	115,278	0	801,195	584,261	24,064	0	608,325	192,870
1950	Power Operated Equipment	0	0	0	0	0	0	0	0	0
1955	Communication Equipment	446,091	0	0	446,091	163,198	39,470	0	202,668	243,423
1960	Miscellaneous Equipment	678,460	0	0	678,460	510,911	26,363	0	537,274	141,186
1970	Load Management Controls - Customer Premises	0	0	0	0	0	0	0	0	0
1975	Load Management Controls - Utility Premises	0	0	0	0	0	0	0	0	0
1980	System Supervisory Equipment	2,861,401	1,048,432	0	3,909,833	2,008,025	137,336	0	2,145,361	1,764,471
1985	Sentinel Lighting Rentals	0	0	0	0	0	0	0	0	0
1990	Other Tangible Property	(25,788,604)	(2,142,609)	0	(27,931,213)	(5,929,595)	(1,075,560)	0	(7,005,155)	(20,926,058)
1995	Contributions and Grants	0	0	0	0	0	0	0	0	0
2005	Property under Capital Lease	0	0	0	0	0	0	0	0	0
	Total before Work in Process	222,256,275	43,498,688	5,428,858	260,326,104	105,947,980	8,410,910	1,758,156	112,600,734	147,725,370
	Work in Process	14,032,148	2,223,133	13,791,492	2,463,788	0	0	0	0	2,463,788
	Total after Work in Process	236,288,422	45,721,820	19,220,350	262,789,892	105,947,980	8,410,910	1,758,156	112,600,734	150,189,158

Less: Fully Allocated Depreciation
 Transportation/Tools 519,447
 Stores 13,817
 Engineering Hardware 1,404
 Engineering Software 126,820
 Net Depreciation 7,749,422

Appendix C
Updated Cost of Power

Cost of Power	
Power	95,326,405
WMS	9,434,406
Network	8,587,363
Connection	2,976,698
Low Voltage Charges	165,000
Total	116,489,872

4705-Power Purchased	
	2011 Test
kWh Purchased Weather Adjusted per Regression Model	1,451,447,141
Spot	634,707,377
RPP	816,739,764
	1,451,447,141
<u>RPP Split</u>	
1st block	437,488,129
2nd block	379,251,635
	816,739,764
<u>RPP Split - Prices effective November 1, 2010</u>	
1st block	\$ 0.06684
2nd block	\$ 0.06684
RPP	\$
1st block	\$ 29,241,707
2nd block	\$ 25,349,179
Total	\$ 54,590,886
Spot	# kWh
	634,707,377
Calendar 2011 HOEP + GA, Navigant October 18, 2010 Report	0.06418
	40,735,519
Total 4705-Power Purchased	95,326,405

WMS	
kWh Purchased Weather Adjusted per Regression Model	1,451,447,141
WMS	0.0065
Estimated WMS COP	9,434,406

Low Voltage Charges				
Distributor	2009 kW	Current LV Charge / kW	Low Voltage Charge \$/kW	Decision Reference
Cambridge & North Dumfries Hydro Inc.	78,014	\$ 0.9630	\$ 75,127	EB-2009-0260
Kitchener-Wilmot Hydro Inc.	49,918	\$ 1.1300	\$ 56,408	EB-2009-0267
Kitchener-Wilmot Hydro Inc.	49,918	\$ 0.1400	\$ 6,989	EB-2009-0267
Hydro One Networks Inc.	60,806	\$ 0.4420	\$ 26,876	EB-2009-0096
Total	238,656		\$ 165,399	

Rounded Estimate

\$ 165,000

Appendix D

2011 Updated Customer Class Load Forecast

Description	Original As Per Application	As Per Settlement	Change
2011 Billed kWh	1,373,685,721	1,396,965,487	23,279,766
By Class			
Residential			
Customers	45,913	46,613	700
kWh	382,563,062	393,848,054	11,284,992
GS<50			
Customers	5,412	5,470	58
kWh	175,321,434	179,687,810	4,366,377
GS>50			
Customers	668	668	0
kWh	699,105,747	705,732,689	6,626,942
kW	1,566,291	1,581,207	14,915
Large User			
Customers	1	1	0
kWh	78,636,807	79,638,262	1,001,456
kW	148,593	153,852	5,259
Streetlights			
Connections	13,374	13,374	0
kWh	7,792,006	7,792,006	0
kW	21,547	21,835	289
USL			
Connections	551	551	0
kWh	1,648,666	1,648,666	0
Embedded Distributor			
Customers	1	1	0
kWh	28,618,000	28,618,000	0
kW	71,600	71,600	0
Total of Above			
Customer/Connections	65,921	67,058	1,137
kWh	1,373,685,721	1,396,965,487	23,279,766
kW from applicable classes	1,808,031	1,828,494	20,463
2011 Revenues at Existing Rates			
Revenues at Existing Rates	23,968,200	24,338,116	369,916

Appendix E
2011 Test Year Updated Other Revenue

Change in Other Revenue

USoA	Description	2011 As Filed	2011 As Per Settlement Agreement	Change
4080	4080-Distribution Services Revenue SSS Administration Charge	135,000	135,000	-
4082	4082-RS Rev	26,000	26,000	-
4210	4210-Rent from Electric Property	243,819	243,819	-
4220	4220-Other Electric Revenues	9,000	9,000	-
4225	4225-Late Payment Charges	180,000	180,000	-
4235	4235-Miscellaneous Service Revenues	245,845	245,845	-
4355	4355-Gain on Disposition of Utility and Other Property	22,000	22,000	-
4375	4375-Revenues from Non-Utility Operations	2,078,894	2,012,888	(66,006)
4380	4380-Expenses of Non-Utility Operations	(1,884,598)	(1,884,598)	-
4390	4390-Miscellaneous Non-Operating Income	85,720	85,720	-
4405	4405-Interest and Dividend Income	14,772	14,772	-
Other Distribution Revenue Before Adjustments		1,156,452	1,090,446	(66,006)
<i>Adjustments - Less:</i>				
4355	4355-Gain on Disposition of Utility and Other Property	(11,000)		11,000
4375	OPA Programs Incentive Revenue	(89,489)	(89,489)	-
Other Revenue with Offsets		1,055,963	1,000,957	(55,006)
Other Distribution Revenue				
	Late Payment Charges	180,000	180,000	-
	Specific Service Charges	245,845	245,845	-
	Interest Income	14,772	14,772	-
	Other Revenue	615,346	560,340	(55,006)
Total		1,055,963	1,000,957	(55,006)

Appendix F
2011 Test Year Updated OM&A

Change in Operations, Maintenance & Administration

Description	As per Application	As per Settlement Agreement	Change
Operations	3,877,534	3,877,534	-
Maintenance	1,559,180	1,559,180	-
Billing & Collecting	2,188,939	2,075,189	(113,750)
Community Relations	246,777	246,777	-
Administration & General Expense	2,311,407	2,405,657	94,250
OM&A Adjustment Difference		(150,000)	(150,000)
Total OM&A	10,183,838	10,014,338	(169,500)

Appendix G
2011 Test Year Updated PILs
Schedule 8 CCA 2010 Bridge Year

Class	Class Description	UCC Bridge Year Opening Balance	Additions	Disposals	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 Feb 22/05	74,957,075	-	(4,282)	74,952,793	(2,141)	74,954,934	4%	2,998,197	71,954,595
8	General Office / Stores Equipment	8,516,260	264,169	-	8,780,429	132,085	8,648,345	20%	1,729,669	7,050,760
10	Computer Hardware / Vehicles	1,813,333	723,763	(31,531)	2,505,565	346,116	2,159,449	30%	647,835	1,857,730
12	Computer Software	3,725	420,185	-	423,910	210,092	213,817	100%	213,817	210,092
1b	Building - Non-Residential ¹	220,978	15,805	-	236,783	7,903	228,881	6%	13,733	223,050
45	Computer & Systems Hardware Acq'd Post Mar 22/04	694	-	-	694	-	694	45%	312	382
50	Computer & Systems Hardware Acq'd Post Mar 19/04	72,758	-	-	72,758	-	72,758	55%	40,017	32,741
47	Distribution System Post Feb 22/05	39,787,969	19,512,675	(33,340)	59,267,304	9,739,668	49,527,637	8%	3,962,211	55,305,093
	SUB-TOTAL - UCC	125,372,792	20,936,597	(69,153)	146,240,236	10,433,722	135,806,514		9,605,791	136,634,444

¹ Accelerated CCA Rate, additional 2%, thus 6%, effective March 18, 2007

Schedule 8 CCA 2011 Test Year

Class	Class Description	UCC Bridge Year Opening Balance	Additions	Disposals	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 Feb 22/05	71,954,595	-	-	71,954,595	-	71,954,595	4%	2,878,184	69,076,411
8	General Office / Stores Equipment	7,050,760	2,041,019	-	9,091,779	1,020,509	8,071,269	20%	1,614,254	7,477,525
10	Computer Hardware / Vehicles	1,857,730	570,468	-	2,428,198	285,234	2,142,964	30%	642,889	1,785,309
12	Computer Software	210,092	647,615	-	857,707	323,807	533,900	100%	533,900	323,807
1b	Building - Non-Residential ¹	223,050	23,573,340	-	23,796,390	11,786,670	12,009,720	6%	720,583	23,075,807
45	Computer & Systems Hardware Acq'd Post Mar 22/04	382	-	-	382	-	382	45%	172	210
50	Computer & Systems Hardware Acq'd Post Mar 19/04	32,741	320,415	-	353,156	160,208	192,949	55%	106,122	247,035
52	Electronic Data Equipment Acq'd January 27, 2009 to January 31, 2011	-	29,129	-	29,129	-	29,129	100%	29,129	-
47	Distribution System Post Feb 22/05	55,305,093	14,832,798	-	70,137,891	7,416,399	62,721,492	8%	5,017,719	65,120,171
SUB-TOTAL - UCC		136,634,444	42,014,783	-	178,649,227	20,992,827	157,656,400		11,542,951	167,106,276

¹ Accelerated CCA Rate, additional 2%, thus 6%, effective March 18, 2007

Taxable Income Test Year

Determination of Tax Adjustments to Accounting Income for 2011

Line Item	T2S1 line #	Total for Legal Entity	Non-Distribution Eliminations	Utility Amount
Additions:				
Interest and penalties on taxes	103	0	0	0
Amortization of tangible assets	104	8,410,910	0	8,410,910
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	0	0	0
Taxable Capital Gains	113	0	0	0
Political Donations	114	0	0	0
Deferred and prepaid expenses	116	0	0	0
Scientific research expenditures deducted on financial statements	118	0	0	0
Capitalized interest	119	264,961	0	264,961
Non-deductible club dues and fees	120	0	0	0
Non-deductible meals and entertainment expense	121	32,078	0	32,078
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 end of year	125	100,000	0	100,000
Reserves from financial statements- balance at end of year	126	4,008,000	0	4,008,000
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
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	0
Other Additions (Apprenticeship Tax Credits)	295	136,997	0	136,997
Total Additions		12,952,947	0	12,952,947
Deductions:				
Gain on disposal of assets per financial statements	401	22,000	0	22,000
Dividends not taxable under section 83	402	0	0	0
Capital cost allowance from Schedule 8	403	11,542,951	0	11,542,951
Terminal loss from Schedule 8	404	0	0	0
Cumulative eligible capital deduction from Schedule 10	405	0	0	0
Allowable business investment loss	406	0	0	0
Deferred and prepaid expenses	409	0	0	0
Scientific research expenses claimed in year	411	0	0	0
Tax reserves end-beginning-of year	413	100,000	0	100,000
Reserves from financial statements - balance at beginning of year	414	3,891,000	0	3,891,000
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.20(1)(e)	393	0	0	0
Other Deductions	394	0	0	0
Total Deductions		15,555,951	0	15,555,951
Charitable donations from Schedule 2	311	0	0	0
Taxable dividends deductible under section 112 or 113, from Schedule 3 (item 82)	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
Total Adjustments		0	0	0
Tax Adjustments to Accounting Income		(2,603,005)	0	(2,603,005)

PILs, Tax Provision

		Wires Only	
Regulatory Taxable Income		\$ 3,183,026	A
Ontario Income Taxes			
Income Tax Payable	Ontario Income Tax	11.75% B	\$ 374,006 C = A * B
Combined Tax Rate and PILs			
	Effective Ontario Tax Rate	11.75%	D = C / A
	Federal Tax Rate	16.50%	E
	Combined Tax Rate		28.25% F = D + E
Total Income Taxes		\$ 899,205	G = A * F
Reduction due to Ontario Small Business Threshold		\$ 36,250	H
Miscellaneous Tax Credits		\$ 136,997	I
Total Reductions		\$ 173,247	J = H + I
Corporate PILs/Income Tax Provision for Test Year		\$ 725,958	K = G - J
Corporate PILs/Income Tax Provision Gross Up		71.75% L = 1 - F	1,011,788 M = K / L

Appendix H
2011 Test Year Updated Cost of Capital
Debt & Capital Cost Structure

Weighted Debt Cost								
Description	Debt Holder	Affiliated with LDC?	Date of Issuance	Principal	Term (Years)	Rate%	Year Applied to	Interest Cost
Note Payable	CIBC	N	May 1, 2004	8,966,667	10	5.38%	2006	482,407
Note Payable	Waterloo North Hydro Holding Corporation	Y	January 1, 2004	24,155,492	10	6.00%	2006	1,449,330
	Waterloo North Hydro Holding Corporation	Y	May 1, 2000	16,246,940	10	8.38%	2006	1,361,494
	CIBC (paid off July 3/07)	N	May 1, 2004	8,966,667	10	5.38%	2007	237,434
Note Payable	Waterloo North Hydro Holding Corporation	Y	January 1, 2004	24,155,492	10	6.00%	2007	1,449,330
Note Payable	Waterloo North Hydro Holding Corporation	Y	May 1, 2000	16,246,940	10	8.38%	2007	1,361,494
Note Payable	Waterloo North Hydro Holding Corporation	Y	January 1, 2004	24,155,492	10	6.00%	2008	1,449,330
Note Payable	Waterloo North Hydro Holding Corporation	Y	May 1, 2000	16,246,940	10	8.38%	2008	1,361,494
Note Payable	Waterloo North Hydro Holding Corporation	Y	July 1, 2009	17,266,271	10	6.00%	2009	1,035,976
Note Payable	Waterloo North Hydro Holding Corporation	Y	May 1, 2000	16,246,940	10	8.38%	2009	1,361,494
Note Payable	Waterloo North Hydro Holding Corporation	Y	July 1, 2009	17,266,271	10	6.00%	2010	1,035,976
Note Payable	Waterloo North Hydro Holding Corporation	Y	May 1, 2000	16,246,940	10	8.38%	2010	1,361,494
Note Payable	Waterloo North Hydro Holding Corporation	Y	July 1, 2009	17,266,271	10	5.32%	2011	918,566
Note Payable	Waterloo North Hydro Holding Corporation	Y	May 1, 2000	16,246,940	10	5.32%	2011	864,337
	Infrastructure Ontario	N	December 31, 2011	13,150,000	25	4.95%	2011	650,925
								0
								0
								0
								0
								0
								0
								0
								0
								0
								0
								0
2006 Total Long Term Debt				49,369,099	Total Interest Cost for 2006			3,293,230
					Weighted Debt Cost Rate for 2006			6.67%
2007 Total Long Term Debt				49,369,099	Total Interest Cost for 2007			3,048,257
					Weighted Debt Cost Rate for 2007			6.17%
2008 Total Long Term Debt				40,402,432	Total Interest Cost for 2008			2,810,823
					Weighted Debt Cost Rate for 2008			6.96%
2009 Total Long Term Debt				33,513,211	Total Interest Cost for 2009			2,397,470
					Weighted Debt Cost Rate for 2009			7.15%
2010 Total Long Term Debt				33,513,211	Total Interest Cost for 2010			2,397,470
					Weighted Debt Cost Rate for 2010			7.15%
2011 Total Long Term Debt				46,663,211	Total Interest Cost for 2011			2,433,828
					Weighted Debt Cost Rate for 2011			5.22%

Deemed Capital Structure for 2011

Description	\$	% of Rate Base	Rate of Return	Return
Long-Term Debt	84,555,780	56%	5.22%	4,410,202
Short-Term Debt	6,039,699	4%	2.46%	148,577
Total Debt	90,595,478	60%		4,558,779
Return on Equity	60,396,986	40%	9.58%	5,786,031
Total Equity	60,396,986	40%		5,786,031
Total Rate Base	150,992,464	100%	6.85%	10,344,810

Appendix I

2011 Test Year Updated Revenue Deficiency

Description	2010 Bridge Actual	2011 Test Existing Rates	2011 Test - Required Revenue
Revenue			3,781,285
Revenue Deficiency			24,338,116
Distribution Revenue	24,432,409	24,338,116	24,338,116
Other Operating Revenue (Net)	676,874	1,000,957	1,000,957
Total Revenue	25,109,283	25,339,073	29,120,358
Costs and Expenses			
Administrative & General, Billing & Collecting	4,763,756	4,577,623	4,577,623
Operation & Maintenance	5,044,327	5,436,715	5,436,715
Depreciation & Amortization	7,398,250	7,749,422	7,749,422
Property Taxes	-	-	-
Capital Taxes	85,655	-	-
Deemed Interest	5,545,910	4,558,779	4,558,779
Total Costs and Expenses	22,837,898	22,322,538	22,322,538
Less OCT Included Above	85,655	0	0
Total Costs and Expenses Net of OCT	22,923,552	22,322,538	22,322,538
Utility Income Before Income Taxes	2,185,730	3,016,534	6,797,819
Income Taxes			
Corporate Income Taxes	167,396	99,743	1,011,788
Total Income Taxes	167,396	99,743	1,011,788
Utility Net Income	2,018,334	2,916,791	5,786,031
Capital Tax Expense Calculation			
Total Rate Base	129,206,523	150,992,464	150,992,464
Exemption	0	0	0
Deemed Taxable Capital	129,206,523	150,992,464	150,992,464
Ontario Capital Tax	85,655	0	0
Income Tax Expense Calculation			
Accounting Income	2,185,730	3,016,534	6,797,819
Tax Adjustments to Accounting Income	(1,447,508)	(2,603,005)	(2,603,005)
Taxable Income	738,223	413,530	4,194,814
Income Tax Expense	167,396	99,743	1,011,788
Tax Rate Reflecting Tax Credits	22.68%	24.12%	24.12%
Actual Return on Rate Base			
Rate Base	129,206,523	150,992,464	150,992,464
Interest Expense	5,545,910	4,558,779	4,558,779
Net Income	2,018,334	2,916,791	5,786,031
Total Actual Return on Rate Base	7,564,244	7,475,570	10,344,810
Actual Return on Rate Base	5.85%	4.95%	6.85%
Required Return on Rate Base			
Rate Base	129,206,523	150,992,464	150,992,464
Return Rates			
Return on Debt (Weighted)	7.15%	5.03%	5.03%
Return on Equity	9.00%	9.58%	9.58%
Deemed Interest Expense	5,545,910	4,558,779	4,558,779
Return On Equity	4,651,435	5,786,031	5,786,031
Total Return	10,197,345	10,344,810	10,344,810
Expected Return on Rate Base	7.89%	6.85%	6.85%
Revenue Deficiency After Tax	2,633,100	2,869,240	0
Revenue Deficiency Before Tax	3,405,262	3,781,285	0
Tax Exhibit			2011
Deemed Utility Income			5,786,031
Tax Adjustments to Accounting Income			(2,603,005)
Taxable Income prior to adjusting revenue to PILs			3,183,026
Tax Rate			24.12%
Total PILs before gross up			767,745
Grossed up PILs			1,011,788

Appendix J
2011 Test Year Updated Revenue to Cost Ratios

Updated Revenue to Cost Ratios

Class	Dist Rev At Existing % (per Application)	Dist Dev At Existing Rates % (per Settlement)	Fixed Distribution Revenue (per Application)	Fixed Distribution Revenue (per Settlement)	Variable Distribution Revenue (per Application)	Variable Distribution Revenue (per Settlement)	Transformer Allowance (per Application)	Transformer Allowance (per Settlement)	Gross Dist Rev (per Application)	Gross Dist Rev (per Settlement)	LV & Wheeling Charges (per Application)	LV & Wheeling Charges (per Settlement)	Total (per Application)	Total (per Settlement)	Cost Ratios per Cost Allocation Model (per Application)	Cost Ratios per Cost Allocation (per Settlement)
	Residential	54.23%	54.39%	7,986,975	8,078,703	7,718,228	7,215,593	478	478	15,705,681	15,294,774	48,037	48,555	15,753,718	15,343,330	108.17%
GS < 50 kW	15.55%	15.57%	1,978,961	1,994,949	2,528,299	2,382,832	74,612	74,612	4,581,871	4,452,394	19,937	19,813	4,601,684	4,472,331	93.99%	93.78%
GS > 50 kW	26.90%	26.70%	1,496,027	1,301,934	6,298,370	6,206,923	597,538	597,538	8,391,936	8,106,395	87,079	87,854	8,479,789	8,193,474	91.82%	91.03%
Large Use	2.01%	2.03%	80,238	80,238	501,147	491,676			561,384	571,913	8,501	8,501	589,747	580,415	89.86%	90.76%
Street Lighting	0.83%	0.82%	52,506	52,506	207,203	181,512			259,710	234,018	744	744	260,457	234,762	60.60%	86.17%
Unmetered Scattered Load	0.49%	0.48%	100,499	100,499	31,341	31,179			131,840	131,678	186	186	132,027	131,861	118.00%	120.00%
Embedded Distributor	0.00%	0.00%	-	-	846	856			-	856	-	-	-	856	100.00%	100.00%
Total	100.00%	100.00%	11,695,206	11,608,830	17,285,434	16,510,571	672,628	672,628	29,653,268	28,792,029	165,000	165,000	29,818,268	28,957,029		

Appendix K

Summary of Updated Customer Impacts

Please note that due to the immaterial amount of Distribution Revenue (\$856) of the Embedded Distributor, customer impacts have not been presented. Please note that formula errors in the calculation of the Application impact percentages have been corrected in numbers below.

Summary of Updated Customer Impacts

Class	Typical kWh Usage	Typical kW Demand	Delivery Charge Impact % as per Application	Delivery Charge Impact % as per Settlement	Delivery Charge Impact % Change	Total Bill Impact % as per Application	Total Bill Impact % as per Settlement	Total Bill Impact % Change
Residential	800		18.46%	15.84%	-2.62%	5.02%	4.34%	-0.68%
GS < 50 kW	2,000		12.94%	13.24%	0.30%	2.64%	2.94%	0.30%
GS > 50 kW	100,000	250	12.65%	12.34%	-0.31%	1.29%	1.25%	-0.04%
Large Use	1,200,000	600	7.78%	14.59%	6.81%	0.36%	0.63%	0.27%
Street Lighting	50	0.14	29.58%	19.65%	-9.93%	6.69%	4.04%	-2.65%
Unmetered Scattered Load	250		17.40%	18.28%	0.88%	7.82%	8.13%	0.31%

2011 Test Year Rates

Class	Fixed Rates (per Application)	Fixed Rates (per Settlement)	Variable Rates (per Application)	Variable Rates (per Settlement)
Residential	\$ 14.56	\$ 14.56	\$ 0.0202	\$ 0.0183
GS < 50 kW	\$ 30.63	\$ 30.63	\$ 0.0148	\$ 0.0137
GS > 50 kW	\$ 187.01	\$ 162.75	\$ 4.4027	\$ 4.3033
Large Use	\$ 6,686.47	\$ 6,686.47	\$ 3.3726	\$ 3.1958
Street Lighting	\$ 0.33	\$ 0.33	\$ 9.6165	\$ 8.3128
Unmetered Scattered Load	\$ 15.31	\$ 15.31	\$ 0.0190	\$ 0.0189
Embedded Distributor	\$ -	\$ -	\$ 0.0118	\$ 0.0120
microFIT Generator	\$ 5.25	\$ 5.25	\$ -	\$ -

Appendix L

Updated LRAM/SSM Rate Riders

Change in LRAM/SSM Riders

Class	As per Application	As per Settlement Agreement	Change
Residential	\$ 0.0002	\$ 0.0002	\$ -
GS < 50 kW	\$ 0.0001	\$ 0.0001	\$ -
GS >50 kW	\$ 0.1402	\$ 0.1464	\$ 0.0062
Street Lighting	\$ 0.2330	\$ 0.2423	\$ 0.0093
Unmetered Scattered Load	\$ 0.0044	\$ 0.0047	\$ 0.0003

Appendix M

**Updated Deferral and Variance Accounts and Low Voltage Rate Rate Riders
 Commencing May 1, 2011**

Change in Deferral and Variance Account Riders - Variable Rates

Rate Class	Volmetric	Rate Rider GA as per Application	Rate Rider Deferral/Variance (no GA) as per Application	Rate Rider GA as per Settlement Agreement	Rate Rider Deferral/Variance (no GA) as per Settlement Agreement	Rate Rider GA Change	Rate Rider Deferral/Variance (no GA) Change
Residential	kWh	\$ 0.0001	\$ -	\$ 0.00014	\$ (0.00003)	\$ 0.00004	\$ (0.00003)
General Service Less Than 50 kW	kWh	\$ -	\$ -	\$ 0.00001	\$ (0.00003)	\$ 0.00001	\$ (0.00003)
General Service 50 to 4,999 kW	kW	\$ 0.0005	\$ (0.0458)	\$ 0.00062	\$ (0.06351)	\$ 0.00012	\$ (0.01771)
Large Use	kW	\$ 0.0005	\$ (0.0706)	\$ 0.00068	\$ (0.09863)	\$ 0.00018	\$ (0.02803)
Street Lighting	kW	\$ 0.0002	\$ 0.0408	\$ 0.00028	\$ 0.02111	\$ 0.00008	\$ (0.01969)
USL	kWh	\$ -	\$ 0.0006	\$ 0.00003	\$ 0.00065	\$ 0.00003	\$ 0.00005

Change in Deferral and Variance Account Riders - Fixed Rates

Rate Class	Monthly	Smart Meter Adder as per Application	Late Payment Penalty Rate Rider as per Application	Smart Meter Adder as per Settlement Agreement	Late Payment Penalty Rate Rider as per Settlement Agreement	Smart Meter Adder Change	Late Payment Penalty Rate Rider Change
Residential	Per Customer	\$ 1.00	\$ -	\$ 1.00	\$ 0.17	\$ -	\$ 0.17
General Service Less Than 50 kW	Per Customer	\$ 1.00	\$ -	\$ 1.00	\$ 0.41	\$ -	\$ 0.41
General Service 50 to 4,999 kW	Per Customer	\$ 1.00	\$ -	\$ 1.00	\$ 6.11	\$ -	\$ 6.11
Large Use	Per Customer	\$ 1.00	\$ -	\$ 1.00	\$ 230.36	\$ -	\$ 230.36
Street Lighting	Per Connection	\$ -	\$ -	\$ -	\$ 0.01	\$ -	\$ 0.01
USL	Per Connection	\$ -	\$ -	\$ -	\$ 0.13	\$ -	\$ 0.13

Change in Low Voltage Rate Riders

Class	As per Application	As per Settlement Agreement	Change
Residential	\$ 0.0001	\$ 0.0001	\$ -
GS < 50 kW	\$ 0.0001	\$ 0.0001	\$ -
GS >50 kW	\$ 0.0561	\$ 0.0551	\$ (0.0010)
Large Use	\$ 0.0563	\$ 0.0553	\$ (0.0010)
Street Lighting	\$ 0.0347	\$ 0.0341	\$ (0.0006)
Unmetered Scattered Load	\$ 0.0001	\$ 0.0001	\$ -
Embedded Distributor	\$ -	\$ -	\$ -

Appendix N

Capital Gain Rate Riders

Change in Capital Gain Rate Riders

Class	Volmetric	As per Application	As per Settlement Agreement	Change
Residential	kWh	\$ -	\$ (0.0007)	\$ (0.0007)
GS < 50 kW	kWh	\$ -	\$ (0.0004)	\$ (0.0004)
GS >50 kW	kW	\$ -	\$ (0.0842)	\$ (0.0842)
Large Use	kW	\$ -	\$ (0.0659)	\$ (0.0659)
Street Lighting	kW	\$ -	\$ (0.1904)	\$ (0.1904)
Unmetered Scattered Load	kWh	\$ -	\$ (0.0014)	\$ (0.0014)
Embedded Distributor	kW	\$ -	\$ (0.0002)	\$ (0.0002)

Attachment 1

Sheets O1 and O2

Cost Allocation Model

2011 Cost Allocation Study

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Wednesday, March 23, 2011

Sheet O1 Revenue to Cost Summary Worksheet - Second Run PUBLIC

Rate Base Assets	Total	1	2	3	6	7	9	10	
		Residential	GS <50	GS>50-Regular	Large Use >5MW	Street Light	Unmetered Scattered Load	Embedded Distributor	
Assets									
crev	Distribution Revenue (sale)	\$28,119,401	\$15,294,296	\$4,377,782	\$7,508,857	\$571,913	\$230,820	\$135,732	\$0
mi	Miscellaneous Revenue (mi)	\$1,000,957	\$586,839	\$170,295	\$227,060	\$9,915	\$3,870	\$2,951	\$26
	Total Revenue	\$29,120,358	\$15,881,136	\$4,548,077	\$7,735,917	\$581,829	\$234,690	\$138,684	\$26
	Expenses								
di	Distribution Costs (di)	\$5,020,748	\$2,423,057	\$833,065	\$1,547,713	\$139,847	\$55,732	\$21,236	\$97
cu	Customer Related Costs (cu)	\$2,491,156	\$1,636,724	\$412,602	\$435,756	\$2,110	\$329	\$3,568	\$67
ad	General and Administration (ad)	\$2,502,434	\$1,350,600	\$415,013	\$662,262	\$47,441	\$18,772	\$8,291	\$55
dep	Depreciation and Amortization (dep)	\$7,749,422	\$3,958,703	\$1,273,494	\$2,238,487	\$157,704	\$86,598	\$34,166	\$270
INPUT	PILs (INPUT)	\$1,011,788	\$478,700	\$170,674	\$321,973	\$26,189	\$10,213	\$4,003	\$35
INT	Interest	\$4,558,779	\$2,156,864	\$769,001	\$1,450,705	\$118,000	\$46,015	\$18,036	\$158
	Total Expenses	\$23,334,326	\$12,004,649	\$3,873,850	\$6,656,896	\$491,292	\$217,658	\$89,299	\$682
	Direct Allocation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
NI	Allocated Net Income (NI)	\$5,786,031	\$2,737,506	\$976,021	\$1,841,244	\$149,767	\$58,402	\$22,892	\$200
	Revenue Requirement (includes NI)	\$29,120,358	\$14,742,155	\$4,849,871	\$8,498,140	\$641,058	\$276,060	\$112,191	\$883
	Revenue Requirement Input equals Output								
	Rate Base Calculation								
	Net Assets								
dp	Distribution Plant - Gross	\$244,947,978	\$122,040,212	\$40,610,372	\$73,309,467	\$5,320,460	\$2,610,812	\$1,043,289	\$13,367
gp	General Plant - Gross	\$23,203,120	\$11,256,708	\$3,879,364	\$7,185,385	\$544,414	\$240,480	\$96,108	\$661
accum dep	Accumulated Depreciation	(\$109,274,357)	(\$56,219,822)	(\$17,926,900)	(\$31,294,979)	(\$2,137,155)	(\$1,204,675)	(\$481,325)	(\$9,500)
co	Capital Contribution	(\$26,859,909)	(\$14,539,381)	(\$4,303,119)	(\$7,244,319)	(\$326,185)	(\$312,340)	(\$134,565)	\$0
	Total Net Plant	\$132,016,833	\$62,537,718	\$22,259,716	\$41,955,554	\$3,401,532	\$1,334,278	\$523,507	\$4,528
	Directly Allocated Net Fixed Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
COP	Cost of Power (COP)	\$116,489,872	\$33,460,804	\$15,266,036	\$59,958,106	\$6,765,960	\$661,998	\$140,068	\$236,899
	OM&A Expenses	\$10,014,338	\$5,410,381	\$1,660,681	\$2,645,731	\$189,398	\$74,833	\$33,094	\$219
	Directly Allocated Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Subtotal	\$126,504,210	\$38,871,185	\$16,926,717	\$62,603,837	\$6,955,359	\$736,831	\$173,163	\$237,119
	Working Capital	\$18,975,631	\$5,830,678	\$2,539,008	\$9,390,576	\$1,043,304	\$110,525	\$25,974	\$35,568
	Total Rate Base	\$150,992,464	\$68,368,395	\$24,798,724	\$51,346,129	\$4,444,836	\$1,444,802	\$549,481	\$40,096
	Rate Base Input equals Output								
	Equity Component of Rate Base	\$60,396,986	\$27,347,358	\$9,919,490	\$20,538,452	\$1,777,934	\$577,921	\$219,793	\$16,038
	Net Income on Allocated Assets	\$5,786,031	\$3,876,487	\$674,226	\$1,079,021	\$90,537	\$17,032	\$49,384	(\$656)
	Net Income on Direct Allocation Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Net Income	\$5,786,031	\$3,876,487	\$674,226	\$1,079,021	\$90,537	\$17,032	\$49,384	(\$656)
	RATIOS ANALYSIS								
	REVENUE TO EXPENSES %	100.00%	107.73%	93.78%	91.03%	90.76%	85.01%	123.61%	2.99%
	EXISTING REVENUE MINUS ALLOCATED COSTS	\$0	\$1,138,981	(\$301,794)	(\$762,223)	(\$59,230)	(\$41,370)	\$26,493	(\$856)
	RETURN ON EQUITY COMPONENT OF RATE BASE	9.58%	14.17%	6.80%	5.25%	5.09%	2.95%	22.47%	-4.09%

2011 Cost Allocation Study

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Wednesday, March 23, 2011

Sheet O2 Monthly Fixed Charge Min. & Max. Worksheet - Second Run PUBLIC

Summary

	1	2	3	6	7	9	10
	Residential	GS <50	GS>50-Regular	Large Use >5MW	Street Light	Unmetered Scattered Load	Embedded Distributor
Customer Unit Cost per month - Avoided Cost	\$3.19	\$6.85	\$60.70	\$313.44	\$0.01	\$0.40	\$0.00
Customer Unit Cost per month - Directly Related	\$4.14	\$8.89	\$77.67	\$379.38	\$0.02	\$0.57	\$0.00
Customer Unit Cost per month - Minimum System with PLCC Adjustment	\$15.16	\$21.79	\$114.22	\$462.83	\$10.01	\$11.58	\$0.00
Fixed Charge per approved 2010 Rates	\$14.56	\$30.63	\$187.01	\$6,686.47	\$0.33	\$15.31	\$0.00

Information to be Used to Allocate PILs, ROE, ROE and A&G

	Total	1	2	3	6	7	9	10
	Total	Residential	GS <50	GS>50-Regular	Large Use >5MW	Street Light	Unmetered Scattered Load	Embedded Distributor
General Plant - Gross Assets	\$23,203,120	\$11,256,708	\$3,879,364	\$7,185,385	\$544,414	\$240,480	\$96,108	\$661
General Plant - Accumulated Depreciation	(\$16,753,814)	(\$8,127,907)	(\$2,801,095)	(\$5,188,208)	(\$393,094)	(\$173,638)	(\$69,395)	(\$477)
General Plant - Net Fixed Assets	\$6,449,306	\$3,128,801	\$1,078,269	\$1,997,177	\$151,320	\$66,841	\$26,713	\$184
General Plant - Depreciation	\$737,932	\$357,999	\$123,376	\$228,518	\$17,314	\$7,648	\$3,057	\$21
Total Net Fixed Assets Excluding General Plant	\$125,567,527	\$59,408,916	\$21,181,447	\$39,958,376	\$3,250,213	\$1,267,436	\$496,794	\$4,344
Total Administration and General Expense	\$2,502,434	\$1,350,600	\$415,013	\$662,262	\$47,441	\$18,772	\$8,291	\$55
Total O&M	\$7,511,904	\$4,059,781	\$1,245,668	\$1,983,469	\$141,957	\$56,061	\$24,804	\$164

Scenario 1

Accounts included in Avoided Costs Plus General Administration Allocation

USoA Account #	Accounts	Total	1	2	3	6	7	9	10	
		Total	Residential	GS <50	GS>50-Regular	Large Use >5MW	Street Light	Unmetered Scattered Load	Embedded Distributor	
Distribution Plant										
1860	Meters	\$9,537,349	\$5,597,897	\$1,543,973	\$2,366,263	\$29,217	\$0	\$0	\$0	CWMC
Accumulated Amortization										
	Accum. Amortization of Electric Utility Plant - Meters only	(\$5,911,464)	(\$3,469,702)	(\$956,989)	(\$1,466,663)	(\$18,109)	\$0	\$0	\$0	
	Meter Net Fixed Assets	\$3,625,885	\$2,128,194	\$586,984	\$899,600	\$11,108	\$0	\$0	\$0	
Misc Revenue										
4082	Retail Services Revenues	(\$26,000)	(\$17,917)	(\$4,360)	(\$3,655)	(\$12)	(\$5)	(\$51)	(\$1)	CWNB
4084	Service Transaction Requests (STR) Revenues	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	CWNB
4090	Electric Services Incidental to Energy Sales	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	CWNB
4220	Other Electric Revenues	(\$9,000)	(\$4,258)	(\$1,518)	(\$2,864)	(\$233)	(\$91)	(\$36)	(\$0)	NFA
4225	Late Payment Charges	(\$180,000)	(\$102,165)	(\$32,257)	(\$44,980)	\$0	(\$1)	(\$597)	\$0	LPHA
	Sub-total	(\$215,000)	(\$124,340)	(\$38,135)	(\$51,499)	(\$245)	(\$97)	(\$683)	(\$1)	
Operation										
5065	Meter Expense	\$405,255	\$237,862	\$65,606	\$100,546	\$1,241	\$0	\$0	\$0	CWMC
5070	Customer Premises - Operation Labour	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	CCA
5075	Customer Premises - Materials and Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	CCA
	Sub-total	\$405,255	\$237,862	\$65,606	\$100,546	\$1,241	\$0	\$0	\$0	
Maintenance										
5175	Maintenance of Meters	\$10,711	\$6,287	\$1,734	\$2,658	\$33	\$0	\$0	\$0	1860
Billing and Collection										
5310	Meter Reading Expense	\$146,568	\$83,713	\$25,985	\$36,846	\$12	\$0	\$0	\$12	CWMB
5315	Customer Billing	\$1,207,472	\$832,100	\$202,475	\$169,744	\$544	\$217	\$2,356	\$36	CWNB
5320	Collecting	\$581,187	\$400,511	\$97,456	\$81,702	\$262	\$105	\$1,134	\$17	CWNB
5325	Collecting- Cash Over and Short	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	CWNB
5330	Collection Charges	(\$77,500)	(\$53,407)	(\$12,996)	(\$10,895)	(\$35)	(\$14)	(\$151)	(\$2)	CWNB
	Sub-total	\$1,857,727	\$1,262,916	\$312,921	\$277,397	\$783	\$308	\$3,339	\$63	
	Total Operation, Maintenance and Billing	\$2,273,694	\$1,507,066	\$380,260	\$380,600	\$2,057	\$308	\$3,339	\$63	
	Amortization Expense - Meters	\$322,936	\$189,545	\$52,279	\$80,122	\$989	\$0	\$0	\$0	
	Allocated PILs	\$27,780	\$16,290	\$4,501	\$6,904	\$86	\$0	\$0	\$0	
	Allocated Debt Return	\$125,169	\$73,399	\$20,278	\$31,106	\$385	\$0	\$0	\$0	
	Allocated Equity Return	\$158,865	\$93,159	\$25,737	\$39,479	\$489	\$0	\$0	\$0	
	Total	\$2,693,443	\$1,755,119	\$444,921	\$486,713	\$3,761	\$211	\$2,656	\$62	

Scenario 2

Accounts included in Directly Related Customer Costs Plus General Administration Allocation

USoA Account #	Accounts	Total	1	2	3	6	7	9	10	
		Total	Residential	GS <50	GS>50-Regular	Large Use >5MW	Street Light	Unmetered Scattered Load	Embedded Distributor	
Distribution Plant										
1860	Meters	\$9,537,349	\$5,597,897	\$1,543,973	\$2,366,263	\$29,217	\$0	\$0	\$0	CWMC
Accumulated Amortization										
	Accum. Amortization of Electric Utility Plant - Meters only	(\$5,911,464)	(\$3,469,702)	(\$956,989)	(\$1,466,663)	(\$18,109)	\$0	\$0	\$0	
	Meter Net Fixed Assets	\$3,625,885	\$2,128,194	\$586,984	\$899,600	\$11,108	\$0	\$0	\$0	
	Allocated General Plant Net Fixed Assets	\$187,444	\$112,082	\$29,881	\$44,963	\$517	\$0	\$0	\$0	
	Meter Net Fixed Assets Including General Plant	\$3,813,329	\$2,240,277	\$616,865	\$944,563	\$11,625	\$0	\$0	\$0	
Misc Revenue										
4082	Retail Services Revenues	(\$26,000)	(\$17,917)	(\$4,360)	(\$3,655)	(\$12)	(\$5)	(\$51)	(\$1)	CWNB
4084	Service Transaction Requests (STR) Revenues	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	CWNB
4090	Electric Services Incidental to Energy Sales	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	CWNB
4220	Other Electric Revenues	(\$9,000)	(\$4,258)	(\$1,518)	(\$2,864)	(\$233)	(\$91)	(\$36)	(\$0)	NFA
4225	Late Payment Charges	(\$180,000)	(\$102,165)	(\$32,257)	(\$44,980)	\$0	(\$1)	(\$597)	\$0	LPHA

Sub-total		(\$215,000)	(\$124,340)	(\$38,135)	(\$51,499)	(\$245)	(\$97)	(\$683)	(\$1)	
Operation										
5065	Meter Expense	\$405,255	\$237,862	\$65,606	\$100,546	\$1,241	\$0	\$0	\$0	CWMC
5070	Customer Premises - Operation Labour	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	CCA
5075	Customer Premises - Materials and Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	CCA
Sub-total		\$405,255	\$237,862	\$65,606	\$100,546	\$1,241	\$0	\$0	\$0	
Maintenance										
5175	Maintenance of Meters	\$10,711	\$6,287	\$1,734	\$2,658	\$33	\$0	\$0	\$0	1860
Billing and Collection										
5310	Meter Reading Expense	\$146,568	\$83,713	\$25,985	\$36,846	\$12	\$0	\$0	\$12	CWMR
5315	Customer Billing	\$1,207,472	\$832,100	\$202,475	\$169,744	\$544	\$217	\$2,356	\$36	CWNB
5320	Collecting	\$581,187	\$400,511	\$97,456	\$81,702	\$262	\$105	\$1,134	\$17	CWNB
5325	Collecting- Cash Over and Short	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	CWNB
5330	Collection Charges	(\$77,500)	(\$53,407)	(\$12,996)	(\$10,895)	(\$35)	(\$14)	(\$151)	(\$2)	CWNB
Sub-total		\$1,857,727	\$1,262,916	\$312,921	\$277,397	\$783	\$308	\$3,339	\$63	
Total Operation, Maintenance and Billing		\$2,273,694	\$1,507,066	\$380,260	\$380,600	\$2,057	\$308	\$3,339	\$63	
Amortization Expense - Meters		\$322,936	\$189,545	\$52,279	\$80,122	\$989	\$0	\$0	\$0	
Amortization Expense - General Plant assigned to Meters		\$21,447	\$12,825	\$3,419	\$5,145	\$59	\$0	\$0	\$0	
Admin and General		\$757,064	\$501,368	\$126,690	\$127,079	\$687	\$103	\$1,116	\$21	
Allocated PILs		\$29,216	\$17,148	\$4,730	\$7,249	\$90	\$0	\$0	\$0	
Allocated Debt Return		\$131,639	\$77,265	\$21,311	\$32,660	\$403	\$0	\$0	\$0	
Allocated Equity Return		\$167,077	\$98,065	\$27,048	\$41,453	\$512	\$0	\$0	\$0	
Total		\$3,488,074	\$2,278,941	\$577,601	\$622,809	\$4,553	\$314	\$3,772	\$84	

Scenario 3

Minimum System Customer Costs Adjusted for PLCC - High Limit Fixed Customer Charge

USoA Account #	Accounts	Total	1 Residential	2 GS <50	3 GS>50-Regular	6 Large Use >5MW	7 Street Light	9 Unmetered Scattered Load	10 Embedded Distributor	
Distribution Plant										
1565	Conservation and Demand Management Expenditures and Recoveries	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	CDMP
1830	Poles, Towers and Fixtures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	#N/A BCP
1830-3	Poles, Towers and Fixtures - Subtransmission Bulk Delivery	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
1830-4	Poles, Towers and Fixtures - Primary	\$17,424,810	\$14,837,851	\$1,749,097	\$215,944	\$323	\$443,394	\$178,201	\$0	PNCP
1830-5	Poles, Towers and Fixtures - Secondary	\$1,484,198	\$1,307,321	\$141,736	\$18,474	\$0	\$0	\$16,667	\$0	SNCP
1835	Overhead Conductors and Devices	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	#N/A BCP
1835-3	Overhead Conductors and Devices - Subtransmission Bulk Delivery	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
1835-4	Overhead Conductors and Devices - Primary	\$8,259,497	\$7,033,258	\$829,086	\$102,359	\$153	\$210,172	\$84,469	\$0	PNCP
1835-5	Overhead Conductors and Devices - Secondary	\$769,025	\$677,378	\$73,439	\$9,572	\$0	\$0	\$8,636	\$0	SNCP
1840	Underground Conduit	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	#N/A BCP
1840-3	Underground Conduit - Bulk Delivery	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
1840-4	Underground Conduit - Primary	\$2,359,269	\$2,009,002	\$236,823	\$29,238	\$44	\$60,034	\$24,128	\$0	PNCP
1840-5	Underground Conduit - Secondary	\$3,344,517	\$2,945,940	\$319,390	\$41,629	\$0	\$0	\$37,557	\$0	SNCP
1845	Underground Conductors and Devices	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	#N/A BCP
1845-3	Underground Conductors and Devices - Bulk Delivery	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
1845-4	Underground Conductors and Devices - Primary	\$5,890,333	\$5,015,830	\$591,270	\$72,998	\$109	\$149,886	\$60,240	\$0	PNCP SNCP
1845-5	Underground Conductors and Devices - Secondary	\$6,920,360	\$6,095,638	\$660,872	\$86,138	\$0	\$0	\$77,712	\$0	
1850	Line Transformers	\$17,522,454	\$15,027,146	\$1,682,551	\$175,109	\$0	\$454,846	\$182,803	\$0	LTNCP
1855	Services	\$20,876,991	\$14,884,331	\$3,227,434	\$2,103,323	\$0	\$472,147	\$189,757	\$0	CWCS
1860	Meters	\$9,537,349	\$5,597,897	\$1,543,973	\$2,366,263	\$29,217	\$0	\$0	\$0	CWMC
Sub-total		\$94,388,804	\$75,431,592	\$11,055,671	\$5,221,048	\$29,846	\$1,790,479	\$860,169	\$0	
Accumulated Amortization										
Accum. Amortization of Electric Utility Plant - Line Transformers, Services and Meters										
		(\$52,803,031)	(\$42,104,592)	(\$6,205,582)	(\$3,042,573)	(\$18,431)	(\$955,107)	(\$476,746)	\$0	
Customer Related Net Fixed Assets		\$41,585,773	\$33,327,000	\$4,850,089	\$2,178,475	\$11,415	\$835,371	\$383,423	\$0	
Allocated General Plant Net Fixed Assets		\$2,176,171	\$1,755,184	\$246,900	\$108,883	\$531	\$44,055	\$20,617	\$0	
Customer Related NFA Including General Plant		\$43,761,944	\$35,082,183	\$5,096,989	\$2,287,359	\$11,946	\$879,426	\$404,040	\$0	
Misc Revenue										
4082	Retail Services Revenues	(\$26,000)	(\$17,917)	(\$4,360)	(\$3,655)	(\$12)	(\$5)	(\$51)	(\$1)	CWNB
4084	Service Transaction Requests (STR) Revenues	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	CWNB
4090	Electric Services Incidental to Energy Sales	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	CWNB
4220	Other Electric Revenues	(\$9,000)	(\$4,258)	(\$1,518)	(\$2,864)	(\$233)	(\$91)	(\$36)	(\$0)	NFA
4225	Late Payment Charges	(\$180,000)	(\$102,165)	(\$32,257)	(\$44,980)	\$0	(\$1)	(\$597)	\$0	LPFA
4235	Miscellaneous Service Revenues	(\$419,646)	(\$289,189)	(\$70,368)	(\$58,993)	(\$189)	(\$76)	(\$819)	(\$13)	CWNB
Sub-total		(\$634,646)	(\$413,529)	(\$108,503)	(\$110,491)	(\$434)	(\$173)	(\$1,502)	(\$14)	
Operating and Maintenance										
5005	Operation Supervision and Engineering	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	1815-1855
5010	Load Dispatching	\$500,982	\$410,245	\$56,222	\$18,658	\$222	\$10,512	\$5,044	\$78	1815-1855
5020	Overhead Distribution Lines and Feeders - Operation Labour	\$229,837	\$196,257	\$22,980	\$2,849	\$4	\$5,377	\$2,369	\$0	1830 & 1835
5025	Overhead Distribution Lines & Feeders - Operation Supplies and Expenses	\$156,954	\$134,023	\$15,693	\$1,946	\$3	\$3,672	\$1,618	\$0	1830 & 1835
5035	Overhead Distribution Transformers- Operation	\$2,006	\$1,720	\$193	\$20	\$0	\$52	\$21	\$0	1850
5040	Underground Distribution Lines and Feeders - Operation Labour	\$26,037	\$22,594	\$2,543	\$323	\$0	\$295	\$281	\$0	1840 & 1845
5045	Underground Distribution Lines & Feeders - Operation Supplies & Expenses	\$10,002	\$8,679	\$977	\$124	\$0	\$113	\$108	\$0	1840 & 1845
5055	Underground Distribution Transformers - Operation	\$4,318	\$3,703	\$415	\$43	\$0	\$112	\$45	\$0	1850
5065	Meter Expense	\$405,255	\$237,862	\$65,606	\$100,546	\$1,241	\$0	\$0	\$0	CWMC
5070	Customer Premises - Operation Labour	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	CCA
5075	Customer Premises - Materials and Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	CCA
5085	Miscellaneous Distribution Expense	\$122,693	\$100,471	\$13,769	\$4,569	\$54	\$2,574	\$1,235	\$19	1815-1855
5090	Underground Distribution Lines and Feeders - Rental Paid	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	1840 & 1845
5095	Overhead Distribution Lines and Feeders - Rental Paid	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	1830 & 1835
5096	Other Rent	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	O&M
5105	Maintenance Supervision and Engineering	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	1815-1855
5120	Maintenance of Poles, Towers and Fixtures	\$90,394	\$77,182	\$9,039	\$1,121	\$2	\$2,120	\$932	\$0	1830
5125	Maintenance of Overhead Conductors and Devices	\$129,193	\$110,335	\$12,915	\$1,602	\$2	\$3,007	\$1,332	\$0	1835
5130	Maintenance of Overhead Services	\$35,204	\$25,099	\$5,442	\$3,547	\$0	\$796	\$320	\$0	1855
5135	Overhead Distribution Lines and Feeders - Right of Way	\$178,286	\$152,238	\$17,826	\$2,210	\$3	\$4,171	\$1,838	\$0	1830 & 1835
5145	Maintenance of Underground Conduit	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	1840
5150	Maintenance of Underground Conductors and Devices	\$5,605	\$4,861	\$548	\$70	\$0	\$66	\$60	\$0	1845

5155	Maintenance of Underground Services	\$174,972	\$124,747	\$27,049	\$17,628	\$0	\$3,957	\$1,590	\$0	1855
5160	Maintenance of Line Transformers	\$64,158	\$55,021	\$6,161	\$641	\$0	\$1,665	\$669	\$0	1850
5175	Maintenance of Meters	\$10,711	\$6,287	\$1,734	\$2,658	\$33	\$0	\$0	\$0	1860
Sub-total		\$2,146,608	\$1,671,326	\$259,112	\$158,555	\$1,564	\$38,490	\$17,463	\$97	
Billing and Collection										
5305	Supervision	\$117,462	\$80,946	\$19,697	\$16,513	\$53	\$21	\$229	\$4	CWNB
5310	Meter Reading Expense	\$146,568	\$83,713	\$25,985	\$36,846	\$12	\$0	\$0	\$12	CWMR
5315	Customer Billing	\$1,207,472	\$832,100	\$202,475	\$169,744	\$544	\$217	\$2,356	\$36	CWNB
5320	Collecting	\$581,187	\$400,511	\$97,456	\$81,702	\$262	\$105	\$1,134	\$17	CWNB
5325	Collecting- Cash Over and Short	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	CWNB
5330	Collection Charges	(\$77,500)	(\$53,407)	(\$12,996)	(\$10,895)	(\$35)	(\$14)	(\$151)	(\$2)	CWNB
5335	Bad Debt Expense	\$100,000	\$48,712	\$12,646	\$38,643	\$0	\$0	\$0	\$0	BDHA
5340	Miscellaneous Customer Accounts Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	CWNB
Sub-total		\$2,075,189	\$1,392,574	\$345,263	\$332,552	\$835	\$329	\$3,568	\$67	
Sub Total Operating, Maintenance and Billing		\$4,221,796	\$3,063,900	\$604,375	\$491,107	\$2,399	\$38,819	\$21,031	\$164	
Amortization Expense - Customer Related		\$2,952,116	\$2,347,671	\$346,558	\$172,953	\$1,703	\$56,462	\$26,519	\$249	
Amortization Expense - General Plant assigned to Meters		\$248,998	\$200,829	\$28,250	\$12,458	\$61	\$5,041	\$2,359	\$0	
Admin and General		\$1,405,510	\$1,019,292	\$201,357	\$163,976	\$802	\$12,998	\$7,030	\$55	
Allocated PILs		\$335,087	\$268,540	\$39,081	\$17,554	\$92	\$6,731	\$3,090	\$0	
Allocated Debt Return		\$1,509,788	\$1,209,950	\$176,084	\$79,090	\$414	\$30,328	\$13,920	\$0	
Allocated Equity Return		\$1,916,233	\$1,535,676	\$223,487	\$100,382	\$526	\$38,493	\$17,668	\$0	
PLCC Adjustment for Line Transformer		\$247,965	\$212,674	\$23,789	\$2,475	\$0	\$6,438	\$2,589	\$0	
PLCC Adjustment for Primary Costs		\$517,487	\$440,761	\$52,072	\$6,414	\$10	\$12,944	\$5,286	\$0	
PLCC Adjustment for Secondary Costs		\$261,216	\$229,024	\$19,804	\$2,261	\$0	\$4,523	\$5,605	\$0	
Total		\$10,928,214	\$8,349,870	\$1,415,024	\$915,880	\$5,554	\$164,796	\$76,634	\$455	

Below: Grouping to avoid disclosure

Scenario 1

Accounts included in Avoided Costs Plus General Administration Allocation

Accounts	Total	Residential	GS <50	GS>50-Regular	Large Use >5MW	Street Light	Unmetered Scattered Load	Embedded Distributor
Distribution Plant								
CWMC	\$ 9,537,349	\$ 5,597,897	\$ 1,543,973	\$ 2,366,263	\$ 29,217	\$ -	\$ -	\$ -
Accumulated Amortization								
Accum. Amortization of Electric Utility Plant - Meters only	\$ (5,911,464)	\$ (3,469,702)	\$ (956,989)	\$ (1,466,663)	\$ (18,109)	\$ -	\$ -	\$ -
Meter Net Fixed Assets	\$ 3,625,885	\$ 2,128,194	\$ 586,984	\$ 899,600	\$ 11,108	\$ -	\$ -	\$ -
Misc Revenue								
CWNB	\$ (26,000)	\$ (17,917)	\$ (4,360)	\$ (3,655)	\$ (12)	\$ (5)	\$ (51)	\$ (1)
NFA	\$ (9,000)	\$ (4,258)	\$ (1,518)	\$ (2,864)	\$ (233)	\$ (91)	\$ (36)	\$ (0)
LPHA	\$ (180,000)	\$ (102,165)	\$ (32,257)	\$ (44,980)	\$ -	\$ (1)	\$ (597)	\$ -
Sub-total	\$ (215,000)	\$ (124,340)	\$ (38,135)	\$ (51,499)	\$ (245)	\$ (97)	\$ (683)	\$ (1)
Operation								
CWMC	\$ 405,255	\$ 237,862	\$ 65,606	\$ 100,546	\$ 1,241	\$ -	\$ -	\$ -
CCA	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sub-total	\$ 405,255	\$ 237,862	\$ 65,606	\$ 100,546	\$ 1,241	\$ -	\$ -	\$ -
Maintenance								
1860	\$ 10,711	\$ 6,287	\$ 1,734	\$ 2,658	\$ 33	\$ -	\$ -	\$ -
Billing and Collection								
CWMR	\$ 146,568	\$ 83,713	\$ 25,985	\$ 36,846	\$ 12	\$ -	\$ -	\$ 12
CWNB	\$ 1,711,159	\$ 1,179,204	\$ 286,935	\$ 240,551	\$ 771	\$ 308	\$ 3,339	\$ 51
Sub-total	\$ 1,857,727	\$ 1,262,916	\$ 312,921	\$ 277,397	\$ 783	\$ 308	\$ 3,339	\$ 63
Total Operation, Maintenance and Billing	\$ 2,273,694	\$ 1,507,066	\$ 380,260	\$ 380,600	\$ 2,057	\$ 308	\$ 3,339	\$ 63
Amortization Expense - Meters								
Allocated PILs	\$ 322,936	\$ 189,545	\$ 52,279	\$ 80,122	\$ 989	\$ -	\$ -	\$ -
Allocated Debt Return	\$ 27,780	\$ 16,290	\$ 4,501	\$ 6,904	\$ 86	\$ -	\$ -	\$ -
Allocated Equity Return	\$ 125,169	\$ 73,399	\$ 20,278	\$ 31,106	\$ 385	\$ -	\$ -	\$ -
Allocated Equity Return	\$ 158,865	\$ 93,159	\$ 25,737	\$ 39,479	\$ 489	\$ -	\$ -	\$ -
Total	\$ 2,693,443	\$ 1,755,119	\$ 444,921	\$ 486,713	\$ 3,761	\$ 211	\$ 2,656	\$ 62

Scenario 2

Accounts included in Directly Related Customer Costs Plus General Administration Allocation

Accounts	Total	Residential	GS <50	GS>50-Regular	Large Use >5MW	Street Light	Unmetered Scattered Load	Embedded Distributor
Distribution Plant								
CWMC	\$ 9,537,349	\$ 5,597,897	\$ 1,543,973	\$ 2,366,263	\$ 29,217	\$ -	\$ -	\$ -
Accumulated Amortization								
Accum. Amortization of Electric Utility Plant - Meters only	\$ (5,911,464)	\$ (3,469,702)	\$ (956,989)	\$ (1,466,663)	\$ (18,109)	\$ -	\$ -	\$ -
Meter Net Fixed Assets	\$ 3,625,885	\$ 2,128,194	\$ 586,984	\$ 899,600	\$ 11,108	\$ -	\$ -	\$ -
Allocated General Plant Net Fixed Assets	\$ 187,444	\$ 112,082	\$ 29,881	\$ 44,963	\$ 517	\$ -	\$ -	\$ -
Meter Net Fixed Assets Including General Plant	\$ 3,813,329	\$ 2,240,277	\$ 616,865	\$ 944,563	\$ 11,625	\$ -	\$ -	\$ -
Misc Revenue								
CWNB	\$ (26,000)	\$ (17,917)	\$ (4,360)	\$ (3,655)	\$ (12)	\$ (5)	\$ (51)	\$ (1)
NFA	\$ (9,000)	\$ (4,258)	\$ (1,518)	\$ (2,864)	\$ (233)	\$ (91)	\$ (36)	\$ (0)
LPHA	\$ (180,000)	\$ (102,165)	\$ (32,257)	\$ (44,980)	\$ -	\$ (1)	\$ (597)	\$ -
Sub-total	\$ (215,000)	\$ (124,340)	\$ (38,135)	\$ (51,499)	\$ (245)	\$ (97)	\$ (683)	\$ (1)
Operation								
CWMC	\$ 405,255	\$ 237,862	\$ 65,606	\$ 100,546	\$ 1,241	\$ -	\$ -	\$ -
CCA	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sub-total	\$ 405,255	\$ 237,862	\$ 65,606	\$ 100,546	\$ 1,241	\$ -	\$ -	\$ -
Maintenance								
1860	\$ 10,711	\$ 6,287	\$ 1,734	\$ 2,658	\$ 33	\$ -	\$ -	\$ -
Billing and Collection								
CWMR	\$ 146,568	\$ 83,713	\$ 25,985	\$ 36,846	\$ 12	\$ -	\$ -	\$ 12
CWNB	\$ 1,711,159	\$ 1,179,204	\$ 286,935	\$ 240,551	\$ 771	\$ 308	\$ 3,339	\$ 51
Sub-total	\$ 1,857,727	\$ 1,262,916	\$ 312,921	\$ 277,397	\$ 783	\$ 308	\$ 3,339	\$ 63

Total Operation, Maintenance and Billing	\$ 2,273,694	\$ 1,507,066	\$ 380,260	\$ 380,600	\$ 2,057	\$ 308	\$ 3,339	\$ 63
Amortization Expense - Meters	\$ 322,936	\$ 189,545	\$ 52,279	\$ 80,122	\$ 989	\$ -	\$ -	\$ -
Amortization Expense - General Plant assigned to Meters	\$ 21,447	\$ 12,825	\$ 3,419	\$ 5,145	\$ 59	\$ -	\$ -	\$ -
Admin and General	\$ 757,064	\$ 501,368	\$ 126,690	\$ 127,079	\$ 687	\$ 103	\$ 1,116	\$ 21
Allocated PILs	\$ 29,216	\$ 17,148	\$ 4,730	\$ 7,249	\$ 90	\$ -	\$ -	\$ -
Allocated Debt Return	\$ 131,639	\$ 77,265	\$ 21,311	\$ 32,660	\$ 403	\$ -	\$ -	\$ -
Allocated Equity Return	\$ 167,077	\$ 98,065	\$ 27,048	\$ 41,453	\$ 512	\$ -	\$ -	\$ -
Total	\$ 3,488,074	\$ 2,278,941	\$ 577,601	\$ 622,809	\$ 4,553	\$ 314	\$ 3,772	\$ 84

Scenario 3

Minimum System Customer Costs Adjusted for PLCC - High Limit Fixed Customer Charge

USoA Account #	Accounts	Total	Residential	GS <50	GS>50-Regular	Large Use >5MW	Street Light	Unmetered Scattered Load	Embedded Distributor
Distribution Plant									
	CDMPP	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Poles, Towers and Fixtures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	BCP	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	PNCP	\$ 33,933,909	\$ 28,895,942	\$ 3,406,276	\$ 420,540	\$ 629	\$ 863,486	\$ 347,037	\$ -
	SNCP	\$ 12,518,100	\$ 11,026,277	\$ 1,195,438	\$ 155,814	\$ -	\$ -	\$ 140,571	\$ -
	Overhead Conductors and Devices	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	LTNCP	\$ 17,522,454	\$ 15,027,146	\$ 1,682,551	\$ 175,109	\$ -	\$ 454,846	\$ 182,803	\$ -
	CWCS	\$ 20,876,991	\$ 14,884,331	\$ 3,227,434	\$ 2,103,323	\$ -	\$ 472,147	\$ 189,757	\$ -
	CWMC	\$ 9,537,349	\$ 5,597,897	\$ 1,543,973	\$ 2,366,263	\$ 29,217	\$ -	\$ -	\$ -
	Sub-total	\$ 94,388,804	\$ 75,431,592	\$ 11,055,671	\$ 5,221,048	\$ 29,846	\$ 1,790,479	\$ 860,169	\$ -
Accumulated Amortization									
	Accum. Amortization of Electric Utility Plant -Line Transformers, Services and Meters	\$ (52,803,031)	\$ (42,104,592)	\$ (6,205,582)	\$ (3,042,573)	\$ (18,431)	\$ (955,107)	\$ (476,746)	\$ -
	Customer Related Net Fixed Assets	\$ 41,585,773	\$ 33,327,000	\$ 4,850,089	\$ 2,178,475	\$ 11,415	\$ 835,371	\$ 383,423	\$ -
	Allocated General Plant Net Fixed Assets	\$ 2,176,171	\$ 1,755,184	\$ 246,900	\$ 108,883	\$ 531	\$ 44,055	\$ 20,617	\$ -
	Customer Related NFA Including General Plant	\$ 43,761,944	\$ 35,082,183	\$ 5,096,989	\$ 2,287,359	\$ 11,946	\$ 879,426	\$ 404,040	\$ -
Misc Revenue									
	CWNB	\$ (445,646)	\$ (307,106)	\$ (74,728)	\$ (62,648)	\$ (201)	\$ (80)	\$ (870)	\$ (13)
	NFA	\$ (9,000)	\$ (4,258)	\$ (1,518)	\$ (2,864)	\$ (233)	\$ (91)	\$ (36)	\$ (0)
	LPHA	\$ (180,000)	\$ (102,165)	\$ (32,257)	\$ (44,980)	\$ -	\$ (1)	\$ (597)	\$ -
	Sub-total	\$ (634,646)	\$ (413,529)	\$ (108,503)	\$ (110,491)	\$ (434)	\$ (173)	\$ (1,502)	\$ (14)
Operating and Maintenance									
	1815-1855	\$ 623,675	\$ 510,717	\$ 69,992	\$ 23,227	\$ 276	\$ 13,087	\$ 6,280	\$ 97
	1830 & 1835	\$ 565,077	\$ 482,518	\$ 56,500	\$ 7,005	\$ 10	\$ 13,219	\$ 5,825	\$ -
	1850	\$ 70,482	\$ 60,445	\$ 6,768	\$ 704	\$ -	\$ 1,830	\$ 735	\$ -
	1840 & 1845	\$ 36,039	\$ 31,273	\$ 3,520	\$ 448	\$ 0	\$ 409	\$ 389	\$ -
	CWMC	\$ 405,255	\$ 237,862	\$ 65,606	\$ 100,546	\$ 1,241	\$ -	\$ -	\$ -
	CCA	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	O&M	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	1830	\$ 90,394	\$ 77,182	\$ 9,039	\$ 1,121	\$ 2	\$ 2,120	\$ 932	\$ -
	1835	\$ 129,193	\$ 110,335	\$ 12,915	\$ 1,602	\$ 2	\$ 3,007	\$ 1,332	\$ -
	1855	\$ 210,176	\$ 149,846	\$ 32,492	\$ 21,175	\$ -	\$ 4,753	\$ 1,910	\$ -
	1840	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	1845	\$ 5,605	\$ 4,861	\$ 548	\$ 70	\$ 0	\$ 66	\$ 60	\$ -
	1860	\$ 10,711	\$ 6,287	\$ 1,734	\$ 2,658	\$ 33	\$ -	\$ -	\$ -
	Sub-total	\$ 2,146,608	\$ 1,671,326	\$ 259,112	\$ 158,555	\$ 1,564	\$ 38,490	\$ 17,463	\$ 97
Billing and Collection									
	CWNB	\$ 1,828,621	\$ 1,260,150	\$ 306,632	\$ 257,064	\$ 823	\$ 329	\$ 3,568	\$ 55
	CWMR	\$ 146,568	\$ 83,713	\$ 25,985	\$ 36,846	\$ 12	\$ -	\$ -	\$ 12
	BDHA	\$ 100,000	\$ 48,712	\$ 12,646	\$ 38,643	\$ -	\$ -	\$ -	\$ -
	Sub-total	\$ 2,075,189	\$ 1,392,574	\$ 345,263	\$ 332,552	\$ 835	\$ 329	\$ 3,568	\$ 67
	Sub Total Operating, Maintenance and Billing	\$ 4,221,796	\$ 3,063,900	\$ 604,375	\$ 491,107	\$ 2,399	\$ 38,819	\$ 21,031	\$ 164
	Amortization Expense - Customer Related	\$ 2,952,116	\$ 2,347,671	\$ 346,558	\$ 172,953	\$ 1,703	\$ 56,462	\$ 26,519	\$ 249
	Amortization Expense - General Plant assigned to Meters	\$ 248,998	\$ 200,829	\$ 28,250	\$ 12,458	\$ 61	\$ 5,041	\$ 2,359	\$ -
	Admin and General	\$ 1,405,510	\$ 1,019,292	\$ 201,357	\$ 163,976	\$ 802	\$ 12,998	\$ 7,030	\$ 55
	Allocated PILs	\$ 335,087	\$ 268,540	\$ 39,081	\$ 17,554	\$ 92	\$ 6,731	\$ 3,090	\$ -
	Allocated Debt Return	\$ 1,509,788	\$ 1,209,950	\$ 176,084	\$ 79,090	\$ 414	\$ 30,328	\$ 13,920	\$ -
	Allocated Equity Return	\$ 1,916,233	\$ 1,535,676	\$ 223,487	\$ 100,382	\$ 526	\$ 38,493	\$ 17,668	\$ -
	PLCC Adjustment for Line Transformer	\$ 247,965	\$ 212,674	\$ 23,789	\$ 2,475	\$ -	\$ 6,438	\$ 2,589	\$ -
	PLCC Adjustment for Primary Costs	\$ 517,487	\$ 440,761	\$ 52,072	\$ 6,414	\$ 10	\$ 12,944	\$ 5,286	\$ -
	PLCC Adjustment for Secondary Costs	\$ 261,216	\$ 229,024	\$ 19,804	\$ 2,261	\$ -	\$ 4,523	\$ 5,605	\$ -
	Total	\$ 10,928,214	\$ 8,349,870	\$ 1,415,024	\$ 915,880	\$ 5,554	\$ 164,796	\$ 76,634	\$ 455

Attachment 2

Revenue Requirement Work Form (RRWF)



Revenue Requirement Work Form

Name of LDC: (1)
 File Number:
 Rate Year: Version: 2.11

Table of Content

<u>Sheet</u>	<u>Name</u>
A	<u>Data Input Sheet</u>
1	<u>Rate Base</u>
2	<u>Utility Income</u>
3	<u>Taxes/PILS</u>
4	<u>Capitalization/Cost of Capital</u>
5	<u>Revenue Sufficiency/Deficiency</u>
6	<u>Revenue Requirement</u>
7A	<u>Bill Impacts -Residential</u>
7B	<u>Bill Impacts - GS < 50 kW</u>

Notes:

- (1) Pale green cells represent inputs
- (2) Pale yellow cells represent drop=down lists
- (3) **Please note that this model uses MACROS. Before starting, please ensure that macros have been enabled.**
- (4) **Completed versions of the Revenue Requirement Work Form are required to be filed in working Microsoft Excel format.**

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Revenue Requirement Work Form

Name of LDC: Waterloo North Hydro Inc.

File Number: EB-2010-0144

Rate Year: 2011

Data Input (1)					
	Initial Application	Adjustments	Settlement Agreement (7)	Adjustments	Per Board Decision
1 Rate Base					
Gross Fixed Assets (average)	\$243,087,168	(\$1,795,978)	\$ 241,291,190		\$241,291,190
Accumulated Depreciation (average)	(\$109,118,578) (5)	(\$155,779)	\$- 109,274,357		(\$109,274,357)
Allowance for Working Capital:					
Controllable Expenses	\$10,183,838	(\$169,500)	\$ 10,014,338		\$10,014,338
Cost of Power	\$115,414,347	\$1,075,525	\$ 116,489,872		\$116,489,872
Working Capital Rate (%)	15.00%		15.00%		15.00%
2 Utility Income					
Operating Revenues:					
Distribution Revenue at Current Rates	\$23,968,200	\$369,916	\$24,338,116		
Distribution Revenue at Proposed Rates	\$28,980,640	(\$861,240)	\$28,119,401		
Other Revenue:					
Specific Service Charges	\$245,845	\$0	\$245,845		
Late Payment Charges	\$180,000	\$0	\$180,000		
Other Distribution Revenue	\$278,819	\$0	\$278,819		
Other Income and Deductions	\$351,299	(\$55,006)	\$296,293		
Operating Expenses:					
OM+A Expenses	\$10,183,838	(\$169,500)	\$ 10,014,338		\$10,014,338
Depreciation/Amortization	\$7,816,331	(\$66,909)	\$ 7,749,422		\$7,749,422
Property taxes					
Capital taxes					
Other expenses					
3 Taxes/PILs					
Taxable Income:					
Adjustments required to arrive at taxable income	(\$2,724,063) (3)		(\$2,603,005)		
Utility Income Taxes and Rates:					
Income taxes (not grossed up)	\$886,355		\$767,745		
Income taxes (grossed up)	\$1,212,310		\$1,011,788		
Capital Taxes		(6)		(6)	(6)
Federal tax (%)	16.50%		16.50%		
Provincial tax (%)	10.39%		7.62%		
Income Tax Credits					
4 Capitalization/Cost of Capital					
Capital Structure:					
Long-term debt Capitalization Ratio (%)	56.0%		56.0%		
Short-term debt Capitalization Ratio (%)	4.0% (2)		4.0% (2)		(2)
Common Equity Capitalization Ratio (%)	40.0%		40.0%		
Preferred Shares Capitalization Ratio (%)					
	100.0%		100.0%		
Cost of Capital					
Long-term debt Cost Rate (%)	5.47%		5.22%		
Short-term debt Cost Rate (%)	2.07%		2.46%		
Common Equity Cost Rate (%)	9.85%		9.58%		
Preferred Shares Cost Rate (%)					

Notes:

(Rate Base through Revenue Requirement), except for Notes that the utility may wish to use to support the data. Notes should be put on the applicable pages to explain numbers shown.

- (1) All inputs are in dollars (\$) except where inputs are individually identified as percentages (%)
- (2) 4.0% unless an Applicant has proposed or been approved for another amount.
- (3) Net of addbacks and deductions to arrive at taxable income.
- (4) Average of Gross Fixed Assets at beginning and end of the Test Year
- (5) Average of Accumulated Depreciation at the beginning and end of the Test Year. Enter as a negative amount.
- (6) Not applicable as of July 1, 2010
- (7) Select option from drop-down list by clicking on cell M10. This column allows for the application update reflecting the end of discovery or Argument-in-Chief. Also, the outcome of any Settlement Process can be reflected.

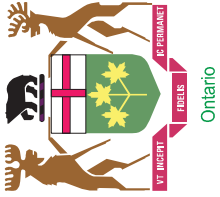
Note - Provincial tax rate reduced to reflect the fact that there are \$61,453 in tax credits

Revenue Requirement Work Form

Name of LDC: Waterloo North Hydro Inc.

File Number: EB-2010-0144

Rate Year: 2011

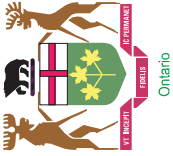


		Rate Base				
Line No.	Particulars	Initial Application	Adjustments	Settlement Agreement	Adjustments	Per Board Decision
1	Gross Fixed Assets (average) (3)	\$243,087,168		\$241,291,190		\$241,291,190
2	Accumulated Depreciation (average) (3)	(\$109,118,578)	(\$1,795,978)	(\$109,274,357)		(\$109,274,357)
3	Net Fixed Assets (average) (3)	\$133,968,589	(\$1,951,757)	\$132,016,832		\$132,016,832
4	Allowance for Working Capital (1)	\$18,839,728	\$135,904	\$18,975,631		\$18,975,631
5	Total Rate Base	\$152,808,317	(\$1,815,853)	\$150,992,464		\$150,992,464

		Allowance for Working Capital - Derivation				
6	Controllable Expenses	\$10,183,838	(\$169,500)	\$10,014,338		\$10,014,338
7	Cost of Power	\$115,414,347	\$1,075,525	\$116,489,872		\$116,489,872
8	Working Capital Base	\$125,598,185	\$906,025	\$126,504,210		\$126,504,210
9	Working Capital Rate % (2)	15.00%	0.00%	15.00%	0.00%	15.00%
10	Working Capital Allowance	\$18,839,728	\$135,904	\$18,975,631		\$18,975,631

Notes

- (2) Generally 15%. Some distributors may have a unique rate due as a result of a lead-lag study.
 (3) Average of opening and closing balances for the year.



Revenue Requirement Work Form

Name of LDC: Waterloo North Hydro Inc.
 File Number: EB-2010-0144
 Rate Year: 2011

Version: 2.11

Utility income						
Line No.	Particulars	Initial Application	Adjustments	Settlement Agreement	Adjustments	Per Board Decision
Operating Revenues:						
1	Distribution Revenue (at Proposed Rates)	\$28,980,640	(\$861,240)	\$28,119,401	\$ -	\$28,119,401
2	Other Revenue	\$1,055,963	(\$55,006)	\$1,000,957	\$ -	\$1,000,957
(1)						
3	Total Operating Revenues	\$30,036,603	(\$916,245)	\$29,120,358	\$ -	\$29,120,358
Operating Expenses:						
4	OM+A Expenses	\$10,183,838	(\$169,500)	\$10,014,338	\$ -	\$10,014,338
5	Depreciation/Amortization	\$7,816,331	(\$66,909)	\$7,749,422	\$ -	\$7,749,422
6	Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
7	Capital taxes	\$ -	\$ -	\$ -	\$ -	\$ -
8	Other expense	\$ -	\$ -	\$ -	\$ -	\$ -
9	Subtotal (lines 4 to 8)	\$18,000,168	(\$236,409)	\$17,763,759	\$ -	\$17,763,759
10	Deemed Interest Expense	\$4,803,477	(\$244,698)	\$4,558,779	\$187,617	\$4,746,396
11	Total Expenses (lines 9 to 10)	\$22,803,645	(\$481,107)	\$22,322,538	\$187,617	\$22,510,155
12	Utility income before income taxes	\$7,232,958	(\$435,139)	\$6,797,819	(\$187,617)	\$6,610,202
13	Income taxes (grossed-up)	\$1,212,310	(\$200,522)	\$1,011,788	\$ -	\$1,011,788
14	Utility net income	\$6,020,648	(\$234,617)	\$5,786,031	(\$187,617)	\$5,598,414
Notes						
(1)	Other Revenues / Revenue Offsets					
	Specific Service Charges	\$245,845	\$ -	\$245,845	\$ -	\$245,845
	Late Payment Charges	\$180,000	\$ -	\$180,000	\$ -	\$180,000
	Other Distribution Revenue	\$278,819	\$ -	\$278,819	\$ -	\$278,819
	Other Income and Deductions	\$351,299	(\$55,006)	\$296,293	\$ -	\$296,293
	Total Revenue Offsets	\$1,055,963	(\$55,006)	\$1,000,957	\$ -	\$1,000,957



Revenue Requirement Work Form

Name of LDC: Waterloo North Hydro Inc.
File Number: EB-2010-0144
Rate Year: 2011

Version: 2.11

Taxes/PILs

Line No.	Particulars	Application	Settlement Agreement	Per Board Decision
<u>Determination of Taxable Income</u>				
1	Utility net income before taxes	\$6,020,648	\$5,786,031	\$5,949,103
2	Adjustments required to arrive at taxable utility income	(\$2,724,063)	(\$2,603,005)	(\$2,724,063)
3	Taxable income	\$3,296,585	\$3,183,026	\$3,225,040
<u>Calculation of Utility income Taxes</u>				
4	Income taxes	\$886,355	\$767,745	\$767,745
5	Capital taxes	\$ - (1)	\$ - (1)	\$ - (1)
6	Total taxes	\$886,355	\$767,745	\$767,745
7	Gross-up of Income Taxes	\$325,955	\$244,043	\$244,043
8	Grossed-up Income Taxes	\$1,212,310	\$1,011,788	\$1,011,788
9	PILs / tax Allowance (Grossed-up Income taxes + Capital taxes)	\$1,212,310	\$1,011,788	\$1,011,788
10	Other tax Credits	\$ -	\$ -	\$ -
<u>Tax Rates</u>				
11	Federal tax (%)	16.50%	16.50%	16.50%
12	Provincial tax (%)	10.39%	7.62%	7.62%
13	Total tax rate (%)	26.89%	24.12%	24.12%

Notes

(1) Capital Taxes not applicable after July 1, 2010 (i.e. for 2011 and later test years)



Revenue Requirement Work Form

Name of LDC: Waterloo North Hydro Inc.
File Number: EB-2010-0144
Rate Year: 2011

Version: 2.11

Capitalization/Cost of Capital

Line No.	Particulars	Capitalization Ratio	Cost Rate	Return
Initial Application				
		(%)	(\$)	(%)
				(\$)
Debt				
1	Long-term Debt	56.00%	\$85,572,658	5.47%
2	Short-term Debt	4.00%	\$6,112,333	2.07%
3	Total Debt	60.00%	\$91,684,990	5.24%
Equity				
4	Common Equity	40.00%	\$61,123,327	9.85%
5	Preferred Shares	0.00%	\$ -	0.00%
6	Total Equity	40.00%	\$61,123,327	9.85%
7	Total	100.00%	\$152,808,317	7.08%
Settlement Agreement				
		(%)	(\$)	(%)
				(\$)
Debt				
1	Long-term Debt	56.00%	\$84,555,780	5.22%
2	Short-term Debt	4.00%	\$6,039,699	2.46%
3	Total Debt	60.00%	\$90,595,478	5.03%
Equity				
4	Common Equity	40.00%	\$60,396,986	9.58%
5	Preferred Shares	0.00%	\$ -	0.00%
6	Total Equity	40.00%	\$60,396,986	9.58%
7	Total	100.00%	\$150,992,464	6.85%
Per Board Decision				
		(%)	(\$)	(%)
				(\$)
Debt				
8	Long-term Debt	56.00%	\$84,555,780	5.47%
9	Short-term Debt	4.00%	\$6,039,699	2.07%
10	Total Debt	60.00%	\$90,595,478	5.24%
Equity				
11	Common Equity	40.00%	\$60,396,986	9.85%
12	Preferred Shares	0.00%	\$ -	0.00%
13	Total Equity	40.00%	\$60,396,986	9.85%
14	Total	100.00%	\$150,992,464	7.08%

Notes

(1) 4.0% unless an Applicant has proposed or been approved for another amount.



Revenue Requirement Work Form

Name of LDC: Waterloo North Hydro Inc.

File Number: EB-2010-0144

Rate Year: 2011

Revenue Sufficiency/Deficiency

Line No.	Particulars	Initial Application		Settlement Agreement		Per Board Decision	
		At Current Approved Rates	At Proposed Rates	At Current Approved Rates	At Proposed Rates	At Current Approved Rates	At Proposed Rates
1	Revenue Deficiency from Below		\$5,012,440		\$3,781,285		\$4,183,809
2	Distribution Revenue	\$23,968,200	\$23,968,201	\$24,338,116	\$24,338,116	\$24,338,116	\$23,935,592
3	Other Operating Revenue Offsets - net	\$1,055,963	\$1,055,963	\$1,000,957	\$1,000,957	\$1,000,957	\$1,000,957
4	Total Revenue	\$25,024,163	\$30,036,603	\$25,339,073	\$29,120,358	\$25,339,073	\$29,120,358
5	Operating Expenses	\$18,000,168	\$18,000,168	\$17,763,759	\$17,763,759	\$17,763,759	\$17,763,759
6	Deemed Interest Expense	\$4,803,477	\$4,803,477	\$4,558,779	\$4,558,779	\$4,746,396	\$4,746,396
	Total Cost and Expenses	\$22,803,645	\$22,803,645	\$22,322,538	\$22,322,538	\$22,510,155	\$22,510,155
7	Utility Income Before Income Taxes	\$2,220,518	\$7,232,958	\$3,016,534	\$6,797,819	\$2,828,918	\$6,610,202
8	Tax Adjustments to Accounting Income per 2009 PILs	(\$2,724,063)	(\$2,724,063)	(\$2,603,005)	(\$2,603,005)	(\$2,603,005)	(\$2,603,005)
9	Taxable Income	(\$503,545)	\$4,508,895	\$413,530	\$4,194,814	\$225,913	\$4,007,198
10	Income Tax Rate	26.89%	26.89%	24.12%	24.12%	24.12%	24.12%
11	Income Tax on Taxable Income	(\$135,388)	\$1,212,310	\$99,743	\$1,011,788	\$54,490	\$966,535
12	Income Tax Credits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
13	Utility Net Income	\$2,355,906	\$6,020,648	\$2,916,791	\$5,786,031	\$2,774,428	\$5,598,414
14	Utility Rate Base	\$152,808,317	\$152,808,317	\$150,992,464	\$150,992,464	\$150,992,464	\$150,992,464
	Deemed Equity Portion of Rate Base	\$61,123,327	\$61,123,327	\$60,396,986	\$60,396,986	\$60,396,986	\$60,396,986
15	Income/Equity Rate Base (%)	3.85%	9.85%	4.83%	9.58%	4.59%	9.27%
16	Target Return - Equity on Rate Base	9.85%	9.85%	9.58%	9.58%	9.85%	9.85%
17	Sufficiency/Deficiency in Return on Equity	-6.00%	0.00%	-4.75%	0.00%	-5.26%	-0.58%
18	Indicated Rate of Return	4.69%	7.08%	4.95%	6.85%	4.98%	6.85%
19	Requested Rate of Return on Rate Base	7.08%	7.08%	6.85%	6.85%	7.08%	7.08%
20	Sufficiency/Deficiency in Rate of Return	-2.40%	0.00%	-1.90%	0.00%	-2.10%	-0.23%
21	Target Return on Equity	\$6,020,648	\$6,020,648	\$5,786,031	\$5,786,031	\$5,949,103	\$5,949,103
22	Revenue Deficiency/(Sufficiency)	\$3,664,741	\$0	\$2,869,240	\$ -	\$3,174,676	(\$350,689)
23	Gross Revenue Deficiency/(Sufficiency)	\$5,012,440 (1)		\$3,781,285 (1)		\$4,183,809 (1)	

Notes:

(1) Revenue Sufficiency/Deficiency divided by (1 - Tax Rate)



Revenue Requirement Work Form

Version: 2.11

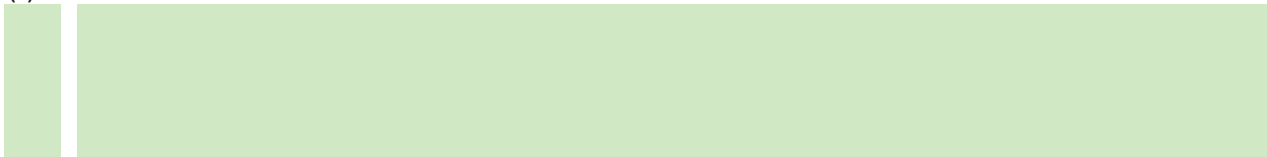
Name of LDC: Waterloo North Hydro Inc.
File Number: EB-2010-0144
Rate Year: 2011

Revenue Requirement

Line No.	Particulars	Application	Settlement Agreement	Per Board Decision
1	OM&A Expenses	\$10,183,838	\$10,014,338	\$10,014,338
2	Amortization/Depreciation	\$7,816,331	\$7,749,422	\$7,749,422
3	Property Taxes	\$ -		
4	Capital Taxes	\$ -	\$ -	\$ -
5	Income Taxes (Grossed up)	\$1,212,310	\$1,011,788	\$1,011,788
6	Other Expenses	\$ -		
7	Return			
	Deemed Interest Expense	\$4,803,477	\$4,558,779	\$4,746,396
	Return on Deemed Equity	\$6,020,648	\$5,786,031	\$5,949,103
8	Distribution Revenue Requirement before Revenues	<u>\$30,036,603</u>	<u>\$29,120,358</u>	<u>\$29,471,046</u>
9	Distribution revenue	\$28,980,640	\$28,119,401	\$28,119,401
10	Other revenue	<u>\$1,055,963</u>	<u>\$1,000,957</u>	<u>\$1,000,957</u>
11	Total revenue	<u>\$30,036,603</u>	<u>\$29,120,358</u>	<u>\$29,120,358</u>
12	Difference (Total Revenue Less Distribution Revenue Requirement before Revenues)	<u>\$0</u>	<u>\$ -</u>	<u>(\$350,689)</u>

Notes

(1) Line 11 - Line 8





Revenue Requirement Work Form

Version: 2.11

Name of LDC: Waterloo North Hydro Inc.
File Number: EB-2010-0144
Rate Year: 2011

Residential

Consumption **800** kWh

	Charge Unit	Current Board-Approved			Proposed			Impact		
		Rate (\$)	Volume	Charge (\$)	Rate (\$)	Volume	Charge (\$)	\$ Change	% Change	
1	Monthly Service Charge	monthly	\$ 14.5600	1	\$ 14.56	\$ 14.5600	1	\$ 14.56	\$ -	0.00%
2	Smart Meter Rate Adder	monthly	\$ 1.0000	1	\$ 1.00	\$ 1.0000	1	\$ 1.00	\$ -	0.00%
3	Service Charge Rate Adder(s)			1	\$ -		1	\$ -	\$ -	
4	Service Charge Rate Rider(s)			1	\$ -		1	\$ -	\$ -	
5	Distribution Volumetric Rate	per kWh	\$ 0.0131	800	\$ 10.48	\$ 0.0183	800	\$ 14.64	\$ 4.16	39.69%
6	Low Voltage Rate Adder	per kWh	\$ 0.0001	800	\$ 0.08	\$ 0.0001	800	\$ 0.08	\$ -	0.00%
7	Volumetric Rate Adder(s)			800	\$ -		800	\$ -	\$ -	
8	Volumetric Rate Rider(s)			800	\$ -		800	\$ -	\$ -	
9	Smart Meter Disposition Rider			800	\$ -		800	\$ -	\$ -	
10	LRAM & SSM Rate Rider	per kWh	\$ -	800	\$ -	\$ 0.0002	800	\$ 0.16	\$ 0.16	
11	Deferral/Variance Account Disposition Rate Rider	per kWh	-\$ 0.0024	800	-\$ 1.92	-\$ 0.00229	800	-\$ 1.83	\$ 0.09	-4.58%
12	LPP Rate Rider	monthly			\$ -	\$ 0.1700	1	\$ 0.17	\$ 0.17	
13	Capital Gains Rate Rider	per kWh			\$ -	-\$ 0.0007	800	-\$ 0.56	-\$ 0.56	
14					\$ -			\$ -	\$ -	
15					\$ -			\$ -	\$ -	
16	Sub-Total A - Distribution				\$ 24.20			\$ 28.22	\$ 4.02	16.60%
17	RTSR - Network	per kWh	\$ 0.0058	840.4	\$ 4.87	\$ 0.0067	832.32	\$ 5.58	\$ 0.70	14.41%
18	RTSR - Line and Transformation Connection	per kWh	\$ 0.0020	840.4	\$ 1.68	\$ 0.0022	832.32	\$ 1.83	\$ 0.15	8.94%
19	Sub-Total B - Delivery (including Sub-Total A)				\$ 30.76			\$ 35.63	\$ 4.87	15.84%
20	Wholesale Market Service Charge (WMSC)	per kWh	\$ 0.0052	840.4	\$ 4.37	\$ 0.0052	832.32	\$ 4.33	-\$ 0.04	-0.96%
21	Rural and Remote Rate Protection (RRRP)	per kWh	\$ 0.0013	840.4	\$ 1.09	\$ 0.0013	832.32	\$ 1.08	-\$ 0.01	-0.96%
22	Special Purpose Charge	per kWh	\$ 0.0003725	840.4	\$ 0.31	\$ 0.0003725	832.32	\$ 0.31	-\$ 0.00	-0.96%
23	Standard Supply Service Charge	monthly	\$ 0.2500	1	\$ 0.25	\$ 0.2500	1	\$ 0.25	\$ -	0.00%
24	Debt Retirement Charge (DRC)	per kWh	\$ 0.0070	800	\$ 5.60	\$ 0.0070	800	\$ 5.60	\$ -	0.00%
25	Energy	per kWh	\$ 0.0668	840.4	\$ 56.17	\$ 0.0668	832.32	\$ 55.63	-\$ 0.54	-0.96%
26					\$ -			\$ -	\$ -	
27					\$ -			\$ -	\$ -	
28	Total Bill (before Taxes)				\$ 98.55			\$ 102.83	\$ 4.27	4.34%
29	HST		13%		\$ 12.81	13%		\$ 13.37	\$ 0.56	4.34%
30	Total Bill (including Sub-total B)				\$ 111.37			\$ 116.20	\$ 4.83	4.34%
31	Loss Factor (%)	Note 1			5.05%			4.04%		

Notes:

Note 1: Enter existing and proposed total loss factor (Secondary Metered Customer < 5,000 kW) as a percentage.

Energy Price October 15, 2010 Navigant Price 2011 Calendar Year - adjusted in both columns \$.06684
Deferral/Variance Accounts (\$.00229) - five decimals included above, unable to display [Corrected - kcr]



Revenue Requirement Work Form

Name of LDC: Waterloo North Hydro Inc.

File Number: EB-2010-0144

Rate Year: 2011

Version: 2.11

General Service < 50 kW

Consumption kWh

	Charge Unit	Current Board-Approved			Proposed			Impact		
		Rate (\$)	Volume	Charge (\$)	Rate (\$)	Volume	Charge (\$)	\$ Change	% Change	
1	Monthly Service Charge	monthly	\$ 30.6300	1	\$ 30.63	\$ 30.6300	1	\$ 30.63	\$ -	0.00%
2	Smart Meter Rate Adder	monthly	\$ 1.0000	1	\$ 1.00	\$ 1.0000	1	\$ 1.00	\$ -	0.00%
3	Service Charge Rate Adder(s)			1	\$ -		1	\$ -	\$ -	
4	Service Charge Rate Rider(s)			1	\$ -		1	\$ -	\$ -	
5	Distribution Volumetric Rate	per kWh	\$ 0.0104	2000	\$ 20.80	\$ 0.0137	2000	\$ 27.40	\$ 6.60	31.73%
6	Low Voltage Rate Adder	per kWh	\$ 0.0001	2000	\$ 0.20	\$ 0.0001	2000	\$ 0.20	\$ -	0.00%
7	Volumetric Rate Adder(s)			2000	\$ -		2000	\$ -	\$ -	
8	Volumetric Rate Rider(s)			2000	\$ -		2000	\$ -	\$ -	
9	Smart Meter Disposition Rider			2000	\$ -		2000	\$ -	\$ -	
10	LRAM & SSM Rider	per kWh	\$ -	2000	\$ -	\$ 0.0001	2000	\$ 0.20	\$ 0.20	
11	Deferral/Variance Account Disposition Rate Rider	per kWh	-\$ 0.0024	2000	-\$ 4.80	-\$ 0.00242	2000	-\$ 4.84	-\$ 0.04	0.83%
12	LPP Rate Rider	monthly			\$ -	\$ 0.4100	1	\$ 0.41	\$ 0.41	
13	Capital Gains Rate Rider	per kWh			\$ -	-\$ 0.0004	2000	-\$ 0.80	-\$ 0.80	
14					\$ -			\$ -		
15					\$ -			\$ -		
16	Sub-Total A - Distribution				\$ 47.83			\$ 54.20	\$ 6.37	13.32%
17	RTSR - Network	per kWh	\$ 0.0053	2101	\$ 11.14	\$ 0.0061	2080.8	\$ 12.69	\$ 1.56	13.99%
18	RTSR - Line and Transformation Connection	per kWh	\$ 0.0018	2101	\$ 3.78	\$ 0.0020	2080.8	\$ 4.16	\$ 0.38	10.04%
19	Sub-Total B - Delivery (including Sub-Total A)				\$ 62.75			\$ 71.05	\$ 8.31	13.24%
20	Wholesale Market Service Charge (WMSC)	per kWh	\$ 0.0052	2101	\$ 10.93	\$ 0.0052	2080.8	\$ 10.82	-\$ 0.11	-0.96%
21	Rural and Remote Rate Protection (RRRP)	per kWh	\$ 0.0013	2101	\$ 2.73	\$ 0.0013	2080.8	\$ 2.71	-\$ 0.03	-0.96%
22	Special Purpose Charge	per kWh	\$ 0.0003725	2101	\$ 0.78	\$ 0.0003725	2080.8	\$ 0.78	-\$ 0.01	-0.96%
23	Standard Supply Service Charge	monthly	\$ 0.2500	1	\$ 0.25	\$ 0.2500	1	\$ 0.25	\$ -	0.00%
24	Debt Retirement Charge (DRC)	per kWh	\$ 0.0070	2000	\$ 14.00	\$ 0.0070	2000	\$ 14.00	\$ -	0.00%
25	Energy	per kWh	\$ 0.0668	2101	\$ 140.43	\$ 0.0668	2080.8	\$ 139.08	-\$ 1.35	-0.96%
26					\$ -			\$ -	\$ -	
27					\$ -			\$ -	\$ -	
28	Total Bill (before Taxes)				\$ 231.87			\$ 238.69	\$ 6.82	2.94%
29	HST		13%		\$ 30.14	13%		\$ 31.03	\$ 0.89	2.94%
30	Total Bill (including Sub-total B)				\$ 262.01			\$ 269.71	\$ 7.70	2.94%
31	Loss Factor	Note 1		<input type="text" value="5.05%"/>		<input type="text" value="4.04%"/>				

Notes:

Note 1: See Note 1 from Sheet 1A, Bill Impacts - Residential

Energy Price October 15, 2010 Navigant Price 2011 Calendar Year - adjusted in both columns \$0.06684

Deferral/Variance Accounts (\$0.00242) - five decimals included in above, unable to display [Corrected - kcr]