

November 15, 2007

Ontario Energy Board
P.O. Box 2319
2300 Yonge Street
26th Floor
Toronto, Ontario
Attn: Ms. Kirsten Walli
Board Secretary

Dear Ms. Walli

Norfolk Power Distribution Inc. 2008 Rate Application
OEB File No. EB-2006-0330

Norfolk Power Distribution Inc. is pleased to submit to the Ontario Energy Board ("OEB") its 2008 Rate Application, in compliance with the OEB Filing Requirements for Transmission and Distribution Applications. The components of the application are as follows:

- Exhibit 1 – Administration
- Exhibit 2 – Rate Base
- Exhibit 3 – Operating Revenue
- Exhibit 4 – Operating Costs
- Exhibit 5 – Deferral and Variance Accounts
- Exhibit 6 – Cost of Capital and Rate of Return
- Exhibit 7 – Calculation of Revenue Deficiency or Surplus
- Exhibit 8 – Cost Allocation
- Exhibit 9 – Rate Design

Further to the Board's RESS filing guidelines, an electronic copy of our full application will be submitted through the OEB e-Filing Services. Two hard copies of the application will be sent by courier.

We would be pleased to provide any further information or details that you may require relative to this application.

Yours truly,



Bradley S. Randall, P. Eng
President & CEO

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Norfolk Power Distribution Inc.

ONTARIO ENERGY BOARD

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

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

APPLICATION

Introduction

The Applicant is Norfolk Power Distribution Incorporated (referred to in this Application as the "Applicant"). The Applicant is a corporation incorporated pursuant to the Ontario Business Corporations Act with its head office in the County of Norfolk.

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

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

Proposed Distribution Rates and Other Charges

The Schedule of Rates and Charges proposed in this Application is identified in Exhibit 1 Tab 1, Schedule 5, and the material being filed in support of this Application sets out the Applicant's approach to its 2008 distribution rates and charges.

Norfolk Power Distribution Inc.

Proposed Effective Date of Rate Order

The Applicant requests that the OEB make its Rate Order effective May 1, 2008 in accordance with the Filing Requirements. The Applicant requests, that if for any reason final rates are not approved and effective May 1, 2008 that interim rates be approved effective May 1, 2008 until final rates are approved by the Board. The Applicant requests the interim rates would be those proposed in this application.

The Proposed Distribution Rates and Other Charges are Just and Reasonable

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

- I. the proposed rates for the distribution of electricity have been prepared in accordance with the Filing Requirements;
- II. the proposed adjusted rates are necessary to meet the Applicant's Market Based Rate of Return ("MBRR"), Debt Rate and Payments in Lieu of Taxes ("PILs") requirements;
- III. there are no impacts to any of the customer classes or consumption level subgroups that are so significant as to warrant the deferral of any adjustments being requested by the Applicant or the implementation of any other mitigation measures; and
- IV. such other grounds as may be set out in the material accompanying this Application Summary.

Norfolk Power Distribution Inc.

Relief Sought

The Applicant applies for an Order or Orders approving the proposed distribution rates and other charges set out in this Application as just and reasonable rates and charges pursuant to section 78 of the OEB Act, to be effective May 1, 2008, or as soon as possible thereafter.

DATED at Simcoe, Ontario, this 15th day of November, 2007.

Norfolk Power Distribution Inc.

("Applicant Name") Brad S. Randall, P. Eng

("Applicant Title") President & CEO

("Signature") _____

Norfolk Power Distribution Inc.**SUMMARY OF APPLICATION****Purpose and Need**

The Applicant's revenue requirement for 2008 contemplates the recovery of its costs of providing distribution service; its permitted Return on Equity and the funds necessary to service its debt (based on the OEB's deemed debt/equity ratio which is subject to adjustment this year to move it toward the OEB-mandated 60% debt/40% equity) and its Payments in Lieu of Taxes ("PILs"). When its forecasted customers and volumes for 2008 are taken into account, the Applicant estimates that its present rates will produce a deficiency in distribution revenue of \$1,916,396 for the 2008 Test Year. Excluded from this estimate is the impact of energy costs. The Applicant therefore seeks the Board's approval to revise its rates applicable to its distribution of electricity. The issues to be reviewed in this case, as the Applicant sees them, are discussed below.

Through this Application, the Applicant seeks to recover Revenue Deficiency in the amount of \$1,916,396 arising from changes in OM&A, Amortization, Rate of Return, and PILS. The Applicant seeks to discontinue the Recovery of Regulatory Assets charge and recover the balances of Deferral and Variance Account in the amount of (\$635,158).

The Applicant has been assisted in preparing this rate application by Elenchus Research Associates who provided the model used in the determination of just and reasonable 2008 Distribution Rates. The Applicant has based this Application on its forecasted results for the 2008 Test Year. As required by the OEB, the Applicant is also presenting the historical actual information for fiscal 2006; information for the OEB-approved 2006 test year; and 9 months actual and 3 months forecast information for the fiscal 2007 bridge year.

Timing

The financial information supporting the Test Year for this Application will be the Applicant's fiscal year ending December 31, 2008 (the "2008 Test Year"). However, this

Norfolk Power Distribution Inc.

information will be used to set rates for the period May 1, 2008 to April 30, 2009. The Test Year revenue requirement is that forecast by the Applicant as needed to enable it to recover the amounts discussed above for fiscal 2008.

Norfolk Power Distribution Inc.**Current Rates****Residential**

Service Charge	\$	18.48
Distribution Volumetric Rate	\$/kWh	0.0169
Regulatory Asset Recovery	\$/kWh	0.0046
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0054
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0046
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0010
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

General Service Less Than 50 kW

Service Charge	\$	41.74
Distribution Volumetric Rate	\$/kWh	0.0117
Regulatory Asset Recovery	\$/kWh	0.0023
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0049
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0041
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0010
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

General Service 50 to 4,999 kW

Service Charge	\$	219.76
Distribution Volumetric Rate	\$/kW	3.0175
Regulatory Asset Recovery	\$/kW	0.1217
Retail Transmission Rate – Network Service Rate	\$/kW	2.0076
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.6283
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0010
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Unmetered Scattered Load

Service Charge (per connection)	\$	20.75
Distribution Volumetric Rate	\$/kWh	0.0117
Regulatory Asset Recovery	\$/kWh	0.0023
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0049
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0041
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0010
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Sentinel Lighting

Service Charge (per connection)	\$	1.37
Distribution Volumetric Rate	\$/kW	3.3779
Regulatory Asset Recovery	\$/kW	9.2909
Retail Transmission Rate – Network Service Rate	\$/kW	1.5217
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.2851
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0010
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Norfolk Power Distribution Inc.**Street Lighting**

Service Charge (per connection)	\$	0.71
Distribution Volumetric Rate	\$/kW	2.4025
Regulatory Asset Recovery	\$/kW	0.2931
Retail Transmission Rate – Network Service Rate	\$/kW	1.5141
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.2588
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0010
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Specific Service Charges

Customer Administration		
Arrears Certificate	\$	15.00
Statement of Account	\$	15.00
Pulling posted dated cheques	\$	15.00
Duplicate invoices for previous billing	\$	15.00
Request for other billing information	\$	15.00
Easement Letter	\$	15.00
Income tax letter	\$	15.00
Notification charge	\$	15.00
Account history	\$	15.00
Credit reference/credit check (plus credit agency costs)	\$	15.00
Returned cheque charge (plus bank charges)	\$	15.00
Charge to certify cheque	\$	15.00
Legal letter charge	\$	15.00
Account set up charge/change of occupancy charge (plus credit agency costs if applicable)	\$	30.00
Meter dispute charge plus Measurement Canada fees (if meter found correct)	\$	30.00
Special meter reads	\$	30.00
Non-Payment of Account		
Late Payment - per month	%	1.50
Late Payment - per annum	%	19.56
Collection of account charge – no disconnection	\$	30.00
Collection of account charge – no disconnection – after regular hours	\$	165.00
Disconnect/Reconnect at meter – during regular hours	\$	65.00
Disconnect/Reconnect at meter – after regular hours	\$	185.00
Disconnect/Reconnect at pole – during regular hours	\$	185.00
Disconnect/Reconnect at pole – after regular hours	\$	415.00
Install/Remove load control device – during regular hours	\$	65.00
Install/Remove load control device – after regular hours	\$	185.00
Service call – customer-owned equipment	\$	30.00
Service call – after regular hours	\$	165.00
Allowances		
Transformer Allowance for Ownership - per kW of billing demand/month	\$/kW	(0.60)
Primary Metering Allowance for transformer losses – applied to measured demand and energy	%	(1.00)

Loss Factor

Total Loss Factor – Secondary Metered Customer < 5,000 kW	1.0560
Total Loss Factor – Secondary Metered Customer > 5,000 kW	N/A
Total Loss Factor – Primary Metered Customer < 5,000 kW	1.0454
Total Loss Factor – Primary Metered Customer > 5,000 Kw	N/A

Norfolk Power Distribution Inc.**Proposed Rates****Residential**

Service Charge	\$	23.27
Distribution Volumetric Rate	\$/kWh	0.0213
Regulatory Asset Recovery	\$/kWh	-0.0004
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0053
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0034
Wholesale Market Service Rate	\$/kWh	0.0053
Rural Rate Protection Charge	\$/kWh	0.0010
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

General Service Less Than 50 kW

Service Charge	\$	54.88
Distribution Volumetric Rate	\$/kWh	0.0154
Regulatory Asset Recovery	\$/kWh	-0.0006
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0048
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0031
Wholesale Market Service Rate	\$/kWh	0.0053
Rural Rate Protection Charge	\$/kWh	0.0010
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

General Service 50 to 4,999 kW

Service Charge	\$	283.18
Distribution Volumetric Rate	\$/kW	3.6631
Regulatory Asset Recovery	\$/kW	-0.3247
Retail Transmission Rate – Network Service Rate	\$/kW	1.9677
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.2203
Wholesale Market Service Rate	\$/kWh	0.0053
Rural Rate Protection Charge	\$/kWh	0.0010
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Unmetered Scattered Load

Service Charge (per connection)	\$	29.17
Distribution Volumetric Rate	\$/kWh	0.0165
Regulatory Asset Recovery	\$/kWh	-0.0004
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0048
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0031
Wholesale Market Service Rate	\$/kWh	0.0053
Rural Rate Protection Charge	\$/kWh	0.0010
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Sentinel Lighting

Service Charge (per connection)	\$	5.43
Distribution Volumetric Rate	\$/kW	13.3824
Regulatory Asset Recovery	\$/kW	3.0226
Retail Transmission Rate – Network Service Rate	\$/kW	1.4915
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	0.9631
Wholesale Market Service Rate	\$/kWh	0.0053
Rural Rate Protection Charge	\$/kWh	0.0010
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Norfolk Power Distribution Inc.**Street Lighting**

Service Charge (per connection)	\$	1.77
Distribution Volumetric Rate	\$/kW	6.0024
Regulatory Asset Recovery	\$/kW	1.1713
Retail Transmission Rate – Network Service Rate	\$/kW	1.4840
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	0.9434
Wholesale Market Service Rate	\$/kWh	0.0053
Rural Rate Protection Charge	\$/kWh	0.0010
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Specific Service Charges

Customer Administration		
Arrears Certificate	\$	15.00
Statement of Account	\$	15.00
Pulling posted dated cheques	\$	15.00
Duplicate invoices for previous billing	\$	15.00
Request for other billing information	\$	15.00
Easement Letter	\$	15.00
Income tax letter	\$	15.00
Notification charge	\$	15.00
Account history	\$	15.00
Credit reference/credit check (plus credit agency costs)	\$	15.00
Returned cheque charge (plus bank charges)	\$	15.00
Charge to certify cheque	\$	15.00
Legal letter charge	\$	15.00
Account set up charge/change of occupancy charge (plus credit agency costs if applicable)	\$	30.00
Meter dispute charge plus Measurement Canada fees (if meter found correct)	\$	30.00
Special meter reads	\$	30.00
Non-Payment of Account		
Late Payment - per month	%	1.50
Late Payment - per annum	%	19.56
Collection of account charge – no disconnection	\$	30.00
Collection of account charge – no disconnection – after regular hours	\$	165.00
Disconnect/Reconnect at meter – during regular hours	\$	65.00
Disconnect/Reconnect at meter – after regular hours	\$	185.00
Disconnect/Reconnect at pole – during regular hours	\$	185.00
Disconnect/Reconnect at pole – after regular hours	\$	415.00
Install/Remove load control device – during regular hours	\$	65.00
Install/Remove load control device – after regular hours	\$	185.00
Service call – customer-owned equipment	\$	30.00
Service call – after regular hours	\$	165.00
Allowances		
Transformer Allowance for Ownership - per kW of billing demand/month	\$/kW	(0.60)
Primary Metering Allowance for transformer losses – applied to measured demand and energy	%	(1.00)

Loss Factor

Total Loss Factor – Secondary Metered Customer < 5,000 kW	1.0560
Total Loss Factor – Secondary Metered Customer > 5,000 kW	N/A
Total Loss Factor – Primary Metered Customer < 5,000 kW	1.0454
Total Loss Factor – Primary Metered Customer > 5,000 Kw	N/A

Norfolk Power Distribution Inc.

CUSTOMER BILL IMPACT

Residential at 1000kWh/month

	Metric	2007 BILL			2008 BILL			IMPACT		
		Volume	Rate \$	Charge \$	Volume	Rate \$	Charge \$	Change \$	Change %	% of Total Bill
Monthly Service Charge				18.48			23.27	4.79	25.9%	3.9%
Distribution	kWh	1,000	0.01690	16.90	1,000	0.02128	21.28	4.38	25.9%	3.6%
Sub-Total				35.38			44.56	9.18	25.9%	7.5%
Regulatory Asset Recovery	kWh	1,000	0.00460	4.60	1,000	-0.00036	(0.36)	(4.96)	-107.7%	-4.0%
Retail Transmission - Network	kWh	1,040	0.00540	5.62	1,035	0.00529	5.47	(0.14)	-2.6%	-0.1%
Retail Transmission - Line and Transformation Connection	kWh	1,040	0.00460	4.78	1,035	0.00341	3.53	(1.25)	-26.2%	-1.0%
Wholesale Market Service	kWh	1,040	0.00520	5.41	1,035	0.00530	5.49	0.08	1.4%	0.1%
Rural Rate Protection Charge	kWh	1,040	0.00100	1.04	1,035	0.00100	1.04	(0.01)	-0.5%	0.0%
Debt Retirement Charge	kWh	1,000	0.00700	7.00	1,000	0.00700	7.00	0.00	0.0%	0.0%
Cost of Power Commodity	kWh	1,040	0.05704	59.32	1,035	0.05704	59.04	(0.29)	-0.5%	-0.2%
Total Bill				123.15			125.76	2.61	2.1%	2.1%

The overall bill impact on a Residential customer is shown in detail in Exhibit 9, Tab 1, Schedule 8.

General Service less than 50kW at 2000kWh/month

	Metric	2007 BILL			2008 BILL			IMPACT		
		Volume	Rate \$	Charge \$	Volume	Rate \$	Charge \$	Change \$	Change %	% of Total Bill
Monthly Service Charge				41.74			54.88	13.14	31.5%	5.6%
Distribution	kWh	2,000	0.01170	23.40	2,000	0.01538	30.77	7.37	31.5%	3.1%
Sub-Total				65.14			85.65	20.51	31.5%	8.8%
Regulatory Asset Recovery	kWh	2,000	0.00230	4.60	2,000	-0.00060	(1.19)	(5.79)	-126.0%	-2.5%
Retail Transmission - Network	kWh	2,080	0.00490	10.19	2,070	0.00482	9.98	(0.21)	-2.1%	-0.1%
Retail Transmission - Line and Transformation Connection	kWh	2,080	0.00410	8.53	2,070	0.00307	6.36	(2.17)	-25.5%	-0.9%
Wholesale Market Service	kWh	2,080	0.00520	10.82	2,070	0.00530	10.97	0.16	1.4%	0.1%
Rural Rate Protection Charge	kWh	2,080	0.00100	2.08	2,070	0.00100	2.07	(0.01)	-0.5%	0.0%
Debt Retirement Charge	kWh	2,000	0.00700	14.00	2,000	0.00700	14.00	0.00	0.0%	0.0%
Cost of Power Commodity	kWh	2,080	0.05704	118.64	2,070	0.05704	118.07	(0.57)	-0.5%	-0.2%
Total Bill				234.00			245.90	11.91	5.1%	5.1%

The overall bill impact on a General Service less than 50kW customer is shown in detail in Exhibit 9, Tab 1, Schedule 9.

General Service 50 to 4999kW

GS>50
60 kW Consumption
15,000 kWh Consumption

	Metric	2007 BILL			2008 BILL			IMPACT		
		Volume	Rate \$	Charge \$	Volume	Rate \$	Charge \$	Change \$	Change %	% of Total Bill
Monthly Service Charge				219.76			283.18	63.42	28.9%	3.7%
Distribution	kW	60	3.01750	181.05	60	3.66305	219.78	38.73	21.4%	2.2%
Sub-Total				400.81			502.96	102.15	25.5%	5.9%
Regulatory Asset Recovery	kW	60	0.12170	7.30	60	-0.32467	(19.48)	(26.78)	-366.8%	-1.6%
Retail Transmission - Network	kW	62	2.00760	125.27	62	1.96769	122.19	(3.08)	-2.5%	-0.2%
Retail Transmission - Line and Transformation Connection	kW	62	1.62830	101.61	62	1.22029	75.78	(25.83)	-25.4%	-1.5%
Wholesale Market Service	kWh	15,600	0.00520	81.12	15,525	0.00530	82.28	1.16	1.4%	0.1%
Rural Rate Protection Charge	kWh	15,600	0.00100	15.60	15,525	0.00100	15.53	(0.08)	-0.5%	0.0%
Debt Retirement Charge	kWh	15,000	0.00700	105.00	15,000	0.00700	105.00	0.00	0.0%	0.0%
Cost of Power Commodity	kWh	15,600	0.05704	889.82	15,525	0.05704	885.55	(4.28)	-0.5%	-0.2%
Total Bill				1,726.54			1,769.81	43.28	2.5%	2.6%

Norfolk Power Distribution Inc.

The overall bill impact on a General Service 50 to 4999kW customer is shown in detail in Exhibit 9, Tab 1, Schedule 9.

Street Lighting

	Metric	2007 BILL			2008 BILL			IMPACT		
		Volume	Rate \$	Charge \$	Volume	Rate \$	Charge \$	Change \$	Change %	% of Total Bill
Monthly Service Charge				0.71		1.77	1.06	149.8%	15.9%	
Distribution	kW	1	2.40250	1.80	1	6.00237	4.50	2.70	149.8%	40.4%
Sub-Total				2.51		6.28	3.76	149.8%	56.4%	
Regulatory Asset Recovery	kW	1	0.29310	0.22	1	1.17125	0.88	0.66	299.6%	9.9%
Retail Transmission - Network	kW	1	1.51410	1.17	1	1.48397	1.14	(0.03)	-2.5%	-0.4%
Retail Transmission - Line and Transformation Connection	kW	1	1.25880	0.97	1	0.94337	0.73	(0.25)	-25.4%	-3.7%
Wholesale Market Service	kWh	26	0.00520	0.13	26	0.00530	0.14	0.00	1.4%	0.0%
Rural Rate Protection Charge	kWh	26	0.00100	0.03	26	0.00100	0.03	(0.00)	-0.5%	0.0%
Debt Retirement Charge	kWh	25	0.00700	0.18	25	0.00700	0.18	0.00	0.0%	0.0%
Cost of Power Commodity	kWh	26	0.05704	1.47	26	0.05704	1.46	(0.01)	-0.5%	-0.1%
Total Bill				6.68		10.82	4.14	62.0%	62.0%	

The overall bill impact on the Street Light customer is shown in detail in Exhibit 9, Tab 1, Schedule 9.

Sentinel Lighting

	Metric	2007 BILL			2008 BILL			IMPACT		
		Volume	Rate \$	Charge \$	Volume	Rate \$	Charge \$	Change \$	Change %	% of Total Bill
Monthly Service Charge				1.37		5.43	4.06	296.2%	27.3%	
Distribution	kW	1	3.37790	2.53	1	13.38238	10.04	7.50	296.2%	50.4%
Sub-Total				3.90		15.46	11.56	296.2%	77.7%	
Regulatory Asset Recovery	kW	1	9.29090	6.97	1	3.02257	2.27	(4.70)	-67.5%	-31.6%
Retail Transmission - Network	kW	1	1.52170	1.19	1	1.49149	1.16	(0.03)	-2.5%	-0.2%
Retail Transmission - Line and Transformation Connection	kW	1	1.28510	1.00	1	0.96309	0.75	(0.25)	-25.4%	-1.7%
Wholesale Market Service	kWh	26	0.00520	0.14	26	0.00530	0.14	0.00	1.4%	0.0%
Rural Rate Protection Charge	kWh	26	0.00100	0.03	26	0.00100	0.03	(0.00)	-0.5%	0.0%
Debt Retirement Charge	kWh	25	0.00700	0.18	25	0.00700	0.18	0.00	0.0%	0.0%
Cost of Power Commodity	kWh	26	0.05704	1.48	26	0.05704	1.48	(0.01)	-0.5%	0.0%
Total Bill				14.88		21.45	6.57	44.2%	44.2%	

The overall bill impact on the Sentinel Light customer is shown in detail in Exhibit 9, Tab 1, Schedule 9.

Loss Factors

	2007 TLF	2008 TLF	Proposed % Change
Total Loss Factor-Secondary Metered Customer <5,000 kW	1.0560	1.0560	0.00%
Total Loss Factor-Primary Metered Customer <5,000 kW	1.0454	1.0454	0.00%

Total Loss Factor are detailed in Exhibit 4, Tab 2, Schedule 9.

The Applicant considers its proposed rates to have acceptable impacts on the distribution portion of the customer's bill and therefore the Applicant is not proposing any rate mitigation measures.

Norfolk Power Distribution Inc.

LIST OF ISSUES

There are a number of issues that, although they may not all be defined as major, are anticipated to be examined in this case. These issues are listed below.

Capital Structure

The Applicant's current deemed capital structure is 50% debt/50% equity. In its December 20, 2006 Report of the Board on Cost of Capital and 2nd Generation Incentive Regulation for Ontario Electricity Distributors, the OEB mandated a shift to a 60% debt/40% equity ratio for all distributors. Consequently, the Applicant is requesting a change in its deemed capital structure. Specifically, the Applicant is requesting a decrease in the deemed equity ratio from 50% to 46.7% consistent with the 3 year phase-in of the Applicant's capital structure from 50% to 40% equity.

Return on Equity

In addition, the Applicant has assumed a return on equity of 8.68% consistent with the methodology outlined in Appendix B of the Report of the Board on Cost of Capital and 2nd Generation Incentive Regulation for Ontario Electricity Distributors dated December 20, 2006. The Applicant understands the OEB will be finalizing the return on equity for 2008 rates based on January 2008 market interest rate information.

Capital Expenditures

The Applicant continues to expand and reinforce its distribution system in order to meet the demand of new and existing customers in its service territory.

Operating and Maintenance Costs

Operating and maintenance costs have been updated to reflect the impact of inflation and expected changes in costs.

Norfolk Power Distribution Inc.

Smart Metering

The Applicant has included costs related to Smart Metering.

Norfolk Power Distribution Inc.

SPECIFIC APPROVALS REQUESTED

The applicant requests the following specific approvals:

1. Approval to charge rates effective May 1, 2008 to recover a revenue requirement of \$12,800,352
2. Approval of our Specific Services charges listed in Exhibit 1, Tab 1, Schedule 5, pages 1 and 2
3. Approval of the Applicant's proposed change in capital structure involving the decrease of the deemed common equity component from 50% to 46.7% (Exhibit 6), consistent with the Report of the Board on Cost of Capital and 2nd Generation Incentive Regulation for Ontario's Electricity Distributors dated December 20, 2006.
4. Approval of the proposed lost factor in Exhibit 4, Tab 2, Schedule 9
5. Approval to continue the following deferral/variance accounts on May 1, 2008
 - 1505 Un-recovered Plant and Regulatory Study Costs
 - 1508 Other Regulatory Assets
 - 1510 Preliminary Survey and Investigation Charges
 - 1515 Emission Allowance Inventory
 - 1516 Emission Allowances Withheld
 - 1518 Retail Cost Variance Account – Retail
 - 1520 Power Purchase Variance Account
 - 1525 Miscellaneous Deferred Debits – including Rebate Cheques
 - 1530 Deferred Losses from Disposition of Utility Plant
 - 1540 Unamortized Loss on Re-acquired Debt
 - 1545 Development Charge Deposits/Receivables
 - 1548 Retail Cost Variance Account – STR
 - 1550 LV Variance Account
 - 1555 Smart Meter Capital Variance Account
 - 1556 Smart Meters OM&A Variance Account
 - 1560 Deferred Development Cost
 - 1562 Deferred Payments in Lieu of Taxes
 - 1563 PILS Contra Account
 - 1565 CMD Expenditure and Recoveries
 - 1566 CDM Contra Account

Norfolk Power Distribution Inc.

- 1570 Qualifying Transition Costs
 - 1571 Pre-Market Opening Energy Variances Total
 - 1572 Extra-Ordinary Event Losses
 - 1574 Deferred Rate Impact Amounts
 - 1580 RSVA-Wholesale Market Service Charge
 - 1582 RSVA-One-time Wholesale Market Service
 - 1584 RSVA-Retail Transmission Network Charge
 - 1586 RSVA-Retail Transmission Connection Charge
 - 1588 RSVA-Power
 - 1592 Deferred PILs Account
 - 2425 Other Deferred Credits
6. Approval to establish a deferral/variance accounts on May 1, 2008 for capital works during the non-rebasing years to collect the revenue requirement costs associated with the cost of construction.

Norfolk Power Distribution Inc.**NUMERICAL DETAILS OF CAUSES OF DEFICIENCY/SUFFICIENCY**
2008 TEST YEAR**Calculation of Revenue Deficiency or Surplus**

	2008 Test Existing Rates	2008 Test Proposed Rates
Revenue		
Suff/ Def From Below.		\$2,925,795
Distribution Revenue	\$9,264,007	\$9,264,007
Other Operating Revenue (Net)	\$464,000	\$464,000
Total Revenue	<u>\$9,728,007</u>	<u>\$12,653,802</u>
Distribution Costs		
Operation, Maintenance, and Administration	\$5,098,246	\$5,098,246
Depreciation & Amortization	\$2,836,810	\$2,836,810
Property & Capital Taxes	\$101,174	\$101,174
Interest- Deemed Interest	\$1,669,256	\$1,669,256
Total Costs and Expenses	<u>\$9,705,486</u>	<u>\$9,705,486</u>
Utility Income Before Income Taxes	\$22,521	\$2,948,316
Net Adjustments per 2008 Pils	<u>-\$333,369</u>	<u>-\$333,369</u>
Taxable Income	<u>-\$310,848</u>	<u>\$2,614,947</u>
Income Tax (Tax Rate 34.5%)	<u>-\$107,243</u>	<u>\$902,157</u>
Utility Income	<u><u>\$129,764</u></u>	<u><u>\$2,046,159</u></u>
Rate Base	\$50,499,606	\$50,499,606
Equity	46.67%	46.67%
Equity Component Rate Base	\$23,566,483	\$23,566,483
Income / Equity Rate Base %	0.55%	8.68%
Target Return -Equity on Rate Base	8.68%	8.68%
Return- Equity on Rate Base	\$2,046,159	\$2,046,159
Revenue Deficiency	\$1,916,396	
Revenue Deficiency (Gross-up)	\$2,925,795	

Norfolk Power Distribution Inc.

CAUSES OF REVENUE DEFFICIENCY

The increase in the Applicant's distribution expenses including depreciation expense in the 2008 Test Year of \$2,925,795 as a result of normal operating expenses plus inflation plus additional amortization related to the Applicant's capital program.

The change in the Applicant's return on capital in the 2008 Test Year of \$1,916,396 indicated that the utility would not earn its regulated return based with existing rates.

Norfolk Power Distribution Inc.

BOARD FINDINGS AND DIRECTIONS FROM 2007 EDR

Excerpt from Decision and Order issued April 12, 2007

Norfolk Power's rate application was filed on the basis of the guidelines. In fixing new rates and charges for Norfolk Power, the Board has applied the policies described in the Report.

After confirming the accuracy of the 2006 rate tariff and accompanying materials submitted in the rate application, the Board applied its approved price cap index adjustment to distribution rates (fixed and variable) uniformly across all customer classes. The price cap index is calculated as a price escalator less an X-factor of 1.0%, intended to represent input price and productivity trends. Based on the final 2006 data published by Statistics Canada, the Board has established the price escalator to be 1.9%. The resulting price cap index adjustment is therefore 0.9%.

The price cap index adjustment was not applied to the following components of the rates:

- the specific service charges;
- the regulatory asset recovery rate rider; and
- the smart meter rate adder (an amount in the fixed components of the rates associated with smart meter cost recovery).

Norfolk Power requested an amount for smart meter costs. The Board has approved an amount of \$0.26 per month per metered customer. Norfolk Power's variance accounts for smart meter program implementation costs, previously authorized by the Board, are continued. It is the Board's understanding that Norfolk Power will not be undertaking any smart metering activity (i.e. discretionary metering activity) in 2007. The amount collected through the smart meter rate adder will be booked into the existing variance accounts, and retained in those accounts, to help fund future smart meter activity. As the notice of this application indicated, the Board will be holding a

Norfolk Power Distribution Inc.

combined proceeding to consider, among other things, appropriate recovery of smart meter costs.

The Board has made the necessary adjustments to Norfolk Power's filed 2006 Tariff of Rates and Charges to produce a new Tariff of Rates and Charges to be effective May 1, 2007. The Board finds the rates and charges in the Tariff of Rates and Charges attached as Appendix A to this decision to be just and reasonable.

THE BOARD ORDERS THAT:

1. The Tariff of Rates and Charges set out in Appendix A of this order is approved, effective May 1, 2007, for electricity consumed or estimated to have been consumed on and after May 1, 2007.
2. The Tariff of Rates and Charges set out in Appendix A of this order supersedes all previous distribution rate schedules approved by the Ontario Energy Board for Norfolk Power, and is final in all respects.
3. Norfolk Power shall notify its customers of the rate changes no later than with the first bill reflecting the new rates.

Norfolk Power Distribution Inc.

BOARD FINDINGS AND DIRECTIONS FROM 2006 EDR

Excerpt from Decision and Order issued April 26, 2006

Norfolk Power has requested an amount of \$10,621,538 as revenue to be recovered through distribution rates and charges. Included in this amount is a debit of \$848,737 for the recovery of regulatory assets. Except where noted in this Decision, the Board finds that Norfolk Power has filed its Application in accordance with the Handbook and the guidelines for the recovery of regulatory assets.

Notwithstanding Norfolk Power's general compliance with the Handbook and associated models, in considering this Application the Board reviewed the following matters in detail:

- Low Voltage Rates;
- Rate Mitigation Proposal;
- Loss Factors;
- Deeming of Transmission Assets; and
- Consequences of the Generic Decision (EB-2005-0529).

Low Voltage Rates

Norfolk Power requested in its Application recovery of ongoing Low Voltage ("LV") charges that Hydro One Networks and Haldimand County Hydro Inc will be levying on Norfolk Power for Low Voltage wheeling distribution services provided to Norfolk Power.

The Board notes that Hydro One Networks applied for an LV rate of \$0.63/kW in its 2006 rate application RP-2005-0020/EB-2005-0378, and the Board has approved this rate. Haldimand County Hydro Inc has also applied for and has been granted Board approval of an LV wheeling rate to serve Norfolk Power.

Norfolk Power Distribution Inc.

The Board is of the view that the LV adjustment that Norfolk Power has included in its Application is insufficient to recover its expected LV charges in 2006, as this amount does not reflect the updated rates for Hydro One Networks and Haldimand County Hydro Inc. Although the Generic Decision provides that embedded distributors are to track differences between LV costs charged by the host distributor(s) and corresponding revenues recovered from ratepayers, the Board seeks to minimize systematic sources of variance. The Board is of the view that Norfolk Power's rates should reflect the LV rates authorized by the Board for the host distributors. Accordingly, the Board has revised the amount for LV charge recovery in Norfolk Power's revenue requirement.

Rate Mitigation Proposal

Norfolk Power's Application proposed a reduced return on equity (ROE) of 5.3%, compared to the original proposal which requested an ROE of 9.0%. Norfolk Power proposed that the revenue requirement reduction associated with the lower ROE be targeted to the residential class in order to reduce the rate increases for that class from 4.5% to 3.4%, while leaving the impacts to other classes unchanged.

The Vulnerable Energy Consumers Coalition submitted that Norfolk Power's mitigation plan was reasonable.

The Board acknowledges Norfolk Power's efforts to mitigate bill impacts. However, in the Board's view, two factors weigh against acceptance all the elements of the proposal.

First, the proposal effectively streams a discount to a selected class of customers. While it is true that rate impacts for other classes would not be affected directly by the proposal, an opportunity cost for those classes is necessarily involved. Furthermore, the conceptual basis of a class-differentiated ROE is not supported by the Handbook and has not been thoroughly tested in evidence by active or potential intervenors.

Norfolk Power Distribution Inc.

Since a class-differentiated ROE represents a significant departure from historical Board practice, the Board views such testing as necessary.

Second, if viewed from the perspective of cost allocation, the proposal can be seen as pre-empting the results of the imminent cost allocation exercise. The Board is prepared to accept changes in the inter-class allocation of costs, but requires a sound basis in analysis and evidence to do so. That basis does not exist in the evidence before the Board.

Therefore, while the Board will accept Norfolk Power's proposed reduction in ROE, the Board finds that the reduction in revenue requirement will be applied to all classes through the existing cost allocation methodology embodied in the model.

Therefore, while the Board will accept Norfolk Power's proposed reduction in ROE, the Board finds that the reduction in revenue requirement will be applied to all classes through the existing cost allocation methodology embodied in the model.

Norfolk Power Distribution Inc.

Loss Factors

Norfolk Power has proposed a reduction in its distribution Loss Factor from 5.78% to 5.6%, following the methodology set out in the Handbook.

The proposed reduction is consistent with the Handbook requirements and the Board will accept it.

The Board notes that the RP-2004-0188 Report of the Board dated May 11, 2005 stated that any distributor whose 3-year average of distribution losses is higher than 5 percent will be required to report on those losses and provide an action plan as to how the distributor intends to reduce the level of losses. No plan was proposed. Therefore, the Board directs Norfolk Power to file an action plan within 90 days detailing how it intends to reduce the level of losses.

Deeming of a Transmission Asset

To meet growing local demand, reduce losses, and provide a reliable and secure supply of electricity, Norfolk Power constructed a 115 kV Transformer Station (the "TS") which had an in-service date in 2004.

In this Application, Norfolk Power has requested that the TS be deemed to be a distribution asset.

Some assets operated by a distributor may be classified as part of a transmission system according to the definition of "transmission system" in the *Ontario Energy Board Act, 1998*. The Board has the power, under section 84 of the Act, to determine that transmission system assets are part of a distribution system, and can therefore treat them as distribution assets for the purpose of setting distribution rates. As stated above, Norfolk Power has requested the TS asset completed in 2004 be deemed to be a distribution asset in its rate base.

The Board deems the Norfolk Power TS asset to be a distribution asset. The costs associated with that asset are to be included in the revenue requirement for the Applicant.

Norfolk Power Distribution Inc.

Consequences of the Generic Decision on this Application

The Generic Decision contains findings relevant to funding for smart meters for electricity distributors. The Applicant did not file a specific smart meter investment plan or request approval of any associated amount in revenue requirement. Absent a specific plan or discrete revenue requirement, the Generic Decision provides that \$0.30 per residential customer per month be reflected in the Applicant's revenue requirement. The Board finds that this increase in the revenue requirement amount will be allocated equally to all metered customers and recovered through their monthly service charge. This increment is reflected in the approved monthly service charges contained in the Tariff of Rates and Charges appended to this Decision. Pursuant to the Generic Decision, a variance account will be established, the details of which will be communicated in due course.

Resulting Revenue Requirement

As a result of the Board's determinations on these issues, the Board has adjusted the revenue requirement to be recovered through distribution rates and charges to \$10,685,794, including a debit amount of \$848,737 for the recovery of Regulatory Assets.

In its letter of December 20, 2004 to electricity distributors, the Board indicated that it would consider the disposition of the 2005 OEB dues recorded in Account 1508 in this proceeding. However, given that the final 2005 OEB dues are not available because of the difference in fiscal years for the Board and the distributors, and given that the model used to develop the Application does not incorporate this provision, the Board will review and dispose of the 2005 OEB dues at a later time.

THE BOARD ORDERS THAT:

1. The Tariff of Rates and Charges set out in Appendix "A" of this Order is approved, effective May 1, 2006, for electricity consumed or estimated to have been consumed on and after May 1, 2006. The application of the revised distribution rates shall be prorated to May 1, 2006. If Norfolk Power Distribution Inc.'s billing system is not capable of prorating changed loss factors jointly with distribution rates, the revised loss factors shall be implemented upon the first subsequent billing for each billing cycle.

Norfolk Power Distribution Inc.

2. The Tariff of Rates and Charges set out in Appendix "A" of this Order supersedes all previous distribution rate schedules approved by the Ontario Energy Board for Norfolk Power Distribution Inc., and is final in all respects.

3. Norfolk Power Distribution Inc. shall notify its customers of the rate changes no later than with the first bill reflecting the new rates.

Norfolk Power Distribution Inc.

STATUS REPORT ON BOARD DIRECTIVES

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

Attention: Peter H. O'Dell
Assistant Board Secretary

Re: Norfolk Power Distribution Inc. –Line Loss Reduction Plan

(RP-2005-0020 EB-2005-0396)

In your Decision and Order dated April 26, 2006, you requested that Norfolk Power file an action plan detailing how we intend to reduce our line losses. In compliance to your request, I offer the following comments and details of our strategy to reduce line losses.

- Line loss reduction is included in our Conservation and Demand Management strategy accepted by the O.E.B. and filed as part of the Niagara Erie Power Association (NEPA) submission. NEPA is an association of 11 LDCs in the greater Niagara Peninsula.
- Our line loss reduction initiatives include installation of a Supervisory Control and Data Acquisition System (SCADA), which provides us with load information on distribution transformer stations, feeders and lines. This information provides the necessary data to help us balance loads on our system, which is a simple way to reduce line losses.
- Another related action is to convert from 8 KV low voltage distribution to high voltage distribution 27.6 KV as the higher voltage helps reduce line losses. A major voltage conversion project was recently completed in a large section of our rural service territory, which will help reduce future line losses.

Norfolk Power Distribution Inc.

- Another reliability and system efficiency initiative of Norfolk Power is the operation of our new high voltage transformer station, which was brought on line December 2004. This facility helped to provide additional short feeders to the town of Simcoe, which helps to reduce line loss particularly as it accommodates growth in our industrial areas.
- We are currently assessing and preparing a strategic plan regarding the future of our municipal transformer substations as they are fully depreciated and in need of either refurbishing or to be taken out of service if conversion to a higher voltage is determined to be prudent. In either event, voltage conversion or replacement of old transformers with new more efficient transformers will reduce losses.
- It should be noted that Norfolk Power serves one of the largest rural service territories in the Province. Our kilometers of line per customer is very high relative to high density urban utilities. To distribute power over long distances to few customers will technically result in higher line losses compared to urban distribution. Five years ago, Norfolk Power line loss was in the range of 6.5% and we are proud to report that our line loss is now in the range of 5.5% and our goal is to approach 5.0% reflecting a technically efficient distribution system for a large rural utility.
- Our line loss reduction program is currently saving our customers over \$350,000 per year in lower commodity costs due to reduced line losses and has helped reduce the need for additional generation capacity in Ontario.

I trust this meets with your approval and ask that you call me at (519) 426-4440 extension 2227, if you have any questions.

Yours truly,

J.F. Druyf
President & C.E.O.

Norfolk Power Distribution Inc.

UNIFORM SYSTEM OF ACCOUNTS AND ACCOUNTING ORDERS

The Applicant is in compliance with the OEB's Uniform System of Accounts for electricity distributors and, where applicable, with the OEB's related accounting letters and orders.

Norfolk Power Distribution Inc

UTILITY DESCRIPTION

Overview

The Applicant is the electricity distributor licensed by the Ontario Energy Board to serve the County of Norfolk. The Applicant and other affiliates of Applicant were incorporated under the *Business Corporations Act* (Ontario) on June 23, 1999. The sole shareholder of the Applicant is the County of Norfolk. The County owns 100 percent of the shares of the Applicant. All of the Applicant's debt is held by a third party.

The Applicant operates an electrical distribution system with a total service area of 693 square kilometers within the County of Norfolk. The Company currently delivers electricity through a network of over 573 kilometers of overhead wires, through transformer stations, to approximately 18,500 customers in residential, general service classes. The Applicant's annual revenue inclusive of electricity commodity revenue in 2006 was \$34,573,686 million. The Applicant employs a full-time workforce of 50 skilled employees who are dedicated to delivering a safe and reliable supply of electricity to customers.

Neighbouring Utilities

The Company is adjacent to Brant County Power and Haldimand Hydro.

Host or Embedded Utilities

The Applicant is partially embedded with Hydro One and Haldimand County Hydro.

Norfolk Power Distribution Inc

Contact Information

Alvin E. Allim

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Norfolk Power Inc.

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Simcoe Ontario

N3Y 4N6

Phone: 519-426-4440 ext. 2264

Fax: 519-426-4514

e-mail: aallim@norfolkpower.on.ca

EB-2007-0753

Exhibit: 1

Tab: 2

Schedule: 2

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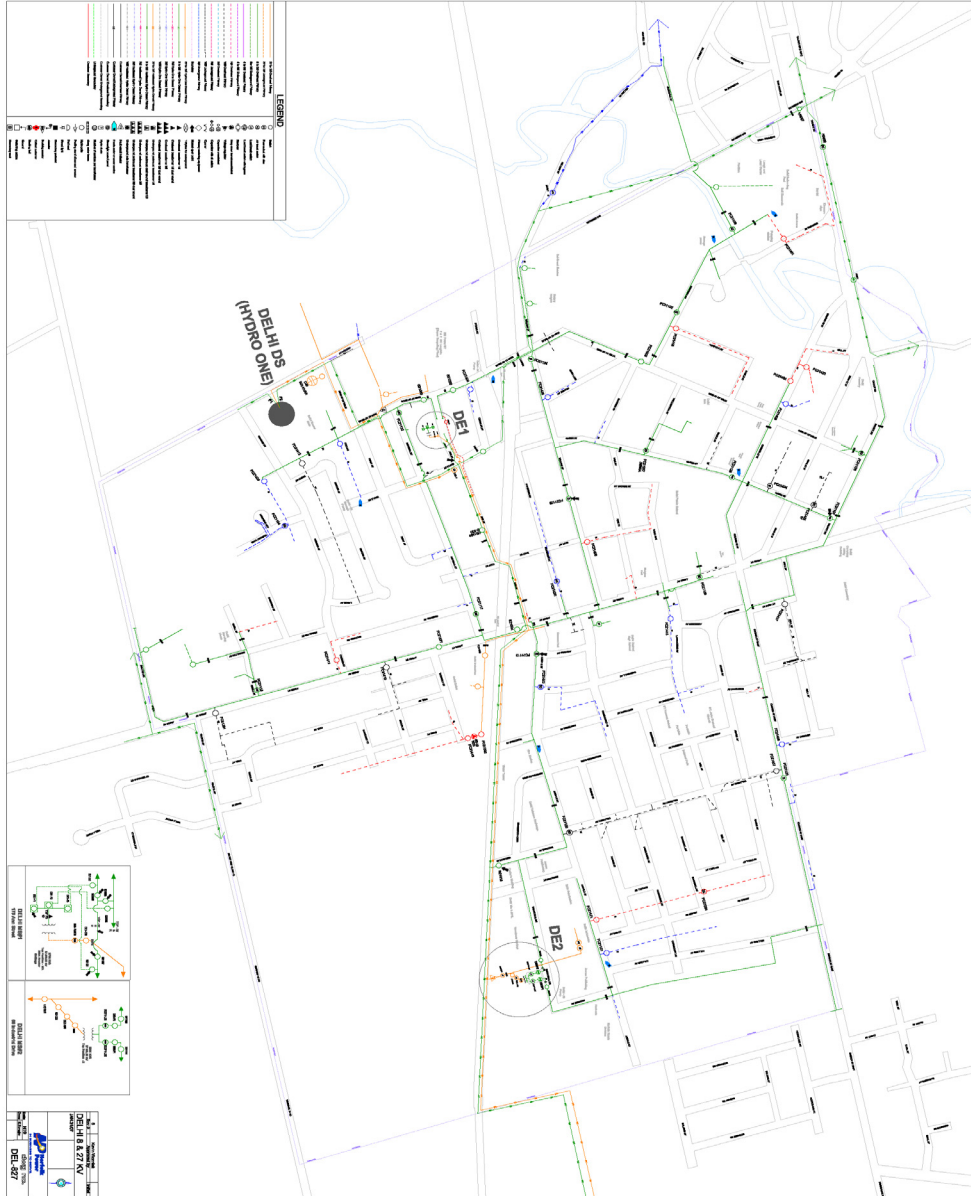
Norfolk Power Distribution Inc

DISTRIBUTOR LICENCE

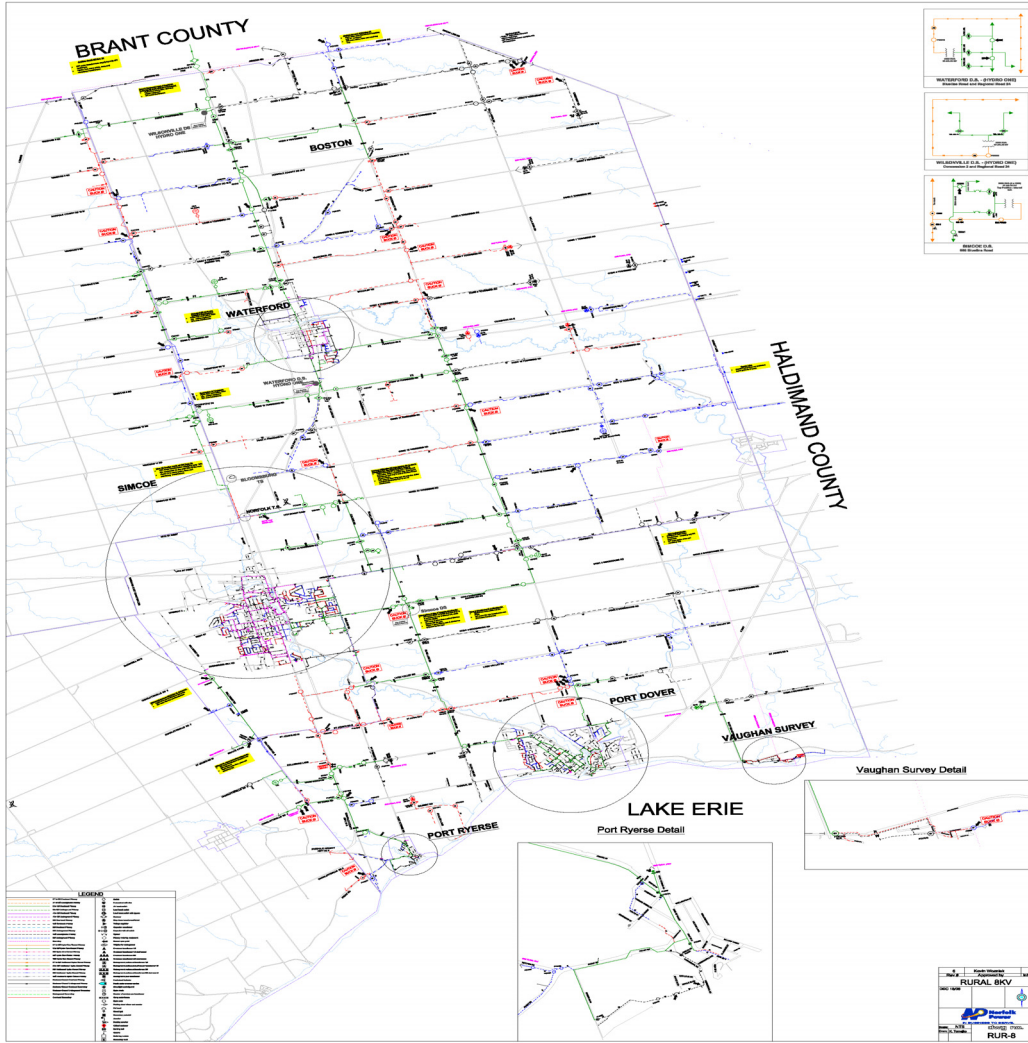
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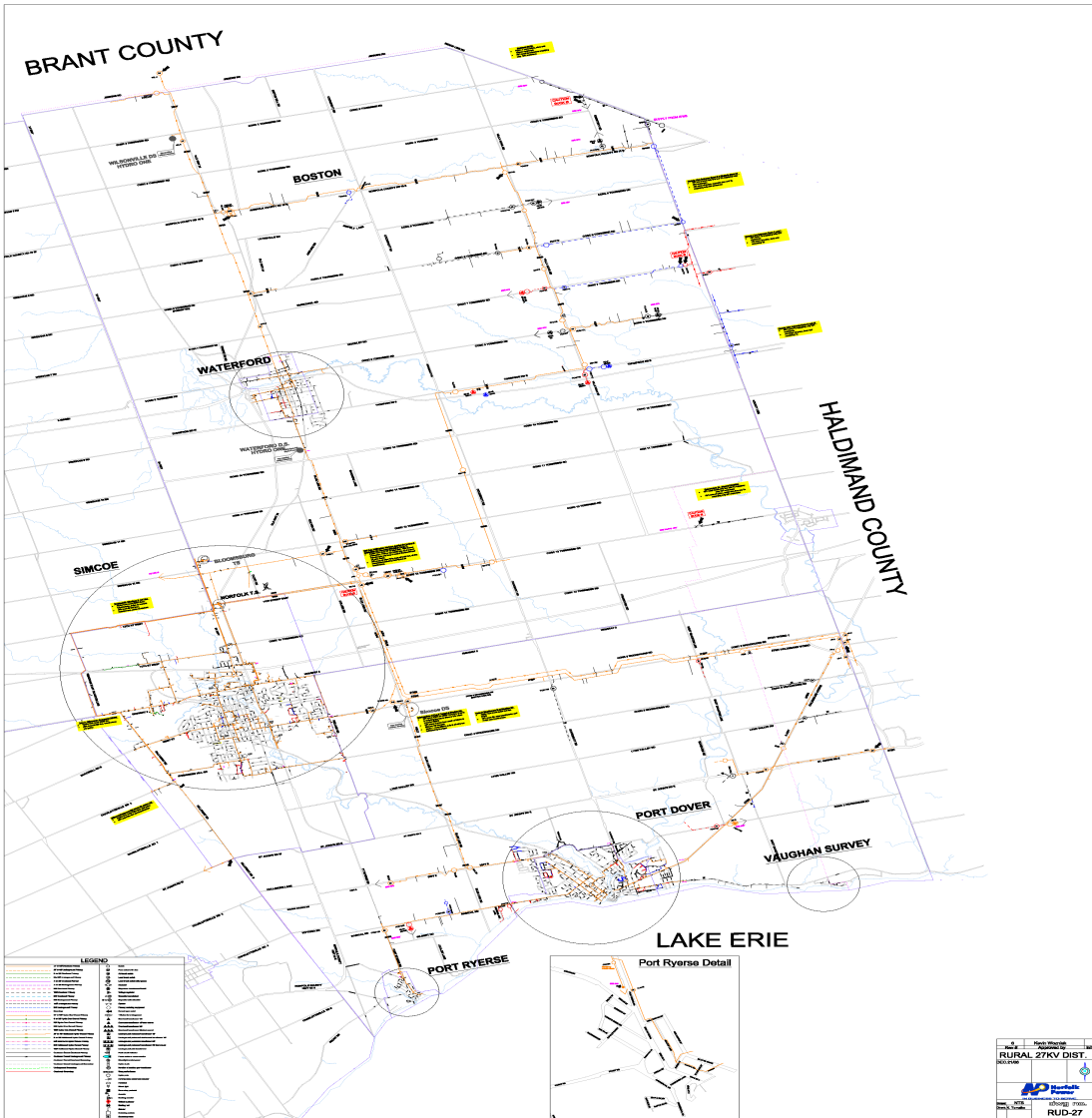
MAP OF DISTRIBUTION SYSTEM



Norfolk Power Distribution Inc

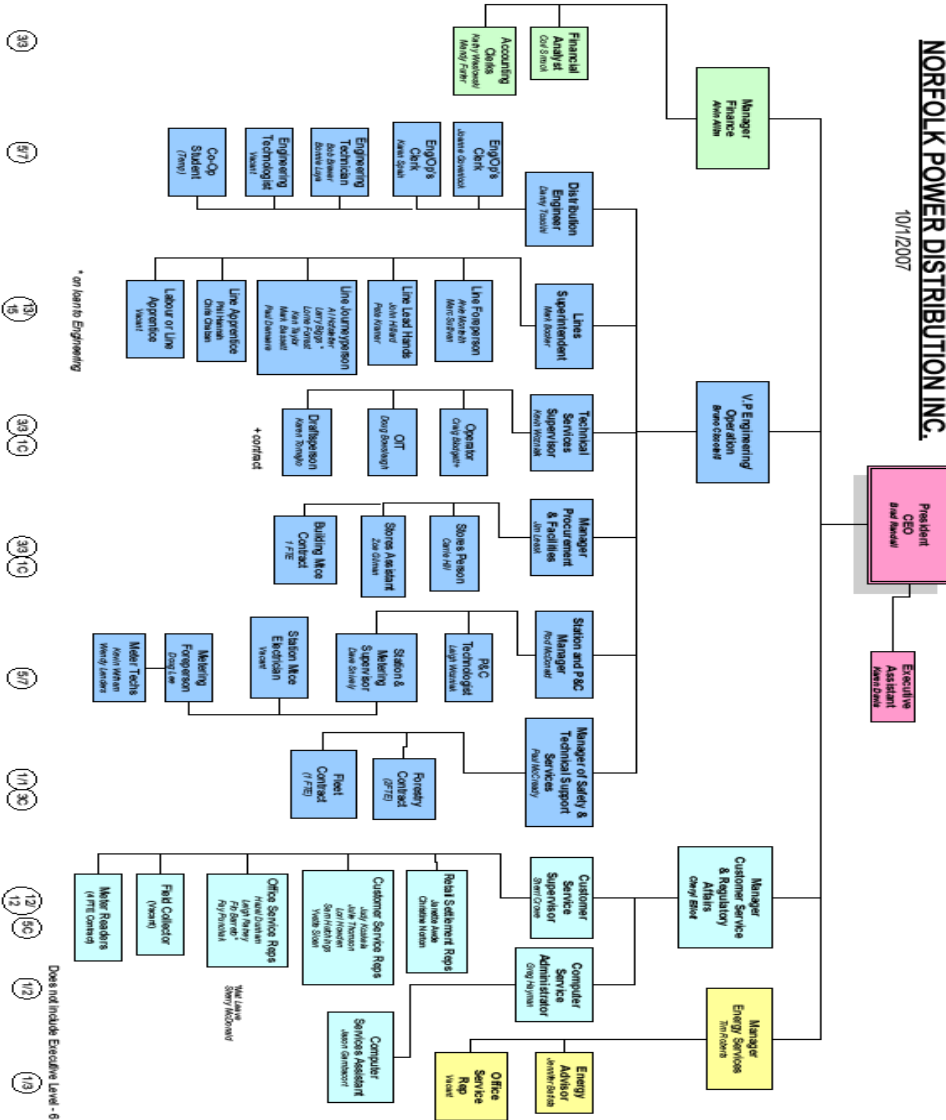


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APPLICANT ORGANIZATIONAL CHART

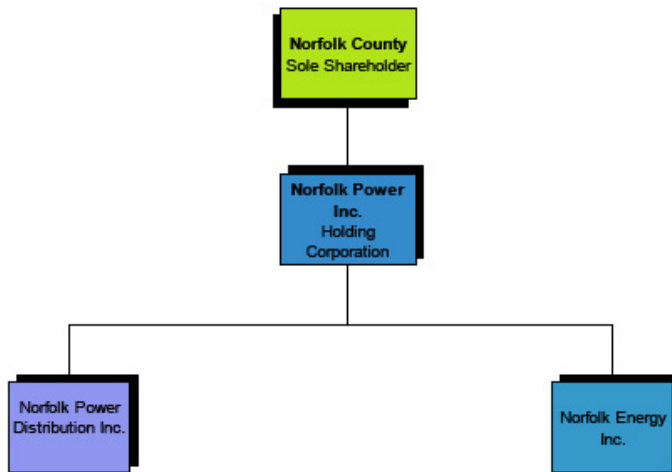


Norfolk Power Distribution Inc

CORPORATE ENTITIES RELATIONSHIP CHARTS



Corporate Entities Relationship Chart
Norfolk Power Corporation



- Notes: 1. Norfolk County owns all 1,000 common shares issued by Norfolk Power Inc.
2. Norfolk Power Inc., is the parent company to Norfolk Power Distribution Inc and Norfolk Energy Inc.
3. By virtue of Note 2 above, Norfolk Power Distribution Inc. and Norfolk Energy Inc. are affiliated

Norfolk Power Distribution Inc

PLANNED CHANGES IN CORPORATE AND OPERATIONAL STRUCTURE

The Applicant does not plan to make any changes to its Corporate and Operational Structure.

Norfolk Power Distribution Inc

LIST OF WITNESSES

A list of witnesses and their Curriculum Vitae will be provided upon request or in case of an oral hearing.

Norfolk Power Distribution Inc

BUDGET DIRECTIVES

The Applicant compiles budget information for the three major components of the budgeting process: revenue forecasts, operating and maintenance expense forecast and capital budgets. This budget information is compiled for both the bridge and Test Years.

Revenue Forecast

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

Operating and Maintenance Expense Forecast

The operating and maintenance expenses for fiscal 2007 bridge year and the 2008 Test Year have been forecast using a zero based methodology and is strongly influenced by prior year experience. Each item is reviewed account by account for each of the forecast years. Is this correct?

Capital Budget

The capital budgeting process begins with a review of all the accounts.

All other capital expenditures are budgeted on a line by line basis based on need and forecasted customer growth.

Norfolk Power Distribution Inc

CONDITIONS OF SERVICE

NORFOLK POWER DISTRIBUTION INC.

CONDITIONS OF SERVICE

Updated
SEPTEMBER 2005

Norfolk Power Distribution Inc

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SECTION 1 – INTRODUCTION

This document provides information regarding the services offered by Norfolk Power Distribution Inc. and conditions associated with the supply of electrical energy to Customers. These Conditions convey Norfolk Power Distribution Inc. policy with respect to service to buildings and associated matters.

1.1 Identification of Distributor and Service Area

Norfolk Power Distribution Inc., referred to herein as “Norfolk Power” is a corporation incorporated under the laws of the Province of Ontario ~~and a Distributor of~~ electricity.

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Norfolk Power is licenced by the Ontario Energy Board (“OEB”) to supply electricity to Customers as described in the current Distribution Licence issued to Norfolk Power by the OEB. Additionally, there are requirements imposed on Norfolk Power by the various codes referred to in the Licence and by the Electricity Act, 1998 and Ontario Energy Board Act.

Norfolk Power may only operate distribution facilities within its Licenced ~~Service Area as defined in its~~ Distribution Licence. This service area is subject to change with the OEB’s approval.

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Nothing contained in this document or in any contract for the supply of electricity by Norfolk Power shall prejudice or affect any rights, privileges, or powers vested in Norfolk Power by law under any Act of the Legislature of Ontario or the Parliament of Canada, or any regulations there under.

1.2 Related Codes and Governing Laws

The supply of electricity or related services by Norfolk Power to any Customer shall be subject to various laws, regulations and codes, including the provisions of the latest editions of the following documents:

1. Electricity Act, 1998 } part of the Energy Competition
2. Ontario Energy Board Act, 1998 } Act, 1998
3. Distribution License
4. Affiliate Relationships Code
5. Transmission System Code
6. Distribution System Code
7. Retail Settlement Code
8. Standard Service Supply Code

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In the event of a conflict between this document and the Distribution License or regulatory codes issued by the OEB, or the Energy Competition Act, 1998 (the “Act”), the provisions of the Act, the Distribution License and associated regulatory codes shall prevail in the order of priority indicated above. If there is a conflict between a Connection Agreement with a Customer and this Conditions of Service, this Conditions of Service shall govern.

When planning and designing for electricity service, Customers and their agents must refer to all applicable provincial and Canadian electrical codes, and all other applicable federal, provincial, and municipal laws, regulations, codes and by-laws to also ensure compliance with their requirements. Without limiting the

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foregoing, the work shall be conducted in accordance with the latest edition of the Ontario Occupational Health and Safety Act (OHSA), the Regulations for Construction Projects and the harmonized Electrical & Utilities Safety Association of Ontario (E&USA) rulebook.

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1.3 Interpretations

In these Conditions, unless the context otherwise requires:

- Headings, paragraph numbers and underlining are for convenience only and do not affect the interpretation of this Conditions;
- Words referring to the singular include the plural and vice versa;
- Words referring to a gender include any gender.

1.4 Amendments and Changes

The provisions of this Conditions of Service and any amendments made from time to time form part of any Contract made between Norfolk Power and any connected Customer, Retailer, or Generator and this Conditions of Service supercedes all previous conditions of service, oral or written, of Norfolk Power or any of its predecessor municipal electric utilities as of its effective date.

In the event of changes to this Conditions of Service, a public notice shall be made in the form of either a notice in a local newspaper or a notice with the Customer's bill.

The Customer is responsible for contacting Norfolk Power to ensure that the Customer has, or to obtain the current version of this Conditions of Service. Norfolk Power may charge a reasonable fee for providing the Customer with a copy of this document.

1.5 Contact Information

Norfolk Power and its agents can be contacted at (519) 426-4440 or 1 (800) 465-0291 or by fax at (519) 426-4514. Normal working hours are Monday to Friday between 8:30 am and 4:30 pm excluding statutory holidays. The Corporate mailing address is P.O. Box 588, 70 Victoria Street, Simcoe ON N3Y 4N6

1.6 Customer Rights

Norfolk Power shall only be liable to a Customer and a Customer shall only be liable to Norfolk Power for any damages that arise directly out of the willful misconduct or negligence:

- of Norfolk Power in providing distribution services to the Customer;
- of the Customer in being connected to Norfolk Power's distribution system; or
- of Norfolk Power or Customer in meeting their respective obligations under this Conditions, their licences and any other applicable law.

Notwithstanding the above, neither Norfolk Power nor the Customer shall be liable under any circumstances whatsoever for any loss of profits or revenues, business interruption losses, loss of contract or loss of goodwill, or for any indirect, consequential, incidental or special damages, including but not limited to punitive or exemplary damages, whether any of the said liability, loss or damages arise in contract, tort or otherwise.

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Our website can be accessed at
<http://www.brantcountypower.co>
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The Customer or Embedded Generator shall indemnify and hold harmless Norfolk Power, its directors, officers, employees and agents from any claims made by any third parties in connection with the construction and installation of a generator by or on behalf of the Customer or the Embedded Generator.

1.7 Distributor Rights

1.7.1 Access to Customer Property

Norfolk Power shall have access to Customer property in accordance with section 40 of the *Electricity Act, 1998*.

1.7.2 Safety of Equipment

The Customer will comply with all aspects of the Ontario Electrical Safety Code with respect to insuring that equipment is properly identified and connected for metering and operation purposes and will take whatever steps necessary to correct any deficiencies, in particular cross wiring situations, in a timely fashion. If the Customer does not take such action within a reasonable time, Norfolk Power may disconnect the supply of power to the Customer.

The Customer shall not build, plant or maintain or cause to be built, planted or maintained any structure, tree, shrub or landscaping that would or could obstruct the running of distribution lines, endanger the equipment of Norfolk Power or other retail customers, interfere with the proper and safe operation of Norfolk Power's facilities or adversely affect compliance with any applicable legislation in the sole opinion of Norfolk Power.

The Customer shall not use or interfere with the facilities of Norfolk Power except in accordance with a written agreement with Norfolk Power. The Customer must also grant Norfolk Power the right to seal any point where a connection may be made on the line side of the metering equipment.

1.7.3 Operating Control

The Customer will provide a convenient and safe place, satisfactory to Norfolk Power, for installing, maintaining and operating its equipment in, on, or about the Customer's premises. Norfolk Power assumes no risk and will not be liable for damages resulting from the presence of its equipment on the Customer's premises or approaches thereto, or action, omission or occurrence beyond its control, or negligence of any Persons over whom Norfolk Power has no control.

Unless an employee or an agent of Norfolk Power, or other Person lawfully entitled to do so, no Person shall remove, replace, alter, repair, inspect or tamper with Norfolk Power's equipment.

Customers will be required to pay the cost of repairs or replacement of Norfolk Power's equipment that has been damaged or lost by the direct or indirect act or omission of the Customer or its agents.

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The physical location on Customer's premises at which a distributor's responsibility for operational control of distribution equipment ends is defined by the Distribution System Code as the "operational demarcation point".

1.7.4 Repairs of Defective Customer Electrical Equipment

The Customer will be required to repair or replace any equipment owned by the Customer that may affect the integrity or reliability of Norfolk Power's distribution system. If the Customer does not take such action within a reasonable time, Norfolk Power may disconnect the supply of power to the Customer. Norfolk Power's policies and procedures with respect to the disconnection process are further described in this Conditions of Service. The determination of "reasonable time" shall be the sole discretion of Norfolk Power.

1.7.5 Repairs of Customer's Physical Structures

The Customer is responsible for maintaining, repairing and replacing, in a safe condition satisfactory to Norfolk Power, all the Customer's civil infrastructure on private property including but not limited to poles, underground conduits, cable chambers, cable pull rooms, transformer rooms, transformer vaults and transformer pads that Norfolk Power deems required to house Norfolk Power's Connection Assets.

1.8 Disputes

If a Customer or other Market Participant has a complaint about Norfolk Power regarding services provided by Norfolk Power under its Distribution License, the Customer may contact one of Norfolk Power's Customer Service representatives at (519) 426-4440 or 1 (800) 465-0291.

Upon receipt of a complaint, a Norfolk Power Customer Service representative will contact the Customer or other Market Participant to acknowledge receipt of the complaint and, if possible, to resolve the complaint, and will investigate and follow-up on the complaint as required to resolve the complaint. If a Customer or other Market Participant complaint cannot be resolved by contacting one of Norfolk Power's Customer Service representatives, Norfolk Power will refer the unresolved complaint to an independent third party complaints resolution agency that has been approved by the Ontario Energy Board. Until such time as the Ontario Energy Board approves such an independent third party complaints resolution agency, such complaints will be referred to the Ontario Energy Board, which has assumed this role.

SECTION 2 - DISTRIBUTION ACTIVITIES (GENERAL)

2.1 Connections

Under the terms of the Distribution System Code, Norfolk Power has the obligation to either connect or to make an offer to connect any Customers that lie in its service area.

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The Customer or their representative shall consult with Norfolk Power concerning the availability of supply, the supply voltage, service location, metering, and any other details. These requirements are separate from and in addition to those of the Electrical Safety Authority. Norfolk Power will confirm, in writing, the characteristics of the electric supply.

The Customer or their authorized representative shall apply for new or upgraded electric services and temporary power services in writing. The Customer is required to provide Norfolk Power with sufficient lead-time in order to ensure:

- a) the timely provision of supply to new and upgraded premises; or
- b) the availability of adequate capacity for additional loads to be connected in existing premises.

Norfolk Power shall make every reasonable effort to respond promptly to a Customer's request for connection. Norfolk Power shall respond to a Customer's request for a Customer connection within 15 calendar days of receipt of the written request. Norfolk Power will make an offer to connect within 60 calendar days of receipt of the written request, unless other necessary information is required from the Customer before the offer can be made.

Norfolk Power shall make every reasonable effort to respond promptly to a generator's request for connection. In any event Norfolk Power shall provide an initial consultation with a generator that wishes to connect to the distribution system regarding the connection process within thirty (30) calendar days of receiving a written request for connection. A final offer to connect a generator to its distribution system shall be made within ninety (90) calendar days of receiving a written request for connection, unless other necessary information outside the distributor's control is required before the offer can be made.

Norfolk Power shall make every reasonable effort to respond promptly to another distributor's request for connection. Norfolk Power shall provide an initial consultation with another distributor regarding the connection process within thirty (30) days of receiving a written request for connection. A final offer to connect the distributor to Norfolk Power's distribution system shall be made within ninety (90) days of receiving the written request for connection, unless other necessary information outside the distributor's control is required before the offer can be made.

If special equipment is required or equipment delivery problems occur then longer lead times may be necessary. Norfolk Power will notify the Customer of any extended lead times.

In addition to any other requirements in this Conditions of Service, the supply of electricity is conditional upon Norfolk Power being permitted and able to provide such a supply, obtaining the necessary apparatus and material, and constructing works to provide the service. Should Norfolk Power not be permitted or able to do so, it is under no responsibility to the Customer whatsoever and the Customer releases Norfolk Power from any liability in respect thereto.

Norfolk Power, in its discretion, may require a Customer, generator or distributor to enter into a Connection Agreement with Norfolk Power including terms and conditions in addition to those expressed in this Conditions (refer to the sample in the Distribution System Code - Appendix D).

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2.1.1 Building that Lies Along

For the purpose of this Conditions "lies along" means a Customer property or parcel of land that is directly adjacent to or abuts onto the public road allowance where Norfolk Power has distribution facilities of the appropriate voltage and capacity.

Under the terms of the Distribution System Code, Norfolk Power has the Obligation to connect (under Section 28 of the Electricity Act, 1998) a building or facility that "lies along" its distribution line, provided:

- a) the building can be connected to Norfolk Power's distribution system without an Expansion or Enhancement; and
- b) the service installation meets the conditions listed in the Conditions of Service of the Distributor that owns and operates the distribution line.

The location of the Customer's service entrance equipment will be subject to the approval of Norfolk Power and the Electrical Safety Authority.

2.1.1.1 Connection Charges

Norfolk Power shall recover costs associated with the installation of "Connection Assets", by Customer Class, via a Basic Connection Charge and a Variable Connection Charge, as applicable.

- For Residential and General Service class Customers, the Basic Connection Charge is recovered through Norfolk Power's rates and covers the Standard Allowance to provide a basic connection consistent with the defined ownership demarcation point as outlined in [Section 3.1.3](#) and [3.2.3](#). This point may differ from the "operational demarcation point".

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Note: Subdivisions, multi units or townhouse type developments are considered General Service Class Customers with respect to connecting the development to the distribution system. Connection charges related to connection of the individual dwelling units in the development will be treated as Residential Class Customers.

- b) For Non-Residential Customers, Norfolk Power may recover the Basic Connection Charge either through Norfolk Power's rates, or through a Basic Connection Fee levied from the Customer requesting the connection. The Basic Connection Fee is determined for each Customer Class as indicated in [Section 2.1.2.2](#) and Section 5.

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- c) The Variable Connection Charge shall be calculated as the costs associated with the installation of Connection assets **above and beyond** the Standard Allowance for Basic Connection as described in Section 2.1.2.2 and Section 5. Norfolk Power may recover this variable connection fee, which shall be based on actual cost.

Note: Basic Connection Fees are reviewed annually and are calculated based on the average costs to provide the Standard Allowance and the Basic Connection for each Customer Class as identified in Section 2.1.2.2 and Section 5. Standard fees are determined using historical data from previous year(s) for all completed projects in each Customer Class.

2.1.2 Expansions / Offer to Connect

Under the terms of the Distribution System Code, Norfolk Power is required to make an “Offer to Connect” if, in order to connect a Customer, Norfolk Power must construct new distribution system facilities or increase the capacity of existing distribution facilities (i.e. an “Expansion” of its system). In making an “Offer to Connect”, Norfolk Power will include, without limitation, the following components, as applicable:

- a) the Basic Connection Fee;
- b) the Variable Connection Fee;
- c) the Capital Contribution;
- d) the Security Deposit.

The cost associated with the Expansion is to be fair and reasonable and is in addition to any Basic and/or Variable Connection Charges. Refer to Section 2.1.2.2 and Section 5 for Basic and Variable Connection Fees of each Customer Class and the respective ownership demarcation point.

Norfolk Power will perform an economic evaluation to determine whether the future revenue from the Customer will pay for the capital and on-going maintenance costs of the Expansion project (refer to methodology and assumptions in the Distribution System Code – Appendix B). At the discretion of Norfolk Power, the capital costs for the Expansion may include incremental costs associated with the full use of Norfolk Power’s existing spare facilities or equipment, which may result in an adverse impact to future Customers. The economic evaluation will be based on the Customer’s proposed load (“Estimated Incremental Demand”).

In performing the economic evaluation, should the Net Present value (NPV) of the costs and revenues associated with the expansion be less than zero, a capital contribution in the amount of the shortfall is required. Norfolk Power has the choice of either:

- a) collecting this shortfall from the Customer; or
- b) absorbing this shortfall.

2.1.2.1 Offer to Connect

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If Norfolk Power's offer to connect is a firm offer, Norfolk Power will provide one estimate to the Customer for any plans submitted to Norfolk Power for an expansion project, at no expense to the Customer. If the Customer submits revised plans, Norfolk Power may provide a new firm offer for revised plans at the Customer's expense.

If Norfolk Power's offer to connect is an estimate of the costs to construct the expansion and not a firm offer, the final amount charged to the Customer will be based on actual costs incurred. Norfolk Power will calculate the first estimate and the final payment at no expense to the Customer.

Where the offer to connect meets the conditions identified in the Distribution System Code, Norfolk Power will inform the Customer that the Customer may obtain other bids from qualified contractors.

Norfolk Power may charge a Customer that chooses to pursue an alternative bid any costs incurred by Norfolk Power associated with the expansion project, including but not limited to the following:

- costs for additional design, engineering, or installation of facilities required to complete the project that were made in addition to the original offer to connect;
- costs for inspection or approval of the work performed by the contractor hired by the Customer.

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2.1.2.2 Capital Contributions

Customers, (including developers) may be required to pay a capital contribution to pay for a portion of Norfolk Power costs incurred to provide service in compliance to section 3 of the Distribution System Code.

Basic Service Provided at No Charge.

Norfolk Power shall supply, install and maintain the following basic service for *all customer classes* at no charge.

- Basic KWH, KW /KVA meter as required.
- Interval meter for loads over 500 KVA.
- 30 meters of overhead conductor to all Customers for connection to Norfolk Power's primary distribution system or transformer.
- Overhead road crossing facilities.
- Basic transformation.

Related costs for basic service shall be recovered through the retail distribution service charge to all customers as part of Norfolk Power's general revenue requirement.

General Terms and Conditions.

The customer shall pay a capital contribution to pay for the *incremental* cost of metering, connections, transformation and distribution facilities that exceed the basic service provided by Norfolk Power as follows.

- Where a capital contribution is required, the amount will be determined using a 25 year net present value calculation (*per appendix B of the Distribution System Code*) comparing the present value of *incremental* revenue to the present value of the *incremental* cost of related capital works *including* transformation and metering upgrades plus distribution facilities.
- Norfolk Power is under no obligation to invest in infrastructure for speculation by the customer. Therefore, in circumstances where a *significant* delay is expected (in the opinion of the Distributor) between construction of infrastructure and connection of metered retail consumers, the customer may be required to pay a deposit covering 100%

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of all Utility costs in addition to any calculated capital contribution. A refund of the portion of the deposit related to Norfolk Power contribution for basic service shall be paid to the customer at the time metered connection is completed.

Connection to Existing Norfolk Power Distribution Facilities:

- **Residential and General Service Class:**

The customer shall pay for all costs of providing the connection and metering *less* an allowance equal to the installed cost of providing Basic Service. Where Norfolk Power requires installation of a pad mount transformer, this will be considered the lowest cost option.

Transformation greater than 1000 KVA shall be customer owned, supplied and maintained at their expense.

Service Upgrades

- **Residential and General Service Class:**

Similar to new services, service upgrades are at the customer's expense less a credit equal to the basic service allowance. Norfolk Power reserves the right to apply the 25 year net present value calculation (*per Appendix B of the Distribution System Code*), to determine if a capital contribution is required, where in the opinion of Norfolk Power the cost of upgrade is excessive

System Expansions

Where customers request a system expansion (line extensions, conversion to three phase power, etc.) of the distribution system to accommodate their supply requirements, the customer shall pay a capital contribution.

A portion of the customer's capital contribution for system expansion shall be rebated in compliance to section 3.2.7 of the Distribution System Code where additional customers connect to the expanded distribution system within a subsequent five year period.

Where a system expansion (ie. line extension) directly benefits distribution system reliability or economically provides for the connection of future new customers within a five-year window, Norfolk Power, at its sole discretion, may reduce the amount of capital contribution required as per section 3.2.6 of the Distribution System Code.

Norfolk Power Distribution Inc**Subdivision Development:****General:**

With respect to subdivision development, there is a delay between investment in infrastructure (lines, services, meters, transformers etc) and the revenue stream from new connected customers. As a result of this delay, Developers will be required to pay a deposit equal to 100% of all related costs to build the infrastructure and to be subsequently rebated for a prorated share of Norfolk Power's portion of subdivision costs at the time metered customers are connected. The Norfolk Power portion of development costs shall be based on the 25 year net present value calculation.

- All Utility costs associated with servicing the subdivision shall be included in the net present value calculation including basic services supplied by Norfolk Power. This method is required because the net present value of future revenues must be adequate to recover Norfolk Power's future cost of basic service as recovered through retail rates.

By including all costs and all revenue, the cost sharing between the Developer and Utility is fair and reasonable and in compliance to section 3 of the Distribution System Code.

- Any surplus of NPV revenue over costs accrues to the benefit of the Developer in reducing the amount of the capital contribution required.
- It is reasonable to expect that a subdivision development will be completed within five years. Therefore, deposit refunds and/or rebates shall not be paid after five years. The date the initial deposit is received by Norfolk Power shall be considered the start date for the five year qualifying period.
- At the customer's expense, easements shall be provided for Norfolk Power electrical distribution facilities where a development has restricted access as typical of a "gated" community. Norfolk Power shall also be granted convenient unrestricted access for meter reading and emergency response.

Where Norfolk Power constructs the subdivision electrical distribution facilities, at the Developer's request:

- The Developer shall be required to pay a deposit equal to 100% of the development costs including the Utility's portion for basic services.
- The Developer shall be subsequently rebated for Norfolk Power's share of related capital works (*per 25 year NPV calculation*) on a prorated basis as metered customers are connected during the first five years of development.

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Where the Developer constructs the subdivision electrical distribution facilities.

- The Developer shall be paid for Norfolk Power's share of the total subdivision cost based on a 25-year net present value calculation (*per Appendix B of the Distribution System Code*).
- Payments to the Developer for Norfolk Power's share of related capital works shall be paid on a prorated basis as metered customers are connected during the first five years of development.

2.1.2.3 Settlement of Capital Contributions

All payments related to capital contributions including rebates and deposit refunds to Developers shall be paid in a timely manner per good business practices as determined by Norfolk Power.

2.1.2.4 Rebates Related to Expansions

In scenarios where Norfolk Power is required to install new plant solely for the connection of a Customer, the Customer will be required to pay Norfolk Power 100% of the calculated shortfall as determined by the 25 year net present value calculation. If within 5 years from the connection date, non-forecasted Customers are connected to this new plant without any further capital costs, non-forecasted Customers shall contribute their share and the first Customer will be entitled to a rebate as per Section 3.2.7 of the Distribution System Code.

2.1.2.5 Supply Agreement and Securities

Since capital contribution requirements include credit for the incremental revenue forecast by the customer, the General Service Class customer shall enter into a Supply Agreement and provide a security deposit (or letter of credit) to cover the difference between the actual costs incurred by Norfolk Power and the capital contribution(s) paid by the Customer. When the actual incremental revenue equals or exceeds the forecast incremental revenue used in the original capital contribution calculation, the deposit shall be refunded.

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2.1.3 Connection Denial

The Distribution System Code sets out the conditions for Norfolk Power to deny connections. Norfolk Power is not obligated to connect a building within its service area if the connection would result in any of the following:

- Contravention of existing laws of Canada and the Province of Ontario.
- Violations of conditions in Norfolk Power's License.
- Use of a distribution system line for a purpose that it does not serve and that Norfolk Power does not intend to serve.
- Adverse effect on the reliability and safety of the distribution system.
- Public safety reasons or imposition of an unsafe work situation beyond normal risks inherent in the operation of the distribution system.
- A material decrease in the efficiency of Norfolk Power's distribution system.
- A material adverse effect on the quality of distribution services received by an existing connection.
- Discriminatory access to distribution services.
- Potential increases in monetary amounts that already are in arrears with Norfolk Power.
- If the person requesting the connection owes Norfolk Power money for distribution services.
- If an electrical connection to Norfolk Power's distribution system does not meet Norfolk Power's design requirements.
- Any other conditions documented in Norfolk Power's Conditions of Service document that are consistent with the conditions identified above and with the goals delineated in the Energy Competition Act, 1998.

If Norfolk Power refuses to connect a building in its service area that lies along one of its distribution lines, Norfolk Power shall inform the person requesting the connection of the reasons for the denial, and where Norfolk Power is able to provide a remedy, make an offer to connect. If Norfolk Power is unable to provide a remedy to resolve the issue, it is the responsibility of the customer to do so before a connection can be made.

2.1.4 Inspections Before Connections

All customer electrical installations shall be inspected and approved by the Electrical Safety Authority and must also meet Norfolk Power's requirements. Norfolk Power requires notification from the

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Electrical Safety Authority of this approval prior to energizing a Customer's supply of electricity. Services that have been disconnected for a period of six months or longer must also be re-inspected and approved by the Electrical Safety Authority prior to reconnection.

Temporary services, typically used for construction purposes and for a period of twelve months or less, must be approved by the Electrical Safety Authority and must be re-inspected should the period of use exceed twelve months.

Customer owned substations must be inspected by both the Electrical Safety Authority and Norfolk Power.

Transformer rooms ~~are not permitted by Norfolk Power. All new underground installations must accommodate padmount transformers.~~

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Duct banks shall be inspected and approved by Norfolk Power prior to the pouring of concrete and again before backfilling. The completed ducts must be rodded by the site contractor in the presence of a Norfolk Power inspector, and shall be clear of all extraneous material. A mandrel, appropriately sized, to nominal diameter of duct, will be supplied by the contractor and be passed through each duct. In the event of ducts blocked by any extraneous material, the owner's representative will be responsible for clearing the ducts prior to the cable installation.

Connection to existing concrete duct banks or manholes will be done only by an approved contractor. All work done on existing duct banks must be authorized by Norfolk Power and carried out in accordance with all applicable safety acts and regulations.

Provision for metering shall be inspected and approved by Norfolk Power prior to energization.

2.1.5 Relocation of Plant

When requested to relocate distribution plant, Norfolk Power will exercise its rights and discharge its obligations in accordance with existing acts, by-laws and regulations including the *Public Service Works on Highways Act*, formal agreements, easements and law. In the absence of existing agreements, Norfolk Power is not obligated to relocate the plant. However, Norfolk Power shall resolve the issue in a fair and reasonable manner. Resolution in a fair and reasonable manner will include a response to the requesting party that explains the feasibility or unfeasibility of the relocation and a fair and reasonable charge for relocation based on cost recovery principles.

2.1.6 Easements

To maintain the reliability, integrity and efficiency of the distribution system, Norfolk Power has the right to have supply facilities on private property and to have easements registered against title to the property. Easements are required whenever Norfolk Power's underground or overhead plant is to be located on private property.

The Customer shall grant, at no cost to Norfolk Power, where required, an easement to permit installation and maintenance of service. The width and extent of this easement shall be determined by Norfolk Power. The easement shall be granted prior to energization of the service.

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The Customer will prepare at its own cost a reference plan and associated easement documents to the satisfaction of Norfolk Power's solicitor prior to its registration and registering of the easement plan. Details will be provided upon application for service.

2.1.7 Contracts

2.1.7.1 Contract for New or Modified Electricity Service

Norfolk Power shall only connect a Building for a new or modified supply of electricity upon receipt by Norfolk Power of a completed and signed contract for service in a form acceptable to Norfolk Power, payment to Norfolk Power of any applicable connection charge or security deposit, and an inspection and approval by the Electrical Safety Authority of the electrical equipment for the new service.

2.1.7.2 Implied Contract

In all cases, notwithstanding the absence of a written contract, Norfolk Power has an implied contract with any Customer that is connected to Norfolk Power's distribution system and receives distribution services from Norfolk Power. The terms of the implied contract are embedded in Norfolk Power's Conditions of Service, the Rate Handbook, Norfolk Power's rate schedules, Norfolk Power's license, the Distribution System Code, the Standard Supply Service Code and the Retail Settlement Code, all as amended from time to time.

Any Person(s) who take or use electricity from Norfolk Power shall be liable for payment for such electricity. Any implied contract for the supply of electricity by Norfolk Power shall be binding upon the heirs, administrators, executors, successors or assigns of the Person(s) who took and/or used electricity supplied by Norfolk Power.

In the absence of a contract for electricity with a tenant, or in the event the electricity is used by a person(s) unknown to Norfolk Power, then the cost for electricity consumed by such person(s) is due and payable by the owner(s) of such property.

2.1.7.3 Special Contracts

Special contracts that are customized in accordance with the service requested by the Customer normally include, but are not necessarily limited to, the following examples:

- construction sites
- mobile facilities
- non-permanent structures
- special occasions, etc.
- generation.

2.1.7.4 Connection Agreements

Norfolk Power may require a Customer to enter into a Connection Agreement in a form acceptable to Norfolk Power (Refer to the sample in the Distribution System Code – Appendix D).

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An Embedded Generator and/or Embedded Retail Generator shall enter into a Connection Agreement in a form acceptable to Norfolk Power (Refer to the Distribution System Code – Appendix E and F).

A Wholesale Market Participant shall enter into a Connection Agreement in a form acceptable to Norfolk Power.

An Embedded Distributor shall enter into a Connection Agreement in a form acceptable to Norfolk Power (Refer to the Distribution System Code – Appendix G).

Norfolk Power shall make a good faith effort to enter into a Connection Agreement with a distributor connected to the distributor's distribution system in accordance with the requirements in the Distribution System Code issued by the Ontario Energy Board.

2.1.7.5 Payment by Building Owner

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The owner of a building is responsible for paying for the supply of electricity except where a tenant or occupant has a supply contract with Norfolk Power.

A building owner wishing to terminate the supply of electricity to their building must notify Norfolk Power in writing. Until Norfolk Power receives such written notice from the building owner, the building owner or the occupant(s), as applicable, shall be responsible for payment to Norfolk Power for the supply of electricity to such building. Norfolk Power may refuse to terminate the supply of electricity to an owner's building when there are occupant(s) in the building (i.e. during certain periods of the winter).

2.1.7.6 Opening and Closing of Accounts

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A Customer or authorized Retailer who wishes to open or close an account for the supply of electricity by Norfolk Power shall contact Norfolk Power's office by phone, by written request (including requests submitted by facsimile), or other means acceptable to Norfolk Power.

The Customer shall be responsible for payment to Norfolk Power for the supply of electricity to the property up to the date Norfolk Power is notified of the termination of the account.

2.2 Disconnection

Norfolk Power reserves the right to disconnect the supply of electrical energy for causes not limited to:

- Contravention of the laws of Canada or the Province of Ontario.
- Adverse effect on the reliability and safety of the distribution system.
- Imposition of an unsafe worker situation beyond normal risks inherent in the operation of the distribution system.
- A material decrease in the efficiency of the distributor's distribution system.

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- A materially adverse effect on the quality of distribution services received by an existing connection.
- Discriminatory access to distribution services.
- Inability of Norfolk Power to perform planned inspections and maintenance.
- Failure of the Consumer or Customer to comply with a directive of Norfolk Power that Norfolk Power makes for purposes of meeting its license obligations.
- Overdue amounts payable to Norfolk Power for the distribution or retail of electricity.
- Electrical disturbance propagation caused by Customer equipment that are not corrected in a timely fashion.
- Any other conditions identified in this Conditions of Service document.

Norfolk Power may disconnect the supply of electricity to a Customer without notice in accordance with a court order, or for emergency, safety or system reliability reasons or at the direction of the Electrical Safety Authority.

2.2.1 Disconnection and Reconnection – Process and Charges

Immediately following the due date, steps will be taken to collect the full amount of the bill. If the bill is still unpaid twenty-one calendar days after the due date (including seven calendar days after a disconnect notice has been given to the Customer), the service may be disconnected and not restored until satisfactory payment arrangements have been made, including costs of reconnection. Such discontinuance of service does not relieve the Customer of the liability for arrears or minimum bills for the balance for the term of contract, nor shall Norfolk Power be liable for any damage to the Customer's premises resulting from such discontinuance of service. Disconnect notices will be in writing and if given by mail should be deemed to be received on the third business day after mailing.

Upon discovery that a hazardous condition or disturbance propagation (feedback) exists, Norfolk Power will notify the Customer to rectify the condition at once. In case the Customer fails to make satisfactory arrangements to remedy the condition within seven calendar days after a disconnect notice has been given to the Customer, the service may be disconnected and not restored until satisfactory arrangements to remedy the condition have been made. Norfolk Power shall not be liable for any damage to the Customer's premises resulting from such discontinuance of service. Disconnect notices will be in writing and if given by mail shall be deemed to be received on the third business day after mailing.

Upon receipt of a Disconnection request by the Customer, Norfolk Power will disconnect and/or remove Norfolk Power's connection assets at the Customer's cost.

2.2.2 Unauthorized Energy Use

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Upon identification of possible unauthorized energy use, the Norfolk Power shall notify Measurement Canada, The Electrical Safety Authority, Police Officials, Retailers that service customers affected by unauthorized energy use and other entities appropriate under the circumstance.

Norfolk Power shall recover all costs incurred arising from the unauthorized use, including an estimate of the energy consumed, general administration charges, inspection fees and direct repair costs from the parties responsible for the unauthorized use.

Prior to reconnection, Norfolk Power shall require proper authorization from applicable authorities and all accounts related to the unauthorized use are paid in full.

2.3 Conveyance of Electricity

2.3.1 Limitations on the Guarantee of Supply

Norfolk Power will endeavor to use reasonable diligence in providing a regular and uninterrupted supply but does not guarantee a constant supply or the maintenance of unvaried frequency or voltage and will not be liable in damages to the Customer by reason of any failure in respect thereof.

Customers requiring a higher degree of security than that of normal supply are responsible to provide their own back-up or standby facilities. Customers may require special protective equipment on their premises to minimize the effect of momentary power interruptions.

Customers requiring a three-phase supply should install protective apparatus to avoid damage to their equipment, which may be caused by the interruption of one phase, or non-simultaneous switching of phases of the Distributor's supply.

During an emergency, Norfolk Power may interrupt supply to a Customer in response to a shortage of supply, or to effect repairs on the distribution system, or while repairs are being made to Customer-owned equipment.

Norfolk Power shall have rights to access to a property in accordance with section 40 of the *Electricity Act, 1998* and any successor acts thereto.

To assist with distribution system outages or emergency response, Norfolk Power may require a Customer to provide Norfolk Power with emergency access to Customer-owned distribution equipment that normally is operated by Norfolk Power or Norfolk Power-owned equipment on Customer's property.

2.3.2 Power Quality

2.3.2.1 Power Quality Testing

In response to a Customer power quality concern, where the utilization of electric power affects the performance of electrical equipment, Norfolk Power or a designated contractor will perform investigative analysis to identify the underlying cause. Depending on the circumstances, this may

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include review of relevant power interruption data, trend analysis, and/or use of diagnostic measurement tools.

Upon determination of the cause resulting in the power quality concern, where it is deemed a system delivery issue and where industry standards are not met, Norfolk Power will recommend and/or take appropriate mitigation measures. If Norfolk Power is unable to correct the problem due to the impact on other Customers, then it is not obligated to make the corrections. Norfolk Power will use appropriate industry standards (such as IEC or IEEE standards) as a guideline. If the problem lies on the Customer side of the system, Norfolk Power may seek reimbursement for the time spent in investigating the problem.

If an undesirable system disturbance is being caused by Customer's equipment, the Customer will be required to cease operation of the equipment until satisfactory remedial action has been taken. If the Customer does not take such action within a reasonable time, Norfolk Power may disconnect the supply of power to the Customer.

It is the responsibility of the Customer to provide protection from voltage variations and transient operations.

2.3.2.2 Prevention of Voltage Distortion on Distribution

Customers having non-linear load shall not be connected to Norfolk Power's distribution system unless power quality is maintained by implementing proper corrective measures such as installing proper filters, and/or grounding. Further, to ensure the distribution system is not adversely affected, power electronics equipment installed must comply with the current IEEE Standard. The limit on individual harmonic distortion is 3%, while the limit on total harmonic distortion is 5%.

2.3.2.3 Obligation to Help in the Investigation

If Norfolk Power determines the Customer's equipment may be the source causing unacceptable harmonics, voltage flicker or voltage level on Norfolk Power's distribution system, the Customer is obligated to help Norfolk Power by providing required equipment information, relevant data and necessary access for monitoring the equipment.

2.3.2.4 Timely Correction of Deficiencies

If an undesirable system disturbance is being caused by Customer's equipment, the Customer will be required to cease operation of the equipment until satisfactory remedial action has been taken by the Customer at the Customer's cost. If the Customer does not take such action within a reasonable time, Norfolk Power may disconnect the supply of power to the Customer.

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¶ Consumers having non-linear load shall not be connected to Haldimand County Hydro's distribution system unless power quality is maintained by implementing proper corrective measures such as installing proper filters, and/or grounding. Further, to ensure the distribution system is not adversely affected, power electronics equipment installed must comply with IEEE Standard 519-1992. The limit on individual harmonic distortion is 3%, while the limit on total harmonic distortion is 5%. **Obligation to Help in the Investigation¶**

¶ If Haldimand County Hydro determines the Consumer's equipment may be the source causing unacceptable harmonics, voltage flicker or voltage level on Haldimand County Hydro's distribution system, the Consumer is obligated to help Haldimand County Hydro by providing required equipment information, relevant data and necessary access for monitoring the equipment.

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2.3.2.5 Notification for Interruptions

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Although it is Norfolk Power's policy to minimize inconvenience to Customers it is necessary to occasionally interrupt a Customer's supply to allow work on the electrical system. Norfolk Power will endeavor to provide such Customers with reasonable notice of planned power interruptions. However, interruption times may change due to inclement weather or other unforeseen circumstances.

Norfolk Power shall not be liable in any manner to such Customers for failure to provide such notice of planned power interruptions or for any change to the schedule for planned power interruptions.

Notice may not be given where work is of an emergency nature involving the possibility of injury to persons or damage to property or equipment.

During an emergency, Norfolk Power may interrupt supply to a Customer in response to a shortage of supply or to effect repairs on Norfolk Power's distribution system or while repairs are being made to Customer-owned equipment.

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2.3.2.6 Notification to Customers on Life Support

Customers who require an uninterrupted source of power for **human** life support equipment must provide their own equipment for these purposes. Customers with life support system are encouraged to inform Norfolk Power of their medical needs and their available backup power. These Customers are responsible for ensuring that the information they provide Norfolk Power is accurate and up-to-date. Norfolk Power will require written advice from the customer's Doctor confirming they are required to use life support equipment.

With planned interruptions, the same procedure as prescribed in section 2.3.2.5 will be observed.

For unplanned power interruptions that extend beyond two hours, Norfolk Power will endeavor to inform these Customers regarding details of the outage, but will not be liable if unable to make contact.

2.3.2.7 Emergency Interruptions for Safety

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Norfolk Power will endeavor to notify Customers prior to interrupting the supply to any service. However, if an unsafe or hazardous condition is found to exist, or if the use of electricity by

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apparatus, appliances, or other equipment is found to be unsafe or damaging to Norfolk Power or the public, service may be interrupted without notice.

2.3.2.8 Emergency Service (Trouble Calls)

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Norfolk Power will exercise reasonable diligence and care to deliver a continuous supply of electrical energy to the Customer. However, Norfolk Power cannot guarantee a supply that is free from interruption.

When power is interrupted, the Customer should first ensure that failure is not due to blown fuses or breakers within their premises. If there is a partial power failure, the Customer should obtain the services of an electrical contractor to carry out necessary repairs. If, on examination, it appears that Norfolk Power's main source of supply has failed, the Customer should report these conditions to Norfolk Power.

Norfolk Power operates a 24-hour a day phone line to provide emergency service to Customers. Norfolk Power will initiate restoration efforts as rapidly as practicable.

2.3.2.9 Outage Reporting

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Depending on the outage, duration and the number of Customers affected, Norfolk Power may issue a news release to advise the general public of the outage. In turn, news radio stations may call for information on a 24-hour basis when they hear of an outage.

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2.3.3 Electrical Disturbances

Norfolk Power shall not be held liable for the failure to maintain supply voltages within standard levels as defined in Section 2.3.5 due to Force Majeure.

Voltage fluctuations and other disturbances can cause flickering of lights and other serious difficulties for Customers connected to Norfolk Power’s distribution system. Customers must ensure that their equipment does not cause disturbances such as harmonics and spikes that might interfere with the operation of adjacent Customer equipment. Equipment that may cause disturbances include large motors, welders and variable speed drives, etc. In planning the installation of such equipment, the Customer *must consult* with Norfolk Power.

Some types of electronic equipment, such as video display terminals, can be affected by the close proximity of high electrical currents. Norfolk Power will assist in attempting to resolve any such difficulties at the Customer’s expense.

Customers who may require an uninterrupted source of power supply or a supply completely free from fluctuation and disturbance must provide their own power conditioning equipment for these purposes.

2.3.4 Standard Voltage Offerings

2.3.4.1 Primary Voltage

The primary voltage to be used will be determined by Norfolk Power for both Norfolk Power-owned and Customer-owned transformation. Depending on what voltage of the plant that “lies along”, the preferred primary voltage will be at ~~27.6/16 kV grounded wye, three phase, four-wire system.~~ However, in some areas the primary voltage will be 8.3/4.8 kV or 4.16/2.4 kV grounded wye, three phase, four wire.

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2.3.4.2 Supply Voltage

Depending on what voltage of plant “lies along” Norfolk Power’s distribution system, the preferred secondary voltage will be at ~~120/240 V, single phase;~~ ~~120/208 V, three phase;~~ and ~~347/600 V, three phase.~~

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The limit of supply capacity for any customer is governed by the supply voltage. General guidelines for supply from overhead circuits are as follows:

- i) at 120/240 V, single phase up to 167 kVA demand load, or
- ii) 120/208 V, three phase, four wire or 347/600 V, three phase, four wire up to 300 kVA demand load.

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Where circuits are buried, the supply voltage and limits will be determined as follows:

- i) at 120/240 V, single phase, supply is available up to 100 kVA, or
- ii) at 120/208 V, three phase, four wire or 347/600 V three phase, four wire supply is available for loads up to 1000 kVA demand load.

Note: Exceptions to standard voltage offerings may be granted at the sole discretion of Norfolk Power based on good utility practises.

2.3.5 Voltage Guidelines

Norfolk Power maintains service voltage at the customer's service entrance within the guidelines of C.S.A. Standard CAN3-C235-87 (or [latest edition](#)), which allows variations from nominal voltage of,

5% for normal operating conditions

8% for extreme operating conditions

Definitions of these conditions are:

- a) Normal Operating Conditions. Where voltages lie within the indicated limits under this heading no improvement or corrective action is required. It is recognized that special situations may call for closer voltage control, but such cases are considered to be outside the application scope of this Standard; and
- b) Extreme Operating Conditions. Where voltages lie outside the indicated limits for normal operating conditions but within the indicated limits for extreme operating conditions improvement or corrective action should be taken on a planned and programmed basis but not necessarily on an emergency basis. Where voltages lie outside the indicated limits for extreme operating conditions, improvements or corrective action should be taken out on an emergency basis. The urgency for such action will depend on many factors such as location and nature of load or circuit involved, extent to which limits are exceeded with respect to voltage levels and duration, etc.

Norfolk Power shall practice reasonable diligence in maintaining voltage levels, but is not responsible for variations in voltage from external forces such as operating contingencies, exceptionally high loads and low voltage supply from the transmitter or host Distributor.

Norfolk Power shall not be liable for any delay or failure in the performance of any of its obligations under this Conditions of Supply due to any events or causes beyond the reasonable control of Norfolk Power, including, without limitation, severe weather, flood, fire, lightning, other forces of nature, acts of animals, epidemic, quarantine restriction, war, sabotage, act of a public enemy, earthquake, insurrection, riot, civil disturbance, strike, restraint by court order or public authority, or action or non-action by or inability to obtain authorization or approval from any governmental authority, or any combination of these causes (["Force Majeure"](#)).

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2.3.6 Back-up Generators

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Customers with portable or permanently connected emergency generation capability shall comply with all applicable criteria of the Ontario Electrical Safety Code and in particular, shall ensure that customer emergency generation does not back feed on Norfolk Power's system to the satisfaction of Norfolk Power's requirements.

Customers with permanently connected emergency generation equipment shall notify Norfolk Power regarding the presence of such equipment.

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2.3.7 Metering - General Information

Specifics to be determined further in Section 3.

Customers will provide a convenient and safe location, reserved solely for metering equipment with outside access, acceptable to Norfolk Power and Electrical Safety Authority for the installation of Norfolk Power revenue metering equipment, free of charge or rent.

Customers will allow, no one, except a properly identified employee or authorized agent of Norfolk Power to remove, inspect or tamper with Norfolk Power metering, service entrance equipment, or other plant located on the Customer's premises.

Customers will allow Norfolk Power employees and agents free access at all reasonable hours to Norfolk Power meters, wires and other equipment. Where safety or reliability of the electrical distribution system is at risk, free access will be required at all times.

All Norfolk Power metering equipment located on the Customer's premises is in the care and at the risk of the Customer. If Norfolk Power metering equipment is destroyed or damaged, other than by normal usage, it will be at the expense of the Customer to be repaired or replaced.

The Customer will provide and maintain all civil works on private property and other facilities to accommodate Norfolk Power service equipment, as outlined further in the Service Sections of this manual.

2.3.7.1 General

Generally, metering will be at utilization voltage. Where Norfolk Power provides primary transformation, primary voltage metering will be allowed only in special circumstances following full discussion with Norfolk Power. However, primary transformation supplied and owned by the Customer must be primary-metered, unless the building qualifies for individual tenant metering.

The meter shall be located as near as possible to the service entrance box.

The meters shall be grouped where practical and be accessible from a public area. Either a dual locking arrangement or a key box arrangement will be required on the access door. In any case, a copy of the metering layout plan shall be forwarded to Norfolk Power for review.

When a disconnect device has been locked and tagged in the "OFF" position by Norfolk Power, under no circumstances shall anyone remove the lock and tag and energize it without first receiving approval from Norfolk Power.

Regardless of any charges for metering installations, all revenue metering equipment shall remain the property of Norfolk Power and maintenance of this equipment shall be Norfolk Power responsibility.

2.3.7.2 Multi-Unit Sites

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Residential Class customers in multi unit town houses or condominiums shall be individual metered.

General Service class customers in multi unit sites shall be individual metered. Central metering or bulk metering may be allowed under special circumstances.

2.3.7.3 Interval Metering

Interval meters will be required for all new or upgraded services where the average peak demand is forecast to be 500 kVa or greater. For other Customers wishing to participate in the spot market pass-through pricing, interval metering will be available at the customer's expense.

Prior to the installation of an interval meter, the Customer must provide a ½ inch conduit from their telephone room to the meter cabinet. Norfolk Power will require a telephone line, terminated in the meter cabinet for the exclusive use of Norfolk Power to retrieve interval meter data.

The Customer will be responsible for the installation and ongoing monthly costs of operating the phone line. The phone line will be direct dial voice quality, active 24 hours per day, and energized prior to meter installation.

Customers with loads less than 500 kVa, that request interval metering shall compensate Norfolk Power for all incremental costs associated with that meter, including the capital cost of the interval meter, installation costs associated with the interval meter, ongoing maintenance (including allowance for meter failure), verification and reverification of the meter, installation and ongoing provision of communication line or communication link with the Customer's meter, and cost of metering made redundant by the Customer requesting interval metering.

2.3.7.4 Meter Reading

The Customer must provide or arrange free, safe and unobstructed access during regular business hours to any authorized representative of Norfolk Power for the purpose of meter reading, meter changing, or meter inspection. Where premises are closed during Norfolk Power's normal business hours, the Customer must, on reasonable notice, arrange such access at a mutually convenient time. Service may be disconnected for non-compliance.

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2.3.7.5 Final Meter Reading

When a service is no longer required, the Customer shall provide sufficient notice of the date the service is to be discontinued so that Norfolk Power can obtain a final meter reading as close as possible to the final reading date. The Customer shall provide access to Norfolk Power or its agents for this purpose. If a final meter reading is not obtained, the Customer shall pay a sum based on an estimated demand and/or energy for electricity used since the last meter reading.

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2.3.7.6 Faulty Registration of Meters

Metering electricity usage for the purpose of billing is governed by the Federal Electricity and Gas Inspection Act and associated regulations, under the jurisdiction of Measurement Canada, Industry Canada. Norfolk Power's revenue meters are required to comply with the accuracy specifications established by the regulations under the above Act.

In the event of incorrect electricity usage registration, Norfolk Power will determine the correction factors based on the specific cause of the metering error and the Customer's electricity usage history.

If Measurement Canada, Industry Canada determines that the Customer was overcharged, Norfolk Power will reimburse the Customer for the amount incorrectly billed.

If the incorrect measurement is due to reasons other than the accuracy of the meter, such as incorrect meter connection, incorrect connection of auxiliary metering equipment, or incorrect meter multiplier used in the bill calculation, the billing correction will apply for the duration of the error.

Norfolk Power will correct the bills for that period in accordance with the regulations under the Electricity and Gas Inspection Act.

2.3.7.7 Meter Dispute Testing

Metering inaccuracy is an extremely rare occurrence. Most billing inquiries can be resolved between the Customer and Norfolk Power without resorting to the meter dispute test.

Either Norfolk Power or the Customer may request the service of Measurement Canada to resolve a dispute. If the Customer initiates the dispute, Norfolk Power may charge the Customer a meter dispute fee, if the meter is found to be accurate and Measurement Canada rules in favor of Norfolk Power.

2.4 Tariffs and Charges

2.4.1 Service Connection

Charges for distribution services are made as set out in the Schedule of Rates available from Norfolk Power. Notice of Rate revisions shall be published in major local newspapers. Information about changes will also be mailed to all Customers with the first billing issued at revised rates.

2.4.1.1 Customers Switching to Retailer

There are no physical service connection differences between Standard Service Supply (SSS) Customers and third party retailers' Customers. Both Customer energy supplies are delivered through the local Distributor with the same distribution requirements. Therefore, all service connections requirements applicable to the SSS Customers are applicable to third party retailers' Customers.

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¶ Metering electricity usage for the purpose of billing is governed by the Federal Electricity and Gas Inspection Act and associated regulations, under the jurisdiction of Industry Canada. Haldimand County Hydro Inc. revenue meters are required to comply with the accuracy specifications established by the regulations under the above Act.¶

In the event of incorrect electricity usage registration, Haldimand County Hydro Inc. will determine the correction factors based on the specific cause of the metering error and the Customer's electricity usage history. For all the energy supplied, the Customer shall pay a reasonable sum based on the reading of any meter formerly or subsequently installed on the premises by Haldimand County Hydro Inc., with due regard being given to any change in the character of the installation and/or the demand.¶

If the incorrect measurement is due to reasons other than the accuracy of the meter, such as incorrect meter connection, incorrect connection of auxiliary metering equipment, or incorrect meter multiplier used in the bill calculation, the billing correction will apply for the duration of the error. Haldimand County Hydro Inc. will correct the bills for that period in accordance with the regulations under the Act.¶

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2.4.2 Energy Supply

The Ontario Energy Board approves all Norfolk Power Service and connection rates, which are listed in the current "Schedule of Rates and Charges".

In addition to the monthly service charge for distribution services, the distribution volumetric charge, and competitive electricity charges, miscellaneous charges include:

- Late Payment Charges
- Returned Cheque Charge
- Collection of Account.
- Account Setup
- Arrears Certificate
- Reconnection - during regular working hours;
- Reconnection - after regular working hours;
- Service Calls - after regular working hours
- Transformer Allowance
- Primary Metering Adjustment

2.4.2.1 Standard Service Supply (SSS)

Norfolk Power will provide Standard Supply Service. Standard Supply Service is the electricity that the Customer will automatically be provided with if they choose NOT to sign with an electricity retailer. The cost of the commodity will be charged to consumers on a pass-through basis.

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2.4.2.2 Retailer Supply

Customer transferring from Standard Service Supply (SSS) to a retailer shall comply with the Service Transfer Request (STR) requirements as outlined in sections 10.5 through 10.5.6 of the Retail Settlement Code.

All requests shall be submitted as electronic file and transmitted through an EBT (electronic business transaction). Service Transfer Request (STR) shall contain information as set out in section 10.3 of the Retail Settlement Code.

If the information is incomplete, Norfolk Power shall notify the Retailer or Customer about the specific deficiencies and await a reply before proceeding to process the transfer.

2.4.2.3 Wheeling of Energy

All Customers considering delivery of electricity through the Norfolk Power distribution system are required to contact Norfolk Power for technical requirements and applicable tariffs.

Norfolk Power Distribution Inc**2.4.3. Security Deposits**

The following outlines the security deposit requirements of a customer who is not billed by a competitive retailer under the retailer-consolidated billing method, as outlined in the Distribution System Code.

For Residential Customers

The form of payment of a security deposit for residential customers shall be in the form of cash, cheque, certified cheque, or debit transaction, or such form as is acceptable by Norfolk Power.

The maximum amount of a security deposit will be calculated as follows:

“billing cycle factor” x “estimated bill based on the customer’s avg. monthly load with Norfolk Power during the most recent 12 consecutive months within the last 2 years”

OR

“If actual load data is unavailable, a reasonable estimate of the average monthly load is acceptable”

The billing cycle factor for Norfolk Power is 2.5. This factor is based on Norfolk Power’s billing frequency, which is monthly.

Every customer’s security deposit shall be reviewed at least once in a calendar year. This review will determine whether the entire amount of the security deposit is to be returned, retained, or whether the amount is to be adjusted based on a re-calculation of the maximum amount.

If Norfolk Power determines some or all of the security deposit is to be returned to the customer, Norfolk Power will promptly do so by crediting their Norfolk Power account, or by another mutually agreeable method.

If Norfolk Power determines the security amount needs to be adjusted upwards Norfolk Power will require the customer to pay this additional amount at the same time as the customer’s next regular bill comes due.

A security deposit shall be returned when a customer proceeds to close their account with Norfolk Power. The amount will be used to offset any amount owing by the customer to Norfolk Power. If the customer moves from one location to another within Norfolk Power’s service territory the security deposit plus any applicable interest will be transferred to the new location.

Interest shall accrue monthly on security deposits made by way of cash or cheque, starting after the entire deposit is obtained. The interest rate shall be at the Prime Business Rate, less 2 percent, which is updated quarterly. The interest shall be paid out at least once every twelve (12) months or on return or application of

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the security deposit or closure of the account, whichever comes first, and may be paid by crediting the account of the customer or otherwise.

At the discretion of Norfolk Power the security deposit may be waived provided the customer:

1. Has a Good Payment History (GPH) of 1 year. The review period must be the most recent period of time and, some of the time period must have occurred within the previous 24 months.
2. Provides a reference letter from another Local Distribution Company (LDC), or gas distributor in Canada confirming GPH for the most recent relevant time period as outlined in step 1.
3. Provides two major pieces of identification, one of which must be photo ID.
4. Accurately completes the appropriate Service Information Form. (Tenant or Homeowner)
5. A residential customer may provide a satisfactory credit check, at their own expense.

Norfolk Power will allow thirty days to supply a letter of reference or a credit check, provided a Promise to Pay (PTP) has been signed. If the letter of reference or credit check is not received or does not reflect a GPH a security deposit will then be required.

A customer may be allowed to provide the security deposit in equal installments paid over a four (4) month period. A customer may choose to pay the security deposit over a shorter time period. If a customer defaults on payment arrangements they will be subjected to our collection process. This non-compliance can lead to the electrical service being disconnected.

A customer is deemed to have a GPH during the relevant time period, unless they have:

- received more than one(1) "Door Hanger"
- received more than one (1) "Disconnection Notice"
- issued more than one (1) NSF cheque
- issued more than one (1) NSF pre-authorized payment

A customer must apply in writing to request Norfolk Power to undertake a review to determine whether a portion or the entire amount of the security deposit is to be returned to the customer. The customer must meet all qualifying criteria to be eligible for any refund.

A customer, no earlier than 12 months after payment of a security deposit or making of a prior demand for review, request a review of their account to determine eligibility for a refund.

For Non-Residential Customers

This group is divided into the following:

- <50kW demand rate class

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- >50kW demand rate class
- >5000kW demand rate class

The form of payment of a security deposit for non-residential customers shall be in the form of cash, cheque, certified cheque, debit transaction or an automatically renewing, irrevocable letter of credit from a bank as defined in the Bank Act, 1991, c46.

The maximum amount of a security deposit will be calculated as follows:

“billing cycle factor” x “estimated bill based on the customer’s avg. monthly load with Norfolk Power during the most recent 12 consecutive months within the last 2 years”

OR

“If actual load data is unavailable, a reasonable estimate of the average monthly load is acceptable”

The billing cycle factor for Norfolk Power is 2.5. This factor is based on Norfolk Power’s billing frequency, which is monthly.

Every customer’s security deposit shall be reviewed at least once in a calendar year. This review will determine whether the entire amount of the security deposit is to be returned, retained, or whether the amount is to be adjusted based on a re-calculation of the maximum amount.

If Norfolk Power determines some or all of the security deposit is to be returned to the customer, Norfolk Power will promptly do so by crediting their Norfolk Power account, or by another mutually agreeable method. Full return does not apply to those customers who are in the >5000kW rate class. If Norfolk Power determines they are now in a position that it would be exempt from paying a deposit, Norfolk Power is only required to return 50% of the security deposit being held.

If Norfolk Power determines the security amount needs to be adjusted upwards Norfolk Power will require the customer to pay this additional amount at the same time as the customer’s next regular bill comes due.

A security deposit shall be returned when a customer proceeds to close their account with Norfolk Power. The amount will be used to offset any amount owing by the customer to Norfolk Power. If the customer moves from one location to another within Norfolk Power’s service territory the security deposit plus any applicable interest will be transferred to the new location.

Interest shall accrue monthly on security deposits made by way of cash or cheque, starting after the entire deposit is obtained. The interest rate shall be at the Prime Business Rate, less 2 percent, which is updated quarterly. The interest shall be paid out at least once every twelve (12) months or on return or application of the security deposit or closure of the account, whichever comes first, and may be paid by crediting the account of the customer or otherwise.

At the discretion of Norfolk Power the security deposit may be waived provided the customer:

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1. Has a Good Payment History (GPH) of:
 - 5 years for customers in the <50kW demand rate class
 - 7 years for customers in the >50kW demand rate class
 - 7 years for customers in the >5000kW demand rate class

The review period must be the most recent period of time and, some of the time period must have occurred within the previous 24 months.
2. Provides a reference letter from another Local Distribution Company (LDC), or gas distributor in Canada confirming GPH for the most recent relevant time period as outlined in step 1.
3. Provides two major pieces of identification, one of which must be photo ID, if applicable.
4. Accurately completes the Service Information Form (Business).
5. A customer, other than a customer in the >5000kW demand rate classes, may provide a satisfactory credit check at their own expense.
6. A customer other than a customer in the <50kW demand rate class may provide a credit rating from a recognized credit rating agency. By doing so they may have the amount of a security deposit reduced in accordance with the following table:

Credit Rating (using Standard & Poor's Rating Terminology)	Allowable Reduction in Security Deposit
AAA- and above or equivalent	100%
AA-, AA, AA+ or equivalent	95%
A-, From A, A+ to below AA or equivalent	85%
BBB-, from BBB, BBB+ to below A or equivalent	75%
Below BBB- or equivalent	0%

Norfolk Power will allow thirty days to supply a letter of reference, credit check or a credit rating, provided a Promise to Pay (PTP) has been signed. If the letter of reference, credit check or credit rating is not received or does not reflect a GPH a security deposit will then be required.

A customer may be allowed to provide the security deposit in equal installments paid over a four (4) month period. A customer may choose to pay the security deposit over a shorter time period. If a customer defaults on payment arrangements they will be subjected to our collection process. This non-compliance can lead to the electrical service being disconnected.

A customer is deemed to have a GPH during the relevant time period, unless they have:

- received more than one(1) "Door Hanger"
- received more than one (1) "Disconnection Notice"
- issued more than one (1) NSF cheque
- issued more than one (1) NSF pre-authorized payment

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A customer must apply in writing to request Norfolk Power to undertake a review to determine whether a portion or the entire amount of the security deposit is to be returned to the customer. The customer must meet all qualifying criteria to be eligible for any refund.

A customer, no earlier than 12 months after payment of a security deposit or making of a prior demand for review, request a review of their account to determine eligibility for a refund.

2.4.4. Billing

Norfolk Power may, at its option, render bills to its Customers on either a monthly, bi-monthly, quarterly or annual basis. Bills for the use of electrical energy may be based on either a metered rate or a flat rate, as determined by Norfolk Power.

A Customer may elect aggregated billing for multiple services provided all of the following conditions are met:

- The premises and businesses are situated on one contiguous parcel of land i.e. not separated by public roadway.
- All premises are under one ownership.
- The services are supplied at the same voltage
- The meters are of the interval type, allowing logical totalization of the coincident demands. If interval meters are not already in place, the Customer will install the necessary equipment, at the Customer's own cost, to Norfolk Power specifications.

The Customer may dispute charges shown on the Customer's bill or other matters by contacting and advising Norfolk Power of the reason for the dispute. Norfolk Power will promptly investigate all disputes and advise the Customer of the results.

2.4.5 Payments and Overdue Account Interest Charges

Bills are rendered for energy and distribution services to the Customer. Bills are payable in full by the due date; otherwise, overdue interest charges will apply. Where a partial payment has been made by the Customer on or before the due date, the interest charge will apply to the balance outstanding at the due date.

Outstanding bills are subject to the collection process and may ultimately lead to the service being discontinued. Service will be restored once satisfactory payment has been made. Discontinuance of service does not relieve the Customer of the liability for arrears.

Norfolk Power shall not be liable for any damage on the Customer's premises resulting from such discontinuance of service. A reconnection charge will apply where the service has been disconnected due to non-payment.

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The Customer will be required to pay additional charges for the processing of non-sufficient fund (N.S.F.) cheques.

Customers will be required to pay additional charges, on request, which may arise from a variety of conditions such as:

Transfer Charge. A change of occupancy charge will apply to all accounts taken over by a new Customer.

Collection Charge. A collection charge will apply when an account is overdue and collection procedures are initiated.

Reconnection Charge. A Consumer disconnected for non-payment shall be required to pay a reconnection fee.

2.5 Customer Information

A third party who is not a retailer may request historical usage information with the written authorization of the Customer to provide their historical usage information.

Norfolk Power will provide information appropriate for operational purposes that has been aggregated sufficiently, such that an individual's Customer information cannot reasonably be identified, at no charge to another distributor, a transmitter, the IMO or the OEB. Norfolk Power may charge a fee that has been approved by the OEB for all other requests for aggregated information.

At the request of a Customer, Norfolk Power will provide a list of retailers who have Service Agreements in effect within its distribution service area. The list will inform the Customer that an alternative retailer does not have to be chosen in order to ensure that the Customer receives electricity and the terms of service that are available under Standard Supply Service.

Upon receiving an inquiry from a Customer connected to its distribution system, Norfolk Power will either respond to the inquiry if it deals with its own distribution services or provide the Customer with contact information for the entity responsible for the item of inquiry, in accordance with chapter 7 of the Retail Settlement Code.

An embedded distributor that receives electricity from Norfolk Power shall provide load forecasts or any other information related to the embedded distributor's system load to Norfolk Power, as determined and required by Norfolk Power. A embedded Distributor shall not require any information from another Distributor unless it is required for the safe and reliable operation of either Distributor's distribution system.

2.6 General Information

Norfolk Power Distribution Inc

2.6.1 House, Equipment and Vessel Moving

All costs incurred by Norfolk Power relating to the moving of a house, equipment or vessel, will be provided based on the proposed route and the dimensions of the house, equipment or vessel being moved.

A deposit based on the estimated cost, will be required prior to moving.

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Any house, equipment or vessel moving may or may not be approved by Norfolk Power.

All requests for house moving must be accompanied with proper permits and licenses. If the height of the house being moved is higher than provided for in the estimate, the move will be cancelled until a new estimate is done based on the actual height.

2.6.2 Customer Owned Primary Lines

Owners of private primary lines are encouraged to perform regular line maintenance and/or tree maintenance so that public safety and system reliability are not compromised.

To facilitate and encourage the maintenance of these lines, it is Norfolk Power's policy to provide one power interruption per year at no charge during regular working hours.

For power interruptions arranged on weekends and for times other than as outlined above, there will be a charge to offset the cost of overtime paid to Norfolk Power crews.

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The customer shall be charged for the full cost of service calls to restore service following a power outage if in the opinion of Norfolk Power the outage was the result of inadequate line and/or tree maintenance.

2.6.3 Customer Owned Substations

Owners of private substations are encouraged to perform regular maintenance to the electrical equipment so that inconvenience to themselves and to other customers is not caused through equipment failure.

To facilitate and encourage the maintenance of this equipment, it is Norfolk Power's policy to provide one power interruption, at no charge, once each year at the Customer's substation. This no charge service will occur during normal working hours, Monday to Friday, 7:30 a.m. to 3:30 p.m., holidays excepted.

For power interruptions arranged on weekends and for times other than as outlined above, there will be a charge to offset the cost of overtime paid to Norfolk Power crews.

Should a customer be required to operate their three phase load break switch, Norfolk Power must be notified in advance of the operation.

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Norfolk Power Distribution Inc**SECTION 3 - CUSTOMER SPECIFIC****3.1 Residential Service**

This section refers to the supply of electrical energy to residential Customers residing in detached or semi-detached dwelling units, as defined in the local zoning by-law.

3.1.1 General Information

There shall be only one service to a building except for semi-detached buildings. For semi-detached buildings with required fire separation, there may be two services.

- Standard residential services will include all services up to and including 200 Amp, 120/240 volt, (1) single phase, (3) three wire. Large residential services will include all services up to and including 400 amp, 120/240 volt, (1) single phase, (3) three wire. For new connections and upgrades, standard conductor size shall be #2 triplex for 100 Amp overhead service or # 1/0 triplex for 200 Amp overhead service. For underground service, #3/0 AL shall be the standard. Underground conductor size for 400 Amp service to be in compliance to ESA (Electrical Safety Authority) and/or Norfolk Power requirements. For non-standard residential services the customer must consult with Norfolk Power.
- Where revenue metering is located inside a residence, it will be relocated by the owner to the exterior of the building at the time of upgrading. Owners are required to contact Norfolk Power for information regarding any financial incentives available to help defray the cost of the meter relocation.
- Infill residential services are those new residential services not considered to be part of a subdivision or multiple unit development such as row housing.
- Infill residential services may be installed underground.
- Exceptionally long underground or overhead privately owned services shall be constructed to Electrical Safety Authority requirements in order to provide adequate secondary supply voltage.

3.1.1.1 Secondary Services in Overhead Distribution Area

Where Norfolk Power specifies that the building is in an overhead distribution area, the following shall apply:

- The maximum service entrance capacity that will be connected overhead is 400 amperes;
- The Customer is responsible for the supply and installation of the portion of the service beyond the first point of connection to customer-owned equipment;

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- Norfolk Power shall own all secondary services up to 30 meters in length and the demarcation point shall be at the Customer's stack.
- The customer shall own all secondary services over 30 meters in length (*including the first 30 meters*). The Customer shall supply, install and maintain the secondary cables and related poles. The demarcation point shall be at Norfolk Power's transformer and connected by Norfolk Power personnel. The installation shall be in accordance with the Electrical Safety Code.
- The Customer is also responsible for the provision of pole or structure and dead-end terminations suitable for terminating the incoming aerial service, and any guying required to make it safe and serviceable.
- At the Customer's request and where practical, secondary services 400 Amperes and less may be installed underground to Norfolk Power's overhead distribution system. In this case the Customer, at his own expense, shall install the entire service from the service entrance at the building to Norfolk Power's distribution pole less an allowance for Utility supplied basic services. If there is no pole on the same side of the street as the building, then Norfolk Power will provide one on the road right-of-way. Norfolk Power will bring an overhead service to this pole. All work by the Customer must be in accordance to Norfolk Power specifications and/or the Electrical Safety Code. Restrictions may apply to avoid having customer owned underground conductor on the public road allowance.

3.1.1.1.1 Services Over Swimming Pools

The Ontario Electrical Safety Code allows electrical conductors to be located at adequate height above swimming pools.

Norfolk Power discourages this practice however, due to safety concerns and will supply and install up to 30 meters of conductor to help customers relocate existing lines that cross over swimming pools.

3.1.1.2 New Infill

New infill shall be treated as a new customer as per section 3.1.1.1

3.1.1.3 Upgrades

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The customer is responsible for all costs to upgrade their service less a credit for basic service supplied by Norfolk Power.

Meter base requirements are identified in Section 3.2.10.

Where revenue metering is located inside a residence, it will be relocated by the owner to the exterior of the building at the time of upgrading. Owners are required to contact Norfolk Power for information regarding any financial incentives available to help defray the cost of the meter relocation

3.1.1.4 Standard Underground Services (Secondary)

Standard underground secondary services will be terminated as shown on Norfolk Power's layout sheet.

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¶ Infill installation as per DWG 5.9¶
Subdivision installation as per DWG 5.9A¶
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Standard underground secondary services will be installed in either of the following manners:

Norfolk Power Installed and Owned: Norfolk Power will supply, install and maintain conductor for new infill standard underground residential services from point of supply to meter location. All material, labour, and installation costs (less an allowance for basic services) will be at the owner's expense. Cost of installation will be calculated by Norfolk Power at the time of designing the customer service layout.

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Standard underground conductor for services shall be 3/0 AL. The total length of 3/0 AL underground cable may not exceed 60 metres in length, if 250 MCM is used the length shall not exceed 80 metres. All measurements are to initiate from point of transformation.

All meter bases will be of 200 Amp capacity and allow up to 250 MCM for underground cable connections. The meter base to be used is "jumbo size" (18 x 12 x 4 7/8 inches) for underground services. For services greater than 200 Amp. see Section 3.2.10

Note: Norfolk Power will allow the customer to supply and install underground secondary service to Norfolk power specifications at the customer's expense less a credit for Utility supplied basic services. At the customer's expense, these facilities are subject to inspection by Norfolk Power.

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Customer Installed and Owned:

Restrictions may apply to avoid having customer owned underground conductor on the public road allowance. The customer is to consult with Norfolk Power regarding construction along public road allowance.

Customer supplied, installed and maintained conductor to be approved by the Electrical Safety Authority.

The trench must be inspected and approved by the Electrical Safety Authority.

Up to and including 200 Amp services with max 4/0 conductor, the customer is required to provide 2 inch PVC conduit, straps and screws adequate conductor and appropriate weather head for cover-up at the Utility pole.

Customer must also install one length of conduit and associated cable on the pole.

Norfolk Power will complete the installation of the supplied conduit and cable and make the necessary connections. The customer must supply sufficient conduit to reach to within 6 inches below the final secondary cable height. Instances where 250 MCM conductor is used, customers are to provide 2 ½ inch conduit.

Connection at the weather head will be completed by Norfolk power and become the demarcation point.

A “jumbo” (18 x 12 x 4 7/8 inch) meter base is required for underground services up to 200 Amps.

Norfolk Power will not consider themselves liable for any problems resulting from the cable size selected, or to be responsible for the detection and/or repair of any defects in the cable(s).

Voltage problems resulting from the cable selected is the responsibility of the owner.

At the customer’s request, Norfolk Power will locate cable faults for a fee, but the repair and/or replacement of damaged cables will remain the responsibility of the customer.

3.1.1.5 Large Residential Services (Secondary at 400 Amp.)

Large residential services shall be treated the same as a standard residential service.

3.1.1.6 Primary Residential Services (Standard & Large)

Refer to Section 3.2.1.4

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3.1.2 Early Consultation and Notification

Well in advance of installation commencement, the Customer shall make a request for electrical service. Such request must provide adequate leadtime to permit acquisition of major materials. This shall apply for the installation of a new service and the upgrade of an existing service. At the time the request is made, the Customer shall submit the following:

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New Residential Service:

- address (municipal address and street name);
- name of owner and electrician;
- a site plan to scale, showing the building in relation to existing and proposed property lines, any existing easements, other buildings, streets and driveways, and the location of other services, gas, telephone, water and cable T.V.;
- amperage of service required;
- preferred location of service entry as per Section 3.1.6 requirements;
- type of heat and any significant loads.

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Upgrade of an Existing Residential Service:

- address (municipal address and street name);
- name of owner and electrician;
- amperage of service required;
- preferred location of service entry as per Section 3.1.6 requirements;
- type of heat and any significant loads.

Norfolk Power will review the request and advise the Customer as to whether or not his / her request has been accepted or denied. If the request is denied, Norfolk Power will give reasons for denying the request and offer assistance in modifying the proposed service.

The Customer or Norfolk Power may request a site meeting to review the service. In consultation with the Customer, Norfolk Power will make the final determination of where the service will connect to Norfolk Power distribution system, the route that the service will take, and the location of the Service Entrance at the building.

3.1.3 Point of Demarcation

A residential customer delivery point is at the meter for underground installations if the conductor is owned and maintained by Norfolk Power and the service stack for overhead installations. This supply

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point might be located on an adjacent property from which the Distributor has an authorized easement. In all cases the final delivery point will be the decision of the Distributor.

The location of supply (connection to the distribution system) service entrance point and meter base will be established through consultation with Norfolk Power for both new and upgraded electrical services. Failure to comply may result in relocation of the service at the owner's expense.

For customer supplied, installed and maintained conductor the point of supply is considered to be the connection point to Norfolk Power distribution system. (ie. Norfolk Power transformer for overhead secondary installation or weather head for underground secondary)

3.1.4 Access

Service locations requiring access to adjacent properties (mutual drives, narrow side setbacks, etc.) will require the completion of a legal easement and a "Letter of Permission" from the property owner(s) involved.

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The Customer will provide unimpeded and safe access to the Distributor at all times for the purpose of installing, removing, maintaining, operating or changing metering and distribution equipment.

3.1.5 Metering

Meter sockets will be directly accessible from the street by Norfolk Power staff and mounted on the exterior of the building within 10ft (3m) of the front face of the building and 5ft, 6in (1.68m) from final grade to centre of the meter. Meter sockets will be installed ahead of (on the line side of) the main disconnect switch. Meter sockets found to be inaccessible by Norfolk Power will be relocated at the owners expense.

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3.1.6 Inspection

All electrical installations inside the home and out to the delivery point must be inspected and approved in accordance with Norfolk Power and Electrical Safety Authority requirements. Norfolk Power requires notification from the Electrical Safety Authority prior to energization.

Norfolk Power requires a minimum **(5) five days** notification prior to date of energization.

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3.2 General Service

Commercial buildings are defined as buildings, which are used for purposes other than single-family dwellings.

3.2.1 General Information

Norfolk Power will allow only one single phase and/or one three phase general service per lot, per customer.

For new connections and upgrades, standard conductor size (trplx or quad) shall be 1/0 for overhead service up to 200 Amp. and 3/0 for service greater than 200 Amps.

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Underground conductor size for services greater than 200 Amp. shall be in compliance to ESA (Electrical Safety Authority) and/or Norfolk Power requirements.

Where upgrades are required to existing general services, the upgrade will be allowed to remain overhead provided overhead conductor ampacity is available.

Norfolk Power will supply, install and maintain all road-crossing facilities at no charge to the customer.

General Service class customers shall pay all costs of providing service including upgrades less a credit for basic service provided by Norfolk power.

Norfolk Power shall own and maintain all overhead primary and secondary services up to 30 meters in length.

The Customer shall own and maintain all services greater than 30 meters in length, which shall be constructed in compliance to Electrical Safety Authority and/or Norfolk Power requirements (The customer shall own the entire length including the first 30 meters.)

In circumstances where multiple services are installed to a general service customer, and one service is to be upgraded, the upgraded service will conform to one single phase and/or one three phase general service per lot, per customer.

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Exceptions may be granted at the sole discretion of Norfolk Power based on good utility practises.

3.2.1.1 Standard Overhead Services (Secondary)

Allowable limit will be maximum ~~400~~ amp, 120/240 volt, single (1) phase, three (3) wire, , 120/208 volt or 347/600 volt, three (3) phase, four (4) wire services.

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Exceptions may be granted at the sole discretion of Norfolk Power based on good utility practises.

Where upgrades are required to existing general services, the upgrade will be allowed to remain overhead provided overhead conductor ampacity is available.

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3.2.1.2 Standard Underground Services (Secondary)

Standard underground secondary services will be terminated as shown on Norfolk Power's layout sheet.

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Allowable limit will be maximum ~~400~~ amp, 120/240 volt, single (1) phase, three (3) wire, , 120/208 volt or 347/600 volt, three (3) phase, four (4) wire services.

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Standard underground secondary services will be installed in either of the following manners:

Norfolk Power Distribution Inc

Norfolk Power Installed and Owned: Norfolk Power will supply, install and maintain conductor for new infill standard underground services from point of supply to meter location. All material, labour, and installation by Norfolk Power or its agent will be at the owner's expense. Cost of installation will be calculated by Norfolk Power at the time of designing the customer service layout.

Standard underground conductor for services shall be 3/0 AL. The total length of 3/0 AL underground cable may not exceed 60 metres in length, if 250 MCM is used length shall not exceed 80 metres. All measurements are to initiate from point of transformation.

All meter bases will be of 200 Amp capacity and allow up to 250 MCM for underground cable connections. The meter base to be used is "jumbo size" (18 x 12 x 4 7/8 inches) for underground services. For services greater than 200 Amp. Refer to Section 3.2.10 for meter base specifications.

Customer Installed and Owned: All utility locates and permissions from the relevant road authority required for the trenching are the responsibility of the property owner, as is the proper location of the trench with regard to neighbouring properties.

Restrictions may apply to avoid having customer owned underground conductor on the public road allowance.

Customer supplied, installed and maintained conductor and related material such as conduit and weather head to be approved by the Electrical Safety Authority. The customer must provide adequate cable length for connection to Norfolk Power system.

The trench must be inspected and approved by the Electrical Safety Authority.

Customers must also install one length of conduit and associated cable on the pole.

Norfolk Power will complete the installation of the supplied conduit and cable and make the necessary connections. The customer must supply sufficient conduit straps and screws to reach to within 6 inches below the final secondary cable height.

The connection at the weather head shall be completed by Norfolk Power and become the demarcation point.

All meter bases will be of 200 Amp capacity and allow up to 250 MCM for underground cable connections. The meter base to be used is "jumbo size" (18 x 12 x 4 7/8 inches) for underground services. For services greater than 200 Amp. Refer to Section 3.2.10 for meter base specifications.

Norfolk Power will not be liable for any problems resulting from the cable size selected, or to be responsible for the detection and/or repair of any defects in the cable(s).

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Voltage problems resulting from the cable selected is the responsibility of the owner.

At the request of the customer, Norfolk Power will locate cable faults for a fee, but the repair and/or replacement of damaged cables will remain the responsibility of the customer.

3.2.1.3 Large General Services (Secondary)

Where service to General Service Class Customers is required to be larger than 400 Amp. the customer is to consult with Norfolk Power regarding construction and metering specifications.

All large general services are to be supplied, installed and maintained to Norfolk Power and/or Electrical Safety Authority specification and requirements at the customer's expense.

Exceptions may be granted at the sole discretion of Norfolk Power based on good utility practises.

3.2.1.4 Primary Services

General Information. Where it is determined through consultation with Norfolk Power that a primary supply is required, the customer at their expense will supply, install and maintain the service to Norfolk Power and Electrical Safety Authority specifications and requirements. ESA Inspection documentation is to be provided to Norfolk Power.

Customers will supply, maintain and retain ownership of primary and secondary cables, poles, anchors, terminations, grounding and transformer pads on private property. Restrictions may apply to avoid having customer owned underground conductor on public road allowance.

Deleted: For underground installations refer to DWG 5.12.

It is the customer's responsibility to ensure that all transformers located on private property are kept clear of any obstacles in order to facilitate regular and emergency maintenance.

Any repairs completed on customer owned equipment will require Electrical Safety Authority approval before energization.

Underground. Cables terminating on the supply pole will be, where applicable, rise on the opposite side of the flow of traffic.

Primary cables terminating on poles up to 45 ~~feet~~ require 45 feet of approved cable. Poles in excess of 45~~feet~~ will require consultation with Norfolk Power

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Customers must supply and install at their expense all ducts and underground cable to ESA requirements.

The customer is responsible to terminate the underground cable at the Utility pole. At the customer's expense, Norfolk Power will prepare and terminate all cables in the Utility 's pad-mount transformer.

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Norfolk Power will complete the installation (cable and additional guards) hi-pot the termination and cable and make the necessary connections of the primary cable at the demarcation point at the customer's expense.

Norfolk Power will fault locate and repair primary cables at the customer's request and expense, in order to assure restoration of service in a reasonable time frame subject to having required materials in stock.

Overhead. The customer will supply, install and maintain the primary services from the demarcation point in compliance to Norfolk Power and Electrical Safety Authority requirements.

Norfolk Power will connect the primary cable at the demarcation point.

3.2.1.5 Transformation

Transformers up to and including 1000 kVA will be supplied and installed by Norfolk Power. Transformers greater than 1000 kVA will be customer owned. Connection to the distribution system must be in compliance to Utility specifications.

Primary Voltage supplied to padmount transformers or customer owned substations will be one of the following (3) three phase voltages as determined by Norfolk Power:

- 2400/4160 Volts – 3 phase
- 4,800/8,320 Volts - 3 phase
- 16,000/27,600 Volts - 3 phase

Dual voltage transformation will be required for primary voltages other than 16,000 Grd Y/27,600 volts, in order to facilitate voltage conversions.

As a general guideline, Norfolk Power will provide the following transformation:

Overhead

- 167 kVA single (1) phase; 300 kVa three (3) phase

Underground

- 100 kVA single (1) phase; up to and including 1000 kVa three (3) phase.

Exceptions may be granted at the sole discretion of Norfolk Power based on good utility practises.

3.2.2 Early Consultation

Prior to the establishing new general service details to a building or lot, Norfolk Power will require the following information from the owner:

- a grading and site plan showing the building(s) in relation to existing and proposed property lines, other buildings, streets and driveways, and the location of other sources, gas, telephone, and water;
- a floor plan indicating unit numbers and corresponding service requirements;

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- amperage of main source and/or sub services;
- voltage level;
- metering requirements - individual or bulk;
- a single line diagram showing the provision for metering facilities and a listing of all significant loads such as lighting, motors, cooling, heating, welders, etc.;
- requested energization date;
- preferred location of electrical room, and routing of primary conductors.

Norfolk Power will review the request and advise the Customer as to whether or not his / her request has been accepted or denied. If the request is denied, Norfolk Power will give reasons for denying the request and offer assistance in modifying the proposed service.

The Customer or Norfolk Power may request a site meeting to review the service. In consultation with the Customer, Norfolk Power will make the final determination of where the service will connect to Norfolk Power distribution system, the route that the service will take, and the location of the service entrance at the building.

3.2.3 Point of Demarcation

A general service customer delivery point is dependent on customer ownership in the applicable general service section. For the purposes of this document, the point of supply will be:

1. For customer owned conductor, the point of connection will be Norfolk Power distribution system at the bottom of the switch on the Utility pole or at connection of Norfolk power equipment as required.
2. For utility owned conductor, the point of connection will be the service attachment point and/or meter.

3.2.4 Supply Voltage

The service voltage will be established by the owner and will be one of the following:

- 120/240 volts - 1 phase 3 wire (maximum ~~400~~ amp)
- 120Y/208 volts - 3 phase 4 wire
- 347Y/600 volts - 3 phase 4 wire

3.2.5 Underground Service

. See Section 3.2.1 .1 through 3.2.1.4

3.2.6 Location of Transformers

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Transformation will be required to be installed within 10ft (3m) of an accessible road way capable of carrying heavy trucks. This roadway is to facilitate the installation, repair or replacement of the transformer by Norfolk Power approved personnel. This roadway when required will be installed and maintained by the customer. Failure to comply may result in relocation of the service at the owner's expense.

3.2.7 Supply of Equipment

The Distributor will supply, install and maintain equipment as specified in the applicable general service section.

The owner will supply, install and maintain equipment as specified in the applicable general service section.

3.2.8 Short Circuit Capacity

The Owner shall ensure that his service entrance equipment has an adequate short-circuit interrupting capability. Norfolk Power will advise, on request, the maximum available short-circuit symmetrical in-rush Amperes at any specific location.

Customer's protective equipment shall include:

27600/16000 Volt supply: 3 phase, short circuit rating of 835 MVA symmetrical.

8000/4800 Volt supply: 3 phase, short circuit rating of 500 MVA symmetrical.

4160/2400 Volt supply: 3 phase, short circuit rating of 250 MVA symmetrical.

600/347 and 208/120 Volt supply: - Available on request.

3.2.9 Access

Service locations requiring access to adjacent properties (mutual drives, narrow side setbacks, etc.) will require the completion of a legal easement ~~and a "Letter of Permission" from the property owner(s)~~ involved.

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The Customer will provide unimpeded and safe access to the Distributor at all times for the purpose of installing, removing, maintaining, operating or changing metering and distribution equipment.

3.2.10 Metering

The owner will make provisions acceptable to Norfolk Power for revenue metering equipment.

This provision could be one, or a combination of the following as established by Norfolk Power for each service:

- appropriate meter socket; as specified further in this Section.
- a lockable metal enclosure, with removable back plate of dimensions; as specified further in this Section.

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- a lockable compartment within metal enclosed switchgear to accommodate Norfolk Power instrument transformers, as specified further in this Section.

Metering will be installed as per Revenue Metering Specifications as outlined further in this Section.

Prior to energization of service, Norfolk Power will require notification of approval from the Electrical Safety Authority.

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3.2.10.1 Revenue Metering Specifications

Norfolk Power will install revenue meters, instrument transformers, test panels and all interconnecting wiring.

The owner will provide at his expense, as outlined further in this section:

- Space acceptable to Norfolk Power, as outlined further in this section, for the installation of revenue metering equipment.
- Where metering equipment is required to be installed in a locked environment, the customer shall supply Norfolk Power with a key.
- Facilities for attachment including meter sockets.
- A pad lockable metal enclosure with removable back plate.
- Installation of conduit for instrument wiring, where required.
- All metering installations and/or rooms must be inspected and approved by the Electrical Safety Authority to Norfolk Power requirements.
- All meters shall be grouped in a central location which is readily accessible to and approved by Norfolk Power.
- If electrical service room is to be located above the main floor level, a stairway built in accordance with the Ontario Building Code shall be installed.

Note: Ladders are not acceptable.

All locations accessible to the general public will have a lockable enclosure or room for the service equipment and meters provided by the owner as follows:

- An electrical room;
- A metal metering cabinet approved by Norfolk Power; or
- A metal enclosed switchgear approved by Norfolk Power and the Electrical Safety Authority.

All locations will be clear and safe with working space of not less than 1.2m (48") in front of the equipment.

Where the possibility of danger exists to workmen, or damage to equipment from moving machinery, vibration, dust, fumes or moisture, protective arrangements shall be provided by the customer to the approval of Norfolk Power.

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3.2.10.2 Meter Socket Specifications

120/240V, single (1) phase three (3) wire services up to and including 200A require:

- A 4 JAW, square type meter socket base.
- To be installed on the load side of the disconnect switch supplying each individual service.
- Meter base shall be "jumbo" (18 x 12 x 4 7/8 inch") for underground services.

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120/240V, single (1) phase three (3) wire 400A service will require:

- The owner will supply and install a self contained meter base complete with a 4 Jaw transformer rated meter socket with self shorting CT link on left side and a 400 & 400:5, 3 wire bar type CT transformers.

APPROVED 400 AMP METER SOCKET
Micro Electric Cat #JS4A-4-400:5

Note: Meter socket is adaptable to both overhead and underground services.

Deleted: Cutler-Hammer Cat #TCC5-4

Connection of meter base to secondary service wires is the responsibility of the owner.

OR

APPROVED 400 AMP METER SOCKET
Micro Electric Cat #JS4-2

Note: Services with suspected poor power factor will be required to install the appropriate meter facilities for metering both watt and kVA demand.

Deleted: Cutler-Hammer Cat #TCC-4

120/208V, two (2) phase with a neutral wire service up to and including 200A require:

- A 5 JAW, square type meter socket base (5th JAW to be installed in the 9 o'clock position).
- To be installed on the load side of the disconnect switch supplying each individual service.

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600Y/347 or 208Y/120V, three (3) phase, four (4) wire services up to and including 200A require:

- A 7 JAW, square type meter socket base complete with an isolated neutral connection.
- 208Y/120V services meter sockets will be allowed to be installed on the exterior of the building on the load side of the disconnect switch.

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- 600Y/347V services meter sockets are to be installed on the load side of the disconnect switch supplying each individual service.

Meter mounting height shall be 5'6" (1.68meters) from final grade to center of meter.

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The customer/contractor shall permanently and legibly identify all metered services with respect to municipal address and/or unit #. The identification shall apply to all disconnect switches, and meter mounting devices.

Services will not be connected unless service identification on the disconnect switches and meter mounting devices, correspondence with the appropriate addresses and/or unit #'s. Owners of the multiple unit buildings are required to inform Norfolk Power of any changes made to municipal address and/or unit #.

Where required by these conditions of supply, the owner shall supply, install and maintain a meter cabinet to Norfolk Power specifications.

3.2.10.3 Commercial and Industrial Meter Cabinet Specifications

208Y/120V (3) three phase, four wire service over 200A require:

- Current Transformer Cabinet as outlined further in this Section.

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600Y/347V (3) three phase, (4) four wire service over 200A require:

- Combination Current Transformer and Potential Transformer Cabinet as outlined further in this Section.

3.2.10.4 Meter Cabinet

The meter cabinet will be supplied to Norfolk Power specifications at the customer's expense.

A voice grade telephone line is to be installed from customers main telecommunication panel to meter cabinet by the customer for Norfolk Power remote interrogation.

3.2.10.5 Current Transformer Cabinet

36" (914mm)w x 36" (914mm)h x 10" (254mm)d CEMA/NEMA-1 current transformer cabinet for services up to 800A.

Current transformer cabinet is to be complete with the provision for padlocking and a removable steel back plate.

Notes:

- Current transformer cabinet is to be installed on the load side of the main disconnect switch.
- Top of current transformer cabinet is to be mounted at a height of 6' (1828mm) from final grade.

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- Current transformer cabinet location must not exceed a distance of ~~50'~~ (15.2m) from the meter cabinet.
- The location of the indoor current transformer cabinet is to be readily accessible to and approved by Norfolk Power.
- Electrical contractor to supply, install and connect conductor termination lugs ~~for~~ current transformers and appropriate size neutral.
- Removable back plate must be submitted to Norfolk Power at least ten (10) working days prior to the date of energizing.
- 1 1/4" (32mm) PVC conduit to be installed in one continuous run from current transformer cabinet to meter cabinet complete with a minimum of 1/4" poly rope from current transformer to meter cabinet. Access type fittings are not acceptable.
- Back plate to be marked, top line, and load for current transformer polarity.
- Line side conductors are to enter at center left and center right of current transformer cabinet.

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3.2.10.6 Combination Current Transformer and Potential Transformer Cabinet

36" (914mm)w x 36" (914mm)h x 10" (254mm)d CEMA/NEMA-1 current transformer cabinet for services up to 800A.

Current transformer cabinet is to be complete with the provision for padlocking and a removable steel back plate.

Notes:

- Current transformer cabinet is to be installed on the load side of the main disconnect switch.
- Top of current transformer cabinet is to be mounted at a height of 6' (1828mm) from final grade.
- Current transformer cabinet location must not exceed a distance of ~~50'~~ (15.2m) from the meter cabinet.
- The location of the indoor current transformer cabinet is to be readily accessible to and approved by Norfolk Power.
- Electrical contractor to supply, install and connect conductor termination lugs ~~for~~ current transformers and appropriate size neutral.
- Removable back plate must be submitted to Norfolk Power at least ten (10) working days prior to the date of energizing.
- 1 1/4" (32mm) PVC conduit to be installed in one continuous run from combination current transformer and potential transformer cabinet to meter cabinet. Access type fittings are not acceptable. The contractor is to install a minimum of 1/4" poly rope from current transformer to meter cabinet.
- Line side conductors are to enter at center left and center right of current transformer cabinet.

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3.2.10.7 Meter Enclosed Switchgear

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The following regulations apply to the installation of instrument transformers and metering equipment within metal enclosed switchgear.

Norfolk Power will, ~~install revenue meters, instrument transformers, test panels and all interconnecting wiring.~~

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The owner shall:

- Consult with Norfolk Power regarding metering equipment to be provided, which may include:
 - potential transformers
 - current transformers
- Norfolk Power will use Schlumberger MV-7 current transformers or
- similar bar type CT's for services up to 1200 amps (347/600V)
- terminal test block
- ~~All metal enclosed switchgear metering compartments will be equipped with a neutral bus bar for provision of connecting metering equipment.~~
- ~~Submit two (2) copies of the manufactures switchboard drawings for approval. Drawing to indicate provisions for Norfolk Power metering arrangement complete with dimensions.~~
- Install meter cabinet and conduit.

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3.2.10.8 Instrument Transformers

Instrument transformers shall be supplied and installed by Norfolk Power in a separate switchgear compartment on the load side of a main switch to permit removal or replacement of equipment. The compartment door shall have provision for a Norfolk Power padlock.

3.2.10.9 Meter Cabinet Specifications

Meter cabinet to be installed as outlined earlier in this Section.

3.2.10.10 Interval Demand

Norfolk Power will supply, install and maintain interval metering on all new 3 phase, 4 wire services, with a usage greater than 500kW at no charge to the customer.

Deleted: , 400 amp or larger

The customer is to supply at their expense a 13mm (1/2in.) conduit from the telephone entrance equipment and a 1 ML direct dial voice quality telephone line which must be active 24 hours a day to the metering location extension jack which is mounted on the metering board. This phone line must be installed and functioning prior to the new service being energized.

A voice grade telephone line, for the purpose of remote interrogation, will be supplied by the customer.

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Existing services will, at the owners expense, be considered for interval metering if a review of the customers usage for the previous year shows a consistent demand greater than ~~500kW~~. A voice grade telephone line, for the purpose of remote interrogation, will be supplied by the customer.

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3.3 General Services (Above 50 kW)

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A customer classified as being over 50kW by is one that identified the billing system as registering over 50kW on a demand meter.

3.4 General Services (Above 1000 kW)

A customer is classified as being above a 1000kW if they have a service of 1200 amps (347/600 volts) or larger.

Transformers (above 1000 kW) shall be supplied, installed, owned and maintained by the owner to Electrical Safety Authority and/or Norfolk Power requirements.

Deleted: Where a transformer room is required, to accommodate transformers, it will be constructed by the owner to Haldimand County Hydro specifications. ¶
3 - 500 kVA banked single (1) phase¶

3.5 Embedded Generation

Norfolk Power will provide a connection to the distribution system where it is technically feasible for embedded generators for the purpose of selling energy or for load displacement within the customers premise. The cost of the connection and related protection to assure the safety of the public, employees and security of the system will be charged to the customer. The requirements for embedded generation are set out in the Embedded Generation Agreement, which must be signed between Norfolk Power and the embedded generator. Norfolk Power and the Generator must comply with regulators relating to Generation. Sufficient time (see section 2.1) must be provided to Norfolk Power to respond to connection requests. Early consultation is encouraged. Charges may apply for Utility backup support.

3.6 Embedded Market Participant

Embedded Market Participants are subject to the terms and conditions of the Independent Electricity Market Operator. Market participants are responsible for all LDC charges as approved by the Ontario Energy Board.

3.7 Embedded Distributor

The following terms and conditions apply to the connection of an Embedded Distributor.

3.7.1 Contact Information

The contact information will be reviewed annually. Each Party will notify each other by November 1 of each year to confirm or update such information. If either party proposes to make a change affecting the embedded connected point, then notice of such change will be given in writing. Such notice will be given a minimum of thirty (30) days prior to any planned implementation of the change. Any change will require the approval of both Parties.

The Customer acknowledges and agrees that Norfolk Power may provide any information provided by the Customer under the terms of the Standard Embedded Distributor Agreement to Norfolk Power's representatives, provided that Norfolk Power:

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- provides such information to only those of Norfolk Power's representatives who need to know the information; and
- has directed such representatives to use the information in accordance with the terms hereof.

3.7.2 Energy Supply

As the Host Distributor, Norfolk Power reserves the right to limit the amount of energy that it agrees to supply the Customer at each embedded connection/delivery point, and this amount shall be agreed upon by both Parties.

The Customer shall notify and include Norfolk Power in any discussion, planning and interconnection design of any proposed embedded generation facility that the Customer proposes to connect to its portion of the distribution system.

3.7.3 Billing

Norfolk Power shall bill the Customer on a billing cycle each month for the provision of distribution services by Norfolk Power, and for all other applicable charges approved or authorized by the Ontario Energy Board, pursuant to Norfolk Power's rate orders or any codes issues by the Ontario Energy Board.

Norfolk Power shall settle non-competitive electricity services based on the rates approved by the Ontario Energy Board and by the requirements of the Retail Settlement Code. Norfolk Power shall adjust the Customer's usage by the applicable total loss factor for purposes of determining the Customer's noncompetitive electricity costs.

If the Customer is not a Wholesale Market Participant, then Norfolk Power shall provide revenue metering for the settlement and monthly billing of the Customer. If the Customer is or becomes a Wholesale Market Participant Distributor, then the Independent Market Operator shall settle the Customer's monthly energy bill.

If the Customer is or becomes a Wholesale Market Participant Distributor, then the Corporation shall act as the default Metering Service Provider (MSP) and as such, enter into a Metering Service Provider Agreement with the Customer.

3.7.4 Ownership

All Norfolk Power-owned equipment, including the revenue metering equipment and instrument transformers, shall continue to be vested in Norfolk Power, unless the Parties have specified otherwise in the Embedded Distributor Agreement. (Note: presently Hydro One may own the wholesale metering installation.)

All Customer equipment and facilities shall continue to be vested in the Customer, unless the Parties have specified otherwise in the Embedded Distributor Agreement.

3.7.5 Assignment of Responsibility

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The electrical distribution systems shall be under the operating control of a controlling authority at all times.

The responsibility for regular maintenance of equipment rests with the owner.

Norfolk Power and the Customer shall ensure that only qualified persons perform the operation and maintenance of their respective electrical distribution systems.

Each Party shall be responsible for maintenance, protection and power quality of each Party's portion of the shared distribution feeder that each party owns. Each Party shall ensure that its portion of the feeder has proper fault protection and voltage within proper limits.

Norfolk Power and the Customer shall maintain their respective equipment in efficient condition with proper devices, according to electrical distribution utility standards. If, in the opinion of Norfolk Power or the Customer, maintenance is not properly performed, the identifying Party will notify the other in writing.

3.7.6 Normal Operations

Control Authorities will inform each other at least seven calendar days in advance of any planned work which would have an effect on the other Parties electrical distribution systems. Applications for work involving load interruptions shall be initiated at least ten (10) calendar days in advance, to permit proper notification of other customers who would be interrupted for, and the co-ordination of, switching on the equipment under its control.

The control authority of the equipment under its control shall issue work protection on the equipment when work is done on that equipment. Each control authority is responsible for establishing a safe work environment, in accordance with industry standards, for their forces while carrying out planned or emergency maintenance.

Each Party is responsible for providing isolation at devices under their operating control to assist the other Party.

3.7.7 Communication

Communications between controlling authorities must be readily available to deal with routine and unforeseen system conditions.

The Controlling Authority of each Party agrees to communicate for the following reasons:

- For normal operating communications with regard to outage planning, work protection and switching, etc.
- Provide each other with information relative to prearranged outages, power
- interruptions or system problems which materially affect the supply of power to each others distribution system.

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- Provide each other with information relative to feeder trips or recloser operations caused by equipment under each Parties ownership or control.
- Following an A (*auto*) / or A/R/A (*auto/reslose/auto*) during regular working hours Norfolk Power's Controlling Authority will not authorize the Hydro One Controlling Authority to reenergize a feeder owned by Norfolk Power until contact has been made with the Customer's Controlling Authority.
- Following an A/ or A/R/A after regular working hours, and if no "Hold Off" is in effect, Norfolk Power has authorized the Hydro One Controlling Authority to allow one minute prior to attempting re-energization. After one attempt at re-energization, no further attempts to re-energize a feeder owned by Norfolk Power will be made until contact has been made with the Customer and Hydro One. It will be the responsibility of the Hydro One Controlling Authority to contact Norfolk Power's Controlling Authority after hours.
- When a permanent fault occurs on a feeder which supplies Norfolk Power and Customer load, the Norfolk Power Controlling Authority will notify the Customer's Controlling Authority during regular working hours, and the Customer's Line Superintendent on call for after hours permanent faults. Once communication is established and the location of the fault is not known, Norfolk Power and/or Customer staff will be dispatched to patrol their systems, and may assist each other in sectionalizing the faulted feeder.

Since Norfolk Power and the Customer each own portions of, and share, a common feeder, both Parties agree to provide each other with the following information:

- Norfolk Power shall provide the Customer with fault current information and protection settings of upstream protective devices.
- The Customer shall provide Norfolk Power with load forecasting information.
- Norfolk Power and the Customer agree to maintain phase balance within generally acceptable industry standards.
- Norfolk Power and the Customer agree to adhere to generally acceptable standards pertaining to power quality and voltage levels on the section of feeder each Party owns.
- Norfolk Power and the Customer agree to provide each other, on request, with maintenance schedules and records on the section of feeder each party owns.

3.7.8 Emergency Operations

Each Party will co-operate fully in case of emergencies in order to facilitate restoration of the system back to normal, and to permit the organization of possible repairs.

Switching agreements with Hydro One are in place to accommodate emergency restoration.

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On the request of one Controlling Authority, the other Controlling Authority's staff or agents will provide the required timely isolation of equipment as required for emergency switching, or to establish a Condition Guarantee.

3.7.9 Metering and Fault Protection

Norfolk Power agrees to deliver electricity to the Customer's distribution system through a basic or interval meter for settlement purposes.

If the Customer is, or becomes, a Wholesale Market Participant Distributor registered with the Independent Market Operator, the Customer will be responsible for the wholesale metering installation(s) metering data as per the Ontario Market rules.

At the customer's expense, Norfolk Power shall have read-only access to such wholesale metering installations.

The Parties shall act at all times in accordance with the Distribution System Code, for situations where Norfolk Power or the Customer provides distribution services through a load transfer.

Norfolk Power and the Customer shall each manage its own portion of a supply feeder, and ensure that its portion of the feeder has proper fault protection and voltage within proper limits in accordance with industry standards.

The owner of the feeder breaker would be responsible for maintaining appropriate relay settings for overall feeder protection, and both Norfolk Power and the Customer would be responsible to provide the required information to accomplish this.

3.7.10 Costs

Once the request for connection has been approved, and upon receipt of a Purchase Order or equivalent from the Customer, Norfolk Power shall prepare detailed engineering specifications for required system enhancements, obtain cost estimates for the specified work, and determine cost-sharing arrangements.

At the Customer's request, Norfolk Power will provide the Customer a project description and letter of intent that includes:

1. a description of the work to be performed by Norfolk Power.
2. a summary of the work to be performed by the Customer
3. Norfolk Power's capital investment in the project; and
4. the Customer's financial contribution to the package.

Norfolk Power Inc. shall only be liable to the Customer, and the Customer shall only be liable to Norfolk Power, for any damages, which arise directly out of the willful misconduct or negligence:

- of Norfolk Power in providing distribution services to the Customer;

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- of the Customer in being connected to Norfolk Power's distribution system; or
- of Norfolk Power or the Customer in meeting their respective obligations under the Distributed System Code, their licenses, and any other applicable law.

The Distributor-Customer agrees to take out liability insurance in the amount of

\$5,000,000 to which the Corporation of Norfolk County and Norfolk Power are added as additional named insured, and to provide proof of such insurance.

Despite the above, neither Norfolk Power nor the Customer shall be liable under any circumstances whatsoever for any loss of goodwill or for any indirect, consequential, incidental or special damages, including but not limited to punitive or exemplary damages, whether any of the said liability, loss or damages arise in contract, tort or otherwise notwithstanding the Customer financial contribution as per section 3.7.3.

3.7.11 Force Majeure

Subject to the items below, neither Party shall be held to have committed an event of default in respect of any obligation under the Embedded Distributor agreement if prevented from performing that obligation, in whole or in part, because of a force majeure event.

If a force majeure event prevents a Party from performing any of its obligation under the DSC and the Embedded Distributor agreement, that Party shall:

- promptly notify the other Party of the force majeure event and its assessment, in good faith, of the effect that the event will have on its ability to perform any of its obligations. If the immediate notice is not in writing, it shall be confirmed in writing as soon as reasonably practicable;
- not be entitled to suspend performance of any of its obligations under the Embedded Distributor Agreement to any greater extent, or for any longer time, than the force majeure event requires it to do;
- use its best efforts to mitigate the effects of the force majeure event, remedy its inability to perform, and resume full performance of its obligations;
- keep the other Party continually informed of its efforts; and
- provide written notice to the other Party when it resumes performance of any obligations affected by the force majeure event.

Notwithstanding any of the foregoing, settlement of any strike, lockout or labour dispute constituting a force majeure event shall be within the sole discretion of the Party to the Embedded Distribution Agreement involved in the strike, lockout or labour dispute. The requirement that a Party must use its best efforts to remedy the cause of the force majeure event, mitigates its effects, and resume full

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performance under the Embedded Distributor Agreement and the DSC shall not apply to strikes, lockouts or labour disputes.

3.8 Unmetered Connections

3.8.1 Street Lighting

Street lighting is owned by the Corporation of Norfolk County and maintained by their authorized contractor, which may be Norfolk Power. Attachment of street lights to Norfolk Power-owned poles and electrical supply to street lights is subject to approval of Norfolk Power.

The service to streetlights will be unmetered. Street lighting is supplied at a rate to be approved by the OEB. Energy consumption will be based on connected wattage information submitted by the Customer and calculated as per hours of use, subject to the approval of Norfolk Power. It is the responsibility of the Customer to report to Norfolk Power in writing any change of consumption.

3.8.2 Traffic Control Signals

This section pertains to the supply of electrical energy to various traffic control signals and crosswalks. These are devices owned and maintained by the local municipalities. The method of supply will vary, and will be established for each application through consultation with Norfolk Power. Where transformation does not exist, it will be provided and considered an expansion of the system. A capital contribution may be required.

The service will be unmetered. This service will be classed as a General Service Customer under 50 kW. The rates charged will be as per Under 50 kW General Service Class, as approved by the Ontario Energy Board. Energy consumption will be based on connected wattage information submitted by the Customer and calculated as per hours of use. It is the responsibility of the Customer to report to Norfolk Power in writing any change of consumption to the installation.

Service conductors will be supplied by the Road Authority. Prior to energization of service, Norfolk Power will require connection authorization from the Electrical Safety Authority.

3.8.3 Other Small Services

This section pertains to the supply of electrical energy for telephone booths, cable T.V. amplifiers, and similar small-unmetered loads.

The service voltage will be 120 volts, single (1) phase, two (2) wire.

The method and location of supply will vary and will be established for each application through consultation with Norfolk Power.

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The service will be unmetered. Energy consumption will be based on connected wattage information submitted by the customer and calculated as per hours of use.

Where transformation does not exist, it will be provided and considered an expansion of the system. A capital contribution may be required

Service conductors will be supplied by the owner.

Prior to energization of service, Norfolk Power will require notification of approval from the Electrical Safety Authority.

3.9 Small Metered Connections

3.9.1 Temporary Services (Construction Power)

This section pertains to the supply of electrical energy on a temporary basis to facilitate construction work. This includes pole mounted service equipment, trailers, cranes and similar applications.

Such services would be in place for a period of less than 12 months, extensions will be at the discretion of Norfolk Power.

All other temporary services will be dealt with as General Services outlined in Section 3.2.

At the discretion of Norfolk Power one or more temporary services may be provided for a construction project.

The nominal service voltage will be one of the following:

120/240 volts, 1 phase, 3 wire (Max. 200 amp)

120/208 volts, 3 phase, 4 wire (Max. 200 amp)

347/600 volts, 3 phase, 4 wire (Max. 400 amp)

The location of the service entrance point and metering details will be established through consultation with Norfolk Power. Failure to comply may result in modifications at the owner's expense.

The owner will pay the total cost of the temporary service installation and removal, prior to the commencement of any work being initiated by Norfolk Power.

Primary or secondary pole lines required to be constructed on private property will be the responsibility of the customer. All pole lines will be built in accordance to Ontario Electrical Safety Code and be approved by the Electrical Safety Authority.

The following information will be provided by the owner:

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- requested energization and removal dates;
- amperage of service;
- preferred voltage;
- preferred point of service entrance;
- estimated kilowatt demand;
- a listing of all significant loads such as large motors;
- a site plan showing the location of the delivery point relative to lot lines and the street.

3.9.1.1 Metering

The owner will make provision, acceptable to Norfolk Power, for revenue metering equipment. The provision for metering could be one or a combination of the following as established by Norfolk Power:

- approved meter sockets as outlined in Section 3.2.10;
- a lockable metal enclosure as outlined in Sections 3.2.10.

The metering equipment location will be agreed upon through consultation with Norfolk Power. The location allocated for Norfolk Power metering equipment, shall be directly accessible to Norfolk Power staff and shall be subject to satisfactory environmental conditions some of which are:

- safe and adequate working space not less than 1.2m (48") in front of equipment;
- protected against the adverse effects of moving machinery, vibration, dust, moisture or fumes.

Prior to energization of service, Norfolk Power will require notification of approval the Electrical Safety Authority and the service entrance and metering provision shall be inspected and accepted by Norfolk Power.

3.9.2 Billboards

This section pertains to the supply of electrical energy for illumination of bill boards where service from an adjacent structure is not readily available.

- The nominal service voltage will be 120/240 volts, single (1) phase, three (3) wire.
- The method and location of supply will vary and will be established for each application though consultation with Norfolk Power.
- The service will be metered.
- Where transformation does not exist a capital contribution will be required.
- Service conductors will be supplied by the owner.

Prior to energization of service, Norfolk Power will require notification of approval from the Electrical Safety Authority.

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SECTION 4 - GLOSSARY OF TERMS

4.1 Definitions

Sources for Definitions:

A	Electricity Act, 1998, Schedule A, Section 2, Definitions
MR	Market Rules for the Ontario Electricity Market, Chapter 11, Definitions
TDL	Transitional Distribution License, Part I, Definitions
TTL	Transitional Transmission License, Part I, Definitions
DSC	Distribution System Code Definitions
RSC	Retail Settlement Code Definitions

“Accounting Procedures Handbook” means the handbook approved by the Board and in effect at the relevant time, which specifies the accounting records, accounting principles and accounting separation standards to be followed by the distributor; (TDL, DSC)

“Affiliate Relationships Code” means the code, approved by the Board and in effect at the relevant time, which among other things, establishes the standards and conditions for the interaction between electricity distributors or transmitters and their respective affiliated companies; (TDL, DSC)

“ancillary services” means services necessary to maintain the reliability of the IMO controlled grid; including frequency control, voltage control, reactive power and operating reserve services; (MR, TDL, DSC)

"apartment building" means a structure containing four or more dwelling units having access from an interior corridor system or common entrance;

"apparent power" means the total power measured in kiloVolt Amperes (kVA);

"application for service" means the agreement or contract with Norfolk Power under which electrical service is requested;

“bandwidth” means a distributor’s defined tolerance used to flag data for further scrutiny at the stage in the VEE (validating, estimating and editing) process where a current reading is compared to a reading from an equivalent historical billing period. For example, a 30 percent bandwidth means a current reading that is either 30 percent lower or 30 percent higher than the measurement from an equivalent historical billing period will be identified by the VEE process as requiring further scrutiny and verification; (DSC)

"billing demand" means the metered demand or connected load after necessary adjustments have been made for power factor, intermittent rating, transformer losses and minimum billing. A measurement in kiloWatts (kW) of the maximum rate at which electricity is consumed during a billing period;

“Board” or “OEB” means the Ontario Energy Board; (A, TDL, DSC)

“building” means a building, portion of a building, structure or facility;

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“complex metering installation” means a metering installation where instrument transformers, test blocks, recorders, pulse duplicators and multiple meters may be employed; (DSC)

“Conditions of Service” means the document developed by a distributor in accordance with subsection 2.4 of the Code that describes the operating practices and connection rules for the distributor; (DSC)

“connection” means the process of installing and activating connection assets in order to distribute electricity to a Customer; (DSC)

“Connection Agreement” means an agreement entered into between a distributor and a person connected to its distribution system that delineates the conditions of the connection and delivery of electricity to that connection; (DSC)

“connection assets” means that portion of the distribution system used to connect a Customer to the existing main distribution system, and consists of the assets between the point of connection on a distributor’s main distribution system and the ownership demarcation point with that Customer; (DSC)

“Consumer” means a person who uses, for the person’s own consumption, electricity that the person did not generate; (A, MR, TDL, DSC)

“Customer” means a person that has contracted for or intends to contract for connection of a building. This includes developers of residential or commercial subdivisions; (DSC)

"demand" means the average value of power measured over a specified interval of time, usually expressed in kilowatts (kW). Typical demand intervals are 15, 30 and 60 minutes; (DSC)

“demand meter” means a meter that measures a Consumer’s peak usage during a specified period of time; (DSC)

"developer" means a person or persons owning property for which new or modified electrical services are to be installed;

“disconnection” means a deactivation of connection assets that results in cessation of distribution services to a Consumer; (DSC)

“distribute”, with respect to electricity, means to convey electricity at voltages of 50 kilovolts or less; (A, MR, TDL, DSC)

“distribution losses” means energy losses that result from the interaction of intrinsic characteristics of the distribution network such as electrical resistance with network voltages and current flows; (DSC)

“distribution loss factor” means a factor or factors by which metered loads must be multiplied such that when summed equal the total measured load at the supply point(s) to the distribution system; (RSC)

“distribution services” means services related to the distribution of electricity and the services the Board has required distributors to carry out, for which a charge or rate has been approved by the Board under section 78 of the Ontario Energy Board Act; (RSC, DSC)

“distribution system” means a system for distributing electricity, and includes any

Norfolk Power Distribution Inc

structures, equipment or other things used for that purpose. A distribution system is comprised of the main system capable of distributing electricity to many Customers and the connection assets used to connect a Customer to the main distribution system; (A, MR, TDL, DSC)

“Distribution System Code” means the code, approved by the Board, and in effect at the relevant time, which, among other things, establishes the obligations of the distributor with respect to the services and terms of service to be offered to Customers and retailers and provides minimum technical operating standards of distribution systems; (TDL, DSC)

“distributor” means a person who owns or operates a distribution system; (A, MR, TDL, DSC)

"duct bank" means two or more ducts that may be encased in concrete used for the purpose of containing and protecting underground electric cables;

“Electricity Act” means the Electricity Act, 1998, S.O. 1998, c.15, Schedule A; (MR, TDL, DSC)

“Electrical Safety Authority” or “ESA” means the person or body designated under the Electricity Act regulations as the Electrical Safety Authority;(A)

"electric service" means the Customer's conductors and equipment for energy from Norfolk Power; “embedded distributor” means a distributor who is not a wholesale market participant and that is provided electricity by a host distributor; (RSC, DSC)

“embedded generator” or “embedded generation facility” means a generator whose generation facility is not directly connected to the IMO-controlled grid but instead is connected to a distribution system; (DSC)

“embedded retail generator” means an embedded generator that settles through a distributor's retail settlements system and is not a wholesale market participant; (DSC)

“embedded wholesale Consumer” means a Consumer who is a wholesale market participant whose facility is not directly connected to the IMO-controlled grid but is connected to a distribution system; (DSC)

“embedded wholesale generator” means an embedded generator that is a wholesale market participant; (DSC)

“emergency” means any abnormal system condition that requires remedial action to prevent or limit loss of a distribution system or supply of electricity that could adversely affect the reliability of the electricity system; (DSC)

“emergency backup” means a generation facility that has a transfer switch that isolates it from a distribution system; (DSC)

"energy" means the product of power multiplied by time, usually expressed in kilowatt-hours (kWh);

“Energy Competition Act” means the Energy Competition Act, 1998, S.O. 1998, c. 15; (MR)

"energy diversion" means the electricity consumption unaccounted for but that can be quantified through various measures upon review of the meter mechanism, such as unbilled meter readings, tap off load(s) before revenue meter or meter tampering;

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“enhancement” means a modification to an existing distribution system that is made for purposes of improving system operating characteristics such as reliability or power quality or for relieving system capacity constraints resulting, for example, from general load growth; (DSC)
apartments buildings supplied through one service (bulk-metered);

“generate”, with respect to electricity, means to produce electricity or provide ancillary services, other than ancillary services provided by a transmitter or distributor through the operation of a transmission or distribution system; (A, TDL, DSC)

“generation facility” means a facility for generating electricity or providing ancillary services, other than ancillary services provided by a transmitter or distributor through the operation of a transmission or distribution system, and includes any structures, equipment or other things used for that purpose; (A, MR, TDL, DSC)

“generator” means a person who owns or operates a generation facility; (A, R, TDL, DSC)

“geographic distributor,” with respect to a load transfer, means the distributor that is licensed to service a load transfer Customer and is responsible for connecting and billing the load transfer Customer; (DSC)

“good utility practice” means any of the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry in North America during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good practices, reliability, safety and expedition. Good utility practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather to be acceptable practices, methods, or acts generally accepted in North America; (MR, DSC)

“host distributor” means the registered wholesale market participant distributor who provides electricity to an embedded distributor; (RSC, DSC)

"house service" means that portion of the electrical service in a multiple occupancy facility which is common to all occupants, (i.e. parking lot lighting, sign service, corridor and walkway lighting, et cetera);

“IEC” means International Electrotechnical Commission;

“IEEE” means Institute of Electrical and Electronics Engineers;

“IMO” means the Independent Electricity Market Operator established under the Electricity Act; (A, TDL, DSC)

“IMO-controlled grid” means the transmission systems with respect to which, pursuant to agreements, the IMO has authority to direct operation; (A, TDL, DSC)

“interval meter” means a meter that measures and records electricity use on an hourly or sub-hourly basis; (RSC, DSC)

"large user" means a Customer with a monthly peak demand of 5000 kW or greater, regardless the demand occurs in the peak or off-peak periods, averaged over 12 months;

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"load factor" means the ratio of average demand for a designated time period (usually one month) to the maximum demand occurring in that period;

"load transfer" means a network supply point of one distributor that is supplied through the distribution network of another distributor and where this supply point is not considered a wholesale supply or bulk sale point; (DSC)

"load transfer Customer" means a Customer that is provided distribution services through a load transfer; (DSC)

"main service" refers to Norfolk Power's incoming cables, bus duct, disconnecting and protective equipment for a Building or from which all other metered sub-services are taken;

"Market Rules" means the rules made under section 32 of the Electricity Act; (MR, TDL, DSC)

"Measurement Canada" means the Special Operating Agency established in August 1996 by the Electricity and Gas Inspection Act, 1980-81-82-83, c. 87., and Electricity and Gas Inspection Regulations (SOR/86-131; (DSC)

"meter service provider" means any entity that performs metering services on behalf of a distributor; (DSC)

"meter installation" means the meter and, if so equipped, the instrument transformers, wiring, test links, fuses, lamps, loss of potential alarms, meters, data recorders, telecommunication equipment and spin-off data facilities installed to measure power past a meter point, provide remote access to the metered data and monitor the condition of the installed equipment; (RSC, DSC)

"meter socket" means the mounting device for accommodating a socket type revenue meter;

"metering services" means installation, testing, reading and maintenance of meters; (DSC)

"MIST meter" means an interval meter from which data is obtained and validated within a designated settlement timeframe. MIST refers to "Metering Inside the Settlement Timeframe;" (RSC, DSC)

"MOST meter" means an interval meter from which data is only available outside of the designated settlement timeframe. MOST refers to "Metering Outside the Settlement Timeframe;" (RSC, DSC)

"multiple dwelling" means a Building which contains more than one self-contained dwelling unit;

"municipal street lighting" means all services supplied to street lighting equipment owned and operated for a municipal corporation;

"non-competitive electricity costs" means costs for services from the IMO that are not deemed by the Board to be competitive electricity services plus costs for distribution services, other than Standard Supply Service (SSS); (RSC)

"normal operating conditions" means the operating conditions comply with the standards set by the Canadian Standards Association ("CSA") Standard CAN3-C235- 87 (latest edition);

"Ontario Energy Board Act" means the Ontario Energy Board Act, 1998, S.O. 1998, c.15, Schedule B; (MR, DSC)

"operational demarcation point" means the physical location at which a distributor's responsibility for operational control of distribution equipment including connection assets ends at the Customer; (DSC)

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“ownership demarcation point” means the physical location at which a distributor’s ownership of distribution equipment including connection assets ends at the Customer; (DSC)

“performance standards” means the performance targets for the distribution and connection activities of the distributor as established by the Board pursuant to the Ontario Energy Board Act and in the Rate Handbook; (DSC)

"person" includes an individual, a corporation, sole proprietorship, partnership, unincorporated organization, unincorporated association, body corporate, and any other legal entity;

“physical distributor,” with respect to a load transfer, means the distributor that provides physical delivery of electricity to a load transfer Customer, but is not responsible for connecting and billing the load transfer Customer directly; (DSC)

"plaza" means any Building containing two or more commercial business tenants;

“point of supply,” with respect to an embedded generator, means the connection point where electricity produced by the generator is injected into a distribution system; (DSC)

"power factor" means the ratio between Real Power and Apparent Power (i.e. kW/kVA);

"primary service" means any service which is supplied with a nominal voltage greater than 1000 volts;

"private property" means the property beyond the existing public street allowances;

“rate” means any rate, charge or other consideration, and includes a penalty for late payment; (TDL, DSC)

“Rate Handbook” means the regulatory mechanisms that will be applied in the setting of distributor rates; (RSC, DSC)

"reactive power" means the power component which does not produce work but is necessary to allow some equipment to operate, and is measured in kiloVolt Amperes Reactive (kVAR);

"real power" means the power component required to do real work, which is measured in kiloWatts (kW);

“Regulations” means the regulations made under the *Ontario Energy Board Act* or the *Electricity Act*; (TDL, DSC)

"residential service" means a service which is less than 50kW supplied to single family dwelling units that is for domestic or household purposes, including seasonal occupancy. At Norfolk Power’s discretion, residential rates may be applied to apartment buildings with 6 or less units by simple application of the residential rate or by blocking the residential rate by the number of units;

“retail”, with respect to electricity means,

a) to sell or offer to sell electricity to a Consumer

b) to act as agent or broker for a retailer with respect to the sale or offering for sale of electricity, or

Norfolk Power Distribution Inc

c) to act or offer to act as an agent or broker for a Consumer with respect to the sale or offering for sale of electricity; (A, MR, TDL, DSC)

“Retail Settlement Code” means the code approved by the Board and in effect at the relevant time, which, among other things, establishes a distributor’s obligations and responsibilities associated with financial settlement among retailers and Consumers and provides for tracking and facilitating Consumers transfers among competitive retailers; (TDL, DSC)

“retailer” means a person who retails electricity; (A, MR, TDL, DSC)

"secondary service" means any service which is supplied with a nominal voltage less than 1000 Volts;

“service agreement” means the agreement that sets out the relationship between a licenced retailer and a distributor, in accordance with the provisions of Chapter 12 of the Retail Settlement Code; (RSC)

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

"service date" means the date that the Customer and Norfolk Power mutually agree upon to begin the supply of electricity by Norfolk Power;

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

"sub-service" means a separately metered service that is taken from the main Building service;

"supply voltage" means the voltage measured at the Customer's main service entrance equipment (typically below 1000 volts). Operating conditions are defined in the Canadian Standards Association ("CSA") Standard CAN3-C235 (latest edition);

"temporary service" means an electrical service granted temporarily for such purposes as construction, real estate sales, trailers, et cetera;

"terminal pole" refers to the Norfolk Power’s distribution pole on which the service supply cables are terminated;

“total losses” means the sum of distribution losses and unaccounted for energy; (DSC)

"transformer room" means an isolated enclosure built to applicable codes to house transformers and associated electrical equipment;

“transmission system” means a system for transmitting electricity, and includes any structures, equipment or other things used for that purpose; (A, MR, TDL, DSC)

“Transmission System Code” means the code, approved by the Board, that is in force at the relevant time, which regulates the financial and information obligations of the Transmitter with respect to its relationship with Customers, as well as establishing the standards for connection of Customers to, and expansion of a transmission system; (DSC)

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“transmit”, with respect to electricity, means to convey electricity at voltages of more than 50 kilovolts; (A, TDL, DSC)

“transmitter” means a person who owns or operates a transmission system; (A, MR, TDL, DSC)

“unaccounted for energy” means all energy losses that can not be attributed to distribution losses. These include measurement error, errors in estimates the document approved by the Board that outlines of distribution losses

Norfolk Power Distribution Inc

SECTION 5 - RATES AND CHARGES

Residential Class	
Service not requiring transformation on customer's property	Basic service includes up to 30m overhead conductor, connections, overhead transformation and a basic kWh meter. Norfolk Power shall also provide road-crossing facilities at no charge. (See section 3.1 for details).
Charge Notes	No charge for basic service. Customer pays all costs in excess of basic service allowance.
Demarcation Point	Overhead – Top of Customer's Service Mast Underground – Line side of customer's meter base. Note: for exceptions see sections 3.1.1.1 and 3.1.1.4 for customer owned secondary services.

Residential Services Requiring Transformation on Customer Property	
Overhead Primary Service	Customer supplies, owns and maintains service, including poles.
Underground Primary Service	Customer supplies, owns and maintains service including pad for transformer.
Charge Notes	Customer pays all Utility costs over "basic" service cost. Norfolk Power shall provide road-crossing facilities at no charge.
Demarcation Point	Bottom of switch on Utility pole

Norfolk Power Distribution Inc

General Service Class	
Overhead or Underground Secondary Service	Basic service includes up to 30m overhead conductor, connections, overhead transformation and a basic kWh or kWh/kVA demand meter or interval meter for 500 kW or greater loads. Norfolk Power shall also provide road-crossing facilities at no charge. (See section 3.2 for details).
Charge Notes	Customer pays incremental costs in excess of basic service. Where applicable, the 25-year Net Present Value Capital Contribution calculation will be used to determine the contribution amount.
Demarcation Point	Overhead – Top of Customer’s Service Mast Underground – Line side of customer meter base. Note: for exceptions see sections 3.2.1.1 and 3.2.1.2 for customer owned secondary services.
Overhead or Underground Primary Service (Customer Owned)	Basic service includes up to 30m overhead conductor, connections, overhead transformation and a basic kWh or kWh/kVA demand meter or interval meter for 500 kW or greater loads. Norfolk Power shall also provide road-crossing facilities at no charge. (See section 3.2 for details). Owner responsible to supply, own and maintain all customer primary cable and related equipment (ie switchgear.) See section 3.2 for details.
Charge Notes	Customer pays incremental costs in excess of basic service. Where applicable, the 25-year Net Present Value Capital Contribution calculation will be used to determine the contribution amount.
Demarcation Point	Bottom of switches on Utility pole or load side of inline switches.

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Temporary Service	
Overhead – Single Service	Temporary Service is defined as a short duration service up to 12 months.
Charge Notes	Customer to pay all costs to install and remove temporary service and transformation in advance. Transformer provided at no cost.

Residential Subdivisions	
Developer or Utility Installed	Norfolk Power to design and connect the new subdivision to the Norfolk Power distribution system.
Charge Notes	See Capital contribution section 2.1.2.2
Demarcation Point	Overhead – Top of Customer’s Service Mast Underground – Line side of customer meter base.

Flat Rate UnMetered Services	
All new services MUST be metered other than streetlights, Sentinel Lights and cable TV amplifiers. Exceptions shall be at the sole discretion of Norfolk Power subject to OEB regulations.	

Norfolk Power Distribution Inc

PLANNED CHANGES IN CONDITIONS OF SERVICE AND SERVICE CHARGES

Not Applicable

Norfolk Power Distribution Inc**AUDITED FINANCIAL STATEMENTS****AT****DECEMBER 31 2006**

Norfolk Power Distribution Inc.

**BALANCE SHEET
AS AT DECEMBER 31, 2006**

	- ASSETS -	
	2006	2005
Current Assets		
Bank	\$0	\$514,262
Accounts Receivable - Energy Customers	4,150,404	2,229,311
Accounts Receivable - Other	1,232,671	3,643,266
Unbilled Energy Receivable	4,333,253	4,497,240
Inventory	582,105	497,895
Prepaid Expenses	449,005	409,615
Total Current Assets	\$10,747,438	\$11,791,589
Property, Plant and Equipment <i>[Note 4]</i>		
Property, Plant and Equipment	\$66,902,337	\$62,739,825
Accumulated Depreciation	(28,470,262)	(26,128,781)
Total Property, Plant and Equipment	\$38,432,075	\$36,611,044
Other Assets		
Unamortized Debenture Discount	\$6,367	\$9,551
Smart Meter Funding	(38,086)	0
Deferred Transition Costs <i>[Note 5]</i>	0	790,799
Regulatory Assets <i>[Note 6]</i>	(714,754)	687,950
Recovery of Regulatory Asset Balances <i>[Note 6]</i>	731,778	(1,282,534)
Hydro One Charges <i>[Note 7]</i>	508,729	172,900
Conservation & Demand Management <i>[Note 8]</i>	7,068	7,068
Other	0	49,583
Total Other Assets	\$501,102	\$435,317
Total Assets	\$49,680,615	\$48,837,950
	- LIABILITIES AND SHAREHOLDER'S EQUITY -	
Current Liabilities		
Overdraft <i>[Note 10a]</i>	\$1,027,238	\$0
Bank Loans <i>[Note 10b]</i>	1,500,000	1,500,000
Accounts Payable & Accrued Liabilities	6,895,397	6,909,548
Due to Associated Companies <i>[Note 9]</i>	554,851	527,770
Corporate Tax Payable	49,138	61,600
Current portion of:		
Consumer Deposits	42,200	40,100
Capital Lease Obligation <i>[Note 12]</i>	3,545	3,162
Bank Loan <i>[Note 10c]</i>	382,000	357,000
Debenture Debt <i>[Note 11]</i>	353,000	339,000
Total Current Liabilities	\$10,807,369	\$9,738,180
Long-Term Liabilities		
Consumer Deposits	\$66,893	\$56,914
Post Employment Benefits	640,121	596,920
Capital Lease Obligation (Net of Current Portion) <i>[Note 12]</i>	1,227	4,772
Bank Loans (Net of Current Portion) <i>[Note 10c]</i>	13,626,000	14,008,000
Debentures (Net of Current Portion) <i>[Note 11]</i>	369,000	722,000
Total Long-term Liabilities	\$14,703,241	\$15,388,606
Total Liabilities	\$25,510,610	\$25,126,786
Shareholders' Equity		
Share Capital <i>[Notes 1 and 13]</i>	\$22,768,898	\$22,768,898
Contributed Capital	830,799	830,799
Retained Earnings	570,308	111,467
Total Shareholders' Equity	\$24,170,005	\$23,711,164
Total Liabilities & Shareholders' Equity	\$49,680,615	\$48,837,950

Norfolk Power Distribution Inc

Norfolk Power Distribution Inc.

**STATEMENT OF RETAINED EARNINGS
FOR THE YEAR ENDED DECEMBER 31, 2006**

	2006	2005
Retained Earnings, beginning balance	\$111,467	(\$11,139)
Net Income	838,841	422,606
Cash dividends declared	(380,000)	(300,000)
Retained Earnings, ending balance	\$570,308	\$111,467

Norfolk Power Distribution Inc.

**STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2006**

	2006	2005
REVENUE		
Sale of Energy	\$26,098,639	\$26,667,590
Power Purchased	26,098,639	26,667,590
GROSS MARGIN	\$0	\$0
OTHER REVENUE		
Distribution Services Revenue <i>[Schedule 1]</i>	\$9,531,873	\$9,173,910
Regulatory Asset Recovery	(1,650,040)	(1,019,057)
Other Operating Revenues <i>[Schedule 2]</i>	266,749	207,875
Other Income/Deductions <i>[Schedule 3]</i>	58,661	133,257
Investment Income (Loss)	267,804	300,983
	\$8,475,047	\$8,796,968
EXPENSES		
Distribution System - Operation and Maintenance <i>[Schedule 4]</i>	\$1,836,006	\$1,451,384
Billing and Collecting <i>[Schedule 5]</i>	877,360	854,529
Community Relations <i>[Schedule 6]</i>	149,934	160,602
Administrative and General Expense <i>[Schedule 7]</i>	1,251,722	1,475,528
Depreciation - net Contributed Capital Amortization Credit	2,063,117	2,050,401
Amortization of Organization and Qualified Transition Costs <i>[Note 17]</i>	(245,340)	790,799
Interest	1,202,462	1,093,685
	\$7,135,261	\$7,876,928
Income before provision for payments in lieu of corporate taxes	\$1,339,786	\$920,040
Provision for payments in lieu of corporate taxes <i>[Note 14]</i>	500,945	497,434
Net Income	\$838,841	\$422,606

Norfolk Power Distribution Inc

Norfolk Power Distribution Inc.

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2006**

	2006	2005
<u>OPERATING ACTIVITIES</u>		
Net Income	\$838,841	\$422,606
Add (Deduct) charges to operations not requiring a current cash payment:		
Gross Depreciation - Net of Contributed Capital Amortization Credit	2,341,935	2,186,437
Amortization of Qualified Transition Costs	(245,340)	790,799
Net Loss (Gain) on Disposal of Property, Plant and Equipment	28	(18,113)
Changes in Working Capital Amount:		
(Increase) Decrease in Accounts Receivable - Energy Customers	(1,921,093)	717,871
Decrease (Increase) in Accounts Receivable - Other	2,410,595	(874,426)
Decrease (Increase) in Unbilled Energy Receivable	163,987	(2,738,921)
(Increase) in Inventory	(84,210)	(41,241)
(Increase) in Prepaid Expenses	(39,390)	(144,481)
Decrease in Energy Variance and Carrying Charges	860,750	2,713,523
(Increase) in Hydro One Charges	(335,829)	(172,900)
Decrease in Unamortized Debenture Discount	3,184	3,184
Decrease (Increase) in Miscellaneous Deferred Debits and Other	591,537	(189,159)
(Decrease) Increase in Accounts Payable and Accrued Liabilities	(14,151)	269,772
Increase in amounts Due to Associated Companies	27,081	436,924
Corporate Taxes (Receivable)/Payable/	(12,462)	370,707
	\$4,585,463	\$3,732,582
<u>INVESTING ACTIVITIES</u>		
Property, Plant and Equipment Additions	(\$5,049,756)	(\$4,070,895)
Deferred Transition Costs	1,036,139	(180,711)
Recovery of Regulatory Asset Balances	(2,014,312)	0
Proceeds on Disposition of Property, Plant and Equipment	250	77,212
	(\$6,027,679)	(\$4,174,394)
<u>FINANCING ACTIVITIES</u>		
Smart Meter Funding	\$38,086	\$0
Capital Lease Obligations	(3,162)	7,934
Increase (Decrease) in Customer Deposits	12,079	(34,030)
Increase in Bank Loan	0	1,500,000
Repayment of Bank Loan	(357,000)	(335,000)
Repayment of Debentures	(339,000)	(317,000)
Contributions in Aid of Construction	886,512	1,486,209
Increase in Post Employment Benefits	43,201	41,620
Dividends Paid	(380,000)	(300,000)
	(\$99,284)	\$2,049,733
Net (Decrease) Increase in Cash	(\$1,541,500)	\$1,607,921
Bank, beginning balance	514,262	(1,093,659)
Bank (Overdraft), ending balance	(\$1,027,238)	\$514,262
<u>Supplementary Information:</u>		
Interest Expense	\$1,202,462	\$1,093,685
Interest Revenue	267,804	300,983

Norfolk Power Distribution Inc**PRO FORMA FINANCIAL STATEMENTS****AT**
DECEMBER 31 2007

Statement of Operations		
GroupDesc	AcctDesc	Total
3050-Revenues From Services - Distribution	4080-Distribution Services Revenue	-9,040,188
	4082-Retail Services Revenues	0
	4084-Service Transaction Requests (STR) Revenues	0
	4090-Electric Services Incidental to Energy Sales	0
3050-Revenues From Services - Distribution Total		-9,040,188
3100-Other Operating Revenues	4205-Interdepartmental Rents	0
	4210-Rent from Electric Property	-10,000
	4215-Other Utility Operating Income	0
	4220-Other Electric Revenues	0
	4225-Late Payment Charges	-101,500
	4230-Sales of Water and Water Power	0
	4235-Miscellaneous Service Revenues	-243,800
	4240-Provision for Rate Refunds	0
	4245-Government Assistance Directly Credited to Income	0
3100-Other Operating Revenues Total		-355,300
3150-Other Income & Deductions	4305-Regulatory Debits	0
	4310-Regulatory Credits	0
	4315-Revenues from Electric Plant Leased to Others	0
	4320-Expenses of Electric Plant Leased to Others	0
	4325-Revenues from Merchandise, Jobbing, Etc.	0
	4330-Costs and Expenses of Merchandising, Jobbing, Etc.	0
	4335-Profits and Losses from Financial Instrument Hedges	0
	4340-Profits and Losses from Financial Instrument Investments	0
	4345-Gains from Disposition of Future Use Utility Plant	0
	4350-Losses from Disposition of Future Use Utility Plant	0
	4355-Gain on Disposition of Utility and Other	0

Norfolk Power Distribution Inc

	Property	
	4360-Loss on Disposition of Utility and Other Property	0
	4365-Gains from Disposition of Allowances for Emission	0
	4370-Losses from Disposition of Allowances for Emission	0
	4375-Revenues from Non-Utility Operations	0
	4380-Expenses of Non-Utility Operations	0
	4385-Non-Utility Rental Income	0
	4390-Miscellaneous Non-Operating Income	-58,700
	4395-Rate-Payer Benefit Including Interest	0
	4398-Foreign Exchange Gains and Losses, Including Amortization	0
3150-Other Income & Deductions Total		-58,700
3200-Investment Income	4405-Interest and Dividend Income	-50,000
	4415-Equity in Earnings of Subsidiary Companies	0
3200-Investment Income Total		-50,000
3500-Distribution Expenses - Operation	5005-Operation Supervision and Engineering	145,000
	5010-Load Dispatching	300,000
	5012-Station Buildings and Fixtures Expense	35,000
	5014-Transformer Station Equipment - Operation Labour	17,500
	5015-Transformer Station Equipment - Operation Supplies and Expenses	2,000
	5016-Distribution Station Equipment - Operation Labour	49,000
	5017-Distribution Station Equipment - Operation Supplies and Expenses	16,000
	5020-Overhead Distribution Lines and Feeders - Operation Labour	131,500
	5025-Overhead Distribution Lines & Feeders - Operation Supplies and Expenses	9,000
	5030-Overhead Subtransmission Feeders - Operation	0
	5035-Overhead Distribution Transformers- Operation	6,000
	5040-Underground Distribution Lines and Feeders - Operation Labour	110,000
	5045-Underground Distribution Lines & Feeders - Operation Supplies & Expenses	1,000
	5050-Underground Subtransmission Feeders - Operation	0
	5055-Underground Distribution Transformers -	1,000

Norfolk Power Distribution Inc

	Operation	
	5060-Street Lighting and Signal System Expense	0
	5065-Meter Expense	199,000
	5070-Customer Premises - Operation Labour	0
	5075-Customer Premises - Materials and Expenses	0
	5085-Miscellaneous Distribution Expense	142,000
	5090-Underground Distribution Lines and Feeders - Rental Paid	0
	5095-Overhead Distribution Lines and Feeders - Rental Paid	33,000
	5096-Other Rent	0
3500-Distribution Expenses - Operation Total		1,197,000
3550-Distribution Expenses - Maintenance	5105-Maintenance Supervision and Engineering	107,500
	5110-Maintenance of Buildings and Fixtures - Distribution Stations	71,500
	5112-Maintenance of Transformer Station Equipment	36,000
	5114-Maintenance of Distribution Station Equipment	139,000
	5120-Maintenance of Poles, Towers and Fixtures	37,000
	5125-Maintenance of Overhead Conductors and Devices	122,000
	5130-Maintenance of Overhead Services	21,000
	5135-Overhead Distribution Lines and Feeders - Right of Way	265,000
	5145-Maintenance of Underground Conduit	0
	5150-Maintenance of Underground Conductors and Devices	7,000
	5155-Maintenance of Underground Services	12,000
	5160-Maintenance of Line Transformers	81,000
	5165-Maintenance of Street Lighting and Signal Systems	0
	5170-Sentinel Lights - Labour	0
	5172-Sentinel Lights - Materials and Expenses	0
	5175-Maintenance of Meters	26,000
	5178-Customer Installations Expenses- Leased Property	0
	5185-Water Heater Rentals - Labour	0
	5186-Water Heater Rentals - Materials and Expenses	0
	5190-Water Heater Controls - Labour	0
	5192-Water Heater Controls - Materials and Expenses	0

Norfolk Power Distribution Inc

	5195-Maintenance of Other Installations on Customer Premises	0
3550-Distribution Expenses - Maintenance Total		925,000
3600-Not for distributor use	5205-Purchase of Transmission and System Services	0
	5210-Transmission Charges	0
	5215-Transmission Charges Recovered	0
3600-Not for distributor use Total		0
3650-Billing and Collecting	5305-Supervision	75,000
	5310-Meter Reading Expense	202,000
	5315-Customer Billing	507,000
	5320-Collecting	223,000
	5325-Collecting- Cash Over and Short	0
	5330-Collection Charges	-70,000
	5335-Bad Debt Expense	120,000
	5340-Miscellaneous Customer Accounts Expenses	7,000
3650-Billing and Collecting Total		1,064,000
3700-Community Relations	5405-Supervision	0
	5410-Community Relations - Sundry	10,000
	5415-Energy Conservation	68,000
	5420-Community Safety Program	10,000
	5425-Miscellaneous Customer Service and Informational Expenses	8,000
3700-Community Relations Total		96,000
3800-Administrative and General Expenses	5605-Executive Salaries and Expenses	155,000
	5610-Management Salaries and Expenses	0
	5615-General Administrative Salaries and Expenses	454,000
	5620-Office Supplies and Expenses	166,000
	5625-Administrative Expense Transferred Credit	0
	5630-Outside Services Employed	77,000
	5635-Property Insurance	31,000
	5640-Injuries and Damages	37,000
	5645-Employee Pensions and Benefits	42,000
	5650-Franchise Requirements	0
	5655-Regulatory Expenses	95,000
	5660-General Advertising Expenses	5,000
	5665-Miscellaneous General Expenses	86,000
	5670-Rent	0
	5675-Maintenance of General Plant	165,000

Norfolk Power Distribution Inc

	5680-Electrical Safety Authority Fees	14,000
	5685-Independent Market Operator Fees and Penalties	0
	5695-Smart Meters OM&A Contra	0
3800-Administrative and General Expenses Total		1,327,000
3850-Amortization Expense	5705-Amortization Expense - Property, Plant, and Equipment	2,631,128
	5710-Amortization of Limited Term Electric Plant	0
	5715-Amortization of Intangibles and Other Electric Plant	0
	5720-Amortization of Electric Plant Acquisition Adjustments	0
	5725-Miscellaneous Amortization	0
	5730-Amortization of Unrecovered Plant and Regulatory Study Costs	0
	5735-Amortization of Deferred Development Costs	0
	5740-Amortization of Deferred Charges	0
3850-Amortization Expense Total		2,631,128
3900-Interest Expense	6005-Interest on Long Term Debt	1,182,843
	6010-Amortization of Debt Discount and Expense	3,184
	6015-Amortization of Premium on Debt Credit	0
	6020-Amortization of Loss on Reacquired Debt	0
	6025-Amortization of Gain on Reacquired Debt--Credit	0
	6030-Interest on Debt to Associated Companies	0
	6035-Other Interest Expense	16,435
	6040-Allowance for Borrowed Funds Used During Construction--Credit	0
	6042-Allowance For Other Funds Used During Construction	0
	6045-Interest Expense on Capital Lease Obligations	0
3900-Interest Expense Total		1,202,462
3950-Taxes Other Than Income Taxes	6105-Taxes Other Than Income Taxes	85,000
	3950-Taxes Other Than Income Taxes Total	
4000-Income Taxes	6110-Income Taxes	0
	6115-Provision for Future Income Taxes	0
4000-Income Taxes Total		0
4100-Extraordinary & Other Items	6205-Donations	7,000
	6210-Life Insurance	0
	6215-Penalties	0

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	6225-Other Deductions	0
	6305-Extraordinary Income	0
	6310-Extraordinary Deductions	0
	6315-Income Taxes, Extraordinary Items	0
4100-Extraordinary & Other Items		
Total		7,000
Grand Total		-969,598

Norfolk Power Distribution Inc**FORMA FINANCIAL STATEMENTS****AT
DECEMBER 31 2008**

Statement of Operations		
GroupDesc	AcctDesc	Total
3050-Revenues From Services - Distribution	4080-Distribution Services Revenue	-12,336,352
	4082-Retail Services Revenues	0
	4084-Service Transaction Requests (STR) Revenues	0
	4090-Electric Services Incidental to Energy Sales	0
3050-Revenues From Services - Distribution Total		-12,336,352
3100-Other Operating Revenues	4205-Interdepartmental Rents	0
	4210-Rent from Electric Property	-10,000
	4215-Other Utility Operating Income	0
	4220-Other Electric Revenues	0
	4225-Late Payment Charges	-101,500
	4230-Sales of Water and Water Power	0
	4235-Miscellaneous Service Revenues	-243,800
	4240-Provision for Rate Refunds	0
	4245-Government Assistance Directly Credited to Income	0
3100-Other Operating Revenues Total		-355,300
3150-Other Income & Deductions	4305-Regulatory Debits	0
	4310-Regulatory Credits	0
	4315-Revenues from Electric Plant Leased to Others	0
	4320-Expenses of Electric Plant Leased to Others	0
	4325-Revenues from Merchandise, Jobbing, Etc.	0
	4330-Costs and Expenses of Merchandising, Jobbing, Etc.	0
	4335-Profits and Losses from Financial Instrument Hedges	0
	4340-Profits and Losses from Financial Instrument Investments	0
	4345-Gains from Disposition of Future Use Utility Plant	0
	4350-Losses from Disposition of Future Use Utility Plant	0

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	4355-Gain on Disposition of Utility and Other Property	0
	4360-Loss on Disposition of Utility and Other Property	0
	4365-Gains from Disposition of Allowances for Emission	0
	4370-Losses from Disposition of Allowances for Emission	0
	4375-Revenues from Non-Utility Operations	0
	4380-Expenses of Non-Utility Operations	0
	4385-Non-Utility Rental Income	0
	4390-Miscellaneous Non-Operating Income	-58,700
	4395-Rate-Payer Benefit Including Interest	0
	4398-Foreign Exchange Gains and Losses, Including Amortization	0
3150-Other Income & Deductions Total		-58,700
3200-Investment Income	4405-Interest and Dividend Income	-50,000
	4415-Equity in Earnings of Subsidiary Companies	0
3200-Investment Income Total		-50,000
3500-Distribution Expenses - Operation	5005-Operation Supervision and Engineering	146,305
	5010-Load Dispatching	302,700
	5012-Station Buildings and Fixtures Expense	35,315
	5014-Transformer Station Equipment - Operation Labour	17,658
	5015-Transformer Station Equipment - Operation Supplies and Expenses	2,018
	5016-Distribution Station Equipment - Operation Labour	49,441
	5017-Distribution Station Equipment - Operation Supplies and Expenses	16,144
	5020-Overhead Distribution Lines and Feeders - Operation Labour	132,684
	5025-Overhead Distribution Lines & Feeders - Operation Supplies and Expenses	9,081
	5030-Overhead Subtransmission Feeders - Operation	0
	5035-Overhead Distribution Transformers- Operation	6,054
	5040-Underground Distribution Lines and Feeders - Operation Labour	110,990
	5045-Underground Distribution Lines & Feeders - Operation Supplies & Expenses	1,009
	5050-Underground Subtransmission Feeders - Operation	0

Norfolk Power Distribution Inc

	5055-Underground Distribution Transformers - Operation	1,009
	5060-Street Lighting and Signal System Expense	0
	5065-Meter Expense	200,791
	5070-Customer Premises - Operation Labour	0
	5075-Customer Premises - Materials and Expenses	0
	5085-Miscellaneous Distribution Expense	143,278
	5090-Underground Distribution Lines and Feeders - Rental Paid	0
	5095-Overhead Distribution Lines and Feeders - Rental Paid	33,297
	5096-Other Rent	0
3500-Distribution Expenses - Operation Total		1,207,773
3550-Distribution Expenses - Maintenance	5105-Maintenance Supervision and Engineering	108,468
	5110-Maintenance of Buildings and Fixtures - Distribution Stations	72,144
	5112-Maintenance of Transformer Station Equipment	36,324
	5114-Maintenance of Distribution Station Equipment	140,251
	5120-Maintenance of Poles, Towers and Fixtures	37,333
	5125-Maintenance of Overhead Conductors and Devices	123,098
	5130-Maintenance of Overhead Services	21,189
	5135-Overhead Distribution Lines and Feeders - Right of Way	267,385
	5145-Maintenance of Underground Conduit	0
	5150-Maintenance of Underground Conductors and Devices	7,063
	5155-Maintenance of Underground Services	12,108
	5160-Maintenance of Line Transformers	81,729
	5165-Maintenance of Street Lighting and Signal Systems	0
	5170-Sentinel Lights - Labour	0
	5172-Sentinel Lights - Materials and Expenses	0
	5175-Maintenance of Meters	26,234
	5178-Customer Installations Expenses- Leased Property	0
	5185-Water Heater Rentals - Labour	0
	5186-Water Heater Rentals - Materials and Expenses	0
	5190-Water Heater Controls - Labour	0
	5192-Water Heater Controls - Materials and	0

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	Expenses	
	5195-Maintenance of Other Installations on Customer Premises	0
3550-Distribution Expenses - Maintenance Total		933,325
3600-Not for distributor use	5205-Purchase of Transmission and System Services	0
	5210-Transmission Charges	0
	5215-Transmission Charges Recovered	0
3600-Not for distributor use Total		0
3650-Billing and Collecting	5305-Supervision	75,675
	5310-Meter Reading Expense	203,818
	5315-Customer Billing	511,563
	5320-Collecting	225,007
	5325-Collecting- Cash Over and Short	0
	5330-Collection Charges	-70,630
	5335-Bad Debt Expense	121,080
	5340-Miscellaneous Customer Accounts Expenses	7,063
3650-Billing and Collecting Total		1,073,576
3700-Community Relations	5405-Supervision	0
	5410-Community Relations - Sundry	10,090
	5415-Energy Conservation	68,612
	5420-Community Safety Program	10,090
	5425-Miscellaneous Customer Service and Informational Expenses	8,072
3700-Community Relations Total		96,864
3800-Administrative and General Expenses	5605-Executive Salaries and Expenses	156,395
	5610-Management Salaries and Expenses	0
	5615-General Administrative Salaries and Expenses	458,086
	5620-Office Supplies and Expenses	167,494
	5625-Administrative Expense Transferred Credit	0
	5630-Outside Services Employed	77,693
	5635-Property Insurance	31,279
	5640-Injuries and Damages	37,333
	5645-Employee Pensions and Benefits	42,378
	5650-Franchise Requirements	0
	5655-Regulatory Expenses	95,855
	5660-General Advertising Expenses	5,045
	5665-Miscellaneous General Expenses	86,774
	5670-Rent	0

Norfolk Power Distribution Inc

	5675-Maintenance of General Plant	166,485
	5680-Electrical Safety Authority Fees	14,126
	5685-Independent Market Operator Fees and Penalties	0
	5695-Smart Meters OM&A Contra	362,000
3800-Administrative and General Expenses Total		1,700,943
3850-Amortization Expense	5705-Amortization Expense - Property, Plant, and Equipment	2,836,810
	5710-Amortization of Limited Term Electric Plant	0
	5715-Amortization of Intangibles and Other Electric Plant	0
	5720-Amortization of Electric Plant Acquisition Adjustments	0
	5725-Miscellaneous Amortization	107,229
	5730-Amortization of Unrecovered Plant and Regulatory Study Costs	0
	5735-Amortization of Deferred Development Costs	0
	5740-Amortization of Deferred Charges	0
3850-Amortization Expense Total		2,944,039
3900-Interest Expense	6005-Interest on Long Term Debt	1,182,843
	6010-Amortization of Debt Discount and Expense	3,184
	6015-Amortization of Premium on Debt Credit	0
	6020-Amortization of Loss on Reacquired Debt	0
	6025-Amortization of Gain on Reacquired Debt--Credit	0
	6030-Interest on Debt to Associated Companies	0
	6035-Other Interest Expense	16,435
	6040-Allowance for Borrowed Funds Used During Construction--Credit	0
	6042-Allowance For Other Funds Used During Construction	0
	6045-Interest Expense on Capital Lease Obligations	0
3900-Interest Expense Total		1,202,462
3950-Taxes Other Than Income Taxes	6105-Taxes Other Than Income Taxes	85,765
3950-Taxes Other Than Income Taxes Total		85,765
4000-Income Taxes	6110-Income Taxes	0
	6115-Provision for Future Income Taxes	0
4000-Income Taxes Total		0
4100-Extraordinary & Other Items	6205-Donations	7,063

Norfolk Power Distribution Inc

	6210-Life Insurance	0
	6215-Penalties	0
	6225-Other Deductions	0
	6305-Extraordinary Income	0
	6310-Extraordinary Deductions	0
	6315-Income Taxes, Extraordinary Items	0
4100-Extraordinary & Other Items Total		7,063
Grand Total		-3,548,542

Norfolk Power Distribution Inc**RECONCILIATION BETWEEN FINANCIAL STATEMENTS AND FINANCIAL RESULTS FILED**

The reconciliation of the Applicant's net income presented in the audited financial statements (refer to Exhibit 1, Tab 3, Schedules 1 and 2 and Net Income included in the Reporting and Record-Keeping Requirements ("RRR") filing, for the year ended December 31, 2006, is presented below.

Net Income included in RRR for year-end December 31, 2006

Net Income	2006 Actual
Audited Financial Statements	<u>\$838,841</u>
RRR (USofA Account 3046)	<u>\$838,841</u>
Difference	<u>\$0</u>

Norfolk Power Distribution Inc

ACCOUNTING METHODOLOGY CHANGES

None. Norfolk Power Distribution Inc.'s accounting policies and procedures are consistent with Canadian GAAP and the Board's Accounting Procedures Handbook.

Norfolk Power Distribution Inc.

<u>Ex.</u>	<u>Tab</u>	<u>Schedule</u>	<u>Contents of Schedule</u>
<u>2 – Rate Base</u>			
	1		<u>Overview</u>
		1	Rate Base Overview
		2	Rate Base Summary Table
		3	Variance Analysis on Rate Base Table
	2		<u>Gross Assets – Property, Plant and Equipment</u>
			<u>Accumulated Depreciation</u>
		1	Continuity Statements
		2	Gross Assets Table
		3	Materiality Analysis on Gross Assets
		4	Accumulated Depreciation Table
		5	Materiality Analysis on Accumulated Depreciation
	3		<u>Capital Budget</u>
		1	Capital Budget by Project
		2	Description of Capital Plan
		3	Capitalization Policy
	4		<u>Allowance for Working Capital</u>
		1	Working Capital Allowance calculations by account

Norfolk Power Distribution Inc.

RATE BASE OVERVIEW

Introduction

A projection of the Applicant's rate base is provided for both the Bridge Year (2007) and the Test Year (2008). Historical data pertaining to rate base is also presented for 2006 Board approved and 2006 Actual. The Applicant's forecast rate base for the test year is \$50,499,606. The rate base underlying the test year revenue requirement includes a forecast of net fixed assets, plus a working capital allowance. Net fixed assets are gross assets in service minus accumulated depreciation and contributed capital. Details for the Applicant's working capital allowance are provided In Exhibit 2, Tab 4, Schedule 1.

The bridge and test year's gross asset balance reflects the capital expenditure programs forecast for both years. These programs are described in detail in the company's written evidence at Exhibits 2, Tab 3, and Schedule 1. The justification for capital projects in excess of 1% of the net fixed assets are filed also at Exhibit 2, Tab 3, Schedule 1.

Norfolk Power Distribution Inc.

RATE BASE SUMMARY TABLE

RATE BASE SUMMARY	2006 Board Approved	2006 Actual	Variance from 2006 Board Approved	2006 Actual	2007 Bridge	Variance from 2006 Actual	2007 Bridge	2008 Test	Variance from 2007 Bridge
	(\$'s)	(\$'s)	(\$'s)	(\$'s)	(\$'s)	(\$'s)	(\$'s)	(\$'s)	(\$'s)
<u>Gross Asset</u>									
Asset Values at Cost	\$57,020,296	\$54,412,996	(\$2,607,300)	\$54,412,996	\$58,998,683	\$4,585,687	\$58,998,683	\$66,113,044	\$7,114,361
<u>Accumulated Depreciation</u>									
Depreciation	(\$25,314,525)	(\$16,891,437)	\$8,423,088	(\$16,891,437)	(\$19,018,458)	(\$2,127,020)	(\$19,018,458)	(\$20,908,273)	(\$1,889,815)
Net Fixed Asset	\$31,705,771	\$37,521,559	\$5,815,788	\$37,521,559	\$39,980,225	\$2,458,666	\$39,980,225	\$45,204,771	\$5,224,546
<u>Allowance for Working Capital</u>									
	\$4,300,186	\$4,525,279	\$225,093	\$4,525,279	\$4,817,458	\$292,179	\$4,817,458	\$5,294,835	\$477,377
Utility Rate Base	\$36,005,957	\$42,046,838	\$6,040,880	\$42,046,838	\$44,797,683	\$2,750,846	\$44,797,683	\$50,499,606	\$5,701,922

Norfolk Power Distribution Inc.

VARIANCE ANALYSIS ON RATE BASE SUMMARY TABLE

2008 Test Year

As shown in Exhibit 2, Tab1, Schedule 2, the total rate base in the 2008 test year is forecast to be \$50,499,606. The rate base for 2008 Test was calculated using an average of the year end gross plant and accumulated depreciation. Net fixed assets accounts for \$45,204,771 of this total. The allowance for working capital totals \$5,294,835.

Comparison to 2007 Bridge Year (Year End Average)

The total rate base is expected to be \$5,701,922 or 12.7% higher in the 2008 test year than in the 2007 bridge year. The increase is comprised of \$5,224,546 in net capital additions and \$477,377 in working capital allowance. The Applicant's Capital Plans is detailed in Exhibit 2, Tab 3, Schedule 1 and 2 of this application.

2007 Bridge Year

As shown in Exhibit 2, Tab1, Schedule 2, the total rate base in the 2007 bridge year is forecast to be \$44,797,683. Net fixed assets accounts for \$39,980,225 of this total. The allowance for working capital totals \$4,817,458

Comparison to 2006 Actual

The total rate base is expected to be \$2,750,846 or 6.5% higher in the 2007 bridge year than in the 2006 actual year. The increase is comprised of \$2,458,666 in net capital additions and \$292,179 in working capital allowance. The Applicant's Capital Plans is detailed in Exhibit 2, Tab 3, Schedule 1 and 2 of this application.

2006 Actual

As shown in Exhibit 2, Tab1, Schedule 2, the total rate base in the 2006 actual year is established as being \$42,046,838. Net fixed assets accounts for \$37,521,559 of this total. The allowance for working capital totals \$4,525,279.

Norfolk Power Distribution Inc.

Comparison to 2006 Board Approved

The total rate base for 2006 actual was \$6,040,880 or 16.8% higher in the 2006 actual year than in the 2006 board approved year. The increase is comprised of \$5,815,788 in net capital additions and \$225,093 in working capital allowance. The Applicant's Capital Plans is detailed in Exhibit 2, Tab 3, Schedule 1 and 2 of this application.

2006 Board Approved

As shown in Exhibit 2, Tab1, Schedule 2, the total rate base in the 2006 board approved year was \$36,005,957 Net fixed assets accounts for \$31,705,771 of this total. The allowance for working capital totals \$4,300,186

Norfolk Power Distribution Inc.

CONTINUITY STATEMENTS

CONTINUITY STATEMENTS

	2006 Actual			2007 Bridge			2008 Test		
	Gross Asset Value	Accumulated Depreciation	Net Book Value	Gross Asset Value	Accumulated Depreciation	Net Book Value	Gross Asset Value	Accumulated Depreciation	Net Book Value
1805-Land-Opening Balance	310,100	0	310,100	380,064	0	380,064	380,064	0	380,064
1805-Land-Additions	69,964	0	69,964						
1805-Land-Depreciation									
1805-Land-Adjustments									
1805-Land-Closing Balance	380,064	0	380,064	380,064	0	380,064	380,064	0	380,064
Average	345,082	0	345,082	380,064	0	380,064	380,064	0	380,064
1806-Land Rights-Opening Balance	300,911	0	300,911	300,911	0	300,911	301,911	-12,056	289,855
1806-Land Rights-Additions	0	0	0	1,000		1,000	1,000		1,000
1806-Land Rights-Depreciation		0	0		-12,056	-12,056		-12,096	-12,096
1806-Land Rights-Adjustments									
1806-Land Rights-Closing Balance	300,911	0	300,911	301,911	-12,056	289,855	302,911	-24,153	278,758
Average	300,911	0	300,911	301,411	-6,028	295,383	302,411	-18,105	284,306
1808-Buildings and Fixtures-Opening Balance	1,450,870	-29,017	1,421,853	1,450,870	-58,035	1,392,836	1,455,870	-87,102	1,368,768
1808-Buildings and Fixtures-Additions				5,000		5,000	74,200		74,200
1808-Buildings and Fixtures-Depreciation		-29,017	-29,017		-29,067	-29,067		-29,859	-29,859
1808-Buildings and Fixtures-Adjustments									
1808-Buildings and Fixtures-Closing Balance	1,450,870	-58,035	1,392,836	1,455,870	-87,102	1,368,768	1,530,070	-116,962	1,413,109
Average	1,450,870	-43,526	1,407,344	1,453,370	-72,569	1,380,802	1,492,970	-102,032	1,390,938
1815-Transformer Station Equipment-Opening Balance	2,796,567	-69,914	2,726,653	2,802,994	-139,989	2,663,005	2,997,994	-212,501	2,785,492
1815-Transformer Station Equipment-Additions	6,426	0	6,426	195,000		195,000	322,000		322,000
1815-Transformer Station Equipment-Depreciation		-70,075	-70,075		-72,512	-72,512		-78,975	-78,975
1815-Transformer Station Equipment-Adjustments									
1815-Transformer Station Equipment-Closing Balance	2,802,994	-139,989	2,663,005	2,997,994	-212,501	2,785,492	3,319,994	-291,476	3,028,517
Average	2,799,780	-104,952	2,694,829	2,900,494	-176,245	2,724,248	3,158,994	-251,989	2,907,005
1820-Distribution Station Equipment-Opening Balance	2,310,204	-1,315,957	994,247	2,388,347	-1,404,131	984,216	3,565,347	-1,503,260	2,062,087
1820-Distribution Station Equipment-Additions	78,143	0	78,143	1,177,000		1,177,000	811,500		811,500
1820-Distribution Station Equipment-Depreciation		-88,174	-88,174		-99,129	-99,129		-109,148	-109,148
1820-Distribution Station Equipment-Adjustments				0	0	0	-1,386,755	1,386,755	0
1820-Distribution Station Equipment-Closing Balance	2,388,347	-1,404,131	984,216	3,565,347	-1,503,260	2,062,087	2,990,092	-225,653	2,764,439
Average	2,349,275	-1,360,044	989,231	2,976,847	-1,453,695	1,523,151	3,277,719	-864,456	2,413,263

Norfolk Power Distribution Inc.

CONTINUITY STATEMENTS

	2006 Actual			2007 Bridge			2008 Test		
	Gross Asset Value	Accumulated Depreciation	Net Book Value	Gross Asset Value	Accumulated Depreciation	Net Book Value	Gross Asset Value	Accumulated Depreciation	Net Book Value
1830-Poles, Towers and Fixtures-Opening Balance	16,144,184	-3,322,877	12,821,307	16,915,729	-4,030,411	12,885,318	17,566,729	-4,720,060	12,846,669
1830-Poles, Towers and Fixtures-Additions	771,544		771,544	651,000		651,000	1,130,800		1,130,800
1830-Poles, Towers and Fixtures-Depreciation		-707,534	-707,534		-689,649	-689,649		-725,285	-725,285
1830-Poles, Towers and Fixtures-Adjustments									
1830-Poles, Towers and Fixtures-Closing Balance	16,915,729	-4,030,411	12,885,318	17,566,729	-4,720,060	12,846,669	18,697,529	-5,445,345	13,252,184
Average	16,529,957	-3,676,644	12,853,313	17,241,229	-4,375,236	12,865,993	18,132,129	-5,082,703	13,049,426
1835-Overhead Conductors and Devices-Opening Balance	7,653,531	-1,099,069	6,554,462	8,333,597	-1,432,413	6,901,184	9,187,597	-1,782,837	7,404,760
1835-Overhead Conductors and Devices-Additions	680,066		680,066	854,000		854,000	738,200		738,200
1835-Overhead Conductors and Devices-Depreciation		-333,344	-333,344		-350,424	-350,424		-382,268	-382,268
1835-Overhead Conductors and Devices-Adjustments									
1835-Overhead Conductors and Devices-Closing Balance	8,333,597	-1,432,413	6,901,184	9,187,597	-1,782,837	7,404,760	9,925,797	-2,165,105	7,760,692
Average	7,993,564	-1,265,741	6,727,823	8,760,597	-1,607,625	7,152,972	9,556,697	-1,973,971	7,582,726
1840-Underground Conduit-Opening Balance	2,782,979	-878,479	1,904,500	3,266,245	-991,737	2,274,509	3,546,245	-1,127,987	2,418,259
1840-Underground Conduit-Additions	483,266		483,266	280,000		280,000	282,000		282,000
1840-Underground Conduit-Depreciation		-113,258	-113,258		-136,250	-136,250		-147,490	-147,490
1840-Underground Conduit-Adjustments									
1840-Underground Conduit-Closing Balance	3,266,245	-991,737	2,274,509	3,546,245	-1,127,987	2,418,259	3,828,245	-1,275,476	2,552,769
Average	3,024,612	-935,108	2,089,504	3,406,245	-1,059,862	2,346,384	3,687,245	-1,201,732	2,485,514
1845-Underground Conductors and Devices-Opening Balance	5,693,353	-1,796,938	3,896,416	6,436,211	-2,006,189	4,430,022	6,867,211	-2,272,258	4,594,953
1845-Underground Conductors and Devices-Additions	742,857		742,857	431,000		431,000	600,000		600,000
1845-Underground Conductors and Devices-Depreciation		-209,251	-209,251		-266,068	-266,068		-286,688	-286,688
1845-Underground Conductors and Devices-Adjustments									
1845-Underground Conductors and Devices-Closing Balance	6,436,211	-2,006,189	4,430,022	6,867,211	-2,272,258	4,594,953	7,467,211	-2,558,946	4,908,265
Average	6,064,782	-1,901,563	4,163,219	6,651,711	-2,139,223	4,512,487	7,167,211	-2,415,602	4,751,609
1850-Line Transformers-Opening Balance	8,358,045	-4,254,291	4,103,754	9,035,687	-4,693,576	4,342,111	9,780,687	-5,069,903	4,710,783
1850-Line Transformers-Additions	677,642		677,642	745,000		745,000	876,000		876,000
1850-Line Transformers-Depreciation		-439,285	-439,285		-376,327	-376,327		-408,747	-408,747
1850-Line Transformers-Adjustments									
1850-Line Transformers-Closing Balance	9,035,687	-4,693,576	4,342,111	9,780,687	-5,069,903	4,710,783	10,656,687	-5,478,651	5,178,036
Average	8,696,866	-4,473,933	4,222,932	9,408,187	-4,881,739	4,526,447	10,218,687	-5,274,277	4,944,410
1855-Services-Opening Balance	1,068,365	-100,775	967,590	1,612,317	-165,267	1,447,050	1,923,317	-235,980	1,687,337
1855-Services-Additions	543,952	0	543,952	311,000		311,000	322,000		322,000
1855-Services-Depreciation		-64,493	-64,493		-70,713	-70,713		-83,373	-83,373
1855-Services-Adjustments									
1855-Services-Closing Balance	1,612,317	-165,267	1,447,050	1,923,317	-235,980	1,687,337	2,245,317	-319,353	1,925,964
Average	1,340,341	-133,021	1,207,320	1,767,817	-200,624	1,567,193	2,084,317	-277,666	1,806,651

Norfolk Power Distribution Inc.

CONTINUITY STATEMENTS

	2006 Actual			2007 Bridge			2008 Test		
	Gross Asset Value	Accumulated Depreciation	Net Book Value	Gross Asset Value	Accumulated Depreciation	Net Book Value	Gross Asset Value	Accumulated Depreciation	Net Book Value
1860-Meters-Opening Balance	3,260,983	-1,655,963	1,605,020	3,547,874	-1,788,658	1,759,217	4,007,074	-1,939,757	2,067,318
1860-Meters-Additions	286,892		286,892	459,200		459,200	4,577,400		4,577,400
1860-Meters-Depreciation		-132,695	-132,695		-151,099	-151,099		-251,831	-251,831
1860-Meters-Adjustments									
1860-Meters-Closing Balance	3,547,874	-1,788,658	1,759,217	4,007,074	-1,939,757	2,067,318	8,584,474	-2,191,588	6,392,887
Average	3,404,429	-1,722,310	1,682,118	3,777,474	-1,864,207	1,913,267	6,295,774	-2,065,672	4,230,102
1905-Land-Opening Balance	204,760	0	204,760	211,830	0	211,830	236,830	0	236,830
1905-Land-Additions	7,070	0	7,070	25,000		25,000	0		0
1905-Land-Depreciation		0	0		0	0		0	0
1905-Land-Adjustments									
1905-Land-Closing Balance	211,830	0	211,830	236,830	0	236,830	236,830	0	236,830
Average	208,295	0	208,295	224,330	0	224,330	236,830	0	236,830
1908-Building Fixtures-Opening Balance	1,905,555	-690,091	1,215,464	1,947,788	-717,033	1,230,755	2,100,788	-757,519	1,343,269
1908-Building Fixtures-Additions	42,233	0	42,233	153,000		153,000	108,400		108,400
1908-Building Fixtures-Depreciation		-26,942	-26,942		-40,486	-40,486		-43,100	-43,100
1908-Building Fixtures-Adjustments									
1908-Building Fixtures-Closing Balance	1,947,788	-717,033	1,230,755	2,100,788	-757,519	1,343,269	2,209,188	-800,619	1,408,569
Average	1,926,672	-703,562	1,223,109	2,024,288	-737,276	1,287,012	2,154,988	-779,069	1,375,919
1910-Leasehold Improvements-Opening Balance	4,197	-665	3,532	6,177	-1,304	4,873	6,177	-1,304	4,873
1910-Leasehold Improvements-Additions	1,980	0	1,980	0		0	5,000		5,000
1910-Leasehold Improvements-Depreciation		-640	-640			0			0
1910-Leasehold Improvements-Adjustments				0	0	0	0	0	0
1910-Leasehold Improvements-Closing Balance	6,177	-1,304	4,873	6,177	-1,304	4,873	11,177	-1,304	9,873
Average	5,187	-984	4,203	6,177	-1,304	4,873	8,677	-1,304	7,373
1915-Office Furniture and Equipment-Opening Balance	91,689	-28,549	63,140	111,706	-39,621	72,086	134,706	-51,941	82,765
1915-Office Furniture and Equipment-Additions	20,347		20,347	23,000		23,000	29,000		29,000
1915-Office Furniture and Equipment-Depreciation		-11,204	-11,204		-12,321	-12,321		-14,921	-14,921
1915-Office Furniture and Equipment-Adjustments	-330	132	-198						
1915-Office Furniture and Equipment-Closing Balance	111,706	-39,621	72,086	134,706	-51,941	82,765	163,706	-66,862	96,844
Average	101,698	-34,085	67,613	123,206	-45,781	77,425	149,206	-59,402	89,805
1920-Computer Equipment - Hardware-Opening Balance	963,081	-636,076	327,005	608,350	-337,687	270,663	670,110	-439,293	230,817
1920-Computer Equipment - Hardware-Additions	43,902		43,902	88,000		88,000	67,000		67,000
1920-Computer Equipment - Hardware-Depreciation		-100,163	-100,163		-127,846	-127,846		-129,693	-129,693
1920-Computer Equipment - Hardware-Adjustments	-398,632	398,552	-80	-26,240	26,240	0	-110,294	110,294	0
1920-Computer Equipment - Hardware-Closing Balance	608,350	-337,687	270,663	670,110	-439,293	230,817	626,816	-458,691	168,125
Average	785,716	-486,881	298,834	639,230	-388,490	250,740	648,463	-448,992	199,471

Norfolk Power Distribution Inc.

CONTINUITY STATEMENTS

	2006 Actual			2007 Bridge			2008 Test		
	Gross Asset Value	Accumulated Depreciation	Net Book Value	Gross Asset Value	Accumulated Depreciation	Net Book Value	Gross Asset Value	Accumulated Depreciation	Net Book Value
1925-Computer Software-Opening Balance	147,109	-87,006	60,102	198,446	-76,936	121,510	241,909	-77,435	164,474
1925-Computer Software-Additions	113,536		113,536	87,000		87,000	129,000		129,000
1925-Computer Software-Depreciation		-52,129	-52,129		-44,035	-44,035		-59,857	-59,857
1925-Computer Software-Adjustments	-62,199	62,199	0	-43,537	43,537	0	-14,253	14,253	0
1925-Computer Software-Closing Balance	198,446	-76,936	121,510	241,909	-77,435	164,474	356,656	-123,039	233,618
Average	172,777	-81,971	90,806	220,177	-77,186	142,992	299,283	-100,237	199,046
Total									
1930-Transportation Equipment-Opening Balance	954,221	-288,355	665,866	1,300,157	-389,084	911,074	1,395,157	-557,541	837,616
1930-Transportation Equipment-Additions	345,936		345,936	95,000		95,000	95,000		95,000
1930-Transportation Equipment-Depreciation		-100,728	-100,728		-168,457	-168,457		-180,332	-180,332
1930-Transportation Equipment-Adjustments									
1930-Transportation Equipment-Closing Balance	1,300,157	-389,084	911,074	1,395,157	-557,541	837,616	1,490,157	-737,873	752,284
Average	1,127,189	-338,720	788,470	1,347,657	-473,312	874,345	1,442,657	-647,707	794,950
1935-Stores Equipment-Opening Balance	106,372	-87,442	18,929	35,068	-9,817	25,250	39,068	-13,524	25,544
1935-Stores Equipment-Additions	9,828	0	9,828	4,000		4,000	5,000		5,000
1935-Stores Equipment-Depreciation		-3,507	-3,507		-3,707	-3,707		-4,157	-4,157
1935-Stores Equipment-Adjustments	-81,132	81,132	0	0	0	0	0	0	0
1935-Stores Equipment-Closing Balance	35,068	-9,817	25,250	39,068	-13,524	25,544	44,068	-17,681	26,387
Average	70,720	-48,630	22,090	37,068	-11,671	25,397	41,568	-15,603	25,965
1940-Tools, Shop and Garage Equipment-Opening Balance	161,713	-45,591	116,122	212,866	-66,877	145,989	245,866	-89,814	156,052
1940-Tools, Shop and Garage Equipment-Additions	51,154		51,154	33,000		33,000	32,000		32,000
1940-Tools, Shop and Garage Equipment-Depreciation		-21,287	-21,287		-22,937	-22,937		-26,187	-26,187
1940-Tools, Shop and Garage Equipment-Adjustments									
1940-Tools, Shop and Garage Equipment-Closing Balance	212,866	-66,877	145,989	245,866	-89,814	156,052	277,866	-116,001	161,866
Average	187,289	-56,234	131,055	229,366	-78,346	151,020	261,866	-102,907	158,959
1945-Measurement and Testing Equipment-Opening Balance	136,179	-30,256	105,922	145,541	-44,810	100,731	167,541	-60,465	107,077
1945-Measurement and Testing Equipment-Additions	9,363		9,363	22,000		22,000	25,500		25,500
1945-Measurement and Testing Equipment-Depreciation		-14,554	-14,554		-15,654	-15,654		-18,029	-18,029
1945-Measurement and Testing Equipment-Adjustments									
1945-Measurement and Testing Equipment-Closing Balance	145,541	-44,810	100,731	167,541	-60,465	107,077	193,041	-78,494	114,548
Average	140,860	-37,533	103,327	156,541	-52,638	103,904	180,291	-69,479	110,812
1955-Communication Equipment-Opening Balance	47,704	-14,333	33,371	54,931	-19,826	35,105	83,931	-33,712	50,219
1955-Communication Equipment-Additions	7,228		7,228	29,000		29,000	29,000		29,000
1955-Communication Equipment-Depreciation		-5,493	-5,493		-13,886	-13,886		-19,686	-19,686
1955-Communication Equipment-Adjustments									
1955-Communication Equipment-Closing Balance	54,931	-19,826	35,105	83,931	-33,712	50,219	112,931	-53,399	59,533
Average	51,318	-17,080	34,238	69,431	-26,769	42,662	98,431	-43,556	54,876

Norfolk Power Distribution Inc.

CONTINUITY STATEMENTS

	2006 Actual			2007 Bridge			2008 Test		
	Gross Asset Value	Accumulated Depreciation	Net Book Value	Gross Asset Value	Accumulated Depreciation	Net Book Value	Gross Asset Value	Accumulated Depreciation	Net Book Value
1960-Miscellaneous Equipment-Opening Balance	56,514	-7,307	49,208	82,327	-15,539	66,788	114,327	-25,372	88,955
1960-Miscellaneous Equipment-Additions	25,813		25,813	32,000		32,000	37,500		37,500
1960-Miscellaneous Equipment-Depreciation		-8,233	-8,233		-9,833	-9,833		-13,308	-13,308
1960-Miscellaneous Equipment-Adjustments									
1960-Miscellaneous Equipment-Closing Balance	82,327	-15,539	66,788	114,327	-25,372	88,955	151,827	-38,680	113,147
Average	69,421	-11,423	57,998	98,327	-20,456	77,871	133,077	-32,026	101,051
1970-Load Management Controls-Opening Balance	4,322	0	4,322	12,276	0	12,276	88,276	-5,028	83,249
1970-Load Management Controls-Additions	7,954	0	7,954	76,000		76,000	0		0
1970-Load Management Controls-Depreciation		0	0		-5,028	-5,028		-8,828	-8,828
1970-Load Management Controls-Adjustments									
1970-Load Management Controls-Closing Balance	12,276	0	12,276	88,276	-5,028	83,249	88,276	-13,855	74,421
Average	8,299	0	8,299	50,276	-2,514	47,763	88,276	-9,441	78,835
1980-System Supervisory Equipment-Opening Balance	589,392	-103,365	486,027	612,052	-144,168	467,884	656,052	-186,459	469,592
1980-System Supervisory Equipment-Additions	22,660	0	22,660	44,000		44,000	92,100		92,100
1980-System Supervisory Equipment-Depreciation		-40,803	-40,803		-42,291	-42,291		-46,830	-46,830
1980-System Supervisory Equipment-Adjustments									
1980-System Supervisory Equipment-Closing Balance	612,052	-144,168	467,884	656,052	-186,459	469,592	748,152	-233,289	514,862
Average	600,722	-123,766	476,955	634,052	-165,314	468,738	702,102	-209,874	492,227
1995-Contributions and Grants - Credit-Opening Balance	-4,910,417	551,843	-4,358,574	-5,796,930	783,720	-5,013,210	-5,996,930	1,019,598	-4,977,333
1995-Contributions and Grants - Credit-Additions	-886,513		-886,513	-200,000		-200,000	-200,000		-200,000
1995-Contributions and Grants - Credit-Depreciation		231,877	231,877		235,877	235,877		243,877	243,877
1995-Contributions and Grants - Credit-Adjustments									
1995-Contributions and Grants - Credit-Closing Balance	-5,796,930	783,720	-5,013,210	-5,996,930	1,019,598	-4,977,333	-6,196,930	1,263,475	-4,933,456
Average	-5,353,674	667,782	-4,685,892	-5,896,930	901,659	-4,995,271	-6,096,930	1,141,536	-4,955,394
2005-Property Under Capital Leases-Opening Balance	10,039	-1,004	9,035	10,039	-2,008	8,031	10,039	-2,008	8,031
2005-Property Under Capital Leases-Additions	0	0	0	0		0	0		0
2005-Property Under Capital Leases-Depreciation		-1,004	-1,004		0	0		0	0
2005-Property Under Capital Leases-Adjustments									
2005-Property Under Capital Leases-Closing Balance	10,039	-2,008	8,031	10,039	-2,008	8,031	10,039	-2,008	8,031
Average	10,039	-1,506	8,533	10,039	-2,008	8,031	10,039	-2,008	8,031
Total Opening Balance	52,602,521	-15,991,478	36,611,044	56,223,471	-17,791,397	38,432,074	61,773,894	-20,245,519	41,528,376
Total Additions	4,163,243	0	4,163,243	5,620,200	0	5,620,200	10,189,600	0	10,189,600
Total Depreciation	0	-2,341,935	-2,341,935	0	-2,523,899	-2,523,899	0	-2,836,810	-2,836,810
Total Adjustments	-542,293	542,015	-278	-69,777	69,777	0	-1,511,301	1,511,301	0
Total Closing Balance	56,223,471	-17,791,397	38,432,074	61,773,894	-20,245,519	41,528,376	70,452,193	-21,571,028	48,881,165
Average	54,412,996	-16,891,437	37,521,559	58,998,683	-19,018,458	39,980,225	66,113,044	-20,908,273	45,204,771

Norfolk Power Distribution Inc.

GROSS ASSETS TABLE

GROSS ASSET	2006 Board	2006 Actual	Variance	2006 Actual	2007 Bridge	Variance	2007 Bridge	2008 Test	Variance
	Approved								
	(\$'s)	(\$'s)	(\$'s)	(\$'s)	(\$'s)	(\$'s)	(\$'s)	(\$'s)	(\$'s)
1805-Land	\$163,869	\$380,064	\$216,195	\$380,064	\$380,064	\$0	\$380,064	\$380,064	\$0
1806-Land Rights	\$298,716	\$300,911	\$2,195	\$300,911	\$301,911	\$1,000	\$301,911	\$302,911	\$1,000
1808-Buildings and Fixtures	\$725,435	\$1,450,870	\$725,435	\$1,450,870	\$1,455,870	\$5,000	\$1,455,870	\$1,530,070	\$74,200
1815-Transformer Station Equipment	\$1,527,739	\$2,802,994	\$1,275,254	\$2,802,994	\$2,997,994	\$195,000	\$2,997,994	\$3,319,994	\$322,000
1820-Distribution Station Equipment	\$1,838,509	\$2,388,347	\$549,837	\$2,388,347	\$3,565,347	\$1,177,000	\$3,565,347	\$2,990,092	(\$575,255)
1830-Poles, Towers and Fixtures	\$20,800,394	\$16,915,729	(\$3,884,665)	\$16,915,729	\$17,566,729	\$651,000	\$17,566,729	\$18,697,529	\$1,130,800
1835-Overhead Conductors and Devices	\$9,581,701	\$8,333,597	(\$1,248,104)	\$8,333,597	\$9,187,597	\$854,000	\$9,187,597	\$9,925,797	\$738,200
1840-Underground Conduit	\$2,276,260	\$3,266,245	\$989,986	\$3,266,245	\$3,546,245	\$280,000	\$3,546,245	\$3,828,245	\$282,000
1845-Underground Conductors and Devices	\$4,769,728	\$6,436,211	\$1,666,483	\$6,436,211	\$6,867,211	\$431,000	\$6,867,211	\$7,467,211	\$600,000
1850-Line Transformers	\$7,746,968	\$9,035,687	\$1,288,719	\$9,035,687	\$9,780,687	\$745,000	\$9,780,687	\$10,656,687	\$876,000
1855-Services	\$561,499	\$1,612,317	\$1,050,818	\$1,612,317	\$1,923,317	\$311,000	\$1,923,317	\$2,245,317	\$322,000
1860-Meters	\$3,050,433	\$3,547,874	\$497,441	\$3,547,874	\$4,007,074	\$459,200	\$4,007,074	\$8,584,474	\$4,577,400
1905-Land	\$199,060	\$211,830	\$12,770	\$211,830	\$236,830	\$25,000	\$236,830	\$236,830	\$0
1908-Buildings and Fixtures	\$1,873,688	\$1,947,788	\$74,100	\$1,947,788	\$2,100,788	\$153,000	\$2,100,788	\$2,209,188	\$108,400
1910-Leasehold Improvements	\$2,099	\$6,177	\$4,079	\$6,177	\$6,177	\$0	\$6,177	\$11,177	\$5,000
1915-Office Furniture and Equipment	\$333,266	\$111,706	(\$221,560)	\$111,706	\$134,706	\$23,000	\$134,706	\$163,706	\$29,000
1920-Computer Equipment - Hardware	\$833,281	\$608,350	(\$224,931)	\$608,350	\$670,110	\$61,760	\$670,110	\$626,816	(\$43,294)
1925-Computer Software	\$112,862	\$198,446	\$85,584	\$198,446	\$241,909	\$43,463	\$241,909	\$356,656	\$114,747
1930-Transportation Equipment	\$2,027,745	\$1,300,157	(\$727,588)	\$1,300,157	\$1,395,157	\$95,000	\$1,395,157	\$1,490,157	\$95,000
1935-Stores Equipment	\$95,650	\$35,068	(\$60,583)	\$35,068	\$39,068	\$4,000	\$39,068	\$44,068	\$5,000
1940-Tools, Shop and Garage Equipment	\$532,899	\$212,866	(\$320,033)	\$212,866	\$245,866	\$33,000	\$245,866	\$277,866	\$32,000
1945-Measurement and Testing Equipment	\$58,613	\$145,541	\$86,928	\$145,541	\$167,541	\$22,000	\$167,541	\$193,041	\$25,500
1955-Communication Equipment	\$37,586	\$54,931	\$17,346	\$54,931	\$83,931	\$29,000	\$83,931	\$112,931	\$29,000
1960-Miscellaneous Equipment	\$8,277	\$82,327	\$74,051	\$82,327	\$114,327	\$32,000	\$114,327	\$151,827	\$37,500
1970-Load Management Controls	\$0	\$12,276	\$12,276	\$12,276	\$88,276	\$76,000	\$88,276	\$88,276	\$0
1980-System Supervisory Equipment	\$414,838	\$612,052	\$197,214	\$612,052	\$656,052	\$44,000	\$656,052	\$748,152	\$92,100
1995-Contributions and Grants - Credit	(\$3,059,852)	(\$5,796,930)	(\$2,737,078)	(\$5,796,930)	(\$5,996,930)	(\$200,000)	(\$5,996,930)	(\$6,196,930)	(\$200,000)
2005-Property Under Capital Leases	\$0	\$10,039	\$10,039	\$10,039	\$10,039	\$0	\$10,039	\$10,039	\$0
Total Gross Assets	\$56,811,262	\$56,223,471	(\$587,791)	\$56,223,471	\$61,773,894	\$5,550,423	\$61,773,894	\$70,452,193	\$8,678,299

Norfolk Power Distribution Inc.

MATERIALITY ANALYSIS ON GROSS ASSET

2006 Board Approved VS 2006 Actual

Asset Account	2006 Board Approved	2006 Actual	Variance
1808-Buildings and Fixtures	\$725,435	\$1,450,870	\$725,435
1815-Transformer Station Equipment	\$1,527,739	\$2,802,994	\$1,275,254

In 2004, Norfolk Power Distribution Inc., built a 115kV high voltage transformer station. The 2006 EDR model provided only half of the asset cost to be recovered in the distribution rates.

Asset Account	2006 Board Approved	2006 Actual	Variance
1820-Distribution Station Equipment	\$1,838,509	\$2,388,347	\$549,837

The 2006 Board approved amounts are based on an average generated by the 2006 EDR model of 2003 and 2004 data, not considering additions for 2005 and 2006. For 2005 and 2006 actual, Norfolk Power Distribution Inc. had additions of \$514,000 consisting of equipment upgrades and rebuilding an existing substation.

Asset Account	2006 Board Approved	2006 Actual	Variance
1830-Poles, Towers and Fixtures	\$20,800,394	\$16,915,729	(\$3,884,665)
1835-Overhead Conductors and Devices	\$9,581,701	\$8,333,597	(\$1,248,104)

The 2006 Board approved amounts are based on an average generated by the 2006 EDR model of 2003 and 2004 data, not considering additions for 2005 and 2006. For 2005 and 2006 actual, Norfolk Power Distribution Inc. had additions of \$2,552,000 consisting of line conversions, upgrades, new construction and rebuilding existing distribution plant. Also, overhead distribution plant that became fully depreciated in 2006 were written off.

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Asset Account	2006 Board Approved	2006 Actual	Variance
1840-Underground Conduit	\$2,276,260	\$3,266,245	\$989,986
1845-Underground Conductors and Devices	\$4,769,728	\$6,436,211	\$1,666,483

The 2006 Board approved amounts are based on an average generated by the 2006 EDR model of 2003 and 2004 data, not considering additions for 2005 and 2006. For 2005 and 2006 actual, Norfolk Power Distribution Inc. had additions of \$2,320,000 consisting of upgrades, new construction and new subdivisions.

Asset Account	2006 Board Approved	2006 Actual	Variance
1850-Line Transformers	\$7,746,968	\$9,035,687	\$1,288,719

The 2006 Board approved amounts are based on an average generated by the 2006 EDR model of 2003 and 2004 data, not considering additions for 2005 and 2006. For 2005 and 2006 actual, Norfolk Power Distribution Inc. had additions of \$987,000.

Asset Account	2006 Board Approved	2006 Actual	Variance
1855-Services	\$561,499	\$1,612,317	\$1,050,818

The 2006 Board approved amounts are based on an average generated by the 2006 EDR model of 2003 and 2004 data, not considering additions for 2005 and 2006. For 2005 and 2006 actual, Norfolk Power Distribution Inc. had additions of \$919,000, comprising of new residential and commercial services.

Asset Account	2006 Board Approved	2006 Actual	Variance
1860-Meters	\$3,050,433	\$3,547,874	\$497,441

The 2006 Board approved amounts are based on an average generated by the 2006 EDR model of 2003 and 2004 data, not considering additions for 2005 and 2006. For 2005 and 2006

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actual, Norfolk Power Distribution Inc. had additions of \$450,000, comprising of new single phase meters, demand meters, and PME's.

Asset Account	2006 Board Approved	2006 Actual	Variance
1930-Transportation Equipment	\$2,027,745	\$1,300,157	(\$727,588)

The 2006 Board approved amounts are based on an average generated by the 2006 EDR model of 2003 and 2004 data, not considering additions for 2005 and 2006. For 2005 and 2006 actual, Norfolk Power Distribution Inc. had additions of \$441,000, comprising of a new passenger vehicle, pick-up truck and work platform. Also, vehicles that became fully depreciated in 2006 were written off.

Asset Account	2006 Board Approved	2006 Actual	Variance
1940-Tools, Shop and Garage Equipment	\$532,899	\$212,866	(\$320,033)

The 2006 Board approved amounts are based on an average generated by the 2006 EDR model of 2003 and 2004 data, not considering additions for 2005 and 2006. For 2005 and 2006 actual, Norfolk Power Distribution Inc. had additions of \$77,000 for tools and equipment. Also, tools and equipment that became fully depreciated in 2006 were written off.

Asset Account	2006 Board Approved	2006 Actual	Variance
1995-Contributions and Grants - Credit	(\$3,059,852)	(\$5,796,930)	(\$2,737,078)

The 2006 Board approved amounts are based on an average generated by the 2006 EDR model of 2003 and 2004 data, not considering additions for 2005 and 2006. For 2005 and 2006 actual, account 1995 increased by (\$2,373,000). The increase was mainly due to development of a new subdivisions and settlement of an insurance claim.

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2006 Actual VS 2007 Bridge

Asset Account	2006 Actual	2007 Bridge	Variance
1820-Distribution Station Equipment	\$2,388,347	\$3,565,347	\$1,177,000
1830-Poles, Towers and Fixtures	\$16,915,729	\$17,566,729	\$651,000
1835-Overhead Conductors and Devices	\$8,333,597	\$9,187,597	\$854,000
1840-Underground Conduit	\$3,266,245	\$3,546,245	\$280,000
1845-Underground Conductors and Devices	\$6,436,211	\$6,867,211	\$431,000
1850-Line Transformers	\$9,035,687	\$9,780,687	\$745,000
1855-Services	\$1,612,317	\$1,923,317	\$311,000
1860-Meters	\$3,547,874	\$4,007,074	\$459,200

This variance is the result of several projects planned for 2007.

2007 Bridge VS 2008 Test

Asset Account	2007 Bridge	2008 Test	Variance
1815-Transformer Station Equipment	\$2,997,994	\$3,319,994	\$322,000

This variance is the result of a deposit for a second 115kV transformer to be installed at Bloomsburg Transformer Station.

Asset Account	2007 Bridge	2008 Test	Variance
1820-Distribution Station Equipment	\$3,565,347	\$2,990,092	(\$575,255)

This variance is the net result of several projects planned for 2008 and write-off of fully depreciated assets.

Asset Account	2007 Bridge	2008 Test	Variance
1820-Distribution Station Equipment	\$2,388,347	\$3,565,347	\$1,177,000
1830-Poles, Towers and Fixtures	\$16,915,729	\$17,566,729	\$651,000
1835-Overhead Conductors and Devices	\$8,333,597	\$9,187,597	\$854,000
1840-Underground Conduit	\$3,266,245	\$3,546,245	\$280,000
1845-Underground Conductors and Devices	\$6,436,211	\$6,867,211	\$431,000
1850-Line Transformers	\$9,035,687	\$9,780,687	\$745,000
1855-Services	\$1,612,317	\$1,923,317	\$311,000
1860-Meters	\$3,547,874	\$4,007,074	\$459,200

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This variance is the result of several projects planned for 2008.

Asset Account	2007 Bridge	2008 Test	Variance
1860-Meters	\$4,007,074	\$8,584,474	\$4,577,400

This variance is the result of planned smart meter implementation.

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ACCUMULATED DEPRECIATION TABLE

ACCUMULATED DEPRECIATION	2006 Board Approved (\$'s)	2006 Actual (\$'s)	Variance (\$'s)	2006 Actual (\$'s)	2007 Bridge (\$'s)	Variance (\$'s)	2007 Bridge (\$'s)	2008 Test (\$'s)	Variance (\$'s)
1805-Land	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1806-Land Rights	\$0	\$0	\$0	\$0	(\$12,056)	(\$12,056)	(\$12,056)	(\$24,153)	(\$12,096)
1808-Buildings and Fixtures	\$0	(\$58,035)	(\$58,035)	(\$58,035)	(\$87,102)	(\$29,067)	(\$87,102)	(\$116,962)	(\$29,859)
1815-Transformer Station Equipment	\$0	(\$139,989)	(\$139,989)	(\$139,989)	(\$212,501)	(\$72,512)	(\$212,501)	(\$291,476)	(\$78,975)
1820-Distribution Station Equipment	(\$1,230,759)	(\$1,404,131)	(\$173,372)	(\$1,404,131)	(\$1,503,260)	(\$99,129)	(\$1,503,260)	(\$225,653)	\$1,277,606
1830-Poles, Towers and Fixtures	(\$8,333,827)	(\$4,030,411)	\$4,303,416	(\$4,030,411)	(\$4,720,060)	(\$689,649)	(\$4,720,060)	(\$5,445,345)	(\$725,285)
1835-Overhead Conductors and Devices	(\$3,543,228)	(\$1,432,413)	\$2,110,815	(\$1,432,413)	(\$1,782,837)	(\$350,424)	(\$1,782,837)	(\$2,165,105)	(\$382,268)
1840-Underground Conduit	(\$784,552)	(\$991,737)	(\$207,184)	(\$991,737)	(\$1,127,987)	(\$136,250)	(\$1,127,987)	(\$1,275,476)	(\$147,490)
1845-Underground Conductors and Devices	(\$1,617,401)	(\$2,006,189)	(\$388,789)	(\$2,006,189)	(\$2,272,258)	(\$266,068)	(\$2,272,258)	(\$2,558,946)	(\$286,688)
1850-Line Transformers	(\$3,842,112)	(\$4,693,576)	(\$851,464)	(\$4,693,576)	(\$5,069,903)	(\$376,327)	(\$5,069,903)	(\$5,478,651)	(\$408,747)
1855-Services	(\$58,040)	(\$165,267)	(\$107,227)	(\$165,267)	(\$235,980)	(\$70,713)	(\$235,980)	(\$319,353)	(\$83,373)
1860-Meters	(\$1,533,737)	(\$1,788,658)	(\$254,921)	(\$1,788,658)	(\$1,939,757)	(\$151,099)	(\$1,939,757)	(\$2,191,588)	(\$251,831)
1905-Land	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1908-Buildings and Fixtures	(\$662,689)	(\$717,033)	(\$54,344)	(\$717,033)	(\$757,519)	(\$40,486)	(\$757,519)	(\$800,619)	(\$43,100)
1910-Leasehold Improvements	(\$245)	(\$1,304)	(\$1,059)	(\$1,304)	(\$1,304)	\$0	(\$1,304)	(\$1,304)	\$0
1915-Office Furniture and Equipment	(\$275,019)	(\$39,621)	\$235,398	(\$39,621)	(\$51,941)	(\$12,321)	(\$51,941)	(\$66,862)	(\$14,921)
1920-Computer Equipment - Hardware	(\$544,693)	(\$337,687)	\$207,006	(\$337,687)	(\$439,293)	(\$101,606)	(\$439,293)	(\$458,691)	(\$19,399)
1925-Computer Software	(\$57,585)	(\$76,936)	(\$19,352)	(\$76,936)	(\$77,435)	(\$499)	(\$77,435)	(\$123,039)	(\$45,604)
1930-Transportation Equipment	(\$1,415,216)	(\$389,084)	\$1,026,133	(\$389,084)	(\$557,541)	(\$168,457)	(\$557,541)	(\$737,873)	(\$180,332)
1935-Stores Equipment	(\$82,394)	(\$9,817)	\$72,577	(\$9,817)	(\$13,524)	(\$3,707)	(\$13,524)	(\$17,681)	(\$4,157)
1940-Tools, Shop and Garage Equipment	(\$433,744)	(\$66,877)	\$366,867	(\$66,877)	(\$89,814)	(\$22,937)	(\$89,814)	(\$116,001)	(\$26,187)
1945-Measurement and Testing Equipment	(\$16,638)	(\$44,810)	(\$28,172)	(\$44,810)	(\$60,465)	(\$15,654)	(\$60,465)	(\$78,494)	(\$18,029)
1955-Communication Equipment	(\$9,563)	(\$19,826)	(\$10,264)	(\$19,826)	(\$33,712)	(\$13,886)	(\$33,712)	(\$53,399)	(\$19,686)
1960-Miscellaneous Equipment	(\$1,655)	(\$15,539)	(\$13,884)	(\$15,539)	(\$25,372)	(\$9,833)	(\$25,372)	(\$38,680)	(\$13,308)
1970-Load Management Controls	\$0	\$0	\$0	\$0	(\$5,028)	(\$5,028)	(\$5,028)	(\$13,855)	(\$8,828)
1980-System Supervisory Equipment	(\$64,072)	(\$144,168)	(\$80,096)	(\$144,168)	(\$186,459)	(\$42,291)	(\$186,459)	(\$233,289)	(\$46,830)
1995-Contributions and Grants - Credit	\$355,671	\$783,720	\$428,049	\$783,720	\$1,019,598	\$235,877	\$1,019,598	\$1,263,475	\$243,877
2005-Property Under Capital Leases	\$0	(\$2,008)	(\$2,008)	(\$2,008)	(\$2,008)	\$0	(\$2,008)	(\$2,008)	\$0
Total Gross Assets	(\$24,151,498)	(\$17,791,397)	\$6,360,101	(\$17,791,397)	(\$20,245,519)	(\$2,454,122)	(\$20,245,519)	(\$21,571,028)	(\$1,325,509)

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MATERIALITY ANALYSIS ON ACCUMULATED DEPRICIATION

2006 Board Approved VS 2006 Actual

Asset Account	2006 Board Approved	2006 Actual	Variance
1830-Poles, Towers and Fixtures	(\$8,333,827)	(\$4,030,411)	\$4,303,416
1835-Overhead Conductors and Devices	(\$3,543,228)	(\$1,432,413)	\$2,110,815

The variance can be explained by the calculation done by the 2006 EDR model to determine the 2006 amount. The amounts were determined using an average of the 2003 and 2004 balances, which thereby reduced the actual amount in this account as of the end of 2004. Also, overhead distribution plant that became fully depreciated in 2006 were written off.

Asset Account	2006 Board Approved	2006 Actual	Variance
1845-Underground Conductors and Devices	(\$1,617,401)	(\$2,006,189)	(\$388,789)
1850-Line Transformers	(\$3,842,112)	(\$4,693,576)	(\$851,464)

The variance can be explained by the calculation done by the 2006 EDR model to determine the 2006 amount. The amounts were determined using an average of the 2003 and 2004 balances, which thereby reduced the actual amount in this account as of the end of 2004. Also in 2005 and 2006, capital additions to account 1845 and 1850 were \$1,400,000 and \$987,000 respectively, which increased depreciation expense for 2005 and 2006.

Asset Account	2006 Board Approved	2006 Actual	Variance
1930-Transportation Equipment	(\$1,415,216)	(\$389,084)	\$1,026,133
1940-Tools, Shop and Garage Equipment	(\$433,744)	(\$66,877)	\$366,867

The variance can be explained by the calculation done by the 2006 EDR model to determine the 2006 amount. The amounts were determined using an average of the 2003 and 2004 balances, which thereby reduced the actual amount in this account as of the end of 2004. Also, assets in account 1930 and 1940 that became fully depreciated in 2006 were written off.

Asset Account	2006 Board Approved	2006 Actual	Variance
1995-Contributions and Grants - Credit	\$355,671	\$783,720	\$428,049

The variance can be explained by the calculation done by the 2006 EDR model to determine the 2006 amount. The amounts were determined using an average of the 2003 and 2004 balances, which thereby

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reduced the actual amount in this account as of the end of 2004. Also in 2005 and 2006, capital additions of \$2,373,000 increased depreciation expense for 2005 and 2006.

2006 Actual VS 2007 Bridge

Asset Account	2006 Actual	2007 Bridge	Variance
1830-Poles, Towers and Fixtures	(\$4,030,411)	(\$4,720,060)	(\$689,649)
1835-Overhead Conductors and Devices	(\$1,432,413)	(\$1,782,837)	(\$350,424)
1850 – Line Transformers – Depreciation	(\$4,693,576)	(\$5,069,903)	(\$376,327)

This amount seems to be reasonable based on the planned additions and annual depreciation expense.

2007 Bridge VS 2008 Test

Asset Account	2007 Bridge	2008 Test	Variance
1820-Distribution Station Equipment	(\$1,503,260)	(\$225,653)	\$1,277,606

This variance is the net result of depreciation expense from several projects planned for 2008 and write-off of fully depreciated assets.

Asset Account	2007 Bridge	2008 Test	Variance
1830-Poles, Towers and Fixtures	(\$4,720,060)	(\$5,445,345)	(\$725,285)
1835-Overhead Conductors and Devices	(\$1,782,837)	(\$2,165,105)	(\$382,268)
1850 – Line Transformers – Depreciation	(\$5,069,903)	(\$5,478,651)	(\$408,747)

This amount seems to be reasonable based on the planned additions and annual depreciation expense.

Norfolk Power Distribution Inc.

CAPITAL BUDGET

Overview:

The Applicant has been, and continues to be, focused on maintaining the adequacy, reliability and quality of service to its distribution customers. The capital expenditures planned for 2008 reflect this ongoing focus. The Applicant's overall capital budget for 2008 is \$6,245,800 reflecting an increase of \$529,800 (9 percent) over 2007.

This Overview contains:

- (a) Descriptions of certain key elements of the 2008 Capital Budget, in the following categories:
- Distribution Plant
 - General Plant
 - Customer Metering;
 - Computer Hardware and Software;
 - Transportation and Related Equipment;
 - Tools and Equipment
 - Buildings and Fixtures – Service Centre
 - SCADA
- (b) A summary of Capital Budgets for 2006, 2007 and 2008;

Norfolk Power Distribution Inc.

KEY ELEMENTS OF THE CAPITAL BUDGET:

DISTRIBUTION PLANT

The following discussion addresses various key projects within the distribution plant component of the Applicant's 2008 Capital Budget. Overall, the Applicant intends to spend a total of \$5,673,900 on distribution plant in 2008, on the following categories of projects:

Table 1 – Distribution Plant Capital 2006-2008 Total By Type

Category/Year	2006 Budget <u>(\$000)</u>	2007 Budget <u>(\$000)</u>	2008 Budget <u>(\$000)</u>
Customer Demand	1,948	1,747	1,841
Renewal	1,593	1,429	1,677
Capacity	0	520	432
Stations	<u>165</u>	<u>954</u>	<u>1,207.5</u>
Total	3,706	4,650	5,157.5

Projects within the categories in the above table are discussed on the following pages.

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Customer Demand Projects:

Total Cost \$1,841,000

Project Description:

Projects in this pool include installations of service wires and transformers to connect new customers to the electrical distribution system, new subdivision development and upstream/enhancement projects.

The work planned for 2008 includes approximately 200 new residential services in subdivisions, 4 commercial services under 50kW, 22 customer padmount services or customer substations and approximately 10 subdivisions.

Justification:

The Applicant is obligated under the Code to connect new customer services. The replacement component is justified on the basis of the obligation to meet changing customer needs.

Projects in this pool benefit customers by increasing reliability as permanent relocations that are built to current standards replace plant that is usually older and less reliable.

Table 2 – Planned 2008 Customer Demand Projects

Project	2008 <u>(\$000)</u>
Customer Service Work - Residential & Commercial	905
Subdivision Development	600
Roadway Relocations	36
Upstream and Enhancement Projects	<u>300</u>
Total	1,841

The cost of new services collected from customers in the form of capital contributions is estimated at \$200,000.

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Of the work planned for 2008, individual projects that equal or exceed \$100,000 are listed below in Table 3. These figures are also reflected in Table 2.

Table 3 – 2008 Individual Services Projects Equaling or Exceeding \$100,000

Description	Project Cost <u>(\$ 000)</u>
Service Installations – residential underground	140

The estimated requirements for new services in 2008 are based on the known customer requests as well as historical data on connections of similar services.

The Applicant performs an economic evaluation (prepared in accordance with prescribed valuation methodologies) of service projects that require new facilities to be built on the distribution system or those that require an increase in capacity of the distribution system. The economic evaluation is used to determine if the stream of future revenues associated with the expansion is sufficient to pay for the capital cost and ongoing maintenance costs of the distribution system expansion to supply the service. If there is a shortfall between the present value of the projected costs and revenues, the customer pays the difference as capital contribution in accordance with the Distribution System Code.

Norfolk Power Distribution Inc.

Renewal Projects:

Total Cost: \$1,677,000

Project Description:

These projects involve the replacement of deteriorated or damaged distribution structures and electrical equipment.

Renewal projects can involve either the complete rebuilding of deteriorated lines or the selective replacement of line components. Renewal decisions are based on the need to maintain the integrity, safety and reliability of the system.

Renewal projects may be done at the same voltage level or, in the case of 4.16 kV/8.2 kV plant needing renewal, the plant may be converted to 27.6 kV.

The work planned for 2008 includes approximately 13 rebuild projects.

Justification:

The Applicant maintains its distribution plant according to a thorough assessment that uses a combination of time based and condition based maintenance methodology. Despite performing maintenance according to developed plans, distribution assets do ultimately fail and reach a point where no reasonable amount of maintenance will improve the reliability, maintainability or safety of the equipment.

Performance statistics such as failure frequency, outage duration, and number of occurrences are recorded for distribution circuits and equipment. These statistics are used in addition to equipment inspection results, field staff feedback and engineering experience to identify needed improvement projects. At the same time, it may be economically and operationally- beneficial to change the primary voltage serving the area. Identified projects are evaluated against a pre-established set of criteria in categories including reliability, risk mitigation, and financial impact.

Projects in this pool, for the most part, benefit customer reliability. After a rebuild, distribution plant assets that are designed to current standards are more maintainable and reduce safety risks to the general public and staff. In the case of rebuilds involving voltage conversion, the ultimate goal is to

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eliminate the Applicant owned substation equipment once all feeders are converted. The Applicant will then decommission the substation. The higher voltage distribution equipment has lower energy losses leading to cost savings. This results in a financial benefit to customers.

Expenditures:

Table 1 below summarizes the projected 2008 rebuilds and conversions expenditures.

Of the work planned for 2008, individual projects that equal or exceed \$100,000 are listed in Table 4. These figures are also reflected in Table 1 above.

Table 4 - 2008 Individual Renewal Projects Equaling or Exceeding \$100,000

Description	Project Cost <u>(\$000)</u>
Wood pole replacement program	240
Proactive overhead transformer replacement program	124
Proactive underground transformer replacement program	168
Overhead renewal	863
Underground renewal	282
Total	1,677

The project budget estimate is based on historical and engineering estimates of the individual project components.

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Capacity Projects:

Total Cost \$432,000

Project Description:

These projects consist of the construction of new feeders, equipment or conductor upgrades on existing feeders (both overhead and underground), and the installation of sections of feeders to accommodate peak demand growth. Also included is the replacement and upgrade of existing service wires and transformers due to the installation of larger wires or transformers to accommodate additional customer loads.

The work planned for 2008 consists of 1 project.

Justification:

The need to increase the capacity of the distribution system arises primarily due to load growth caused by 1) new customer connections and service upgrades; and 2) incremental growth in the demand of existing customers, and may include replacement of deteriorated equipment.

Projects in this pool represent an increase in distribution capacity that benefits many customers. They are not strictly for the benefit of single customers.

Capacity projects permit customer needs to be met in a reliable way. Available capacity is used as much as possible by periodically reconfiguring existing circuits and equipment. Only once these options have been exhausted is capacity increased. Capacity increases permit the Applicant to operate equipment within optimal rating parameters and to operate the distribution system according to accepted industry practices. This increases service reliability and allows unimpeded customer growth.

Expenditures:

New feeders and upgrades expenditures for 2008 are summarized in Table 5 below.

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Table 5 - 2008 Individual Capacity Projects

Description	Project Cost (\$ 000)
Bloomsburg M.T.S. – new feeder	432

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Stations (MTS & MS):

Total Cost \$1,207,500

Project Description:

Station projects involve switching and other equipment associated with the receiving and distribution of electricity at terminal stations as well as the transformation, switching and other equipment required for stepping down distribution voltages to lower distribution voltages.

Typically, all equipment within the confines of the station area that is used from the high voltage feeder through to the low voltage connection outside the station and the substation building and enclosures on the property are included in the scope of this type of project.

Approximately 14 projects are planned for 2008.

Justification:

Stations are the starting point of the distribution system and provide switching points to enable reconfigurations of the distribution system to respond to changing system conditions and outages. Station outages due to equipment failure typically affect large numbers of customers and have considerable impacts on service reliability to those customers. Stations generally have higher reliability performance than most other parts of the distribution system. Station project work is required to mitigate low probability/high reliability impact risks to customers.

Expenditures:

The total capital expenditure for stations in 2008 is \$1,134,000 and one project equaling or exceeding \$100,000 is listed below in Table 6.

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Table 6 - 2008 Individual Stations Projects Equaling or Exceeding \$100,000

Description	Project Cost <u>(\$000)</u>
Deposit for new 115/27.6kV transformer	120

The 2008 estimate is based on engineering estimates of the individual project components.

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GENERAL PLANT

• **CUSTOMER METERING**

The Customer Connections department performs the following customer connection-related activities:

- meter verifications and installations compliant to Measurement Canada and ISO standards; and
- Coordination of customer requested service upgrades and expansions to existing customer electrical service, including:
 - coordination of ESA activities
 - meter testing and verification

The department is also responsible for all meter reading, except for Grid Supply Points, Large Use and Interval Meter customers using MV-90 software, which is performed by third party.

Revenue Protection is another key area of responsibility for the department. In this regard, the main responsibilities of the department are to protect the best interests of the Company, Employee, Customer, and General Public by promoting Safety while in the pursuit of the Prevention, Detection, Correction, Restitution and Prosecution of Energy Theft.

- Wholesale Meter Verification for IESO Compliance:

The Wholesale Meter upgrades capital budget was based on known meter expiration dates provided by the IESO.

The following table illustrates the Applicant's customer connections-related capital requirements for 2006, 2007 and 2008:

**Table 7 - Customer Connections
 Capital Requirements**

Project	2005 Actual	OEB Approved 2006	2006 Actual	2007 Bridge	2008 Test
Meter Verification, QMS and Assets Management	n/a	n/a	111,634	99,000	99,000
Wholesale Meter	n/a	n/a	84,320	97,000	100,000

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Verification for IESO Compliance					
Annual Capital Meter Upgrade & Replacement Programs	n/a	n/a	52,336	104,500	104,500
Smart Metering Program (2006 CDM Pilots)	n/a	n/a	25,185	49,000	4,251,000
Projects Under \$100K	n/a	n/a	13,416	3,500	22,900
Total			\$	\$353,000	\$4,577,400

COMPUTER HARDWARE AND SOFTWARE;

Computer Hardware

Computer equipment is used in all departments of utility operations and is a key enabler in Norfolk Power's initiatives to improve reliability, improve customer service and reduce costs.

New and replacement Computer hardware consists of the following equipment:

- Desktops;
- Laptops;
- Monitors;
- Servers;
- Keyboards;
- Printers;
- Scanners;
- Accessories – carrying case, mouse, etc.;
- Cell phones;
- Blackberries;
- Digital cameras; and
- Disk space and memory

It is common industry practice to keep both the hardware and software environments up to date. Increased incidence of hardware failure, reduced technical support, new technical standards and higher performance requirements of current operating systems and applications drive this lifecycle. The upgrade of aging servers and consolidation of multiple servers to a more manageable volume provide cost effective migration of workload with higher performance efficiencies and lower maintenance costs.

Other benefits of replacing computer equipment and adding new equipment are:

Norfolk Power Distribution Inc.

- Reducing the dependence on IT resources to support older equipment;
- Taking advantage of new technologies and increasing server utilization;
- Empowering employees to be more productive with the right equipment to do their jobs;
- Improving access to data and other information;
- Adhering to best practices; and
- Allowing for growth

Computer Software

Computer software, whether operating system software or application software, are programs written in machine-readable languages, that control the operations of hardware or that enable users to perform certain tasks on computers.

The operating system software controls the hardware and manages its internal functions: controls input, output and storage and, handles its interaction with application programs. Application software enables users to accomplish particular tasks.

Today, the functioning of computer software is tied closely into the hardware it resides on and it is important that the specification of any PC or Server is appropriate for the software being installed.

Benefits of adding or replacing computer software:

- Improvements in productivity from software enhancements;
- Empowering employees with the latest software technologies;
- Keeping up to date with industry standards;
- Ease of integration to other applications;
- Reduced costs using common operating system;
- Taking advantage of higher levels of security;
- Reduced dependence on IT resources; and
- Improved tools for web development/design

Adding and replacing computer software systems is necessary to support the running of all application programs. Software provides the support necessary for computers to interact with each other. Business Applications software processes transactions that are essential to running the business.

Norfolk Power Distribution Inc.

• **TRANSPORTATION AND RELATED EQUIPMENT**

Vehicle and Related Equipment Replacement and Modification:

Total 2008 Capital Budget: \$95,000

Description:

This project provides for the replacement and modification of vehicles and equipment and tools required to outfit those vehicles, to support the construction and maintenance of the electricity distribution system for Norfolk County. One new vehicle and related equipment will be purchased in 2008.

Justification:

This project is justified based on the need to maintain vehicles and major equipment functionality and provide safe, reliable tools and equipment, driven by a strategic vehicle replacement program.

The strategic vehicle replacement program will replace aging vehicles in an even fashion avoiding sudden increases in capital acquisitions. Norfolk Power's historical practice has been to replace large vehicles every 10 years and small vehicles every 5 years.

Norfolk Power's vehicle replacement process considers the following criteria:

- Vehicle operational condition (# of repairs and cost during the previous years);
- Vehicle safety;
- Mileage & age;
- Department needs; and
- Replacement of vehicles before they become costly to repair, uneconomic and unsafe to operate.

The vehicle replacement program is based on annual condition surveys and life cycle planning. Surveys and checklists to detail problems, deficient conditions and maintenance needs are maintained as part of the vehicle preventative program.

New vehicles and equipment support productivity through innovation, improve crew response time, reduce fuel costs, lower maintenance costs, and increase environmental responsibility through fuel reduction and alternate fuel usage.

Norfolk Power Distribution Inc.

Tool and Equipment replacement supports a safe working environment, which reduces costs from lost time accidents caused by equipment failure and maintain productivity.

Projected Expenditures:

The table below summarizes the projected 2008 fleet expenditures:

Expenditures	Number of Units	2008
Vehicles	1	\$80,000
Equipment & Tools		\$15,000
Total		\$95,000

The table below summarizes the 2006, 2007 and 2008 fleet expenditures:

Expenditures	2006	2007	2008
Vehicles	\$323,000	\$90,000	\$80,000
Equipment & Tools	\$15,000	\$5,000	\$15,000
Total	\$338,000	\$95,000	\$95,000

• **TOOLS AND EQUIPMENT**

Capital replacement of tools and equipment supports a safe work environment by replacing tools and equipment in a timely manner and addresses newer more ergonomically friendly tools.

Tools, Shop and Garage Equipment

	2005	2006	2007	2008
Total	\$128,000	\$49,500	\$33,000	\$32,000

Measurement and Testing Equipment

	2005	2006	2007	2008
Total	\$84,400	\$25,400	\$22,000	\$25,500

Miscellaneous Equipment

	2005	2006	2007	2008
Total	\$58,000	\$33,000	\$17,000	\$22,500

Norfolk Power Distribution Inc.

- **SUPERVISORY CONTROL AND DATA ACQUISITION (SCADA)**

Total 2008 Capital Budget: \$92,000

Description:

This project provides for replacement of control equipment, which includes computer hardware and software, used for the purpose of the remote operation and control of transformer and distribution stations.

Justification:

This project is justified to enhance system reliability and performance.

	2005	2006	2007	2008
Total	\$81,500	\$102,500	\$44,000	\$92,000

- **BUILDINGS AND FIXTURES – SERVICE CENTRE**

Total 2008 Capital Budget: \$108,400

Description:

This project provides for renovations and upgrades to the Applicant's service centre. The facility is of vintage design and construction. The highlights of include improving air quality in the garage and stores sections, install security cameras for 24-hour surveillance and replacing deteriorated carpet.

Justification:

This project is justified to enhance the safety and work environment for staff.

	2006	2007	2008 Test
	Budget	Bridge	
Total	\$20,000	\$167,000	\$108,400

Norfolk Power Distribution Inc.

CAPITALIZATION POLICY

Norfolk Power Distribution Inc. adopts the following practice and principles with respect to capitalizing property, plant and equipment, including intangibles. This is consistent with the Board's Accounting Procedures Handbook Article 410.

Asset Classification

In general, CICA Handbook paragraph 1000.29 defines assets as economic resources controlled by an entity as a result of past transactions or events and from which future economic benefits may be obtained. Assets have three essential characteristics:

- a) they embody a future benefit that involves a capacity, singly or in combination with other assets, in the case of profit-oriented enterprises, to contribute directly or indirectly to future net cash flows, and, in the case of not-for-profit organizations, to provide services;
- b) the entity can control access to the benefit; and
- c) the transaction or event giving rise to the entity's right to, or control of, the benefit has already occurred.

In addition, in identifying a benefit, there must be:

- a) an ability to earn income or supply a service;
- b) a reasonable expectation that the benefit will be provided in future periods; and
- c) the future period must be identifiable and greater than one year.

The CICA Handbook specifically defines property, plant and equipment as identifiable assets comprising of property, plant and equipment and intangible properties that meet all of the following criteria:

- a) are held for use in the production or supply of goods and services, for rental to others, for administrative purposes or for the development, construction, maintenance or repair of other property, plant and equipment.
- b) have been acquired, constructed or developed with the intention of being used on a continuing basis; and
- c) are not intended for sale in the ordinary course of business (CICA s.3061.04).

In summary, in order for an expenditure to qualify as a tangible asset, it should meet both the definitions of an asset and of property, plant and equipment as discussed above.

Asset Recognition—Capitalization

In order to recognize property, plant and equipment (i.e. by capitalizing the related costs on the balance sheet versus expensing these costs to operations), an expenditure should, subject to materiality considerations, meet the definitions of an asset and property, plant and equipment (as discussed above under the heading "Asset Classification").

Norfolk Power Distribution Inc.

In regard to whether to capitalize intangible property costs, the CICA Handbook states that the degree of certainty as to future benefits to be derived from costs attributable to developing intangible property varies, and in many cases, the expected future benefits may be too uncertain to justify asset recognition. However, when future benefits are reasonably assured, such costs should be capitalized (subject to materiality considerations) (CICA s.3061.23).

Norfolk Power Distribution Inc.

WORKING CAPITAL ALLOWANCE CALCULATION BY ACCOUNT

WORKING CAPITAL ALLOWANCE CALCULATION BY ACCOUNT	2006		Allowance for Working Capital	2007		Allowance for Working Capital	2008 Test		Allowance for Working Capital
	Actual	15%		Bridge	15%		2008 Test	15%	
Operation (Working Capital)									
5005-Operation Supervision and Engineering	189,121	15%	28,368	145,000	15%	21,750	146,305	15%	21,946
5010-Load Dispatching	236,060	15%	35,409	300,000	15%	45,000	302,700	15%	45,405
5012-Station Buildings and Fixtures Expense	1,199	15%	180	35,000	15%	5,250	35,315	15%	5,297
5014-Transformer Station Equipment - Operation Labour	486	15%	73	17,500	15%	2,625	17,658	15%	2,649
5015-Transformer Station Equipment - Operation Supplies and Expenses	0	15%	0	2,000	15%	300	2,018	15%	303
5016-Distribution Station Equipment - Operation Labour	12,983	15%	1,947	49,000	15%	7,350	49,441	15%	7,416
5017-Distribution Station Equipment - Operation Supplies and Expenses	3,990	15%	599	16,000	15%	2,400	16,144	15%	2,422
5020-Overhead Distribution Lines and Feeders - Operation Labour	55,751	15%	8,363	131,500	15%	19,725	132,684	15%	19,903
5025-Overhead Distribution Lines & Feeders - Operation Supplies and Expenses	28,478	15%	4,272	9,000	15%	1,350	9,081	15%	1,362
5030-Overhead Subtransmission Feeders - Operation	0	15%	0	0	15%	0	0	15%	0
5035-Overhead Distribution Transformers- Operation	1,418	15%	213	6,000	15%	900	6,054	15%	908
5040-Underground Distribution Lines and Feeders - Operation Labour	1,605	15%	241	110,000	15%	16,500	110,990	15%	16,649
5045-Underground Distribution Lines & Feeders - Operation Supplies & Expenses	372	15%	56	1,000	15%	150	1,009	15%	151
5050-Underground Subtransmission Feeders - Operation	0	15%	0	0	15%	0	0	15%	0
5055-Underground Distribution Transformers - Operation	605	15%	91	1,000	15%	150	1,009	15%	151
5060-Street Lighting and Signal System Expense	0	15%	0	0	15%	0	0	15%	0
5065-Meter Expense	190,739	15%	28,611	199,000	15%	29,850	200,791	15%	30,119
5070-Customer Premises - Operation Labour	300	15%	45	0	15%	0	0	15%	0
5075-Customer Premises - Materials and Expenses	0	15%	0	0	15%	0	0	15%	0
5085-Miscellaneous Distribution Expense	5,544	15%	832	142,000	15%	21,300	143,278	15%	21,492
5090-Underground Distribution Lines and Feeders - Rental Paid	0	15%	0	0	15%	0	0	15%	0
5095-Overhead Distribution Lines and Feeders - Rental Paid	26,521	15%	3,978	33,000	15%	4,950	33,297	15%	4,995
5096-Other Rent	2,350	15%	353	0	15%	0	0	15%	0
Sub-Total	757,524		113,629	1,197,000		179,550	1,207,773		181,166

Norfolk Power Distribution Inc.

Maintenance (Working Capital)

5105-Maintenance Supervision and Engineering	46,118	15%	6,918	107,500	15%	16,125	108,468	15%	16,270
5110-Maintenance of Buildings and Fixtures - Distribution Stations	7,776	15%	1,166	71,500	15%	10,725	72,144	15%	10,822
5112-Maintenance of Transformer Station Equipment	7,157	15%	1,074	36,000	15%	5,400	36,324	15%	5,449
5114-Maintenance of Distribution Station Equipment	54,766	15%	8,215	139,000	15%	20,850	140,251	15%	21,038
5120-Maintenance of Poles, Towers and Fixtures	36,578	15%	5,487	37,000	15%	5,550	37,333	15%	5,600
5125-Maintenance of Overhead Conductors and Devices	124,101	15%	18,615	122,000	15%	18,300	123,098	15%	18,465
5130-Maintenance of Overhead Services	26,909	15%	4,036	21,000	15%	3,150	21,189	15%	3,178
5135-Overhead Distribution Lines and Feeders - Right of Way	233,095	15%	34,964	265,000	15%	39,750	267,385	15%	40,108
5145-Maintenance of Underground Conduit	57	15%	9	0	15%	0	0	15%	0
5150-Maintenance of Underground Conductors and Devices	5,155	15%	773	7,000	15%	1,050	7,063	15%	1,059
5155-Maintenance of Underground Services	10,422	15%	1,563	12,000	15%	1,800	12,108	15%	1,816
5160-Maintenance of Line Transformers	65,038	15%	9,756	81,000	15%	12,150	81,729	15%	12,259
5165-Maintenance of Street Lighting and Signal Systems	0	15%	0	0	15%	0	0	15%	0
5170-Sentinel Lights - Labour	0	15%	0	0	15%	0	0	15%	0
5172-Sentinel Lights - Materials and Expenses	0	15%	0	0	15%	0	0	15%	0
5175-Maintenance of Meters	24,234	15%	3,635	26,000	15%	3,900	26,234	15%	3,935
5178-Customer Installations Expenses- Leased Property	0	15%	0	0	15%	0	0	15%	0
5185-Water Heater Rentals - Labour	0	15%	0	0	15%	0	0	15%	0
5186-Water Heater Rentals - Materials and Expenses	0	15%	0	0	15%	0	0	15%	0
5190-Water Heater Controls - Labour	0	15%	0	0	15%	0	0	15%	0
5192-Water Heater Controls - Materials and Expenses	0	15%	0	0	15%	0	0	15%	0
5195-Maintenance of Other Installations on Customer Premises	0	15%	0	0	15%	0	0	15%	0
Sub-Total	641,405		96,211	925,000		138,750	933,325		139,999

Billing and Collections

5305-Supervision	76,722	15%	11,508	75,500	15%	11,325	76,180	15%	11,427
5310-Meter Reading Expense	192,435	15%	28,865	201,500	15%	30,225	203,314	15%	30,497
5315-Customer Billing	420,184	15%	63,028	507,000	15%	76,050	511,563	15%	76,734
5320-Collecting	206,085	15%	30,913	223,000	15%	33,450	225,007	15%	33,751
5325-Collecting- Cash Over and Short	0	15%	0	0	15%	0	0	15%	0
5330-Collection Charges	-88,318	15%	-13,248	-70,000	15%	-10,500	-70,630	15%	-10,595
5335-Bad Debt Expense	63,170	15%	9,475	120,000	15%	18,000	121,080	15%	18,162
5340-Miscellaneous Customer Accounts Expenses	7,083	15%	1,062	7,000	15%	1,050	7,063	15%	1,059
Sub-Total	877,361		131,604	1,064,000		159,600	1,073,576		161,036

Norfolk Power Distribution Inc.

Community Relations

5405-Supervision	0	15%	0	0	15%	0	0	15%	0
5410-Community Relations - Sundry	10,832	15%	1,625	10,000	15%	1,500	10,090	15%	1,514
5415-Energy Conservation	125,766	15%	18,865	68,000	15%	10,200	68,612	15%	10,292
5420-Community Safety Program	5,225	15%	784	10,000	15%	1,500	10,090	15%	1,514
5425-Miscellaneous Customer Service and Informational Expenses	8,112	15%	1,217	8,000	15%	1,200	8,072	15%	1,211
5505-Supervision	0	15%	0	0	15%	0	0	15%	0
5510-Demonstrating and Selling Expense	0	15%	0	0	15%	0	0	15%	0
5515-Advertising Expense	0	15%	0	0	15%	0	0	15%	0
5520-Miscellaneous Sales Expense	0	15%	0	0	15%	0	0	15%	0
Sub-Total	149,934		22,490	96,000		14,400	96,864		14,530

Administrative and General Expenses

5605-Executive Salaries and Expenses	154,530	15%	23,179	155,000	15%	23,250	156,395	15%	23,459
5610-Management Salaries and Expenses	0	15%	0	0	15%	0	0	15%	0
5615-General Administrative Salaries and Expenses	393,755	15%	59,063	454,000	15%	68,100	458,086	15%	68,713
5620-Office Supplies and Expenses	146,657	15%	21,999	166,000	15%	24,900	167,494	15%	25,124
5625-Administrative Expense Transferred Credit	0	15%	0	0	15%	0	0	15%	0
5630-Outside Services Employed	76,097	15%	11,415	77,000	15%	11,550	77,693	15%	11,654
5635-Property Insurance	25,968	15%	3,895	31,000	15%	4,650	31,279	15%	4,692
5640-Injuries and Damages	39,962	15%	5,994	37,000	15%	5,550	37,333	15%	5,600
5645-Employee Pensions and Benefits	43,201	15%	6,480	42,000	15%	6,300	42,378	15%	6,357
5650-Franchise Requirements	0	15%	0	0	15%	0	0	15%	0
5655-Regulatory Expenses	27,884	15%	4,183	95,000	15%	14,250	95,855	15%	14,378
5660-General Advertising Expenses	4,215	15%	632	5,000	15%	750	5,045	15%	757
5665-Miscellaneous General Expenses	75,676	15%	11,351	86,000	15%	12,900	86,774	15%	13,016
5670-Rent	0	15%	0	0	15%	0	0	15%	0
5675-Maintenance of General Plant	185,553	15%	27,833	165,000	15%	24,750	166,485	15%	24,973
5680-Electrical Safety Authority Fees	8,197	15%	1,230	14,000	15%	2,100	14,126	15%	2,119
5685-Independent Market Operator Fees and Penalties	0	15%	0	0	15%	0	0	15%	0
5695-Smart Meter OM&A Contra	0	15%	0	0	15%	0	362,000	15%	54,300
Sub-Total	1,181,696		177,254	1,327,000		199,050	1,700,943		255,141

Taxes Other than Income Taxes

6105-Taxes Other than Income Taxes	66,370	15%	9,956	85,000	15%	12,750	85,765	15%	12,865
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Norfolk Power Distribution Inc.

Sub-Total	66,370		9,956		85,000		12,750		85,765		12,865
Cost of Power											
4705-Power Purchased	21,098,843	15%	3,164,826	15%	21,731,808	15%	3,259,771	15%	23,963,786	15%	3,594,568
4708-Charges-WMS	1,614,006	15%	242,101	15%	1,662,427	15%	249,364	15%	1,833,167	15%	274,975
4710-Cost of Power Adjustments	0	15%	0	15%	0	15%	0	15%	0	15%	0
4712-Charges-One-Time	0	15%	0	15%	0	15%	0	15%	0	15%	0
4714-Charges-NW	1,940,042	15%	291,006	15%	1,998,243	15%	299,736	15%	2,203,474	15%	330,521
4716-Charges-CN	1,206,852	15%	181,028	15%	1,243,058	15%	186,459	15%	1,370,727	15%	205,609
4730-Rural Rate Assistance Expense	403,108	15%	60,466	15%	415,201	15%	62,280	15%	457,845	15%	68,677
4750-LV Charges Costs	231,386	15%	34,708	15%	371,652	15%	55,748	15%	371,652	15%	55,748
5685-Independent Market Operator Fees and Penalties	0	15%	0	15%	0	15%	0	15%	0	15%	0
Sub-Total	26,494,236		3,974,135		27,422,388		4,113,358		30,200,651		4,530,098
Total	30,168,525				32,116,388				35,298,897		
WORKING CAPITAL ALLOWANCE TOTAL			4,525,279		4,817,458				5,294,835		

Norfolk Power Distribution Inc.

<u>Ex.</u>	<u>Tab</u>	<u>Schedule</u>	<u>Contents of Schedule</u>
<u>3 - Distribution Revenue</u>			
	1	1	Overview of Distribution Revenue
		2	Summary of Distribution Revenue Table
		3	Variance Analysis on Distribution Revenue
	2		Throughput Revenue
		1	Weather Normalized Forecasting Methodology
		2	Normalized Volume Forecast Table
		3	Historical Average Consumption
	3		Other Revenue
		1	Other Distribution Revenue
		2	Materiality Analysis on Other Distribution Revenue
		3	Rate of Return on Other Distribution Revenue
		4	Distribution Revenue Data
	4		Revenue Sharing
		1	Description of Revenue Sharing

Norfolk Power Distribution Inc.

OVERVIEW OF DISTRIBUTION REVENUE

This exhibit provides the details on the Applicant's Distribution Revenues for Historical, Historical Board Approved, Bridge year and Test years. This exhibit also provides a variance analysis by rate class of the Distribution Revenue components.

Throughput Revenue

Information related to the utility's throughput revenue include details such as weather normalized forecasting methodology, normalized volume and customer counts forecast tables.

Other Revenue

Other revenues include revenues such as Late Payment Charges, Miscellaneous Service Revenues and Retail Services Revenues. A summary of these Distribution Revenues is presented in Exhibit 3, Tab 3, Schedule 1.

Norfolk Power Distribution Inc.

SUMMARY OF DISTRIBUTION REVENUE TABLE

	2006 Board Approved (\$'s)	2006 Actual (\$'s)	Variance from 2006 Board Approved (\$'s)	2006 Actual (\$'s)	2007 Bridge (\$'s)	Variance from 2006 Actual (\$'s)	2007 Bridge (\$'s)	2008 Test (\$'s)	Variance from 2007 Bridge (\$'s)
<u>Distribution Revenues</u>									
Residential	6,371,339	5,276,086	(1,095,253)	5,276,086	5,850,371	574,285	5,850,371	7,775,876	1,925,505
General Service Less Than 50 kW	1,960,771	1,587,434	(373,337)	1,587,434	1,710,641	123,207	1,710,641	2,340,871	630,230
General Service 50 to 4,999 kW	1,898,309	1,329,554	(568,754)	1,329,554	1,408,326	78,772	1,408,326	2,041,724	633,397
Unmetered Scattered Load	20,011	17,187	(2,824)	17,187	17,088	(99)	17,088	24,535	7,447
Sentinel Lighting	11,107	6,824	(4,283)	6,824	7,651	827	7,651	30,669	23,018
Street Lighting	64,140	48,737	(15,402)	48,737	46,111	(2,626)	46,111	122,677	76,566
	10,325,676	8,265,822	(2,059,854)	8,265,822	9,040,187	774,366	9,040,187	12,336,352	3,296,165
<u>Other Distribution Revenue</u>									
Specific Service Charges	249,425	243,697	(5,728)	243,697	243,800	103	243,800	243,800	-
Late Payment Charges	89,838	101,469	11,631	101,469	101,500	31	101,500	101,500	-
Other Distribution Revenue	7,200	9,900	2,700	9,900	10,000	100	10,000	10,000	-
Other Income and Deductions	151,899	326,466	174,567	326,466	108,700	(217,766)	108,700	108,700	-
	498,362	681,532	183,170	681,532	464,000	(217,532)	464,000	464,000	-
TOTAL	10,824,038	8,947,354	(1,876,684)	8,947,354	9,504,187	556,833	9,504,187	12,800,352	3,296,165

Norfolk Power Distribution Inc.

VARIANCE ANALYSIS ON DISTRIBUTION REVENUE

2008 Test Year

The Applicant's total Distribution Revenue including Other Distribution Revenues is forecast to be \$12,800,352 for Fiscal 2008, as shown in Exhibit 3, Tab 1, Schedule 2. Distribution revenue totals \$12,336,352 or 96% of total revenues. Other Distribution Revenues account for the remaining revenue of \$464,000.

Comparison to 2007 Bridge Year

As shown in Exhibit 3, Tab 1, Schedule 2, the total Distribution Revenue is expected to be \$3,296,165 or 34.7% above the bridge year level in fiscal 2007.

2007 Bridge Year

The Applicant's total Distribution Revenue is forecast to be \$9,504,187 for Bridge 2007, as shown in Exhibit 3, Tab 1, Schedule 2. Distribution revenue totals \$9,040,187 or 95% of total revenues. Other Distribution Revenues account for the remaining revenue of \$464,000

Comparison to Fiscal 2006 Actual

As shown in Exhibit 3, Tab 1, Schedule 2, the Distribution Revenue is expected to be \$556,833 or 6% above the bridge year level in actual 2006.

2006 Actual

The Applicant total Distribution Revenue for 2006 actual was \$8,947,354, as shown in Exhibit 3, Tab 1, Schedule 2. Distribution revenue totals \$8,265,822 or 92% of total revenues. Other Distribution Revenues account for the remaining revenue of \$681,532.

Comparison to 2006 Board Approved

As shown in Exhibit 3, Tab 1, Schedule 2, the total Distribution Revenue was (\$1,876,684) below the bridge year level in actual 2006.

Norfolk Power Distribution Inc.

2006 Board Approved

The Applicant total Distribution Revenue for 2006 Board Approved was \$10,824,038, as shown in Exhibit 3, Tab 1, Schedule 2. Distribution revenue totals \$10,325,676 or 95% of total revenues. Other Distribution Revenues account for the remaining revenue of \$498,362.

Norfolk Power Distribution Inc.

WEATHER NORMALIZED FORECASTING METHODOLOGY

This exhibit discusses the methodology used to determine The Applicant's customer and load forecast. A projection for the number of customers in each customer class is provided for both the Bridge Year (2007) and the Test Year (2008). Historical data for the annual number of customers in each rate class is available for 2002 through to 2006. As a result of the limited amount of data available for the period prior to 2002, time series techniques that are often used to help estimate forecast values cannot be used. Rather, the Applicant has used a simple trend growth in customer connections, by class, to forecast Bridge and Test Year customer numbers. Given the slow growth in customer numbers in the Applicant's service territory over the past five years, the resulting customer forecast is likely not materially different than what would result from using more sophisticated time series techniques. In recent history, there has been very little year-to-year variation in customer growth by class. Historical and forecast customer numbers, by class, are displayed in the next section.

As required by the OEB Filing Requirements for Transmission and Distribution Applications, we are providing normalized historical and forecast (Bridge Year and Test Year) throughput data. Weather normalization (where required) is based on normalized average use per customer ("NAC") calculated from the weather-normalized throughput of the utility from 2004. This weather-normalized throughput was generated by Hydro One using their weather normalization model for the Cost Allocation process previously undertaken by the Board. The process to obtain these weather normal data was an intensive effort for all parties involved, and we are leveraging the value of this work by using it for this process.

Norfolk Power Distribution Inc.

Customer Forecast

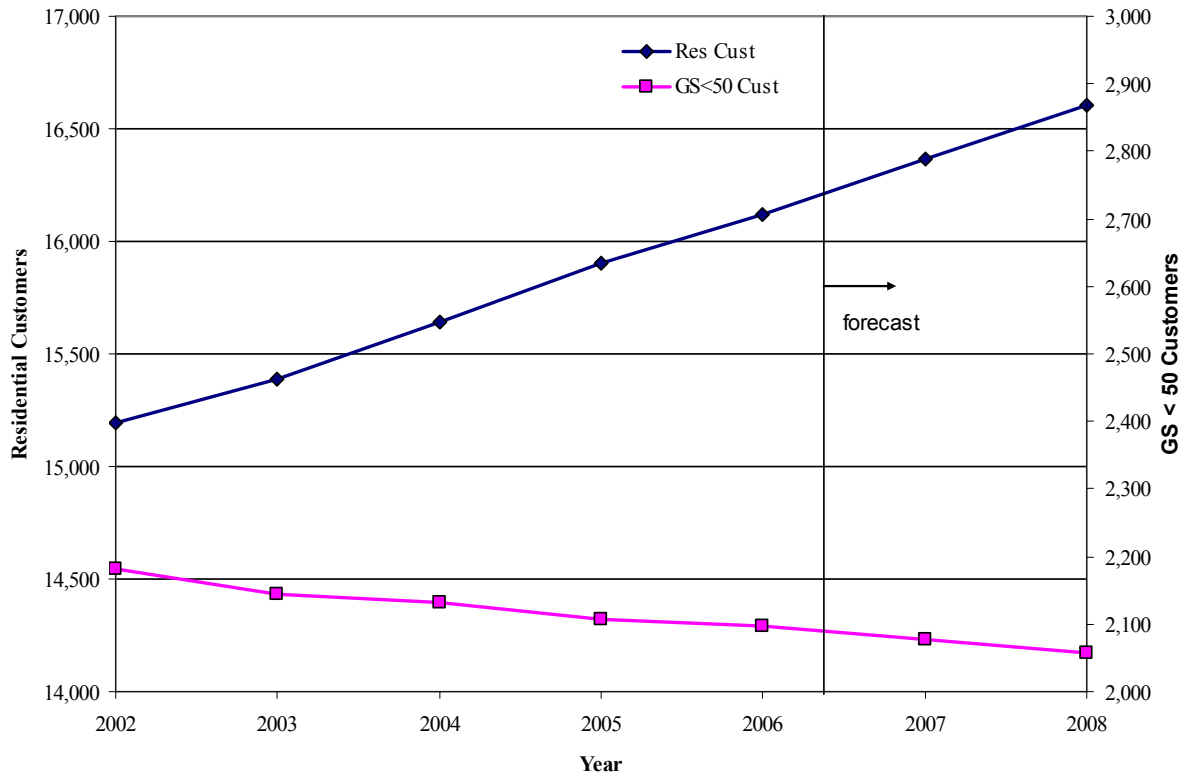
The following table presents historical and forecast customer/connection numbers, by class, for the Applicant.

	2002	2003	2004	2005	2006	Bridge Year 2007	Test Year 2008
Residential	15,197	15,385 <i>1.0124</i>	15,640 <i>1.0166</i>	15,905 <i>1.0169</i>	16,123 <i>1.0137</i>	16,363 <i>1.0149</i>	16,607
General Service Less Than 50 kW	2,181	2,144 <i>0.9830</i>	2,132 <i>0.9944</i>	2,107 <i>0.9883</i>	2,098 <i>0.9957</i>	2,078 <i>0.9903</i>	2,058
General Service 50 to 4,999 kW	150	166 <i>1.1067</i>	160 <i>0.9639</i>	159 <i>0.9938</i>	163 <i>1.0252</i>	165 <i>1.0093</i>	166
Sentinel Lighting (connections)	389	380 <i>0.9769</i>	400 <i>1.0526</i>	400 <i>1.0000</i>	400 <i>1.0000</i>	400	400
Street Lighting (connections)	3,750	3,749 <i>0.9997</i>	3,800 <i>1.0136</i>	3,800 <i>1.0000</i>	3,050 <i>0.8026</i>	3,070	3,091
Unmetered Scattered Load (connections)	50	51 <i>1.0200</i>	51 <i>1.0000</i>	51 <i>1.0000</i>	51 <i>1.0000</i>	51	51

From 2002 to 2006 the annual percentage growth rate is presented below the customer numbers. For Residential and General Service Less Than 50 kW classes, the 2007 and 2008 customer numbers represents the annual average geometric mean growth rate for 2002 to 2006. For the General Service 50 to 4,999 kW class the growth rate from 2004 to 2006 was used to forecast the customer numbers for this class for 2007 and 2008. For Sentinel Lighting and Unmetered Scattered Load classes the Applicant does not expect any additional activity in these classes for 2007 and 2008. As a result, the 2006 connection numbers were maintain for these classes. For Street Lighting, in 2006 the Applicant physically counted the number of street lights served. This reduced the number of actual street lights in 2006. For the 2007 and 2008 forecast, the number of street light connections represents the Applicants expected growth in this class from the 2006 actual number.

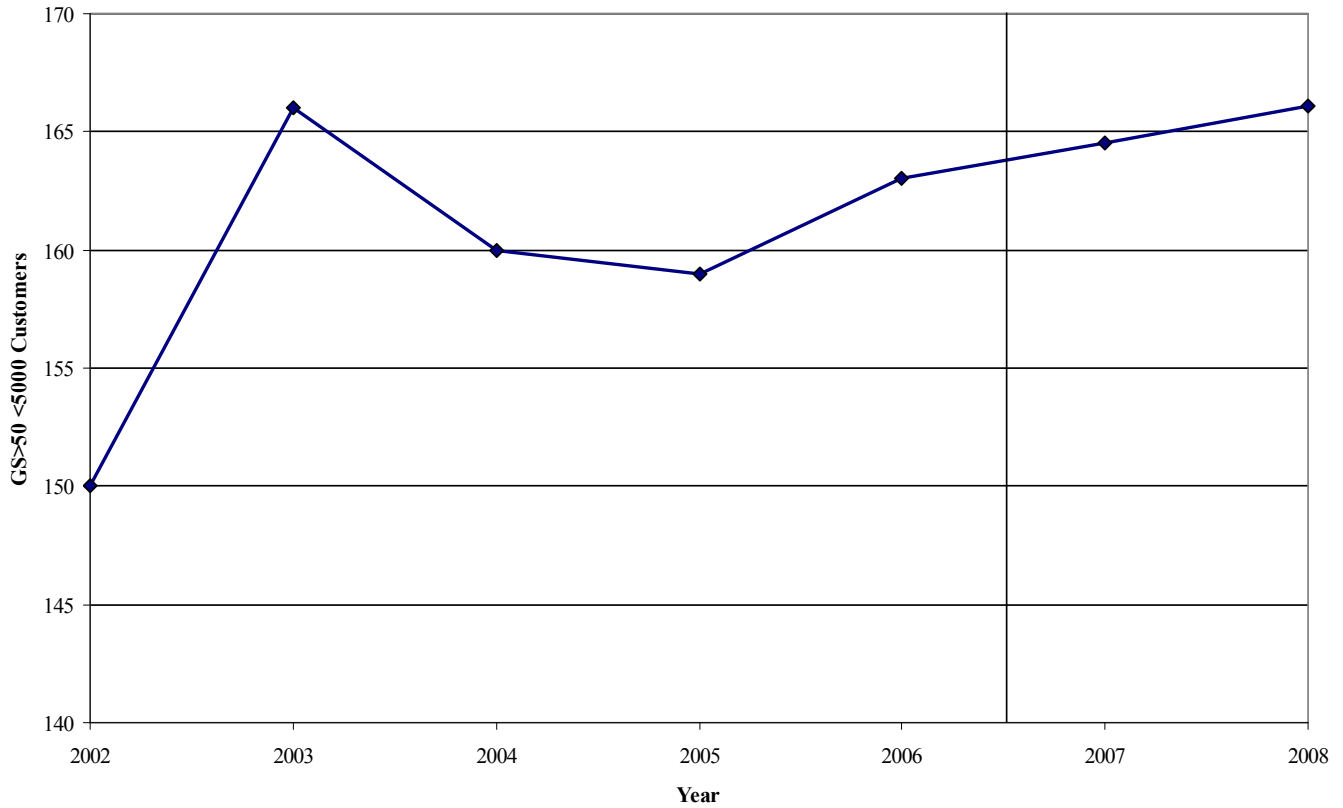
Norfolk Power Distribution Inc.

Actual and Forecast Customers



Norfolk Power Distribution Inc.

Actual and Forecast Customers



The General Service 50 to 4,999 kW, Sentinel Lighting and Street Lighting classes are billed based on demand charges and require an estimate of billed kW. Billed kW is estimated based on a load factor calculated using a ratio of historical billed kW to historical retail kWh, by class. The following table summarizes the results of the Applicant's customer and load forecast.

Norfolk Power Distribution Inc.

<u>Norfolk Power</u>		Historical Actual	Historical Board Approved	Historical Actual Normalized	Bridge Year -Est.	Bridge Year Estimate Normalized	Test Year Normalized Forecast
Year		2006	2004	2006	2007	2007	2008
Customer Class							
Residential	Customers	16,123	15,686	16,123	16,363	16,363	16,607
	Consumption - kWh	139,960,236	138,382,016	143,150,695	142,045,233	145,283,221	147,447,515
General Service Less Than 50 kW	Customers	2,098	2,069	2,098	2,078	2,078	2,058
	Consumption - kWh	63,242,003	64,089,807	65,337,266	62,631,537	64,706,575	64,081,972
General Service 50 to 4,999 kW	Customers	163	161	163	165	165	166
	Consumption - kWh	174,720,116	146,755,138	175,461,587	176,683,010	177,431,400	189,745,291
	Demand - KW	371,396	434,026	372,972	374,862	377,159	403,334
Sentinel Lights	Connections	400	400	400	400	400	400
	Consumption - kWh	342,469	314,278	342,469	342,469	342,469	342,469
	Demand - KW	345	1,034	345	345	345	345
Street Lighting	Connections	3,050	3,800	3,050	3,070	3,070	3,091
	Consumption - kWh	3,060,430	3,279,050	3,060,430	3,080,765	3,080,765	3,101,236
	Demand - KW	9,353	10,789	9,353	9,415	9,415	9,478
Unmetered Scattered Load	Customers	51	51	51	51	51	51
	Consumption - kWh	406,396	371,668	406,396	406,396	406,396	406,396

Norfolk Power Distribution Inc.

NORMALIZED VOLUME FORECAST TABLE

Rate Classes	2006 Board Approved	2006 Actual Normalized	Variance form 2006 Board Approved	2006 Actual Normalized	2007 Bridge Normalized	Variance form 2006 Actual Normalized	2007 Bridge Normalized	2008 Test Normalized	Variance form 2007 Actual
Residential General Service Less Than 50 kW	138,382,016	143,150,695	4,768,679	143,150,695	145,283,221	2,132,526	145,283,221	147,447,515	2,164,294
General Service 50 to 4,999 kW	64,089,807	65,337,266	1,247,460	65,337,266	64,706,575	(630,691)	64,706,575	64,081,972	(624,603)
Unmetered Scattered Load Sentinel Lighting	371,668	406,396	34,728	406,396	406,396	-	406,396	406,396	-
Street Lighting	314,278	342,469	28,191	342,469	342,469	-	342,469	342,469	-
Total	3,279,050	3,060,430	(218,620)	3,060,430	3,080,765	20,335	3,080,765	3,101,236	20,470
Total	353,191,958	387,758,843	34,566,886	387,758,843	391,250,826	3,491,983	391,250,826	405,124,879	13,874,053

Norfolk Power Distribution Inc.**HISTORICAL AVERAGE CONSUMPTION****Residential**

<u>Year</u>	<u>Weather Actual</u>	<u>Weather Normalized</u>	<u>Difference</u>	<u>Actual % Diff</u>
2002	134,772,689	N/A		
2003	137,538,000	N/A		
2004	136,303,616	138,382,016	2,078,400	1.52%
2005	144,724,830	N/A		
2006	139,960,236	143,150,695	3,190,459	2.28%
2007	142,045,233	145,283,221	3,237,988	2.28%
2008	N/A	147,447,515		

General Service Less Than 50 kW

<u>Year</u>	<u>Weather Actual</u>	<u>Weather Normalized</u>	<u>Difference</u>	<u>Actual % Diff</u>
2002	65,267,007	N/A		
2003	64,851,585	N/A		
2004	65,494,939	64,089,807	(1,405,132)	-2.15%
2005	66,635,465	N/A		
2006	63,242,003	65,337,266	2,095,263	3.31%
2007	62,631,537	64,706,575	2,075,038	3.31%
2008	N/A	64,081,972		

General Service 50 to 4,999 kW

<u>Year</u>	<u>Weather Actual</u>	<u>Weather Normalized</u>	<u>Difference</u>	<u>Actual % Diff</u>
2002	138,361,916	N/A		
2003	142,885,583	N/A		
2004	146,981,638	146,755,138	(226,500)	-0.15%
2005	144,362,624	N/A		
2006	174,720,116	175,461,587	741,471	0.42%

Norfolk Power Distribution Inc.

2007	176,683,010	177,431,400	748,390	0.42%
2008	N/A	189,745,291		

Sentinel Lighting

<u>Year</u>	<u>Weather Actual</u>	<u>Weather Normalized</u>	<u>Difference</u>	<u>Actual % Diff</u>
2002	304,353	N/A		
2003	309,564	N/A		
2004	303,660	314,278	10,618	3.50%
2005	306,916	N/A		
2006	342,469	342,469	-	0.00%
2007	342,469	342,469	-	0.00%
2008	N/A	342,469		

Street Lighting

<u>Year</u>	<u>Weather Actual</u>	<u>Weather Normalized</u>	<u>Difference</u>	<u>Actual % Diff</u>
2002	2,793,818	N/A		
2003	3,461,352	N/A		
2004	3,497,643	3,279,050	(218,593)	-6.25%
2005	3,409,153	N/A		
2006	3,060,430	3,060,430	-	0.00%
2007	3,080,765	3,080,765	-	0.00%
2008	N/A	3,101,236		

Unmetered Scattered Load

<u>Year</u>	<u>Weather Actual</u>	<u>Weather Normalized</u>	<u>Difference</u>	<u>Actual % Diff</u>
2002	231,982	N/A		
2003	471,986	N/A		
2004	406,396	371,668	(34,728)	-8.55%
2005	406,396	N/A		

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2006	406,396	406,396	-	0.00%
2007	406,396	406,396	-	0.00%
2008	N/A	406,396		

Norfolk Power Distribution Inc.**OTHER DISTRIBUTION REVENUE****Other Distribution Revenue**

Specific Service Charges	249,425	243,697	(5,728)	243,697	243,800	103	243,800	243,800	-
Late Payment Charges	89,838	101,469	11,631	101,469	101,500	31	101,500	101,500	-
Other Distribution Revenue	7,200	9,900	2,700	9,900	10,000	100	10,000	10,000	-
Other Income and Deductions	151,899	326,466	174,567	326,466	108,700	(217,766)	108,700	108,700	-
	498,362	681,532	183,170	681,532	464,000	(217,532)	464,000	464,000	-

Norfolk Power Distribution Inc.

MATERIALITY ANALYSIS ON OTHER DISTRIBUTION REVENUES

The materiality threshold of 1% based on 2006 Board Approved base revenue requirement equals (1% x \$10,197,262) or \$101,973. The following represents Revenue accounts that exceed the materiality threshold.

2006 Board Approved VS 2006 Actual

Revenue Account	2006 Board Approved	2006 Actual	Variance
4405-Income from Dividend	\$ 122,178.00	\$ 267,805	\$ 145,627

Recovery of Regulatory Assets were calculated incorrectly in 2004 and 2005 as per yearend audit. Therefore, adjustments were required to bring recovery accounts to correct balance as at December 31, 2006.

2006 Actual VS 2007 Bridge

Asset Account	2006 Actual	2007 Bridge	Variance
4405-Income from Dividend	\$ 267,805	\$ 50,000	\$(217,805)

Included in the 2007 Bridge year is interest revenue from bank account plus provision for carrying charges on regulatory asset balances. The adjustments from 2004 and 2005 have been excluded.

Norfolk Power Distribution Inc.

RATE OF RETURN ON OTHER DISTRIBUTION ACTIVITIES

In this application, the Applicant has applied for the same Specific Service Charges schedule previously approved in the 2007 Tariffs of Rates and Charges (EB-2007-0560). The Specific Service Charges schedule follows the OEB recommended charges and as such the Applicant has no further information related to the rate of return on non-core delivery activities.

Norfolk Power Distribution Inc.

DISTRIBUTION REVENUE DATA

<u>Board Approved (2004 Data)</u>						
	Customers	Consumption	Consumption	Distribution Revenues	Unit Revenues	Unit Revenues
	(Year-End)	(kWh)	(KW)	(\$)	\$/kWh	\$/KW
Residential	15,686	138,382,016	-	6,371,339	0.046	
General Service Less Than 50 kW	2,069	64,089,807	-	1,960,771	0.031	
General Service 50 to 4,999 kW	161	146,755,138	434,026	1,898,309		4.374
Unmetered Scattered Load	51	371,668	-	20,011	0.054	
Sentinel Lighting	400	314,278	1,034	11,107		10.742
Street Lighting	3,800	3,279,050	10,789	64,140		5.945
TOTAL	22,167	353,191,958	445,849	10,325,676		

<u>2006 Actual</u>						
	Customers	Consumption	Consumption	Distribution Revenues	Unit Revenues	Unit Revenues
	(Year-End)	(kWh)	(KW)	(\$)	\$/kWh	\$/KW
Residential	16,123	139,960,236	-	5,276,086	0.038	
General Service Less Than 50 kW	2,098	63,242,003	-	1,587,434	0.025	
General Service 50 to 4,999 kW	163	174,720,116	371,396	1,329,554		3.580
Unmetered Scattered Load	51	406,396	-	17,187	0.042	
Sentinel Lighting	400	342,469	345	6,824		19.780
Street Lighting	3,050	3,060,430	9,353	48,737		5.211
TOTAL	21,885	381,731,650	381,094	8,265,822		

<u>2007 Bridge - Projection</u>						
	Customers	Projected Consumption	Consumption	Distribution Revenues	Unit Revenues	Unit Revenues
	(Year-End)	(kWh)	(KW)	(\$)	\$/kWh	\$/KW
Residential	16,363	142,045,233	-	5,850,371	0.041	
General Service Less Than 50 kW	2,078	62,631,537	-	1,710,641	0.027	

Norfolk Power Distribution Inc.

General Service 50 to 4,999 kW	165	176,683,010	374,862	1,408,326		3.757
Unmetered Scattered Load	51	406,396	-	17,088	0.042	
Sentinel Lighting	400	342,469	345	7,651		22.176
Street Lighting	3,070	3,080,765	9,415	46,111		4.898
TOTAL	22,127	385,189,411	384,622	9,040,187		

	2008 Test - Projected					
	Customers	Projected Consumption	Consumption	Projected Base Revenue Requirement	Unit Revenues	Unit Revenues
	(Year-End)	(kWh)	(KW)	(\$)	\$/kWh	\$/KW
Residential	16,607	147,447,515	-	7,775,876	0.053	
General Service Less Than 50 kW	2,058	64,081,972	-	2,340,871	0.037	
General Service 50 to 4,999 kW	166	189,745,291	403,334	2,041,724		5.062
Unmetered Scattered Load	51	406,396	-	24,535	0.060	
Sentinel Lighting	400	342,469	345	30,669		88.897
Street Lighting	3,091	3,101,236	9,478	122,677		12.944
TOTAL	22,372	405,124,879	413,157	12,336,352		

Norfolk Power Distribution Inc.

DESCRIPTION OF REVENUE SHARING

The Applicant does not engage in revenue sharing.

Norfolk Power Distribution Inc.

<u>Ex.</u>	<u>Tab</u>	<u>Schedule</u>	<u>Contents of Schedule</u>
<u>4 - Operating Costs</u>			
	1		Overview
		1	Overview of Operating Costs
	2		OM&A and Other Costs
		1	OM&A Costs Table
		2	Materiality Analysis on OM&A Costs
		3	Shared Services
		4	Corporate Cost Allocation
		5	Purchase of Services
		6	Employee Description
		7	Loss Adjustment Factor Calculation
		8	Materiality Analysis on Distribution Losses
	3		Income Tax, Large Corporation Tax
		1	Tax Calculations
		2	Capital Cost Allowance (CCA)

Norfolk Power Distribution Inc.

OVERVIEW OF OPERATING COSTS

Operating Costs

The operating costs presented in this exhibit represent the annual expenditures required for to sustain the Applicant's Distribution Operations. The information presented in this exhibit is grouped into two different categories. The first category includes Operation, Maintenance & Administration (OM&A) and other Costs which include items such as Depreciation, Amortization and Shared Services. The depreciation rates outlined in Appendix B of the 2006 Rate Book were used in this application to determine depreciation expense. In addition, this category addresses the Loss Adjustment Factor.

The second category includes Income Tax and Ontario Capital Taxes.

OM&A Costs

The OM&A costs in this exhibit represents the Applicant's integrated set of asset maintenance and customer activity needs to meet public and employee safety objectives; to comply with the Distribution System Code, environmental requirements and Government direction; and to maintain distribution business service quality and reliability at targeted performance levels. These costs also include providing services to customers connected to the Applicant's Distribution system, and to meet the service levels stipulated in the Standard Supply Service Code and the Retailer Settlement Codes.

The proposed OM&A cost expenditures for the 2008 test year result from a business planning and work prioritization process that reflects risk-based decision making to ensure that the most appropriate, cost effective solutions are put in place.

OM&A expenditures (including depreciation), totaled \$6,667,509 in 2006 Board Approved, \$6,038,952 in 2006 Actual and are forecast to be \$7,696,780 in 2007 and \$8,306,708 in 2008.

Norfolk Power Distribution Inc.

Income Tax, Large Corporation Tax and Ontario Capital Taxes

This information consists of detailed calculations of income taxes, and indemnity payments to the Province. Details of the expenditures are filed at Exhibit 4, Tab 3, Schedule 1.

The Income Taxes, Large Corporation Taxes and Ontario Capital Taxes expenditures are forecasted to be \$522,237 in 2007 and \$1,053,527 in 2008.

Norfolk Power Distribution Inc.

OM&A COSTS TABLE

OM&A COSTS	2006 Board Approved	2006 Actual	Variance from 2006 Board Approved	2006 Actual	2007 Bridge	Variance from 2006 Actual	2007 Bridge	2008 Test	Variance from 2007 Bridge
Operation									
5005-Operation Supervision and Engineering	189,121	147,032	(42,089)	147,032	145,000	(2,032)	145,000	146,305	1,305
5010-Load Dispatching	236,060	178,859	(57,201)	178,859	300,000	121,141	300,000	302,700	2,700
5012-Station Buildings and Fixtures Expense	1,199	31,536	30,337	31,536	35,000	3,464	35,000	35,315	315
5014-Transformer Station Equipment - Operation Labour	486	1,877	1,391	1,877	17,500	15,623	17,500	17,658	158
5015-Transformer Station Equipment - Operation Supplies and Expenses	0	1,425	1,425	1,425	2,000	575	2,000	2,018	18
5016-Distribution Station Equipment - Operation Labour	12,983	65,514	52,531	65,514	49,000	(16,514)	49,000	49,441	441
5017-Distribution Station Equipment - Operation Supplies and Expenses	3,990	23,496	19,506	23,496	16,000	(7,496)	16,000	16,144	144
5020-Overhead Distribution Lines and Feeders - Operation Labour	55,751	161,117	105,366	161,117	131,500	(29,617)	131,500	132,684	1,184
5025-Overhead Distribution Lines & Feeders - Operation Supplies and Expenses	28,478	7,161	(21,318)	7,161	9,000	1,839	9,000	9,081	81
5030-Overhead Subtransmission Feeders - Operation	0	0	0	0	0	0	0	0	0
5035-Overhead Distribution Transformers- Operation	1,418	136	(1,282)	136	6,000	5,864	6,000	6,054	54
5040-Underground Distribution Lines and Feeders - Operation Labour	1,605	104,442	102,837	104,442	110,000	5,558	110,000	110,990	990

Norfolk Power Distribution Inc.

5045-Underground Distribution Lines & Feeders - Operation Supplies & Expenses	372	388	16	388	1,000	612	1,000	1,009	9
5050-Underground Subtransmission Feeders - Operation	0	0	0	0	0	0	0	0	0
5055-Underground Distribution Transformers - Operation	605	0	(605)	0	1,000	1,000	1,000	1,009	9
5060-Street Lighting and Signal System Expense	0	0	0	0	0	0	0	0	0
5065-Meter Expense	190,739	170,566	(20,174)	170,566	199,000	28,434	199,000	200,791	1,791
5070-Customer Premises - Operation Labour	300	624	323	624	0	(624)	0	0	0
5075-Customer Premises - Materials and Expenses	0	78	78	78	0	(78)	0	0	0
5085-Miscellaneous Distribution Expense	5,544	142,684	137,140	142,684	142,000	(684)	142,000	143,278	1,278
5090-Underground Distribution Lines and Feeders - Rental Paid	0	0	0	0	0	0	0	0	0
5095-Overhead Distribution Lines and Feeders - Rental Paid	26,521	36,090	9,569	36,090	33,000	(3,090)	33,000	33,297	297
5096-Other Rent	2,350	0	(2,350)	0	0	0	0	0	0
Sub-Total	757,524	1,073,025	315,501	1,073,025	1,197,000	123,975	1,197,000	1,207,773	10,773
									0
Maintenance									0
5105-Maintenance Supervision and Engineering	7,437	46,118	38,681	46,118	107,500	61,382	107,500	108,468	968
5110-Maintenance of Buildings and Fixtures - Distribution Stations	1,638	7,776	6,138	7,776	71,500	63,724	71,500	72,144	644
5112-Maintenance of Transformer Station Equipment	0	7,157	7,157	7,157	36,000	28,843	36,000	36,324	324
5114-Maintenance of Distribution Station Equipment	41,734	54,766	13,032	54,766	139,000	84,234	139,000	140,251	1,251
5120-Maintenance of Poles, Towers and Fixtures	44,938	36,578	(8,360)	36,578	37,000	422	37,000	37,333	333

Norfolk Power Distribution Inc.

5125-Maintenance of Overhead Conductors and Devices	166,177	124,101	(42,075)	124,101	122,000	(2,101)	122,000	123,098	1,098
5130-Maintenance of Overhead Services	56,748	26,909	(29,839)	26,909	21,000	(5,909)	21,000	21,189	189
5135-Overhead Distribution Lines and Feeders - Right of Way	209,110	233,095	23,985	233,095	265,000	31,905	265,000	267,385	2,385
5145-Maintenance of Underground Conduit	289	57	(232)	57	0	(57)	0	0	0
5150-Maintenance of Underground Conductors and Devices	35,237	5,155	(30,082)	5,155	7,000	1,845	7,000	7,063	63
5155-Maintenance of Underground Services	20,895	10,422	(10,473)	10,422	12,000	1,578	12,000	12,108	108
5160-Maintenance of Line Transformers	145,931	65,038	(80,893)	65,038	81,000	15,962	81,000	81,729	729
5165-Maintenance of Street Lighting and Signal Systems	0	0	0	0	0	0	0	0	0
5170-Sentinel Lights - Labour	0	0	0	0	0	0	0	0	0
5172-Sentinel Lights - Materials and Expenses	0	0	0	0	0	0	0	0	0
5175-Maintenance of Meters	17,479	24,234	6,754	24,234	26,000	1,766	26,000	26,234	234
5178-Customer Installations Expenses- Leased Property	0	0	0	0	0	0	0	0	0
5185-Water Heater Rentals - Labour	0	0	0	0	0	0	0	0	0
5186-Water Heater Rentals - Materials and Expenses	0	0	0	0	0	0	0	0	0
5190-Water Heater Controls - Labour	0	0	0	0	0	0	0	0	0
5192-Water Heater Controls - Materials and Expenses	0	0	0	0	0	0	0	0	0
5195-Maintenance of Other Installations on Customer Premises	0	0	0	0	0	0	0	0	0
Sub-Total	747,613	641,405	(106,208)	641,405	925,000	283,595	925,000	933,325	8,325
			0						0
Billing and Collections			0						0
5305-Supervision	69,276	76,722	7,445	76,722	75,500	(1,222)	75,500	76,180	680

Norfolk Power Distribution Inc.

5310-Meter Reading Expense	230,374	192,435	(37,939)	192,435	201,500	9,065	201,500	203,314	1,814
5315-Customer Billing	305,669	420,184	114,515	420,184	507,000	86,816	507,000	511,563	4,563
5320-Collecting	190,151	206,085	15,934	206,085	223,000	16,915	223,000	225,007	2,007
5325-Collecting- Cash Over and Short	0	0	0	0	0	0	0	0	0
5330-Collection Charges	(39,018)	(88,318)	(49,300)	(88,318)	(70,000)	18,318	(70,000)	(70,630)	(630)
5340-Miscellaneous Customer Accounts Expenses	100,416	7,083	(93,333)	7,083	7,000	(83)	7,000	7,063	63
Sub-Total	856,869	814,191	(42,678)	814,191	944,000	129,809	944,000	952,496	8,496
Community Relations									0
5405-Supervision	0	0	0	0	0	0	0	0	0
5410-Community Relations - Sundry	10,947	10,832	(116)	10,832	10,000	(832)	10,000	10,090	90
5415-Energy Conservation	563	125,766	125,203	125,766	68,000	(57,766)	68,000	68,612	612
5420-Community Safety Program	9,110	5,225	(3,886)	5,225	10,000	4,775	10,000	10,090	90
5425-Miscellaneous Customer Service and Informational Expenses	4,661	8,112	3,451	8,112	8,000	(112)	8,000	8,072	72
5505-Supervision	0	0	0	0	0	0	0	0	0
5510-Demonstrating and Selling Expense	0	0	0	0	0	0	0	0	0
5515-Advertising Expense	0	0	0	0	0	0	0	0	0
5520-Miscellaneous Sales Expense	0	0	0	0	0	0	0	0	0
Sub-Total	25,282	149,934	124,652	149,934	96,000	(53,934)	96,000	96,864	864
Bad Debt									
5335-Bad Debt Expense	109,377	63,170	(46,207)	63,170	120,000	56,830	120,000	121,080	1,080
Sub-Total	109,377	63,170	(46,207)	63,170	120,000	56,830	120,000	121,080	1,080
Property Insurance									
5635-Property Insurance	31,187	25,968	(5,219)	25,968	31,000	5,032	31,000	31,279	279
Sub-Total	31,187	25,968	(5,219)	25,968	31,000	5,032	31,000	31,279	279

General Advertising Expenses

Norfolk Power Distribution Inc.

5660-General Advertising Expenses	4,483	4,215	(268)	4,215	5,000	785	5,000	5,045	45
Sub-Total	4,483	4,215	(268)	4,215	5,000	785	5,000	5,045	45
Taxes Other Than Income Taxes									
6105-Taxes Other Than Income Taxes	67,981	66,370	(1,611)	66,370	85,000	18,630	85,000	85,765	765
Sub-Total	67,981	66,370	(1,611)	66,370	85,000	18,630	85,000	85,765	765
Administrative and General Expenses									
5605-Executive Salaries and Expenses	131,168	154,530	23,362	154,530	155,000	470	155,000	156,395	1,395
5610-Management Salaries and Expenses	23,601	0	(23,601)	0	0	0	0	0	0
5615-General Administrative Salaries and Expenses	563,117	393,755	(169,362)	393,755	454,000	60,245	454,000	458,086	4,086
5620-Office Supplies and Expenses	181,274	146,657	(34,617)	146,657	166,000	19,343	166,000	167,494	1,494
5625-Administrative Expense Transferred Credit	0	0	0	0	0	0	0	0	0
5630-Outside Services Employed	69,636	76,097	6,461	76,097	77,000	903	77,000	77,693	693
5640-Injuries and Damages	35,676	39,962	4,286	39,962	37,000	(2,962)	37,000	37,333	333
5645-Employee Pensions and Benefits	31,400	43,201	11,801	43,201	42,000	(1,201)	42,000	42,378	378
5650-Franchise Requirements	0	0	0	0	0	0	0	0	0
5655-Regulatory Expenses	60,259	27,884	(32,375)	27,884	95,000	67,116	95,000	95,855	855
5665-Miscellaneous General Expenses	70,095	75,676	5,581	75,676	86,000	10,324	86,000	86,774	774
5670-Rent	0	0	0	0	0	0	0	0	0
5675-Maintenance of General Plant	144,896	185,553	40,658	185,553	165,000	(20,553)	165,000	166,485	1,485
5680-Electrical Safety Authority Fees	3,063	8,197	5,134	8,197	14,000	5,803	14,000	14,126	126
5685-Independent Market Operator Fees and Penalties	0	0	0	0	0	0	0	0	0
5695-Smart Meter OM&A Contra							0	362,000	362,000
Sub-Total	1,314,185	1,151,512	(162,672)	1,151,512	1,291,000	139,488	1,291,000	1,664,619	373,619

Norfolk Power Distribution Inc.

Amortization Expenses

5705-Amortization Expense - Property, Plant, and Equipment	1,680,668	2,062,478	381,810	2,062,478	2,631,128	568,650	2,631,128	2,836,810	205,682
5710-Amortization of Limited Term Electric Plant	245	640	395	640	0	(640)	0	0	0
5715-Amortization of Intangibles and Other Electric Plant	0	0	0	0	0	0	0	0	0
5720-Amortization of Electric Plant Acquisition Adjustments	0	0	0	0	0	0	0	0	0
5725-Miscellaneous Amortization	0	0	0	0	0	0	0	0	0
5730-Amortization of Unrecovered Plant and Regulatory Study Costs	0	0	0	0	0	0	0	0	0
5735-Amortization of Deferred Development Costs	0	0	0	0	0	0	0	0	0
5740-Amortization of Deferred Charges	700,444	(245,340)	(945,784)	(245,340)	0	245,340	0	0	0
Sub-Total	2,381,357	1,817,778	(563,579)	1,817,778	2,631,128	813,350	2,631,128	2,836,810	205,682
4750-LV Charges	371,652	231,386	(140,266)	231,386	371,652	140,266	371,652	371,652	0
Sub-Total	371,652	231,386	(140,266)	231,386	371,652	140,266	371,652	371,652	0
Total	6,667,509	6,038,953	(628,556)	6,038,953	7,696,780	1,657,827	7,696,780	8,306,708	609,928

Norfolk Power Distribution Inc.

MATERIALITY ANALYSIS ON OM&A COSTS

2006 Board Approved VS 2006 Actual

Asset Account	2006 Board Approved	2006 Actual	Variance
5020-Overhead Distribution Lines and Feeders - Operation Labour	\$55,751	\$161,117	\$105,366

New sub-account created to track "Trouble Calls" pertaining to the overhead distribution system for power outages experienced during regular and after hours. Before 2006, "Trouble Calls" were charged to various accounts, which made tracking these costs difficult. At the end of the year, this account is reviewed and where possible, a re-allocation is made to capital.

Asset Account	2006 Board Approved	2006 Actual	Variance
5040-Underground Distribution Lines and Feeders - Operation Labour	\$1,605	\$104,442	\$102,837

New sub-account created to track "Trouble Calls" pertaining to the underground distribution system for power outages experienced during regular and after hours. Before 2006, "Trouble Calls" were charged to various accounts, which made tracking these costs difficult. At the end of the year, this account is reviewed and where possible, a re-allocation is made to capital.

Asset Account	2006 Board Approved	2006 Actual	Variance
5085-Miscellaneous Distribution Expense	\$5,544	\$142,684	\$137,140

Part of the budget process is to review the appropriate charges for each GL account on the Income Statement. In order to be consistent to the APH, charges to previous accounts are now reflected in this account. Also, overhead for IT services were never recorded in this account. 2006 Actual reflects this change as well.

Norfolk Power Distribution Inc.

Asset Account	2006 Board Approved	2006 Actual	Variance
5160-Maintenance of Line Transformers	\$145,931	\$65,038	\$(80,893)

PCB testing budgeted were intended to be completed in 2006. All the testing was subsequently not completed in 2006 and the program is now spread over 2 years.

Asset Account	2006 Board Approved	2006 Actual	Variance
5315-Customer Billing	\$305,669	\$420,184	\$114,515

Part of the budget process is to review the appropriate charges for each GL account on the Income Statement. In order to be consistent to the APH, charges from account 5340 have been transferred and now reflected in account 5315. Also, overhead for IT services were never recorded in this account. 2006 Actual reflects this change as well.

Asset Account	2006 Board Approved	2006 Actual	Variance
5340-Miscellaneous Customer Accounts Expenses	\$100,416	\$7,083	\$(93,333)

Part of the budget process is to review the appropriate charges for each GL account on the Income Statement. In order to be consistent to the APH, charges to account 5315 have been transferred from account 5340. Also, overhead for IT services were never recorded in this account. 2006 Actual reflects this change as well.

Asset Account	2006 Board Approved	2006 Actual	Variance
5415-Energy Conservation	\$563	\$125,766	\$125,203

Re-allocation from Account 1565 as per Board rules and regulations for C&DM.

Norfolk Power Distribution Inc.

Asset Account	2006 Board Approved	2006 Actual	Variance
5615-General Administrative Salaries and Expenses	\$563,117	\$393,755	\$(169,362)

IT removed from General Administration and is applied to all capital, OM & A as an overhead.

Asset Account	2006 Board Approved	2006 Actual	Variance
5705-Amortization Expense - Property, Plant, and Equipment	\$1,680,668	\$2,062,478	\$381,810

2006 Actual expenditures higher than planned and the 2006 Board Approved omitted amortization for General Plant.

Asset Account	2006 Board Approved	2006 Actual	Variance
5740-Amortization of Deferred Charges	\$700,444	\$(245,340)	\$(945,784)

The Board approved write-off of transition costs. Norfolk Power wrote-of an amount exceeding the approved amount for tax purposes in previous years. Therefore, this represents the "claw-back".

Asset Account	2006 Board Approved	2006 Actual	Variance
4750-LV Charges	\$371,652	\$231,386	\$(140,266)

This is a new account the OEB created in 2006 to record actual LV charges incurred. There were no such charges in previous years. Actual for 2006 represents activity for eight months only.

Norfolk Power Distribution Inc.

2006 Actual VS 2007 Bridge

Asset Account	2006 Actual	2007 Bridge	Variance
5010-Load Dispatching	\$178,859	\$300,000	\$121,141

Includes costs for operating the SCADA system and share of IT overhead, which were not previously charged to this account.

Asset Account	2006 Actual	2007 Bridge	Variance
5705-Amortization Expense-Property, Plant and Equipment	\$2,062,478	\$2,631,128	\$568,650

Amortization increased due to capital additions from 2006 and 2007.

Asset Account	2006 Board Approved	2007 Bridge	Variance
4750-LV Charges	\$231,386	\$371,652	\$140,266

This is a new account the OEB created in 2006 to record actual LV charges incurred. There were no such charges in previous years. Actual for 2006 represents activity for eight months only. The 2007 Bridge represents activity for a 12-month period.

2007 Bridge VS 2008 Test

Asset Account	2007 Bridge	2008 Test	Variance
5695-Smart Meter OM&A Contra	\$0	\$362,000	\$362,000

Additional O & M costs for the implementation of Smart Meters.

Norfolk Power Distribution Inc.

SHARED SERVICES

The Applicant provides the following services to it's affiliate, Norfolk Energy Inc.:

- Water reading and billing services
- Water heater billing services
- Sentinel light billing services
- Sentinel light maintenance

Norfolk Power Distribution Inc.

CORPORATE COST ALLOCATION

The Applicant's transfer pricing to provide the above services is based on full absorption costing. Meaning, the transfer pricing includes provision for direct and indirect costs such as overheads and administration.

Norfolk Power Distribution Inc.

PURCHASE OF SERVICES

PURCHASE OF SERVICES

<u>Name of Company transacting with the Applicant</u>	<u>Summary of the nature of the activity transacted</u>	<u>Summary of tendering process/summary of cost approach</u>	2006 Actual	2007 Bridge	2008 Test
EUSA	Benchmark Compliance Audit	Contract	\$6,265	\$0	\$0
IBM	Harware Support - AS400	Contract	19,106	37,500	40,000
Queensway Garage	Fleet Maintenance	Hourly + Material	25,602	16,500	20,000
Regional Mechanical	HVAC maintenance	Contract	10,962	5,000	5,000
Rondar Inc.	Hypot Testing	Contract	9,390	5,000	5,000
Second Ave. Printing	Print Shop	Contract	55,939	28,000	30,000
Sheppard, Mactintosh & Lados LLP	Prof and legal service	Hourly	2,829	2,000	3,000
Wajax Industries	Fleet Maintenance-Work Platforms	Hourly + Material	82,484	50,000	50,000
Millard, Rouse & Rouseburg LLP	Audit Services	Contract	16,310	22,000	24,000
Schaeffer Lawnscape	Yard maintenance and snow removal	Contract	17,187	24,000	24,000
Extend Communications Inc.	Answering service	Contract	2,361	2,000	2,000
Ross and McBride Law Firm	Prof and legal service	Hourly	15,376	17,000	20,000
Safety Directions Inc.	Safety, CPR, WHMIS Training	Contract	10,027	0	10,000
KWIC Internet	ISP	Contract	10,754	12,000	12,000
Borden, Ladner & Gervais LLP	Prof and legal service	Hourly	4,509	10,000	20,000
Oakhill Tree Service	Tree Trimming	Hourly	221,802	308,000	310,000
Warren Sheppel Ltd.	Employee Assistance Program	Contract	2,670	4,300	4,300
Wilson Truck and Trailer	Fleet Maintenance	Hourly + Material	38,964	36,000	36,000
Irwin Fleet Services	Fleet Maintenance	Contract	18,560	15,000	15,000
The SPI Group Inc.	EBT Hub Services	Contract	13,401	13,500	13,500
Peterborough Utility Services Inc.	PME & Interval Meter Interrogation	Contract	29,118	19,000	20,000
Wessuc Inc.	Hydroexcavation	Hourly	25,831	16,000	16,000
IDYLIQ	Website Design and support	Contract	7,065	2,000	2,000
The Quest Group	Answering service	Contract	5,223	5,000	5,000
Enermajica	IESO Statement verification	Contract	69,880	71,000	71,000
Cyr & Associates Inc.	Human Resources	Contract	4,923	0	0
Black and MacDonald	Distribution System construction	Hourly	741,106	0	0
Util-Assist	Consulting for Smart Meters	Contract	8,989	15,500	20,000
Elenchus	Rates Consultant	Contract	4,773	15,000	20,000

Norfolk Power Distribution Inc.

MDMA	Meter Reading	Contract	224,411	218,000	218,000
Greater Sudbury Hydro Plus	SCADA monitoring	Contract	15,804	18,000	18,000
JKR Inc.	Control Room Operator	Contract	33,930	74,000	37,000
Utility Scanning Solutions Inc.	PCB Testing	Contract	34,753	50,500	60,000
K-Line Construction	Distribution System construction	Hourly	0	846,000	900,000
			<u>\$1,790,304</u>	<u>\$1,957,800</u>	<u>\$2,030,800</u>

Norfolk Power Distribution Inc.

EMPLOYEE DESCRIPTION

Number of employees (Full-time equivalents (FTE's):

	<u>2006 Board Approved</u>	<u>2006 Actual</u>	<u>2007 Bridge</u>	<u>2008 Test</u>
Executive	4	4	4	4
Management	10	9	11	11
Non-Unionized	0	0	0	0
Unionized	34	36	36	36

Number of employees (Part-time equivalents (PTE's):

	<u>2006 Board Approved</u>	<u>2006 Actual</u>	<u>2007 Bridge</u>	<u>2008 Test</u>
Executive	0	0	0	0
Management	0	0	0	0
Non-Unionized	8	6	6	3
Unionized	0	0	0	0

Compensation (Total Salary and Wages (\$)):

	<u>2006 Board Approved</u>	<u>Average</u>	<u>2006 Actual</u>	<u>Average</u>	<u>2007 Bridge</u>	<u>Average</u>
Executive	\$0	\$95,892	\$381,722	\$95,430	\$393,182	\$98,296
Management	\$0	\$59,014	\$552,893	\$61,433	\$710,824	\$64,260
Non-Unionized	\$0	\$30,369	\$168,553	\$28,092	\$180,980	\$30,163
Unionized	\$0	\$46,948	\$1,958,954	\$54,415	\$1,968,699	\$54,686

Compensation (Total Benefits (\$)):

	<u>2006 Board Approved</u>	<u>Average</u>	<u>2006 Actual</u>	<u>Average</u>	<u>2007 Bridge</u>	<u>Average</u>
Executive	\$0	\$22,537	\$86,318	\$21,580	\$97,852	\$24,463
Management	\$0	\$11,512	\$124,214	\$13,802	\$173,958	\$15,814
Non-Unionized	\$0	\$3,371	\$15,135	\$2,523	\$16,020	\$2,670
Unionized	\$0	\$13,102	\$539,377	\$14,983	\$579,170	\$16,088

**Compensation (Total Incentives
(\$)):**

Norfolk Power Distribution Inc.

	<u>2006 Board</u> <u>Approved</u>	<u>Average</u>	<u>2006 Actual</u>	<u>Average</u>	<u>2007</u> <u>Bridge</u>	<u>Average</u>
Executive	0.00	0.00	0.00	0.00	0.00	0.00
Management	0.00	0.00	0.00	0.00	0.00	0.00
Non-Unionized	0.00	0.00	0.00	0.00	0.00	0.00
Unionized	0.00	0.00	0.00	0.00	0.00	0.00

Total of Costs charged to O&M (\$): NOT APPLICABLE

	<u>2006 Board</u> <u>Approved</u>	<u>Average</u>	<u>2006 Actual</u>	<u>Average</u>	<u>2007</u> <u>Bridge</u>	<u>Average</u>
TOTAL	0.00	0.00	0.00	0.00	0.00	0.00

Note: The 2006 Rate Handbook states the following:

“Where there are three, or fewer, full-time equivalents (FTEs) in any category, the applicant may aggregate this category with the category to which it is most closely related. This higher level of aggregation may be continued, if required, to ensure that no category contains three, or fewer, FTEs”

Norfolk Power Distribution Inc.

LOSS ADJUSTMENT FACTOR CALCULATION

2006 Board Approved LOSS FACTORS

Total Loss Factor – Secondary Metered Customer < 5,000 kW 1.0560

Total Loss Factor – Primary Metered Customer < 5,000 kW 1.0454

Determination of Loss Adjustment Factor

	2002	2003	2004	2005	2006
A "Wholesale" kWh (IESO)	376,852,404	370,302,865	371,747,403	380,716,677	403,107,950
B Wholesale kWh for Large Use customer(s) (IESO)	0	0	0	0	0
C Net "Wholesale" kWh (A)-(B)	376,852,404	370,302,865	371,747,403	380,716,677	403,107,950
D Retail kWh (Distributor)	352,413,171	351,367,276	350,785,542	361,239,934	381,325,255
E Retail kWh for Large Use Customer(s) (1% loss)	0	0	0	0	0
F Net "Retail" kWh (D)-(E)	352,413,171	351,367,276	350,785,542	361,239,934	381,325,255
G Loss Factor [(C)/(F)]	1.0693	1.0539	1.0598	1.0539	1.0571
H Distribution Loss Adjustment Factor (5 year average)					1.0588

Total Utility Loss Adjustment Factor

<u>Total Utility Loss Adjustment Factor</u>	<u>LAF</u>
Supply Facility Loss Factor	1.0045
Distribution Loss Factor	
Distribution Loss Factor - Secondary Metered Customer < 5,000kW	1.0588
Distribution Loss Factor - Primary Metered Customer < 5,000kW	1.0482
Total Loss Factor	
Total Loss Factor - Secondary Metered Customer < 5,000kW	1.0636
Total Loss Factor - Primary Metered Customer < 5,000kW	1.0529

Norfolk Power Distribution Inc.

MATERIALITY ANALYSIS ON DISTRIBUTION LOSSES

Norfolk Power Distribution Inc. will not use the loss adjustment factor as calculated in Exhibit 4, Tab 2, Schedule 7. Initiative has been undertaken to reduce the line loss to approximately 5.6% or better in the future, by implementing the SCADA system, Bloomsburg MTS and upgrades to the distribution system.

Norfolk Power Distribution Inc. is mainly dominated by rural customers. From a total service area of 693 square kilometers, 549 square kilometers is rural. Some of these rural customers have higher losses than the average urban customer. The SCADA system and Bloomsburg MTS will help facilitate a reduction in line losses through feeder loading management. In addition, Norfolk Power Distribution Inc. has an ongoing program to increase distribution voltage to 27.6kV.

Norfolk Power Distribution Inc.

TAX CALCULATIONS

Summary of Income Tax Calculation

INCOME TAX, LARGE CORPORATION TAX AND ONTARIO CAPITAL TAX TABLE

Line Item	T2S1 line #	2006 Board Approved	2006 Actual	2007 Bridge	2008 Test
Income before PILs/Taxes	A	\$954,158	\$838,841	\$969,598	\$2,046,160
Additions:					
Provision for income taxes - current	101	0	500,945	0	0
Interest and penalties on taxes	103	0	0	0	0
Amortization of tangible assets	104	2,383,117	2,063,117	2,523,899	2,836,810
Non-deductible life insurance premiums	123	0	0	0	0
Reserves from financial statements- balance at end of year	126	0	0	0	0
Interest Expensed on Capital Leases	290	0	0	0	0
Actual Interest Expense	295	0	0	1,202,462	1,202,462
Total Additions		\$2,383,117	\$2,564,062	\$3,726,361	\$4,039,272
Deductions:					
Capital cost allowance from Schedule 8	403	1,965,305	2,193,757	2,494,128	3,041,552
Cumulative eligible capital deduction from Schedule 10	405	0	0	53	101
Reserves from financial statements - balance at beginning of year	414	0	0		
Capital Lease Payments	391	0	0		
Deemed Interest Expense	394	16,484	0	1,235,687	1,235,687
Total Deductions		\$1,981,789	\$2,193,757	\$3,729,868	\$4,277,340
Net Income for Tax Purposes		\$1,355,486	\$1,209,146	\$966,091	\$1,808,092
TAXABLE INCOME		\$1,355,486	\$1,209,146	\$966,091	\$1,808,092
Federal Income Tax Rate		22.12%	22.12%	22.12%	20.50%
Ontario		14.00%	14.00%	8.234%	14.00%
COMBINED INCOME TAX RATE		36.12%	36.12%	30.354%	34.50%
INCOME TAXES		\$489,602	\$436,744	\$293,252	\$623,792
INCOME TAXES (Grossed up for tax purposes)		\$766,439	\$683,694	\$421,063	\$952,353
LARGE CORPORATION TAX		-	Exempt	Exempt	Exempt
ONTARIO CAPITAL TAX		92,553	96,000	101,174	101,174
LCT, OCT & INCOME TAXES		\$858,992	\$779,694	\$522,237	\$1,053,527

Norfolk Power Distribution Inc.

CAPITAL COST ALLOWANCE

2006 Board Approved

Class	Class Description	UCC Test Year Opening Balance	Test Year - Tier 1, Tier 2 Additions	Test Year - Tier 1, Tier 2 Disposals	UCC Before 1/2 Yr Adjustment	1/2 Year Rule {1/2 Additions Less Disposals}	Reduced UCC	Rate %	Test Year CCA	UCC End of Test Year
1	Distribution System - post 1987	35,375,704	80,000	0	35,455,704	40,000	35,415,704	4%	1,416,628	34,039,076
2	Distribution System - pre 1988	0	411,000	0	411,000	205,500	205,500	6%	12,330	398,670
8	General Office/Stores Equip	545,400	0	0	545,400	0	545,400	20%	109,080	436,320
10	Computer Hardware/ Vehicles	742,590	0	0	742,590	0	742,590	30%	222,777	519,813
10.1	Certain Automobiles	0	0	0	0	0	0	30%	0	0
12	Computer Software	0	0	0	0	0	0	100%	0	0
13.1	Leasehold Improvement # 1	0	0	0	0	0	0		0	0
13.2	Leasehold Improvement # 2	0	0	0	0	0	0		0	0
13.3	Leasehold Improvement # 3	0	0	0	0	0	0		0	0
13.4	Leasehold Improvement # 4	0	0	0	0	0	0		0	0
14	Franchise	0	0	0	0	N/A	0	700%	0	0
17	New Electrical Generating Equipment Acq'd after Feb 27/00 Other Than Bldgs	0	0	0	0	0	0	8%	0	0
43.1	Certain Energy-Efficient Electrical Generating Equipment	0	0	0	0	0	0	30%	0	0
45	Computers & Systems Software acq'd post Mar 22/04	0	0	0	0	0	0	45%	0	0
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)	0	0	0	0	0	0	30%	0	0
3	Building and other Structures	2,949,607	0	0	2,949,607	0	2,949,607	5%	147,480	2,802,127
37	Land Improvements	380,060	0	0	380,060	0	380,060	15%	57,009	323,051
		0			0	0	0		0	0
		0			0	0	0		0	0
	TOTAL	39,993,361	491,000	0	40,484,361	245,500	40,238,861		1,965,305	38,519,056

Norfolk Power Distribution Inc.

2006 Actual

Class	Class Description	Year Opening	Tier 1, Tier 2 Additions	Tier 1, Tier 2 Disposals	UCC Before 1/2 Yr Adjustment	Additions Less Disposals)	Reduced UCC	Rate %	Test Year CCA	UCC End of Test Year
1	Distribution System - post 1987	37,465,937	4,315,568	0	41,781,505	2,157,784	39,623,721	4%	1,584,949	40,196,556
2	Distribution System - pre 1988	0	0	0	0	0	0	6%	0	0
8	General Office/Stores Equip	684,500	184,030	0	868,530	92,015	776,515	20%	155,303	713,227
10	Computer Hardware/ Vehicles	621,088	503,374	0	1,124,462	251,687	872,775	30%	261,833	862,630
10.1	Certain Automobiles	0	0	0	0	0	0	30%	0	0
12	Computer Software	0	0	0	0	0	0	100%	0	0
13.1	Leasehold Improvement # 1	0	0	0	0	0	0		0	0
13.2	Leasehold Improvement # 2	0	0	0	0	0	0		0	0
13.3	Leasehold Improvement # 3	0	0	0	0	0	0		0	0
13.4	Leasehold Improvement # 4	0	0	0	0	0	0		0	0
14	Franchise	0	0	0	0	N/A	0	700%	0	0
17	New Electrical Generating Equipment Acq'd after Feb 27/00 Other Than Bldgs	0	0	0	0	0	0	8%	0	0
43.1	Certain Energy-Efficient Electrical Generating Equipment	0	0	0	0	0	0	30%	0	0
45	Computers & Systems Software acq'd post Mar 22/04	0	0	0	0	0	0	45%	0	0
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)	0	0	0	0	0	0	30%	0	0
3	Building and other Structures	2,818,005	39,714	0	2,857,719	19,857	2,837,862	5%	141,893	2,715,826
37	Land Improvements	328,323	7,070	0	335,393	3,535	331,858	15%	49,779	285,614
		0			0	0	0		0	0
		0			0	0	0		0	0
	TOTAL	41,917,853	5,049,756	0	46,967,609	2,524,878	44,442,731		2,193,756	44,773,853

Norfolk Power Distribution Inc.

2007 Bridge

Class	Class Description	UCC Opening Balance	Additions	Dispositions	UCC Before 1/2 Yr Adjustment	1/2 Year Rule {1/2 Additions Less Disposals}	Reduced UCC	Rate %	CCA	UCC Ending Balance
1	Distribution System - post 1987	40,196,556	5,000	0	40,201,556	2,500	40,199,056	4%	1,607,962	38,593,594
2	Distribution System - pre 1988	0	0	0	0	0	0	6%	0	0
8	General Office/Stores Equip	713,227	263,000	0	976,227	131,500	844,727	20%	168,945	807,282
10	Computer Hardware/ Vehicles	312,414	95,000	0	407,414	47,500	359,914	30%	107,974	299,440
10.1	Certain Automobiles	550,215	0	0	550,215	0	550,215	30%	165,065	385,151
12	Computer Software	0	87,000	0	87,000	43,500	43,500	100%	43,500	43,500
13 1	Leasehold Improvement # 1	0	0	0	0	0	0		0	0
13 2	Leasehold Improvement # 2	0	0	0	0	0	0		0	0
13 3	Leasehold Improvement # 3	0	0	0	0	0	0		0	0
13 4	Leasehold Improvement # 4	0	0	0	0	0	0		0	0
14	Franchise	0	0	0	0	N/A	0	700%	0	0
17	New Electrical Generating Equipment Acq'd after Feb 27/00 Other Than Bldgs	0	0	0	0	0	0	8%	0	0
43.1	Certain Energy-Efficient Electrical Generating Equipment	0	0	0	0	0	0	30%	0	0
45	Computers & Systems Software acq'd post Mar 22/04	0	88,000	0	88,000	44,000	44,000	45%	19,800	68,200
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)	0	0	0	0	0	0	30%	0	0
47	Distribution System - post 22-Feb-2005		5,056,200	0	5,056,200	2,528,100	2,528,100	8%	202,248	4,853,952
3	Building and other Structures	2,715,826	0	0	2,715,826	0	2,715,826	5%	135,791	2,580,035
37	Land Improvements	285,614	0	0	285,614	0	285,614	15%	42,842	242,772
		0			0	0	0		0	0
		0			0	0	0		0	0
	TOTAL	44,773,852	5,594,200	0	50,368,052	2,797,100	47,570,952		2,494,128	47,873,924

Norfolk Power Distribution Inc.

2008 Test

Class	Class Description	UCC Opening Balance	Additions	Dispositions	UCC Before 1/2 Yr Adjustment	1/2 Year Rule {1/2 Additions Less Disposals}	Reduced UCC	Rate %	CCA	UCC Ending Balance
1	Distribution System - post 1987	38,593,594	74,200	0	38,667,794	37,100	38,630,694	4%	1,545,228	37,122,566
2	Distribution System - pre 1988	0	0	0	0	0	0	6%	0	0
8	General Office/Stores Equip	807,282	250,100	0	1,057,382	125,050	932,332	20%	186,466	870,915
10	Computer Hardware/ Vehicles	299,440	95,000	0	394,440	47,500	346,940	30%	104,082	290,358
10.1	Certain Automobiles	385,151	0	0	385,151	0	385,151	30%	115,545	269,605
12	Computer Software	43,500	129,000	0	172,500	64,500	108,000	100%	108,000	64,500
13.1	Leasehold Improvement # 1	0	0	0	0	0	0		0	0
13.2	Leasehold Improvement # 2	0	0	0	0	0	0		0	0
13.3	Leasehold Improvement # 3	0	0	0	0	0	0		0	0
13.4	Leasehold Improvement # 4	0	5,000	0	5,000	2,500	2,500		0	5,000
14	Franchise	0	0	0	0	N/A	0	700%	0	0
17	New Electrical Generating Equipment Acq'd after Feb 27/00 Other Than Bldgs	0	0	0	0	0	0	8%	0	0
43.1	Certain Energy-Efficient Electrical Generating Equipment	0	0	0	0	0	0	30%	0	0
45	Computers & Systems Software acq'd post Mar 22/04	68,200	67,000	0	135,200	33,500	101,700	45%	45,765	89,435
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)	0	0	0	0	0	0	30%	0	0
47	Distribution System - post 22-Feb-2005	4,853,952	9,568,300	0	14,422,252	4,784,150	9,638,102	8%	771,048	13,651,204
3	Building and other Structures	2,580,035	0	0	2,580,035	0	2,580,035	5%	129,002	2,451,033
37	Land Improvements	242,772	0	0	242,772	0	242,772	15%	36,416	206,356
		0			0	0	0		0	0
		0			0	0	0		0	0
	TOTAL	47,873,924	10,188,600	0	58,062,524	5,094,300	52,968,224		3,041,552	55,020,972

Norfolk Power Distribution Inc.

Ex. Tab Schedule Contents of Schedule

5 – Deferral and Variance Accounts

1	1	Description of Deferral and variance accounts
	2	Calculation of Balances by Account
	3	2008 Rate Rider
	4	Method of Recovery

Norfolk Power Distribution Inc.

DESCRIPTION OF DEFERRAL AND VARIANCE ACCOUNTS

COMMODITY ACCOUNTS ARE CLASSIFIED AS FOLLOWS:

1588 Retail Settlement Variance Account – Power

Description: Capture the variance between the cost of power charged by The Independent Electricity System Operator (I.E.S.O.) to the Applicant on power bill and power billed to the Applicant's customers.

1588 RSVA Power, Sub-account Global Adjustments

Description: Capture the variance between the Global Adjustments charged by The Independent Electricity System Operator (I.E.S.O.) to the Applicant on power bill and power billed to the Applicant's customers.

NON-COMMODITY ACCOUNTS ARE CLASSIFIED IN TWO CATEGORIES AS FOLLOWS:

Wholesale and Retail Market Variance Accounts

1518 Retail Cost Variance Account – Retail

1548 Retail Cost Variance Account – STR

1580 Retail Settlement Variance Account - Wholesale Market Service Charges

Description: Capture the variance between the Wholesale Market Service Charges billed by The Independent Electricity System Operator (I.E.S.O.) on power bill and Wholesale Market Service Charges charged to the Applicant's customers.

1582 Retail Settlement Variance Account - One-time Wholesale Market Service

Description: One-time Wholesale Market Service was billed by The Independent Electricity System Operator (I.E.S.O.) from January 1st, 2005 to May 1st, 2006 was charged to embedded utilities.

Norfolk Power Distribution Inc.

1584 Retail Settlement Variance Account - Retail Transmission Network Charges
Description: Capture the variance between the Retail Transmission Network Charges billed by The Independent Electricity System Operator (I.E.S.O.) on power bill and Retail Transmission Network Charges charged to the Applicant's customers.

Others Retail Transmission Network Charges billed by (H.O.N.I) from May 1st, 2002 to December 31st, 2004 was charged to embedded utilities approved by OEB.

Others Retail Transmission Network Charges billed by (H.O.N.I) from January 1st, 2005 to May 1st, 2006 was charged to embedded utilities approved by OEB.

1586 Retail Settlement Variance Account - Retail Transmission Connection Charges
Description: Capture the variance between the Retail Transmission Connection Charges billed by The Independent Electricity System Operator (I.E.S.O.) on power bill and Retail Transmission Connection Charges charged to the Applicant's customers.

Others Retail Transmission Connection Charges billed by (H.O.N.I) from May 1st, 2002 to December 31st, 2004 was charged to Embedded Utilities approved by OEB.

Others Retail Transmission Connection Charges billed by (H.O.N.I) from January 1st, 2005 to May 1st, 2006 was charged to Embedded Utilities approved by OEB.

1588 Retail Settlement Variance Account - Power
Description: Refer to commodity accounts description

1588 Retail Settlement Variance Account - Power Sub-Account Global
Description: Refer to commodity accounts description.

Norfolk Power Distribution Inc.

Utility Deferral Accounts

1508 Other Regulatory Assets

Description: Other Regulatory Assets Charges billed by (H.O.N.I) from May 1st, 2002 to December 31st, 2004 was charged to Embedded Utilities approved by OEB.

Other Regulatory Assets Charges billed by (H.O.N.I) from January 1st, 2005 to May 1st, 2006 was charged to Embedded Utilities approved by OEB Board.

1508 Other Regulatory Assets - Sub-account OEB Cost Assessments

Description: To capture the variance between OEB Cost Assessments amount approved in 1999 versus the actual OEB Cost Assessments charged.

1508 Other Regulatory Assets - Sub-account Pension Contributions

Description: To record the pension costs associated with the cash contributions paid to Ontario Municipal Employees Retirement Savings ("OMERS") for the period from January 1, 2005 to April 30, 2006.

1525 Miscellaneous Deferred Debits

Description: Others Miscellaneous Deferred Debits charges billed by (H.O.N.I) from May 1st, 2002 to December 31st, 2004 was charged to Embedded Utilities approved by OEB.

1550 LV Recovery Offset Variance

Description: Capture the variance between LV Charges billed by Hydro One Networks Inc. (H.O.N.I.) on Power bill and LV Charges Charged to the Applicant's customers.

1555 Smart Meter Capital and Recovery Offset Variance

Description: To capture the amount billed to the Applicant's customers.

Norfolk Power Distribution Inc.

1565 Smart Meter OM&A Variance

Description: To capture the amount spent by the Applicant with respect to Smart Meter Operation and Maintenance

1562 Deferred Payments in Lieu of Taxes

Description: To record the amount resulting from the Board approved PILs methodology for determining the 2001 Deferral Account Allowance and the PILs proxy amount determined for 2002 and subsequent years.

1563 PILs contra account

Description: To record amounts relating to PILs and applicable only to a distributor using the third accounting method approved for recording entries in account 1562

1565 Conservation and Demand Management Expenditures and Recoveries

Description: To capture amounts relating to the costs incurred for conservation and demand management activities and expenditures, and the revenue proxy amount equivalent to the distributor's (first generation) third tranche of MARR (market adjusted revenue requirement) or an amount otherwise approved by the Board.

1566 CDM Contra

Description: To record the offsetting entry for amounts recorded in account 1565, Conservation and Demand Management (CDM) Expenditures and Recoveries, for the reversal of entries to the accounts of original entries.

1572 Extraordinary Event Losses

Description: to record extraordinary event costs that meet the qualifying criteria established in the 2000 Electricity Distribution Rate Handbook.

Norfolk Power Distribution Inc.

1574 Deferred Rate Impact Amounts

Description: To record amounts equal to rate impacts associated with market-based rate of return, transition costs, and extraordinary costs that the utility has determined to be excessive and has decided to defer to future periods

1592 PLS & Tax Variance

Description: To capture the Variance between the PILS & tax billed to The Applicant customers and the amount of PILS payable

2425 Other Deferred Credits

Closed Accounts not classified are as follows:

1570 Qualifying Transition Costs (closed December 31, 2002)

Description: To capture all expenses for Transition Costs

1571 Pre-Market Opening Energy Variances (closed April 30, 2002)

Description: To capture the difference between the T.O.U and Non T.O.U short fall. Charges were approved by OEB.

Note: The Applicant follows and is in compliance with the OEB's Uniform System of Accounts for electricity distributors.

Norfolk Power Distribution Inc.

Note 1:

The RSVA power account 1588 is designed to capture variances due to billing timing differences (i.e. electricity charged by IESO to LDCs vs. electricity billed by LDCs to their customers), price and quantity differences (i.e. arising from final vs. preliminary IESO settlement invoices), and line loss differences (i.e. actual vs. estimated line loss factors).

This account is not designed to capture any price differences between the regulated price plan (RPP) and spot prices applicable to RPP customers. This is the function of the Ontario Power Authority (OPA) RPP variance account which is trued-up in accordance with the terms established by the Board for the RPP.

Accordingly, since the RSVA power account is generic to all customers of an LDC, disposition of the account balance in rates is attributable to all its customers.

The 1588 RSVA power - Sub-account Global Adjustments is designed for the global adjustments applicable to non-RPP customers. Hence, the disposition of the account balance should be attributable to non-RPP customers.

Norfolk Power Distribution Inc.

CALCULATION OF BALANCES BY ACCOUNT

Deferred Charge Accounts

			Dec 31/06 Balance		Apply for		Jan1/07 to Apr30/07			May1/07 to Dec31/07			Jan1 to Apr30/08			May1 to Dec31/08	
Account Description	Account Number	Principal Portion	Accum. Interest	Total	Disposal?	Interest	Other	Balance	Interest	Other	Balance	Interest	Other	Balance	Interest	Other	Balance
Unrecovered Plant and Regulatory Study Costs	1505	-	-	-	NO	-		-	-		-	-		-	-		-
Other Regulatory Assets	1508	564,006	2,822	566,828	NO	8,629		575,457	17,259		592,716	8,629		601,345	17,259		618,604
Preliminary Survey and Investigation Charges	1510	-	-	-	NO	-		-	-		-	-		-	-		-
Emission Allowance Inventory	1515	-	-	-	NO	-		-	-		-	-		-	-		-
Emission Allowances Withheld	1516	-	-	-	NO	-		-	-		-	-		-	-		-
Retail Cost Variance Account - Retail	1518	(29,830)	(1,683)	(31,512)	YES	(456)		(31,969)	(913)		(32,881)	(456)		(33,338)	(913)		(34,251)
Power Purchase Variance Account	1520	-	-	-	NO	-		-	-		-	-		-	-		-
Misc. Deferred Debits - incl. Rebate Cheques	1525	15,591	-	15,591	NO	239		15,829	477		16,306	239		16,545	477		17,022
Deferred Losses from Disposition of Utility Plant	1530	-	-	-	NO	-		-	-		-	-		-	-		-
Unamortized Loss on Reacquired Debt	1540	-	-	-	NO	-		-	-		-	-		-	-		-
Development Charge Deposits/ Receivables	1545	-	-	-	NO	-		-	-		-	-		-	-		-
Retail Cost Variance Account - STR	1548	43,632	2,833	46,465	YES	668		47,132	1,335		48,467	668		49,135	1,335		50,470
LV Variance Account	1550	8,377	273	8,650	YES	128		8,778	256		9,034	128		9,162	256		9,419
Smart Meter Capital Variance Account	1555	(38,086)	-	(38,086)	NO	(583)		(38,669)	(1,165)		(39,835)	(583)		(40,417)	(1,165)		(41,583)
Smart Meters OM&A Variance Account	1556	-	-	-	NO	-		-	-		-	-		-	-		-
Deferred Development Costs	1560	-	-	-	NO	-		-	-		-	-		-	-		-
Deferred Payments in Lieu of Taxes	1562	370,440	-	370,440	NO	5,668		376,108	11,335		387,443	5,668		393,111	11,335		404,446
PILS Contra Account	1563	(370,440)	-	(370,440)	NO	(5,668)		(376,108)	(11,335)		(387,443)	(5,668)		(393,111)	(11,335)		(404,446)
CDM Expenditures and Recoveries	1565	(386,534)	-	(386,534)	NO	(5,914)		(392,448)	(11,828)		(404,276)	(5,914)		(410,190)	(11,828)		(422,018)
CDM Contra Account	1566	393,602	-	393,602	NO	6,022		399,625	12,044		411,669	6,022		417,691	12,044		429,735
Qualifying Transition Costs	1570	1,895,322	-	1,895,322	NO	28,998		1,924,321	57,997		1,982,317	28,998		2,011,316	57,997		2,069,313
Pre-Market Opening Energy Variances Total	1571	-	-	-	NO	-		-	-		-	-		-	-		-
Extra-Ordinary Event Losses	1572	-	-	-	YES	-	161,763	161,763	4,950	37,971	204,683	3,056		207,739	6,112		213,851

Norfolk Power Distribution Inc.

Recovery of Regulatory Asset Balances (acct #1590)

Approved Balance					1,697,473												
Less Period Disposals								285,895			571,791			291,360			582,720
Plus Period Interest							23,784			35,174			11,522			10,023	
Balance to (Refund) or Recover from 2006					1,697,473				1,435,362			898,745			618,907		46,209

Norfolk Power Distribution Inc.

Bridge Year (2007) Forecast

Customer Class			Metric	kW	kWhs	# Customers	EDR 2006 Approved Rates*	EDR 2007 Approved Rates**	Jan1/07 to Apr30/07 Disposal	May1/07 to Dec31/07 Disposal	Proportional Allocation
Residential			kWhs		145,283,221	16,363	0.0046	0.0046	221,250	442,500	77%
GS < 50 KW			kWhs		62,631,537	2,058	0.0023	0.0023	47,581	95,161	17%
GS > 50 Non TOU			kW	377,159	177,431,400	166	0.1217	0.1217	15,304	30,609	5%
GS > 50 TOU			kW						-	-	0%
Intermediate			kW						-	-	0%
Large Users			kW						-	-	0%
Small Scattered Load			kWhs		503,561	48			-	-	0%
Standby Power			kW						-	-	0%
Sentinel Lighting			kW	321	324,693	400	9.2909	9.2909	994	1,988	0%
Street Lighting			kW	7,844	3,420,169	3,868	0.2931	0.2931	766	1,533	0%
Additional Customer Class 1									-	-	0%
Additional Customer Class 2									-	-	0%
Additional Customer Class 3									-	-	0%
Additional Customer Class 4									-	-	0%
Totals				385,324	389,594,581	22,903			285,895	571,791	100%

Norfolk Power Distribution Inc.

Test Year (2008) Forecast

Customer Class	Metric	kW	kWhs	# Customers	Dx Revenue	# Customers w/Rebate Cheques	Additional Allocator 1	Additional Allocator 2	Additional Allocator 3	EDR 2007 Approved Rates	Jan1/08 to Apr30/08 Disposal	May 1/08 to Dec 31/08 Disposal						
Residential	kWhs		147,447,515	16,607						0.0046	224,546	449,092						
GS < 50 KW	kWhs		64,081,972	2,058						0.0023	48,682	97,365						
GS > 50 Non TOU	kW	403,334	189,745,291	170						0.1217	16,367	32,733						
GS > 50 TOU	kW									0.0000	-	-						
Intermediate	kW									0.0000	-	-						
Large Users	kW									0.0000	-	-						
Small Scattered Load	kWhs		503,561	48						0.0000	-	-						
Standby Power	kW									0.0000	-	-						
Sentinel Lighting	kW	321	324,693	400						9.2909	994	1,988						
Street Lighting	kW	7,893	3,441,404	3,892						0.2931	771	1,542						
Additional Customer Class 1											-	-						
Additional Customer Class 2											-	-						
Additional Customer Class 3											-	-						
Additional Customer Class 4											-	-						
Totals		411,548	405,544,436	23,175							291,360	582,720						

Norfolk Power Distribution Inc.

2008 RATE RIDER CALCUATION

Account Description	Account Number	Dec31/06 Balance	Apr 30/08 Balance	Allocation Basis	Residential	GS < 50 KW	GS > 50 Non TOU	GS > 50 TOU	Intermediate	Large Users	Small Scattered Load	Standby Power	Sentinel Lighting	Street Lighting	Totals
Unrecovered Plant and Regulatory Study Costs	1505	-	-												
Other Regulatory Assets	1508	-	-	KWh	-	-	-	-	-	-	-	-	-	-	-
Preliminary Survey and Investigation Charges	1510	-	-												
Emission Allowance Inventory	1515	-	-												
Emission Allowances Withheld	1516	-	-												
Retail Cost Variance Account - Retail	1518	(31,512)	(33,338)	KWh	(12,121)	(5,268)	(15,598)	-	-	-	(41)	-	(27)	(283)	(33,338)
Power Purchase Variance Account	1520	-	-												
Misc. Deferred Debits - incl. Rebate Cheques	1525	-	-	# Customers w/Rebate Cheques											
Deferred Losses from Disposition of Utility Plant	1530	-	-												
Unamortized Loss on Reacquired Debt	1540	-	-												
Development Charge Deposits/ Receivables	1545	-	-												
Retail Cost Variance Account - STR	1548	46,465	49,135	KWh	17,864	7,764	22,989	-	-	-	61	-	39	417	49,135
LV Variance Account	1550	8,650	9,162	KWh	3,331	1,448	4,287	-	-	-	11	-	7	78	9,162
Smart Meter Capital Variance Account	1555	-	-												
Smart Meters OM&A Variance Account	1556	-	-												
Deferred Development Costs	1560	-	-												
Deferred Payments in Lieu of Taxes	1562	-	-												
PILS Contra Account	1563	-	-												
CDM Expenditures and Recoveries	1565	-	-												
CDM Contra Account	1566	-	-												
Qualifying Transition Costs	1570	-	-	# Customers	-	-	-	-	-	-	-	-	-	-	-
Pre-Market Opening Energy Variances Total	1571	-	-	KWh for Non TOU Customers	-	-	-	-	-	-	-	-	-	-	-
Extra-Ordinary Event Losses	1572	-	207,739	# Customers	148,865	18,448	1,524	-	-	-	430	-	3,586	34,887	207,739
Deferred Rate Impact Amounts	1574	-	-												
RSVA - Wholesale Market Service Charge	1580	(14,148)	(19,464)	KWh	(7,077)	(3,076)	(9,107)	-	-	-	(24)	-	(16)	(165)	(19,464)
RSVA - One-time Wholesale Market Service	1582	-	-	KWh	-	-	-	-	-	-	-	-	-	-	-
RSVA - Retail Transmission Network Charge	1584	49,582	52,872	KWh	19,223	8,355	24,738	-	-	-	66	-	42	449	52,872
RSVA - Retail Transmission Connection Charge	1586	(245,374)	(258,706)	KWh	(94,060)	(40,879)	(121,043)	-	-	-	(321)	-	(207)	(2,195)	(258,706)
RSVA - Power	1588	(602,139)	(642,558)	KWh	(233,621)	(101,534)	(300,639)	-	-	-	(798)	-	(514)	(5,453)	(642,558)
Deferred PILs Account	1592	-	-												
Other Deferred Credits	2425	-	-	# Customers	-	-	-	-	-	-	-	-	-	-	-
Sub-total to Dispose at May1/08 or Dec31/06?	Apr30/08	(788,477)	(635,158)		(157,595)	(114,742)	(392,849)	-	-	-	(616)	-	2,911	27,734	(635,158)
Clear residual 1590 balance as of April 30/08?	NO														
Total to Dispose at May1/08					(157,595)	(114,742)	(392,849)	-	-	-	(616)	-	2,911	27,734	(635,158)
Disposal period?	3 YEARS				(52,532)	(38,247)	(130,950)	-	-	-	(205)	-	970	9,245	(211,719)
Projected 2008 Rate Riders					(0.0004)	(0.0006)	(0.3247)				(0.0004)		3.0226	1.1712	
Rate Determinant					kWh	kWh	kW	kW	kW	kW	kWh	kW	kW	kW	

Norfolk Power Distribution Inc.

Test Year (2008) Allocations

Customer Class	Metric	kW	KWh	# Customers	KWh for Non TOU Customers	Dx Revenue	# Customers w/Rebate Cheques	Additional Allocator 1	Additional Allocator 2	Additional Allocator 3
Residential	kWhs	0%	36%	72%	37%					
GS < 50 KW	kWhs	0%	16%	9%	16%					
GS > 50 Non TOU	kW	98%	47%	1%	47%					
GS > 50 TOU	kW	0%	0%	0%						
Intermediate	kW	0%	0%	0%						
Large Users	kW	0%	0%	0%						
Small Scattered Load	kWhs	0%	0%	0%	0%					
Standby Power	kW	0%	0%	0%						
Sentinel Lighting	kW	0%	0%	2%						
Street Lighting	kW	2%	1%	17%						
Additional Customer Class 1		0%	0%	0%						
Additional Customer Class 2		0%	0%	0%						
Additional Customer Class 3		0%	0%	0%						
Additional Customer Class 4		0%	0%	0%						
Totals		100%	100%	100%	100%	0%	0%	0%	0%	0%

Norfolk Power Distribution Inc.

Proposed Methodology
Disposition of Variance and Deferral Accounts

1. An appropriate allocator (e.g. number of customer, kW's, kWh's) is assigned to each variance/deferral account ("Account"). The actual Account balance as at December 31, 2006 is then apportioned to each customer class based on Test Year volume projections for the allocator. Example: if kWh's are assigned as the allocator for an account, and the Load Forecast for the Test Year indicates that 30% of kWh's will be consumed by the Residential customer class, then 30% of the Account balance is allocated to the Residential class.
2. For each customer class, the sum of allocated balances over all Accounts selected for disposition is calculated. Example: if two Accounts are selected for disposition and the amounts allocated to the Residential customer class were \$50,000 for Account #1 and \$30,000 for Account #2, then the sum of allocated balances for the Residential class would be \$80,000.
3. For each customer class, the sum of allocated balances is divided by [two/three] to derive the annual recovery amount needed to clear the balances over [two/three] years. Example: if the sum of allocated balances for the Residential class is \$80,000, the annual recovery amount to clear the balances over three years would be \$26,667.
4. For each customer class, the rate rider is calculated as the annual recovery amount divided by the Test Year forecast for the distribution rate volume metric, with the result rounded to the nearest one-hundredth of a cent,. Example: if the distribution rate volume metric for the Residential customer class is kWh's, and 100,000,000 kWh's are forecast for the Residential class in the Test Year, then the rate rider for the Residential class would be \$0.0003 (=\$26,667 divided by 100,000,000).

Norfolk Power Distribution Inc.

<u>Ex.</u>	<u>Tab</u>	<u>Schedule</u>	<u>Contents of Schedule</u>
<u>6 – Cost of Capital and Rate of Return</u>			
	1	1	Overview
		2	Capital Structure
		3	Cost of Debt
		4	Return on Equity
		5	Rate of Return on Rate Base

Norfolk Power Distribution Inc.

OVERVIEW

The purpose of this evidence is to summarize the method and cost of financing the Applicant's capital requirements for the 2008 test years.

Capital Structure

The Applicant has a current capital structure of 50% debt, 50% equity, as approved by the Ontario Energy Board in RP-2005-0020, and a return on equity of 9.0%, consistent with the return specified in the Board's Decision in EB-2005-0396, dated April, 26, 2006. The Applicant is requesting Board approval of a capital structure of 53.33% debt, 46.67% equity.

This change in capital structure complies with the Ontario Energy Board's Report on Cost of Capital and 2nd Generation Incentive Regulation of Ontario's Electricity Distributors dated December 20, 2006. The Ontario Energy Board Report indicates that Distributors will be required to phase-in a 60% debt and 40% equity capital structure that must be completed by 2010. The Applicant is requesting this change in capital structure and associated return on equity primarily to support of the Report of the Board. The Applicant believes the requested capital structure and equity return will provide continued access to long-term debt at reasonable rates.

Cost of Debt

Exhibit 6/Tab 1/Schedule 3 provides the detailed calculation of the Applicant's forecast long-term debt cost of 6.70% for 2007 and 6.70% for 2008. Long-term debt cost of 6.25% for the 2006 historical is also filed at Exhibit 6/Tab 1/Schedule 3.

Return on Equity

For the purposes of this filing the Applicant has assumed a deemed return on equity of 8.68%. This return on equity was calculated using the formula outlined in the Report of the Board dated December 20, 2006 using information available during the preparation of this application.

Norfolk Power Distribution Inc.

However, the Applicant understands the OEB will set the approved deemed return on equity in early 2008 based on financial information at that time.

Norfolk Power Distribution Inc.

CAPITAL STRUCTURE

<u>2006 Board Approved</u> Elements	\$	Ratio (%)	Cost Rate (%)	Return (%)
Long-term debt	16,078,000	50.00%	6.25%	3.13%
Unfunded short-term debt				
Preference shares				
Common equity	22,768,898	50.00%	9.00%	4.50%
Total	38,846,898	100.0%		7.63%

<u>2006 Actual</u> Elements	\$	Ratio (%)	Cost Rate (%)	Return (%)
Long-term debt	14,730,000	39.28%	6.05%	2.38%
Unfunded short-term debt				
Preference shares				
Common equity	22,768,898	60.72%	9.00%	5.46%
Total	37,498,898	100.0%		7.84%

<u>2007 Bridge Year</u> Elements	\$	Ratio (%)	Cost Rate (%)	Return (%)
Long-term debt	17,495,000	43.45%	6.70%	2.91%
Unfunded short-term debt				
Preference shares				
Common equity	22,768,898	56.55%	9.00%	5.09%
Total	40,263,898	100.00%		8.00%

<u>2008 Test Year</u> Elements	\$	Ratio (%)	Cost Rate (%)	Return (%)
Long-term debt	16,653,000	49.33%	6.70%	3.31%
Unfunded short-term debt	2,000,000	4.00%	4.77%	0.19%
Preference shares				
Common equity	22,768,898	46.67%	8.68%	4.05%
Total	41,421,898	100.00%		7.55%

The Applicant is planning to acquire additional third party long term debt in the amount of \$2,000,000 in 2008 and therefore move closer to the Ontario Energy Board suggested rate of 53.33% debt and 46.67% equity.

Norfolk Power Distribution Inc.**COST OF DEBT**

	2006 Board Approved			2006 Actual			2007 Bridge			2008 Test		
	Principle	Carrying Costs	Calculate d Cost	Principle	Carrying Costs	Calculate d Cost	Principle	Carrying Costs	Calculated Cost	Principle	Carrying Costs	Calculated Cost
Long-Term Debt												
TD-Canada Trust	10,700,000	7.00%	749,000	10,358,000	7.00%	725,060	10,168,000	7.00%	711,760	9,971,000	7.00%	697,970
TD-Canada Trust	4,000,000	6.02%	240,800	3,650,000	6.02%	219,730	3,458,000	6.02%	208,172	3,257,000	6.02%	196,071
TD-Canada Trust	0		0	0		0	1,500,000	6.17%	26,117	1,468,000	6.17%	90,576
TD-Canada Trust	0		0	0		0	2,000,000	6.17%	34,822	1,957,000	6.17%	34,074
Haldimand County	3,000,000	5.40%	162,000	722,000	5.13%	40,186	369,000	5.13%	22,095	0		3,044
Total	17,700,000		1,151,800	14,730,000		984,976	17,495,000		1,002,966	16,653,000		1,021,735
Short-Term Debt												
Debt Holder 1	0		0	0		0	0		0	0		0
Unfunded Debt	0		0	0		0	0		0	0		0
Operating Loan	0		0	0		0	0		0	2,000,000	6.17%	34,727
Total	0		0	0		0	0		0	2,000,000		34,727

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RETURN ON EQUITY

The calculations used to determine the return on equity and the debt are taken from the "Report to the Board on Cost of Capital and 2nd Generation Incentive Regulation for Ontario's Electricity Distributors" issued December 20, 2006.

Excerpt from the Report of the Board on Cost of Capital and 2nd Generation Incentive Regulation for Ontario's Electricity Distributors Appendix A and Appendix B

Method to Update the Deemed Long-term Debt Rate

The Board will use the Long Canada Bond Forecast plus an average spread with "A/BBB" rated corporate bond yields to determine the updated deemed debt rate.

The following approach is consistent with the ROE method. As per the approach adopted in the 2006 EDRH, the ROE and the long-term debt rates are based on the same risk-free rate forecast. Therefore, they differ only through the risk premiums that reflect their distinct natures and for which lenders/investors seek commensurate returns. This approach simplifies the calculations and aims to make it easier to understand the numbers. Specifically, the Long Canada Bond Forecast (*LCBF_t*) used will be the same as that used for updating the ROE. The average spread between "A/BBB" rated corporate bond yields and 30-year (long) Government of Canada Bond yields will be calculated as the average spread over the weeks of the month corresponding to the Consensus Forecasts.

The deemed Long-Term Debt Rate (*LTDR_t*) will be calculated as follows:

$$LTDR_t = LCBF_t + \frac{\sum_w (CorpBonds_{w,t} - {}_{30}CB_{w,t})}{n}$$

Where:

- **CorpBonds_{w,t}** is the average long-term corporate bond yield from Scotia Capital Inc. for week *w* of period *t* [Series V121761];
- **₃₀CB_{w,t}** is the 30-year (long) Government of Canada bond yield for week *w* of period *t* [Series V121791]; and
- ***n*** is the number of weeks in the month for which data are reported.

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Method to Update ROE - ROE Update for any Period

Using March 1999 as the starting calculation and substituting for the initial ROE and Long Canada Bond Forecast approved by the Board in the Decision RP-1998-0001 the following is the adjustment formula for calculating the ROE at time t :

$$ROE_t = 9.35\% + 0.75 \times (LCBF_t - 5.50\%)$$

The ROE must be set in advance of the approved rates. The final ROE will be factored into rates using the Long Canada Bond Forecast based on *Consensus Forecasts* (as detailed below) and Bank of Canada data three months in advance of the effective date for the rate change. Therefore, for May 1 rate changes, the ROE will be based on January data – effectively *Consensus Forecasts* published during that month and Bank of Canada data for all business days during the month of January. The necessary data is available within the first or second business days after the end of the month and thus poses no delay for determining rates.

Long Canada Bond Forecast for any Period

For any period t the Long Canada Bond Forecast $LCBF_t$ can be expressed as:

$$LCBF_t = \left[\frac{{}_{10}CBF_{3,t} + {}_{10}CBF_{12,t}}{2} \right] + \frac{\sum_i ({}_{30}CB_{i,t} - {}_{10}CB_{i,t})}{I_t}$$

Where:

${}_{10}CB_{3,t}$ is the 3-month forecast of the 10-year Government of Canada bond yield as published in *Consensus Forecasts* at time t ;

${}_{10}CB_{12,t}$ is the 12-month forecast of the 10-year Government of Canada bond yield as published in *Consensus Forecasts* at time t ;

${}_{30}CB_{i,t}$ is the actual rate for the 30-year Government of Canada bond yield at the close of day i (as published by the Bank of Canada) [Series V39056] during the month (this is the previous month data, the same as used for updating the ROE for natural gas distribution) corresponding to time t ;

${}_{10}CB_{i,t}$ is the actual rate for the 10-year Government of Canada bond yield at the close of day i (as published by the Bank of Canada) [Series V39055] during the month corresponding to time t ; and

I_t is the number of business days for which published 10- and 30- Government of Canada bond yields are published during the month corresponding to time t .

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RATE OF RETURN ON RATE BASE

<u>Government of Canada Bond Yields</u>	<u>Rate</u>
3-month forecast of the 10-year bond yield	4.60%
12-month forecast of the 10-year bond yield	4.80%
Average actual prior month 30-year bond yield	4.03%
Average actual prior month 10-year bond yield	4.12%
Long Canada Bond Forecast	4.61%
Return on Equity	8.68%

<u>WEIGHTED AVERAGE COST OF CAPITAL</u>	<u>Deemed Portion</u>	<u>Effective Rate</u>	<u>Average Cost of Capital</u>
Long-Term Debt	49.33%	6.70%	3.31%
Short-Term Debt	4.00%	4.77%	0.19%
Return on Equity	46.67%	8.68%	4.05%
Regulatory Rate of Return	100.00%		7.55%

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Ex. Tab Schedule Contents of Schedule

7 - Calculation of Revenue Deficiency or Surplus

1	1	Overview of Calculation of Revenue Deficiency or Surplus
	2	Determination of Net Utility Income

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OVERVIEW OF CALCULATION OF REVENUE DEFICIENCY OR SURPLUS

This exhibit presents an overview of the revenue deficiency or surplus calculations process for the 2008 test year

The increase in the Applicant's distribution expenses including depreciation expense in the 2008 Test Year of \$2,925,795 is a result of normal operating expenses plus inflation plus additional amortization related to the Capital program at the Applicant

The change in the Applicant's return on capital in the 2008 Test Year of \$1,916,396 indicates that the utility will not earn its regulated return on equity if current approved rates were maintained.

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DETERMINATION OF NET UTILITY INCOME

Calculation of Revenue Deficiency or Surplus

	2008 Test Existing Rates	2008 Test Proposed Rates
Revenue		
Suff/ Def From Below.		\$2,925,795
Distribution Revenue	\$9,264,007	\$9,264,007
Other Operating Revenue (Net)	\$464,000	\$464,000
Total Revenue	<u>\$9,728,007</u>	<u>\$12,653,802</u>
Distribution Costs		
Operation, Maintenance, and Administration	\$5,098,246	\$5,098,246
Depreciation & Amortization	\$2,836,810	\$2,836,810
Property & Capital Taxes	\$101,174	\$101,174
Interest- Deemed Interest	\$1,669,256	\$1,669,256
Total Costs and Expenses	<u>\$9,705,486</u>	<u>\$9,705,486</u>
Utility Income Before Income Taxes	\$22,521	\$2,948,316
Net Adjustments per 2008 Pils	-\$333,369	-\$333,369
Taxable Income	<u>-\$310,848</u>	<u>\$2,614,947</u>
Income Tax (Tax Rate 34.5%)	-\$107,243	\$902,157
Utility Income	<u>\$129,764</u>	<u>\$2,046,159</u>
Rate Base	\$50,499,606	\$50,499,606
Equity	46.67%	46.67%
Equity Component Rate Base	\$23,566,483	\$23,566,483
Income / Equity Rate Base %	0.55%	8.68%
Target Return -Equity on Rate Base	8.68%	8.68%
Return- Equity on Rate Base	\$2,046,159	\$2,046,159
Revenue Deficiency	\$1,916,396	
Revenue Deficiency (Gross-up)	\$2,925,795	

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<u>Ex.</u>	<u>Tab</u>	<u>Schedule</u>	<u>Contents of Schedule</u>
<u>8 – Cost Allocation</u>			
	1	1	Cost Allocation Overview
		2	Summary of Results and Proposed Changes

Norfolk Power Distribution Inc.

COST ALLOCATION OVERVIEW

1. Introduction

Introduction:

On September 29, 2006 the OEB issued its directions on Cost Allocation Methodology for Electricity Distributors (“the Directions”). On November 15, 2006, the Board issued the Cost Allocation Information Filing Guidelines for Electricity Distributors (“the Guidelines”), the Cost Allocation Model (“the Model”) and User Instructions (the “Instructions”) for the Model. The Applicant prepared a cost allocation information filing consistent with the Applicant understanding of the Directions, the Guidelines, the Model and the Instructions. The Applicant submitted this filing to the OEB on February 28, 2007.

One of the main objectives of the filing was the provision of information that will indicate any apparent cross-subsidization among rate classifications within a distributor.

Background:

In the mid 1980's, Ontario Hydro, at the time the regulator of the distribution sector, completed the most recent cost allocation study that reflected the distribution function, but this was an integrated cost allocation study. The integrated study reviewed the full costs of providing electricity to customers which included energy, transmission and distribution. Distribution represented only approximately 15% of the total costs reviewed. The results of this study assisted Ontario Hydro in developing the Standard Application of Rates that were used by Municipal Electric Utilities to develop the bundled rates they charged customers until 2000.

Under the *Energy Competition Act, 1998*, the former Ontario Hydro was restructured into separate transmission/distribution (Hydro One) and generation (Ontario Power Generation) companies (among others). This was in part to facilitate the establishment of competitive markets for the electricity as a commodity. In furtherance of that objective, the rates charged by distributors were “unbundled” from transmission and commodity portions of the customer’s bill. The unbundling also facilitated the addition of commercial returns on equity, debt rates

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and Payments in Lieu of Taxes (“PILs”) to the distribution rates, in keeping with government policy. The unbundling of distribution from generation and transmission was completed in the 2000/2001 timeframe using the OEB’s 2000 Electricity Distribution Rate Handbook and the Rate Unbundling and Design Model (the “RUD” model). The Rate Handbook and RUD model provided a method to unbundle distribution rates from the other rates by rate classification but they did not determine whether the unbundled rates fully collected the cost of providing distribution service to each rate classification. The cost allocation informational filing process in 2006 represented the first time a cost allocation study has been conducted in Ontario that focuses completely on distribution costs to determine whether or not the distribution rates are collecting the cost of providing distribution service to the corresponding rate classifications

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SUMMARY OF RESULTS AND PROPOSED CHANGES

Results of the Cost Allocation Study:

The cost/financial data used in the Model was consistent with the Applicant's cost data that supported its 2006 OEB-approved distribution rates. Consistent with the Guidelines, The Applicant's assets were broken out into primary and secondary distribution functions. The breakout of assets, capital contributions, depreciation, accumulated depreciation, customer data and load data by primary, line transformer and secondary categories were developed from the best data available from the Applicant's engineering records and customer and financial information systems.

The results of a cost allocation study are typically presented in the form of revenue to cost ratios. The ratio is shown by rate classification and is the percentage of distribution revenue collected by rate classification compared to the costs allocated to the classification. The percentage shows the rate classifications that are being subsidized and those that are over-contributing. A percentage of less than 100% means the rate classification is under-contributing and is being subsidized by other classes. A percentage of greater than 100% indicates the rate classification is over-contributing the cost assigned to the classification and is subsidizing other classes.

The following table outlines the revenue to cost ratios from the cost allocation informational filing submitted by the Applicant.

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Revenue to Cost Ratios as Filed in the Applicant's
2007 Cost Allocation Informational Filing

Rate Classification	Revenue to Cost Ratio
Residential	103.8%
General Service Less Than 50 kW	96.0%
General Service 50 to 4,999 kW	102.5%
Street Lights	30.7%
Sentinel Lights	19.6%
Unmetered Scattered Load	98.5%

Except for Street Lights and Sentinel Lights, the current revenues for all other rates classes are essentially balanced with the cost of providing distribution service to these rate classes. As a result, the Applicant is proposing to adjust the revenue cost ratios upward for Street Lights and Sentinel Lights to address the cross subsidization to these rate classes. The results of these adjustments to the revenue to cost ratios and the proposed revenue to cost ratios for the 2008 Rate Application are provided below.

Rate Classification	Revenue to Cost Ratio
Residential	102.6%
General Service Less Than 50 kW	99.1%
General Service 50 to 4,999 kW	98.8%
Street Lights	54.3%
Sentinel Lights	47.0%
Unmetered Scattered Load	100.7%

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The proposed revenue cost ratios imply the following allocation of revenue in this application.

Rate Classification	Proposed Proportion of Revenue
Residential	63.1%
General Service Less Than 50 kW	19.0%
General Service 50 to 4,999 kW	16.5%
Street Lights	1.0%
Sentinel Lights	0.3%
Unmetered Scattered Load	0.2%
Total	100.0%

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<u>Ex.</u>	<u>Tab</u>	<u>Schedule</u>	<u>Contents of Schedule</u>
<u>9 - Rate Design</u>			
	1	1	Rate Design Overview
		2	Rate Mitigation
		3	Proposed Retail Transmission Rate Adjustment
		4	Existing Rate Classes
		5	Existing Rate Schedule
		6	Proposed Rate Schedule
		7	Reconciliation of Rate Class Revenue
		8	Rate Impacts

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RATE DESIGN OVERVIEW

This exhibit documents the calculation of the Applicant's proposed distribution rates by rate class for the 2008 test year, based on rate design as proposed in this Exhibit.

The Applicant has determined its total 2008 service revenue requirement to be \$12,800,353. The total revenue offsets in the amount of \$464,000 reduces The Applicant's total service revenue requirement to a base revenue requirement to \$12,336,352, which is used to determine the proposed distribution rates. The base revenue requirement is derived from The Applicant's 2008 capital and operating forecasts, weather normalized usage, forecasted customer counts, and The Applicant's regulated return on rate base. The revenue requirement is summarized in the table below

Calculation of Base Revenue Requirement

OM&A Expenses	5,098,246
Amortization Expenses	<u>2,836,810</u>
Total Distribution Expenses	7,935,056
Regulated Return On Capital	3,811,769
PILs (with gross-up)	<u>1,053,527</u>
Service Revenue Requirement	12,800,353
Less: Revenue Offsets	<u>(464,000)</u>
Base Revenue Requirement	12,336,352
Directly Allocated CDM	68,612
Outstanding Base Revenue Requirement	12,267,740

The outstanding base revenue requirement is allocated to the various rate classes using the following proposed proportion of revenue as outlined in the Exhibit 8 – Cost Allocation.

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Proposed Apportionment of Revenue to Rate Classes

Rate Classification	Proposed Proportion of Revenue
Residential	63.1%
General Service Less Than 50 kW	19.0%
General Service 50 to 4,999 kW	16.5%
Street Lights	1.0%
Sentinel Lights	0.3%
Unmetered Scattered Load	0.2%
Total	100.0%

The following table outlines the results of this allocation.

Allocation of Outstanding Base Revenue Requirement

Rate Classification	Proposed Revenue
Residential	\$7,737,264
General Service Less Than 50 kW	\$2,330,871
General Service 50 to 4,999 kW	\$2,021,724
Street Lights	\$122,677
Sentinel Lights	\$30,669
Unmetered Scattered Load	\$24,535
Total	<u>\$12,267,740</u>

The Applicant proposes to spend \$68,612 on Conservation and Demand Management ("CDM") programs during the test year. Consistent with the 2006 EDR model the Applicant has allocated this amount to the various rate classes based on the expected level on activity in the each class. The following summarizes the proposed allocation of CDM costs

Allocation of Conservation and Demand Management Costs

Rate Classification	Proposed Revenue
Residential	\$38,612
General Service Less Than 50 kW	\$10,000
General Service 50 to 4,999 kW	\$20,000
Street Lights	
Sentinel Lights	
Unmetered Scattered Load	
Total	\$68,612

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The following outlines the allocation of the total base revenue requirement

Proposed Allocation of Base Revenue Requirement

Rate Classification	Proposed Revenue
Residential	\$7,775,876
General Service Less Than 50 kW	\$2,340,871
General Service 50 to 4,999 kW	\$2,041,724
Street Lights	\$122,677
Sentinel Lights	\$30,669
Unmetered Scattered Load	\$24,535
Total	<u>\$12,336,352</u>

Determination of Monthly Fixed Charges:

The Applicant's current OEB-approved monthly fixed charges based on its 2007 IRM application, and before the smart meter adder, by customer class are summarized in the table below.

Current Monthly Fixed Charges

Rate Class	Current Monthly Fixed Charge
Residential	\$18.48
General Service Less Than 50 kW	\$41.74
General Service 50 to 4,999 kW	\$219.76
Street Lights	\$0.71
Sentinel Lights	\$1.37
Unmetered Scattered Load	\$20.75

Using the existing approved fixed charges applied to the forecasted number of customers for 2008, the following table outlines the current split between fixed and variable distribution revenue.

Rate Class	Fixed Revenue Proportion	Variable Revenue Proportion
Residential	59.6%	40.4%
General Service Less Than 50 kW	57.9%	42.1%
General Service 50 to 4,999 kW	26.5%	73.5%
Street Lights	53.6%	46.4%

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Sentinel Lights	85.0%	15.0%
Unmetered Scattered Load	72.8%	27.2%

The Applicant submits that it is appropriate for 2008 to maintain the same fixed/variable proportions assumed in the current rates. This matter is discussed further below.

In September 2006 the OEB completed its Cost Allocation Review and issued the Board Directions on Cost Allocation Methodology For Electricity Distributors, RP-2005-0317. The results of this Board report stem from at least three years of discussions and work groups which included OEB staff, electricity distributors, intervenors and experts at various stages of the review process. Subsequently, in November of 2006, the OEB issued the Cost Allocation Informational Filing Guidelines for Electricity Distributors (“the Guidelines”) and the cost allocation Model. The Guidelines and Model provided LDCs the framework to complete their cost allocation studies which were filed in early 2007.

In its follow-up to the review of the cost allocation filings, the OEB issued a “Board Staff Discussion Paper On the Implications Arising from a Review of the Electricity Distributors’ Cost Allocation Filings” (EB-2007-0667), in which OEB staff have requested comments on proposed ranges for revenue to cost ratios and well as ranges for the fixed distribution charges.

Board staff makes the suggestion in Section 3.5 of the Discussion Paper (Implications Arising from the Determination of class Specific Revenue to Cost Ratios) that “no distributor’s revenue to cost ratios should be outside the ranges, without significant justification...” and further that “Any distributor with a class ratio that falls outside the suggested ranges should re-align its distribution rates so that all classes fall with the respective ranges.” OEB staff further recognize throughout this section that “for some customer classes, there could be higher than average rate adjustments.” and that “Any significant adjustments to rates must consider the range of factors associated with rate changes which may not allow for immediate full adjustments.”

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In Section 4 of the Discussion Paper, OEB staff provide an analysis of fixed distribution charges and suggest an upper and lower range based on the minimum system concept. This concept has been a long-standing methodology for cost allocation studies, however OEB staff are proposing that each distributor set fixed rates within these ranges “at the time of its next rebasing rate application.” The Applicant submits that OEB staff comments in this section of the Staff Discussion Paper are contradictory to other Reports, Decisions and OEB initiatives, which are currently outstanding and in fact support the notion of an overall review of fundamental distribution rate design as discussed below.

The Applicant further submits that the Staff suggestion is in fact a proposed approach to rate design, and the Applicant suggest that this is premature at this time and in addition, this study should not be used in isolation of other factors to make determinations on rate design. Instead, the issue of the appropriate split between fixed and variable distribution charges should be moved to the OEB’s proceeding EB-2007-0031– Rate Design for Electricity Distributors – in which the OEB is considering rate design issues.

The March 30, 2007 OEB Staff Discussion Paper in EB-2007-0031 – “Rate Design for Electricity Distributors: Overview and Scoping” – was issued “primarily to solicit input from interested parties that will enable Board staff to better understand which areas, if any, might be a priority for distributors and consumers” in key rate design principles.

This Discussion Paper clearly invites stakeholder input on key rate design principles, which will include the fixed and variable distribution rate design. The Applicant agrees with certain comments that were made such as

The rates should be set such that the risk to the recovery of the LDC’s revenue requirement is minimized;

- The rates should not be overly complicated for either the customer to understand or for the LDC to implement; and

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- The rates charged a specific customer class should reflect as closely as possible the actual costs incurred by that LDC to provide distribution service to that customer class – and nothing more.

As the fundamental rate design still needs to go into the consultation process the Applicant submits that any changes beyond those being proposed to the existing fixed variable distribution rate and revenue proportions are beyond the scope of this 2008 rate application process and as such should not be addressed without a full rate design process.

The following provides The Applicant calculations of its proposed monthly fixed distribution charges for the 2008 Test Year assuming the fixed/variable split supporting the current approved rates.

Proposed Fixed Distribution Charge

Customer Class	Total Base Revenue Requirement	Fixed Revenue Proportion	2008 Test Year Customers	Proposed Fixed Distribution Charge
Residential	\$7,775,876	59.60%	16,607	\$23.27
General Service Less Than 50 kW	\$2,340,871	57.90%	2,058	\$54.88
General Service 50 to 4,999 kW	\$2,041,724	26.50%	166	\$283.18
Street Lights	\$122,677	53.60%	3,091	\$1.77
Sentinel Lights	\$30,669	85.00%	400	\$5.43
Unmetered Scattered Load	\$24,535	72.80%	51	\$29.17
Total	\$12,336,352		22,373	

Proposed Volumetric Charges:

The variable distribution charge to collect base revenue requirement is calculated by dividing the variable distribution base revenue requirement by the appropriate 2008 Test Year usage, kWh or kW, as the class charge determinant.

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The following provides The Applicant calculations of its proposed variable distribution charges for the 2008 Test Year assuming the fixed/variable split supporting the current approved rates.

Variable Distribution Charge Calculation

Customer Class	Total Base Revenue Requirement	Variable Revenue Proportion	2008 Test Volumetric Billing Determinant	Proposed Volumetric Distribution Charge
Residential	\$7,775,876	40.3%	147,447,515 kWh	\$0.0213
General Service Less Than 50 kW	\$2,340,871	42.1%	64,081,972 kWh	\$0.0154
General Service 50 to 4,999 kW	\$2,041,724	73.5%	403,334 kW	\$3.6630
Street Lights	\$122,677	46.4%	9,478 kW	\$6.0024
Sentinel Lights	\$30,669	15.0%	345 kW	\$13.3824
Unmetered Scattered Load	\$24,535	27.2%	406,396 kWh	\$0.0164
Total	\$12,336,352			

Proposed Adjustment to Transformer Allowance:

Currently, the Applicant provides a Transformer Allowance to those customers that own their transformation facilities. The Applicant proposes to maintain the current approved transformer ownership allowance of \$0.60 per kW. The Transformer Allowance is intended to reflect the costs to a distributor of providing step down transformation facilities to the customer's utilization voltage level. Since the distributor provides electricity at utilization voltage, the cost of this transformation is captured in and recovered through the distribution rates. Therefore, when a customer provides its own step down transformation from primary to secondary, it should receive a credit of these costs already included in the distribution rates.

The amount of Transformer Allowance expected to be provided to those General Service 50 to 4,999 kW customers that own their transformers has been included in the General Service 50 to 4,999 kW volumetric charge. This means the General Service 50 to 4,999 kW volumetric charge has been increased \$0.3037 per kW to recover the amount of the Transformer Allowance over all kW in the General Service 50 to 4,999 kW rate class. Once

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the Transformer Allowance is applied to this charge the resulting revenue will recover the full base revenue requirement for the General Service 50 to 4,999 kW rate class.

Recovery of Low Voltage Costs:

Consistent with the approach in the Board's 2006 EDR model, LV costs of \$371,652 have been allocated to each rate class based on the proportion of retail transmission connection revenue collected from each class. This calculation is outlined in the following table:

Allocation of LV Costs

Rate Classification	Retail Transmission Connection Revenue	Allocation Percentages	Allocated LV
Residential	\$1,474,475	41.55%	\$154,425
General Service Less Than 50 kW	\$576,738	16.25%	\$60,403
General Service 50 to 4,999 kW	\$1,466,484	41.33%	\$153,588
Street Lights	\$26,281	0.74%	\$2,752
Sentinel Lights	\$968	0.03%	\$101
Unmetered Scattered Load	\$3,658	0.10%	\$383
Total	\$3,548,604	100.00%	\$371,652

These proposed LV costs by rate class are then divided by the projected volumes and this produces the proposed adjustments to the distribution volumetric charges set out in the table below:

LV-Related Adjustments to Volumetric Charges

Rate Classification	LV Adjustment (\$ per kWh)	LV Adjustment (\$ per kW)
Residential	0.0010	-
General Service Less Than 50 kW	0.0009	-
General Service 50 to 4,999 kW	-	0.3808
Street Lights	-	0.2904
Sentinel Lights	-	0.2940
Unmetered Scattered Load	0.0009	-

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Proposed Distribution Rates:

The following table sets out the Applicant proposed 2008 electricity distribution rates based on the foregoing calculations, including adjustments for the recovery of transformer allowance and LV costs:

Proposed 2008 Electricity Distribution Rates

Customer Class	Customer	Connection	kWh	kW
Residential	\$23.27		\$0.0213	
General Service Less Than 50 kW	\$54.88		\$0.0154	
General Service 50 to 4,999 kW	\$283.18			\$3.6630
Street Lights		\$1.77		\$6.0024
Sentinel Lights		\$5.43		\$13.3824
Unmetered Scattered Load		\$29.17	\$0.0164	
Transformer Allowance				\$0.60

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RATE MITIGATION

The Applicant considers the proposed rate adjustment not to be of such impact to the customer that it requires rate mitigation.

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PROPOSED RETAIL TRANSMISSION RATE ADJUSTMENT

MONTH	IESO Network Service Charge	IESO Line Connection Service Charge	IESO Transformation Connection Service Charge	Hydro One Retail Network Service Charge	Hydro One Retail Connection Service Charge	Haldimand	Haldimand	Network Billings	Connection Billings		Network	Connection
						Hydro Retail Network Service Charge	Hydro Retail Connection Service Charge					
May-06	\$70,620	\$20,462	\$0	\$71,858	\$59,596	\$30,389	\$26,087	\$164,144	\$142,701	Estimated New		
Jun-06	\$65,681	\$19,031	\$0	\$67,496	\$55,979	\$30,569	\$26,242	\$140,067	\$117,148	IESO, Hydro One & Haldimand Costs	\$2,625,806	\$1,678,434
Jul-06	\$72,123	\$21,810	\$0	\$83,084	\$68,907	\$38,658	\$33,186	\$149,951	\$124,962	Billing Revenues	\$2,679,028	\$2,239,608
Aug-06	\$75,872	\$22,211	\$0	\$69,192	\$57,385	\$40,814	\$35,036	\$166,985	\$139,323	Ratio	0.980	0.749
Sep-06	\$51,458	\$15,279	\$0	\$57,486	\$47,677	\$26,652	\$22,879	\$172,350	\$143,883			
Oct-06	\$50,793	\$16,675	\$0	\$62,196	\$51,583	\$27,489	\$23,598	\$150,595	\$125,382			
Nov-06	\$61,881	\$18,231	\$0	\$66,233	\$54,931	\$28,799	\$24,723	\$149,506	\$124,347	Current Retail Transmission Rates		
Dec-06	\$69,389	\$20,106	\$0	\$65,898	\$54,654	\$32,197	\$27,639	\$152,000	\$126,448	Residential	\$0.0054	\$0.0046
Jan-07	\$69,445	\$20,134	\$0	\$63,680	\$52,988	\$31,450	\$26,998	\$159,514	\$132,953	General Service Less Than 50 kW	\$0.0049	\$0.0041
Feb-07	\$73,008	\$21,154	\$0	\$66,125	\$54,842	\$33,213	\$28,511	\$166,765	\$139,241	General Service 50 to 4,999 kW	\$2.0076	\$1.6283
Mar-07	\$63,842	\$20,007	\$0	\$59,359	\$49,660	\$29,484	\$25,310	\$177,994	\$148,719	Street Lights	\$1.5141	\$1.2588
Apr-07	\$55,174	\$16,501	\$0	\$54,893	\$45,526	\$25,545	\$21,929	\$163,136	\$136,139	Sentinel Lights	\$1.5217	\$1.2851
May-07	\$66,332	\$19,220	\$0	\$61,853	\$51,322	\$26,893	\$23,086	\$146,133	\$121,872	Unmetered Scattered Load	\$0.0049	\$0.0041
Jun-07	\$78,544	\$22,758	\$0	\$74,569	\$61,845	\$35,443	\$30,426	\$137,744	\$114,520			
Jul-07	\$100,021	\$31,280	\$16,011	\$48,616	\$40,320	\$37,755	\$32,410	\$151,789	\$126,436	Proposed Retail Transmission Rates		
Aug-07	\$105,817	\$30,981	\$17,136	\$49,808	\$41,309	\$38,545	\$33,089	\$161,999	\$135,109	Residential	\$0.0053	\$0.0034
Sep-07	\$99,588	\$29,626	\$16,700	\$49,808	\$41,309	\$36,102	\$30,991	\$168,356	\$140,424	General Service Less Than 50 kW	\$0.0048	\$0.0031
										General Service 50 to 4,999 kW	\$1.9677	\$1.2203
Total	\$1,229,587	\$365,465	\$49,847	\$1,072,154	\$889,834	\$549,996	\$472,141	\$2,679,028	\$2,239,608	Street Lights	\$1.4840	\$0.9434
										Sentinel Lights	\$1.4915	\$0.9631
										Unmetered Scattered Load	\$0.0048	\$0.0031
Old Rate	\$2.83	\$0.82	\$1.50	\$1.00	\$1.00	\$1.00	\$1.00					
New Rate	\$2.31	\$0.59	\$1.61	\$1.00	\$1.00	\$1.00	\$1.00					
Est Revised IESO Cost	\$1,003,656	\$262,957	\$53,502	\$1,072,154	\$889,834	\$549,996	\$472,141					

ESTIMATED

Norfolk Power Distribution Inc.

EXISTING RATE CLASSES

Residential

This classification applies to an account taking electricity at 750 volts or less where the electricity is used exclusively in a separate metered living accommodation. Customers shall be residing in single-dwelling units that consist of a detached house or one unit of a semi-detached, duplex, triplex or quadruplex house, with a residential zoning. Separately metered dwellings within a town house complex or apartment building also qualify as residential customers. All customers are single-phase.

General Service Less Than 50kW

This classification applies to a non residential account taking electricity at 750 volts or less whose average monthly maximum demand is less than, or is forecast to be less than, 50 kW.

General Service 50 to 4,999kW

This classification applies to a non residential account whose average monthly maximum demand used for billing purposes is equal to or greater than, or is forecast to be equal to or greater than, 50 kW but less than 5,000 kW.

Unmetered Scattered Load

This classification applies to an account taking electricity at 750 volts or less whose average monthly maximum demand is less than, or is forecast to be less than, 50 kW and the consumption is unmetered. Such connections include cable TV power packs, bus shelters, telephone booths, traffic lights, railway crossings, etc. The level of the consumption will be agreed to by the distributor and the customer, based on detailed manufacturer information/documentation with regard to electrical consumption of the unmetered load or periodic monitoring of actual consumption.

StreetLights

This classification applies to an account for roadway lighting with a Municipality, Regional Municipality, Ministry of Transportation and private roadway lighting, controlled by photo cells.

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The consumption for these customers will be based on the calculated connected load times the required lighting times established in the approved OEB street lighting load shape template.

Norfolk Power Distribution Inc.**EXISTING RATE SCHEDULE****Residential**

Service Charge	\$	18.48
Distribution Volumetric Rate	\$/kWh	0.0169
Regulatory Asset Recovery	\$/kWh	0.0046
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0054
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0046
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0010
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

General Service Less Than 50 kW

Service Charge	\$	41.74
Distribution Volumetric Rate	\$/kWh	0.0117
Regulatory Asset Recovery	\$/kWh	0.0023
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0049
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0041
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0010
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

General Service 50 to 4,999 kW

Service Charge	\$	219.76
Distribution Volumetric Rate	\$/kW	3.0175
Regulatory Asset Recovery	\$/kW	0.1217
Retail Transmission Rate – Network Service Rate	\$/kW	2.0076
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.6283
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0010
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Unmetered Scattered Load

Service Charge (per connection)	\$	20.75
Distribution Volumetric Rate	\$/kWh	0.0117
Regulatory Asset Recovery	\$/kWh	0.0023
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0049
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0041
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0010
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Sentinel Lighting

Service Charge (per connection)	\$	1.37
Distribution Volumetric Rate	\$/kW	3.3779
Regulatory Asset Recovery	\$/kW	9.2909
Retail Transmission Rate – Network Service Rate	\$/kW	1.5217
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.2851
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0010
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

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Street Lighting

Service Charge (per connection)	\$	0.71
Distribution Volumetric Rate	\$/kW	2.4025
Regulatory Asset Recovery	\$/kW	0.2931
Retail Transmission Rate – Network Service Rate	\$/kW	1.5141
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.2588
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0010
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Specific Service Charges

Customer Administration		
Arrears Certificate	\$	15.00
Statement of Account	\$	15.00
Pulling posted dated cheques	\$	15.00
Duplicate invoices for previous billing	\$	15.00
Request for other billing information	\$	15.00
Easement Letter	\$	15.00
Income tax letter	\$	15.00
Notification charge	\$	15.00
Account history	\$	15.00
Credit reference/credit check (plus credit agency costs)	\$	15.00
Returned cheque charge (plus bank charges)	\$	15.00
Charge to certify cheque	\$	15.00
Legal letter charge	\$	15.00
Account set up charge/change of occupancy charge (plus credit agency costs if applicable)	\$	30.00
Meter dispute charge plus Measurement Canada fees (if meter found correct)	\$	30.00
Special meter reads	\$	30.00
Non-Payment of Account		
Late Payment - per month	%	1.50
Late Payment - per annum	%	19.56
Collection of account charge – no disconnection	\$	30.00
Collection of account charge – no disconnection – after regular hours	\$	165.00
Disconnect/Reconnect at meter – during regular hours	\$	65.00
Disconnect/Reconnect at meter – after regular hours	\$	185.00
Disconnect/Reconnect at pole – during regular hours	\$	185.00
Disconnect/Reconnect at pole – after regular hours	\$	415.00
Install/Remove load control device – during regular hours	\$	65.00
Install/Remove load control device – after regular hours	\$	185.00
Service call – customer-owned equipment	\$	30.00
Service call – after regular hours	\$	165.00
Allowances		
Transformer Allowance for Ownership - per kW of billing demand/month	\$/kW	(0.60)
Primary Metering Allowance for transformer losses – applied to measured demand and energy	%	(1.00)

Loss Factor

Total Loss Factor – Secondary Metered Customer < 5,000 kW	1.0560
Total Loss Factor – Secondary Metered Customer > 5,000 kW	N/A
Total Loss Factor – Primary Metered Customer < 5,000 kW	1.0454
Total Loss Factor – Primary Metered Customer > 5,000 Kw	N/A

Norfolk Power Distribution Inc.**PROPOSED RATE SCHEDULE****Residential**

Service Charge	\$	23.27
Distribution Volumetric Rate	\$/kWh	0.0213
Regulatory Asset Recovery	\$/kWh	-0.0004
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0053
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0034
Wholesale Market Service Rate	\$/kWh	0.0053
Rural Rate Protection Charge	\$/kWh	0.0010
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

General Service Less Than 50 kW

Service Charge	\$	54.88
Distribution Volumetric Rate	\$/kWh	0.0154
Regulatory Asset Recovery	\$/kWh	-0.0006
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0048
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0031
Wholesale Market Service Rate	\$/kWh	0.0053
Rural Rate Protection Charge	\$/kWh	0.0010
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

General Service 50 to 4,999 kW

Service Charge	\$	283.18
Distribution Volumetric Rate	\$/kW	3.6631
Regulatory Asset Recovery	\$/kW	-0.3247
Retail Transmission Rate – Network Service Rate	\$/kW	1.9677
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.2203
Wholesale Market Service Rate	\$/kWh	0.0053
Rural Rate Protection Charge	\$/kWh	0.0010
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Unmetered Scattered Load

Service Charge (per connection)	\$	29.17
Distribution Volumetric Rate	\$/kWh	0.0165
Regulatory Asset Recovery	\$/kWh	-0.0004
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0048
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0031
Wholesale Market Service Rate	\$/kWh	0.0053
Rural Rate Protection Charge	\$/kWh	0.0010
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Sentinel Lighting

Service Charge (per connection)	\$	5.43
Distribution Volumetric Rate	\$/kW	13.3824
Regulatory Asset Recovery	\$/kW	3.0226
Retail Transmission Rate – Network Service Rate	\$/kW	1.4915
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	0.9631
Wholesale Market Service Rate	\$/kWh	0.0053
Rural Rate Protection Charge	\$/kWh	0.0010
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Norfolk Power Distribution Inc.

Street Lighting

Service Charge (per connection)	\$	1.77
Distribution Volumetric Rate	\$/kW	6.0024
Regulatory Asset Recovery	\$/kW	1.1713
Retail Transmission Rate – Network Service Rate	\$/kW	1.4840
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	0.9434
Wholesale Market Service Rate	\$/kWh	0.0053
Rural Rate Protection Charge	\$/kWh	0.0010
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Specific Service Charges

Customer Administration		
Arrears Certificate	\$	15.00
Statement of Account	\$	15.00
Pulling posted dated cheques	\$	15.00
Duplicate invoices for previous billing	\$	15.00
Request for other billing information	\$	15.00
Easement Letter	\$	15.00
Income tax letter	\$	15.00
Notification charge	\$	15.00
Account history	\$	15.00
Credit reference/credit check (plus credit agency costs)	\$	15.00
Returned cheque charge (plus bank charges)	\$	15.00
Charge to certify cheque	\$	15.00
Legal letter charge	\$	15.00
Account set up charge/change of occupancy charge (plus credit agency costs if applicable)	\$	30.00
Meter dispute charge plus Measurement Canada fees (if meter found correct)	\$	30.00
Special meter reads	\$	30.00
Non-Payment of Account		
Late Payment - per month	%	1.50
Late Payment - per annum	%	19.56
Collection of account charge – no disconnection	\$	30.00
Collection of account charge – no disconnection – after regular hours	\$	165.00
Disconnect/Reconnect at meter – during regular hours	\$	65.00
Disconnect/Reconnect at meter – after regular hours	\$	185.00
Disconnect/Reconnect at pole – during regular hours	\$	185.00
Disconnect/Reconnect at pole – after regular hours	\$	415.00
Install/Remove load control device – during regular hours	\$	65.00
Install/Remove load control device – after regular hours	\$	185.00
Service call – customer-owned equipment	\$	30.00
Service call – after regular hours	\$	165.00
Allowances		
Transformer Allowance for Ownership - per kW of billing demand/month	\$/kW	(0.60)
Primary Metering Allowance for transformer losses – applied to measured demand and energy	%	(1.00)

Loss Factor

Total Loss Factor – Secondary Metered Customer < 5,000 kW	1.0560
Total Loss Factor – Secondary Metered Customer > 5,000 kW	N/A
Total Loss Factor – Primary Metered Customer < 5,000 kW	1.0454
Total Loss Factor – Primary Metered Customer > 5,000 Kw	N/A

Norfolk Power Distribution Inc.

RECONCILIATION OF RATE CLASS REVENUE

Rate Classification	Fixed Distribution Revenue	Variable Distribution Revenue	Low Voltage	Transformer Allowance	Total Distribution Revenue
Residential	4,637,801	3,138,074	154,425		7,930,300
General Service Less Than 50 kW	1,355,096	985,775	60,403		2,401,273
General Service 50 to 4,999 kW	564,289	1,477,434	153,588	122,506	2,317,817
Street Lights	65,789	56,889	2,752		125,430
Sentinel Lights	26,052	4,617	101		30,771
Unmetered Scattered Load	17,851	6,684	383		24,919
Total	<u>\$6,666,879</u>	<u>\$5,669,473</u>	<u>\$371,652</u>	<u>\$122,506</u>	<u>\$12,830,510</u>

Norfolk Power Distribution Inc.

RATE IMPACTS

This exhibit presents the results of the assessment of customer total bill impacts by level of consumption by customer per rate class and per the total customer class.

Impacts are derived using the applicable May 1, 2007 rates and the proposed 2008 distribution and retail transmission rates (including Rate Rider for the recovery of Deferral and Variance Accounts).

The total bill impacts are calculated each rate class at various levels of consumption. The rates are assessed on the basis of moving to the proposed distribution rates.

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Residential

100 kWh Consumption

	Metric	2007 BILL			2008 BILL			IMPACT		
		Volume	Rate \$	Charge \$	Volume	Rate \$	Charge \$	Change \$	Change %	% of Total Bill
Monthly Service Charge				18.48			23.27	4.79	25.9%	16.6%
Distribution	kWh	100	0.01690	1.69	100	0.02128	2.13	0.44	25.9%	1.5%
Sub-Total				20.17			25.40	5.23	25.9%	18.1%
Regulatory Asset Recovery	kWh	100	0.00460	0.46	100	-0.00036	(0.04)	(0.50)	-107.7%	-1.7%
Retail Transmission - Network	kWh	104	0.00540	0.56	104	0.00529	0.55	(0.01)	-2.6%	-0.1%
Retail Transmission - Line and Transformation Connection	kWh	104	0.00460	0.48	104	0.00341	0.35	(0.13)	-26.2%	-0.4%
Wholesale Market Service	kWh	104	0.00520	0.54	104	0.00530	0.55	0.01	1.4%	0.0%
Rural Rate Protection Charge	kWh	104	0.00100	0.10	104	0.00100	0.10	(0.00)	-0.5%	0.0%
Debt Retirement Charge	kWh	100	0.00700	0.70	100	0.00700	0.70	0.00	0.0%	0.0%
Cost of Power Commodity	kWh	104	0.05704	5.93	104	0.05704	5.90	(0.03)	-0.5%	-0.1%
Total Bill				28.95			33.52	4.57	15.8%	15.8%

Residential

250 kWh Consumption

	Metric	2007 BILL			2008 BILL			IMPACT		
		Volume	Rate \$	Charge \$	Volume	Rate \$	Charge \$	Change \$	Change %	% of Total

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										Bill
Monthly Service Charge				18.48			23.27	4.79	25.9%	10.7%
Distribution	kWh	250	0.01690	4.23	250	0.02128	5.32	1.10	25.9%	2.5%
Sub-Total				22.71			28.59	5.89	25.9%	13.2%
Regulatory Asset Recovery	kWh	250	0.00460	1.15	250	-0.00036	(0.09)	(1.24)	-107.7%	-2.8%
Retail Transmission - Network	kWh	260	0.00540	1.40	259	0.00529	1.37	(0.04)	-2.6%	-0.1%
Retail Transmission - Line and Transformation Connection	kWh	260	0.00460	1.20	259	0.00341	0.88	(0.31)	-26.2%	-0.7%
Wholesale Market Service	kWh	260	0.00520	1.35	259	0.00530	1.37	0.02	1.4%	0.0%
Rural Rate Protection Charge	kWh	260	0.00100	0.26	259	0.00100	0.26	(0.00)	-0.5%	0.0%
Debt Retirement Charge	kWh	250	0.00700	1.75	250	0.00700	1.75	0.00	0.0%	0.0%
Cost of Power Commodity	kWh	260	0.05704	14.83	259	0.05704	14.76	(0.07)	-0.5%	-0.2%
Total Bill				44.65			48.89	4.25	9.5%	9.5%

Residential

500 kWh Consumption

	Metric	2007 BILL			2008 BILL			IMPACT		
		Volume	Rate \$	Charge \$	Volume	Rate \$	Charge \$	Change \$	Change %	% of Total Bill
Monthly Service Charge				18.48			23.27	4.79	25.9%	6.8%
Distribution	kWh	500	0.01690	8.45	500	0.02128	10.64	2.19	25.9%	3.1%
Sub-Total				26.93			33.91	6.98	25.9%	9.9%
Regulatory Asset Recovery	kWh	500	0.00460	2.30	500	-0.00036	(0.18)	(2.48)	-107.7%	-3.5%
Retail Transmission - Network	kWh	520	0.00540	2.81	518	0.00529	2.74	(0.07)	-2.6%	-0.1%
Retail Transmission - Line and	kWh	520	0.00460	2.39	518	0.00341	1.77	(0.63)	-26.2%	-0.9%

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Transformation Connection										
Wholesale Market Service	kWh	520	0.00520	2.70	518	0.00530	2.74	0.04	1.4%	0.1%
Rural Rate Protection Charge	kWh	520	0.00100	0.52	518	0.00100	0.52	(0.00)	-0.5%	0.0%
Debt Retirement Charge	kWh	500	0.00700	3.50	500	0.00700	3.50	0.00	0.0%	0.0%
Cost of Power Commodity	kWh	520	0.05704	29.66	518	0.05704	29.52	(0.14)	-0.5%	-0.2%
Total Bill				70.81			74.52	3.70	5.2%	5.2%

Residential

750 kWh Consumption

	Metric	2007 BILL			2008 BILL			IMPACT		
		Volume	Rate \$	Charge \$	Volume	Rate \$	Charge \$	Change \$	Change %	% of Total Bill
Monthly Service Charge				18.48			23.27	4.79	25.9%	4.9%
Distribution	kWh	750	0.01690	12.68	750	0.02128	15.96	3.29	25.9%	3.4%
Sub-Total				31.16			39.23	8.08	25.9%	8.3%
Regulatory Asset Recovery	kWh	750	0.00460	3.45	750	-0.00036	(0.27)	(3.72)	-107.7%	-3.8%
Retail Transmission - Network	kWh	780	0.00540	4.21	776	0.00529	4.10	(0.11)	-2.6%	-0.1%
Retail Transmission - Line and Transformation Connection	kWh	780	0.00460	3.59	776	0.00341	2.65	(0.94)	-26.2%	-1.0%
Wholesale Market Service	kWh	780	0.00520	4.06	776	0.00530	4.11	0.06	1.4%	0.1%
Rural Rate Protection Charge	kWh	780	0.00100	0.78	776	0.00100	0.78	(0.00)	-0.5%	0.0%
Debt Retirement Charge	kWh	750	0.00700	5.25	750	0.00700	5.25	0.00	0.0%	0.0%
Cost of Power Commodity	kWh	780	0.05704	44.49	776	0.05704	44.28	(0.21)	-0.5%	-0.2%
Total Bill				96.98			100.14	3.15	3.3%	3.3%

Norfolk Power Distribution Inc.

Residential

1,000 kWh Consumption

	Metric	2007 BILL			2008 BILL			IMPACT		
		Volume	Rate \$	Charge \$	Volume	Rate \$	Charge \$	Change \$	Change %	% of Total Bill
Monthly Service Charge				18.48			23.27	4.79	25.9%	3.9%
Distribution	kWh	1,000	0.01690	16.90	1,000	0.02128	21.28	4.38	25.9%	3.6%
Sub-Total				35.38			44.56	9.18	25.9%	7.5%
Regulatory Asset Recovery	kWh	1,000	0.00460	4.60	1,000	-0.00036	(0.36)	(4.96)	-107.7%	-4.0%
Retail Transmission - Network	kWh	1,040	0.00540	5.62	1,035	0.00529	5.47	(0.14)	-2.6%	-0.1%
Retail Transmission - Line and Transformation Connection	kWh	1,040	0.00460	4.78	1,035	0.00341	3.53	(1.25)	-26.2%	-1.0%
Wholesale Market Service	kWh	1,040	0.00520	5.41	1,035	0.00530	5.49	0.08	1.4%	0.1%
Rural Rate Protection Charge	kWh	1,040	0.00100	1.04	1,035	0.00100	1.04	(0.01)	-0.5%	0.0%
Debt Retirement Charge	kWh	1,000	0.00700	7.00	1,000	0.00700	7.00	0.00	0.0%	0.0%
Cost of Power Commodity	kWh	1,040	0.05704	59.32	1,035	0.05704	59.04	(0.29)	-0.5%	-0.2%
Total Bill				123.15			125.76	2.61	2.1%	2.1%

Residential

1,500 kWh Consumption

	Metric	2007 BILL			2008 BILL			IMPACT		
		Volume	Rate \$	Charge \$	Volume	Rate \$	Charge \$	Change \$	Change %	% of Total Bill
Monthly Service Charge				18.48			23.27	4.79	25.9%	2.7%

Norfolk Power Distribution Inc.

Distribution	kWh	1,500	0.01690	25.35	1,500	0.02128	31.92	6.57	25.9%	3.7%
Sub-Total				43.83			55.20	11.37	25.9%	6.5%
Regulatory Asset Recovery	kWh	1,500	0.00460	6.90	1,500	-0.00036	(0.53)	(7.43)	-107.7%	-4.2%
Retail Transmission - Network	kWh	1,560	0.00540	8.42	1,553	0.00529	8.21	(0.22)	-2.6%	-0.1%
Retail Transmission - Line and Transformation Connection	kWh	1,560	0.00460	7.18	1,553	0.00341	5.30	(1.88)	-26.2%	-1.1%
Wholesale Market Service	kWh	1,560	0.00520	8.11	1,553	0.00530	8.23	0.12	1.4%	0.1%
Rural Rate Protection Charge	kWh	1,560	0.00100	1.56	1,553	0.00100	1.55	(0.01)	-0.5%	0.0%
Debt Retirement Charge	kWh	1,500	0.00700	10.50	1,500	0.00700	10.50	0.00	0.0%	0.0%
Cost of Power Commodity	kWh	1,560	0.05704	88.98	1,553	0.05704	88.55	(0.43)	-0.5%	-0.2%
Total Bill				175.48			177.00	1.52	0.9%	0.9%

Residential

2,000 kWh Consumption

	Metric	2007 BILL			2008 BILL			IMPACT		
		Volume	Rate \$	Charge \$	Volume	Rate \$	Charge \$	Change \$	Change %	% of Total Bill
Monthly Service Charge				18.48			23.27	4.79	25.9%	2.1%
Distribution	kWh	2,000	0.01690	33.80	2,000	0.02128	42.57	8.77	25.9%	3.8%
Sub-Total				52.28			65.84	13.56	25.9%	6.0%
Regulatory Asset Recovery	kWh	2,000	0.00460	9.20	2,000	-0.00036	(0.71)	(9.91)	-107.7%	-4.4%
Retail Transmission - Network	kWh	2,080	0.00540	11.23	2,070	0.00529	10.94	(0.29)	-2.6%	-0.1%
Retail Transmission - Line and Transformation Connection	kWh	2,080	0.00460	9.57	2,070	0.00341	7.06	(2.51)	-26.2%	-1.1%
Wholesale Market Service	kWh	2,080	0.00520	10.82	2,070	0.00530	10.97	0.16	1.4%	0.1%
Rural Rate Protection Charge	kWh	2,080	0.00100	2.08	2,070	0.00100	2.07	(0.01)	-0.5%	0.0%

Norfolk Power Distribution Inc.

Debt Retirement Charge	kWh	2,000	0.00700	14.00	2,000	0.00700	14.00	0.00	0.0%	0.0%
Cost of Power Commodity	kWh	2,080	0.05704	118.64	2,070	0.05704	118.07	(0.57)	-0.5%	-0.3%
Total Bill				227.82			228.24	0.42	0.2%	0.2%

GS <50

1,000 kWh Consumption

	Metric	2007 BILL			2008 BILL			IMPACT		
		Volume	Rate \$	Charge \$	Volume	Rate \$	Charge \$	Change \$	Change %	% of Total Bill
Monthly Service Charge				41.74			54.88	13.14	31.5%	9.5%
Distribution	kWh	1,000	0.01170	11.70	1,000	0.01538	15.38	3.68	31.5%	2.7%
Sub-Total				53.44			70.26	16.82	31.5%	12.2%
Regulatory Asset Recovery	kWh	1,000	0.00230	2.30	1,000	-0.00060	(0.60)	(2.90)	-126.0%	-2.1%
Retail Transmission - Network	kWh	1,040	0.00490	5.10	1,035	0.00482	4.99	(0.10)	-2.1%	-0.1%
Retail Transmission - Line and Transformation Connection	kWh	1,040	0.00410	4.26	1,035	0.00307	3.18	(1.09)	-25.5%	-0.8%
Wholesale Market Service	kWh	1,040	0.00520	5.41	1,035	0.00530	5.49	0.08	1.4%	0.1%
Rural Rate Protection Charge	kWh	1,040	0.00100	1.04	1,035	0.00100	1.04	(0.01)	-0.5%	0.0%
Debt Retirement Charge	kWh	1,000	0.00700	7.00	1,000	0.00700	7.00	0.00	0.0%	0.0%
Cost of Power Commodity	kWh	1,040	0.05704	59.32	1,035	0.05704	59.04	(0.29)	-0.5%	-0.2%
Total Bill				137.87			150.39	12.52	9.1%	9.1%

GS <50

2,000 kWh Consumption

- - -

Norfolk Power Distribution Inc.

	Metric	2007 BILL			2008 BILL			IMPACT		
		Volume	Rate \$	Charge \$	Volume	Rate \$	Charge \$	Change \$	Change %	% of Total Bill
Monthly Service Charge				41.74			54.88	13.14	31.5%	5.6%
Distribution	kWh	2,000	0.01170	23.40	2,000	0.01538	30.77	7.37	31.5%	3.1%
Sub-Total				65.14			85.65	20.51	31.5%	8.8%
Regulatory Asset Recovery	kWh	2,000	0.00230	4.60	2,000	-0.00060	(1.19)	(5.79)	-126.0%	-2.5%
Retail Transmission - Network	kWh	2,080	0.00490	10.19	2,070	0.00482	9.98	(0.21)	-2.1%	-0.1%
Retail Transmission - Line and Transformation Connection	kWh	2,080	0.00410	8.53	2,070	0.00307	6.36	(2.17)	-25.5%	-0.9%
Wholesale Market Service	kWh	2,080	0.00520	10.82	2,070	0.00530	10.97	0.16	1.4%	0.1%
Rural Rate Protection Charge	kWh	2,080	0.00100	2.08	2,070	0.00100	2.07	(0.01)	-0.5%	0.0%
Debt Retirement Charge	kWh	2,000	0.00700	14.00	2,000	0.00700	14.00	0.00	0.0%	0.0%
Cost of Power Commodity	kWh	2,080	0.05704	118.64	2,070	0.05704	118.07	(0.57)	-0.5%	-0.2%
Total Bill				234.00			245.90	11.91	5.1%	5.1%

GS <50

5,000 kWh Consumption

	Metric	2007 BILL			2008 BILL			IMPACT		
		Volume	Rate \$	Charge \$	Volume	Rate \$	Charge \$	Change \$	Change %	% of Total Bill
Monthly Service Charge				41.74			54.88	13.14	31.5%	2.5%
Distribution	kWh	5,000	0.01170	58.50	5,000	0.01538	76.92	18.42	31.5%	3.5%
Sub-Total				100.24			131.79	31.55	31.5%	6.0%
Regulatory Asset Recovery	kWh	5,000	0.00230	11.50	5,000	-0.00060	(2.98)	(14.48)	-126.0%	-2.8%

Norfolk Power Distribution Inc.

Retail Transmission - Network	kWh	5,200	0.00490	25.48	5,175	0.00482	24.96	(0.52)	-2.1%	-0.1%
Retail Transmission - Line and Transformation Connection	kWh	5,200	0.00410	21.32	5,175	0.00307	15.89	(5.43)	-25.5%	-1.0%
Wholesale Market Service	kWh	5,200	0.00520	27.04	5,175	0.00530	27.43	0.39	1.4%	0.1%
Rural Rate Protection Charge	kWh	5,200	0.00100	5.20	5,175	0.00100	5.18	(0.03)	-0.5%	0.0%
Debt Retirement Charge	kWh	5,000	0.00700	35.00	5,000	0.00700	35.00	0.00	0.0%	0.0%
Cost of Power Commodity	kWh	5,200	0.05704	296.61	5,175	0.05704	295.18	(1.43)	-0.5%	-0.3%
Total Bill				522.39			532.44	10.05	1.9%	1.9%

GS <50

10,000 kWh Consumption - - -

	Metric	2007 BILL			2008 BILL			IMPACT		
		Volume	Rate \$	Charge \$	Volume	Rate \$	Charge \$	Change \$	Change %	% of Total Bill
Monthly Service Charge				41.74			54.88	13.14	31.5%	1.3%
Distribution	kWh	10,000	0.01170	117.00	10,000	0.01538	153.83	36.83	31.5%	3.7%
Sub-Total				158.74			208.71	49.97	31.5%	5.0%
Regulatory Asset Recovery	kWh	10,000	0.00230	23.00	10,000	-0.00060	(5.97)	(28.97)	-126.0%	-2.9%
Retail Transmission - Network	kWh	10,400	0.00490	50.96	10,350	0.00482	49.91	(1.05)	-2.1%	-0.1%
Retail Transmission - Line and Transformation Connection	kWh	10,400	0.00410	42.64	10,350	0.00307	31.78	(10.86)	-25.5%	-1.1%
Wholesale Market Service	kWh	10,400	0.00520	54.08	10,350	0.00530	54.86	0.77	1.4%	0.1%
Rural Rate Protection Charge	kWh	10,400	0.00100	10.40	10,350	0.00100	10.35	(0.05)	-0.5%	0.0%
Debt Retirement Charge	kWh	10,000	0.00700	70.00	10,000	0.00700	70.00	0.00	0.0%	0.0%
Cost of Power Commodity	kWh	10,400	0.05704	593.22	10,350	0.05704	590.36	(2.85)	-0.5%	-0.3%
Total Bill				1,003.04			1,010.00	6.97	0.7%	0.7%

Norfolk Power Distribution Inc.

GS <50
 15,000 kWh Consumption - - -

	Metric	2007 BILL			2008 BILL			IMPACT		
		Volume	Rate \$	Charge \$	Volume	Rate \$	Charge \$	Change \$	Change %	% of Total Bill
Monthly Service Charge				41.74			54.88	13.14	31.5%	0.9%
Distribution	kWh	15,000	0.01170	175.50	15,000	0.01538	230.75	55.25	31.5%	3.7%
Sub-Total				217.24			285.62	68.38	31.5%	4.6%
Regulatory Asset Recovery	kWh	15,000	0.00230	34.50	15,000	-0.00060	(8.95)	(43.45)	-126.0%	-2.9%
Retail Transmission - Network	kWh	15,600	0.00490	76.44	15,525	0.00482	74.87	(1.57)	-2.1%	-0.1%
Retail Transmission - Line and Transformation Connection	kWh	15,600	0.00410	63.96	15,525	0.00307	47.68	(16.28)	-25.5%	-1.1%
Wholesale Market Service	kWh	15,600	0.00520	81.12	15,525	0.00530	82.28	1.16	1.4%	0.1%
Rural Rate Protection Charge	kWh	15,600	0.00100	15.60	15,525	0.00100	15.53	(0.08)	-0.5%	0.0%
Debt Retirement Charge	kWh	15,000	0.00700	105.00	15,000	0.00700	105.00	0.00	0.0%	0.0%
Cost of Power Commodity	kWh	15,600	0.05704	889.82	15,525	0.05704	885.55	(4.28)	-0.5%	-0.3%
Total Bill				1,483.68			1,487.57	3.88	0.3%	0.3%

GS >50
 60 kW Consumption - - -
 15,000 kWh Consumption - - -

		2007 BILL	2008 BILL	IMPACT
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Norfolk Power Distribution Inc.

	Metric	Volume	Rate \$	Charge \$	Volume	Rate \$	Charge \$	Change \$	Change %	% of Total Bill
Monthly Service Charge				219.76			283.18	63.42	28.9%	3.7%
Distribution	kW	60	3.01750	181.05	60	3.66305	219.78	38.73	21.4%	2.2%
Sub-Total				400.81			502.96	102.15	25.5%	5.9%
Regulatory Asset Recovery	kW	60	0.12170	7.30	60	-0.32467	(19.48)	(26.78)	-366.8%	-1.6%
Retail Transmission - Network	kW	62	2.00760	125.27	62	1.96769	122.19	(3.08)	-2.5%	-0.2%
Retail Transmission - Line and Transformation Connection	kW	62	1.62830	101.61	62	1.22029	75.78	(25.83)	-25.4%	-1.5%
Wholesale Market Service	kWh	15,600	0.00520	81.12	15,525	0.00530	82.28	1.16	1.4%	0.1%
Rural Rate Protection Charge	kWh	15,600	0.00100	15.60	15,525	0.00100	15.53	(0.08)	-0.5%	0.0%
Debt Retirement Charge	kWh	15,000	0.00700	105.00	15,000	0.00700	105.00	0.00	0.0%	0.0%
Cost of Power Commodity	kWh	15,600	0.05704	889.82	15,525	0.05704	885.55	(4.28)	-0.5%	-0.2%
Total Bill				1,726.54			1,769.81	43.28	2.5%	2.5%

GS>50

100 kW Consumption
 40,000 kWh Consumption

	Metric	2007 BILL			2008 BILL			IMPACT		
		Volume	Rate \$	Charge \$	Volume	Rate \$	Charge \$	Change \$	Change %	% of Total Bill
Monthly Service Charge				219.76			283.18	63.42	28.9%	1.7%
Distribution	kW	100	3.01750	301.75	100	3.66305	366.30	64.55	21.4%	1.7%
Sub-Total				521.51			649.49	127.98	24.5%	3.3%
Regulatory Asset Recovery	kW	100	0.12170	12.17	100	-0.32467	(32.47)	(44.64)	-366.8%	-1.2%

Norfolk Power Distribution Inc.

Retail Transmission - Network	kW	104	2.00760	208.79	104	1.96769	203.66	(5.13)	-2.5%	-0.1%
Retail Transmission - Line and Transformation Connection	kW	104	1.62830	169.34	104	1.22029	126.30	(43.04)	-25.4%	-1.1%
Wholesale Market Service	kWh	41,600	0.00520	216.32	41,400	0.00530	219.42	3.10	1.4%	0.1%
Rural Rate Protection Charge	kWh	41,600	0.00100	41.60	41,400	0.00100	41.40	(0.20)	-0.5%	0.0%
Debt Retirement Charge	kWh	40,000	0.00700	280.00	40,000	0.00700	280.00	0.00	0.0%	0.0%
Cost of Power Commodity	kWh	41,600	0.05704	2,372.86	41,400	0.05704	2,361.46	(11.41)	-0.5%	-0.3%
Total Bill				3,822.60			3,849.25	26.65	0.7%	0.7%

GS>50

500 kW Consumption - -
 100,000 kWh Consumption - -

	Metric	2007 BILL			2008 BILL			IMPACT		
		Volume	Rate \$	Charge \$	Volume	Rate \$	Charge \$	Change \$	Change %	% of Total Bill
Monthly Service Charge				219.76			283.18	63.42	28.9%	0.6%
Distribution	kW	500	3.01750	1,508.75	500	3.66305	1,831.52	322.77	21.4%	2.9%
Sub-Total				1,728.51			2,114.71	386.20	22.3%	3.5%
Regulatory Asset Recovery	kW	500	0.12170	60.85	500	-0.32467	(162.33)	(223.18)	-366.8%	-2.0%
Retail Transmission - Network	kW	520	2.00760	1,043.95	518	1.96769	1,018.28	(25.67)	-2.5%	-0.2%
Retail Transmission - Line and Transformation Connection	kW	520	1.62830	846.72	518	1.22029	631.50	(215.22)	-25.4%	-2.0%
Wholesale Market Service	kWh	104,000	0.00520	540.80	103,500	0.00530	548.55	7.75	1.4%	0.1%
Rural Rate Protection Charge	kWh	104,000	0.00100	104.00	103,500	0.00100	103.50	(0.50)	-0.5%	0.0%
Debt Retirement Charge	kWh	100,000	0.00700	700.00	100,000	0.00700	700.00	0.00	0.0%	0.0%
Cost of Power Commodity	kWh	104,000	0.05704	5,932.16	103,500	0.05704	5,903.64	(28.52)	-0.5%	-0.3%

Norfolk Power Distribution Inc.

Total Bill	10,956.99	10,857.84	(99.14)	-0.9%	-0.9%
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GS>50

1,000 kW Consumption
 400,000 kWh Consumption

	Metric	2007 BILL			2008 BILL			IMPACT		
		Volume	Rate \$	Charge \$	Volume	Rate \$	Charge \$	Change \$	Change %	% of Total Bill
Monthly Service Charge				219.76			283.18	63.42	28.9%	0.2%
Distribution	kW	1,000	3.01750	3,017.50	1,000	3.66305	3,663.05	645.55	21.4%	1.8%
Sub-Total				3,237.26			3,946.23	708.97	21.9%	2.0%
Regulatory Asset Recovery	kW	1,000	0.12170	121.70	1,000	-0.32467	(324.67)	(446.37)	-366.8%	-1.2%
Retail Transmission - Network	kW	1,040	2.00760	2,087.90	1,035	1.96769	2,036.56	(51.35)	-2.5%	-0.1%
Retail Transmission - Line and Transformation Connection	kW	1,040	1.62830	1,693.43	1,035	1.22029	1,263.00	(430.43)	-25.4%	-1.2%
Wholesale Market Service	kWh	416,000	0.00520	2,163.20	414,000	0.00530	2,194.20	31.00	1.4%	0.1%
Rural Rate Protection Charge	kWh	416,000	0.00100	416.00	414,000	0.00100	414.00	(2.00)	-0.5%	0.0%
Debt Retirement Charge	kWh	400,000	0.00700	2,800.00	400,000	0.00700	2,800.00	0.00	0.0%	0.0%
Cost of Power Commodity	kWh	416,000	0.05704	23,728.64	414,000	0.05704	23,614.56	(114.08)	-0.5%	-0.3%
Total Bill				36,248.14			35,943.88	(304.25)	-0.8%	-0.8%

GS>50

3,000 kW Consumption
 1,000,000 kWh Consumption

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Norfolk Power Distribution Inc.

	Metric	2007 BILL			2008 BILL			IMPACT		
		Volume	Rate \$	Charge \$	Volume	Rate \$	Charge \$	Change \$	Change %	% of Total Bill
Monthly Service Charge				219.76			283.18	63.42	28.9%	0.1%
Distribution	kW	3,000	3.01750	9,052.50	3,000	3.66305	10,989.15	1,936.65	21.4%	2.1%
Sub-Total				9,272.26			11,272.33	2,000.07	21.6%	2.1%
Regulatory Asset Recovery	kW	3,000	0.12170	365.10	3,000	-0.32467	(974.00)	(1,339.10)	-366.8%	-1.4%
Retail Transmission - Network	kW	3,120	2.00760	6,263.71	3,105	1.96769	6,109.68	(154.04)	-2.5%	-0.2%
Retail Transmission - Line and Transformation Connection	kW	3,120	1.62830	5,080.30	3,105	1.22029	3,789.00	(1,291.29)	-25.4%	-1.4%
Wholesale Market Service	kWh	1,040,000	0.00520	5,408.00	1,035,000	0.00530	5,485.50	77.50	1.4%	0.1%
Rural Rate Protection Charge	kWh	1,040,000	0.00100	1,040.00	1,035,000	0.00100	1,035.00	(5.00)	-0.5%	0.0%
Debt Retirement Charge	kWh	1,000,000	0.00700	7,000.00	1,000,000	0.00700	7,000.00	0.00	0.0%	0.0%
Cost of Power Commodity	kWh	1,040,000	0.05704	59,321.60	1,035,000	0.05704	59,036.40	(285.20)	-0.5%	-0.3%
Total Bill				93,750.97			92,753.91	(997.06)	-1.1%	-1.1%

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Exhibit: 9

Tab: 1

Schedule: 10

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Norfolk Power Distribution Inc.