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SENT BY EMAIL & COURIER

Toronto, November 20, 2007

Ms. Kirsten Walli  
Board Secretary  
Ontario Energy Board  
2300 Yonge Street  
Suite 2700  
PO Box 2319  
Toronto, ON, M4P 1E4

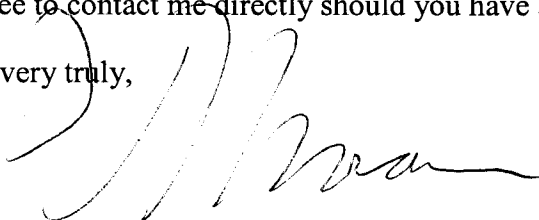
Dear Ms. Walli:

**RE: Rideau St. Lawrence Distribution Inc.  
EB-2007-0762 - Rate Application**

We are counsel to Rideau St. Lawrence Distribution Inc. ("Rideau St. Lawrence"). Please find enclosed the 2008 Rate Application with respect to OEB file number EB-2007-0762.

Feel free to contact me directly should you have any questions.

Yours very truly,



Patrick Moran

PM/mej

Enclosure

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**RIDEAU ST. LAWRENCE 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 Rideau St. Lawrence Distribution Inc. to the Ontario Energy Board for an Order or Orders approving or fixing just and reasonable rates and other service charges for the distribution of electricity as of May 1, 2008.

AND IN THE MATTER OF an Application for interim rates effective May 1, 2008, in the event that final rates have not been determined in time to be implemented by that date.

**APPLICATION**

The Applicant is Rideau St. Lawrence Distribution Inc. ("RSL"), a licensed distributor in the Province of Ontario ED-2003-0003. Rideau St. Lawrence Distribution Inc. is an Ontario corporation with its head office in the Town of Prescott. Rideau St. Lawrence Distribution Inc. carries on the business of distributing electricity within the Town of Prescott, and within the Villages of Cardinal, Iroquois, Morrisburg, Westport, and Williamsburg.

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

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

The Schedule of Rates and Charges proposed in this application is identified in Exhibit 1; Tab 1; Schedule 5.

Due to circumstances beyond its control, RSL was unable to file its application by August 15, 2007, as requested by the OEB. RSL retained an outside consultant for a rates model and, like many other applicants, experienced technical difficulties with the model which led to unavoidable delay in the filing of this application. In the event that the OEB is unable to issue a Rate Order in time to be implemented on May 1, 2008, RSL applies for an interim Order implementing the rates applied for as interim rates effective, May 1, 2008, subject to final approval.



**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**

RSL 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 RSL's Market Based Rate of Return and 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 RSL; and
- (iv) other grounds as may be set out in the material accompanying this Application Summary.

RSL requests, pursuant to Section 34.01 of the Board's *Rules of Practice and Procedure*, that this proceeding be conducted by way of written hearing.

RSL requests that a copy of all documents filed with the Board in this proceeding be served on RSL and RSL's counsel, as follows:

The Applicant:

Rideau St. Lawrence Distribution Inc.  
985 Industrial Road  
Prescott, ON  
K0E 1T0

Attention:

John Walsh, President and CEO  
Phone: 613-925-3851  
Fax: 613-925-0303  
E-mail: [jwalsh@rslu.ca](mailto:jwalsh@rslu.ca)

Allan Beckstead, CFO  
Phone: 613-925-3851  
Fax: 613-925-0303  
E-mail: [abeakstead@rslu.ca](mailto:abeakstead@rslu.ca)

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**

The Applicant's Counsel:

Ogilvy Renault, LLP  
Suite 3800  
Royal Bank Plaza, South Tower  
200 Bay Street  
P.O. Box 84  
Toronto, Ontario M5J 2Z4

Attention:

Patrick Moran  
Phone: 416-216-2989  
Fax: 416-216-3930  
E-mail: [pmoran@ogilvyrenault.com](mailto:pmoran@ogilvyrenault.com)

DATED at Prescott, Ontario, this 20th day of November, 2007.

**Rideau St. Lawrence Distribution Inc.**

John Walsh  
President and CEO

---

*Signature*

Allan Beckstead  
CFO

---

*Signature*

RIDEAU ST. LAWRENCE DISTRIBUTION INC.

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RSL's DISTRIBUTOR LICENCE



Electricity Distribution Licence

ED-2003-0003

Rideau St. Lawrence Distribution Inc.

Valid Until  
June 3, 2024

A handwritten signature in cursive script that reads "M.C. Garner".

Mark C. Garner  
Managing Director, Market Operations  
Ontario Energy Board

Date of Issuance: June 4, 2004

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

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

RIDEAU ST. LAWRENCE DISTRIBUTION INC.

Rideau St. Lawrence Distribution Inc.  
Electricity Distribution Licence ED-2003-0003

1 **Definitions**

In this Licence:

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

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

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

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

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

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

“**Licensee**” means: Rideau St. Lawrence Distribution Inc.;

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

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

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

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

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**

Hideau St. Lawrence Distribution Inc.  
Electricity Distribution Licence ED-2003-0003

14  
"Retail Settlement Code" means the code approved by the Board 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 consumer transfers among competitive retailers;

15  
"service area" with respect to a distributor, means the area in which the distributor is authorized by its licence to distribute electricity;

16  
"Standard Supply Service Code" means the code approved by the Board which, among other things, establishes the minimum conditions that a distributor must meet in carrying out its obligations to sell electricity under section 29 of the Electricity Act;

17  
"wholesaler" means a person that purchases electricity or ancillary services in the IMO-administered markets or directly from a generator or, a person who sells electricity or ancillary services through the IMO-administered markets or directly to another person other than a consumer.

18  
**2 Interpretation**

19  
2.1 In this Licence words and phrases shall have the meaning ascribed to them in the Act or the Electricity Act. Words or phrases importing the singular shall include the plural and vice versa. Headings are for convenience only and shall not affect the interpretation of the licence. Any reference to a document or a provision of a document includes an amendment or supplement to, or a replacement of, that document or that provision of that document. In the computation of time under this licence where there is a reference to a number of days between two events, they shall be counted by excluding the day on which the first event happens and including the day on which the second event happens and where the time for doing an act expires on a holiday, the act may be done on the next day.

20  
**3 Authorization**

21  
3.1 The Licensee is authorized, under Part V of the Act and subject to the terms and conditions set out in this Licence:

22  
a) to own and operate a distribution system in the service area described in Schedule 1 of this Licence;

23  
b) to retail electricity for the purposes of fulfilling its obligation under section 29 of the Electricity Act in the manner specified in Schedule 2 of this Licence; and

24  
c) to act as a wholesaler for the purposes of fulfilling its obligations under the Retail Settlement Code or under section 29 of the Electricity Act.

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**

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

**File Number: EB-2007-0762**

**Exhibit: 1**

**Tab: 1**

**Schedule: 3**

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Rideau St. Lawrence Distribution Inc.  
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**11 Distribution Rates**

54

11.1 The Licensee shall not charge for connection to the distribution system, the distribution of electricity or the retailing of electricity to meet its obligation under section 29 of the Electricity Act except in accordance with a Rate Order of the Board.

54<sup>3</sup>

14

**12 Separation of Business Activities**

56<sub>15</sub>

12.1 The Licensee shall keep financial records associated with distributing electricity separate from its financial records associated with transmitting electricity or other activities in accordance with the Accounting Procedures Handbook and as otherwise required by the Board.

57

16

**13 Expansion of Distribution System**

58<sub>7</sub>

13.1 The Licensee shall not construct, expand or reinforce an electricity distribution system or make an interconnection except in accordance with the Act and Regulations, the Distribution System Code and applicable provisions of the Market Rules.

59

8

13.2 In order to ensure and maintain system integrity or reliable and adequate capacity and supply of electricity, the Board may order the Licensee to expand or reinforce its distribution system in accordance with Market Rules and the Distribution System Code, or in such a manner as the Board may determine.

60<sub>9</sub>

**14 Provision of Information to the Board**

61<sup>0</sup>

14.1 The Licensee shall maintain records of and provide, in the manner and form determined by the Board, such information as the Board may require from time to time.

62<sup>1</sup>

14.2 Without limiting the generality of condition 14.1 the Licensee shall notify the Board of any material change in circumstances that adversely affects or is likely to adversely affect the business, operations or assets of the Licensee as soon as practicable, but in any event no more than twenty (20) days past the date upon which such change occurs.

63<sub>2</sub>

3

14.3 The licensee shall inform the Board as soon as possible of any material changes to the service agreement with Rideau St. Lawrence Utilities Inc. (the "Service Agreement").

64

14.4 If either party to the Service Agreement provides notice of its intention to exercise a right to terminate or discontinue any services under the services agreement, the Licensee shall:

65

a) Immediately notify the Board in writing of the notice; and

66



**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**

Hideau St. Lawrence Distribution Inc  
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b) provide a plan to the Board as soon as possible, but no later than ten (10) days after the receipt of the notice, as to how the affected distribution services will be maintained in compliance with the terms of this licence.

14.5 In the event of termination of the Service Agreement for any reason, the Licensee shall:

a) ensure there is no interruption of distribution services to the consumers as a result of the termination,

b) notify the Board of the name of the new company that will provide the distribution services, and

c) file with the Board the distribution services agreement with the new company.

**15 Restrictions on Provision of Information**

15.1 The Licensee shall not use information regarding a consumer, retailer, wholesaler or generator obtained for one purpose for any other purpose without the written consent of the consumer, retailer, wholesaler or generator.

15.2 The Licensee shall not disclose information regarding a consumer, retailer, wholesaler or generator to any other party without the written consent of the consumer, retailer, wholesaler or generator, except where such information is required to be disclosed:

a) to comply with any legislative or regulatory requirements, including the conditions of this Licence;

b) for billing, settlement or market operations purposes;

c) for law enforcement purposes; or

d) to a debt collection agency for the processing of past due accounts of the consumer, retailer, wholesaler or generator.

15.3 The Licensee may disclose information regarding consumers, retailers, wholesalers or generators where the information has been sufficiently aggregated such that their particular information cannot reasonably be identified.

15.4 The Licensee shall inform consumers, retailers, wholesalers and generators of the conditions under which their information may be released to a third party without their consent.

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**

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15.5	If the Licensee discloses information under this section, the Licensee shall ensure that the information provided will not be used for any other purpose except the purpose for which it was disclosed.	81
<b>16</b>	<b>Customer Complaint and Dispute Resolution</b>	82
16.1	The Licensee shall:	83
	a) have a process for resolving disputes with customers that deals with disputes in a fair, reasonable and timely manner;	84
	b) publish information which will make its customers aware of and help them to use its dispute resolution process;	85
	c) make a copy of the dispute resolution process available for inspection by members of the public at each of the Licensee's premises during normal business hours;	86
	d) give or send free of charge a copy of the process to any person who reasonably requests it; and	87
	e) subscribe to and refer unresolved complaints to an independent third party complaints resolution service provider selected by the Board. This condition will become effective on a date to be determined by the Board. The Board will provide reasonable notice to the Licensee of the date this condition becomes effective.	88
<b>17</b>	<b>Term of Licence</b>	89
17.1	This Licence shall take effect on June 4, 2004 and expire on June 3, 2024. The term of this Licence may be extended by the Board.	90
<b>18</b>	<b>Fees and Assessments</b>	91
18.1	The Licensee shall pay all fees charged and amounts assessed by the Board.	92
<b>19</b>	<b>Communication</b>	93
19.1	The Licensee shall designate a person that will act as a primary contact with the Board on matters related to this Licence. The Licensee shall notify the Board promptly should the contact details change.	94
19.2	All official communication relating to this Licence shall be in writing.	95

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**

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- 19.3 All written communication is to be regarded as having been given by the sender and received by the addressee: 96
- a) when delivered in person to the addressee by hand, by registered mail or by courier; 97
  - b) ten (10) business days after the date of posting if the communication is sent by regular mail; and 98
  - c) when received by facsimile transmission by the addressee, according to the sender's transmission report. 99
- 20 Copies of the Licence** 100
- 20.1 The Licensee shall: 101
- a) make a copy of this Licence available for inspection by members of the public at its head office and regional offices during normal business hours; and 102
  - b) provide a copy of the Licence to any person who requests it. The Licensee may impose a fair and reasonable charge for the cost of providing copies. 103

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**

Rideau St. Lawrence Distribution In  
Electricity Distribution Licence ED-2003-000

**SCHEDULE 1 DEFINITION OF DISTRIBUTION SERVICE AREA**

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

1. The Town of Prescott as of March 31, 1999.
2. The Village of Westport as of March 31, 1999.
3. The Village of Cardinal as of December 31, 2000, now in the Township of Cardinal-Edwardsburg.
4. The Village of Iroquois as of March 31, 1995, now in the Township of South Dundas.
5. The Village of Morrisburg as of December 31, 1997, now in the Township of South Dundas.
6. The former village of Williamsburg in the Township of Williamsburg as of December 31, 1997, now in the Township of South Dundas.

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**

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**SCHEDULE 2 PROVISION OF STANDARD SUPPLY SERVICE**

112

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

113

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

114

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**

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**SCHEDULE 3 LIST OF CODE EXEMPTIONS**

115

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

116

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

117

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**

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**APPENDIX A MARKET POWER MITIGATION REBATES**

**1 Definitions and Interpretation**

In this Licence,

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

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

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

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

**2 Information Given to IMO**

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

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

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

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

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**

Rideau St. Lawrence Distribution Inc.  
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- i consumers served by a retailer where a service transaction request as defined in the Retail Settlement Code has been implemented; and 130
- ii consumers other than consumers referred to in clause (i) who are not receiving the fixed price under sections 79.4 and 79.5 of the *Ontario Energy Board Act, 1998*. 131
- c Prior to the payment of a rebate amount by the IMO to a distributor which relates to electricity consumed in the service area of an embedded distributor, the host distributor shall provide the IMO, in the form specified by the IMO and before the expiry of the period specified by the IMO, with the information provided to the host distributor by the embedded distributor in accordance with section 2. 132

The IMO may issue instructions or directions providing for any information to be given under this section. The IMO shall rely on the information provided to it by distributors and there shall be no opportunity to correct any such information or provide any additional information and all amounts paid shall be final and binding and not subject to any adjustment. 133

For the purposes of attributing electricity distributed to an embedded distributor to embedded generation, the volume of electricity distributed by a host distributor to an embedded distributor shall be deemed to consist of electricity withdrawn from the IMO-controlled grid or supplied to the host distributor by an embedded generator in the same proportion as the total volume of electricity withdrawn from the IMO-controlled grid by the distributor in the rebate period bears to the total volume of electricity supplied to the distributor by embedded generators during the rebate period. 134

### **3 Pass Through of Rebate**

A distributor shall promptly pass through, with the next regular bill or settlement statement after the rebate amount is received, any rebate received from the IMO, together with interest at the Prime Rate, calculated and accrued daily, on such amount from the date of receipt, to: 135

- a retailers who serve one or more consumers in the distributor's service area where a service transaction request as defined in the Retail Settlement Code has been implemented; 136
- b consumers who are not receiving the fixed price under sections 79.4 and 79.5 of the *Ontario Energy Board Act, 1998* and who are not served by a retailer where a service transaction request as defined in the Retail Settlement Code has been implemented; and 137
- c embedded distributors to whom the distributor distributes electricity. 138

The amounts paid out to the recipients listed above shall be based on energy consumed and calculated in accordance with the rules set out in the Retail Settlement Code. These payments may be made by way of set off at the option of the distributor. 139



**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**

Hideau St. Lawrence Distribution Inc  
Electricity Distribution Licence ED-2003-0003

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

“ONTARIO POWER GENERATION INC. rebate”

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

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

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

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**

**CONTACT INFORMATION**

TITLE: CFO  
NAME: Allan Beckstead

Phone: 613-925-3851  
Fax: 613-925-0303  
E-mail: [abeckstead@rslu.ca](mailto:abeckstead@rslu.ca)

TITLE: President and CEO  
NAME: John Walsh

Phone: 613-925-3851  
Fax: 613-925-0303  
E-mail: [jwalsh@rslu.ca](mailto:jwalsh@rslu.ca)

TITLE: Operations Manager  
NAME: William Lawrence

Phone: 613-925-3851  
Fax: 613-925-0303  
E-mail: [blawrence@rslu.ca](mailto:blawrence@rslu.ca)

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.****LIST OF SPECIFIC APPROVALS REQUESTED**

Rideau St. Lawrence Distribution Inc. requests the following specific approvals:

- Approval to charge rates effective May 1, 2008 to recover a revenue requirement of \$2,267,241.
- Approval to the authorized Specific Service Charges of existing rates, as set out in Exhibit 1, Tab 1, Schedule 5. (Table of Proposed Rates)
- Interim approval of the rates applied for, effective May 1<sup>st</sup>, 2008, subject to final approval, if final rates are not approved in time to implement on May 1<sup>st</sup> 2008.
- Approval to continue with current deemed Capital Structure of 50% equity to 50% debt.
- Approval of the dispersal of the December 31, 2006 accounts balances for certain deferral and variance accounts including interest calculated to April 30, 2008 and the recovery of those balances with a rate adder; (Exhibit 5, Tab 1, Schedule 2):
- Approval to continue and recover the following deferral and variance accounts after May 1, 2008.

Unrecovered Plant and Regulatory Study Costs	1505
Other Regulatory Assets	1508
Preliminary Survey and Investigation Charges	1510
Emission Allowance Inventory	1515
Emission Allowances Withheld	1516
Retail Cost Variance Account - Retail	1518
Power Purchase Variance Account	1520
Misc. Deferred Debits - incl. Rebate Cheques	1525
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
LV Variance Account	1550
Smart Meter Capital Variance Account	1555

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.****LIST OF SPECIFIC APPROVALS REQUESTED**

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
Pre-Market Opening Energy Variances Total	1571
Extra-Ordinary Event Losses	1572
Deferred Rate Impact Amounts	1574
RSVA - Wholesale Market Service Charge	1580
RSVA - One-time Wholesale Market Service	1582
RSVA - Retail Transmission Network Charge	1584
RSVA - Retail Transmission Connection Charge	1586
RSVA - Power	1588
Recovery Of Regulatory Asset Balances	1590
Deferred PILs Account	1592
Other Deferred Credits	2425

- Rideau St. Lawrence is requesting the establishment of a new deferral account for capital works. The purpose of this account would be to collect the costs of capital expenditures incurred during non-rebasing years for consideration for disposal by the Board at the time of the next rebasing.
- Approval of the proposed lost factor in Exhibit 4, Tab 2, Schedule 9.
- Approval of a Return on Equity. Rideau St. Lawrence Distribution Inc. 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 2<sup>nd</sup> Generation Incentive Regulation for Ontario Electricity Distributors dated December 20, 2006. Rideau St. Lawrence Distribution Inc. understands the OEB will be finalizing the return on equity for 2008 rates based on January 2008 market interest rate information.

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.****LIST OF SPECIFIC APPROVALS REQUESTED****Table of Proposed Rates****Residential**

	<b>UOM</b>	<b>Rate</b>
Service Charge	\$	10.03
Distribution Volumetric Rate	\$/kWh	0.01410
Regulatory Asset Recovery	\$/kWh	0.00042
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0054
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0049
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.001
Regulated Price Plan – Administration Charge	\$	0.25

**General Service <50 kW**

Service Charge	\$	21.76
Distribution Volumetric Rate	\$/kWh	0.00990
Regulatory Asset Recovery	\$/kWh	0.00031
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0049
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0044
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.001
Regulated Price Plan – Administration Charge	\$	0.25

**General Service >50 to 4999 kW**

Service Charge	\$	244.67
Distribution Volumetric Rate	\$/kW	2.07190
Regulatory Asset Recovery	\$/kW	0.09439
Retail Transmission Rate – Network Service Rate	\$/kW	2.0169
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.7588
Retail Transmission Rate – Network Service Rate - Interval Metered	\$/kWh	2.2535
Retail Transmission Rate – Line and Transformation Connection Service Rate - Interval Metered	\$/kWh	1.9603
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0010
Standard Supply Service – Administration Charge	\$	0.25

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.****LIST OF SPECIFIC APPROVALS REQUESTED****Table of Proposed Rates****Unmetered Scattered Load**

Service Charge	\$	7.38
Distribution Volumetric Rate	\$/kWh	0.03590
Regulatory Asset Recovery	\$/kWh	0.00049
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0049
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0044
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.001
Regulated Price Plan – Administration Charge	\$	0.25

**Sentinel Lighting**

Service Charge	\$	1.17
Distribution Volumetric Rate	\$/kWh	9.7261
Regulatory Asset Recovery	\$/kWh	0.27332
Retail Transmission Rate – Network Service Rate	\$/kWh	1.5288
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	1.3881
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0010
Regulated Price Plan – Administration Charge	\$	0.25

**Street Lighting**

Service Charge	\$	1.59
Distribution Volumetric Rate	\$/kWh	7.0917
Regulatory Asset Recovery	\$/kWh	0.09371
Retail Transmission Rate – Network Service Rate	\$/kWh	1.5211
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	1.3597
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0010
Regulated Price Plan – Administration Charge	\$	0.25

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.****LIST OF SPECIFIC APPROVALS REQUESTED****Specific Service Charges**

## Customer Administration

Arrears certificate	15.00
Statement of account	15.00
Pulling postdated 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
Service call - customer-owned equipment	30.00
Service call - after regular hours	165.00
Install/Remove load control device - during regular hours	65.00
Install/Remove load control device - after regular hours	185.00
Temporary service install & remove - overhead - no transformer	500.00
Temporary service install & remove - underground - no transformer	300.00
Temporary service install & remove - overhead - with transformer	1,000.00
Specific Charge for Access to the Power Poles per/pole/year	22.35

## Allowances

Transformer Allowance for Ownership – per kW of billing demand/month	(0.60)
Primary Metering Allowance for transformer losses – applied to measured demand and energy	(1.00%)

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**

**LIST OF SPECIFIC APPROVALS REQUESTED**

**Loss Factors**

Total Loss Factor - Secondary Metered Customer > 5,000kW	1.0774
Total Loss Factor - Secondary Metered Customer > 5,000kW	N/A
Total Loss Factor - Primary Metered Customer < 5,000kW	1.0667
Total Loss Factor - Primary Metered Customer > 5,000kW	N/A



**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**

**ISSUES LIST**

**1. Smart Metering**

In the rate application, Rideau St. Lawrence Distribution Inc. has not included any costs related to Smart Metering. Rideau St. Lawrence currently has an amount of \$0.26 per month per metered customer included in its approved rates. At the present time, it is unclear how Smart Metering costs will be recovered and therefore we request to be included in any provincial mandate of Smart Metering costs recovery.

**2. Depreciation:**

Rideau St. Lawrence had a formula error in its spreadsheet for the depreciation calculation for the Fiscal years 2001 through 2005. The spreadsheet formula was doing the calculation as a declining balance method, not as a straight line method, as specified in the Distribution Rate Handbook. The error was discovered in 2006 and the straight line depreciation expense of \$192,403 was recorded for 2006. This was \$39,000 higher than the declining balance calculation, which was used for the 2006 Board Approved rates.

**3. Large Customer Loss:**

In our 2006 Board Approved EDR, our largest customer, with an annual consumption of 10 million kWh, and an annual demand of 14,768 kW, was included in the GS > 50kW consumption information. This customer represented about 8% of our total system load. The customer went bankrupt on February 6, 2006, and the only creditor to receive any proceeds from the bankruptcy was the secured creditor. The new customer's annual consumption for 2007 and 2008 will be 1.6 million kWh and a demand of 3,600 kW. This will cause Rideau St. Lawrence to have a revenue shortfall of \$11,925 in Distribution Revenue, and an under recovery of \$15,930 on the Regulatory Assets.

The normalized load forecast for 2007 and 2008, reflects this reduced consumption of the new customer.

**4. Retail Transmission Rates:**

We are aware that Hydro One has recently received OEB approval for revised transmission tariffs for customers directly connected to the 115 kV (or higher) system, effective November 1, 2007. These revised transmission tariffs will have two effects on RSL., the Retail Transmission Service Rates (RTSR) will change, and the "Interim Annual Wholesale Meter Service Rebate", will cease effective November 1, 2007.

We understand that Hydro One will apply for new RTSR rates, effective May 1, 2008. RSL is a customer of Hydro One, and all connections to Hydro One are below 115 kV (RTSR). Hydro One's revised RTSR rates will be passed through to our customers. We expect to file an addendum to this application for revised transmission and connection rates, once more information is available.

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**

**PROCEDURAL ORDERS/MOTIONS/NOTICES**

There are no current procedural orders, motions, or notices at this time.

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**

**ACCOUNTING ORDERS REQUESTED**

- Rideau St. Lawrence is requesting the establishment of a new deferral account for capital works. The purpose of this account would be to collect the costs of capital expenditures incurred during non-rebasing years for consideration for disposal by the Board at the time of the next rebasing.

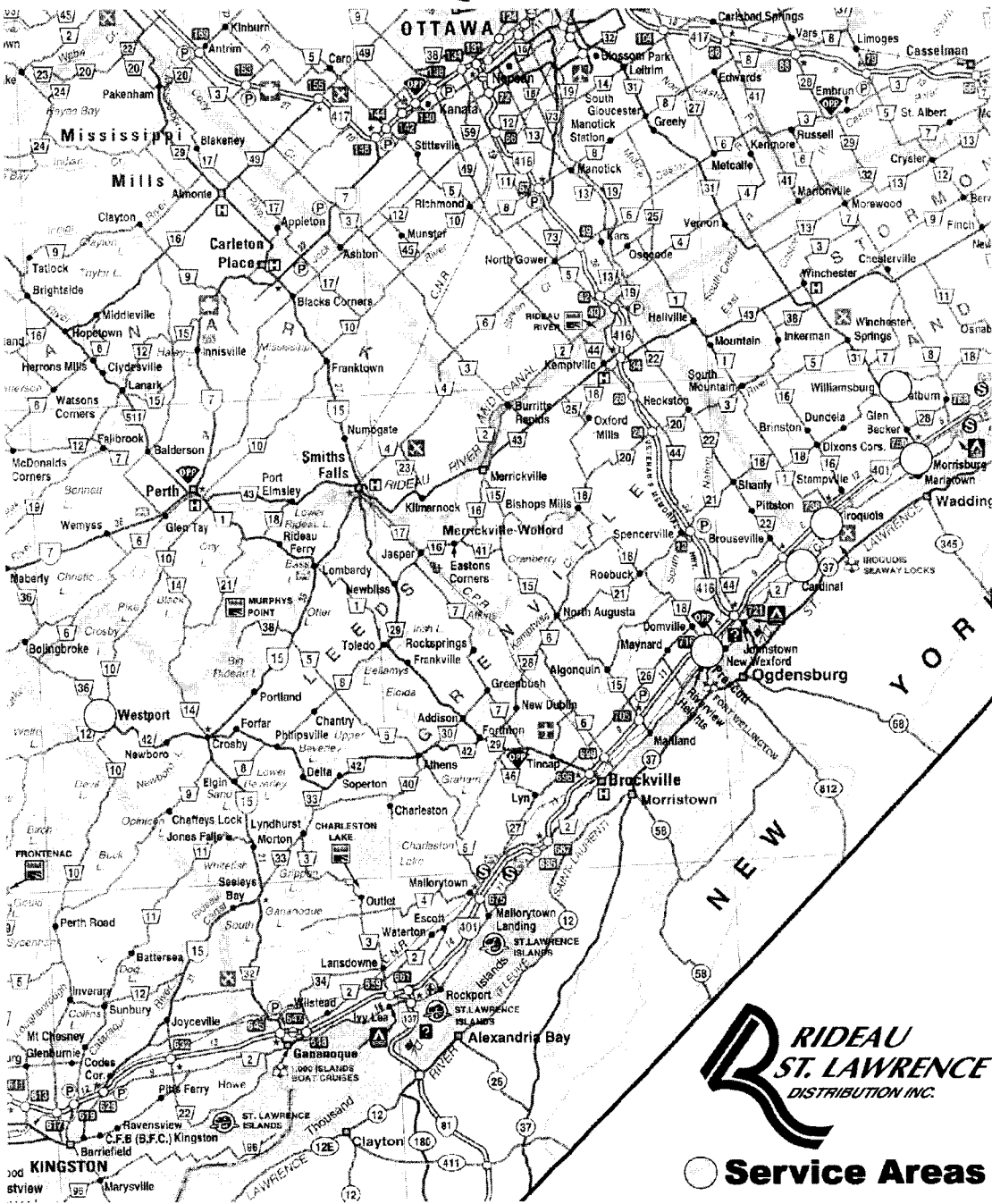
**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**

**LIST OF NON-COMPLIANCE WITH UNIFORM SYSTEM OF ACCOUNTS**

Rideau St. Lawrence Distribution Inc. follows the main categories and accounting guidelines as stated in the Uniform System of Accounts.

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**

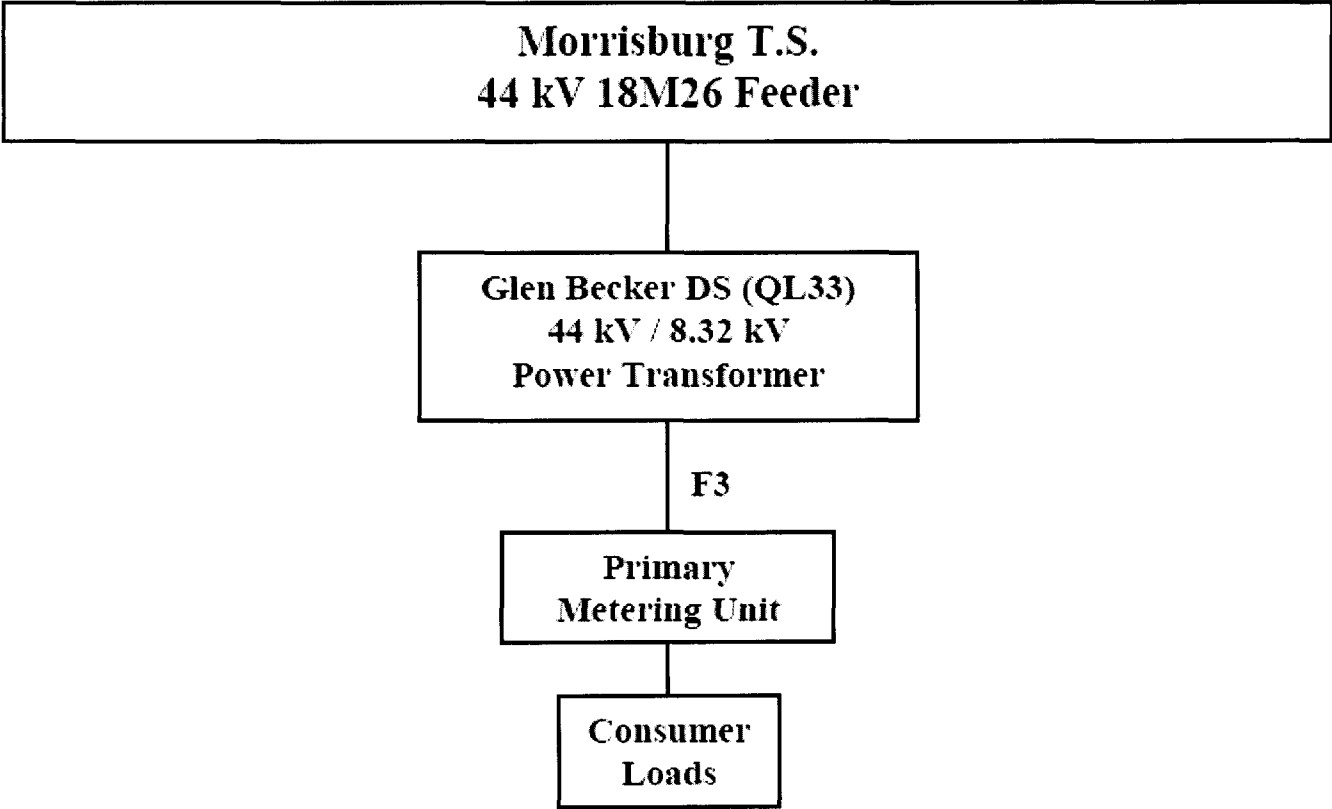
**MAP OF RSL'S DISTRIBUTION SYSTEM**



RIDEAU ST. LAWRENCE DISTRIBUTION INC.

MAP OF RSL's DISTRIBUTION SYSTEM

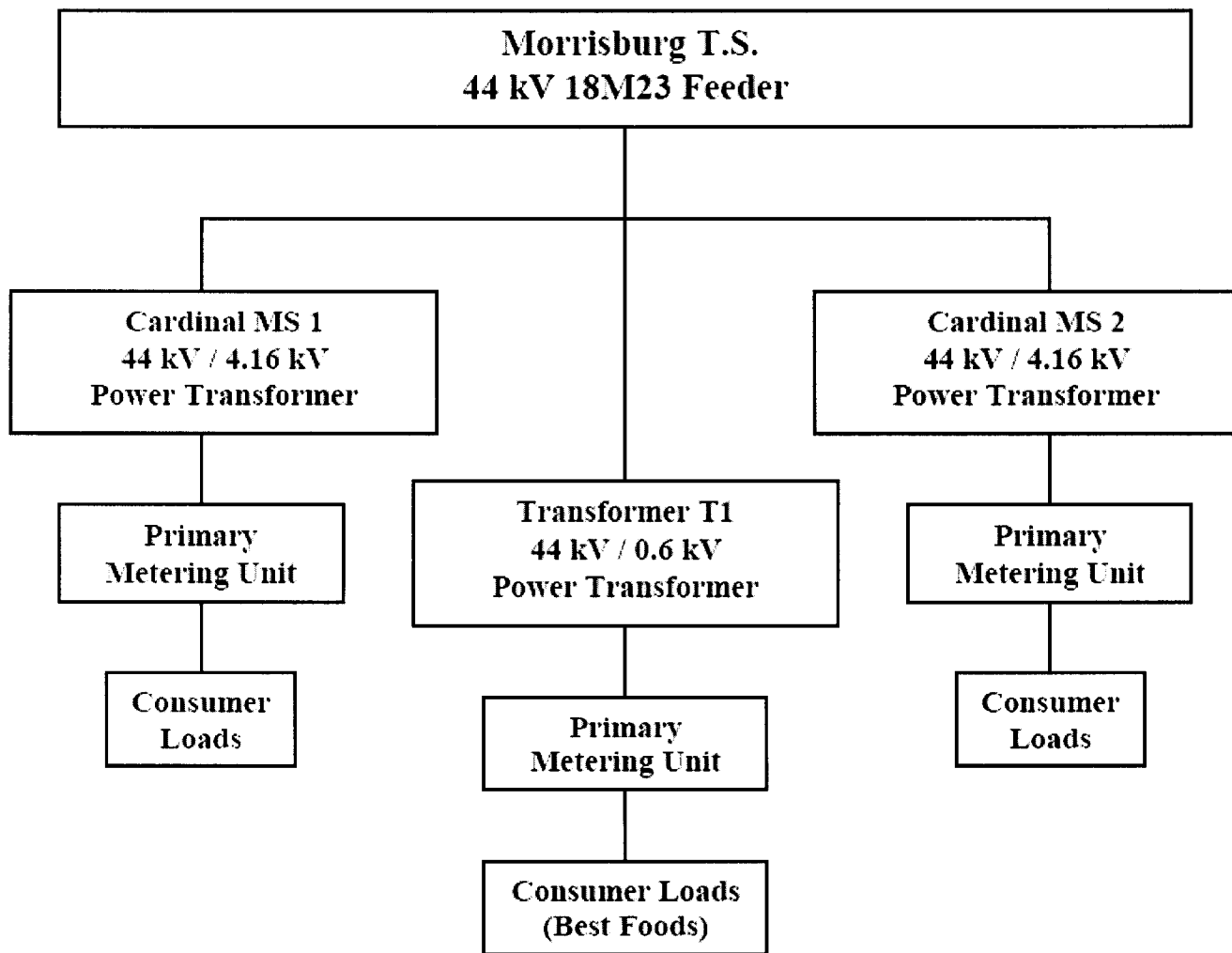
**Town of Williamsburg**



RIDEAU ST. LAWRENCE DISTRIBUTION INC.

MAP OF RSL's DISTRIBUTION SYSTEM

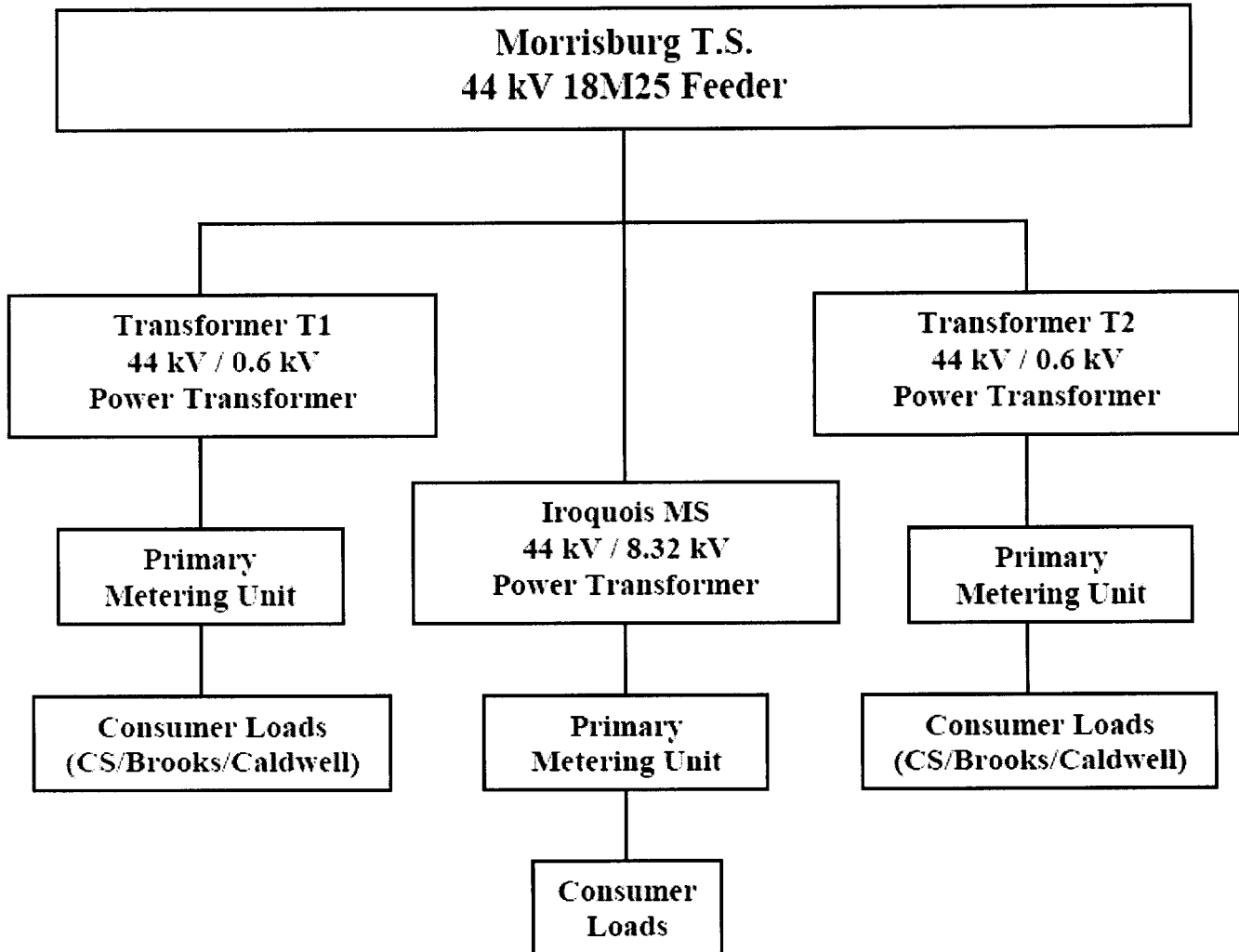
**Town of Cardinal**



RIDEAU ST. LAWRENCE DISTRIBUTION INC.

MAP OF RSL's DISTRIBUTION SYSTEM

**Town of Iroquois**

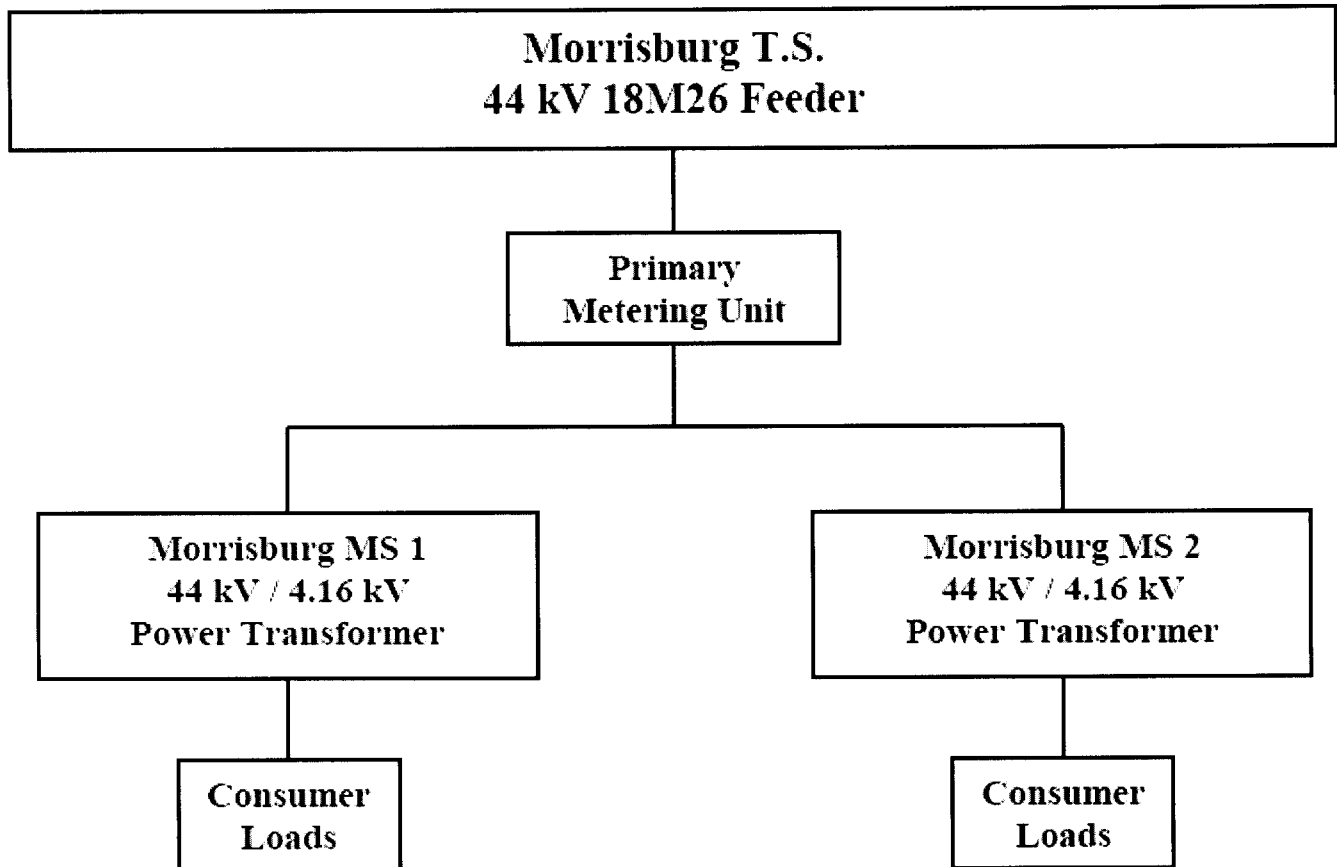




RIDEAU ST. LAWRENCE DISTRIBUTION INC.

MAP OF RSL's DISTRIBUTION SYSTEM

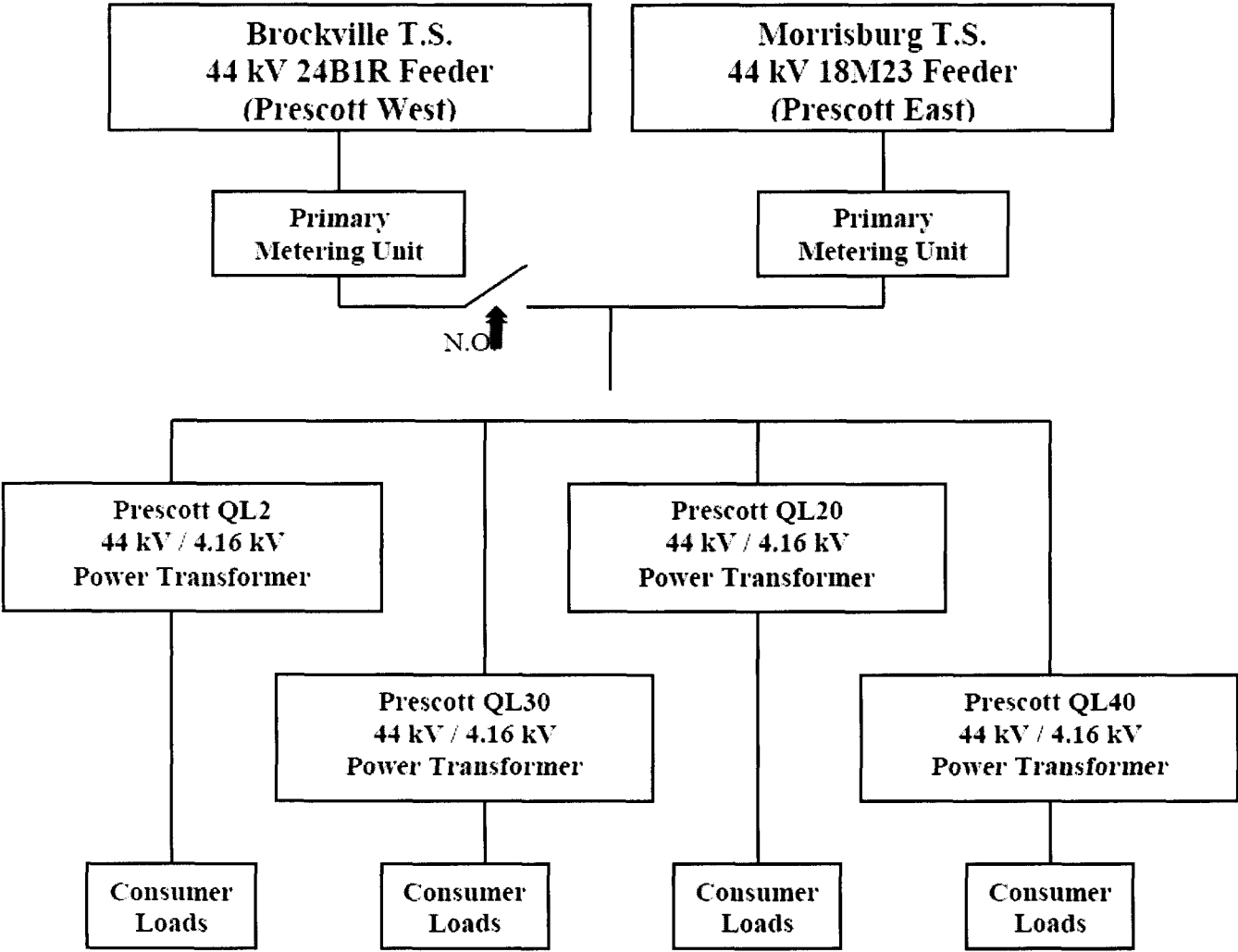
**Town of Morrisburg**



RIDEAU ST. LAWRENCE DISTRIBUTION INC.

MAP OF RSL's DISTRIBUTION SYSTEM

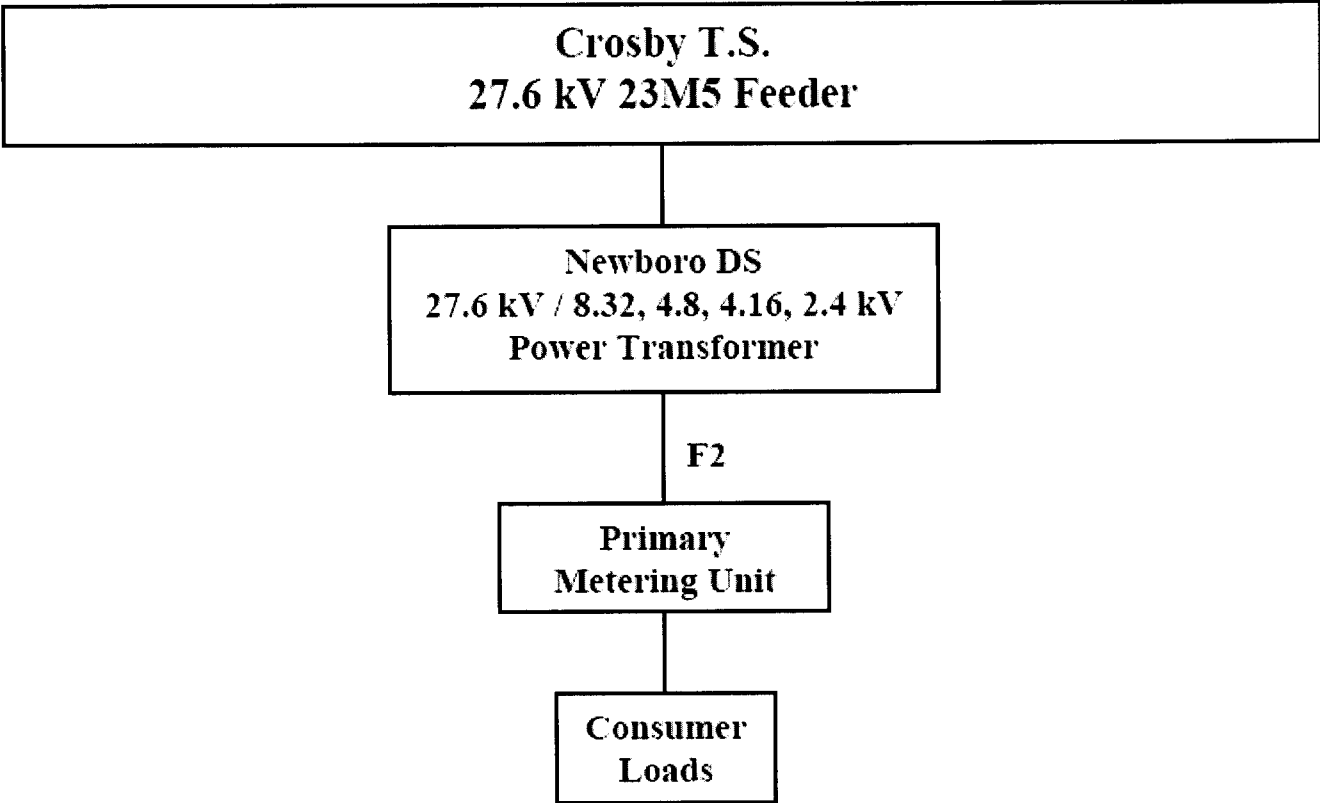
**Town of Prescott**



RIDEAU ST. LAWRENCE DISTRIBUTION INC.

MAP OF RSL's DISTRIBUTION SYSTEM

**Town of Westport**



**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**

**LIST OF NEIGHBOURING UTILITIES**

List Of Adjacent Distributors

Utility Name:	Hydro One Networks
Address:	483 Bay Street 15th Floor Reception Toronto, Ontario M5G 2P5
Direct line:	416-345-5000/1-877-955-1155
Direct Fax:	416-345-5866
Website:	www.HydroOne.com

Description Of Distributor

Overview:	RSL is a utility that services six communities of customers in Eastern Ontario. The six communities are mature areas with a customer density of 60 customers per kilometer of line. The distribution network includes nine sub-transmission stations owned by RSL and two stations that are shared with Hydro One. The system combines 9 km of underground lines, 97 kilometers of overhead lines supported by 1924 poles and 735 utility owned transformers. The distance from the eastern most community to the western most community is 130 km.
Communities Served:	The Town of Prescott, and the Villages of Westport, Cardinal, Iroquois, Morrisburg and Williamsburg.
Total Service Area:	18 sq km
Rural Service Area:	No rural service area
Distribution Type:	Embedded in Hydro One Networks
Service Area Population:	9,900
Municipal Population:	20,922
Prescott Boundaries:	Municipal Boundary of the Town of Prescott as it existed March 31, 1999
Cardinal Boundaries:	Municipal Boundary of the former Village of Cardinal as it existed December 31, 2000, now in the Township of Edwardsburgh/Cardinal

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**

**LIST OF NEIGHBOURING UTILITIES**

- Iroquois Boundaries: The Municipal Boundary of the former Village of Iroquois as it existed on March 31, 1995, now in the Township of South Dundas
- Morrisburg Boundaries: The municipal boundary of the former Village of Morrisburg as it existed on December 31, 1997, now in the Township of South Dundas
- Williamsburg Boundaries: The municipal boundary of the former Village of Williamsburg as it existed on December 31, 1997, now in the Township of South Dundas
- Westport Boundaries: The municipal boundary of the Village of Westport as it existed on March 31, 1999

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**

**EXPLANATION OF HOST OR EMBEDDED UTILITIES**

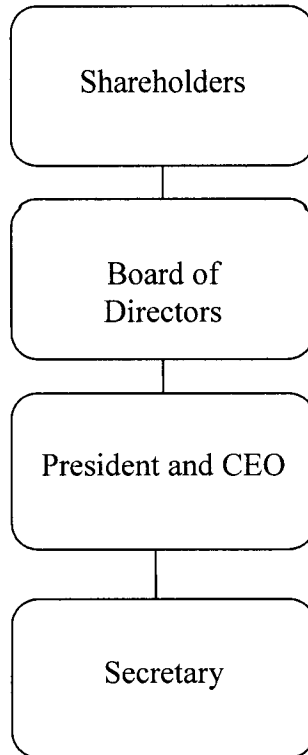
Rideau St. Lawrence Distribution Inc. does not host any utilities within its service area.

Rideau St. Lawrence Distribution Inc. does not have any embedded utilities within its service area.

Rideau St. Lawrence is embedded within Hydro One.

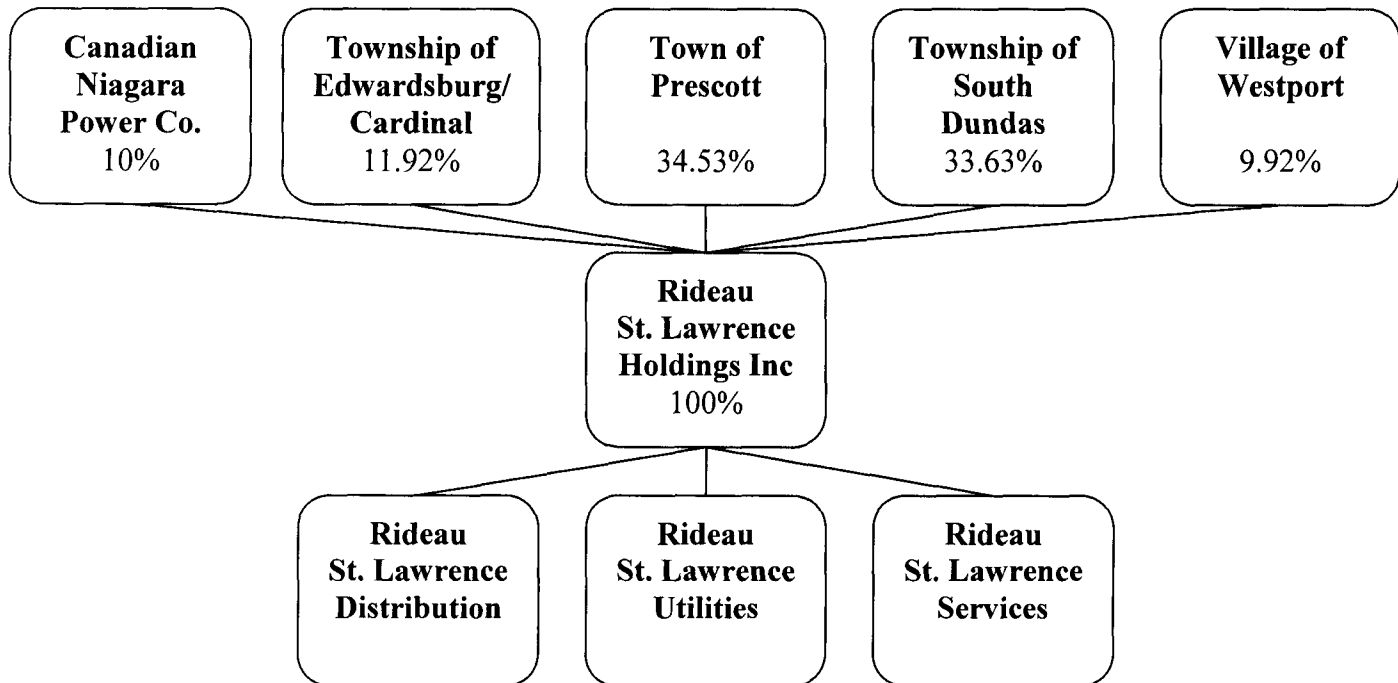
RIDEAU ST. LAWRENCE DISTRIBUTION INC.

UTILITY ORGANIZATIONAL CHART



**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**

**CORPORATE ENTITIES RELATIONSHIP CHART**



**Rideau St. Lawrence Holdings Inc.**

Rideau St. Lawrence Holdings Inc. was incorporated on October 17, 2000 under the laws of the Province of Ontario. The principle activity is as a Holding Company.

**Rideau St. Lawrence Distribution**

Rideau St. Lawrence Distribution was incorporated on October 17, 2000 under the laws of the Province of Ontario. The principle activity of the Company is to provide electrical power distribution in the Town of Prescott and the Villages of Westport, Williamsburg, Morrisburg, Iroquois, and Cardinal.

**Rideau St. Lawrence Utilities**

Rideau St. Lawrence Utilities was incorporated on October 17, 2000 under the laws of the Province of Ontario. The principle activity of the Company is to provide services to Rideau St. Lawrence Distribution Inc., water and sewer billing to the Town of Prescott and the Villages of Westport, Morrisburg, Iroquois, and Cardinal, as well as hot water tank rentals and service.

**Rideau St. Lawrence Services**

Rideau St. Lawrence Services was incorporated on October 17, 2000 under the laws of the Province of Ontario. The principle activity is to provide dark fibre and high speed communication in Cardinal and Prescott, but is not limited to those locations.



**RIDEAU ST. LAWRENCE DISTRIBUTION INC.****CORPORATE ENTITIES RELATIONSHIP CHART****Board of Directors**

<u>Rideau St. Lawrence</u> <u>Holdings</u>	<u>Rideau St. Lawrence</u> <u>Distribution</u>	<u>Rideau St. Lawrence</u> <u>Utilities</u>	<u>Rideau St. Lawrence</u> <u>Services</u>
Mr. G. Fulford	Mr. G. Fulford	Mr. G. Fulford	Mr. G. Fulford
Mr. D. Bradbury	Mr. D. Bradbury	Mr. D. Bradbury	Mr. D. Bradbury
Mr. S. Bryce	Mr. J. Annable	Mr. S. Bryce	Mr. S. Bryce
Mr. H. George		Mr. H. George	Mr. H. George
Mr. J. Allison		Mr. J. Allison	Mr. J. Allison

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**

**PLANNED CHANGES IN CORPORATE OR OPERATIONAL STRUCTURE**

Rideau St. Lawrence Distribution Inc. does not have any changes planned for corporate and operational structure at this time.

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**

**STATUS REPORT ON BOARD DIRECTIVES**

There are no specific Board directives for RSL.

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**

**CONDITIONS OF SERVICE**

RSL is a member of the Cornerstone Hydro Electric Concepts group. The current version of the Conditions of Service is included.



**Rideau St. Lawrence Distribution Inc.**  
**a member of**  
**Cornerstone Hydro Electric Concepts Association Inc.**

File Number: EB-2007-0762

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**CONDITIONS OF SERVICE**

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**1.5 Contact Information**

**1.6 Customer Rights**

**1.7 Distributor Rights**

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**Rideau St. Lawrence Distribution Inc.  
a member of**

**Cornerstone Hydro Electric Concepts Association Inc.**

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**Rideau St. Lawrence Distribution Inc.**  
a member of  
**Cornerstone Hydro Electric Concepts Association Inc.**

File Number: EB-2007-0762

Exhibit: 1

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**Rideau St. Lawrence Distribution Inc.  
a member of**

**Cornerstone Hydro Electric Concepts Association Inc.**

**3.3 General Service (Above 50 kW)**

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**Contact Information**

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## ***SECTION 1 INTRODUCTION***

### **1.1 Identification of Distributor and Territory**

The Distributor is a corporation, incorporated under the laws of the Province of Ontario to distribute electricity.

The Distributor is licensed by the Ontario Energy Board "OEB" to supply electricity to Customers as described in the Transitional Distribution Licence and thereafter by the Distribution Licence issued to the Distributor by the OEB. Additionally there are requirements imposed on the Distributor by the various codes referred to in the Licence and by the Electricity Act and the Ontario Energy Board Act.

The Distributor is limited to operate distribution facilities within their Licenced Territory as defined in the Distribution Licence.

#### **1.1.1 General**

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

The Distributor will normally provide one electrical service to each customer location at a nominal service voltage.

Modifications to an existing service must comply with the requirements of the standards in effect at the time of the modifications.

The customer or their authorized representative must make application for new or upgraded electric services and temporary power services.

The customer or their representative shall consult with the Distributor concerning the availability of supply, the voltage of supply, service location, metering and any other details. These requirements are separate from and in addition to those of the Electrical Inspection Authority. The Distributor will confirm, in writing, the Characteristics of Electric Supply available at a specific site.

The customer is required to provide the Distributor 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.*



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If special equipment is required or equipment delivery problems occur then longer lead times may be necessary. The customer will be notified of any extended lead times.

Customers will be required to pay the cost of repair or replacement of the Distributors' equipment that has been damaged through the customers' action or neglect.

The supply of electricity is conditional upon the Distributor being permitted and able to provide such a supply, obtaining the necessary apparatus and material, and constructing works to provide the service. Should the Distributor not be permitted to supply or not be able to do so, it is under no responsibility to the customer whatsoever.

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 the Distributor, interfere with the proper and safe operation of the Distributor's facilities or adversely affect compliance with any applicable legislation in the sole opinion of the Distributor.

Prior to commencing any service work, the customer must consult with the Distributor to ensure compliance with current requirements.

The Distributor, at the expense of the Owner, reserves the right to provide an Inspector who will be on duty for the duration of the work, and the Contractor shall supply him such accommodations as he may require. The Inspector shall have the authority to stop work at any time he feels the Contractor is not proceeding in accordance with these "conditions of service". Work shall not recommence until the Distributor has been notified and the Inspector is present at the site.

Customers may be required to pay Capital Contributions for the addition of new electrical services in accordance to calculations on overall system cost impact.

## 1.2 Related Codes and Governing Laws

The Distributor is limited in its scope of operation by the:

1. *Electricity Act, 1998*  
<http://www.collus.com/cos/Electricity Act, 1998, S O 1998, c 15, Sched A.htm>
2. *Ontario Energy Board Act, 1998*  
<http://www.collus.com/cos/Ontario Energy Board Act, 1998, S O 1998, c 15, Sched B.htm>
3. *Distribution Licence*  
[Licence Numbers](#)
4. *Affiliate Relationships Code*  
<http://www.collus.com/cos/Affiliate Relationships Code.pdf>
5. *Distribution System Code*  
<http://www.collus.com/cos/Distribution System Code.pdf>



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6. *Retail Settlements Code*  
<http://www.collus.com/cos/Retail Settlement Code.pdf>
7. *Standard Service Supply Code*  
<http://www.collus.com/cos/Standard Service Supply Code.pdf>
8. *Transmission System Code*  
<http://www.collus.com/cos/Transmission System Code.pdf>

In the event of a conflict between this document and the Distribution Licence or regulatory Codes issued by the OEB, or the Electricity Act, the provisions of the Act, the Distribution Licence and associated regulatory Codes shall prevail.

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. The work shall be conducted in accordance with the Ontario Occupational Health and Safety Act, the Regulations for Construction Projects and the E&USA (or the OHSC Safety) rulebook.

### 1.3 Interpretations

In these Conditions, unless the context otherwise requires:

- *Headings and underlining are for convenience only and do not affect the interpretation of these Rules.*
- *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 these Conditions of Service and any amendments made from time to time form part of any Contract made between the Distributor and any connected Customer, Generator or their agents.

In the event of changes to this Conditions of Service, a Public notice shall be made in the form of either a notice in the local newspaper, or a notice on the Distributors' Website.

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



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## 1.5 Contact Information

The Distributor and its agents can be contacted during normal working hours (Monday to Friday between 8:30 and 4:30). Please refer to the Contact Listing in the Appendices for the phone number of the Local Distribution Company servicing your area.

## 1.6 Customer Rights

In those instances where the Customer will own their secondary or primary service, the Customer has the right to hire a Contractor to supply and install the service.

The customer has the right to demand identification from any person purporting to be an authorized agent or employee of the distributor.

A customer, who believes that he has suffered damages to his property or equipment as a result of negligence on the part of the Distributor, may submit a written claim for damages to the Distributor. The Distributor will investigate the claim and respond in writing within 10 business days of the receipt of the claim.

## 1.7 Distributor Rights

In those instances where the Customer has the authority to hire a Contractor to construct plant which will become part of the Distributors' system, the Distributor shall have the right to require the Contractor to submit proof of previous experience and satisfactory performance, and the Distributor shall have the right to investigate such proof and approve the Contractor prior to the Owner awarding a contract for the work to the Contractor.

The Distributor shall have access to Customer property in accordance with section 40 of the Electricity Act, 1998.

## 1.8 Disputes

If, following good faith negotiations between a customer or other market participant and the Distributor, a resolution cannot be reached, the dispute may be submitted to a dispute resolution process.

Any dispute which shall arise between the Distributor and a customer(s) and other market participants subject to the terms of these Conditions of Service concerning the rights, duties or obligations of the Distributor or others subject to these Conditions of Service, shall be subject to the following dispute resolution procedure:



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**Mediation**

- Either party (the “Initiating Party”) may invoke the dispute resolution procedure by sending a written notice to the other party (the “Respondent Party”) describing the nature of the dispute and designating a representative of the Initiating Party with appropriate authority to be its representative in negotiations relating to the dispute. The responding Party shall, within five business days of the receipt of such notice, send a written notice to the Initiating Party, designating a representative of the Responding party with the appropriate authority to be its representative in negotiations relating to the dispute.
- Within ten business days of the receipt by the Initiating Party of the written notice of the Responding Party, the designated representatives shall enter into good faith negotiations with a view to resolving the dispute. If the dispute is not resolved in thirty days of the commencement of such negotiations, or such longer period as may be agreed upon, either party may, by written notice to the other party, require that the parties be assisted in their negotiations by a mediator. The mediator shall be acceptable to both parties and have knowledge and experience in the matter under dispute, or professional qualifications, or experience in alternative dispute resolution, or both. The parties shall thereafter participate in mediation with the mediator through such process as the mediator, in consultation with the parties, may determine.
- None of the parties shall be deemed to be in default of any matter being mediated, until effective or after the date mediation fails.

**Referral to Dispute Resolution**

Any dispute that is not resolved through mediation as described above shall be referred to a third party dispute resolution agency according to the following procedure:

- Upon the written demand of either of the parties, the dispute shall be referred to an independent third party disputes resolution agency that has been approved by the Board.
- An independent, third party, disputes resolution agency that has been approved by the Board, shall be selected within ten days of the receipt of the demand by the other party.
- The third party disputes resolution agency selected to hear the dispute shall be qualified by education and training to pass on the particular question in dispute.
- The third party disputes resolution agency selected shall immediately proceed to hear the matter or matters in dispute. The decision of the third party disputes resolution agency shall be made within 45 days of the selection, subject to any reasonable delay due to unforeseen circumstances. Notwithstanding the foregoing, if the third party disputes resolution agency fails to make a decision within 60 days of the selection, then either party may elect to have another third party disputes resolution agency hear the matter or matters as if none had previously heard the matter or matters.



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- The decision of the third party disputes resolution agency shall be in writing and signed by the agency. It shall be final and binding upon all the parties hereto as to any matter or matters so submitted to the third party disputes resolution agency and shall observe and implement the terms and conditions thereof.
- The compensation and expenses of the third party disputes resolution agency, (unless otherwise determined by the agency) shall be paid equally by the parties.



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## ***SECTION 2 DISTRIBUTION ACTIVITIES (GENERAL)***

### **2.1 Connections**

This section includes information that is applicable to all customer classes of the distributor. Items that are applicable to only a specific customer class are covered in Section 3.

#### **2.1.1 Building that Lies Along**

As provided in Section 28 of the Electricity Act 1998, the Distributor has the Obligation to Connect any Building that 'lies along' its distribution system. A building 'lies along' a distribution line if it can be connected to the distributor distribution system without an expansion or enhancement, and meets the conditions listed in the Conditions of Service of the distributor who owns or operates the distribution line.

A Building that 'lies along' a distribution line may be refused connection to that line should the distribution line not have sufficient capacity for the requested connection.

A Building that 'lies along' a distribution line may be refused connection to that line should the connection be bad or unsafe for the system.

#### **2.1.2 Expansions / Offer to Connect**

Under the terms of the Distribution System Code Section 3.1, a Distributor has the Obligation to make an Offer to Connect any Building that 'lies along' its distribution system yet may be excluded due to being outside of the Service Territory, or falls outside of the criteria outlined in the Distributors' Conditions of Service. The Offer to connect must be Fair and Reasonable and be based on the distributors' design standard. The Offer to Connect must also be made within a reasonable time from the request for connection.

The Distributor may require a customer to pay all or a part of the costs of electrical plant installed to supply only that customer. Such capital contributions will be calculated using the guidelines set out by the OEB in the Distribution System Code.





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### **2.1.3 Connection Denial**

The Distribution System Code in section 3.1 sets out the conditions for a Distributor to deny connections. A Distributor is not obligated to connect a building within its service territory if the connection would result in any of the following:

- Contravention of existing Canadian Laws, and those of the Province of Ontario;
- Violations of conditions in a Distributors' Licence;
- Use of a distribution system line for a purpose that it does not serve and that the Distributor does not intend to serve;
- Adverse effect on the reliability and safety of the distribution system;
- Imposition of an unsafe work situation beyond normal risks inherent in the operation of the distribution system;
- A material decrease in the efficiency of the distributors' 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 the distributor;
- Any other conditions documented in the distributors Conditions of Service document that are consistent with the conditions identified above and with the goals delineated in the Energy Competition Act, 1998.

### **2.1.4 Inspections Before Connections**

The Distributor has the right to request an inspection prior to any connection.

All customer electrical installations shall be inspected and approved by the Electrical Safety Authority, referred to herein as the ESA.

The Distributor requires notification from the ESA of this approval prior to the connection of a customer's service.

Services that have been disconnected for a period of six months or longer shall also be re-inspected and approved by the ESA prior to reconnection.

Temporary services, for construction purposes, are approved by the ESA for a period of twelve months and must be re-inspected should the period of use exceed twelve months.

The Distributor reserves the right to inspect and approve Transformer rooms, Vaults and Pads prior to, during and following the installation of equipment.

Provision for metering shall be inspected and approved by the Distributor prior to connection.

Customer owned substations must be inspected by both the Electrical Safety Authority and the Distributor, prior to connection to the Distribution system.

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Duct banks and road crossings shall be inspected and approved by the Distributor prior to the pouring of concrete and again before backfilling.

The Distributor reserves the right to inspect any underground trenches prior to backfilling.

The Distributor reserves the right to approve the installation and location of all submarine cable. All documentation and permits required for laying of submarine cable must be provided to the Distributor. The installation of submarine cable must meet the requirements of all governing legislation.

All work done on existing Distributor plant must be authorized by the Distributor and carried out in accordance with all applicable safety acts and regulations.

In accordance with the Distribution System Code, if the Distributor refuses to connect a building in its service territory that lies along one of its distribution lines, the distributor shall inform the person requesting the connection of the reasons for not connecting, and where the distributor is able to provide a remedy, make an offer to connect. If the Distributor 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.

### **2.1.5 Relocation of Plant**

The Distributor will, where feasible, accommodate requests to relocate electrical plant such as poles and metal enclosed equipment.

The customer will be required to pay all of the costs incurred by the relocation.

Requests by civic authorities to relocate distribution facilities will be done so in accordance with the appropriate regulations.

### **2.1.6 Easements**

To maintain the reliability, integrity and efficiency of the distribution system, the Distributor has the right to have supply facilities on private property registered against title to the property. Easements are required whenever the Distributors' underground or overhead plant is to be located on private property or crosses over an adjacent private property to service a Customer.

The Customer shall acquire and grant in the distributors name, at no cost to the Distributor, where required, an easement to permit installation and maintenance of service. The width and extent of this easement shall be determined by the Distributor. The easement shall be granted prior to connection of the service.



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The Owner shall furnish to the Distributor, free and clear of all encumbrances, sufficient easements to enable the servicing of all existing or proposed developments or subdivisions from plants located on the Owners' property.

Sufficient property at suitable locations shall be made available for the purpose of the installation of distributors' assets.

The Customer will prepare at its own costs a reference plan and associated easement documents to the satisfaction of the Distributors' solicitor prior to its registration and register the easement plan. Details will be provided upon application for service.

Where surface restoration by the Distributor is required following any repairs or maintenance to a service, the Distributor will in so far as is practicable, restore the property to its original condition and provide compensation for any damages caused by the entry that cannot be repaired.

### **2.1.7 Contracts**

**Standard Form of Contract** - Connection to the electrical distribution system will be provided upon completion of a signed contract between the customer and the distributor, and receipt of approval by the Electrical Safety Authority.

All customers will be required to complete and sign the standard form of contract to apply for the supply of an electrical energy connection. A Standard Contract for service shall be considered as being in force from the date it is signed by the Customer and the Distributor and shall remain in force until terminated by either party.

**Implied Contract** - In all cases, notwithstanding the absence of a formal contract, the taking and using of electrical energy from the Distributor by any Person or Persons constitutes the acceptance of the terms and conditions of all regulations, conditions and rates as established by the Distributor. Such acceptance and use of energy shall be deemed to be the acceptance of a binding contract with the Distributor and the Person so accepting shall be liable for payment for such energy and the contract shall be binding upon the Person's heirs, administrators, executors, successors or assigns.

**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*



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## **2.2 Disconnection**

The Distributor has the right and/or obligation to disconnect the supply of electrical energy to a Customer for causes including but not limited to:

- *Overdue amounts payable to the Distributor, Retailer, or Wholesaler (provided the Distributor provides the Customer with reasonable notice of the proposed shut off of electricity);*
- *Hazardous conditions;*
- *Electrical disturbance propagation caused by Customer equipment that is not corrected in a timely fashion;*
- *Energy diversion, fraud or abuse on the part of the Customer;*
- *When ordered to do so by any authority having the legal right to issue such an order;*
- *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;*
- *A materially adverse effect on the quality of distribution services received by an existing connection;*
- *Inability of the distributor to perform planned inspections and maintenance;*
- *Failure of the consumer or customer to comply with a directive of a distributor that the distributor makes for purposes of meeting its licence obligations.*

## **2.3 Conveyance of Electricity**

### **2.3.1 Guarantee of Supply**

The Distributor agrees 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.

When power is interrupted, or the Customer is experiencing power quality problems the Customer or their electrical contractor shall first ensure that interruption is not due to problems within the customer owned installation. If after verifying that the cause of the problem does not reside on the customers' installation, the customer shall contact the Distributor. The Distributor will respond to and take reasonable steps to restore power. The Distributor reserves the right to recover costs from the customer for making false claims of interruptions.

Although it is the Distributors' policy to minimize inconvenience to Customers, it is necessary to occasionally interrupt a Customers' supply to maintain or improve the Distributors' system, or to provide  
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new or upgraded services to other Customers. Whenever practical and cost effective, as determined by the Distributor, arrangements suitable to the Customer and the Distributor may be made to minimize any inconvenience. The Distributor will endeavor to provide the Customer with reasonable advance notice, except in cases of emergency, involving danger to life and limb, or impending severe equipment damage.

The Distributor will endeavor to notify Customers prior to interrupting the supply to any individual service. However, if an unsafe or hazardous condition is found to exist, or if the use of electricity by apparatus, appliances, or other equipment is found to be unsafe or damaging to the Distributor or the public, service may be discontinued without notice.

Depending on the outage duration and the number of Customers affected, the Distributor may issue a news release to advise the general public of the outage.

### **2.3.2 Power Quality**

The distributor will respond to and take reasonable steps to investigate consumer power quality complaints and report to the consumer on the results of the investigation. The method and level of investigation will be at the discretion of the Distributor.

If the source of a power quality problem is caused by the consumer making the complaint, the distributor may seek reimbursement for the time and cost spent to investigate the complaint.

If the source of a power quality problem is caused by a consumer, the Distributor may direct the consumer to take corrective action. If the Consumer does not take such action within a reasonable time, the Distributor may disconnect the supply of power to the Customer (*see Section 2.2*).

### **2.3.3 Electrical Disturbances**

There are levels of voltage fluctuation and other disturbances that can cause flickering lights and more serious difficulties for Customers connected to the Distributor distribution system.

Some types of electronic equipment, such as video display terminals, can be affected by the close proximity of high electrical currents that may be present in transformer rooms.

No electrical equipment, which may produce an undesirable system disturbance, shall be connected by a customer to a customer's service without prior approval of the Distributor. Examples of equipment, which may cause disturbance, are large motors, welders and variable speed drives. In planning the installation of such equipment, the customer is required to consult with the Distributor.



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The Distributor will endeavour to maintain voltage variation limits, under normal operating conditions, at the Customers' Delivery Points, as specified by the latest edition of the Canadian Standards Association, C235. However, more sensitive electronic equipment such as computers can be seriously affected by variations in quality of supply voltage. Customers who need electrical power of high quality and with rigid voltage tolerances are responsible for providing their own power conditioning equipment.

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 Distributors' supply.

The customer shall provide such protective devices as may be necessary to protect his property or equipment from any disturbance beyond the control of the distributor.

### **2.3.4 Standard Voltage Offerings**

#### **2.3.4.1 Secondary Voltage**

The Supply Voltage governs the limit of supply capacity for any Customer. General guidelines for supply from overhead street circuits are as follows:

- *at 120/240 V single phase, or*
- *347/600 V three phase, four wire, or*
- *120/208 V three phase, four wire,*

**OR**

Where street circuits are buried, the Supply Voltage and limits will be determined upon application to the Distributor.

**OR**

Where the Customer or Developer provides a pad on private property;

- *at 120/240 V single phase, or*
- *at 120/208 V three phase, four wire, or*
- *at 347/600 V three-phase, four-wire*



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### 2.3.4.2 Primary Voltage

Primary supplies to transformers or customer-owned substations will be one of the following as determined by the Distributor:

- 2,400/4,160 volts 3 phase 4 wire
- 4,800/8,320 volts 3 phase 4 wire
- 7,200/12,400 volts 3 phase 4 wire
- 8,000/13,800 volts 3 phase 4 wire
- 16,000/27,600 volts 3 phase 4 wire
- 27,600 volts 3 phase 3 wire delta
- 44,000 volts 3 phase 3 wire

An electrical requirement in excess of 300 kVA may require a customer owned Substation supplied at the voltage as determined by the distributor.

### 2.3.5 Voltage Guidelines

The Distributor maintains service voltage at the Customers' service entrance within the guidelines of C.S.A. Standard CAN3-C235 (latest edition) which allows variations from nominal voltage of: <http://www.csa-intl.org/onlinestore/GetCatalogDrillDown.asp?Parent=542>

*6% for Normal Operating Conditions*  
*8% for 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 will 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, improvement or corrective action will be taken on an emergency basis. The urgency for such action will depend on many factors such as the location and nature of load or circuit involved, the extent to which limits are exceeded with respect to voltage levels and duration, etc.



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### **2.3.6 Back-Up Generators**

Customers with portable or permanently connected emergency generation capability shall comply with all applicable criteria of the Ontario Electrical Safety Code <http://www.esinspection.net/code.html> and in particular, shall ensure that customer emergency generation does not back-feed on the Distributors' system.

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

The distributor reserves the right to have the connection of this equipment inspected.

Generation systems found to be feeding into the Distribution system without proper approval of the Distributor shall be subject to immediate disconnection.

### **2.3.7 Metering**

#### **2.3.7.1 General**

##### *2.3.7.1.1 Access*

The Distributor or its agents shall have the right to access and read any of the Distributors' electricity meters on the Customer's premises.

All metering installations shall be accessible from a public area.

##### *2.3.7.1.2 Costs*

All the Distributor metering equipment located on the Customer's premises are in the care and at the risk of the Customer and if destroyed or damaged, other than by normal usage, the Customer will pay for the cost of repair or replacement.

Regardless of any charges for metering installations, all meters and meter instrumentation equipment shall remain the property of the Distributor and maintenance of this equipment shall be the Distributors' responsibility.

##### *2.3.7.1.3 Voltage*

Generally, metering will be at utilization voltage. Where the Distributor provides primary transformation, primary voltage metering will be allowed only in special circumstances following full discussion with the Distributor.





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Customer-owned substations may require primary metering. The provisions required for these installations shall be specified and approved by the Distributor for each application.

*2.3.7.1.4 Primary / Bulk Metering*

Primary metering units may be installed outdoors or within an electrical vault as outlined in the current Electrical Safety Code. Where the Owner prefers not to provide an approved electrical vault, the Distributor at additional cost can provide a metering unit with non-flammable coolant.

Non-residential or mixed-use buildings will normally be bulk metered by a single meter. However, where specific areas are clearly and permanently defined and in other respects as a separate entity, individual metering of the loads will be considered.

In all installations where the Customer requests revenue metering remote from the secondary entrance equipment or downstream from a Customer-owned dry-core transformer, provisions are required for a bulk meter directly after the main switch. This bulk metering is required in addition to any public metering provisions. The Customer will be required to contribute to the cost of the metering installation.

Where more than one meter exists, the meters shall be grouped where practicable.

The customer/contractor shall permanently and legibly identify all metered services with respect to correct municipal 911 address and unit #. The identification shall be applied to all service switches and breakers and to all meter cabinets and meter mounting devices that are not immediately adjacent to the service switch. The customer/contractor shall insure that all service identifications are accurate and by not doing so will be held totally responsible. The Distributor shall issue a Meter Verification Sheet for this purpose to the owner or contractor.

In any case, a copy of the metering layout plan shall be forwarded to the Distributor for review and approval.

If the distribution of the metered load circuit is in dispute, (ie: circuits from one premise is found to supply a second premise) the Distributor reserves the right to transfer all accounts into the Property Owners' name until such time as the problem has been resolved, and the individual metering can be clearly identified with the individual units.

*2.3.7.1.5 Locks*

All devices on the line side of the Distributor metering shall have provisions for padlocking.

For commercial and industrial services the Customer's main switch shall have provisions for padlocking the switch handle in the open position and the switch cover or door in the closed position.



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When a disconnect device has been locked in the “OFF” position by the Distributor, under no circumstances shall anyone remove the lock and energize it without first receiving approval from the Distributor.

At the discretion of the Distributor, a dual locking arrangement, a Distributor master key arrangement, a key box arrangement, or a copy of the access key will be required for access.

### 2.3.7.2 Current Transformer Boxes

Where a current transformer box is required, it shall be CSA approved, of a size and type as stipulated by the Distributor, and include a provision for padlocks. A removable plate shall be provided in the box for mounting the equipment.

As an alternative to a separate CT box and meter, a single enclosure combining both functions may be feasible. Contact the Distributor for details.

In cases where the CTs only meter a portion of the metal clad switchgear (such as house loads), a separate disconnect switch must be installed ahead of the metering compartment so that the service can be de-energized without any interruption to the main service supply.

Generally, one house load meter only will be allowed. Additional house load meters will require authorization from the Distributor.

Conductors should enter the current transformer box at the top and leave at the bottom, or vice versa. If this cannot be arranged, the next largest CT box must be used to enable conductors to be trained in place. Where parallel conductors are used, the sum of the conductors will determine the size of the CT box to use. In all cases the Customer shall supply suitable cable termination lugs.

On all electrical services that require current transformers and the neutral for metering, an isolated neutral block shall be provided in the current transformer box.

### 2.3.7.3 Interval Metering

The Distribution System Code, as amended from time to time, requires the Distributor to meter Customers of specific load levels with pulse-recording meters, or interval meters, which are interrogated remotely. The Distributor, at its’ sole discretion, may also require such metering on any customer whose load characteristics may have a significant impact on the Net System Load Shape, or where reasonable access to the meter for the purpose of acquiring metering data may be limited due to location.

A customer that requests interval metering shall compensate a distributor 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 re-

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verification 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. The communication system utilized for interval meters shall be in accordance with the distributors' requirements.

Where such metering exists the Distributor will consider customer requests to provide a secondary pulse for load control or customer-owned metering at the customers' expense.

In keeping with the intent of the Legislation and accompanying amendments, once an interval meter installation is processed as part of the distributors' settlement process, and has affected the relevant changes to the distributors net system load, the installation must not be changed back to a non-interval meter installation.

Where a customer submits a request to read their own interval meter, the Distributor shall make this access available given the following conditions are met:

- The meter has the capability of read-only password protection
- The customer provides a signed copy of the "Interval Metering Access Agreement" to the Distributor.

#### *2.3.7.3.1 Interval Metering Communications*

- Solid-state recorders and/or Electronic Interval Meters installed by the Distributor have provision for remote interrogation over a telephone line. To accommodate this feature the Owner will provide shared access to a telephone line for the Distributors' metering purposes.
- At its' sole discretion, for metering installations where loss of metering data would cause a substantial impact on the Distributors Settlement System, the Distributor may require the phone line to be dedicated for metering purposes only.
- A voice quality telephone line, which is active 24 hours a day to the metering location extension jack, which is mounted on the metering board.
- Phone lines must be installed and functioning prior to the new service being energized.

#### *2.3.7.4 Meter Reading*

The Distributor will read all meters on a regularly scheduled basis whenever possible. If an actual 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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### 2.3.7.5 Final Meter Reading

When a service is no longer required, or the Customer is switching Energy Providers, the Customer shall provide the Distributor sufficient notice of the date so that a final meter reading can be obtained. The Customer shall provide access to the Distributor 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.

### 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. The Distributors' 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, the Distributor will determine the correction factors based on the specific cause of the metering error and the Customer's electricity usage history. The Customer shall pay for all the energy supplied, a reasonable sum based on the reading of any meter formerly or subsequently installed on the premises by the Distributor, 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. The Distributor will correct the bills for that period in accordance with the regulations under the Act.  
[http://www.collus.com/cos/measurement eros.pdf](http://www.collus.com/cos/measurement%20eros.pdf).

### 2.3.7.7 Meter Dispute Testing

The Distributor will attempt to resolve billing enquiries. However, to give Customers confidence in the accuracy of electricity meters, the Distributor will conduct an internal investigation to verify the accuracy of any meter the Customer believes to be recording incorrectly. If the internal investigation does not resolve the matter, the Customer or the Distributor may request Measurement Canada to test the meter.  
[http://www.collus.com/cos/measurement errors.pdf](http://www.collus.com/cos/measurement%20errors.pdf)

If the test indicates that the meter is not accurate, the Customer's historic billing will be adjusted, and the Distributor shall pay the full costs of the meter dispute testing.



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### 2.3.7.8 Location

The location of the indoor or outdoor meter shall be readily accessible at all times and acceptable to the Distributor. If a meter is recessed or enclosed after installation, without the prior approval of the Distributor, the service may be subject to disconnection.

The location of the service entrance, routing of duct banks, metering, and all other works will be established through consultation with the Distributor. Failure to comply may result in relocation of the service plant at the Owner's expense.

In all locations where Commercial/Industrial revenue metering is accessible to the general public, a lockable enclosure or a room for service equipment and meters shall be provided by the Owner at the discretion of the Distributor, as follows:

- *An electrical room reserved solely for metering equipment or*
- *Metal enclosed switchgear approved by the Distributor or*
- *A suitable metal metering cabinet or*
- *A vandal proof cage.*

### 2.3.7.9 Meter Mounting Heights

Provision for metering shall facilitate a practical mounting height for revenue meters in compliance with all applicable codes and regulations.

### 2.3.7.10 Environment

The following requirements apply to the areas allocated for revenue metering.

The customer, to the satisfaction of the Distributor, shall provide where there is the possibility of danger to workmen or damage to equipment from moving machinery, dust, fumes, or moisture, protective arrangements.

A clear safe working space of not less than 1.2 m (48") in front of the installation from the floor to ceiling with a minimum ceiling height of 2.1 m (84") provided to insure the safety of the Distributor or other authorized employee(s) who may be required to work on the installation.

Where excessive vibration may affect or damage metering equipment, adequate shock-absorbing mounting shall be provided and installed by the customer.



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#### 2.3.7.11 Meter Sockets

The owner will supply and install a meter socket as specified by the Distributor. Meter sockets will be directly accessible to the Distributors' staff.

A listing of approved revenue metering sockets is available from the Distributor.

#### 2.3.7.12 Cabinets

Where required by these Conditions of Service the Owner shall supply and install a meter cabinet to The Distributors' requirements.

Meter cabinets shall be installed indoors, except where special permission is granted by the Distributor to install the meter cabinet outside. In such cases, an approved weather proof, lockable, C.S.A. approved meter cabinet shall be provided by the Customer.

#### 2.3.7.13 Metering Loops

Three-phase, four-wire services will require a loop for metering, within the meter cabinet, for all three phases. Mineral insulated, solid, or hard drawn wire conductors are not acceptable as metering loops.

#### 2.3.7.14 Metal Enclosed Switchgear

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

The Distributor will provide the following revenue metering equipment as required:

- Colour coded secondary wiring
- Revenue meters

The Owner shall:

- Consult with the Distributor regarding the metering equipment to be provided which may include,
  - Potential transformers;
  - Potential transformer fuse holders and fuses;
  - Current transformers;

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- Phone line for remote interrogation of meters;
  - Duplicate Pulse Initiators;
  - Provide complete shipping instructions for instrument transformers for those projects where these are to be provided by the Distributor for installation by the switchboard manufacturer;
  - Install instrument transformers, metering cabinet and conduit; and
  - Each main bus bar to be drilled and tapped (10-32) or (10-24) on the line side of the removable current transformer link.
- Submit two copies of the manufacturer's switchboard drawings, for approval, dimensioned to show provision for and arrangement of the Distributors' metering equipment.

Meters shall be installed by the Distributor in a customer-owned metal cabinet of a size and type pre-approved by the Distributor, mounted at an approved location separate from the switchgear.

Tamper proof or sealable rigid conduit or any equally approved conduit of a size and type specified by the Distributor shall be installed between the CT compartment of the switchgear and the meter cabinet.

For conduit installations greater than 30 m (100') in length or where several bends are necessary, larger conduits or other special provision may be required, at the discretion of the Distributor.

#### 2.3.7.15 Switchgear Connected to Wye Source

Where a Wye source neutral connection is to be used or grounded, the Owner shall provide a conductor sized to the requirements of the Ontario Electrical Safety Code from the instrument transformer compartment to the neutral connection.

#### 2.3.7.16 Four Quadrant Metering (Generation)

All Ontario Energy Board-licensed generators connected to the distribution system that sell energy and settle through the distributor's retail settlement process shall be required to install metering that meets the requirements of the Distribution System Code as approved by the Ontario Energy Board, and/or the Market Rules as approved by the Independent Electricity Market Operator <http://www.theimo.com/>



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## **2.4 Tariffs and Charges**

### **2.4.1 Service Connection**

Charges for Service Connections are set out in the Distributors approved rates, (Miscellaneous Rates and Charges) and may be obtained by request from the Distributor. Notice of Rate revisions may be published in the local newspapers and or mailed out to all customers with the first billing issued at revised rates.

### **2.4.2 Energy Supply**

The Distributor shall provide Customers connected to the Distribution System with access to electricity through Standard Supply Service as defined in the Retail Settlement Code published by the OEB or as mandated through Legislation or Regulations issued by the Ministry of Energy.

Disputes arising from charges relating to Standard Supply Service shall be directed to the Distributor.

Customers will be switched to their Retailer of choice only if the retailer has a Service Agreement with the Distributor. The Customer's authorized Retailer through the Electronic Business Transaction system (EBT) must make the Service Transfer Request (STR) in accordance with the rules established and amended from time to time by the Ontario Energy Board.

Disputes arising from charges relating to Retailer Service shall be directed to the Retailer.

The Distributor may, at its discretion, refuse to process a Service Transfer Request for a Customer to switch to a Retailer if that Customer owes money to the Distributor for Distribution Services and or Standard Supply Service.

#### **2.4.2.1 Wheeling of Power**

Customers considering delivery of electricity through the Distributors' Distribution System shall contact the Distributor for technical requirements and current applicable Rates.

### **2.4.3 Supply Deposits and Agreements**

Whenever required by the Distributor, the Customer shall provide and maintain security in an amount that the Distributor has been mandated to collect, or deems necessary and reasonable. The Distributor shall require security amounts based on the existing security and deposit policies. The current deposit policy shall be provided to the Customer upon request.





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Where a customer proposes the development of premises that requires the Distributor to place equipment orders for special projects, the customer is required to sign the necessary Supply Agreements and furnish a suitable deposit before such equipment is ordered by the Distributor.

## **2.4.4 Billing**

The Distributor may, at its option, render bills to its Customers on either a monthly, bi-monthly, quarterly or annual basis. The option applicable to the customer shall be identified to the customer at the time of application for service.

Prorating of Service and Demand charges will be performed at the discretion of the Distributor.

### **2.4.4.1 Competitive Charges:**

Are based on rates as determined by:

- i. the Hourly Ontario Spot Market Price (HOEP); or
- ii. the utilities Weighted Average Price (WAP) as determined by net system load; or
- iii. the customers retailer contract rate; or
- iv. the rates published by the OEB; or
- v. Legislation or Regulations issued by the Ministry of Energy.

### **2.4.4.2 Non-Competitive Charges:**

Are based on rates approved by the Ontario Energy Board, and fall outside the scope of this document. Approved rates as they relate to the transmission, distribution and other non-competitive elements may be attained through the utilities rate documents. These documents will be provided by the utility at the customer's request.

### **2.4.4.3 Billable Engineering Units**

Customers will be billed on:

- i. actual or estimated meter reading data; or
- ii. derived consumption data (streetlights, sentinel lights and other scattered loads); or
- iii. a flat rate, depending on the type of load being billed.



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#### 2.4.4.4 Use of Estimates

In months where a bill is issued, but no reading is obtained, the Distributor estimates usage in order to determine billing quantities. The estimate is based on historical usage for the premise, or a pre-determined quantity if there is no historical usage information available.

#### 2.4.5 Payments and Late Payment Charges

Bills are rendered for distribution services and electrical energy used by the Customer. Bills are payable in full by the due date.

Bills are due when rendered by the utility. A customer may pay the bill without the application of a late payment charge up to a due date, which shall be a minimum of sixteen calendar days from the date of mailing or hand delivery of the bill. This due date shall be identified clearly on the customer's bill.

Where payment is made by mail, payment will be deemed to be made on the date post-marked. Where payment is made at a financial institution acceptable to the utility, payment will be deemed to be made when stamped/acknowledged by the financial institution or an equivalent transaction record is made.

A partial payment will be applied to any outstanding arrears before being applied to the current billing, unless special considerations have been made by the utility.

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

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

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

#### 2.4.6 Unauthorized Energy Use

The Distributor shall use its discretion in taking action to mitigate unauthorized energy use. Upon identification of possible unauthorized energy use, the Distributor shall notify, if appropriate, Measurement Canada, The Electrical Safety Authority, Police Officials, Retailers that service customers affected by an authorized energy use, or other entities.



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The Distributor may recover from the parties responsible for the unauthorized energy use all costs incurred by the Distributor arising from unauthorized energy use, including an estimate of the energy used, inspection and repair costs. A \$2,000 general administration fee may be charged to the parties responsible in addition to all direct costs incurred by the Distributor.

A service disconnected due to unauthorized use of energy shall not be reconnected until such time as all arrears resulting from the unauthorized use has been resolved to the satisfaction of the Distributor.

Prior to reconnection, the Distributor shall require proper authorization from applicable authorities.

## 2.5 Customer Information

The Distributor reserves the right to request specific information from the customer in order to facilitate the normal operation of its business. Failure of a customer to supply such information may prevent the normal continuation of service.

The Retail Settlement Code as amended from time to time specifies the rights of customers and their retailers to access current and historical usage information and related data and the obligations of distributors in providing access to such information.

Under these requirements, the Distributor shall upon authorization by a customer make the following information available to the Customer or the Retailer that provides electricity to a customer connected to the Distributors' distribution system:

- The Distributors' account number for the customer;
- The Distributors' meter number for the meter or meters located at the customer's service address;
- The customer's service address;
- The date of the most recent meter reading;
- The date of the previous meter reading;
- Multiplied kilowatt-hours recorded at the time of the most recent meter reading;
- Multiplied kilowatt-hours recorded at the time of the previous meter reading;
- Multiplied kW for the billing period (if demand metered);
- Multiplied kVA for the billing period (if available);
- Usage (kWh's) for each hour during the billing period for interval-metered customers;
- An indicator of the read type (e.g., distributor read, consumer read, distributor estimate, etc.);
- Average distribution loss factor for the billing period.

This information will be provided to the Customer / Retailer upon request twice per year at no charge. The Distributor may request a fee to recover costs for additional requests. A request is considered to be data delivered to a single address. Thus, a single request to send information to three locations is considered three requests.



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The Distributor acknowledges that no confidential information regarding its' customers shall be released to a third party without the expressed prior written consent of the customer unless the request is rightfully received from the third party requesting the information, or the Distributor is legally required to disclose such information under the terms and in accordance with the Freedom of Information and Protection of Privacy Act, R.S.O. 1990, c. F.31. <http://www.collus.com/cos/privacy act.doc>



## SECTION 3 CUSTOMER SPECIFIC

### 3.1 Residential

This section refers to the supply of electrical energy to Customers residing in residential dwelling units.

#### 3.1.1 General

Energy is generally supplied as single phase, 3-wire, 60-Hertz, having a nominal voltage of 120/240 Volts.

There shall be only one Delivery Point to a dwelling.

In circumstances where two existing services are installed to a dwelling, and one service is to be upgraded, the upgraded service will replace both of the existing services.

All new single-family homes will be required to install their primary and secondary service wires to the specifications contained within the Distributors' technical specification document.

Whether the method of supply will be overhead or underground will be at the discretion of the Distributor. The Distributor will adhere to any existing regulations subject to requirements of authorities.

Unless specifically documented otherwise to the Customer, where the distributor has taken ownership of such plant all services installed by the Distributor or by an approved contractor using approved materials, will be maintained by the Distributor.

#### 3.1.2 Early Consultation

The Customer shall supply a completed Site Planning document and related information to the Distributor well in advance of installation commencement (see appendix). The information shall be supplied in a manner requested by the Distributor at the time of the application.

#### 3.1.3 Standard Connection Allowance

For the purposes of calculating customer connection fees, the Basic Connection for Residential consumers is defined as 100 amp 120/240 Volt overhead service.

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The basic connection for each customer shall include:

- i. Supply and installation of overhead distribution transformation capacity or an equivalent credit for transformation equipment; and
- ii. Up to 30 meters of overhead conductor or an equivalent credit for underground services.

In the case of an upgrade to an existing service, where the existing service is below the basic connection, the credit up to the basic connection will apply.

Secondary services exceeding the basic 30 meter length may require specific design approved by the Distributor to ensure power quality.

### 3.1.4 Variable Connection Fees

Any requirements above the defined basic connection shall be subject to a variable connection charge to be calculated as the costs associated with the installation of connection assets above and beyond the basic connection. The distributor may recover this amount from a customer through a connection charge or equivalent payment.

### 3.1.5 Point of Demarcation

In all cases the final Demarcation Point will be the decision of the Distributor.

The Customer must obtain a Demarcation Point Location from the Distributor before proceeding with the installation of any service. Failure to do so may result in the Demarcation Point having to be relocated at the Customer's expense.

Maintenance of the portion of the Secondary Service owned by the Distributor includes repair and like-for-like replacement of a wire or cable that has failed irreparably. The Customer is responsible for all civil work, supports, vegetation and landscaping associated with any such repair or replacement of the portion of Secondary Service owned by the Distributor.

#### 3.1.5.1 Secondary Service Connections

The Point of Demarcation for residential services up to 400 amps is at the line side of the Meter Base for Underground services, and at the top of the stack for Overhead services, beyond which the customer bears full responsibility for installation and maintenance.

The Point of Demarcation for residential services over 400 amps is at the secondary side of the transformer.



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For Secondary Services wholly owned and maintained by the Customer, the Demarcation Point is the secondary connection at the transformer or the service bus.

The Customer shall install, own, and maintain the secondary conductor under any of the following conditions:

- (a) conductor terminations are inside the Customer's building;
- (b) conductor is installed beyond the service entrance;
- (c) conductor is connected to a Primary Service; or
- (d) conductor is a non-standard installation.

### 3.1.5.2 Primary Service Connections

For Primary Service, the Demarcation Point is the primary connection at the Distributor's Distribution system.

### 3.1.6 Supply Voltage

- (a) A Residential building is supplied at one service voltage per land parcel.
- (b) Depending upon the location of the building the supply voltage will be one of the following:
  - *120/240 Volts 1 Phase 3 Wire*
  - *120/208 Volts 1 Phase 3 Wire*
  - *120/208 Volts 3 Phase 4 Wire*
  - *347/600 Volts 3 Phase 4 Wire*
- (c) The Owner shall make provision to take delivery at one of the nominal utilization voltages as specified by the Distributor. The Owner shall obtain prior approval from the Distributor for the use of any specific voltage at any specific location.

### 3.1.7 Access

At the Distributors' discretion, service locations requiring access to adjacent properties (mutual drives, narrow side setbacks, etc.) will require the completion of an easement in the Distributors' name, or a "Letter of Permission" from the property owner(s) involved.

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.



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### 3.1.8 Metering

The owner will supply and install a meter socket complete with collar acceptable to the Distributor. Meter sockets will be directly accessible to the Local Distribution Company and:

- Mounted 1.7 meters from the finished grade to the center of the meter and, either on the exterior of the front of the building or, within 3 meters of the front of the building on the driveway side;
- Installed ahead of (on the line side of) the main disconnect switch;
- Installed in a location, which is and will remain unobstructed by fences, hedges, expansions, sunrooms, porch enclosures, and any other impediments;
- If the meter is not to be installed on the actual building, it is important to contact the Distributor for specific location instructions prior to installation.

*For more details refer to Section 2.3.7 in these Conditions of Service.*

### 3.1.9 Overhead Service

The Owner will provide service equipment to both the Distributors' and ESA's requirements, and be of sufficient height to maintain proper minimum clearances. The Owner's main switch and the overhead service conductors will be of compatible capacity.

### 3.1.10 Underground Service

Underground secondary services will be installed at the Owners' expense, to the Distributor's specifications. The Owner's main switch and the underground service conductors will be of compatible capacity.

### 3.1.11 Street Townhouses and Condominiums

**NOTE:** Street Townhouses and Condominiums requiring centralized bulk metering will be covered under section 3.2 of these Conditions of Service. See also 3.1.11.2

#### 3.1.11.1 Service Information

The Owner will enter into a Servicing Agreement with the Distributor, governing the terms and conditions under which the electrical distribution system and services will be designed and installed.





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The Owner will provide all of the civil works to accommodate the Distributor and will pay the complete cost of the electrical distribution system, design and services.

- The distribution system and services shall be underground unless otherwise approved;
- One service will be provided for each unit;
- The nominal service voltage will be 120/240 volts, 1 phase, 3 wire;
- The Distributor will approve the location of duct banks, service routings and meter bases;
- Distribution plant shall not be installed until grade is at +/- 150 mm of final grade unless otherwise approved by the Distributor;
- Street lighting will be to Municipal standards and installed at the Owner's expense.

### 3.1.11.2 Metering

The Owner will supply and install meter sockets specified by the Distributor.

Multiple or grouped meter bases will be accepted only when prior approval has been given by the Distributor both as to type and proposed location. A completed meter verification form shall be provided to the distributor prior to energization.

Meter sockets will be located on the exterior front wall of the units and will be directly accessible to the Distributor.

- Mounted on the front wall 1.7 meters above finished grade to the centre of the meter;
- Installed ahead of (on the line side of) the main disconnect switch;
- Installed in a location, which is and will remain unobstructed by fences, hedges, expansions, sunrooms, porch enclosures, and any other impediments;
- If the meter is not to be installed on the actual building, it is important to contact the Distributor for specific location instructions prior to installation.

Normally the service will not be energized until the outside finish in the area of the revenue meter has been completed. If exceptions are made to this, then the general contractor will be responsible for ensuring that the meter is suitably protected while work is being done on the exterior wall adjacent to the meter. The general contractor will be entirely responsible for all costs for materials and labour for repairing or replacing a damaged meter.

### 3.1.12 Seasonal and Remote Dwellings

Due to the varied nature of Seasonal and Remote Dwellings some special arrangements may be required to service these locations. Arrangements will be made in such a manner to provide services such as restoring power, maintenance of equipment or new construction requests to water access or remote customers, without endangering personnel or the public.

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The Owner will enter into a Servicing Agreement with the Distributor, governing the terms and conditions under which the electrical distribution system services will be provided.

In the event of a power interruption, the Distributor will respond to and take reasonable steps to restore power. The Distributor reserves the right to recover costs from the customer for making false claims of interruptions.

**3.1.12.2 Access**

- **Night crossings**

The Distributors' transportation equipment will not be used to cross any water ½ hour before sunset and ½ hour after sunrise due to safety concerns. It will be at the discretion of the Distributor whether they will board customer owned transportation equipment in these circumstances.

- **Ice conditions**

Recognizing seasonal ice hazards, the Distributor reserves the right to suspend water passage during freeze up and spring thaw, as well as any such time deemed unsafe by the Distributor.

- **Severe weather conditions**

Recognizing that severe weather conditions may pose undue safety hazards, the Distributor reserves the right to postpone attempts to restore power until restoration can be performed in a safe manner.

**3.1.13 Inspection**

Prior to connection of the service the Local Distribution Company requires notification from the Electrical Safety Authority that the electrical installation has been inspected and approved for connection.

Provision for metering shall be inspected and approved by the Distributor prior to connection.

The Distributor or Distributor-approved Contractor generally installs all services. All work done shall be as per the specifications of the Distributor and subject to inspection by the Distributor.

*(Refer to section 2.1.4 for further inspection details).*



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## **3.2 General Service (Below 50 kW)**

### **3.2.1 General**

This section refers to the supply of electrical energy to General Service Buildings requiring a connection with a connected load less than 50 kW, and Town Houses and Condominiums described in section 3.1.8 that require centralized bulk metering.

General Service buildings are defined as buildings that are used for purposes other than single-family dwellings.

### **3.2.2 Early Consultation**

Detailed regulations cannot be stated which would be applicable to all cases, therefore the Owner will consult with the Distributor in the early planning stages to ascertain the Distributors' requirements.

The Owner shall supply a completed Electrical Planning Requirements Form to the Distributor well in advance of installation commencement to allow the Distributor time for proper planning, ordering of equipment etc.

### **3.2.3 Standard Connection Allowance**

All costs attributed to the connection of a new General Service customer (Below 50 kW) shall be recovered through a Variable Connection Fee.

### **3.2.4 Variable Connection Fees**

All costs associated with the installation of connection assets shall be subject to a variable connection charge. The distributor may recover this amount from a customer through a connection charge or equivalent payment.

### **3.2.5 Point of Demarcation**

In all cases the final Demarcation Point will be the decision of the Distributor.

The Customer must obtain a Demarcation Point Location from the Distributor before proceeding with the installation of any service. Failure to do so may result in the Demarcation Point having to be relocated at the Customer's expense.



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Maintenance of the portion of the Secondary Service owned by the Distributor includes repair and like for-like replacement of a wire or cable that has failed irreparably. The Customer is responsible for all civil work, supports, vegetation and landscaping associated with any such repair or replacement of the portion of Secondary Service owned by the Distributor.

The Distributor shall perform the maintenance or replacement of all underground looped cables that form part of the Distribution plant circuits. Following maintenance, surface restoration by the Distributor will include only soil, sod, gravel or asphalt.

Where damage can be shown to be the Owner's liability, maintenance and repair are at the Owners' expense

### 3.2.5.1 Secondary Service Connection

A General Service Customer Demarcation Point is at the secondary side of the transformer, or as otherwise set by the distributor, beyond which the customer bears full responsibility for installation and maintenance.

In some instances, where it is in the best interest of the operation of the distribution system, the Distributor may establish the Demarcation Point at the top of stack for overhead services or at the meter base for underground services.

The Demarcation Point might be located on an adjacent property. In such cases, a registered easement must exist.

### 3.2.5.2 Primary Service Connection

For Primary Service, the Demarcation Point is the primary connection at the Distributor's Distribution system.

## 3.2.6 Supply Voltage

- (a) A General Service building is supplied at one service voltage per land parcel.
- (b) Depending upon the location of the building the supply voltage will be one of the following:
  - o 120/240 Volts 1 Phase 3 Wire
  - o 120/208 Volts 1 Phase 3 Wire
  - o 120/208 Volts 3 Phase 4 Wire
  - o 347/600 Volts 3 Phase 4 Wire



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- (c) The Owner shall make provision to take delivery at one of the nominal utilization voltages as specified by the Distributor. The Owner shall obtain prior approval from the Distributor for the use of any specific voltage at any specific location.

### **3.2.7 Access**

At the Distributors' discretion, service locations requiring access to adjacent properties (mutual drives, narrow side setbacks, etc.) will require the completion of an easement in the Distributors' name, or a "Letter of Permission" from the property owner(s) involved.

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.

### **3.2.8 Metering**

The owner will supply and install a meter socket complete with collar acceptable to the Distributor. Meter sockets will be directly accessible to the Distributor and unless otherwise specified during the early consultation process:

- Mounted 1.7 meters from the finished grade to the center of the meter and, either on the exterior of the front of the building or, within 3 meters of the front of the building on the driveway side;
- Installed ahead of (on the line side of) the main disconnect switch;
- Installed in a location, which is and will remain unobstructed by fences, hedges, expansions, sunrooms, porch enclosures, and any other impediments;
- If the meter is not to be installed on the actual building, it is important to contact the Distributor for specific location instructions prior to installation.

*For more details refer to section 2.3.7 in these Conditions of Service.*

### **3.2.9 Overhead Service**

In circumstances where Commercial buildings cannot reasonably be supplied electrical energy by an underground service, the Distributor shall use its' sole discretion based on acceptable industry practices in establishing the specific requirements for the service installation.

### **3.2.10 Underground Service**

Under normal circumstances, Commercial buildings are supplied electrical energy by an underground service through a single point of entry for each land parcel, at a location specified by the Distributor.



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### **3.2.11 Supply of Equipment**

The Distributor supplies, installs and maintains subject to the variable connection fee:

- Primary switchgear;
- Primary transformation equipment;
- Meter and secondary metering transformers.

The Owner shall supply, install and maintain any additional equipment required for the connection beyond the point of Demarcation.

### **3.2.12 Inspection**

Prior to connection of the service the Local Distribution Company requires notification from the Electrical Safety Authority that the electrical installation has been inspected and approved for connection.

Provision for metering shall be inspected and approved by the Distributor prior to connection.

The Distributor or Distributor-approved Contractor generally installs all services. All work done shall be as per the specifications of the Distributor and subject to inspection by the Distributor.

*(Refer to section 2.1.4 for further inspection details)*

## **3.3 General Service (Above 50 kW)**

### **3.3.1 General**

This section refers to the supply of electrical energy to General Service Customers requiring a connection with a connected load greater than 50 kW.

### **3.3.2 Early Consultation**

Detailed regulations cannot be stated which would be applicable to all cases, therefore the Owner will consult with the Distributor in the early planning stages to ascertain the Distributors' requirements.

The Owner shall supply a completed Electrical Planning Requirements Form to the Distributor well in advance of installation commencement to allow the Distributor time for proper planning, ordering of equipment etc.

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**Cornerstone Hydro Electric Concepts Association Inc.****3.3.3 Standard Connection Allowance**

All costs attributed to the connection of a new General Service customer (above 50 kW) shall be recovered through a variable connection fee.

**3.3.4 Variable Connection Fees**

All costs associated with the installation of connection assets shall be subject to a variable connection charge. The distributor may recover this amount from a customer through a connection charge or equivalent payment.

**3.3.5 Point of Demarcation**

In all cases the final Demarcation Point will be the decision of the Distributor.

The Customer must obtain a Demarcation Point Location from the Distributor before proceeding with the installation of any service. Failure to do so may result in the Demarcation Point having to be relocated at the Customer's expense.

Maintenance of the portion of the Secondary Service owned by the Distributor includes repair and like for-like replacement of a wire or cable that has failed irreparably. The Customer is responsible for all civil work, supports, vegetation and landscaping associated with any such repair or replacement of the portion of Secondary Service owned by the Distributor.

The Distributor shall perform the maintenance or replacement of all underground looped cables that form part of the Distribution plant circuits. Following maintenance, surface restoration by the Distributor will include only soil, sod, gravel or asphalt.

Where damage can be shown to be the Owner's liability, maintenance and repair are at the Owners' expense

**3.3.5.1 Secondary Service Connection**

A General Service Customer Demarcation Point for customers above 50 kW is at the secondary side of the transformer, or as otherwise set by the distributor, beyond which the customer bears full responsibility for installation and maintenance.

In some instances, where it is in the best interest of the operation of the distribution system, the Distributor may establish the Delivery point at the top of stack for overhead services or at the meter base for underground services.



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The location of the service entrance, routing of duct banks and all other works will be established through consultation with the Distributor. Failure to comply may result in relocation of the service plant at the Owner's expense.

The Demarcation Point might be located on an adjacent property. In such cases, a registered easement must exist.

### 3.3.5.2 Primary Service Connections

For Primary Service, the Demarcation Point is the primary connection at the Distributor's Distribution system.

In some circumstances the owner may be required to construct a private pole line. Primary conductors will be terminated complete with cut-out(s) at the Demarcation Point by the Distributor at the owners' expense.

Where a private pole line is to be constructed by the Owner with an approved contractor, this shall be constructed to the ESA and the Distributors' requirements.

An electrical requirement in excess of 300 kVA may require a customer owned substation.

In some instances primary metering may be required.

### 3.3.6 Supply Voltage

A General Service building is supplied at one service voltage per land parcel.

Depending upon the location of the building the supply voltage will be one of the following:

- 120/240 Volts 1 Phase 3 Wire
- 120/208 Volts 3 Phase 4 Wire
- 347/600 Volts 3 Phase 4 Wire

Depending upon the location of the building Primary supplies to transformers and Customer owned Sub-Stations will be one of the following as determined by the Distributor:

- 2,400/4,160 volts 3 phase 4 wire
- 4,800/8,320 volts 3 phase 4 wire
- 7,200/12,400 volts 3 phase 4 wire
- 8,000/13,800 volts 3 phase 4 wire
- 16,000/27,600 volts 3 phase 4 wire
- 44,000 Volts - 3 phase 3 wire

The Owner shall make provision to take delivery at one of the nominal utilization voltages as specified by

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the Distributor. The Owner shall obtain prior approval from the Distributor for the use of any specific voltage at any specific location.

### **3.3.7 Access**

At the Distributor's discretion, service locations requiring access to adjacent properties (mutual drives, narrow side setbacks, etc.) will require the completion of an easement in the Distributors' name, or a "Letter of Permission" from the property owner(s) involved.

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.

### **3.3.8 Metering**

Meter installations will be directly accessible to the Distributor. The owner will consult with the Distributor well in advance of installation commencement to allow the Distributor time for proper planning and ordering of equipment.

*For more details refer to section 2.3.7 in these Conditions of Service.*

### **3.3.9 Overhead Service**

In circumstances where Commercial buildings cannot reasonably be supplied electrical energy by an underground service, the Distributor shall use its' sole discretion based on acceptable industry practices in establishing the specific requirements for the service installation.

### **3.3.10 Underground Service**

Under normal circumstances, Commercial buildings are supplied electrical energy by an underground service through a single point of entry for each land parcel, at a location specified by the Distributor.

### **3.3.11 Sub-transmission Service**

The Owner will pay for the full cost of sub-transmission services and may in some circumstances be required to construct a private pole line. The Distributor will terminate sub-transmission conductors complete with live line loops and hardware at the Demarcation Point.



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### **3.3.12 Supply of Equipment**

The Distributor supplies, installs and maintains subject to the variable connection fee:

- Primary switchgear;
- Primary transformation equipment; and
- Meter and secondary metering transformers.

The Owner shall supply, install and maintain any additional equipment required for the connection beyond the point of Demarcation.

### **3.3.13 Short Circuit Capacity**

The Owner shall ensure that the service entrance equipment has an adequate short-circuit interrupting capability.

### **3.3.14 Inspection**

Prior to connection of the service the Local Distribution Company requires notification from the Electrical Safety Authority that the electrical installation has been inspected and approved for connection.

Provision for metering shall be inspected and approved by the Distributor prior to connection.

The Distributor or Distributor-approved Contractor generally installs all services. All work done shall be as per the specifications of the Distributor and subject to inspection by the Distributor.

*(Refer to section 2.1.4 for further inspection details)*

## **3.4 General Service (Above 500 kW)**

### **3.4.1 General**

This section refers to the supply of electrical energy to General Service Services requiring a connection at a connected load greater than 500 kW.



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### **3.4.2 Early Consultation**

Detailed regulations cannot be stated which would be applicable to all cases, therefore the Owner will consult with the Distributor in the early planning stages to ascertain the Distributors' requirements.

The Customer shall supply a completed Electrical Planning Requirements Form to the Distributor well in advance of installation commencement to allow the Distributor time for proper planning, ordering of equipment etc.

The Distributor will:

- *Advise the customer of the suitability of the in-service date;*
- *Arrange with the customer for a Service Contract;*
- *Review the submitted drawings; return one set to the customer with comments and/or approval. If requested by the Distributor, the customer shall resubmit the drawings where the comments are extensive and require major changes;*
- *Specify the required main fuse link or relay setting for co-ordination with the system. In case of multiple transformer stations, a complete co-ordination study shall be submitted by the customer for approval;*
- *Make the final connection to the source of supply;*
- *Determine metering requirements; and*
- *Advise the Transmitter of the particulars of the customer owned substation*

### **3.4.3 Standard Connection Allowance**

All costs attributed to the connection of a new General Service customer (Above 500 kW) shall be recovered through a Variable Connection Fee.

### **3.4.4 Variable Connection Fees**

All costs associated with the installation of connection assets shall be subject to a variable connection charge. The distributor may recover this amount from a customer through a connection charge or equivalent payment.

### **3.4.5 Point of Demarcation**

In all cases the final Demarcation Point will be the decision of the Distributor.

The Customer must obtain a Demarcation Point Location from the Distributor before proceeding with the installation of any service. Failure to do so may result in the Demarcation Point having to be relocated at the Customer's expense.

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Maintenance of the portion of the Primary Service owned by the Distributor includes repair and like for-like replacement of a wire or cable that has failed irreparably. The Customer is responsible for all civil work, supports, vegetation and landscaping associated with any such repair or replacement of the portion of Secondary Service owned by the Distributor.

The Distributor shall perform the maintenance or replacement of all underground looped cables that form part of the Distribution plant circuits. Following maintenance, surface restoration by the Distributor will include only soil, sod, gravel or asphalt.

Where damage can be shown to be the Owner's liability, maintenance and repair are at the Owners' expense

The Distributor reserves the right to direct the operations of any customer owned switchgear connected to the distribution system including those located beyond the point of demarcation.

#### 3.4.5.1 Service Installation

In general, the Demarcation Point for a General Service Customer with a demand of over 500 kW is on the primary side of the transformer at the first available distributor owned point of isolation, or as otherwise set by the Distributor. This delivery point might be located on an adjacent property from which the Distributor has an authorized easement. In all cases the final Demarcation Point will be the decision of the Distributor.

The location of the service entrance, routing of duct banks, metering facilities, and all other works will be established through consultation with the Distributor. Failure to comply may result in relocation of the service plant at the Owner's expense.

The Distributor will install overhead supply lines and required cut-outs to the first point of support on private property. The location of this support must be approved by the Distributor and shall be within 30 metres of the Distributors' existing overhead plant. All costs for materials and labour shall be at the customers' expense.

The service pole or first point of support on private property shall be considered self-supported and shall be complete with suitable hardware for attaching the suspension insulators. The Customer shall be responsible for all costs associated with equipment, installation, and inspection.

Where the customer wishes an underground supply, the customer shall supply and install the underground cables and termination pole complete with primary switch, fuses and lightning arresters. The installation shall be subject to ESA inspection and specific approval of the Distributor. The customer owned termination pole must comply with items as prescribed by the Distributor.

At the Distributors' discretion, the customers' underground service may be connected to a termination pole owned by the Distributor. In such cases, the Distributor shall supply and install at the customers expense, any required primary switch, fuses, and lightning arresters.



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When requested, the customer shall make provision in the substation switchgear or transformer, for loop feeding the Distributors' supply cables via load interrupter switches.

In some instances, primary metering may be required.

### **3.4.6 Supply Voltage**

A General Service building is supplied at one service voltage per land parcel.

General Service connections above 500 kW may require a customer owned substation.

Depending upon the location of the building, Primary supplies to transformers and Customer owned Sub-Stations will be one of the following as determined by the Distributor:

- *2,400/4,160 volts 3 phase 4 wire*
- *4,800/8,320 volts 3 phase 4 wire*
- *7,200/12,400 volts 3 phase 4 wire*
- *8,000/13,800 volts 3 phase 4 wire*
- *16,000/27,600 volts 3 phase 4 wire*
- *44,000 volts - 3 Phase 3 Wire*

The Owner shall make provision to take delivery at one of the nominal utilization voltages as specified by the Distributor. The Owner shall obtain prior approval from the Distributor for the use of any specific voltage at any specific location.

### **3.4.7 Access**

At the Distributors discretion, service locations requiring access to adjacent properties (mutual drives, narrow side setbacks, etc.) will require the completion of an easement in the Distributors' name, or a "Letter of Permission" from the property owner(s) involved.

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.

Where the high voltage interrupting switches are located inside a building, a direct outside entrance to the switchgear room must be provided.

The outside door providing direct access to the transformer or switchgear room must be compliant with all applicable codes and requirements, and of a quality to be approved by the Distributor.



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### 3.4.8 Metering

The owner will supply and install provisions for metering following the details outlined both in these Conditions of Service and in technical documents provided to the customer during the consultation process.

*For more details refer to section 2.3.7 in these Conditions of Service.*

### 3.4.9 Sub-transmission Service

The Owner will pay for the full cost of sub-transmission services and may in some circumstances be required to construct a private pole line.

The Distributor will terminate sub-transmission conductors complete with live line loops and hardware at the Demarcation Point.

### 3.4.10 Short Circuit Capacity

The Owner shall ensure that the service entrance equipment has an adequate short-circuit interrupting capability.

### 3.4.11 Drawings

Apart from the regular drawings submission to the ESA, the customer shall provide two sets of the following drawings and details to the Distributor.

**Survey Plan:** prepared by an Ontario Land Surveyor, showing the property limits, registered plan and existing buildings or easements if any.

**Site Plan:** showing the location of the station relative to buildings, structures and set backs from adjacent property lines. The site plan shall also include the exact location of existing Distributor owned plant and the proposed route of the incoming supply.

**Schematic or Single-Line Diagram:** Indicate the major components of the station and their electrical ratings. Where additions or alterations are being made, these shall be clearly distinguished from unchanged portions of the installation.



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**Electrical Details:** sufficient details shall be provided in order to enable fast processing and approval of the station drawings. The following represents the minimum data required:

- Plan, elevation and profile views of the station structure, switchgear, transformer(s), termination poles, duct banks, etc.;
- Dimensions to clearly indicate the electrical, physical and working clearances as well as relative location of all equipment;
- Pole or structure for dead-ending the Distributor lines shall be complete with suitable hardware for attaching the suspension insulators that will be supplied and installed by the Distributor.;
- Fencing arrangement;
- Grounding details. (In the case of indoor metal enclosed switchgear, when the Distributor has operating control of any interrupter switches, the assembly shall further incorporate ground rod parking stands and stirrups per the Distributors Specifications);
- Details of vault construction (if indoor substation);
- Manufacturer's drawings of metal-enclosed switchgear showing internal arrangement of equipment, clearances, means of access, interlocking and provision for personal safety. Where the Distributors' cables terminate in the switchgear, the customer shall provide suitable terminators for the size and type of cable as specified by the Distributor;
- When the customer's switchgear is used for loop feeding the Distributors' supply cables, provision for padlocking the in and out load interrupter switches and the associated bay doors shall be required;
- Indoor and outdoor switchgear assemblies shall contain a space heater and protective guard in each bay, along with thermostat(s), sized to promote air circulation and to prevent condensation from forming; and
- At the discretion of the distributor, the customer shall make provisions for a future system neutral connection to the customer's dead-ending pole or structures installed by the Distributor. Where the Distributors' neutral terminates in the customer's switchgear, the customer shall provide a suitable connector on the ground bus for the size and type of cable specified by the Distributor.

### **3.4.12 Pre-Service Inspection**

The customer shall present to the Distributor a final "Pre-Service Inspection Report" a minimum of 3 working days before connection can be affected.

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The "Pre-Service Inspection Report" shall outline and document the results of all tests and inspection carried out on the substation components. The information contained in the report must be to the satisfaction of the Distributor before connection can be authorized.

The "Pre-Service Inspection Report" shall be required in case of:

- **New Substation**: *in which case all components of the substation shall be reported upon.*
- **Modified Substation**: *in which case all components of the substation shall be reported upon.*

Prior to connection of the service the Local Distribution Company requires notification from the Electrical Safety Authority that the electrical installation has been inspected and approved for connection.

Provision for metering shall be inspected and approved by the Distributor prior to connection.

The Distributor or Distributor-approved Contractor generally installs all services. All work done shall be as per the specifications of the Distributor and subject to inspection by the Distributor.

*(Refer to section 2.1.4 for further inspection details)*

## **3.5 Embedded Generation**

### **3.5.1 General**

An Embedded Generator shall provide the Distributor with proof of compliance of IMO or OEB registration Requirements, and appropriate Licenses [http://www.collus.com/cos/Generator\\_Application.pdf](http://www.collus.com/cos/Generator_Application.pdf)

The Distributor shall collect costs reasonably incurred with making an offer to connect a generator from the entity requesting the connection. Costs reasonably incurred include costs associated with:

- Preliminary review for connection requirements;
- Detailed study to determine connection requirements; and
- Final proposal to the generator.

A Generator that is or wishes to become connected to the Distributors' distribution system shall enter into a Connection Agreement with the Distributor.

If damage or increased operating costs result from a connection with a Generator, the Generator shall reimburse the Distributor for these costs.

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The Embedded Generator is responsible for providing suitable embedded generator equipment to protect his plant and equipment for any conditions on the distributor and interconnected transmission systems such as reclosing, faults and voltage unbalance.

To incorporate the connection of embedded generator to the distribution system, the line/feeder protection including settings and breaker reclosing circuits must be reviewed and modified if necessary by the distributor or transmission authority. This process may be complex and may require significant time.

The Embedded Generator must submit a proposed single line diagram and protection scheme for review to the distributor contact as identified by the distributor.

Based on the transformer connection proposed by the embedded generator additional significant protection cost may be incurred (e.g. delta HV transformer winding may require 3 phase HV breaker / reclosure device). The embedded generator shall not order the protection equipment and transformer until the station line diagram is reviewed and accepted by the distributor.

The purpose of the distributor review is to establish that the embedded generator electrical interface design meets the distributor requirements.

The protection schemes shall incorporate adequate facilities for testing/maintenance.

Negative phase sequence protection shall be installed where required, to detect abnormal system condition as well as to protect the generator.

The embedded generator may be required to install utility grade relays for those protections that could affect the distributor or transmission authority system.

The embedded generator may be required to submit a Ground Potential Rise study for review by the distributor, if telecommunications circuits are specified for remote transfer trip protection.

### **3.5.2 Protection**

The embedded generator should provide protection systems to cover the following conditions:

#### **3.5.2.1 Internal Faults**

The Generator should provide adequate protections to detect and isolate generator and station faults.



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### 3.5.2.2 External Faults

The protection system should be designed to provide full feeder coverage complete with a reliable DC supply. In some cases redundancy in protection schemes may be required.

Normally the following fault detection devices are required for synchronous generator(s) installation(s).

### 3.5.2.3 Ground Faults

When the HV winding of the Generator station transformer is wye connected with the neutral solidly grounded, then ground over-current protection in the neutral is required to detect ground faults.

If the Embedded generator station transformer HV winding connected to the Distributor system is ungrounded wye or delta, then ground under-voltage and ground over-voltage protections shall be required to detect ground faults.

Depending on the size, type of generator and point of connection, a distributor may require the relaying system to be duplicated, complete with separate auxiliary trip relays and separately fused DC supplies to ensure reliable protection operation and successful isolation of the embedded generator.

### 3.5.2.4 Phase Faults

To detect phase faults, at least one of the following protections should be installed with acceptable redundancy where required depending on fault values:

- Distance
- Phase directional over-current
- Voltage-restrained over-current
- Over-current
- Under-voltage

### 3.5.2.5 Islanding/Abnormal Conditions

Voltage and frequency protections are required to separate the embedded generator from the distribution system for an islanded condition and thus maintain the quality of supply to distribution system customers. This also will enable speedy restoration of the distribution system.

Typically, the protections required to detect islanding/abnormal conditions are:

- Over-voltage
- Under-voltage
- Over-frequency



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- Under-frequency
- Voltage-balance

The above protections should be timed to allow them to ride through minor disturbances.

### **3.5.3 Induction Generator**

Due to the operating characteristics of the induction generator the protection package required is normally less complex than the synchronous generator. An embedded generator should design the protection scheme to trip for the same conditions as stated for synchronous generators. An induction generator is an asynchronous machine that requires an external source such as a healthy distribution system to produce normal 60 Hz power. Alternatively, if there is an outage in the distribution system then there is unlikely to be 60 Hz output from the induction generator. In certain instances, an induction generator may continue to generate electric power after the source is removed. This phenomenon, known as self-excitation, can occur whenever there is sufficient capacitance in parallel with the induction generator to provide the necessary excitation and when the connected load has certain resistive characteristics.

### **3.5.4 DC Remote Tripping / Transfer Tripping**

Remote or transfer tripping may be required between the Generator and the feeder circuit breaker if the Generator is connected at a critical location in the distribution system. This feature will provide for isolation of the embedded generator when certain faults or system disturbances are detected at the feeder circuit breaker location.

Additional Protection Features, such as Remote Trip and Generator end open signal, may be required in some applications.

### **3.5.5 Maintenance**

An Embedded Generator shall have a regularly scheduled maintenance plan to assure the Distributor that all connection devices and protection and control systems are maintained in good working order. These provisions shall be included in the Connection Agreement. A complete copy of the inspection report shall be delivered to the Distributor within 30 days.

In developing a maintenance plan, the Generator should consider the following requirements:

- Qualified personnel should carry out all inspections and repairs;
- Periodic tests should be performed on protection systems to verify that the system operates as designed. Testing intervals for protection systems should not exceed four (4) years for microprocessor-based systems and two (2) years for electro-mechanical based systems;



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- Isolating devices at the point of connection should be operated at least once per year;
- The Generator facility should be inspected visually at least once per year to note obvious maintenance problems such as broken insulators or other damaged equipment;
- Any deficiencies identified during inspections shall be noted and repairs scheduled as soon as possible, with timing dependent on the severity of the problem, due diligence concerns (of both the Distributor and the Generator) and financial and material requirements. The Distributor shall be notified of any deficiencies involving critical protective equipment; and
- The Distributor shall be provided with copies of all relevant inspection and repair reports that may affect the protection and performance of the Distributors' systems. The Distributor has the right to witness any relevant test being performed by the generator.

### **3.6 Embedded Market Participant**

An Embedded Market Participant shall provide the Distributor with proof of compliance of IMO registration Requirements, and appropriate Licences.

Where the Conditions of Service of this Distributor exceed the technical requirements of any other licence or participant obligations, these Conditions of Service shall take precedence.

The Embedded Market Participant must meet at a minimum, the standards as set out in these Conditions of Service in order to connect to the Distributors' distribution facilities.

### **3.7 Embedded Distributor**

An Embedded Distributor shall provide the Distributor with proof of compliance of IMO and OEB registration Requirements, and appropriate Licenses.

Where the Conditions of Service of this Distributor exceed the technical requirements of any other licence or participant obligations, these Conditions of Service shall take precedence.

The Embedded Distributor must meet at a minimum, the standards as set out in these Conditions of Service in order to connect to the Distributors' distribution facilities.



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### **3.8 Miscellaneous Small Services**

This section pertains to the supply of electrical energy for Street Lighting, Traffic Signals, Bus Shelters, Telephone Booths, Cable T.V. Amplifiers, Decorative Street Lighting, Bill Boards, and other similar small loads.

#### **3.8.1 General**

At the discretion of the Distributor, the service voltage will be:

120/240 volts, single phase three wire or  
120 volts, single phase two wire or  
347/600 volts, three phase, four wire

The method and location of the supply will vary based on the conditions present on the Distributors' plant, and will be established for each application through consultation with the Distributor.

Where specified by the Distributor during the Early Consultation process, the Customer will provide underground ducts to the Distributor's specifications.

The Owner shall be responsible for all costs associated with the supply and installation of service conductors.

The Distributor, at the Owners' expense, will install required transformation.

Where at the discretion of the Distributor a meter is not installed, energy consumption will be based on the connected wattage and the calculated hours of use.

Prior to energization of a service the Distributor will require notification from the ESA that the installation has been inspected and approved for connection.

#### **3.8.2 Early Consultation**

The Owner shall supply a completed Electrical Planning Requirements Form to the Distributor well in advance of installation commencement to allow the Distributor time for proper planning, ordering of equipment etc. Information required includes:

- Required in-service date;
- Requested Service Entrance Capacity and voltage rating of the service entrance equipment;
- Locations of other services, gas, telephone, water and cable TV; and
- Survey plan and site plan indicating the proposed location of the service equipment with respect to public rights-of-way and lot lines.



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**3.8.3 Street Lighting**

Town street-lighting that is designed, installed, and maintained by the Distributor shall be fully funded by the Municipality to ensure adherence to the Affiliate Relationship Code and the Distributors' Licence.

**3.8.4 Traffic Signals**

Traffic Signals and Crosswalk Lights are owned and maintained by the applicable road authority.

**3.8.5 Bus Shelters**

Bus Shelter Lighting is owned and maintained by the Customer.

**3.8.6 Decorative Street Lighting**

Such installations could be lighting for festive occasions or "neighbourhood character" street-scaping and will be maintained by the Customer.



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## ***SECTION 4 GLOSSARY OF TERMS***

**“Conditions of Service”** means the document developed by the distributor in accordance with subsection 2.3 of the Distribution System Code, that describes the operating practices and connection rules for the distributor;

**“Condominiums”** are located on common land, which is the property of a condominium corporation or is owned by the Owner of all of the units (rental property). These units usually front onto internal roads that are also privately owned;

**“Condominium Development”** is a structure or complex of structures each containing more than two residential units. A single residential customer would occupy each unit and have direct outside access at ground level;

**“Connection”** means the process of installing and activating connection assets in order to distribute electricity;

**“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 or from that connection;

**“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 distributors’ main distribution system and the ownership Demarcation Point with that customer;

**“Consumer”** means a person who uses, for the person’s own consumption, electricity that the person did not generate;

**“Customer”** means a person that has contracted for or intends to contract for connection of a building or an embedded generation facility. This includes developers of residential or commercial sub-divisions;

**“Demand meter”** means a meter that measures a consumers’ peak usage during a specified period of time;

**“Demarcation Point”** means the point at which the obligation of the Distributor ends and those of the Customer begin for the purposes of maintenance and repair of the distribution service;

**“Disconnection”** means a deactivation of connection assets, which results in cessation of distribution services to a consumer;

**“Distribute”**, with respect to electricity, means to convey electricity at voltages of 50 kilovolts or less;



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**“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;

**“Distribution loss factor”** means a factor(s) 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.;

**“Distribution services”** means services related to the distribution of electricity and the services the Board has required distributors to carry out.

**“Distribution system / plant”** means a system for distributing electricity, and includes any 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;

**“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 a 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;

**“Distributor”** means a person who owns or operates a distribution system;

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

**“Energy Competition Act”** means the *Energy Competition Act, 1998*, S.O. 1998, c. 15;

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

**“Embedded Distributor”** means a distributor who is not a wholesale market participant and that is provided electricity by a host distributor;

**“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;

**“Embedded Load Displacement Generation Facility”** means an embedded generation facility connected to the customer side of the revenue meter where the generation facility does not inject electricity into the distribution system for the purpose of sale;

**“Embedded Market Participant”** 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;

**“Emergency”** means any abnormal system condition that requires remedial action to prevent or limit loss of a distribution system or supply of electricity, or that could adversely affect the reliability of the electricity system;



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**“Emergency backup generation facility”** means a generation facility that has a transfer switch that isolates it from a distribution system;

**“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;

**“Expansion”** means an addition to a distribution system in response to a request for additional customer connections that otherwise could not be made; for example, by increasing the length of the distribution system;

**“Four-quadrant Interval Meter”** means an interval meter that records power injected into a distribution system and the amount of electricity consumed by the customer;

**“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;

**“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;

**“Generator”** means a person who owns or operates a generation facility;

**“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;

**“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;

**“Holiday”** means a Saturday, Sunday, statutory holiday, or any day as defined in the Province of Ontario as a legal holiday;

**“IMO”** means the Independent Electricity Market Operator established under the Electricity Act;

**“IMO-Controlled Grid”** means the transmission systems with respect to which, pursuant to agreements, the IMO has authority to direct operation;



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**“Interval meter”** means a meter that measures and records electricity use on an hourly or sub-hourly basis;

**“Large Embedded Generation Facility”** means an embedded generation facility with a name-plate rated capacity of 10MW or more;

**“Lies Along”** means a property can be connected to the distributor distribution system without an expansion or enhancement, and meets the conditions listed in the Conditions of Service of the distributor who owns or operates the distribution line.

**“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;

**“Load Transfer Customer”** means a customer that is provided distribution services through a load transfer;

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

**“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);

**“Medium Sized Embedded Generation Facility”** means an embedded generation facility with a name-plate rated capacity of less than 10 MW and:

- a) more than 500 kW in the case of a facility connected to a less than 15kV line;
- b) more than 1 MW in the case of a facility connected to a 15 kV or greater line;

**“Meter Service Provider”** means any entity that performs metering services on behalf of a distributor, generator, or registered market participant;

**“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;

**“Metering Services”** means installation, testing, reading and maintenance of meters;

**“Micro Embedded Load Displacement Generation Facility”** means an embedded load displacement generation facility with a name-plate rated capacity of 10 kW or less;

**“Ontario Electrical Safety Code”** means the code adopted by O. Reg. 164/99 as the Electrical Safety Code;



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

“**Operational Demarcation Point**” means the physical location at which a distributors’ responsibility for operational control of distribution equipment including connection assets ends at the customer;

“**Ownership Demarcation Point**” means the physical location at which a distributors’ ownership of distribution equipment including connection assets ends at the customer;

“**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;

“**Point of Supply**” with respect to an embedded generation facility, means the connection point where electricity produced by the generation facility is injected into a distribution system;

“**Rate**” means any rate, charge or other consideration, and includes a penalty for late payment;

“**Rate Handbook**” means the document approved by the Board that outlines the regulatory mechanisms that will be applied in the setting of distributor rates;

“**Regulations**” means the regulations made under the *Act or the Electricity Act*;

“**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
- 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.

“**Retail Settlement Code**” means the code approved by the Board and in effect at the relevant time, which, among other things, establishes a distributors’ obligations and responsibilities associated with financial settlement among retailers and customers and provides for tracking and facilitating customer transfers among competitive retailers;

“**Retailer**” means a person who retails electricity;

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

“**Small Embedded Generation Facility**” means an embedded generation facility which is not a micro-embedded generation facility with a name-plate rated capacity of 500 kW or less in the case of a facility connected to a less than 15 kV line and 1MW or less in the case of a facility connected to a 15 kV or greater line;

“**Total losses**” means the sum of distribution losses and unaccounted for energy;



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**“Townhouses”** are usually a free hold property, the land is owned by the individual Owners of each unit, fronting onto a municipal street;

**“Townhouse Development”** is a structure or complex of structures each containing more than two residential units. A single residential customer would occupy each unit, and have direct outside access at ground level;

**“Transmission System”** means a system for transmitting electricity, and includes any structures, equipment or other things used for that purpose;

**“Transmission System Code”** means the Board approved code 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;

**“Transmit”** with respect to electricity, means to convey electricity at voltages of more than 50 kilovolts;

**“Transmitter”** means a person who owns or operates a transmission system;

**“Unaccounted-for Energy”** means all energy losses that cannot be attributed to distribution losses. These include measurement error, errors in estimates of distribution losses and un-metered loads, energy theft and non-attributable billing errors;

**“Un-metered loads”** means electricity consumption that is not metered and is billed based on estimated usage;

**“Validating, Estimating and Editing (VEE)”** means the process used to validate, estimate and edit raw metering data to produce final metering data or to replicate missing metering data for settlement purposes;

**“Wholesale Market Participant”** means a person that sells or purchases electricity or ancillary services through the IMO-administered markets.



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File Number: EB-2007-0762

Exhibit: 1

Tab: 1

Schedule: 17

Page: 120

## **SECTION 5 APPENDICES**

### **Electrical Planning Requirements Document**

### **Electric Service Meter Base/ Service Verification Form**

### **Contact Information**

### **Deposit Policy**

### **Disconnection Policy**

### **Collections Policy**

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Electrical Planning Requirements

It is essential that the following information be provided to:

- a) enable an assessment to be made on the impact of the proposed project on the Electrical Distribution System.
b) enable the Distributor to prepare pertinent information for the developer.

Please supply answers to the following questions as soon as possible as electrical planning cannot proceed until the Distributor has reviewed this information. Preliminary electrical site plan drawings are to be submitted together with this form. Electrical drawings are to be submitted to the Distributor for approval prior to any related job tenders or the commencement of any electrical construction. The drawings shall be drawn to a scale usable by the Distributor, shall show local pole locations, proposed transformer location, proposed electrical room/metering location and show how access to the metering would be gained (i.e.: the path to the metering).

Electrical site plan drawings are to be submitted to the Distributor on one (1) Paper copy and in an electronic format as approved by the Distributor.

Project Location: (Municipal Address)

Name of Project:

Name of Applicant:

Address:

Contact Name:

Address:

E-Mail:

Telephone: ( ) Fax: ( )

Service Classification (as many as apply):

- Residential
General Service < 50kW
General Service > 50kW
General Service >500kW
Unmetered or Miscellaneous Load
Temporary Service

What service voltage is required (one only):

- 120/240 Volt Single Phase
120/208 Volt Three Phase
347/600 Volt Three Phase
Primary

Required In-Service Date:

Month / Day / Year

Service Entrance Switchboard with Utility CT and PT Compartment Yes No

Capacity of Main Service (in Amperes):
Maximum rated capacity:

Estimated Connected Load - Demand in kW:
Maximum initial Demand: kW
Maximum Future Demand: kW

Metering Type (one only):
Single Meter
Multiple Meters
Quantity of Meter installations
100A or less:
101A to 200A:
more than 200A:

Comments: Please use the back of this form for comments

Signed: Date:

(Representative of Applicant)

Name: Title:

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**Electric Service Meter Base/ Billing Address Verification Form**

Form must be completed by the Owner and/or their Electrical Contractor if applicable prior to service connection

<b>Electric Service Municipal Address</b>			
<b>Name of Owner:</b>			
<b>Telephone:</b>	( )	<b>Fax:</b>	( )
<b>Name of Contractor:</b>			
<b>Telephone:</b>	( )	<b>Fax:</b>	( )

In area (A) provided below, carefully sketch the Front View layout of the Electric Meter Base(s). Match the corresponding (B) BILLING ADDRESS for each meter base(s) shown in (A).

(A) FRONT VIEW OF ELECTRIC METER BASE(S)	(B) BILLING ADDRESS
	1)
	2)
	3)
	4)
	5)
	6)
	5)
	7)
	8)
	9)
	10)

\_\_\_\_\_  
Date: \_\_\_\_\_  
\_\_\_\_\_  
Date: \_\_\_\_\_

**I/We the undersigned, acknowledge the information provided above has been verified and is accurate.**

**Signature of Owner:**

**Signature of Contractor:**



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**Contact Information**

<b>Local Distribution Company</b>	<b>Contact Phone Number</b>
<b>Centre Wellington Hydro Ltd.</b> Licence # ED-1999-0269	Phone: (519) 843-2900
<b>COLLUS Power Corp.</b> Licence # ED-1999-0125	Phone: (705) 445-1800
<b>Erie Thames Powerlines Corp.</b> Licence # ED-1999-0287	Phone: (519) 773-2931 After Hours 1-877-850-3128
<b>Grand Valley Energy Inc.</b> Licence # ED-1999-0045	Phone: (519) 928-3112
<b>Gravenhurst Hydro Electric Inc.</b> Licence # ED-1999-0277	Phone: (705) 687-2321
<b>Innisfil Hydro Distribution Systems Ltd.</b> Licence # ED-1999-0158	Phone: (705) 431-6870
<b>Lakefront Utilities Inc.</b> Licence # ED-1999-0180	Phone: (905) 372-2193
<b>Lakeland Power Distribution Ltd.</b> Licence # ED-1999-0047	Phone: (705) 789-5442
<b>Midland Power Utility Corporation</b> Licence # ED-1999-0258	Phone: (705) 526-9361
<b>North Bay Hydro Distribution Ltd.</b> Licence # ED-1999-0107	Phone: (705) 474-8100
<b>Orangeville Hydro Ltd.</b> Licence # ED-2002-0500	Phone: (519) 942-8000
<b>Orillia Power</b> Licence # ED-1999-0084	Phone: (705) 326-2495
<b>Parry Sound Power Corporation</b> Licence # ED-1999-0219	Phone: (705) 746-5866
<b>Rideau St. Lawrence Distribution Inc.</b> Licence # ED-1999-0151	Phone: (613) 925-3851
<b>Wasaga Distribution Inc.</b> Licence # ED-1999-0086	Phone: (705) 429-2517
<b>Wellington North Power Inc.</b> Licence # ED-1999-0295	Phone: (519) 323-1710
<b>Westario Power Inc.</b> Licence # ED-1999-0174	Phone: (519) 396-3471 Toll Free: 1-866-978-2746
<b>West Coast Huron Energy Inc.</b> Licence # ED-1999-0289	Phone: (519) 524-7371
<b>Woodstock Hydro Services Inc.</b> Licence # ED-1999-0164	Phone: (519) 537-3488

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*Note: Licence Numbers published by OEB as of May 1, 2003*

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**Policy 6.0**

**Version 3.0**

**Security Deposits**

*Created: June, 2002*

*Latest Revision: June 21, 2004*

**6.0.1 PURPOSE:**

This policy describes the terms and conditions distributors will use for collection, maintaining and returning customer security deposits while complying with the applicable legislation and codes.

In accordance with the Distribution System Code and Retail Settlement Code it must include:

- a list of all potential types/forms of security accepted;
- a detailed description of how the security is calculated;
- limits on the amount of security required;
- the planned frequency, process and timing of updating security;
- a description of how interest payable to customers is determined;
- criteria customer must meet to have security deposit waived and/or returned;
- and
- methods of enforcements where a security deposit is not paid.

**6.0.2 POLICY STATEMENT:**

A distributor may use any risk mitigation options available to manage customer non-payment risk. A distributor shall not discriminate among customers with similar risk profiles or risk related factors except where expressly permitted under the Distribution System Code.

A distributor will comply with the deposit requirements as defined in the Distribution System and Retail Settlement Codes but may waive these requirements in favour of a customer or potential customer.



### 6.0.3 FORM OF SECURITY DEPOSIT:

#### Residential

The form of payment of a security deposit for a residential customer shall be cash or cheque at the discretion of the customer or such other form as is acceptable to the distributor.

#### General Service

The security deposit will be in the form of cash, cheque or an automatically renewing, irrevocable letter of credit from a bank for non residential customers.

The distributor may also accept other forms of security.

The distributor shall permit customer to pay security deposit in 4 equal monthly instalments, the first instalment being due on the implementation of an implied contract or the signing of service agreement. The customer may pay the security deposit over a shorter period of time.

The reasons for requiring the security deposit must be disclosed to the customer.

### 6.0.4 METHOD OF CALCULATION AND LIMIT OF SECURITY DEPOSIT:

The maximum amount of the security deposit that a customer is required to pay is calculated using:

- the billing cycle factor times the estimated bill based on the customer's average monthly load with the distributor in the most recent 12 consecutive months within the last two years.
- Where relevant usage information is not available for the customer for 12 consecutive months within the past two years or the billing system is not capable of making the calculation, the customer's average monthly load shall be based on a reasonable estimate made by the distributor.



Where a customer has a payment history which discloses more than one disconnection notice in a relevant 12 month period, the distributor may use the customer's highest actual or estimated monthly load for the most recent 12 consecutive months within the past 2 years for the purposes of calculating the maximum amount of the security deposit.

For a low-volume consumer or designated consumer the price estimate used in calculating competitive electricity costs shall be the same as the price used by the IMO for the purpose of determining maximum net exposures and prudential support obligations for distributors.

If a non-residential customer with a >50kW demand rate can provide a credit rating from a recognized credit rating agency, the maximum amount of the security deposit required by the distributor shall be reduced in accordance with the following table:

**Credit Rating**

(Using Standard and 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%

**6.0.5 PLANNED FREQUENCY, PROCESS AND TIMING OF UPDATING SECURITY DEPOSITS:**

The distributor shall review every customer's security deposit at least once every calendar year to determine whether the entire amount of the security deposit is to be returned to the



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customer or adjusted based on a re-calculation of the maximum amount of the security deposit.

When the distributor determines in conducting a review that the maximum amount of the security deposit is to be adjusted upward, the distributor may require the customer to pay this additional amount at the same time the customer's next regular bill comes due.

A customer may demand in writing, no earlier than 12 months after payment of a security deposit or the making of a prior demand for a review, that the distributor undertake a review to determine whether the amount of the security deposit is to be returned to the customer or adjusted based on a re-calculation of the maximum amount of the security deposit. If some or all of the security deposit is to be returned to the customer, the distributor shall promptly return this amount.

Any security deposit received from the customer upon closure of the customer account, shall be applied to the final bill prior to change in service and can be used to off-set other amounts owing by the customer to the distributor. The balance shall be returned within six weeks of closure of the account.

#### **6.0.6 INTEREST PAYABLE:**

The interest shall accrue monthly on security deposits made by cash or cheque commencing on receipt of the total deposit. The interest shall be at the Prime Business Rate as published on the Bank of Canada website less 2 percent, updated quarterly. The interest accrued shall be paid at least once every 12 months or on return or application of the security deposit or closure of the account, whichever comes first, and may be credited to the account.



#### 6.0.7 CRITERIA REQUIRED FOR WAIVERED AND/OR RETURN OF SECURITY DEPOSIT:

The distributor reserves the right to collect a security deposit from a customer that is not billed by a competitive retailer under retailer-consolidated billing unless the customer has a good payment history of:

- 1 year in the case of a residential customer,
- 5 years in the case of a non-residential customer in < 50 kW demand rate class, or
- 7 years in the case of a non-residential customer in any other rate class.

The time period that makes up the good payment history must be the most recent period of time and some of the time period must occur in the previous 24 months.

A customer is deemed to have a good payment history, unless, during the relevant time period the customer has received:

- more than one disconnection notice from the distributor, or
- more than one cheque given to the distributor by the customer has been returned for insufficient funds, or
- more than one pre-authorized payment to the distributor has been returned for insufficient funds, or
- a disconnection/collection trip has occurred.



The distributor shall not require a security deposit if the customer provides the following prior to the implementation of service:

- the customer provides a letter from another distributor or gas distributor in Canada confirming a good payment history for the most recent relevant time period, some of this time period must have incurred within the last 24 months,
- a customer, other than a customer in a >5,000 kW demand rate class, that provides a satisfactory credit check made at the customer's expense,
- If a non-residential customer with a >50kW demand rate can provide a credit rating from a recognized credit rating agency, the maximum amount of the security deposit required by the distributor shall be reduced in accordance with the following table:

**Credit Rating**

(Using Standard and 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%

However, when the distributor determines in conducting a review that the maximum amount of the security deposit is to be adjusted upward, the distributor may require the customer to pay this additional amount at the same time the customer's next regular bill comes due.

In the case of a customer in a >5,000kW demand rate class, where the customer is now in a position that it would be exempt from paying a security deposit, however, had previously paid a security deposit to the distributor, the distributor is only required to return 50% of the security deposit.



#### 6.0.8 METHOD OF ENFORCEMENT WHERE SECURITY DEPOSIT IS NOT PAID:

Failure to pay the security deposit as required will result in the immediate implementation of the distributor's collection policy process which may lead to the discontinuation of electrical service.

#### 6.0.9 DEFINITIONS:

“**The Billing Cycle Factor**” is 2.5 if the customer is billed monthly, 1.75 if the customer is billed bi-monthly and 1.5 if the customer is billed quarterly.

“**Disconnection/Collection Trip**” is a visit to a customer's premises by an employee or agent of the distributor to demand payment of an outstanding amount or to shut off or limit distribution of electricity of the customer failing payment.

#### 6.0.10 RESPONSIBILITIES:

The management of the company is responsible for ensuring that the corporation is protected from undue risk of bad debt.

#### 6.0.11 REFERENCES:

*The Electricity Act, 1998* – Province of Ontario, Ministry of Energy, Science and Technology

*Market Rules* – The Independent Electricity Market Operator

*Distribution System Code* – The Ontario Energy Board

*Retail Settlement Code* – The Ontario Energy Board

*Electricity Distribution Rates Handbook* – The Ontario Energy Board

<b>Policy 8.0</b>  <b>DISCONNECTION/RECONNECTION OVERVIEW</b>	<b>Version 3.0</b>
	<i>Created: September, 2002</i>  <i>Latest Revision: June 21, 2004</i>

### 8.0.1 PURPOSE:

The detailed policies in this set are intended to establish and document a process that will provide guidance to the LDC's management and staff to help them make operational decisions when disconnecting and/or reconnecting the electrical service of a consumer.

### 8.0.2 POLICY STATEMENT:

The LDC will ensure that it has developed a physical and business process for disconnection ensuring safety and reliability as a primary requirement. The LDC will not be held liable for any damages or loss as the result of disconnection or limiting of service.

The LDC shall follow the regulation and direction set out in the Distribution Rate Handbook Chapter 9 when implementing the disconnection and/or reconnection process.

- A disconnection notice will be issued in writing not less than seven days after the date specified on the bill as the due date. Notice must be given by hand delivery or by registered mail. Both the customer and tenants of the customer will receive seven days' notice before cut-off.
- Prior to the disconnection of the electricity service, a representative of the utility will make reasonable efforts to establish direct contact with the customer. The utility should also where possible, notify the occupants of each separately occupied unit in the premises. The electricity service will not be disconnected by reason of the non-payment of bills until seven days after a disconnection notice has been given to the customer and as set out in Chapter 9 of the Distribution Rate Handbook.
- Where the electricity service has been disconnected on order to collect the account and then reconnected, a reconnection of service charge may be applied to the customers account.



Rideau St. Lawrence Distribution Inc.

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*Disconnection/Reconnection Policies*

The LDC reserves the right to physically disconnect or limit the amount of electricity that a customer can consume.

- (i) Disconnection/Reconnection
- (ii) Seasonal Connections
- (iii) Disconnection/Reconnection by Request
- (iv) Safety and Reliability
- (v) Unauthorized use of Electricity

### 8.0.3 DEFINITIONS:

**Current Limiting Device** is a device that will limit the electrical current available to the customer.

**Customer and Consumer** will be understood herein as one and the same.

**Disconnection** is when the LDC discontinues the delivery of electricity to a property and/or premise.

**Reconnection** is when a property or premise has electrical service energized or re-established by the LDC.

**Security Deposit** is an amount collected by the LDC and is held by the distributor to ensure that all monies owed to the Corporation are collected at the time of the final billing. Interest payments will be applied at least annually on all cash deposits.

### 8.0.4 RESPONSIBILITIES:

The management of the company is responsible for ensuring that the corporation is protected from undue risk of bad debt.

### 8.0.5 REFERENCES:

*The Electricity Act, 1998* – Province of Ontario, Ministry of Energy, Science and Technology

*Electricity Distribution Rate Handbook* – The Ontario Energy Board

*Retail Settlement Code* – The Ontario Energy Board

*Distribution System Code* – The Ontario Energy Board

*Electricity Gas and Inspection Act* – Government of Canada

*Condition of Service* – The Distributor



<p><b>Policy 8.1</b></p>	<p><b>Version 3.0</b></p>
<p><b>DISCONNECTION/RECONNECTION</b></p>	<p><i>Created: September, 2002</i></p> <p><i>Latest Revision: June 21, 2004</i></p>

**8.1.1 PURPOSE:**

This policy confirms that the LDC has established a process for the disconnection and/or reconnection of a property and/or premise, and the specific timing and means of notification consistent with the Electricity Act, 1998.

The detailed policies in this set are intended to establish and document a process that will provide guidance to the LDC's management and staff, that will help them make operational decisions to disconnect and/or reconnect the electrical service of a consumer.

**8.1.2. POLICY STATEMENT:**

The LDC shall follow the regulation and direction set out in the Distribution Rate Handbook Chapter 9 when implementing disconnect or reconnection process.

- A disconnection notice will be issued in writing not less than seven days after the date specified on the bill as the due date. Notice must be given by hand delivery or by registered mail. Both the customer and tenants of the customer will receive seven days' notice before disconnection.
- Prior to the disconnection of the electricity service, a representative of the utility will make reasonable efforts to establish direct contact with the customer. The utility should also where possible, notify the occupants of each separately occupied unit in the premises. The electricity service will not be disconnected by reason of the non-payment of bills until seven days after a disconnection notice has been given to the customer and as set out in Chapter 9 of the Distribution Rate Handbook.
- Where the electricity service has been disconnected on order to collect the account and then reconnected, a reconnection of service charge may be applied to the customers account.

The LDC will ensure that it has developed a physical and business process for disconnection and/or reconnection ensuring safety and reliability as a primary requirement.

The LDC shall treat all customers in a non-discriminatory fashion when disconnecting and/or reconnecting an electrical service.



The LDC shall have the right to limit or discontinue service without further notification to the customer for payment default, including default of payment arrangements, bankruptcy, receivership, or property foreclosure.

The LDC shall have the right to limit or discontinue service for non-payment of a security deposit from customers that have defaulted on payment arrangements.

The LDC shall have the right to refuse the reconnection if there are any outstanding amounts owed by the consumer or if the service is found to have an adverse effect on the safety and/or reliability of the system.

The LDC shall have the right to discontinue electrical service of a consumer if the service causes safety or reliability risk to the distributor's system.

The LDC shall insist that electrical services that have been disconnected for six (6) or more months have an inspection certificate from the Electrical Safety Authority prior to reconnection. Notwithstanding the LDC reserves the right to require, an Electrical Safety Authority inspection certificate at any time prior to reconnection at the expense of the customer.

The LDC shall insist that a responsible representative of the property be present in order for reconnection of service to be established.

### 8.1.3 RESPONSIBILITIES:

The management of the company is responsible for ensuring that the corporation is protected from undue risk of bad debt.

### 8.1.4 REFERENCES:

*The Electricity Act, 1998* – Province of Ontario, Ministry of Energy, Science and Technology

*Retail Settlement Code* – The Ontario Energy Board

*Electricity Distribution Rates Handbook* – The Ontario Energy Board

*Distribution System Code* – The Ontario Energy Board

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## Rideau St. Lawrence Distribution Inc.

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*Disconnection/Reconnection Policies*

<b>Policy 8.3</b>  <b>DISCONNECTION/RECONNECTION BY REQUEST</b>	<b>Version 3.0</b>
	<i>Created: September, 2002</i>  <i>Latest Revision: June 21, 2004</i>

**8.3.1 PURPOSE:**

This policy confirms that the LDC has established a process for the disconnection and/or reconnection of an electrical service and may require a written request from the consumer.

**8.3.2 POLICY STATEMENT:**

The LDC shall respond to a customer's request for a disconnection and reconnection of an electrical service in a prompt and efficient manner.

The LDC shall have the right to refuse the reconnection of and electrical service if there is an outstanding amount of money owed by the consumer or if the connection is found to have an adverse effect on the safety and/or reliability of the distribution system.

The LDC shall insist that electrical services that have been disconnected for six (6) or more months have an inspection certificate from the Electrical Safety Authority prior to reconnection. Notwithstanding the LDC reserves the right to require an Electrical Safety Authority certificate at any time prior to reconnection at the customer expense.

The LDC shall insist that a responsible representative of the property be present when electrical service is energized or reconnected.

**8.3.3 RESPONSIBILITIES:**

The management of the company is responsible for ensuring that the corporation is protected from undue risk of bad debt.

**8.3.4 REFERENCES:**

*The Electricity Act, 1998* – Province of Ontario, Ministry of Energy, Science and Technology

*Retail Settlement Code* – The Ontario Energy Board

*Electricity Distribution Rates Handbook* – The Ontario Energy Board

*Distribution System Code* – The Ontario Energy Board

*Electricity Gas and Inspection Act* – Government of Canada

*Condition of Service* – The Distributor



## Rideau St. Lawrence Distribution Inc.

## Disconnection/Reconnection Policies

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<b>Policy 8.4.0</b>  <b>SAFETY AND RELIABILITY</b>	<b>Version 3.0</b>
	<i>Created: September, 2002</i>  <i>Latest Revision: June 21, 2004</i>

**8.4.1 PURPOSE:**

This policy confirms that the LDC has established a process for ensuring the safety and reliability of the distribution system.

**8.4.2 POLICY STATEMENT:**

The LDC shall respond to and take reasonable steps to investigate all consumer power quality complaints and report to the consumer on the results of the investigation.

The LDC may direct a consumer connected to its distribution system to take corrective or preventive action on the consumer's electric system when there is a direct hazard to the public or the consumer is causing or could cause adverse effects on the reliability of the LDC's distribution system.

The LDC may require that any consumer conditions that adversely affect the distribution system be corrected immediately by the consumer and at the consumer's expense.

The LDC shall insist that electrical services that have been disconnected for six (6) or more months have an inspection certificate from the Electrical Safety Authority prior to reconnection. Notwithstanding the LDC reserves the right to require an Electrical Safety Authority certificate at any time prior to reconnection at the customer expense.

The LDC shall have the right to refuse the reconnection of an electrical service to their distribution system if the connection is found to have an adverse effect on the safety and/or reliability of the system.

The LDC shall have the right to disconnect the electrical service of a consumer if the service causes safety or reliability risk to the distributor's system.

The LDC shall insist that a responsible representative of the property be present when electrical service is energized or reconnected.





#### 8.4.3 RESPONSIBILITIES:

The management of the company is responsible for ensuring that the service quality of the distribution system is safe and reliable.

#### 8.4.4 REFERENCES:

*The Electricity Act, 1998* – Province of Ontario, Ministry of Energy, Science and Technology

*Retail Settlement Code* – The Ontario Energy Board

*Electricity Distribution Rates Handbook* – The Ontario Energy Board

*Distribution System Code* – The Ontario Energy Board

*Electricity Gas and Inspection Act* – Government of Canada

*Condition of Service* – The Distributor

## Rideau St. Lawrence Distribution Inc.

*Disconnection/Reconnection Policies*

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<b>Policy 8.5.0</b>	<b>Version 3.0</b>
<b>UNAUTHORIZED USE OF ELECTRICITY</b>	<p><i>Created: September, 2002</i></p> <p><i>Latest Revision: June 21, 2004</i></p>

**8.5.1 PURPOSE:**

This policy confirms that the LDC has established a process that management and staff can follow if it is discovered that there is unauthorized use of electricity.

**8.5.2 POLICY STATEMENT:**

The LDC shall use its discretion in taking action to mitigate unauthorized energy use. Upon identification of possible unauthorized energy use, the LDC shall notify, if appropriate, Measurement Canada, the Electrical Safety Authority, police officials, retailers that service the customers affected by the unauthorized energy use, or other entities.

The LDC shall monitor losses and unaccounted for energy use on an annual basis to detect any upward trends.

The LDC may recover from the parties responsible for the unauthorized energy use all energy and other applicable charges incurred by the distributor arising from the unauthorized energy use, including inspection, administration fees and repair costs.

**8.5.3 RESPONSIBILITIES:**

The management of the company is responsible for monitoring losses and unaccounted for energy.

**8.5.4 REFERENCES:**

*The Electricity Act, 1998* – Province of Ontario, Ministry of Energy, Science and Technology

*Retail Settlement Code* – The Ontario Energy Board

*Electricity Distribution Rates Handbook* – The Ontario Energy Board

*Distribution System Code* – The Ontario Energy Board

*Electricity Gas and Inspection Act* – Government of Canada

*Conditions of Service* – The Distributor



**Policy 7.0**

**Version 3.0**

**COLLECTION OVERVIEW**

*Created: September, 2002*

*Latest Revision: June 21, 2004*

**7.0.1 PURPOSE:**

The purpose of this policy is to establish a process to ensure money owed to the LDC by consumers is collected.

**7.0.2 POLICY STATEMENT:**

The LDC shall follow the regulation and direction set out in the Distribution Rate Handbook Chapter 9 when implementing the collection process.

The LDC will collect all outstanding money owed from Customers and Retailers served by the LDC's distribution system in accordance with the principles defined in the *Electricity Act (1998)*, the *Electricity Distribution Rate Handbook* and the *Retail Settlement Code*. The policies in this set are intended to provide guidance to the LDC's managers and staff, and to help them make operational decisions that are consistent with applicable codes and regulations.

7.1 Customer Collections

7.2 Retailer Collections

The LDC will collect all outstanding money owed from Customers and Retailers served by the LDC's distribution system in accordance with the principles defined in the *Electricity Act*

**7.0.3 DEFINITIONS:**

**Licensed Competitive Retailer** is a company that has a valid electricity retailer's licence from the Ontario Energy Board.

**Standard Service Supply Customer** is a company or person who purchases electricity at spot market price or statutory pricing from a LDC's distribution system as a direct pass through from the IMO.

**Customer and Consumer** will be understood herein as one and the same.

Rideau St. Lawrence Distribution Inc.

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Collection Policies

**Non-Competitive Charges** is made up of the Wholesale Market Service charge, the Debt Retirement charge, Transmission Connection charge, Transmission Network charge and Distribution charges.

**Distributor-Consolidated Billing** is when a retailer marketer who has signed contracts in the LDC service area and has opted for the distributor to do the billing and collection of the electricity commodity and all related non-competitive charges.

**Retailer-Consolidated Billing** is when the retail marketer opts to do the billing and collection of the electricity commodity and all related non-competitive charges.

**Split Billing** is when the retail marketer bills the customer for the electricity charges and the LDC bills for the customer for non-competitive, debt retirement and distribution charges. The retailer and the distributor shall each be responsible for the collection of their own accounts.

**Late Payment Charge** is an OEB approved interest charge that is applied after a specified date or a due date on a customer's bill.

**Errors and Omissions Excepted** the LDC shall reserve the right to make adjustments to any bill issued in error either in whole or in part.

**Non-Payment Risk Mitigation** the LDC may use any risk mitigation options available to manage consumer non-payment risk.

#### 7.0.4 COLLECTION PAYMENT METHODS:

The LDC may accept one or more of the following methods of payment but are not obligated to offer all methods:

Cash

Payment made through most Financial Institutions including telephone & computer banking

Certified Cheque

Money Order or Bank Draft

Credit Card

Interac

Preauthorized Chequing

#### 7.0.5 RESPONSIBILITIES:

The Board of Directors are responsible for the approval of the policies contained in this manual.

**7.0.6 REFERENCES:**

*The Electricity Act, 1998* – Province of Ontario, Ministry of Energy, Science and Technology

*Electricity Distribution Rate Handbook* – The Ontario Energy Board

*Retail Settlement* – The Ontario Energy Board

*Distribution System Code* – The Ontario Energy Board

*Electricity Gas and Inspection Act* – Government of Canada

## Rideau St. Lawrence Distribution Inc.

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Collection Policies

Policy 7.1	Version 3.0
CUSTOMER COLLECTIONS	<i>Created: September, 2002</i>
	<i>Latest Revision: June 21, 2004</i>

**7.1.1 PURPOSE:**

This policy confirms that the LDC must be prudent in their collection process to protect the corporation from unpaid invoices. The detailed policies in this set are intended to establish and document a process that will provide guidance to the LDC's management and staff, to help them make operational decisions to ensure that monies owed to the LDC by the consumer or retailer are collected in a timely manner.

**7.1.2 POLICY STATEMENT:**

The LDC will take steps to collect the total amount for the customer's bill, if not paid within the time specified, which shall be a minimum of sixteen calendar days from the date of mailing or hand delivery of the bill. A collection of account charge may be made if a representative of the utility is dispatched to collect the account.

The customer shall be subject either to a collection of account charge or a reconnection charge in the event service has been interrupted in order to collect outstanding amounts owed in any billing period, unless partial payment of the account has been accepted by the LDC.

The LDC may apply more than one collection of account charge or reconnection charge in one billing period if a partial payment has been accepted through a collection trip.

The LDC shall begin the collection process immediately following the application of late payment charge.

The LDC shall treat all customers in the same rate class in a non-discriminatory fashion when collecting unpaid accounts.

The LDC shall have the right to limit or disconnect service for non-payment, theft of power and/or failing to keep payment arrangements.

The LDC shall reserve the right to make adjustments to any bill issued in error either in whole or in part.

**7.1.3 RESPONSIBILITIES:**

The management of the company is responsible for ensuring that the corporation is protected from undue risk of bad debt.

**7.1.4 REFERENCES:**

*The Electricity Act, 1998* – Province of Ontario, Ministry of Energy, Science and Technology

*Retail Settlement Code* – The Ontario Energy Board

*Electricity Distribution Rates Handbook* – The Ontario Energy Board

*Distribution System Code* – The Ontario Energy Board

*Electricity Gas and Inspection Act* – Government of Canada

## Rideau St. Lawrence Distribution Inc.

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*Collection Policies***Policy 7.2****Version 3.0****RETAILER COLLECTIONS***Created: September, 2002**Latest Revision: June 21, 2004***7.2.0 PURPOSE:**

This policy describes the processes to collect outstanding balances from retailers who have signed sales agreements with consumers served by the LDC's distribution system and to ensure that the Retailer meets the prudential requirements based on the billing option selected and the Retailer's magnitude of financial exposure. This process also applies to collection of past due Retail settlement and market participant invoices.

**7.2.1 POLICY STATEMENT:**

The LDC requires Retailers to pay invoices on the due date as specified in the code.

The LDC reserves the right to refuse service transaction requests, requests for information, invoices or other transactions from retailers with whom the LDC does not have an up-to-date service agreement and/or financial security arrangements.

The LDC shall review the required level of deposit from a Retailer for customers served through Distributor Consolidated Billing on a quarterly basis as a minimum.

The LDC shall immediately notify the retailer the day after a settlement payment was due if funds were not received and work with the retailer to remedy the situation.

The LDC shall not access the funds available through the relevant security arrangement until five business days have elapsed.

The LDC shall issue to the Retailer a Notice of Payment Default prior to returning the consumer that is signed with said Retailer back to Standard Service Supply (SSS).

**7.2.2 RESPONSIBILITIES:**

The management of the company is responsible for ensuring that prudential monitoring and payments from a Retailer are collected within the guidelines specified in the service agreement.

**7.2.3 REFERENCES:**

*The Electricity Act, 1998* – Province of Ontario, Ministry of Energy, Science and Technology

*Market Rules* – The Independent Electricity Market Operator

*Retail Settlement Code* – The Ontario Energy Board

*Electricity Distribution Rates Handbook* – The Ontario Energy Board

*Electricity Gas and Inspection Act* – Government of Canada



**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**

**PLANNED CHANGES IN CONDITIONS OF SERVICE AND SERVICE CHARGES**

RSL is a member of the Cornerstone Hydro Electric Concepts group. The CHEC group is currently reviewing and updating the Conditions of Service document in accordance with the Distribution System Code.

RSL is applying to continue with the current approved service charges.

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**

**LIST OF WITNESSES AND THEIR CURRICULUM VITAE**

A list of witnesses and their curriculum vitae will be provided as required.

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**

**SUMMARY OF THE APPLICATION**

**PURPOSE AND NEED**

Rideau St. Lawrence Distribution Inc. is one of the applicants that was self-nominated for the 2008 rebasing. Rideau St. Lawrence Distribution Inc. estimates that its present rates will produce a deficiency in distribution revenue of \$269,703 for the 2008 Test Year. Rideau St. Lawrence Distribution Inc. therefore seeks the Ontario Energy Board's approval to revise its rates applicable to its distribution of electricity for distribution rates effective May 1, 2008 to April 30, 2009 (the "2008 rate year"). The issues to be reviewed in this case, as RSL sees them, are discussed below.

Through this Application, Rideau St. Lawrence Distribution Inc. seeks:

- To Recover:
  - Revenue Deficiency arising from changes in OM&A, Amortization, Rate of Return, Interest, costs for wholesale meters that were transferred to distribution expenses effective November 1, 2007, as result of unbundling transmission rates, and PILS;
  - Deferral and Variance Account balances
- To Change:
  - Distribution Loss Factor;
  - Customer Classes;
- To Reflect:
  - Just and reasonable Distribution Rates that have been modeled in accordance with the OEB Filing Requirements for Distribution Rate Applications.

Rideau St. Lawrence Distribution has been assisted in this rate application by Elenchus Research Associates ("ERA"), who provided the model used in the determination of the just and reasonable 2008 Distribution Rates, by Utility Financial Concepts Inc., and by Ogilvy Renault for review of our application. The services of ERA were also used to provide weather normalized load. ERA used the data provided to RSL by Hydro One Networks Inc. ("HONI") from the Costs Allocation Informational Filing.

The information used in this Application is Rideau St. Lawrence Distribution Inc.'s weather normalized forecasted results for its 2008 Test Year. With the rates presently in effect, Rideau St. Lawrence Distribution Inc. estimates that its revenue for 2008 would not be sufficient to provide a reasonable return. Rideau St. Lawrence Distribution Inc. is also presenting the historical actual information for fiscal 2006, information for the current approved test year and a forecast for the fiscal 2007 bridge year based on nine months actual and three months forecasted results.

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.****SUMMARY OF THE APPLICATION****TIMING**

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

**CUSTOMER IMPACT**

The following table is used to show the impacts of the rates proposed in this application for a typical customer in each customer class. Bill Impact Specifics are found in Exhibit 9, Tab 1, Schedule 9.

Class	Consumption	Current Bill	Proposed Bill	Bill Impact	Bill Impact
		2007 Approved Rates	2008 Proposed Rates	\$	%
Residential	750 kWh	\$86.27	\$85.59	-\$0.67	-0.8%
Residential	1000 kWh	\$112.10	\$110.78	-\$1.32	-1.2%
Residential	2000 kWh	\$215.41	\$211.53	-\$3.88	-1.8%
General Service <50kW	2000 kWh	\$202.44	\$212.49	\$10.05	5.0%
General Service <50kW	5000 kWh	\$486.06	\$498.58	\$12.52	2.6%
General Service >50kW	60kW /15000 kWh	\$1,812.61	\$1,728.21	-\$84.39	-4.7%
General Service >50kW	294kW/160117kWh	\$14,321.87	\$14,022.15	-\$299.72	-2.1%
Street Lighting	138kW/ 48,814kWh	\$5,572.00	\$6,157.12	\$585.13	10.5%
Unmetered Scattered Load	800kWh	\$111.58	\$104.04	-\$7.54	-6.8%
Sentinel Lighting	.75kW/ 25kWh	\$14.06	\$12.74	-\$1.32	-9.4%

**Residential**

A typical residential customer with a monthly consumption of 1000 kWh will see their monthly bill decrease \$1.32 or 1.2% of their total bill.

**General Service < 50kW**

A typical general service customer with a monthly consumption of 2000 kWh will see their monthly bill increase \$10.05 or 5% of their total bill.

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**

**SUMMARY OF THE APPLICATION**

**General Service > 50 kW**

A typical general service customer with a monthly consumption of 294kW and 160,117 kWh will see their monthly bill decrease \$299.72 or 2.1% of their total bill.

**Street Lighting**

A street lighting customer with a monthly consumption of 138kW and 48,814 kWh will see their monthly bill increase \$585.13 or 10.5% of their total bill.

**Unmetered Scattered Load**

A unmetered scattered load customer with a monthly consumption of 800 kWh will see their monthly bill decrease \$7.54 or 6.8% of their total bill.

**Sentinel Lights**

A sentinel light customer with a monthly consumption of .75kW and 25kWh will see their monthly bill decrease \$1.32 or 9.4% of their total bill.

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**

**SUMMARY OF THE APPLICATION**

**Capital Structure**

Rideau St. Lawrence Distribution Inc. has a current deemed capital structure of 50% debt, 50% equity, as approved by the Ontario Energy Board in RP-2005-0020, and a return on equity of 9.00%, consistent with the return specified in the Board's Decision in EB-2005-0414, dated April 12, 2006.

Rideau St. Lawrence Distribution Inc. is requesting Board approval to continue with the current deemed capital structure.

The 2008 forecasted capital structure (based on projections is 71% equity to 29% debt) does not include anticipated debt cost to be incurred in 2008 for Smart Meters. RSL expects that direction will be received to move ahead in 2008 with their Smart Metering implementation. Projected capital costs are \$1.754 million. These costs will be debt financed by RSL. Forecasted capital structure will be approximately, 50% debt to 50% equity once financing is in place. We are not requesting an increase in the equity component to our actual equity. We are proposing to remain at a current approved rate of 50% debt to 50% equity.

**Return on Equity**

In addition, Rideau St. Lawrence Distribution Inc. 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 2<sup>nd</sup> Generation Incentive Regulation for Ontario Electricity Distributors dated December 20, 2006. Rideau St. Lawrence Distribution Inc. understands the OEB will be finalizing the return on equity for 2008 rates based on January 2008 market interest rate information.

**Capital Expenditures**

Rideau St. Lawrence Distribution Inc. continues to 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.

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**

**BUDGET DIRECTIVES (CAPITAL and OPERATING)**

Rideau St. Lawrence Distribution Inc. 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 current 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 has been weather normalized by ERA, based on the weather normalizing done by Hydro One in preparation for the Cost Allocation Informational Filing, as outlined in Exhibit 3 Tab 2 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 work plans, negotiated wage settlement, Capital Budgets, and is strongly influenced by prior years experience.

**Capital Budget**

The capital budgeting process begins with a review of all the accounts. Prior years work is factored in. Then capital expenditures are budgeted on a line by line basis based on need.

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**

**CHANGES IN METHODOLOGY**

The following is a summary of the changes in methodology requested by Rideau St. Lawrence Distribution Inc. in the current proceeding:

**Capital Structure**

Rideau St. Lawrence Distribution Inc. has no current request to change the methodology addressing Capital Structure.

**Return on Equity**

Rideau St. Lawrence Distribution Inc. has no current request to change the methodology addressing Return on Equity.

**Interest Rate Applicable to Deferral/Variance Accounts**

Rideau St. Lawrence Distribution Inc. has no current request to change the methodology related to the Interest Rate Applicable to Deferral/Variance Accounts.

**Cost Allocation & Fully Allocated Costing Study**

Rideau St. Lawrence Distribution Inc. has no current request to change the methodology addressing Cost Allocation and the Fully Allocated Costing Study. There is the potential for future changes, however, the changes have not been investigated at this time. RSL is proposing to use the results of the Cost Allocation Informational Filing to begin to move towards the Revenue to Cost Ratios as outlined in the *Implications Arising from the Review of the Cost Allocation Filings- Board Staff discussion Paper dated June 28, 2007*.



**RIDEAU ST. LAWRENCE DISTRIBUTION INC.****SCHEDULE OF OVERALL REVENUE DEFICIENCY/SUFFICIENCY****2008 Test Year****Determination Of Net Utility Income**

	2008 Test Existing Rates	2008 Test Proposed Rates
<b>Revenue</b>		
Suff/ Def From Below.		269,703
Distribution Revenue	1,745,688	1,745,688
Other Operating Revenue (Net)	251,850	251,850
Total Revenue	<u>\$1,997,538</u>	<u>\$2,267,241</u>
<b>Distribution Costs</b>		
Operation, Maintenance, and Administration	1,609,052	1,609,052
Depreciation & Amortization	253,818	253,818
Capital Taxes	-	-
Interest- Deemed Interest	135,246	135,246
Total Costs and Expenses	<u>\$1,998,116</u>	<u>\$1,998,116</u>
Utility Income Before Income Taxes	(578)	\$269,125
Net Adjustments per 2008 Pils	(75,195)	(75,195)
	(75,773)	193,930
Income Tax (Tax Rate 17.0%)	(12,881)	32,968
Utility Income	12,303	236,157
Rate Base	5,439,857	5,439,857
Equity	50.00%	50.00%
Equity Component Rate Base	2,719,929	2,719,929
Income / Equity Rate Base %	0.45%	8.68%
Target Return -Equity on Rate Base	8.68%	8.68%
Return- Equity on Rate Base	236,158	236,158
Revenue Deficiency	<u>\$223,854</u>	
Revenue Deficiency (Gross-up)	\$269,703	

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**

**CAUSES OF REVENUE DEFICIENCY**

The increase in Rideau St. Lawrence Distribution Inc.'s distribution expenses including depreciation expense in the 2008 Test Year as compared to 2006 EDR is \$358,765. This results from normal operating expenses, plus inflation, plus Capital Program amortization, the transfer of wholesale meter costs to distribution expenses as a result of unbundling transmission rates, and loss / reclassification of customers from the GS >50KW to GS < 50 kW class of customers.

Rideau St. Lawrence Distribution Inc.'s return on capital proposed in the 2008 Test Year is \$371,404 as compared to 2006 EDR of \$316,354. The increase of \$55,050 indicates that RSL was not earning its regulated return based on the 2006 EDR.

Rideau St. Lawrence Distribution Inc.'s PILs proposed in the 2008 Test Year is \$32,968, as compared to 2006 EDR of \$29,643. This change is due to decreased tax rates, and forecasted increased revenue.

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**

**AUDITED FINANCIAL STATEMENTS**

**AT**

**DECEMBER 31 2006**

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**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**

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**FINANCIAL STATEMENTS**

**December 31, 2006**

# RIDEAU ST. LAWRENCE DISTRIBUTION INC.

December 31, 2006

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## **AUDITORS' REPORT**

To the Shareholders of  
Rideau St. Lawrence Distribution Inc.

We have audited the balance sheet of Rideau St. Lawrence Distribution Inc. as at December 31, 2006 and the statements of operations and cash flows for the year then ended. These financial statements are the responsibility of the corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of Rideau St. Lawrence Distribution Inc. as at December 31, 2006 and the results of its operations and its cash flows for the year then ended in accordance with the Canadian generally accepted accounting principles.

**Craig Keen Despatie Markell LLP**

Cornwall, Ontario  
April 25, 2007

**CHARTERED ACCOUNTANTS**

# RIDEAU ST. LAWRENCE DISTRIBUTION INC.

## BALANCE SHEET

As at December 31, 2006

	2006	2005
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 671,481	\$ 1,095,253
Accounts receivable	977,299	579,668
Unbilled revenue	1,061,781	1,308,376
Inventory	196,814	189,790
Payments-in-lieu of corporate taxation	4,249	5,234
Prepaid expenses	41,415	50,268
	<b>2,953,039</b>	<b>3,228,589</b>
<b>CAPITAL (Note 2)</b>	<b>3,547,183</b>	<b>3,490,692</b>
<b>NET REGULATORY ASSETS (Note 3)</b>	<b>777,678</b>	<b>556,459</b>
	<b>\$ 7,277,900</b>	<b>\$ 7,275,740</b>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable	\$ 1,370,057	\$ 1,469,623
Customer deposits	79,000	79,000
Deferred revenue	169,583	165,678
Advances from related parties (Note 4)	136,304	95,110
Current portion of long-term debt	100,000	99,100
	<b>1,854,944</b>	<b>1,908,511</b>
<b>CUSTOMER DEPOSITS</b>	<b>66,206</b>	<b>66,969</b>
<b>DEFERRED REVENUE</b>	<b>291,326</b>	<b>154,077</b>
<b>LONG-TERM DEBT (Note 5)</b>	<b>1,571,276</b>	<b>1,670,410</b>
<b>ADVANCES FROM RELATED PARTIES (Note 6)</b>	<b>343,031</b>	<b>343,031</b>
	<b>4,126,783</b>	<b>4,142,998</b>
<b>SHAREHOLDERS' EQUITY</b>		
<b>CAPITAL STOCK (Note 7)</b>	<b>2,511,123</b>	<b>2,511,123</b>
<b>RETAINED EARNINGS</b>	<b>639,994</b>	<b>621,619</b>
	<b>3,151,117</b>	<b>3,132,742</b>
	<b>\$ 7,277,900</b>	<b>\$ 7,275,740</b>

**APPROVED ON BEHALF OF THE BOARD:**

\_\_\_\_\_  
 Director  
 \_\_\_\_\_  
 Director

\_\_\_\_\_ Date

See Accompanying Notes

# RIDEAU ST. LAWRENCE DISTRIBUTION INC.

## STATEMENT OF OPERATIONS

For the year ended December 31, 2006

	2006	2005
<b>REVENUE</b>	<b>\$ 10,553,571</b>	<b>\$ 11,526,026</b>
<b>COST OF ENERGY</b>	<b>9,021,016</b>	<b>10,045,482</b>
<b>GROSS MARGIN</b>	<b>1,532,555</b>	<b>1,480,544</b>
<b>OTHER INCOME</b>		
Late payment and other charges	108,190	92,182
Rentals	46,779	45,859
Investment income	44,627	18,674
Interest improvement charges	24,558	58,467
	<b>224,154</b>	<b>215,182</b>
<b>TOTAL REVENUE NET OF COST OF ENERGY</b>	<b>1,756,709</b>	<b>1,695,726</b>
<b>EXPENSES</b>		
Administration	664,905	563,114
Amortization	192,866	153,171
Billing and collecting	374,188	464,849
Interest on long-term debt	88,169	85,189
Operation maintenance	342,811	299,309
	<b>1,662,939</b>	<b>1,565,632</b>
<b>INCOME BEFORE OTHER ITEMS</b>	<b>93,770</b>	<b>130,094</b>
<b>RECOVERY OF PRE-MARKET OPENING COST OF POWER (Note 3)</b>	<b>100,690</b>	<b>87,822</b>
<b>NON-RECOVERABLE NET REGULATORY ASSETS (Note 3)</b>	<b>(46,976)</b>	<b>(58,001)</b>
<b>INCOME BEFORE PAYMENTS-IN-LIEU     OF CORPORATE TAXATION</b>	<b>147,484</b>	<b>159,915</b>
<b>PAYMENTS-IN-LIEU OF CORPORATE TAXATION (Note 8)</b>	<b>25,909</b>	<b>30,158</b>
<b>NET INCOME FOR THE YEAR</b>	<b>121,575</b>	<b>129,757</b>
<b>RETAINED EARNINGS, beginning of year</b>	<b>621,619</b>	<b>595,062</b>
	<b>743,194</b>	<b>724,819</b>
<b>DIVIDENDS</b>	<b>103,200</b>	<b>103,200</b>
<b>RETAINED EARNINGS, end of year</b>	<b>\$ 639,994</b>	<b>\$ 621,619</b>

See Accompanying Notes

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Craig Keen Despatie Markell LLP

# RIDEAU ST. LAWRENCE DISTRIBUTION INC.

## STATEMENT OF CASH FLOWS

For the year ended December 31, 2006

	2006	2005
<b>CASH FROM OPERATING ACTIVITIES</b>		
Net income for the year	\$ 121,575	\$ 129,757
Items not requiring an outlay of funds		
Amortization	192,866	153,171
Non recoverable net regulatory assets	46,976	58,001
Net changes in non-cash working capital balances		
Accounts receivable	(397,631)	509,448
Unbilled revenue	246,595	(349,214)
Inventory	(7,024)	(10,445)
Prepaid expenses	8,853	(27,907)
Accounts payable	(99,565)	77,571
Payment-in-lieu of corporate taxation	985	(18,654)
Deferred revenue	3,905	77,878
Advances from related parties	41,194	(52,069)
	<b>158,729</b>	<b>547,537</b>
<b>CASH (USED IN) FROM INVESTING ACTIVITIES</b>		
Net additions to capital assets	(249,358)	(216,747)
(Increase) decrease in net regulatory assets	(268,194)	613,992
	<b>(517,552)</b>	<b>397,245</b>
<b>CASH USED IN FINANCING ACTIVITIES</b>		
Decrease in long-term debt	(98,235)	(95,253)
Increase (decrease) in Customer deposits	(763)	(11,148)
Increase (decrease) in deferred revenue	137,249	(95,022)
Issuance of dividends	(103,200)	(103,200)
	<b>(64,949)</b>	<b>(304,623)</b>
<b>(DECREASE) INCREASE IN CASH</b>	<b>(423,772)</b>	<b>640,159</b>
<b>CASH, beginning of year</b>	<b>1,095,253</b>	<b>455,094</b>
<b>CASH, end of year</b>	<b>\$ 671,481</b>	<b>\$ 1,095,253</b>
<b>REPRESENTED BY:</b>		
Cash	\$ 671,481	\$ 1,095,253
<b>Supplementary information:</b>		
Interest paid	<u>\$ 88,169</u>	<u>\$ 85,189</u>
Payment-in-lieu of corporate taxation	<u>\$ 24,924</u>	<u>\$ 48,812</u>

See Accompanying Notes

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Craig Keen Despatie Markell LLP



**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended December 31, 2006

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The corporation follows Canadian generally accepted accounting principles for electrical utilities prescribed in the Ontario Energy Board's Accounting Procedures Handbook under the authority of Acts of the Province of Ontario and permitted by the Ontario Energy Board.

(a) Revenue recognition

Revenue from the sale of electricity is recorded when billed. Unbilled revenue is the accrual for electricity sold between the last billing date and the year-end date. The unbilled revenue adjustment is the change between the opening and closing unbilled revenue and is included in revenue.

(b) Inventory

Inventory is valued at the lower of cost and net realizable value. Inventory is recorded using the average cost method.

(c) Capital assets and amortization

Capital assets are stated at acquisition cost and amortized using the straight-line method over five to forty years.

(d) Construction in progress

Capital items purchased for capital projects under construction are included in construction in progress and are not amortized until put into service.

(e) Contributions and grants in aid of construction

Contributions and grants received in aid of construction are recorded as a deduction against capital assets. The amount is amortized on the same basis as the asset constructed and credited to amortization expense. No amortization is recorded until the asset is in use.

(f) Customer deposits

Deposits taken to guarantee the payment of power bills or contract performance are shown as a current or long-term liability depending on the terms of repayment.

(g) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the period. Actual results could differ from these estimates.

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended December 31, 2006

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

(h) Net regulatory assets

(i) Market Ready Transition Costs

Market ready transition costs are expenses incurred by the corporation for the preparation of market opening which commenced May 1, 2002. These costs are to be recovered through future rate increases, under Article 480 of the Ontario Energy Board Accounting Procedures Handbook. An annual amount of amortization and a return of capital is capitalized based on Article 480.

(ii) Retail Settlement Variance Accounts

Retail settlement variance accounts are the net of sales and expenses incurred by the corporation for retail settlement after the commencement of market opening on May 1, 2002. The net sales and expenses are to be recovered through future rate increases, under Article 490 of the Ontario Energy Board Accounting Procedures Handbook. A return of capital is capitalized on these amounts based on Article 490.

In the absence of such regulations, these costs would have been expensed or included in capital assets when incurred, and no rate of return of capital would be capitalized under Canadian generally accepted accounting principles.

(i) Deferred revenue

Deferred revenue represents revenue that was not recovered through customer billing before market opening of May 1, 2002. The amounts are recoverable along with a return of capital under Article 490 of the Ontario Energy Board Accounting Procedures Handbook. Recovery of deferred revenue over a four year period commenced April 1, 2004 under interim approved rates. In 2006, the OEB approved the corporation's final rate application to recover the remaining amounts from customers up to April 30, 2008. In the absence of such regulation, this deferred revenue would not have existed and no rate of return on capital would be capitalized under Canadian generally accepted accounting principles.

(j) Corporate income and capital taxes

Under the Electricity Act, 1998, the corporation is required to make payments-in-lieu of corporate taxes to the Ontario Energy Finance corporation. These payments are calculated in accordance with the rules of computing income and taxable capital and other relevant amounts contained in the Income Tax Act (Canada) and the Corporation Tax Act (Ontario) as modified by the Electricity Act, 1998, and related regulations.

The corporation provides for payments-in-lieu of corporate income taxes relating to its regulated businesses using the taxes payable method as directed by the Ontario Energy Board. Under the taxes payable method, no provisions are made for future income taxes as a result of temporary differences between the tax basis of assets and liabilities and their carrying amounts for accounting purposes. When recorded future income taxes become payable, it is expected that they will be included in the rates approved by the Ontario Energy Board and recovered from the customers of the corporation at that time.

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended December 31, 2006

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

(k) Financial instruments

(i) Fair value of financial instruments

The carrying amounts reported on the balance sheet for cash, accounts receivable, and accounts payable, approximate fair values due to the immediate and short-term maturities of these financial instruments.

The fair value of long-term debt, including the current portion, is based on rates currently available to the corporation with similar terms and maturities and approximates its carrying amounts as disclosed on the balance sheet.

(ii) Concentration of credit risk

The corporation does not believe it is subject to any significant concentration of credit risk. Cash is in place with major financial institutions. Accounts receivable are the result of sales to individuals, corporations and not-for-profit organizations geographically concentrated within Eastern Ontario.

**2. CAPITAL**

	Cost	Accumulated Amortization	Net 2006	Net 2005
Land	\$ 84,205	\$ -	\$ 84,205	\$ 84,205
Buildings and fixtures	16,600	2,167	14,433	14,563
Distribution equipment	4,422,041	847,392	3,574,649	3,416,930
Tools and equipment	103,453	49,423	54,030	62,738
Computer hardware and software	104,103	67,899	36,204	49,290
Construction in progress	-	-	-	9,644
Less: Contributions in aid of construction	(244,871)	(28,533)	(216,338)	(146,678)
	<b>\$ 4,485,531</b>	<b>\$ 938,348</b>	<b>\$ 3,547,183</b>	<b>\$ 3,490,692</b>

**3. NET REGULATORY ASSETS**

	2006	2005
Market ready transition costs	\$ -	\$ 382,123
Retail settlement variance accounts	69,736	724,364
Receivable (recovery) of net regulatory assets	707,942	(550,028)
	<b>\$ 777,678</b>	<b>\$ 556,459</b>

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended December 31, 2006

**3. NET REGULATORY ASSETS (Continued)**

The Ontario Energy Board approved final billing rates for the recovery of prior years' net regulatory assets of \$1,743,237. The corporation has recovered \$1,046,794 of these costs as of December 31, 2006, of which \$100,690 (2005 - \$87,822) has been recorded as revenue for the recovery of pre-market opening cost of power. The remaining balance is expected to be recovered by April 30, 2008.

As a result of the successful rate application, the corporation was directed by the Ontario Energy Board to reallocate the approved costs to receivable (recovery) of net regulatory assets as of May 1, 2006. The reallocation included market ready transition costs of \$342,000 and retail settlement variance accounts of \$1,401,237.

As a result of the successful rate application for a minimum review of the market ready transition costs by the corporation, non-recoverable market ready transition costs of \$46,976 (2005 - \$58,001) were expensed in the year.

**4. ADVANCES FROM RELATED PARTIES**

	2006	2005
Advances from Rideau St. Lawrence Utilities Inc.	\$ 130,177	\$ 94,304
Advances from Rideau St. Lawrence Services Inc.	6,127	806
	\$ 136,304	\$ 95,110

The corporation is related to Rideau St. Lawrence Holdings Inc., Rideau St. Lawrence Utilities Inc., and Rideau St. Lawrence Services Inc. through common ownership. The corporation is a wholly-owned subsidiary of Rideau St. Lawrence Holdings Inc.

During the year, the corporation incurred administration, maintenance and other service expenditures with Rideau St. Lawrence Utilities Inc. Terms and conditions of transactions with Rideau St. Lawrence Utilities Inc. are covered by a Master Services Agreement dated November 1, 2000. Under this agreement, Rideau St. Lawrence Utilities Inc. provides specified services to the corporation on a fee for services basis.

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended December 31, 2006

**5. LONG-TERM DEBT**

	2006	2005
Loan payable, interest at 4.99%, payable in blended monthly payments of \$10,096, due July 2011, secured by specific assets	\$ 507,924	\$ 606,158
Promissory note, Corporation of the Township of Edwardsburgh/Cardinal	225,000	225,000
Promissory note, Corporation of the Township of South Dundas	938,352	938,352
	<b>1,671,276</b>	<b>1,769,510</b>
Less: current portion	100,000	99,100
	<b>\$ 1,571,276</b>	<b>\$ 1,670,410</b>

The promissory notes bear interest at a rate determined by the Board of Directors not to exceed 7.25% per annum and are unsecured. Principal and interest shall be payable at the discretion of the Board of Directors. Interest rate at December 31, 2006 was 4.99%.

The repayment of long-term debt is as follows:

	2007	\$	100,000
	2008		106,600
	2009		112,000
	2010		117,600
	2011		71,724
	Thereafter		1,163,352
		<b>\$</b>	<b>1,671,276</b>

**6. ADVANCES FROM RELATED PARTIES**

Advances from related party is due to Rideau St. Lawrence Holdings Inc., bears no interest, has no specific terms of repayment, and is unsecured.

**7. CAPITAL STOCK**

Authorized -

Unlimited common shares

	2006	2005
Issued -		
2,511,123 common shares	\$ 2,511,123	\$ 2,511,123

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended December 31, 2006

**8. PAYMENTS-IN-LIEU OF CORPORATE TAXATION**

The provision for payments-in-lieu of corporate income taxes (PIL's) differs from the amount that would have been recorded using the combined Canadian Federal and Ontario statutory income tax rate. A reconciliation between the statutory and effective tax rates is provided as follows:

		<b>2006</b>		2005
Income before PIL's	\$	<b>147,484</b>	\$	159,915
Federal and Ontario statutory income tax rates		<b>18.62%</b>		18.62%
PIL's at statutory rate		<b>27,462</b>		29,776
Decrease resulting from:				
Temporary differences:				
Capital cost allowance in excess of amortization		<b>(9,401)</b>		(17,193)
Interest improvement charges		<b>10,338</b>		10,338
Non-deductible amortization of Net Regulatory Assets		<b>-</b>		10,800
		<b>937</b>		3,945
Permanent differences:				
(Recovery) Corporate Minimum Tax		<b>(2,490)</b>		(3,563)
Provision for PIL's	\$	<b>25,909</b>	\$	30,158
Effective income tax rate		<b>17.57%</b>		18.86%

As at December 31, 2006, future income tax assets of \$234,800 (2005 - \$244,600), based on current income tax rates, have not been recorded.

**9. CONTINGENCIES**

The corporation entered into an irrevocable standing letter of credit with a financial institution. The letter of credit is a prudential support obligation required by all small distribution companies in Ontario for the Independent Electricity Market Operator (IMO). The prudential support obligation is calculated at \$714,034, which the corporation has not exercised as of December 31, 2006.

**10. COMPARATIVE FIGURES**

The comparative figures have been restated to conform to the current year's financial statement presentation.

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.****PRO FORMA FINANCIAL STATEMENTS****BRIDGE YEAR****2007 Balance Sheet**

<b>Group Description</b>	<b>Account Description</b>	<b>Total</b>
1050-Current Assets	1005-Cash	670,131
	1010-Cash Advances and Working Funds	1,350
	1100-Customer Accounts Receivable	948,019
	1102-Accounts Receivable - Services	38,127
	1110-Other Accounts Receivable	39,628
	1120-Accrued Utility Revenues	1,061,781
	1130-Accumulated Provision for Uncollectible Accounts--Credit	(86,797)
	1180-Prepayments	70,000
1050-Current Assets Total		<u>2,742,239</u>
1100-Inventory	1330-Plant Materials and Operating Supplies	216,814
1100-Inventory Total		<u>216,814</u>
1200-Other Assets and Deferred Charges	1508-Other Regulatory Assets	20,881
	1518-RCVARetail	8,207
	1548-RCVASTR	17,469
	1550-LV Variance Account	48,833
	1555-Smart Meters Capital Variance Account	(5,855)
	1562-Deferred Payments in Lieu of Taxes	37,441
	1563-Account 1563 - Deferred PILs Contra Account	(37,441)
	1565-Conservation and Demand Management Expenditures and Recoveries	37,425
	1566-CDM Contra Account	(37,425)
	1580-RSVAWMS	(35,415)
	1582-RSVAONE-TIME	7,117
	1584-RSVANW	(61,019)
	1586-RSVACN	(43,713)
	1588-RSVAPOWER	117,242
	1590-Recovery of Regulatory Asset Balances	134,535
1200-Other Assets and Deferred Charges Total		<u>208,282</u>

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.****PRO FORMA FINANCIAL STATEMENTS****BRIDGE YEAR****2007 Balance Sheet**

<b><u>Group Description</u></b>	<b><u>Account Description</u></b>	<b><u>Total</u></b>
1450-Distribution Plant	1805-Land	84,205
	1808-Buildings and Fixtures	16,600
	1820-Distribution Station Equipment - Normally Primary below 50 kV	555,030
	1830-Poles, Towers and Fixtures	278,028
	1835-Overhead Conductors and Devices	1,655,734
	1840-Underground Conduit	460,784
	1845-Underground Conductors and Devices	315,954
	1850-Line Transformers	786,150
	1855-Services	140,825
	1860-Meters	395,940
1450-Distribution Plant Total		<u>4,689,249</u>
	1915-Office Furniture and Equipment	5,000
	1920-Computer Equipment - Hardware	102,556
	1925-Computer Software	11,546
	1930-Transportation Equipment	225,000
	1940-Tools, Shop and Garage Equipment	118,453
	1995-Contributions and Grants - Credit	(261,333)
1500-General Plant Total		<u>201,223</u>
1600-Accumulated Amortization	2105-Accum. Amortization of Electric Utility Plant - Property, Plant, & Equipment	(1,153,354)
1600-Accumulated Amortization Total		<u>(1,153,354)</u>
1650-Current Liabilities	2205-Accounts Payable	(625,163)
	2208-Customer Credit Balances	(107,444)
	2210-Current Portion of Customer Deposits	(79,000)
	2220-Miscellaneous Current and Accrued Liabilities	(234,003)
	2240-Accounts Payable to Associated Companies	(469,682)
	2250-Debt Retirement Charges( DRC) Payable	(69,340)
	2260-Current Portion of Long Term Debt	(101,184)
	2290-Commodity Taxes	(19,346)
	2294-Accrual for Taxes, Payments in Lieu of Taxes, Etc.	4,249
1650-Current Liabilities Total		<u>(1,700,911)</u>



**RIDEAU ST. LAWRENCE DISTRIBUTION INC.****PRO FORMA FINANCIAL STATEMENTS****BRIDGE YEAR****2007 Balance Sheet**

<b><u>Group Description</u></b>	<b><u>Account Description</u></b>	<b><u>Total</u></b>
1700- Non-Current Liabilities	2315-Accumulated Provision for Rate Refunds	5
	2320-Other Miscellaneous Non-Current Liabilities	(2,060)
	2335-Long Term Customer Deposits	(66,206)
	2405-Other Regulatory Liabilities	(392,016)
	2425-Other Deferred Credits	<u>(20,000)</u>
1700-Non-Current Liabilities Total		<u>(480,277)</u>
1800-Long-Term Debt	2525-Term Bank Loans - Long Term Portion	(406,904)
	2550-Advances from Associated Companies	<u>(1,163,352)</u>
1800-Long-Term Debt Total		<u>(1,570,256)</u>
1850-Shareholders' Equity	3005-Common Shares Issued	(2,511,123)
	3045-Unappropriated Retained Earnings	(61,094)
	3046-Balance Transferred From Income	(681,267)
	3049-Dividends Payable-Common Shares	<u>103,200</u>
1850-Shareholders' Equity Total		<u>(3,150,284)</u>
		<u>(0)</u>
Grand Total		<u>(0)</u>

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.****PRO FORMA FINANCIAL STATEMENTS****BRIDGE YEAR****2007 Income Statement**

<b>Group Description</b>	<b>Account Description</b>	<b>Total</b>
3000-Sales of Electricity	4006-Residential Energy Sales	(2,567,733)
	4010-Commercial Energy Sales	(1,312,260)
	4015-Industrial Energy Sales	(1,973,674)
	4025-Street Lighting Energy Sales	(90,464)
	4030-Sentinel Lighting Energy Sales	(5,997)
	4035-General Energy Sales	(113,513)
	4055-Energy Sales for Resale	(916,386)
	4062-Billed WMS	(770,074)
	4066-Billed NW	(661,754)
	4068-Billed CN	(583,336)
3000-Sales of Electricity Total		<u>(8,995,191)</u>
3050-Revenues From Services - Distribution	4080-Distribution Services Revenue	(1,564,784)
	4082-Retail Services Revenues	(7,000)
	4084-Service Transaction Requests (STR) Revenues	(634)
3050-Revenues From Services - Distribution Total		<u>(1,572,418)</u>
3100-Other Operating Revenues	4210-Rent from Electric Property	(43,605)
	4225-Late Payment Charges	(52,700)
	4235-Miscellaneous Service Revenues	(94,264)
3100-Other Operating Revenues Total		<u>(190,569)</u>
3150-Other Income & Deductions	4375-Revenues from Non-Utility Operations	(23,190)
3150-Other Income & Deductions Total		<u>(23,190)</u>
3200-Investment Income	4405-Interest and Dividend Income	(34,918)
3200-Investment Income Total		<u>(34,918)</u>

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.****PRO FORMA FINANCIAL STATEMENTS****BRIDGE YEAR****2007 Income Statement**

<b>Group Description</b>	<b>Account Description</b>	<b>Total</b>
3350-Power Supply Expenses	4705-Power Purchased	6,866,515
	4708-Charges-WMS	770,074
	4714-Charges-NW	661,754
	4716-Charges-CN	583,336
	4720-Other Expenses	12,004
	4750-Charges-LV	101,509
		<hr/>
3350-Power Supply Expenses Total		8,995,191
		<hr/>
3500-Distribution Expenses - Operation	5005-Operation Supervision and Engineering	87,696
	5012-Station Buildings and Fixtures Expense	1,871
	5016-Distribution Station Equipment - Operation Labour	1,296
	5020-Overhead Distribution Lines and Feeders - Operation Labour	7,729
	5035-Overhead Distribution Transformers- Operation	3,766
	5065-Meter Expense	877
	5070-Customer Premises - Operation Labour	316
	5085-Miscellaneous Distribution Expense	59,498
	5095-Overhead Distribution Lines and Feeders - Rental Paid	22,031
		<hr/>
3500-Distribution Expenses - Operation Total		185,081
		<hr/>

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.****PRO FORMA FINANCIAL STATEMENTS****BRIDGE YEAR****2007 Income Statement**

<b>Group Description</b>	<b>Account Description</b>	<b>Total</b>
3550-Distribution Expenses - Maintenance	5110-Maintenance of Buildings and Fixtures - Distribution Stations	171
	5114-Maintenance of Distribution Station Equipment	2,400
	5120-Maintenance of Poles, Towers and Fixtures	38,384
	5125-Maintenance of Overhead Conductors and Devices	77,299
	5130-Maintenance of Overhead Services	35,505
	5135-Overhead Distribution Lines and Feeders - Right of Way	56,430
	5145-Maintenance of Underground Conduit	468
	5150-Maintenance of Underground Conductors and Devices	12,160
	5155-Maintenance of Underground Services	8,562
	5160-Maintenance of Line Transformers	55,927
	5175-Maintenance of Meters	3,910
3550-Distribution Expenses - Maintenance Total		<u>291,216</u>
3650-Billing and Collecting	5310-Meter Reading Expense	51,896
	5315-Customer Billing	258,214
	5320-Collecting	31,598
	5335-Bad Debt Expense	13,000
3650-Billing and Collecting Total		<u>354,708</u>
3700-Community Relations	5410-Community Relations - Sundry	248
3700-Community Relations Total		<u>248</u>
3800-Administrative and General Expenses	5615-General Administrative Salaries and Expenses	329,970
	5620-Office Supplies and Expenses	15,521
	5625-Administrative Expense Transferred Credit	21,817
	5630-Outside Services Employed	71,101
	5635-Property Insurance	36,549
	5655-Regulatory Expenses	7,927
	5665-Miscellaneous General Expenses	83,536
	5670-Rent	7,528
5675-Maintenance of General Plant	21,713	
3800-Administrative and General Expenses Total		<u>595,662</u>

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.****PRO FORMA FINANCIAL STATEMENTS****BRIDGE YEAR****2007 Income Statement**

<b>Group Description</b>	<b>Account Description</b>	<b>Total</b>
3850-Amortization Expense	5705-Amortization Expense - Property, Plant, and Equipment	217,414
3850-Amortization Expense Total		<u>217,414</u>
3900-Interest Expense	6030-Interest on Debt to Associated Companies	58,051
	6035-Other Interest Expense	37,213
3900-Interest Expense Total		<u>95,264</u>
3950-Taxes Other Than Income Taxes	6105-Taxes Other Than Income Taxes	21,879
3950-Taxes Other Than Income Taxes Total		<u>21,879</u>
4000-Income Taxes	6110-Income Taxes	0
4000-Income Taxes Total		<u>0</u>
Grand Total		<u>(56,924)</u>

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.****PRO FORMA FINANCIAL STATEMENTS****TEST YEAR****2008 Balance Sheet**

<b>Group Description</b>	<b>Account Description</b>	<b>Total</b>
1050-Current Assets	1005-Cash	670,131
	1010-Cash Advances and Working Funds	1,350
	1100-Customer Accounts Receivable	948,019
	1102-Accounts Receivable - Services	38,127
	1110-Other Accounts Receivable	39,628
	1120-Accrued Utility Revenues	1,061,781
	1130-Accumulated Provision for Uncollectible Accounts-- Credit	(86,797)
	1180-Prepayments	46,667
1050-Current Assets Total		<u>2,718,906</u>
1100-Inventory	1330-Plant Materials and Operating Supplies	216,814
1100-Inventory Total		<u>216,814</u>
1200-Other Assets and Deferred Charges	1555-Smart Meters Capital Variance Account	(5,855)
	1563-Account 1563 - Deferred PILs Contra Account	(37,441)
	1565-Conservation and Demand Management Expenditures and Recoveries	37,425
	1566-CDM Contra Account	(37,425)
	1590-Recovery of Regulatory Asset Balances	31,206
1200-Other Assets and Deferred Charges Total		<u>(12,090)</u>
1450-Distribution Plant	1805-Land	84,205
	1806-Land Rights	40,000
	1808-Buildings and Fixtures	16,600
	1820-Distribution Station Equipment - Normally Primary below 50 kV	617,430
	1830-Poles, Towers and Fixtures	323,028
	1835-Overhead Conductors and Devices	1,700,734
	1840-Underground Conduit	460,784
	1845-Underground Conductors and Devices	315,954
	1850-Line Transformers	806,150
	1855-Services	140,825
	1860-Meters	400,940
1450-Distribution Plant Total		<u>4,906,649</u>

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.****PRO FORMA FINANCIAL STATEMENTS****TEST YEAR****2008 Balance Sheet**

<b>Group Description</b>	<b>Account Description</b>	<b>Total</b>
1500-General Plant	1915-Office Furniture and Equipment	5,000
	1920-Computer Equipment - Hardware	137,556
	1925-Computer Software	71,546
	1930-Transportation Equipment	250,000
	1940-Tools, Shop and Garage Equipment	128,453
	1995-Contributions and Grants - Credit	(261,333)
1500-General Plant Total		<u>331,223</u>
1600-Accumulated Amortization	2105-Accum. Amortization of Electric Utility Plant - Property, Plant, & Equipment	(1,407,172)
1600-Accumulated Amortization Total		<u>(1,407,172)</u>
1650-Current Liabilities	2205-Accounts Payable	(320,314)
	2208-Customer Credit Balances	(107,444)
	2210-Current Portion of Customer Deposits	(79,000)
	2220-Miscellaneous Current and Accrued Liabilities	(234,003)
	2240-Accounts Payable to Associated Companies	(469,682)
	2250-Debt Retirement Charges( DRC) Payable	(69,340)
	2260-Current Portion of Long Term Debt	(106,351)
	2290-Commodity Taxes	(19,346)
	2294-Accrual for Taxes, Payments in Lieu of Taxes, Etc.	4,249
1650-Current Liabilities Total		<u>(1,401,229)</u>
1700-Non-Current Liabilities	2315-Accumulated Provision for Rate Refunds	5
	2320-Other Miscellaneous Non-Current Liabilities	(2,060)
	2335-Long Term Customer Deposits	(66,206)
	2405-Other Regulatory Liabilities	(392,016)
	2425-Other Deferred Credits	(20,000)
1700-Non-Current Liabilities Total		<u>(480,277)</u>
1800-Long-Term Debt	2525-Term Bank Loans - Long Term Portion	(300,553)
	2550-Advances from Associated Companies	(1,163,352)
1800-Long-Term Debt Total		<u>(1,463,905)</u>
1850-Shareholders' Equity	3005-Common Shares Issued	(2,511,123)
	3045-Unappropriated Retained Earnings	(120,741)
	3046-Balance Transferred From Income	(880,253)
	3049-Dividends Payable-Common Shares	103,200
1850-Shareholders' Equity Total		<u>(3,408,917)</u>
Grand Total		<u>(0)</u>

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.****PRO FORMA FINANCIAL STATEMENTS****TEST YEAR****2008 Income Statement**

<b>Group Description</b>	<b>Account Description</b>	<b>Total</b>
3000-Sales of Electricity	4006-Residential Energy Sales	(2,796,081)
	4010-Commercial Energy Sales	(1,396,000)
	4015-Industrial Energy Sales	(2,097,000)
	4025-Street Lighting Energy Sales	(90,464)
	4030-Sentinel Lighting Energy Sales	(5,997)
	4035-General Energy Sales	(113,513)
	4055-Energy Sales for Resale	(916,386)
	4062-Billed WMS	(770,074)
	4066-Billed NW	(661,754)
	4068-Billed CN	(583,336)
3000-Sales of Electricity Total		<u>(9,430,605)</u>
3050-Revenues From Services - Distribution	4080-Distribution Services Revenue	(2,015,392)
	4082-Retail Services Revenues	(7,000)
	4084-Service Transaction Requests (STR) Revenues	(634)
3050-Revenues From Services - Distribution Total		<u>(2,023,026)</u>
3100-Other Operating Revenues	4210-Rent from Electric Property	(43,605)
	4225-Late Payment Charges	(52,700)
	4235-Miscellaneous Service Revenues	(94,264)
3100-Other Operating Revenues Total		<u>(190,569)</u>
3200-Investment Income	4405-Interest and Dividend Income	(31,000)
3200-Investment Income Total		<u>(31,000)</u>
3350-Power Supply Expenses	4705-Power Purchased	7,301,929
	4708-Charges-WMS	770,074
	4710-Cost of Power Adjustments	0
	4712-Charges-One-Time	0
	4714-Charges-NW	661,754
	4715-System Control and Load Dispatching	0
	4716-Charges-CN	583,336
	4720-Other Expenses	12,004
	4725-Competition Transition Expense	0
	4730-Rural Rate Assistance Expense	0
	4750-Charges-LV	101,509
3350-Power Supply Expenses Total		<u>9,430,605</u>



**RIDEAU ST. LAWRENCE DISTRIBUTION INC.****PRO FORMA FINANCIAL STATEMENTS****TEST YEAR****2008 Income Statement**

<b>Group Description</b>	<b>Account Description</b>	<b>Total</b>
3500-Distribution Expenses - Operation	5005-Operation Supervision and Engineering	89,889
	5012-Station Buildings and Fixtures Expense	1,917
	5016-Distribution Station Equipment - Operation Labour	1,329
	5020-Overhead Distribution Lines and Feeders - Operation Labour	7,922
	5035-Overhead Distribution Transformers- Operation	3,861
	5065-Meter Expense	899
	5070-Customer Premises - Operation Labour	324
	5085-Miscellaneous Distribution Expense	60,985
	5095-Overhead Distribution Lines and Feeders - Rental Paid	<u>22,582</u>
	3500-Distribution Expenses - Operation Total	<u>189,708</u>
3550-Distribution Expenses - Maintenance	5110-Maintenance of Buildings and Fixtures - Distribution Stations	175
	5114-Maintenance of Distribution Station Equipment	70,700
	5120-Maintenance of Poles, Towers and Fixtures	39,343
	5125-Maintenance of Overhead Conductors and Devices	94,356
	5130-Maintenance of Overhead Services	41,393
	5135-Overhead Distribution Lines and Feeders - Right of Way	72,966
	5145-Maintenance of Underground Conduit	480
	5150-Maintenance of Underground Conductors and Devices	12,464
	5155-Maintenance of Underground Services	8,776
	5160-Maintenance of Line Transformers	57,325
3550-Distribution Expenses - Maintenance Total	<u>401,986</u>	

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.****PRO FORMA FINANCIAL STATEMENTS****TEST YEAR****2008 Income Statement**

<b>Group Description</b>	<b>Account Description</b>	<b>Total</b>
3650-Billing and Collecting	5310-Meter Reading Expense	53,194
	5315-Customer Billing	264,669
	5320-Collecting	32,388
	5335-Bad Debt Expense	13,325
3650-Billing and Collecting Total		<u>363,576</u>
3700-Community Relations	5410-Community Relations - Sundry	254
3700-Community Relations Total		<u>254</u>
3800-Administrative and General Expenses	5615-General Administrative Salaries and Expenses	338,219
	5620-Office Supplies and Expenses	15,909
	5625-Administrative Expense Transferred Credit	19,578
	5630-Outside Services Employed	72,879
	5635-Property Insurance	37,463
	5655-Regulatory Expenses	31,458
	5665-Miscellaneous General Expenses	85,624
	5670-Rent	7,716
	5675-Maintenance of General Plant	22,256
3800-Administrative and General Expenses Total		<u>631,102</u>
3850-Amortization Expense	5705-Amortization Expense - Property, Plant, and Equipment	253,818
3850-Amortization Expense Total		<u>253,818</u>
3900-Interest Expense	6030-Interest on Debt to Associated Companies	52,911
	6035-Other Interest Expense	37,213
3900-Interest Expense Total		<u>90,124</u>
3950-Taxes Other Than Income Taxes	6105-Taxes Other Than Income Taxes	22,426
3950-Taxes Other Than Income Taxes Total		<u>22,426</u>
4000-Income Taxes	6110-Income Taxes	32,968
4000-Income Taxes Total		<u>32,968</u>
Grand Total		<u>(258,633)</u>

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**

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

There are no differences between financial statements and the financial results filed.

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**

**PROPOSED ACCOUNTING TREATMENT**

RSL's accounting methodology complies with The Board's *Accounting Procedures Handbook*.

For Capital projects that have a project life cycle greater than one year, costs are recorded in Construction in Progress. At the completion of the project those costs will be capitalized and depreciated over the appropriate term in accordance with the *Uniform System of Accounts*.

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**

**INFORMATION ON PARENT AND SUBSIDIARIES**

Information about Rideau St. Lawrence's Distribution Inc.'s parent company – Rideau St. Lawrence Holdings Inc. is contained at Exhibit 1, Tab 1 Schedule 14.

RSL has no subsidiary companies.

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**

<u>Exhibit</u>	<u>Tab</u>	<u>Schedule</u>	<u>Contents of Schedule</u>
<b><u>2 – Rate Base</u></b>			
	1		<b><u>Overview</u></b>
		1	Rate Base Overview
		2	Rate Base Summary Table
		3	Variance Analysis on Rate Base Summary Table
	2		<b><u>Gross Assets – Property, Plant and Equipment Accumulated</u></b>
			<b><u>Depreciation</u></b>
		1	Fixed Asset Continuity Statements
		2	Gross Assets Table
		3	Materiality Analysis on Gross Assets
		4	Accumulated Depreciation Table
		5	Materiality Analysis on Accumulated Depreciation
	3		<b><u>Capital Budget</u></b>
		1	Overview
		2	Capital Budget by Account
		3	Capital Budget by Project - Materiality Analysis
		4	System Expansions
		5	Capitalization Policy
	4		<b><u>Allowance for Working Capital</u></b>
		1	Working Capital Allowance Calculations by Account

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**

**RATE BASE OVERVIEW**

A projection of Rideau St. Lawrence Distribution Inc.'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 EDR and 2006 Actual.

Rideau St. Lawrence Distribution Inc.'s forecast rate base for the test year is \$5,439,857. 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 Rideau St. Lawrence Distribution Inc.'s working capital allowance are provided at Exhibit 2, Tab 4, Schedule 1.

Continuity schedules for Historical Board Approved, Historical Actual, Bridge and Test years are provided at Exhibit 2, Tab 2, Schedule 1.

**Gross Asset – Property, Plant and Equipment and Accumulated Depreciation**

The bridge and test year's gross asset balance reflects the capital expenditure programs forecast for both years. These programs are described in detail in Rideau St. Lawrence Distribution Inc.'s written evidence at Exhibit 2, Tab 2, Schedule 2. The justification for capital projects in excess of 1% of the net fixed assets are filed at Exhibit 2, Tab 3, Schedule 2.

**Capital Budget**

The Capital Budget for both the bridge year and test year is included in Exhibit 2, Tab 3, Schedule 1. This provides all the relevant information pertaining to the Capital Program at Rideau St. Lawrence Distribution Inc. The review for capital projects in excess of 1% of the net fixed assets are in Exhibit 2, Tab 3, Schedule 2.

**Allowance for Working Capital**

The calculation for Working Capital by Account is included at Exhibit 2, Tab 4, Schedule 1.

RIDEAU ST. LAWRENCE 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	\$ 3,905,421	\$ 4,473,933	\$ 568,512	\$ 4,473,933	\$ 4,890,472	\$ 416,539	\$ 4,890,472	\$ 5,237,872	\$ 347,400
<u>Accumulated Depreciation</u> Depreciation	\$ 518,349	\$ 935,940	\$ 417,591	\$ 935,940	\$ 1,153,354	\$ 217,414	\$ 1,153,354	\$ 1,407,172	\$ 253,818
Net Fixed Asset	<u>\$ 3,387,072</u>	<u>\$ 3,537,993</u>	<u>\$ 150,921</u>	<u>\$ 3,537,993</u>	<u>\$ 3,737,118</u>	<u>\$ 199,125</u>	<u>\$ 3,737,118</u>	<u>\$ 3,830,700</u>	<u>\$ 93,582</u>
Prior Year Balance	\$ 3,387,072	\$ 3,490,692	\$ 103,620	\$ 3,490,692	\$ 3,537,993	\$ 47,301	\$ 3,537,993	\$ 3,737,118	\$ 199,125
Average Net Fixed Asset	<u>\$ 3,387,072</u>	<u>\$ 3,514,343</u>	<u>\$ 127,271</u>	<u>\$ 3,514,343</u>	<u>\$ 3,637,555</u>	<u>\$ 123,213</u>	<u>\$ 3,637,555</u>	<u>\$ 3,783,909</u>	<u>\$ 146,354</u>
<u>Allowance for Working</u> <u>Capital</u>	\$ 1,502,483	\$ 1,560,542	\$ 58,059	\$ 1,560,542	\$ 1,566,598	\$ 6,056	\$ 1,566,598	\$ 1,655,949	\$ 89,351
Utility Rate Base	<u>\$ 4,889,555</u>	<u>\$ 5,074,884</u>	<u>\$ 185,330</u>	<u>\$ 5,074,884</u>	<u>\$ 5,204,153</u>	<u>\$ 129,269</u>	<u>\$ 5,204,153</u>	<u>\$ 5,439,858</u>	<u>\$ 235,705</u>



**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**

**VARIANCE ANALYSIS ON RATE BASE SUMMARY TABLE**

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

RSL's rate base materiality threshold used, as prescribed by the Filing Guidelines, is 1% of total net fixed assets. As illustrated by the Rate Base Summary above, the variances in RSL's rate base (both actual and forecasted) exceed this materiality threshold for each year. Written explanations for these rate base variances are set out in the following sections.

**2006 Board Approved**

The 2006 Board Approved total Rate Base was \$4,889,555. Net Fixed Assets were \$3,387,072, and the 15% Working Capital was \$1,502,483 for the 2006 Board Approved Rate Base.

**2006 Actual**

The total rate base for 2006 Actual was \$5,074,884. Net Fixed Assets were \$3,514,343, and the 15% Working Capital was \$1,560,542 for the 2006 Actual Rate Base.

**Comparison 2006 Board Approved to 2006 Actual**

As illustrated by the Rate Base Summary table RSL's 2006 actual rate base was \$185,330 higher than the 2006 Board approved rate base. The difference between the RSL's Board approved rate base and the Actual 2006 rate base is primarily due to the use of 2004 historic data to establish the 2006 Board approved rate base. The variance is primarily due to two years of capital expenditures. Details of the Capital expenditures are shown in Exhibit 2, Tab 3, Schedule 1, of this application.

**2007 Bridge Year**

The 2007 Bridge Year rate base is projected to be \$5,204,153. Net Fixed Assets are \$3,637,555 and the 15% Working Capital is \$1,566,598.

**Comparison to 2006 Actual**

The total rate base is expected to be \$129,269 or 2.5% higher in the 2007 Bridge year than the 2006 Actual year. The increase can be attributed to net fixed asset additions of \$123,213 and an increase in working capital of \$6,056. The increase is due to the purchase of a new line truck in the amount of \$225,000. The net fixed asset value of this vehicle at the end of 2007 is \$210,938. The total Capital additions for 2007 are \$416,539.

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**

**VARIANCE ANALYSIS ON RATE BASE SUMMARY TABLE**

**2008 Test Year**

As shown in the above noted Exhibit, the total rate base in the 2008 test year is forecast to be \$5,439,858. Net fixed assets accounts for \$3,783,909 of this total. The allowance for working capital totals \$1,655,949.

**Comparison to 2007 Bridge Year**

The total rate base is expected to be \$235,705 or 4.5% higher in the 2008 Test Year than the 2007 Bridge year. The increase can be attributed to net fixed asset additions of \$199,125 and an increase in working capital of \$89,351. This increase is the result of fixed asset additions in the amount of \$347,400, plus the transfer of wholesale meter service costs of \$62,700 from unbundled transmission rates to distribution expenses. The working capital increase for this added cost is \$9,405.

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.****FIXED ASSET 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
<b><u>Land and Buildings</u></b>									
<b><u>Land</u></b>									
1805-Land - Opening Balance	84,205		84,205	84,205	-	84,205	84,205	-	84,205
1805-Land - Additions			-			-			-
1805-Land - Depreciation			-			-			-
1805-Land - Adjustments			-			-			-
1805-Land - Closing Balance	<u>84,205</u>	<u>-</u>	<u>84,205</u>	<u>84,205</u>	<u>-</u>	<u>84,205</u>	<u>84,205</u>	<u>-</u>	<u>84,205</u>
Average	<u>84,205</u>	<u>-</u>	<u>84,205</u>	<u>84,205</u>	<u>-</u>	<u>84,205</u>	<u>84,205</u>	<u>-</u>	<u>84,205</u>
Change in year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b><u>Buildings and Fixtures</u></b>									
1808-Buildings and Fixtures - Opening Balance	16,600	1,837	14,763	16,600	2,167	14,433	16,600	2,499	14,101
1806-Buildings and Fixtures - Additions			-			-	40,000		40,000
1806-Buildings and Fixtures - Depreciation		330	(330)		332	(332)		2,332	(2,332)
1808-Buildings and Fixtures - Adjustments			-			-			-
1808-Buildings and Fixtures - Closing balance	<u>16,600</u>	<u>2,167</u>	<u>14,433</u>	<u>16,600</u>	<u>2,499</u>	<u>14,101</u>	<u>56,600</u>	<u>4,831</u>	<u>51,769</u>
Average	<u>16,600</u>	<u>2,002</u>	<u>14,598</u>	<u>16,600</u>	<u>2,333</u>	<u>14,267</u>	<u>36,600</u>	<u>3,665</u>	<u>32,935</u>
Change in year	<u>-</u>	<u>330</u>	<u>(330)</u>	<u>-</u>	<u>332</u>	<u>(332)</u>	<u>40,000</u>	<u>2,332</u>	<u>37,668</u>

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.****FIXED ASSET 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
<b><u>Distribution Station Equipment - Normally Primary below 50 kV</u></b>									
1820-D istribution Station Equipment - Normally Primary below 50 kV - Opening Balance	443,245	63,051	380,195	542,030	82,766	459,264	555,030	104,708	450,322
1820-D istribution Station Equipment - Normally Primary below 50 kV - Additions	98,784		98,784	13,000		13,000	62,400		62,400
1820-D istribution Station Equipment - Normally Primary below 50 kV - Depreciation		19,715	(19,715)		21,942	(21,942)		23,449	(23,449)
1820-D istribution Station Equipment - Normally Primary below 50 kV - Adjustments			-			-			-
1820-D istribution Station Equipment - Normally Primary below 50 kV - Closing Balance	542,030	82,766	459,264	555,030	104,708	450,322	617,430	128,157	489,273
Average	492,637	72,908	419,729	548,530	93,737	454,793	586,230	116,432	469,797
Change in year	98,784	19,715	79,069	13,000	21,942	(8,942)	62,400	23,449	38,951
<b><u>Poles and Wires</u></b>									
1830-P oles, Towers and Fixtures - Opening Balance	217,622	17,206	200,416	248,028	26,519	221,509	278,028	37,040	240,988
1830-P oles, Towers and Fixtures - Additions	30,406		30,406	30,000		30,000	45,000		45,000
1830-P oles, Towers and Fixtures - Depreciation		9,313	(9,313)		10,521	(10,521)		12,022	(12,022)
1830-P oles, Towers and Fixtures - Adjustments			-			-			-
1830-P oles, Towers and Fixtures - Closing Balance	248,028	26,519	221,509	278,028	37,040	240,988	323,028	49,062	273,966
Average	232,825	21,863	210,962	263,028	31,780	231,248	300,528	43,051	257,477
Change in year	30,406	9,313	21,093	30,000	10,521	19,479	45,000	12,022	32,978

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.****FIXED ASSET 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
<b><u>Overhead Conductors and Devices</u></b>									
1835-Overhead Conductors and Devices-Opening Balance	1,604,050	293,240	1,310,810	1,625,734	357,840	1,267,893	1,655,734	423,469	1,232,264
1835-Overhead Conductors and Devices-Additions	21,684		21,684	30,000		30,000	45,000		45,000
1835-Overhead Conductors and Devices-Depreciation		64,600	(64,600)		65,629	(65,629)		67,129	(67,129)
1835-Overhead Conductors and Devices-Adjustments			-			-			-
1835-Overhead Conductors and Devices-Closing Balance	1,625,734	357,840	1,267,893	1,655,734	423,469	1,232,264	1,700,734	490,598	1,210,135
Average	1,614,892	325,540	1,289,352	1,640,734	390,655	1,250,079	1,678,234	457,034	1,221,200
Change in year	21,684	64,600	(42,916)	30,000	65,629	(35,629)	45,000	67,129	(22,129)
<b><u>Underground Conduit</u></b>									
1840-Underground Conduit-Opening Balance	460,784	84,066	376,718	460,784	102,497	358,287	460,784	120,928	339,856
1840-Underground Conduit-Additions			-			-			-
1840-Underground Conduit-Depreciation		18,431	(18,431)		18,431	(18,431)		18,432	(18,432)
1840-Underground Conduit-Adjustments			-			-			-
1840-Underground Conduit-Closing Balance	460,784	102,497	358,287	460,784	120,928	339,856	460,784	139,360	321,424
Average	460,784	93,281	367,503	460,784	111,713	349,071	460,784	130,144	330,640
Change in year	-	18,431	(18,431)	-	18,431	(18,431)	-	18,432	(18,432)

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.****FIXED ASSET 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
<b><u>Underground Conductors and Devices</u></b>									
1845-Underground Conductors and Devices-Opening Balance	270,707	42,281	228,426	295,954	53,630	242,325	315,954	65,868	250,087
1845-Underground Conductors and Devices-Additions	25,247		25,247	20,000		20,000			-
1845-Underground Conductors and Devices-Depreciation		11,348	(11,348)		12,238	(12,238)		12,638	(12,638)
1845-Underground Conductors and Devices-Adjustments			-			-			-
1845-Underground Conductors and Devices-Closing Balance	295,954	53,630	242,325	315,954	65,868	250,087	315,954	78,506	237,449
Average	283,331	47,955	235,375	305,954	59,749	246,206	315,954	72,187	243,768
Change in year	25,247	11,348	13,899	20,000	12,238	7,762	-	12,638	(12,638)
<b><u>Line Transformers</u></b>									
1850-Line Transformers-Opening Balance	640,625	104,237	536,388	761,150	132,282	628,868	786,150	163,228	622,922
1850-Line Transformers-Additions	120,525		120,525	25,000		25,000	20,000		20,000
1850-Line Transformers-Depreciation		28,045	(28,045)		30,946	(30,946)		31,846	(31,846)
1850-Line Transformers-Adjustments			-			-			-
1850-Line Transformers-Closing Balance	761,150	132,282	628,868	786,150	163,228	622,922	806,150	195,074	611,076
Average	700,887	118,259	582,628	773,650	147,755	625,895	796,150	179,151	616,999
Change in year	120,525	28,045	92,480	25,000	30,946	(5,946)	20,000	31,846	(11,846)

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.****FIXED ASSET 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
<b><u>Services and Meters</u></b>									
1855-Services-Opening Balance	93,976	8,210	85,766	120,825	12,536	108,289	140,825	17,769	123,056
1855-Services-Additions	26,849		26,849	20,000		20,000			-
1855-Services-Depreciation		4,327	(4,327)		5,233	(5,233)		5,633	(5,633)
1855-Services-Adjustments			-			-			-
1855-Services-Closing Balance	<u>120,825</u>	<u>12,536</u>	<u>108,289</u>	<u>140,825</u>	<u>17,769</u>	<u>123,056</u>	<u>140,825</u>	<u>23,402</u>	<u>117,423</u>
Average	<u>107,400</u>	<u>10,373</u>	<u>97,027</u>	<u>130,825</u>	<u>15,153</u>	<u>115,672</u>	<u>140,825</u>	<u>20,586</u>	<u>120,239</u>
Change in year	<u>26,849</u>	<u>4,327</u>	<u>22,523</u>	<u>20,000</u>	<u>5,233</u>	<u>14,767</u>	<u>-</u>	<u>5,633</u>	<u>(5,633)</u>
<b><u>Meters</u></b>									
1860-Meters-Opening Balance	351,328	62,769	288,559	355,939	76,914	279,026	395,939	91,952	303,988
1860-Meters-Additions	4,612		4,612	40,000		40,000	5,000		5,000
1860-Meters-Depreciation		14,145	(14,145)		15,038	(15,038)		15,938	(15,938)
1860-Meters-Adjustments			-			-			-
1860-Meters-Closing Balance	<u>355,939</u>	<u>76,914</u>	<u>279,026</u>	<u>395,939</u>	<u>91,952</u>	<u>303,988</u>	<u>400,939</u>	<u>107,890</u>	<u>293,050</u>
Average	<u>353,634</u>	<u>69,841</u>	<u>283,792</u>	<u>375,939</u>	<u>84,433</u>	<u>291,507</u>	<u>398,439</u>	<u>99,921</u>	<u>298,519</u>
Change in year	<u>4,612</u>	<u>14,145</u>	<u>(9,534)</u>	<u>40,000</u>	<u>15,038</u>	<u>24,962</u>	<u>5,000</u>	<u>15,938</u>	<u>(10,938)</u>

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.****FIXED ASSET 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
<b><u>General Plant</u></b>									
<b><u>IT Assets</u></b>									
<b><u>Computer Equipment</u></b>									
1920-Computer Equipment - Hardware-Opening Balance	85,524	43,198	42,327	92,556	61,006	31,551	102,556	80,517	22,040
1920-Computer Equipment - Hardware-Additions	7,032		7,032	10,000		10,000	35,000		35,000
1920-Computer Equipment - Hardware-Depreciation		17,808	(17,808)		19,511	(19,511)		24,011	(24,011)
1920-Computer Equipment - Hardware-Adjustments			-			-			-
1920-Computer Equipment - Hardware-Closing Balance	<u>92,556</u>	<u>61,006</u>	<u>31,551</u>	<u>102,556</u>	<u>80,517</u>	<u>22,040</u>	<u>137,556</u>	<u>104,528</u>	<u>33,029</u>
Average	<u>89,040</u>	<u>52,102</u>	<u>36,939</u>	<u>97,556</u>	<u>70,761</u>	<u>26,795</u>	<u>120,056</u>	<u>92,522</u>	<u>27,534</u>
Change in year	<u>7,032</u>	<u>17,808</u>	<u>(10,776)</u>	<u>10,000</u>	<u>19,511</u>	<u>(9,511)</u>	<u>35,000</u>	<u>24,011</u>	<u>10,989</u>
<b><u>Computer Software</u></b>									
1925-Computer Software-Opening Balance	11,546	4,584	6,963	11,546	6,893	4,653	11,546	9,202	2,344
1925-Computer Software-Additions			-			-	60,000		60,000
1925-Computer Software-Depreciation		2,309	(2,309)		2,309	(2,309)		8,309	(8,309)
1925-Computer Software-Adjustments			-			-			-
1925-Computer Software-Closing Balance	<u>11,546</u>	<u>6,893</u>	<u>4,653</u>	<u>11,546</u>	<u>9,202</u>	<u>2,344</u>	<u>71,546</u>	<u>17,511</u>	<u>54,035</u>
Average	<u>11,546</u>	<u>5,738</u>	<u>5,808</u>	<u>11,546</u>	<u>8,048</u>	<u>3,499</u>	<u>41,546</u>	<u>13,357</u>	<u>28,190</u>
Change in year	<u>-</u>	<u>2,309</u>	<u>(2,309)</u>	<u>-</u>	<u>2,309</u>	<u>(2,309)</u>	<u>60,000</u>	<u>8,309</u>	<u>51,691</u>



**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**

**FIXED ASSET 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
<b><u>Equipment</u></b>									
1915-Office Furniture and Equipment-Opening Balance			-	-	-	-	5,000	250	4,750
1915-Office Furniture and Equipment-Additions			-	5,000		5,000			-
1915-Office Furniture and Equipment-Depreciation			-		250	(250)		500	(500)
1915-Office Furniture and Equipment-Adjustments			-			-			-
1915-Office Furniture and Equipment-Closing Balance	-	-	-	5,000	250	4,750	5,000	750	4,250
Average	-	-	-	2,500	125	2,375	5,000	500	4,500
Change in year	-	-	-	5,000	250	4,750	-	500	(500)
<b><u>Transportation Equipment</u></b>									
1930-Transportation Equipment-Opening Balance			-	-	-	-	225,000	14,063	210,937
1930-Transportation Equipment-Additions			-	225,000		225,000	25,000		25,000
1930-Transportation Equipment-Depreciation			-		14,063	(14,063)		29,686	(29,686)
1930-Transportation Equipment-Adjustments			-			-			-
1930-Transportation Equipment-Closing Balance	-	-	-	225,000	14,063	210,937	250,000	43,749	206,251
Average	-	-	-	112,500	7,032	105,469	237,500	28,906	208,594
Change in year	-	-	-	225,000	14,063	210,937	25,000	29,686	(4,686)

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.****FIXED ASSET 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
<b><u>Tools, Shop and Garage Equipment</u></b>									
1940-Tools, Shop and Garage Equipment-Opening Balance	101,893	39,155	62,738	103,453	49,423	54,030	118,453	60,518	57,935
1940-Tools, Shop and Garage Equipment-Additions	1,560		1,560	15,000		15,000	10,000		10,000
1940-Tools, Shop and Garage Equipment-Depreciation		10,267	(10,267)		11,095	(11,095)		12,345	(12,345)
1940-Tools, Shop and Garage Equipment-Adjustments			-			-			-
1940-Tools, Shop and Garage Equipment-Closing Balance	103,453	49,423	54,030	118,453	60,518	57,935	128,453	72,863	55,590
Average	102,673	44,289	58,384	110,953	54,970	55,983	123,453	66,690	56,763
Change in year	1,560	10,267	(8,707)	15,000	11,095	3,905	10,000	12,345	(2,345)
<b><u>Contributions and Grants - Credit</u></b>									
1995-Contributions and Grants - Credit-Opening Balance	(166,974)	(20,296)	(146,678)	(244,871)	(28,533)	(216,338)	(261,333)	(38,657)	(222,676)
1995-Contributions and Grants - Credit-Additions	(77,897)		(77,897)	(16,462)		(16,462)			-
1995-Contributions and Grants - Credit-Depreciation		(8,237)	8,237		(10,124)	10,124		(10,453)	10,453
1995-Contributions and Grants - Credit-Adjustments			-			-			-
1995-Contributions and Grants - Credit-Closing Balance	(244,871)	(28,533)	(216,338)	(261,333)	(38,657)	(222,676)	(261,333)	(49,110)	(212,223)
Average	(205,923)	(24,414)	(181,508)	(253,102)	(33,595)	(219,507)	(261,333)	(43,883)	(217,450)
Change in year	(77,897)	(8,237)	(69,660)	(16,462)	(10,124)	(6,338)	-	(10,453)	10,453

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.****FIXED ASSET 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
<b>Totals</b>									
Total Opening Balance	4,215,131	743,538	3,471,593	4,473,933	935,940	3,537,993	4,890,471	1,153,354	3,737,117
Total Additions	258,802	-	258,802	416,538	-	416,538	347,400	-	347,400
Total Depreciation	-	192,403	(192,403)	-	217,414	(217,414)	-	253,817	(253,817)
Total Adjustments	-	-	-	-	-	-	-	-	-
Total Closing Balance	<u>4,473,933</u>	<u>935,940</u>	<u>3,537,993</u>	<u>4,890,471</u>	<u>1,153,354</u>	<u>3,737,117</u>	<u>5,237,871</u>	<u>1,407,171</u>	<u>3,830,700</u>
Average				4,682,202	1,044,647	3,637,555	5,064,171	1,280,263	3,783,908

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.****GROSS ASSETS TABLE**

The focus for capital expenditures has been for expansion to connect new customers, or for reinforcing our existing system. The benefits that result from these expenditures include adequacy, reliability, and quality of service for our distribution customers.

The main capital projects are a continuation of our distribution system replacement, complete the purchase and upgrade to IESO standards for the rest of our wholesale meter points from Hydro one, a line truck replacement, and software upgrades to our billing system.

	2006 Board Approved (\$'s)	2006 Actual (\$'s)	Variance from 2006 Board Approved	2006 Actual (\$'s)	2007 Bridge (\$'s)	Variance from 2006 Actual	2007 Bridge (\$'s)	2008 Test (\$'s)	Variance from 2007 Bridge
<b><u>Land and Buildings</u></b>									
1805-Land	84,205	84,205	0	84,205	84,205	(0)	84,205	84,205	-
1806-Land Rights		-	-	-		-	-		-
1808-Buildings and Fixtures	16,364	16,600	236	16,600	16,600	(0)	16,600	56,600	40,000
1905-Land			-	-		-	-		-
1906-Land Rights			-	-		-	-		-
1810-Leasehold Improvements			-	-		-	-		-
Sub-Total-Land and Buildings	100,569	100,805	236	100,805	100,805	(0)	100,805	140,805	40,000
<b><u>Distribution Station Equipment - Normally Primary below 50 kV</u></b>									
1820-Distribution Station Equipment - Normally Primary below 50 kV	350,922	542,030	191,108	542,030	555,030	13,000	555,030	617,430	62,400
Sub-Total- Distribution Station Equipment	350,922	542,030	191,108	542,030	555,030	13,000	555,030	617,430	62,400

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.****GROSS ASSETS TABLE**

	2006 Board Approved (\$'s)	2006 Actual (\$'s)	Variance from 2006 Board Approved	2006 Actual (\$'s)	2007 Bridge (\$'s)	Variance from 2006 Actual	2007 Bridge (\$'s)	2008 Test (\$'s)	Variance from 2007 Bridge
<b><u>Poles and Wires</u></b>									
1830-Poles, Towers and Fixtures	133,990	248,028	114,038	248,028	278,028	30,000	278,028	323,028	45,000
1835-Overhead Conductors and Devices	1,536,269	1,625,734	89,465	1,625,734	1,655,734	30,000	1,655,734	1,700,734	45,000
1840-Underground Conduit	447,972	460,784	12,812	460,784	460,784	(0)	460,784	460,784	-
1845-Underground Conductors and Devices	249,203	295,954	46,751	295,954	315,954	20,000	315,954	315,954	-
Sub-Total-Poles and Wires	2,367,434	2,630,500	263,066	2,630,500	2,710,500	80,000	2,710,500	2,800,500	90,000
<b><u>Line Transformers</u></b>									
1850-Line Transformers	596,648	761,150	164,502	761,150	786,150	25,000	786,150	806,150	20,000
Sub-Total-Line Transformers	596,648	761,150	164,502	761,150	786,150	25,000	786,150	806,150	20,000
<b><u>Services and Meters</u></b>									
1855-Services	59,803	120,825	61,022	120,825	140,825	20,000	140,825	140,825	-
1860-Meters	450,665	355,940	(94,725)	355,940	395,940	40,000	395,940	400,940	5,000
Sub-Total-Services and Meters	510,468	476,765	(33,703)	476,765	536,765	60,000	536,765	541,765	5,000
<b><u>General Plant</u></b>									
1908-Buildings and Fixtures	-	-	-	-	-	-	-	-	-
1910-Leasehold Improvements	-	-	-	-	-	-	-	-	-
Sub-Total-General Plant	-	-	-	-	-	-	-	-	-

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.****GROSS ASSETS TABLE**

	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)	
<b><u>IT Assets</u></b>									
1920-Computer Equipment - Hardware	82,311	92,556	10,245	92,556	102,556	10,000	102,556	137,556	35,000
1925-Computer Software	8,970	11,546	2,576	11,546	11,546	(0)	11,546	71,546	60,000
Sub-Total-IT Assets	91,281	104,103	12,822	104,103	114,102	9,999	114,102	209,102	95,000
<b><u>Equipment</u></b>									
1915-Office Furniture and Equipment	-	-	-	-	5,000	5,000	5,000	5,000	-
1930-Transportation Equipment	-	-	-	-	225,000	225,000	225,000	250,000	25,000
1935-Stores Equipment	-	-	-	-	-	-	-	-	-
1940-Tools, Shop and Garage Equipment	50,946	103,453	52,507	103,453	118,453	15,000	118,453	128,453	10,000
Sub-Total-Equipment	50,946	103,453	52,507	103,453	348,453	245,000	348,453	383,453	35,000
<b><u>Other Distribution Assets</u></b>									
1995-Contributions and Grants - Credit	(162,847)	(244,871)	(82,024)	(244,871)	(261,333)	(16,462)	(261,333)	(261,333)	-
Sub-Total-Other Distribution Assets	(162,847)	(244,871)	(82,024)	(244,871)	(261,333)	(16,462)	(261,333)	(261,333)	-
Gross Asset Total	3,905,421	4,473,933	568,512	4,473,933	4,890,472	416,539	4,890,472	5,237,872	347,400

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.****MATERIALITY ANALYSIS ON GROSS ASSETS**

	2006	2006	2007	2008
<b>Fixed Assets</b>	<b>Board Approved</b>	<b>Actual</b>	<b>Bridge</b>	<b>Test</b>
Gross Asset Total	3,905,421	4,473,933	4,890,472	5,237,872
Accumulated Depreciation Total	-518,349	-935,940	-1,153,354	-1,407,172
Net Fixed Assets	3,387,072	3,537,993	3,737,118	3,830,700
Materiality @ 1%	33,871	35,380	37,371	38,307

**Variance Explanations:****Note: General Explanation for all Gross Asset Variances:**

*The 2006 Board approved amounts were the average of the 2003 closing balance and the 2004 closing balances.*

*The variance amounts therefore include 50% of 2004 additions, 2005 additions and 2006 additions.*

<b>Gross Asset</b>	<b>2006 Board Approved</b>	<b>2006 Actual</b>	<b>Variance from 2006 Board Approved</b>	<b>50% of 2004 Acquisitions</b>	<b>2005 Acquisitions</b>	<b>2006 Acquisitions</b>	<b>Total Acquisitions</b>
	<b>(\$'s)</b>	<b>(\$'s)</b>					
1820-Distribution Station Equipment - Normally Primary below 50 kV	350,922	542,030	191,108	9,889	117,225	98,785	225,899
IESO Replacements							

**Explanation:**

RSL purchased eight (8) Wholesale Meter points from Hydro One in 2005 and 2006 and upgraded them to comply with the IESO standards. An additional site was upgraded in early 2007, and the remaining two Wholesale Meter points for RSL's service territory, will be upgraded in 2008.

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.****MATERIALITY ANALYSIS ON GROSS ASSETS**

Gross Asset	2006 Board Approved (\$'s)	2006 Actual (\$'s)	Variance from 2006 Board Approved	50% of 2004 Acquisitions	2005 Acquisitions	2006 Acquisitions	Total Acquisitions
<b>1830-Poles, Towers and Fixtures</b>	133,990	248,028	114,038	38,185	45,447	30,406	114,038

Explanation:

As part of an annual pole replacement program, various poles were replaced at various locations, as determined through a pole inventory. An additional 13 poles were installed as part of an expansion project to connect a new customer on the North side of Hwy 401.

Gross Asset	2006 Board Approved (\$'s)	2006 Actual (\$'s)	Variance from 2006 Board Approved	50% of 2004 Acquisitions	2005 Acquisitions	2006 Acquisitions	Total Acquisitions
<b>1835-Overhead Conductors and Devices</b>	1,536,269	1,625,734	89,465	30,562	37,220	21,683	89,465

Explanation:

A pole replacement program was undertaken, and 13 additional poles were installed as part of an expansion project to connect a new customer on the North side of Hwy 401. When the poles were replaced, the overhead conductors and devices were also replaced, as they were of similar age.

Gross Asset	2006 Board Approved (\$'s)	2006 Actual (\$'s)	Variance from 2006 Board Approved	50% of 2004 Acquisitions	2005 Acquisitions	2006 Acquisitions	Total Acquisitions
<b>1845-Underground Conductors and Devices</b>	249,203	295,954	46,751	12,440	9,064	25,247	46,751

Explanation:

A Distribution Line was bored under Hwy 401 to accommodate a General Motors dealership (expansion).



**RIDEAU ST. LAWRENCE DISTRIBUTION INC.****MATERIALITY ANALYSIS ON GROSS ASSETS**

Gross Asset	2006 Board Approved (\$'s)	2006 Actual (\$'s)	Variance from 2006 Board Approved	50% of 2004 Acquisitions	2005 Acquisitions	2006 Acquisitions	Total Acquisitions
<b>1850-Line Transformers</b>	596,648	761,150	164,502	10,260	33,717	120,525	164,502

Explanation:

There was a dramatic increase in the market cost of transformers. Our existing stock contained many used transformers that were valued at \$10-\$20 per kW. When these were installed, and we had to replace them, the replacement cost was two to three times higher. We also had to purchase and retain a few additional spares, due to the unavailability, or long lead times on replacements. Included in Contributed Capital account 1995, were Contributions of \$44,291 for transformers installed in 2005 and 2006. This \$44,291 is an offset for the capital additions of \$164,502.

Gross Asset	2006 Board Approved (\$'s)	2006 Actual (\$'s)	Variance from 2006 Board Approved	50% of 2004 Acquisitions	2005 Acquisitions	2006 Acquisitions	Total Acquisitions
1855-Services	59,803	120,825	61,022	12,013	22,160	26,849	61,022

Explanation:

A number of old services were replaced, to increase customer service and system reliability. Each years Capital additions is under the materiality level.

Gross Asset	2006 Board Approved (\$'s)	2006 Actual (\$'s)	Variance from 2006 Board Approved	50% of 2004 Acquisitions	2005 Acquisitions	2006 Acquisitions	Total Acquisitions
1940-Tools, Shop and Garage Equipment	50,946	103,453	52,507	50,946	-	1,561	52,507

Explanation:

Tools were transferred to the LDC from an associated Company in 2004, but because it was done in 2004, the 2006 EDR process treated the tools as an addition, and only half of the \$100,000 in tools was included in the Board Approval of the 2006 EDR.

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.****MATERIALITY ANALYSIS ON GROSS ASSETS**

Gross Asset	2006 Board Approved (\$'s)	2006 Actual (\$'s)	Variance from 2006 Board Approved	50% of 2004 Acquisitions	2005 Acquisitions	2006 Acquisitions	Total Acquisitions
1995-Contributions and Grants - Credit	(162,847)	(244,871)	(82,024)	(4,127)	-	(77,897)	(82,024)

**Explanation:**

Contributed Capital was collected as per our Conditions of Service. The majority of this increase was for distribution transformers as described above.

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.****MATERIALITY ANALYSIS ON GROSS ASSETS**

	2006	2006	2007	2008
<b>Fixed Assets</b>	<b>Board Approved</b>	<b>Actual</b>	<b>Bridge</b>	<b>Test</b>
Gross Asset Total	3,905,421	4,473,933	4,890,472	5,237,872
Accumulated Depreciation Total	<u>-518,349</u>	<u>-935,940</u>	<u>-1,153,354</u>	<u>-1,407,172</u>
Net Fixed Assets	3,387,072	3,537,993	3,737,118	3,830,700
Materiality @ 1%	33,871	35,380	37,371	38,307

<b>Gross Asset</b>	2006 Actual (\$'s)	2 007 Bridge Year (\$'s)	Variance from 2006 Actual
<b>1860- Meters</b>	<b>355,940</b>	<b>395,940</b>	<b>40,000</b>

Explanation:

The normal purchase of meters that require re-verification (Measurement Canada) is \$10,000.  
The installation of interval meters at some of our larger customer locations is \$30,000.

<b>Gross Asset</b>	2006 Actual (\$'s)	2 007 Bridge Year (\$'s)	Variance from 2006 Actual
<b>1930 – Transportation Equipment</b>	<b>0.00</b>	<b>225,000</b>	<b>225,000</b>

Explanation:

This project is justified based on the need to maintain vehicle functionality. We are replacing a 1989 model line truck, to increase reliability, to provide enhanced safety to our employees, and to our customers. Our other line trucks are 1991 and 1999 model years.

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.****MATERIALITY ANALYSIS ON GROSS ASSETS**

	2006	2006	2007	2008
<b>Fixed Assets</b>	<b>Board Approved</b>	<b>Actual</b>	<b>Bridge</b>	<b>Test</b>
Gross Asset Total	3,905,421	4,473,933	4,890,472	5,237,872
Accumulated Depreciation Total	<u>-518,349</u>	<u>-935,940</u>	<u>-1,153,354</u>	<u>-1,407,172</u>
Net Fixed Assets	3,387,072	3,537,993	3,737,118	3,830,700
Materiality @ 1%	33,871	35,380	37,371	38,307

<b>Gross Asset</b>	<b>2007 Bridge Year (\$'s)</b>	<b>2 008 Test Year</b>	<b>Variance from 2007 Bridge</b>
1808 – Buildings and Fixtures	\$16,600	\$46,600	\$40,000

Explanation:

Transformers and wire are currently stored outside. This unheated building, will protect the material from the elements, and reduce the possibility of theft.

<b>Gross Asset</b>	<b>2007 Bridge Year (\$'s)</b>	<b>2 008 Test Year</b>	<b>Variance from 2007 Bridge</b>
1820 – Distribution Station Equipment	\$555,030	\$617,430	\$62,400

Explanation:

Two Wholesales Meter points are being upgraded to current IESO standards in 2008. By the end of 2008, all eleven (11) of our wholesale meter points will have been upgraded to the current IESO standards.

<b>Gross Asset</b>	<b>2007 Bridge Year (\$'s)</b>	<b>2 008 Test Year</b>	<b>Variance from 2007 Bridge</b>
1830 – Poles, towers, Fixtures	\$278,028	\$323,028	\$45,000

Explanation:

RSL completed a two year pole Inventory. RSL poles were tagged, rated, and attachments listed. Based on this Inventory, we have developed a pole replacement program, and poles will be replaced for safety and reliability reasons.

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.****MATERIALITY ANALYSIS ON GROSS ASSETS**

Gross Asset	2007 Bridge Year (\$'s)	2 008 Test Year	Variance from 2007 Bridge
1835 – Overhead Conductors and Devices	\$1,655,734	\$1,700,734	\$45,000

**Explanation:**

The overhead line upgrades are for safety and reliability at various locations. These are tied in with the pole replacement program. When the pole is replaced, generally the conductors and devices also need to be replaced.

Gross Asset	2007 Bridge Year (\$'s)	2 008 Test Year	Variance from 2007 Bridge
1920 – Computer Equipment Software	\$11,546	\$71,546	\$60,000

**Explanation:**

Upgrade to our Harris Computer Billing Software. The system will create operational efficiencies in billing, cash receipts, CIS, and Regulatory Reporting. The Windows platform will allow us to open multiple user accounts at the same time and attach soft copies of customer documents to the account.

No Smart Meter functions are included in this purchase. Features for Smart Meters will be part of the whole Smart Meter package that we will provide when we are authorized to proceed.

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.****ACCUMULATED DEPRECIATION TABLE**

	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)	
<b><u>Land and Buildings</u></b>									
1808-Buildings and Fixtures-Depreciation	1,389	2,167	778	2,167	2,499	332	2,499	5,231	2,732
Sub-Total-Land and Buildings	1,389	2,167	778	2,167	2,499	332	2,499	5,231	2,732
<b><u>Distribution Station Equipment - Normally Primary below 50 kV-Depreciation</u></b>									
1820-Distribution Station Equipment - Normally Primary below 50 kV-Depreciation	43,891	82,766	38,875	82,766	104,707	21,941	104,707	128,156	23,449
Sub-Total- Distribution Station Equipment	43,891	82,766	38,875	82,766	104,707	21,941	104,707	128,156	23,449
<b><u>Poles and Wires</u></b>									
1830-Poles, Towers and Fixtures-Depreciation	7,215	26,519	19,304	26,519	37,040	10,521	37,040	49,061	12,021
1835-Overhead Conductors and Devices- Depreciation	212,380	357,840	145,460	357,840	423,469	65,629	423,469	490,599	67,129
1840-Underground Conduit-Depreciation	60,461	102,497	42,036	102,497	120,929	18,431	120,929	139,360	18,431
1845-Underground Conductors and Devices- Depreciation	28,447	53,630	25,183	53,630	65,868	12,238	65,868	78,506	12,638
Sub-Total-Poles and Wires	308,504	540,486	231,983	540,486	647,306	106,820	647,306	757,526	110,220
<b><u>Line Transformers</u></b>									
1850-Line Transformers-Depreciation	73,098	132,282	59,183	132,282	163,228	30,946	163,228	195,074	31,846
Sub-Total-Line Transformers	73,098	132,282	59,183	132,282	163,228	30,946	163,228	195,074	31,846
<b><u>Services and Meters</u></b>									
1855-Services-Depreciation	3,958	12,536	8,578	12,536	17,769	5,233	17,769	23,402	5,633
1860-Meters-Depreciation	46,161	76,914	30,752	76,914	91,951	15,038	91,951	107,889	15,938
Sub-Total-Services and Meters	50,120	89,450	39,331	89,450	109,721	20,271	109,721	131,292	21,571

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.****ACCUMULATED DEPRECIATION TABLE**

	2006 Board Approved (\$'s)	2006 Actual (\$'s)	Variance from 2006 Board Approved	2006 Actual (\$'s)	2007 Bridge (\$'s)	Variance from 2006 Actual	2007 Bridge (\$'s)	2008 Test (\$'s)	Variance from 2007 Bridge
<b><u>IT Assets</u></b>									
1920-Computer Equipment - Hardware- Depreciation	34,205	61,006	26,800	61,006	80,517	19,511	80,517	104,528	24,011
1925-Computer Software-Depreciation	2,137	6,893	4,756	6,893	9,202	2,309	9,202	17,512	8,309
Sub-Total-IT Assets	36,342	67,899	31,556	67,899	89,719	21,821	89,719	122,040	32,321
<b><u>Equipment</u></b>									
1915-Office Furniture and Equipment-Depreciation	-	-	-	-	250	250	250	750	500
1930-Transportation Equipment-Depreciation	-	-	-	-	14,063	14,063	14,063	43,750	29,688
1940-Tools, Shop and Garage Equipment- Depreciation	16,092	49,423	33,330	49,423	60,518	11,095	60,518	72,863	12,345
Sub-Total-Equipment	16,092	49,423	33,330	49,423	74,830	25,408	74,830	117,363	42,533
<b><u>Other Distribution Assets</u></b>									
1995-Contributions and Grants - Credit- Depreciation	(11,087)	(28,533)	(17,446)	(28,533)	(38,657)	(10,124)	(38,657)	(49,110)	(10,453)
Sub-Total-Other Distribution Assets	(11,087)	(28,533)	(17,446)	(28,533)	(38,657)	(10,124)	(38,657)	(49,110)	(10,453)
Accumulated Depreciation Total	518,349	935,940	417,591	935,940	1,153,354	217,414	1,153,354	1,407,572	254,218

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.****MATERIALITY ANALYSIS ON ACCUMULATED DEPRECIATION**

	2006	2006	2007	2008
<b>Fixed Assets</b>	<b>Board Approved</b>	<b>Actual</b>	<b>Bridge</b>	<b>Test</b>
Gross Asset Total	3,905,421	4,473,933	4,890,472	5,237,872
Accumulated Depreciation Total	<u>-518,349</u>	<u>-935,940</u>	<u>-1,153,354</u>	<u>-1,407,172</u>
Net Fixed Assets	3,387,072	3,537,993	3,737,118	3,830,700
Materiality @ 1%	33,871	35,380	37,371	38,307

**Note: General Explanation for all Accumulated Depreciation**

*The 2006 Board approved amounts were the average of the 2003 closing balance and the 2004 closing balances.*

*The variance amounts therefore include 50% of 2004 additions, 2005 additions and 2006 additions. The accumulated depreciation variances between the 2006 Board Approved and the 2006 Actual represent a difference of two years depreciation. The items that exceeded the materiality analysis for 2006 Actual are normal increases in accumulated depreciation.*

Accumulated Depreciation Table	2006	2006	Variance from
	Board	Actual	2006
	Approved		Board
	(\$'s)	(\$'s)	Approved
1820-Distribution Station Equipment - Normally Primary below 50 kV-Depreciation	43,891	82,766	38,875

**Explanation:**

During 2005 and 2006, RSL purchased from Hydro One, and upgraded 8 wholesales meter points to the current IESO standards. The variance between the 2006 Board Approved accumulated depreciation and the 2006 Actual accumulated depreciation, is the depreciation calculated at 4% on these additions.



**RIDEAU ST. LAWRENCE DISTRIBUTION INC.****MATERIALITY ANALYSIS ON ACCUMULATED DEPRECIATION**

<b>Accumulated Depreciation Table</b>	<b>2006 Board Approved (\$'s)</b>	<b>2006 Actual (\$'s)</b>	<b>Variance from 2006 Board Approved</b>
<u>Poles and Wires</u>			
1835-Overhead Conductors and Devices-Depreciation	212,380	357,840	145,460

Explanation:

Overhead line upgrades, for safety and reliability, at various locations.

<b>Accumulated Depreciation Table</b>	<b>2006 Board Approved (\$'s)</b>	<b>2006 Actual (\$'s)</b>	<b>Variance from 2006 Board Approved</b>
<u>Poles and Wires</u>			
1840-Underground Conduit-Depreciation	60,461	102,497	42,036

Explanation:

The Riverside Expansion Project required an Underground expansion underneath Hwy 401. Only half the cost of this was included in the 2006 Approved costs, and the difference is an additional two years of depreciation.

<b>Accumulated Depreciation Table</b>	<b>2006 Board Approved (\$'s)</b>	<b>2006 Actual (\$'s)</b>	<b>Variance from 2006 Board Approved</b>
<u>Line Transformers</u>			
1850-Line Transformers-Depreciation	73,098	132,282	59,183

Explanation:

There was a dramatic increase in the value of transformers. When we installed existing transformers, we ordered replacements for stock so we had reserves, and the replacement cost was two to three times higher than our stock value was. We also had to purchase and retain a few additional spares, due to the unavailability, or long lead times on replacements. Included in Contributed Capital account 1995, were Contributions of \$44,291 for transformers installed in 2005 and 2006.

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**

**OVERVIEW**

**Capital Budgeting**

The focus of capital expenditures has been for expansion to connect new customers, or for reinforcing our existing system. The benefits that result from these expenditures include adequacy, reliability and quality of service to our distribution customers.

Capital Planning for budgeting purposes is reviewed in three main categories:

- Distribution System Components
- Rolling Stock
- Other Items

**Distribution System Components**

Information for planning is gathered through a combination of:

- results of the pole inventory program,
- periodic inspections by qualified staff of the distribution system components and
- expansion information obtained from potential developers and or the municipalities.

**Rolling Stock**

The determination of the replacement of vehicles is based on an annual inspection (condition surveys) of the vehicles. Taken into account are the:

- age and mileage
- vehicle condition
- departmental needs and
- replacement of vehicles before they become costly to repair or unsafe to operate.

The operations department will review the status of vehicles and recommend timing and replacements. Large vehicles are typically replaced after 15 years of service and smaller vehicles are typical replaced after 5 years of service, both subject to the above assessment criteria.

**Other Items** (i.e. computer equipment, tools,)

As computer equipment is used in all departments of RSL it is important that the equipment is reliable and up-to-date. For reliability and functionality, it is good practice to keep current with both hardware and software environments. Computer hardware is replaced on a five year lifecycle in normal conditions. Increased hardware failure, increased technical support, new technical standards or higher performance requirements of operating systems are the key drivers for replacement. Tools form an integral part of the operational staff resources. Benefits of expenditures in these areas include:

- reducing down time for staff and customers
- reducing dependence on external IT resources
- allowing employees to be more efficient by providing the proper tools for their job.

Capital projects are recommended and prioritized by department heads and then pared down as a result of the funding level that is determined. An Annual Capital Expenditure budget is prepared and approved by the RSL Board as part of our annual budget process. Our Board conducts a quarterly review of our results, and the Capital Expenditure is part of that review.

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.****CAPITAL BUDGET BY ACCOUNT****2006 Actual Capital Expenditures**

<b>Project Description</b>	<b>USoA Account</b>	<b>Expansion or Enhancement</b>	<b>Amount \$</b>
Building	1808	Enhancement	200
Distribution Station Equipment	1820	Enhancement	99,275
Poles, Towers ,Fixtures	1830	Enhancement	30,405
Dist. Lines & Feeders	1835	Enhancement	21,897
Distribution - Underground Conductors	1845	Enhancement	26,008
Line Transformers	1850	Enhancement	120,990
Services	1855	Enhancement	28,380
Meters	1860	Enhancement	4,612
Computer Equipment	1920	Enhancement	7,032
Misc. Equipment and Major Tools	1940	Enhancement	1,560
Contribution to Capital	1995	Enhancement	(77,897)
Construction in Progress	2055	Enhancement	(9,644)
			<hr/>
Total 2006 Capital Additions			<u>252, 818</u>

All 2006 Capital Expenditures were started and completed in 2006

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.****CAPITAL BUDGET BY ACCOUNT****2007 Capital Budget**

<b>Project Description</b>	<b>USoA Account</b>	<b>Expansion or Enhancement</b>	<b>Amount \$</b>
Wholesale Meters communication upgrades	1820	Enhancement	13,000
Pole Replacement Program	1830	Enhancement	30,000
OH Upgrade	1835	Enhancement	30,000
UG Upgrade	1845	Enhancement	20,000
Transformer Replacements	1850	Enhancement	25,000
Services Upgrade	1855	Enhancement	20,000
Meter Upgrades - Measurement Canada	1860	Enhancement	10,000
Office Equipment Upgrades	1915	Enhancement	5,000
Computer Equipment Upgrades	1920	Enhancement	10,000
Truck Replacement	1930	Enhancement	225,000
Tool Replacements	1940	Enhancement	15,000
Interval Meter Project	1860	Enhancement	30,000
Contributed Capital	1995	Enhancement	(16,462)
Total 2007 Capital Budget			416,538

All 2007 Capital work is forecast to be started and completed in 2007.

RIDEAU ST. LAWRENCE DISTRIBUTION INC.CAPITAL BUDGET BY ACCOUNT2008 Capital Budget

<u>Project Description</u>	<u>USoA Account</u>	<u>Expansion or Enhancement</u>	<u>Amount \$</u>
Storage Building	1808	Enhancement	40,000
Wholesale Metering Point Upgrades	1820	Enhancement	62,400
Pole Replacement Program	1830	Enhancement	45,000
OH Upgrades	1835	Enhancement	45,000
Transformer Replacements	1850	Enhancement	20,000
Meters	1860	Enhancement	5,000
Computer Equipment	1920	Enhancement	35,000
Computer Software	1925	Enhancement	60,000
Truck Replacement	1930	Enhancement	25,000
Tools Replacement	1940	Enhancement	10,000
Total 2008 Capital Budget			<u>347,400</u>

All 2008 Capital work is forecast to be started and completed in 2008.

RIDEAU ST. LAWRENCE DISTRIBUTION INC.CAPITAL BUDGET BY PROJECT - MATERIALITY ANALYSISCapital Budget By Project - 2006Spend and In-service Year

		<u>USoA Account</u>	<u>Expansion or Enhancement</u>	<u>Amount</u>
Project Description	Upgrade wholesale metering points	1820	Enhancement	93,117
Need	Regulatory Requirement			
Scope	Cardinal MS1, Williamsburg, Caldwell T1 and T2			
Capital Costs	\$93,117			
Start Date	2006			
In-Service Date	2006			
		<u>USoA Account</u>	<u>Expansion or Enhancement</u>	<u>Amount</u>
Project Description	Capital contributions	1995	Enhancement	77,897
Need	Contribution collected from customers as per conditions of service.			
Scope				
Capital Costs	\$77,897			
Start Date	2006			
In-service Date	2006			
		<u>USoA Account</u>	<u>Expansion or Enhancement</u>	<u>Amount</u>
Project Description	Riverside Extension	1830	Expansion	29,958
		1835	Expansion	18,855
		1840	Expansion	15,776
		1850	Expansion	3,639
Need	Provide service to a new customer			
Scope	Extend distribution system			
Capital Costs	\$68,229			
Contributed	(\$8,254)			
Capital Costs				
Start Date	2003			
In-service Date	2004			

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.****CAPITAL BUDGET BY PROJECT - MATERIALITY ANALYSIS****Capital Budget By Project - 2007****Spend and In-service Year**

		<u>USoA Account</u>	<u>Expansion or Enhancement</u>	<u>Amount</u>
Project Description	New Line Truck	1930	Enhancement	225,000
Need	Existing 1989 truck has reached the end of its useful life and must be replaced to ensure the safety of our employees and the public			
Scope	Replacement of an eighteen year old vehicle			
Capital Costs	\$225,000			
Start Date	RFQ			
In-service Date	2007			
		<u>USoA Account</u>	<u>Expansion or Enhancement</u>	<u>Amount</u>
Project Description:	Wholesale metering (IESO) upgrades -Prescott East	1820	Enhancement	13,000
Need	Wholesale meter points required to be upgraded to conform to IESO Market Rules.			
Scope	Replace metering installation			
Capital Costs	\$13,000			
Start Date	2007			
In-service Date	2007			
		<u>USoA Account</u>	<u>Expansion or Enhancement</u>	<u>Amount</u>
Project Description:	Interval meter project	1860	Enhancement	30,000
Need	Encourage conservation			
Scope	Replace existing meters at some of our GS > 50 kW customers.			
Capital Costs	\$30,000			
Start Date	2007			
In-service Date	2007			

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.****CAPITAL BUDGET BY PROJECT - MATERIALITY ANALYSIS****Capital Budget By Project – 2008****Spend and In-service Year**

		<u>USoA Account</u>	<u>Expansion or Enhancement</u>	<u>Amount</u>
Project Description	Storage Building	1808	Enhancement	40,000
Need	Require a more secure storage area for transformers and wire			
Scope	Construct a metal building on already owned land.			
Capital Costs	\$40,000			
Start Date	2008			
In-service Date	2008			
		<u>USoA Account</u>	<u>Expansion or Enhancement</u>	<u>Amount</u>
Project Description	Upgrade 2 wholesale metering points to IMO standards	1820	Enhancement	62,400
Need	Wholesale meter points required to be upgraded to conform to IESO market rules.			
Scope	Replace metering installations at Cardinal MS #2, and Iroquois.			
Capital Costs	\$62,400			
Start Date	2008			
In-service Date	2008			
		<u>USoA Account</u>	<u>Expansion or Enhancement</u>	<u>Amount</u>
Project Description	Pole replacement program at various locations	1830	Enhancement	45,000
Need	Safety and reliability			
Scope	Replace poles various locations			
Capital Costs	\$45,000			
Start Date	2008			
In-service Date	2008			
		<u>USoA Account</u>	<u>Expansion or Enhancement</u>	<u>Amount</u>
Project Description	OH line upgrades - various locations	1835	Enhancement	45,000
Need	Safety and reliability			
Scope	Replace conductors			
Capital Costs	\$45,000			
Start Date	2008			
In-service Date	2008			
		<u>USoA Account</u>	<u>Expansion or Enhancement</u>	<u>Amount</u>
Project Description	Computer Hardware and Software	1820	Enhancement	60,000
Need	Upgrade Harris CIS to version 6 and replace 5 year old server.	1825	Enhancement	15,000
Scope	Software purchase/training/ server purchase			
Capital Costs	\$75,000			
Start Date	2008			
In-service Date	2008			



**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**

**SYSTEM EXPANSIONS**

**2008 Test Year**

No system expansions are expected in the 2008 Test year.

**2007 Bridge Year**

No system expansions are expected in the 2007 Bridge Year

**2006 Actual**

Massie Drive:

A 10 unit Residential development project was started and completed in mid 2006. An Economic Evaluation was performed and based on the total cost of \$17,504.00 for the project, and the developers forecast, the developer made a Capital contribution of \$17,504.00. No houses have been built on these lots yet.

**2006 Board Approved**

Riverside:

The Riverside (new GM Dealer location) Project cost was \$68,229. The project was started in 2003, and completed in the first quarter of 2004. The 2003 year end cost, was included in Construction in progress, and non Capital Account, then transferred to Capital expenditures in 2004 when the project completed and put into service.

This project required us to expand our system, and install an underground feeder line under Hwy 401, as there was no hydro service north of Hwy 401 to service this property. Based on the information supplied by the developer and the economic expansion model, the customer contributed \$8,254.00 to the project.

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**

**CAPITALIZATION POLICY**

Rideau St. Lawrence adopts the following practice for capitalization. All labour is reported based on timesheets, at the employee's actual hourly rate. To this labour cost, a 45% overhead factor is added, and the costs are capitalized or expensed, based on the work performed. Materials are charged at cost. Third party invoices are charged at cost, directly to the task performed.

RIDEAU ST. LAWRENCE DISTRIBUTION INC.WORKING CAPITAL ALLOWANCE CALCULATIONS BY ACCOUNT

	<u>2006 Actual</u>	<u>15%</u>	<u>Allowance for Working Capital</u>	<u>2007 Bridge</u>	<u>15%</u>	<u>Allowance for Working Capital</u>	<u>2008 Test</u>	<u>15%</u>	<u>Allowance for Working Capital</u>
<u>Operation (Working Capital)</u>									
5005 -Operation Supervision and Engineering	50,367.12	15%	7,555.07	87,696	15%	13,154.40	89,889	15%	13,483.35
5012 -Station Buildings and Fixtures Expense	1,823.28	15%	273.49	1,871	15%	280.65	1,917	15%	287.55
5016 -Distribution Station Equipment - Operation Labour	1,263.36	15%	189.50	1,296	15%	194.40	1,329	15%	199.35
5020 -Overhead Distribution Lines and Feeders – Operation Labour	7,532.89	15%	1,129.93	7,729	15%	1,159.35	7,922	15%	1,188.30
5035 -Overhead Distribution Transformers- Operation	3,671.03	15%	550.65	3,766	15%	564.90	3,861	15%	579.15
5065 -Meter Expense	854.65	15%	128.20	877	15%	131.55	899	15%	134.85
5070 -Customer Premises - Operation Labour	308.28	15%	46.24	316	15%	47.40	324	15%	48.60
5085 -Miscellaneous Distribution Expense	57,990.26	15%	8,698.54	59,498	15%	8,924.70	60,985	15%	9,147.75
5095 -Overhead Distribution Lines and Feeders - Rental Paid	21,472.59	15%	3,220.89	22,031	15%	3,304.65	22,582	15%	3,387.30
Sub-Total	145,283.46		21,792.51	185,080		27,762.00	189,708		28,456.20

RIDEAU ST. LAWRENCE DISTRIBUTION INC.WORKING CAPITAL ALLOWANCE CALCULATIONS BY ACCOUNT

	2006 Actual	15%	Allowance for Working Capital	2007 Bridge	15%	Allowance for Working Capital	2008 Test	15%	Allowance for Working Capital
<u>Maintenance (Working Capital)</u>									
5110 –Maintenance of Buildings and Fixtures - Distribution Stations	166.80	15%	25.02	171	15%	25.65	175	15%	26.25
5114 –Maintenance of Distribution Station Equipment	(15,743.17)	15%	(2,361.48)	2,400	15%	360.00	70,700	15%	10,605.00
5120 –Maintenance of Poles, Towers and Fixtures	37,410.87	15%	5,611.63	38,384	15%	5,757.60	39,343	15%	5,901.45
5125 –Maintenance of Overhead Conductors and Devices	65,593.40	15%	9,839.01	77,299	15%	11,594.85	94,356	15%	14,153.40
5130 –Maintenance of Overhead Services	24,858.55	15%	3,728.78	35,505	15%	5,325.75	41,393	15%	6,208.95
5135 –Overhead Distribution Lines and Feeders - Right of Way	45,253.80	15%	6,788.07	56,430	15%	8,464.50	72,966	15%	10,944.90
5145 –Maintenance of Underground Conduit	456.36	15%	68.45	468	15%	70.20	480	15%	72.00
5150 –Maintenance of Underground Conductors and Devices	11,851.40	15%	1,777.71	12,160	15%	1,824.00	12,464	15%	1,869.60
5155 –Maintenance of Underground Services	8,345.34	15%	1,251.80	8,562	15%	1,284.30	8,776	15%	1,316.40
5160 –Maintenance of Line Transformers		15%	-	55,927	15%	8,389.05	57,325	15%	8,598.75
5165 –Maintenance of Street Lighting and Signal Systems	15,523.66	15%	2,328.55		15%	-		15%	-
5175 –Maintenance of Meters	3,810.88	15%	571.63	3,910	15%	586.50	4,008	15%	601.20
Sub-Total	197,527.89		29,629.17	291,216		43,682.40	401,986		60,297.90

RIDEAU ST. LAWRENCE DISTRIBUTION INC.WORKING CAPITAL ALLOWANCE CALCULATIONS BY ACCOUNT

	<u>2006 Actual</u>	<u>15%</u>	<u>Allowance for Working Capital</u>	<u>2007 Bridge</u>	<u>15%</u>	<u>Allowance for Working Capital</u>	<u>2008 Test</u>	<u>15%</u>	<u>Allowance for Working Capital</u>
<u>Billing and Collections</u>									
5310 -Meter Reading Expense	60,630.65	15%	9,094.60	51,896	15%	7,784.40	53,194	15%	7,979.10
5315 -Customer Billing	241,915.91	15%	36,287.39	258,214	15%	38,732.10	264,669	15%	39,700.35
5320 -Collecting	30,827.55	15%	4,624.13	31,598	15%	4,739.70	32,388	15%	4,858.20
5335 -Bad Debt Expense	41,467.71	15%	6,220.16	13,000	15%	1,950.00	13,325	15%	1,998.75
Sub-Total	374,841.82		56,226.28	354,708		53,206.20	363,576		54,536.40
<u>Community Relations</u>									
5410 -Community Relations - Sundry	242.19	15%	36.33	248	15%	37.20	254	15%	38.10
Sub-Total	242.19		36.33	248		37.20	254		38.10
<u>Administrative and General Expenses</u>									
5605 -Executive Salaries and Expenses	-	15%	-	0	15%	-	0	15%	-
5615 -General Administrative Salaries and Expenses	327,028.95	15%	49,054.34	329,970	15%	49,495.50	338,219	15%	50,732.85
5620 -Office Supplies and Expenses	15,142.29	15%	2,271.34	15,521	15%	2,328.15	15,909	15%	2,386.35
5625 -Administrative Expense Transferred Credit	86,596.43	15%	12,989.46	21,817	15%	3,272.55	19,578	15%	2,936.70
5630 -Outside Services Employed	69,366.85	15%	10,405.03	71,101	15%	10,665.15	72,879	15%	10,931.85
5635 -Property Insurance	27,462.21	15%	4,119.33	36,549	15%	5,482.35	37,463	15%	5,619.45

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**

**WORKING CAPITAL ALLOWANCE CALCULATIONS BY ACCOUNT**

	<u>2006 Actual</u>	<u>15%</u>	<u>Allowance for Working Capital</u>	<u>2007 Bridge</u>	<u>15%</u>	<u>Allowance for Working Capital</u>	<u>2008 Test</u>	<u>15%</u>	<u>Allowance for Working Capital</u>
5655 -Regulatory Expenses	7,733.46	15%	1,160.02	7,927	15%	1,189.05	31,458	15%	4,718.70
5665 -Miscellaneous General Expenses	81,498.44	15%	12,224.77	83,536	15%	12,530.40	85,624	15%	12,843.60
5670 -Rent	7,344.00	15%	1,101.60	7,528	15%	1,129.20	7,716	15%	1,157.40
5675 -Maintenance of General Plant	21,183.76	15%	3,177.56	21,713	15%	3,256.95	22,256	15%	3,338.40
<b>Sub-Total</b>	<b>643,356.39</b>		<b>96,503.45</b>	<b>595,662</b>		<b>89,349.30</b>	<b>631,102</b>		<b>94,665.30</b>
<b><u>Cost of Power</u></b>									
4705 -Power Purchased	6,892,340.01	15%	1,033,851.00	6,866,515	15%	1,029,977.25	7,301,929	15%	1,095,289.35
4708 -Charges-WMS	770,073.62	15%	115,511.04	770,074	15%	115,511.10	770,074	15%	115,511.10
4714 -Charges-NW	661,753.87	15%	99,263.08	661,754	15%	99,263.10	661,754	15%	99,263.10
4716 -Charges-CN	583,335.69	15%	87,500.35	583,336	15%	87,500.40	583,336	15%	87,500.40
4730 -Rural Rate Assistance Expense	12,003.55	15%	1,800.53	12,004	15%	1,800.60	12,004	15%	1,800.60
4750 -LV Charges Costs	101,509.12	15%	15,226.37	101,509	15%	15,226.35	101,509	15%	15,226.35
<b>Sub-Total</b>	<b>9,021,015.86</b>		<b>1,353,152.37</b>	<b>8,995,192</b>		<b>1,349,278.80</b>	<b>9,430,606</b>		<b>1,414,590.90</b>
<b>Working Capital Allowance Total</b>			<b>1,560,542</b>			<b>1,566,598</b>			<b>1,655,949</b>
	<b>10,403,613</b>			<b>10,443,985</b>			<b>11,039,658</b>		

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**

<u>Exhibit</u>	<u>Tab</u>	<u>Schedule</u>	<u>Contents of Schedule</u>
<b><u>3 - Operating Revenue</u></b>			
	1		<b><u>Overview</u></b>
		1	Overview of Operating Revenue
		2	Summary of Normalized Operating Revenue Table
		3	Variance Analysis on Operating Revenue
	2		<b><u>Throughput Revenue</u></b>
		1	Weather Normalized Forecasting Methodology
		2	Normalized Volume Forecast Table
		3	Variance Analysis on Normalized Volume Forecast
		4	Customer Count Forecast Table
		5	Variance Analysis on Customer Count Forecast
		6	Historical Average Consumption
	3		<b><u>Other Revenue</u></b>
		1	Other Distribution Revenue
		2	Specific Service Charges
		3	Materiality Analysis on Other Distribution Revenue
		4	Rate of Return on Other Revenue
		5	Distribution Revenue Data
	4		<b><u>Revenue Sharing</u></b>
		1	Description of Revenue Sharing.

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.****OVERVIEW OF OPERATING REVENUE**

This exhibit provides the details on Rideau St. Lawrence Distribution Inc.'s operating revenue for Historical Board Approved, Historical Actual, Bridge and Test years. This exhibit also provides a detailed variance analysis by rate class of the operating revenue components.

Distribution revenues have been calculated using the most recently approved rates. In particular, delivery rates are based on the EB-2007-0575 Ontario Energy Board Decision and Order, dated April 12th, 2007. Distribution Rates revenue for 2008 do not include a smart meter adder, or low voltage charges. A summary of normalized operating revenues is presented in Exhibit 3, Tab 1, Schedule 2.

**Throughput Revenue**

Information related to Rideau St. Lawrence Distribution Inc.'s throughput revenue include details such as weather normalized forecasting methodology, normalized volume and customer counts forecast tables. Detailed variance analysis on the forecast information is provided in Exhibit 3, Tab 2, Schedule 3.

**Other Revenue**

Other revenues include revenues such as Late Payment Charges, Miscellaneous Service Revenues and Retail Services Revenues. A summary of these operating revenues is presented in Exhibit 3, Tab 1, Schedule 2. Details and breakout of Other Revenue are included in Exhibit 3, Tab 3, Schedule 1.

**Revenue Sharing**

Rideau St. Lawrence does not participate in Revenue Sharing.



**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**

**SUMMARY OF NORMALIZED OPERATING REVENUE TABLE**

	2006 Board Approved (\$'s)	2006 Actual Normalized (\$'s)	Variance from 2006 Board Approved (\$'s)	2006 Actual Normalized (\$'s)	2007 Bridge Normalized (\$'s)	Variance from 2006 Actual Normalized (\$'s)	2007 Bridge Normalized (\$'s)	2008 Test Normalized (\$'s)	Variance from 2007 Bridge Normalized (\$'s)
<b><u>Distribution Revenues</u></b>									
Residential	909,886	940,822	30,936	940,822	949,293	8,471	949,293	1,153,409	204,116
G. S. < 50 kW	207,579	215,352	7,773	215,352	217,216	1,864	217,216	403,078	185,862
G. S. > 50 to 4,999 kW	346,225	333,030	(13,195)	333,030	336,027	2,997	336,027	384,940	48,913
G. S. - < 5,000 KW	-	-	-	-	-	-	-	-	-
Unmetered Scattered Load	15,575	15,264	(311)	15,264	15,401	137	15,401	14,511	(890)
Sentinel Lighting	1,513	1,971	458	1,971	1,989	18	1,989	3,023	1,034
Street Lighting	39,300	44,458	5,158	44,458	44,858	400	44,858	56,431	11,573
Sub-Total	1,520,078	1,550,896	30,818	1,550,896	1,564,784	13,887	1,564,784	2,015,392	450,608
<b><u>Other Distribution Revenue</u></b>									
Late Payment Charges	50,443	51,596	1,153	51,596	52,700	1,104	52,700	52,700	-
Specific Service Charges	50,557	56,594	6,037	56,594	94,264	37,670	94,264	94,264	-
Rent from Electric Property	23,877	46,779	22,902	46,779	43,605	(3,174)	43,605	43,605	-
Other Distribution Revenue	23,442	27,121	3,679	27,121	30,230	3,109	30,230	30,281	51
Other Income & Deductions	14,240	44,627	30,387	44,627	34,918	(9,709)	34,918	31,000	(3,918)
Sub-Total	162,559	226,717	64,158	226,717	255,717	29,000	255,717	251,850	(3,867)
<b>Operating Revenue Total</b>	<b>1,682,637</b>	<b>1,777,613</b>	<b>94,976</b>	<b>1,777,613</b>	<b>1,820,501</b>	<b>42,887</b>	<b>1,820,501</b>	<b>2,267,242</b>	<b>446,741</b>

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**

**VARIANCE ANALYSIS ON OPERATING REVENUE**

Rideau St. Lawrence Distribution Inc.'s distribution revenue has been calculated using the most recently approved rates. In particular, delivery rates are based on the EB-2007-0575 Rate Order, dated April 12, 2007. Distribution revenue does not include commodity related revenue.

A summary of normalized operating revenues is presented in Exhibit 3, Tab 1, Schedule 2, Page 3

**2008 Normalized Test Year**

Rideau St. Lawrence Distribution Inc.'s normalized operating revenue is forecast to be \$2,267,242 in the 2008 Rate year, as shown in Exhibit 3, Tab 1, Schedule 2. Distribution revenue totals \$2,015,392 or 88.9% of total revenues. Other operating revenues, account for the remaining revenue of \$251,850.

**2007 Normalized Bridge Year**

Rideau St. Lawrence Distribution Inc.'s operating revenue is forecast to be \$1,820,501 in Fiscal 2007, as shown in Exhibit 3; Tab 1; Schedule 2. Distribution revenue totals \$1,564,784 or 86.0% of total revenues. The remaining revenue of \$255,717 is from other operating revenue.

**2006 Actual Normalized**

Rideau St. Lawrence Distribution Inc.'s normalized operating revenue was \$1,777,613 in fiscal 2006, as shown in Exhibit 3, Tab 1, Schedule 2. Distribution revenue totals \$1,550,896 or 87.2% of total revenues. The remaining revenue of \$226,717 is from other operating revenue.

**2006 Board Approved**

Rideau St. Lawrence Distribution Inc.'s 2006 Board approved operating revenue was \$1,682,637 in fiscal 2006, as shown in Exhibit 3, Tab 1, Schedule 2. Distribution revenue totals \$1,520,078 or 90.3% of total revenues. The remaining revenue of \$162,559 is from other operating revenue.

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**

**WEATHER NORMALIZED FORECASTING METHODOLOGY**

This exhibit discusses the methodology used to determine Rideau St. Lawrence Distribution Inc.'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. Due to significant restructuring, accurate customer data prior to 2002 is not available. As a result of the limited amount of data available, time series techniques that are often used to help estimate forecast values cannot be used. Rather, Rideau St. Lawrence Distribution Inc. has used the 2007 Actual for the Bridge Year, and a projection for 2008 Test year. Given the slow growth and consistent trend in customer numbers in Rideau St. Lawrence Distribution Inc.'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.

Weather sensitive load (Residential, GS<50, and GS>50 classes) is calculated by using a retail normalized average use per customer ("retail NAC"). This is calculated by dividing the class weather normal retail kWh for 2004 by the number of customers in class in 2004. Class weather normal retail kWh for 2004 is determined by dividing the class weather normal wholesale kWh for 2004 reported in the Hydro One weather normalization analysis by the class loss factor. The class loss factor is calculated for 2004 by dividing the class weather actual wholesale consumption for 2004 (Hydro One file) by the class weather actual retail consumption (utility data).

The annual class kWh for weather sensitive load (Residential, GS<50, GS>50) for Bridge Year and Test Year is calculated by multiplying retail NAC by forecast number of customers in class.

A further adjustment was made to the GS>50 kW class because of the loss of a large customer in 2006. In the 2006 Board Approved, the customer was 8% of the total kWh load for RSL, and 17% of load for the GS> 50 kW rate class. This customer went bankrupt, and the new owners load dropped from 10 million kWh in the 2006 EDR, to 1.5 million in the projection for 2007. We have taken an average use for the 2006 and 2007 periods only for the GS > 50 kW class, and used that adjusted retail NAC for the 2008 projection. The historical NAC was 801,881 kWh per GS > 50 kW customer, and the 2006 – 2007 average drops to 742,546 kWh per customer.

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.

Services of Elenchus Research Associates (ERA) were used to develop the Normalization Methodology that we have used in this rate application.

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**

**WEATHER NORMALIZED FORECASTING METHODOLOGY**

**Customer Forecast**

Table 1 below presents historical and forecast customer numbers, by class, for RSL.

<b>Customers by Class</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
Residential	<b>4856</b>	<b>4860</b>	<b>4869</b>	<b>4924</b>	<b>4,962</b>	<b>4,962</b>	<b>4,972</b>
<i>Per cent change</i>		0.0%	0.2%	1.1%	0.8%	0.0%	0.2%
General Service less than 50 kW	<b>773</b>	<b>774</b>	<b>761</b>	<b>770</b>	<b>776</b>	<b>777</b>	<b>778</b>
<i>Per cent change</i>		0.1%	-1.7%	1.2%	0.8%	0.1%	0.1%
General Service greater than 50 kW	<b>64</b>	<b>64</b>	<b>70</b>	<b>68</b>	<b>64</b>	<b>64</b>	<b>64</b>
<i>Per cent change</i>		0.0%	9.4%	-2.9%	-5.9%	0.0%	0.0%
Unmetered Scattered Load	<b>17</b>	<b>15</b>	<b>50</b>	<b>49</b>	<b>48</b>	<b>48</b>	<b>48</b>
<i>Per cent change</i>		-11.8%	233.3%	-2.0%	-2.0%	0.0%	0.0%
Sentinel Lighting	<b>51</b>	<b>51</b>	<b>56</b>	<b>33</b>	<b>34</b>	<b>34</b>	<b>34</b>
<i>Per cent change</i>		0.0%	9.8%	-41.1%	3.0%	0.0%	0.0%
Street Lighting	<b>1617</b>	<b>1633</b>	<b>1635</b>	<b>1633</b>	<b>1,641</b>	<b>1,647</b>	<b>1,653</b>
<i>Per cent change</i>		1.0%	0.1%	-0.1%	0.5%	0.4%	0.4%

Annual percentage changes are shown for all classes. The Residential increase in 2005 is the result of a 58 unit bulk metered condominium, being changed to individual meters. The net result was more customers on paper, but similar usage. The Residential increase in 2006 is primarily the result of a 28 unit condominium being added to our system.

The customer count changes for GS < 50 kW and GS > 50 kW in 2006 are the result of customers being reclassified because their load dropped to below 50 kW for the last 12 months average. In 2007, a car wash was added to the GS < 50 kW class.

Annual percentage change is presented for Residential, GS<50 kW, and GS 50-4999 kW classes. While annual geometric mean growth is useful as a guide we have used actual data for 2007 to project customer growth into 2008. The 2007 customer numbers are actual at the end of the third quarter of 2007, and no further growth is expected for the 2007 year. Most customer counts by class are stagnant from 2006 to 2007. The forecast of an increase in residential customers in 2008 is based on a municipal extension of a street which created ten new building lots ready for development in June of 2006. We have not had a new residential customer in 2007, as a result of this. We anticipate that development on these ten lots will move ahead sometime in 2008.

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**

**WEATHER NORMALIZED FORECASTING METHODOLOGY**

For the GS>50 to 4999 kW an annual growth rate of 0% was assumed for 2007 and 2008. From the table above, it can be seen since 2004 there has been a decline in customers in this class. RSL does not expect the number of customers in this class to change within the next year to 18 months.

Customer numbers for Sentinel Lighting, Street Lighting, and USL classes in 2007 also represent the current (early 2007) number of connections in each of these classes. RSL does not expect the number of customers in the Sentinel and USL classes to change within the next year and the 2007 current figures are used for 2008. Customer growth for the Street Lighting class is calculated based on the annual average geometric mean of growth from 2002 to current year 2007.

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**

**WEATHER NORMALIZED FORECASTING METHODOLOGY**

The following table provides a summary of the customer count and load forecast, using the weather normalizing methodology as described above.

Customer Class		Historical Actual	Historical Board Approved	Historical Actual Normalized	Bridge Year Estimate	Bridge Year Estimate Normalized	Test Year Normalized Forecast
		2006	2004	2006	2007	2007	2008
Residential	# Customers	4,962	4,869	4,962	4,962	4,962	4,972
	Consumption - kWh	44,440,685	45,110,277	45,288,353	44,440,685	45,288,353	45,379,623
GS < 50 kW	# Customers	776	761	776	777	777	778
	Consumption - kWh	22,220,025	23,204,639	24,038,717	22,241,553	24,062,007	24,085,319
GS >50	# Customers	64	70	64	64	64	64
	Consumption - kWh	48,405,425	58,505,223	48,423,304	47,505,425	47,522,972	47,522,972
	Demand - kW	133,580	142,723	133,629	132,054	132,103	132,103
Sentinel Lights	Connections	34	33	34	34	34	34
	Consumption - kWh	102,394	32,338	102,394	100,077	100,077	100,826
	Demand - kW	284	126	284	277	277	279
Street Lighting	Connections	1,641	1,635	1,641	1,647	1,647	1,653
	Consumption - kWh	1,341,413	1,348,456	1,341,413	1,361,208	1,361,208	1,366,231
	Demand - kW	3,772	3,867	3,772	3,861	3,861	3,875
USL	# Customers	48	50	48	48	48	48
	Consumption - kWh	304,493	316,792	304,493	304,493	304,493	304,493
Total kWh's		116,814,435	128,517,725	119,498,674	115,953,440	118,639,109	118,759,464
Total kW		137,636	146,716	137,686	136,192	136,241	136,257

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**

**NORMALIZED VOLUME FORECAST TABLE**

**2006 Board Approved compared to 2006 Normalized**

Rate Classes	2006 Board Approved (kWh)	2006 Board Approved (kW)	2006 Actual Normalized (kWh)	2006 Actual Normalized (kW)	Variance from 2006 Board Approved (kWh)	Variance from 2006 Board Approved (kW)
Residential	45,110,277		45,288,353		178,076	-
General Service less than 50 kW	23,204,639		24,038,717		834,078	-
General Service greater than 50kW	58,505,222	142,723	48,423,304	133,629	(10,081,918)	(9,094)
Unmetered Scattered Load	316,792		304,493		(12,299)	-
Sentinel Lighting	51,541	252	102,394	284	50,853	32
Street Lighting	1,348,456	3,867	1,341,413	3,772	(7,043)	(95)
Totals	128,536,927	146,842	119,498,674	137,685	(9,038,253)	(9,157)

**2006 Normalized compared to 2007 Bridge**

Rate Classes	2006 Actual Normalized (kWh)	2006 Actual Normalized (kW)	2007 Bridge Normalized (kWh)	2007 Bridge Normalized (kW)	Variance from 2006 Actual (kWh)	Variance from 2006 Actual (kW)
Residential	45,288,353		45,288,353		-	-
General Service less than 50 kW	24,038,717		24,062,007		23,290	-
General Service greater than 50kW	48,423,304	133,629	47,522,972	132,103	(900,332)	(1,526)
Unmetered Scattered Load	304,493	-	304,493		-	-
Sentinel Lighting	102,394	284	100,077	277	(2,317)	(7)
Street Lighting	1,341,413	3,772	1,361,208	3,861	19,795	89
Totals	119,498,674	137,685	118,639,110	136,241	(859,564)	(1,444)

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**

**NORMALIZED VOLUME FORECAST TABLE**

**2007 Bridge compared to 2008 Test**

Rate Classes	2007 Bridge Normalized (kWh)	2007 Bridge Normalized (kW)	2008 Test Normalized (kWh)	2008 Test Normalized (kW)	Variance from 2007 Bridge Normalized (kWh)	Variance from 2007 Bridge Normalized (kW)
Residential	45,288,353		45,379,623	-	91,270	-
General Service less than 50 kW	24,062,007		24,085,319	-	23,312	-
General Service greater than 50kW	47,522,972	132,103	47,522,972	132,103	-	-
Unmetered Scattered Load	304,493		304,493	-	-	-
Sentinel Lighting	100,077	277	100,826	279	749	2
Street Lighting	1,361,208	3,861	1,366,231	3,875	5,023	14
Totals	<b>118,639,110</b>	<b>136,241</b>	<b>118,759,464</b>	<b>136,257</b>	<b>120,354</b>	<b>16</b>



**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**

**VARIANCE ANALYSIS ON NORMALIZED VOLUME FORECAST**

The purpose of the evidence contained in Exhibit 3, Tab 2, Schedule 2, is to provide the Board with a review of Rideau St. Lawrence Distribution Inc.'s actual and forecasted customers, consumption and revenues for the historical, bridge and test years. Exhibit 3, Tab 2, Schedule 1, Page 7, provides a summary of the normalized throughput and customer numbers from the schedules noted above.

**2008 Test Year compared to 2007 Bridge Year**

2008 Normalized consumption is 118,759,464 kWh and 136,257 kW, compared to 118,639,110 kWh and 136,241 kW for the 2007 Bridge Year. The increased volume is due to a projection of 10 new residential customers, 1 additional GS < 50 kW customer, and 6 additional street lights.

**2006 Normalized Actual compared to 2007 Bridge Year**

The forecast consumption for the 2007 Bridge year is 118,639,110 kWh and 136,241 kW of demand. Our largest GS > 50 kW customer went bankrupt part way through 2006. The additional decline in the GS > 50 kW class of 900,000 kWh and a further demand reduction of 1,526 kW, are the result of the net loss of that customer for an entire year.

**2006 Approved compared to 2006 Actual**

The 2006 actual kWh volume was 116,814,435 kWh and a demand of 137,636. The normalized 2006 is 119,498,674 kWh and a demand of 137,685 kW. The 2006 bankruptcy of our largest > 50 kW customer was the main reason for the dramatic drop in consumption from the 2006 Board Approved. The customer's volume of consumption was 10 million kWh, and a billed demand of 14,768 kW, in the Board Approved year, while the actual for 2006 was 2.5 million kWh, and a demand of 5,026 kW.

**2006 Board Approved**

2006 Board Approved volume was 128,536,927 kWh and 146,842 kW, based on the average of 2002, 2003, and 2004.

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**

**CUSTOMER COUNT FORECAST TABLE**

<b>Customer Count Forecast Table</b>	<b>2006 Board Approved</b>	<b>2006 Actual</b>	<b>Variance from 2006 Board Approved</b>	<b>2006 Actual</b>	<b>2007 Bridge</b>	<b>Variance from 2006 Actual</b>	<b>2007 Bridge</b>	<b>2008 Test</b>	<b>Variance from 2007 Bridge</b>
Residential	4,869	4,962	93	4,962	4,962	-	4,962	4,972	10
General Service Less Than 50 kW	761	776	15	776	777	1	777	778	1
General Service Greater than 50 kW	70	64	(6)	64	64	-	64	64	-
Unmetered Scattered Load	50	48	(2)	48	48	-	48	48	-
Sentinel Lighting	33	34	1	34	34	-	34	34	-
Street Lighting	1,635	1,641	6	1,641	1,647	6	1,647	1,653	6
<b>Customers / Connections</b>	<b>7,418</b>	<b>7,525</b>	<b>107</b>	<b>7,525</b>	<b>7,532</b>	<b>7</b>	<b>7,532</b>	<b>7,549</b>	<b>17</b>

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**

**VARIANCE ANALYSIS ON CUSTOMER COUNT FORECAST**

The purpose of the evidence contained in Exhibit 3, Tab 2, Schedule 1, is to provide the Board with a review of Rideau St. Lawrence Distribution Inc.'s actual and forecasted customers, plus normalized consumption and revenues for the historical, bridge and test years.

**Fiscal 2008 Test Year**

2008 Test Year forecast customer count/connections is 7,549 compared to the forecast total of 7,532 for 2007.

A 10 lot Residential development is expected to be built on and completed in 2008, adding 10 new homes in 2008. One additional GS < 50 kW, and 6 street lights are also forecast for 2008.

The local economy has been very flat for the last several years, with Industry (GS > 50 kW) leaving our service area, or downsizing. Customer count has remained relatively flat over the past several years, but due to down sizing of local business, our average consumption per customer has been declining.

**2007 Bridge Year compared to 2006 Actual**

2007 Bridge Year forecast is 7,532 customer count/connections, compared to the 2006 actual customer count/connections was 7,525.

The increase is for 1 GS < 50 kW customer and 6 new street lights in 2007. The customer count is based on actual counts in October 2007, and the fact that no new customers are planned for the balance of 2007.

**2006 Actual compared to 2006 Board Approved**

The 2006 Board Approved customer count/connections were 7,441, while the 2006 Actual customer count /connections were 7,525. The increase was mainly due to a bulk metered Residential condominium being converted in 2006 to individual meters. Our customer count was increased, but our actual customer count and our actual volumes did not increase. We had an increase of 15 Commercial customers, 9 were new customers, while the other 6 were GS > 50 kW customers that were reclassified due to an average demand of less than 50 kW for at least one year. Several manufacturing facilities, stopped production, and became warehouse facilities.

**2006 Board Approved**

2006 Board Approved customer count/connections were 7,441.

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**

**HISTORICAL AVERAGE CONSUMPTION**

**Residential**

<u>Year</u>	<u>Actual</u>	<u>Weather Normalized</u>	<u>Difference</u>	<u>Actual % Diff</u>
2002	44,348,020			
2003	45,744,759			
2004	45,034,614	45,110,277	75,663	0.17%
2005	46,438,361			
2006	44,440,685	45,288,353	847,668	1.91%
2007	44,440,685	45,288,353	847,668	1.91%
2008	45,379,623	45,379,623	-	0.00%

**General Service < 50 kW**

<u>Year</u>	<u>Actual</u>	<u>Weather Normalized</u>	<u>Difference</u>	<u>Actual % Diff</u>
2002	22,726,275			
2003	24,263,442			
2004	23,384,526	23,204,639	(179,887)	-0.77%
2005	23,490,754			
2006	22,220,025	24,038,717	1,818,692	8.18%
2007	22,241,553	24,062,007	1,820,454	8.18%
2008	24,085,319	24,085,319	-	0.00%

**General Service 50 to 4,999 kW**

<u>Year</u>	<u>Actual</u>	<u>Weather Normalized</u>	<u>Difference</u>	<u>Actual % Diff</u>
2002	53,928,328			
2003	55,162,247			
2004	56,110,937	58,505,223	2,394,286	4.27%
2005	54,683,320			
2006	48,405,425	48,423,304	17,879	0.04%
2007	47,505,425	47,522,972	17,547	0.04%
2008	47,522,972	47,522,972	-	0.00%

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**

**HISTORICAL AVERAGE CONSUMPTION**

**Unmetered Scattered Load**

Year	Actual	Weather Normalized	Difference	Actual % Diff
2002	116,727			
2003	120,252			
2004	206,222			
2005	269,392			
2006	304,493	304,493	-	0.00%
2007	304,493	304,493	-	0.00%
2008	304,493	304,493	-	0.00%

**Sentinel Lighting**

Year	Actual	Weather Normalized	Difference	Actual % Diff
2002	38,628			
2003	14,619			
2004	96,156			
2005	94,884			
2006	102,394	102,394	-	0.00%
2007	100,077	100,077	-	0.00%
2008	100,826	100,826	-	0.00%

**Street Lighting**

Year	Actual	Weather Normalized	Difference	Actual % Diff
2002	1,323,387			
2003	1,346,698			
2004	1,358,901			
2005	1,359,556			
2006	1,341,413	1,341,413	-	0.00%
2007	1,361,208	1,361,208	-	0.00%
2008	1,366,231	1,366,231	-	0.00%

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**

**OTHER DISTRIBUTION REVENUE**

Other Distribution Revenue	2006	2006	Variance	2006	2007	Variance	2007	2008	Variance
	Board Approved	Actual	from 2006 Board Approved	Actual	Bridge	from 2006 Actual	Bridge	Test	from 2007 Bridge
	(\$'s)	(\$'s)	(\$'s)	(\$'s)	(\$'s)	(\$'s)	(\$'s)	(\$'s)	(\$'s)
Revenues from Non-Utility Operation #4375	-	-	-	-	-	-	-	-	-
Retail Services Revenues #4082	1,284	4,409	3,125	4,409	7,000	2,591	7,000	7,000	-
Service Transaction Requests (STR) Revenues #4084	10	525	515	525	634	109	634	634	-
SSS Admin #4080	22,148	22,187	39	22,187	22,596	409	22,596	22,647	51
Electric Services Incidental to Energy Sales #4090	-	-	-	-	-	-	-	-	-
Transmission Charges Revenue	-	-	-	-	-	-	-	-	-
Transmission Services Revenue	-	-	-	-	-	-	-	-	-
Interdepartmental Rents #4205	-	-	-	-	-	-	-	-	-
Rent from Electric Property #4210	23,877	46,779	22,902	46,779	43,605	(3,174)	43,605	43,605	-
Other Utility Operating Income #4215	-	-	-	-	-	-	-	-	-
Revenue from Jobbing #4325	-	-	-	-	-	-	-	-	-
Late Payment Charges #4225	50,443	51,596	1,153	51,596	52,700	1,104	52,700	52,700	-
Sales of Water and Water Power	-	-	-	-	-	-	-	-	-
Miscellaneous Service Revenues #4235	50,557	56,594	6,037	56,594	94,264	37,670	94,264	94,264	-
Gain on Disposal #4355	-	-	-	-	-	-	-	-	-
Interest & Dividend Income #4405	14,240	44,627	30,387	44,627	34,918	(9,709)	34,918	31,000	(3,918)
<b>Total</b>	<b>162,559</b>	<b>226,717</b>	<b>64,158</b>	<b>226,717</b>	<b>255,717</b>	<b>29,000</b>	<b>255,717</b>	<b>251,850</b>	<b>(3,867)</b>

RIDEAU ST. LAWRENCE DISTRIBUTION INC.

SPECIFIC SERVICE CHARGES

Rate Code	Description	Standard Amount (Rate) \$	Applicable Y / N	2006 Approved Volume	2006 Volume	2007 Volume	2008 Volume	Test Year Volume	Calculated Amt. - Std. Formula \$
1	Arrears Certificate	15.00	Y	37				0	0.00
2	Statement Of Account	15.00	Y	17				0	0.00
3	Pulling Post Dated Cheques	15.00	Y					0	0.00
4	Duplicate Invoices For Previous Billing	15.00	Y					0	0.00
5	Request For Other Billing Information	15.00	Y					0	0.00
6	Easement Letter	15.00	Y					0	0.00
7	Income Tax Letter	15.00	Y					0	0.00
8	Notification Charge	15.00	Y					0	0.00
9	Account History	15.00	Y					0	0.00
10	Credit Reference/Credit Check (Plus Credit Agency Costs)	15.00	Y					0	0.00
11	Returned Cheque Charge (Plus Bank Charges)	15.00	Y	145	127	75	75	75	1,125.00
12	Charge To Certify Cheque	15.00	Y					0	0.00
13	Legal Letter Charge	15.00	Y					0	0.00
14	Account Set Up Charge/Change Of Occupancy Charge (Plus Credit Agency Costs If Applicable)	30.00	Y	875	827	731	731	731	21,930.00
15	Special Meter Reads	30.00	Y				0	0	0.00
16	Collection Of Account Charge - No Disconnection	30.00	Y	642	2,103	2,157	2,157	2,157	64,710.00
17	Collection Of Account Charge - No Disconnection - After Regular Hours	165.00	Y				0	0	0.00
18	Disconnect/Reconnect At Meter - During Regular Hours	65.00	Y	20	69	100	100	100	6,500.00
19	Install/Remove Load Control Device - During Regular Hours	65.00	Y				0	0	0.00

RIDEAU ST. LAWRENCE DISTRIBUTION INC.

SPECIFIC SERVICE CHARGES

Rate Code	Description	Standard Amount (Rate) \$	Applicable Y / N	2006 Approved Volume	2006 Volume	2007 Volume	2008 Volume	Test Year Volume	Calculated Amt. - Std. Formula \$
20	Disconnect/Reconnect At Meter - After Regular Hours	185.00	Y				0	0	0.00
21	Install/Remove Load Control Device - After Regular Hours	185.00	Y				0	0	0.00
22	Disconnect/Reconnect At Pole - During Regular Hours	185.00	Y	3			0	0	0.00
23	Disconnect/Reconnect At Pole - After Regular Hours	415.00	Y				0	0	0.00
24	Meter Dispute Charge Plus Measurement Canada Fees (If Meter Found Correct)	30.00	Y				0	0	0.00
25	Service Call - Customer-Owned Equipment	30.00	Y				0	0	0.00
26	Service Call - After Regular Hours	165.00	Y				0	0	0.00
27	Temporary Service Install & Remove - Overhead - No Transformer	500.00	Y				0	0	0.00
28	Temporary Service Install & Remove - Underground - No Transformer	300.00	Y				0	0	0.00
29	Temporary Service Install & Remove - Overhead - With Transformer	1,000.00	Y				0	0	0.00
30	Specific Charge For Access To The Power Poles \$/Pole/Year	Various	Y	1,068	1,976	1,963	1,963	1,963	43,605.00
<b>Total Specific Service Charge Revenue</b>									<b>137,870.00</b>



**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**

**MATERIALITY ANALYSIS ON OTHER DISTRIBUTION REVENUE**

<b><u>Distribution Expenses</u></b>	<b>2006 Actual</b>	<b>2007 Bridge</b>	<b>2008 Test</b>
OM&A	1,382,597	1,438,750	1,586,626
Amortization	192,403	217,414	253,818
Distribution Expense Before PILs	<u>1,575,000</u>	<u>1,656,164</u>	<u>1,840,444</u>
1 % of Distribution Expense Before PILs	15,750	16,562	18,404

Other distribution revenue refers to revenues earned in distribution activities that are not derived from distribution rates. These revenues include a number of specific service charges for specific activities such as new account set up fees, collection charges and others. Other distribution revenue also includes late payments charges, Retail Services revenue and interest income. Variance analysis greater than the materiality level are explained below. Comparison of revenues have been compared for the 2006 historical approved and the 2006 Actual, the 2006 Actual and the 2007 Bridge year, and the 2007 Bridge Year to the 2008 Test Year.

<b>Revenue Account</b>	<b>2006 Board Approved</b>	<b>2006 Actual</b>	<b>Variance</b>
<b>Rent from Electric Property #4210</b>	23,877	46,779	22,902

Explanation:

Calculation in 2006 Board Approved only included cable company poles. The difference was the joint use revenue from Bell Canada, and dark fibre leases.

<b>Revenue Account</b>	<b>2006 Board Approved</b>	<b>2006 Actual</b>	<b>Variance</b>
<b>Interest &amp; Dividend Income #4405</b>	14,240	44,627	30,387

Explanation:

Investment income growth is due to improvements in cash flow from the recovery of regulatory assets.

<b>Revenue Account</b>	<b>2006 Actual</b>	<b>2007 Bridge</b>	<b>Variance</b>
<b>Miscellaneous Service Revenues #4235</b>	56,594	94,264	37,670

Explanation:

Miscellaneous Service Revenues include a number of specific service charges. The 2006 Approved rates assumed that the number of service transactions for specific services would remain at the average number of transactions for 2002, 2003 and 2004. The trend over that period was an increase in the amount of service transactions. This trend continued in 2005 and 2006. The new specific service charges became effective on May 1, 2006. The variance reflects a full year specific service charges at the new approval rates in 2007.

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**

**RATE OF RETURN ON OTHER REVENUE**

In this application, Rideau St. Lawrence Distribution Inc. has applied for the same Specific Service Charges Schedule previously approved in the 2007 Tariffs of Rates and Charges (EB-2007-0536). The Specific Services Charges Schedule follows the OEB recommended charges and as such Rideau St. Lawrence Distribution Inc. has no further information related to the rate of return on non-core delivery activities.

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**

**DISTRIBUTION REVENUE DATA**

**2006 Board Approved**

	Customers (Year-End)	Consumption kWh	Demand KW	Distribution Revenues (\$)	Distribution revenues - LV Charges (\$)	Total Revenues (\$)	Unit Revenues \$/kWh
<b><u>Residential</u></b>	4,869	45,110,277		909,886	63,114	973,000	0.022
General Service < 50 kW	761	23,204,639		207,579	29,495	237,074	0.010
General Service > 50 to 4,999 kW	70	56,505,222	142,723	346,225	71,967	418,192	0.007
Unmetered Scattered Load	50	316,792		15,575	260	15,835	0.050
Sentinel Lighting	33	51,541	252	1,513	106	1,619	0.031
Street Lighting	1,635	1,348,456	3,867	39,300	1,454	40,754	0.030
<b>Total</b>	<b>7,418</b>	<b>126,536,927</b>	<b>146,842</b>	<b>1,520,078</b>	<b>166,396</b>	<b>1,686,474</b>	<b>0.013</b>

**2006 Actual**

	Customers (Year-End)	Consumption kWh	Demand KW	Distribution Revenues (\$)	Distribution revenues - LV Charges (\$)	Total Revenues (\$)	Unit Revenues \$/kWh
<b><u>Residential</u></b>	4,962	44,440,685		931,836	42,076	973,912	0.0219
General Service < 50 kW	776	22,220,025		206,077	19,663	225,740	0.0102
General Service > 50 to 4,999 kW	64	48,405,425	133,580	332,949	47,978	380,927	0.0079
Unmetered Scattered Load	48	304,493		15,264	173	15,437	0.0507
Sentinel Lighting	34	102,394	284	1,971	71	2,042	0.0199
Street Lighting	1,641	1,341,413	3,772	44,458	969	45,427	0.0339
<b>Total</b>	<b>7,525</b>	<b>116,814,435</b>	<b>137,636</b>	<b>1,532,555</b>	<b>110,931</b>	<b>1,643,486</b>	<b>0.0141</b>

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**

**DISTRIBUTION REVENUE DATA**

**2006 Actual – Normalized**

	Customers (Year-End)	Consumption kWh	Demand KW	Distribution Revenues (\$)	Normalized Consumption kWh	Normalized Demand kW	Normalized Distribution Revenues (\$)	Unit Revenues \$/kWh
<u>Residential</u>	4,962	44,440,685		931,836	45,288,353		940,822	0.0208
General Service < 50 kW	776	22,220,025		206,077	24,038,717		215,352	0.0090
General Service > 50 to 4,999 kW	64	48,405,425	133,580	332,949	48,423,304	133,629	333,030	0.0069
Unmetered Scattered Load	48	304,493		15,264	304,493		15,264	0.0501
Sentinel Lighting kW	34	102,394	284	1,971	102,394	284	1,971	0.0192
Street Lighting	1,641	1,341,413	3,772	44,458	1,341,413	3,772	44,458	0.0331
<b>Total</b>	<b>7,525</b>	<b>116,814,435</b>	<b>137,636</b>	<b>1,532,555</b>	<b>119,498,674</b>	<b>137,685</b>	<b>1,550,896</b>	<b>0.013</b>

**2007 Bridge - Normalized**

	Customers (Year-End)	Consumption kWh	Demand KW	Distribution Revenues (\$)	Normalized Consumption kWh	Normalized Demand kW	Normalized Distribution Revenues (\$)	Unit Revenues \$/kWh
<u>Residential</u>	4,962	44,440,685		<b>940,223</b>	45,288,353		949,293	0.0210
General Service < 50 kW	777	22,241,553		<b>207,932</b>	24,062,007		217,216	0.0090
General Service > 50 to 4,999 kW	64	47,505,425	132,054	<b>335,945</b>	47,522,972	132,103	336,027	0.0071
Unmetered Scattered Load	48	304,493		<b>15,401</b>	304,493		15,401	0.0506
Sentinel Lighting kW	34	100,077	277	<b>1,989</b>	100,077	277	1,989	0.0199
Street Lighting	1,647	1,361,208	3,861	<b>44,858</b>	1,361,208	3,861	44,858	0.0330
<b>Total</b>	<b>7,532</b>	<b>115,953,441</b>	<b>136,192</b>	<b>1,546,348</b>	<b>118,639,110</b>	<b>136,241</b>	<b>1,564,784</b>	<b>0.0132</b>

RIDEAU ST. LAWRENCE DISTRIBUTION INC.DISTRIBUTION REVENUE DATA2008 Test – Normalized

	Customers (Year-End)	Consumption kWh	Demand KW	Distribution Revenues (\$)	Normalized Consumption kWh	Normalized Demand kW	Normalized Distribution Revenues (\$)	Unit Revenues \$/kWh
<u>Residential</u>	4,972				45,379,623		1,153,409	0.0254
General Service < 50 kW	778				24,085,319		403,078	0.0167
General Service > 50 to 4,999 kW	64				47,522,972	132,103	384,940	0.0081
Unmetered Scattered Load	48				304,493		14,511	0.0477
Sentinel Lighting kW	34				100,826	279	3,023	0.0300
Street Lighting	1,653				1,366,231	3,875	56,431	0.0413
Total	7,549				118,759,464	136,257	2,015,392	0.0170

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**

**DESCRIPTION OF REVENUE SHARING**

Rideau St. Lawrence does not participate in revenue sharing.

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**

<u>Exhibit</u>	<u>Tab</u>	<u>Schedule</u>	<u>Contents of Schedule</u>
<b><u>4 - Operating Costs</u></b>			
	1		<b><u>Overview</u></b>
		1	Overview of Operating Costs
		2	Summary of Operating Costs Table
	2		<b><u>OM&amp;A Costs</u></b>
		1	OM&A Costs Table
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		4	Shared Services
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	3		<b><u>Income Tax, Large Corporation Tax</u></b>
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**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**

**OVERVIEW OF OPERATING COSTS**

**Operating Costs**

The operating costs presented in this exhibit represent the annual expenditures required to sustain Rideau St. Lawrence Distribution Inc.'s Distribution Operations. The information presented in this exhibit is grouped: Operation, Maintenance, Amortization Expense and Income Taxes.

Exhibit 4, Tab 1, Schedule 2, provides a summary of RSL's Operating Costs for the historical, bridge and test years.

**OM&A Costs**

The OM&A costs in this exhibit represent Rideau St. Lawrence Distribution Inc.'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 Rideau St. Lawrence Distribution Inc.'s distribution system, and to meet the service levels stipulated in the Standard Supply Service Code and the Retailer Settlement Codes.

Rideau St. Lawrence Distribution Inc. (RSL) has a number of affiliates, as shown in Exhibit 1, Tab 1, Schedule 14, at page 48. One of the affiliates, Rideau St. Lawrence Utilities Inc. (Utilities), is a services company that provides all the manpower required by RSL to operate its distribution system. The costs for these services are passed through to RSL at cost. A corporate charge is then calculated to provide a return on the investments of Utilities. This charge is allocated to each affiliate based on the percentage of total revenue of the Consolidated Corporation. In 2006 the corporate charge to RSL was \$32,832, compared to \$31,656 in the approved 2006 EDR. The corporate charge for 2007 is forecast to be \$21,817, and for 2008 it is forecast to be \$19,578.

OM&A expenditures totaled \$1,325,430 in 2006 Board Approved, \$1,361,252 in 2006 Actual, and are forecast to be \$1,426,914 in 2007 and \$1,586,626 in 2008.

Operating costs have increased due to an accounting correction for the treatment of depreciation (\$39,000 impact for 2006), inflation, a three year work plan to eliminate in-service PCB transformers (\$40,000 per year), a transfer of wholesale metering costs from Transmission Network and connection rates to distribution OM&A expense (\$62,700 per year), inclusion of OMERS (estimated at \$50,000 for 2008) in overhead costs, and the cost of our rate application spread over three years (\$23,333). Our depreciation had been calculated on a declining balance since 2000 in error. We corrected it to a straight line basis in 2006, and the 2006 impact was an additional depreciation charge of \$39,000.

In the 2006 EDR, the Board disallowed \$47,000 in costs identified for OMERS expense, notwithstanding that these costs are a legitimate component of RSL's distribution expense. OMERS cost is included in the 45 percent overhead added to actual labour costs, and has been included on this basis in the 2006 actual costs, and in the 2007 bridge, and the 2008 test years.



**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**

**OVERVIEW OF OPERATING COSTS**

Exhibit 4, Tab 2, Schedule 1, provides details of RSL's operating costs for the historical, bridge and test years.

**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 total \$39,438 in 2006 Board Approved, \$25,909 in 2006 Actual and are forecast to be \$NIL in 2007 and \$32,968 in 2008.

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.****SUMMARY OF OPERATING COSTS TABLE**

	2006 Board Approved	2006 Actual	2007 Bridge	2008 Test
<b>OM&amp;A expenses</b>				
Operations	245,294	145,283	185,080	189,708
Maintenance	91,951	197,528	291,216	401,986
Biling & Collecting	357,668	374,843	354,708	363,576
Community Relations	270	242	248	254
Administrative and General Expenses	630,247	643,356	595,662	631,102
<b>Total OM &amp; A Costs</b>	<b>1,325,430</b>	<b>1,361,252</b>	<b>1,426,914</b>	<b>1,586,626</b>
Taxes Other Than Income	21,246	21,345	21,879	22,426
<b>Dist. Expenses before Amort. /Taxes</b>	<b>1,346,676</b>	<b>1,382,597</b>	<b>1,448,793</b>	<b>1,609,052</b>
Amortization Expense	156,359	192,403	217,414	253,818
<b>Total Distribution Expenses</b>	<b>1,503,035</b>	<b>1,575,000</b>	<b>1,666,207</b>	<b>1,862,870</b>
LCT, OCT & Income Taxes	39,438	25,909	-	32,968
<b>TOTAL OPERATING COSTS</b>	<b>1,542,473</b>	<b>1,600,909</b>	<b>1,666,207</b>	<b>1,895,838</b>

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.****OM&A COSTS TABLE**

<u>OM&amp;A Detailed Costs Table</u>	<u>2006 Board Approved</u>	<u>2006 Actual</u>	<u>Variance from 2006 Board Approved</u>	<u>2006 Actual</u>	<u>2007 Bridge</u>	<u>Variance from 2006 Actual</u>	<u>2007 Bridge</u>	<u>2008 Test</u>	<u>Variance from 2007 Bridge</u>
<b><u>3500 Distribution Expenses - Operation</u></b>									
5005 -Operation Supervision and Engineering									
	84,439	50,367	34,072	50,367	87,696	(37,329)	87,696	89,889	(2,193)
5012 -Station Buildings and Fixtures Expense									
	-	1,823	(1,823)	1,823	1,871	(48)	1,871	1,917	(46)
5015 -Transformer Station Equipment - Operation Supplies and Expenses									
	90	-	90	-	-	-	-	-	-
5016 -Distribution Station Equipment - Operation Labour									
	-	1,263	(1,263)	1,263	1,296	(33)	1,296	1,329	(33)
5017 -Distribution Station Equipment - Operation Supplies and Expenses									
	4,153	-	4,153	-	-	-	-	-	-
5020 -Overhead Distribution Lines and Feeders - Operation Labour									
	3,349	7,533	(4,184)	7,533	7,729	(196)	7,729	7,922	(193)
5025 -Overhead Distribution Lines & Feeders - Operation Supplies and Expenses									
	-	-	-	-	-	-	-	-	-
5030 -Overhead Sub-transmission Feeders - Operation									
	-	-	-	-	-	-	-	-	-
5035 -Overhead Distribution Transformers- Operation									
	2,904	3,671	(767)	3,671	3,766	(95)	3,766	3,861	(95)
5040 -Underground Distribution Lines and Feeders - Operation Labour									
	-	-	-	-	-	-	-	-	-
5045 -Underground Distribution Lines & Feeders - Operation Supplies & Expenses									
	-	-	-	-	-	-	-	-	-
5055 -Underground Distribution Transformers - Operation									
	-	-	-	-	-	-	-	-	-
5065 -Meter Expense									
	10,297	855	9,442	855	877	(22)	877	899	(22)
5070 -Customer Premises - Operation Labour									
	676	308	368	308	316	(8)	316	324	(8)
5085 -Miscellaneous Distribution Expense									
	119,969	57,990	61,979	57,990	59,498	(1,508)	59,498	60,985	(1,487)
5095 -Overhead Distribution Lines and Feeders - Rental Paid									
	19,417	21,473	(2,056)	21,473	22,031	(558)	22,031	22,582	(551)
3500 Distribution Expenses - Operation Sub-Total	245,294	145,283	100,011	145,283	185,080	(39,797)	185,080	189,708	(4,628)

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.****OM&A COSTS TABLE**

<u>OM&amp;A Detailed Costs Table</u>	<u>2006 Board Approved</u>	<u>2006 Actual</u>	<u>Variance from 2006 Board Approved</u>	<u>2006 Actual</u>	<u>2007 Bridge</u>	<u>Variance from 2006 Actual</u>	<u>2007 Bridge</u>	<u>2008 Test</u>	<u>Variance from 2007 Bridge</u>
<b><u>3550 Distribution Expenses - Maintenance</u></b>									
5105 -Maintenance Supervision and Engineering	-	167	(167)	167	171	(4)	171	175	(4)
5110 -Maintenance of Buildings and Fixtures - Distribution Stations	-	-	-	-	-	-	-	-	-
5112 -Maintenance of Transformer Station Equipment	-	-	-	-	-	-	-	-	-
5114 -Maintenance of Distribution Station Equipment	2,409	(15,743)	18,152	(15,743)	2,400	(18,143)	2,400	70,700	(68,300)
5120 -Maintenance of Poles, Towers and Fixtures	8,594	37,411	(28,817)	37,411	48,384	9,027	38,384	39,343	(959)
5125 -Maintenance of Overhead Conductors and Devices	31,312	65,593	(34,281)	65,593	77,299	(11,706)	77,299	94,356	(17,057)
5130 -Maintenance of Overhead Services	10,697	24,859	(14,162)	24,859	35,505	(10,646)	35,505	41,393	(5,888)
5135 -Overhead Distribution Lines and Feeders - Right of Way	25,220	45,254	(20,034)	45,254	56,430	(11,176)	56,430	72,966	(16,536)
5145 -Maintenance of Underground Conduit	421	456	(35)	456	468	(12)	468	480	(12)
5150 -Maintenance of Underground Conductors and Devices	6,026	11,851	(5,825)	11,851	17,160	4,691	12,160	12,464	(304)
5155 -Maintenance of Underground Services	2,050	8,345	(6,295)	8,345	13,562	4,783	8,562	8,776	(214)
5160 -Maintenance of Line Transformers	1,757	15,524	(13,767)	15,524	35,927	(20,403)	55,927	57,325	(1,398)
5175 -Maintenance of Meters	3,465	3,811	(346)	3,811	3,910	(99)	3,910	4,008	(98)
3550 Distribution Expenses - Maintenance Sub-Total	91,951	197,528	(105,577)	197,528	291,216	(93,688)	291,216	401,986	(110,770)

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.****OM&A COSTS TABLE**

<b>OM&amp;A Detailed Costs Table</b>	<b>2006 Board Approved</b>	<b>2006 Actual</b>	<b>Variance from 2006 Board Approved</b>	<b>2006 Actual</b>	<b>2007 Bridge</b>	<b>Variance from 2006 Actual</b>	<b>2007 Bridge</b>	<b>2008 Test</b>	<b>Variance from 2007 Bridge</b>
<b><u>3650 Billing and Collecting</u></b>									
5310 -Meter Reading Expense	96,459	60,631	35,828	60,631	51,896	8,735	51,896	53,194	(1,298)
5315 -Customer Billing	188,895	241,916	(53,021)	241,916	258,214	(16,298)	258,214	264,669	(6,455)
5320 -Collecting	59,314	30,828	28,486	30,828	31,598	(770)	31,598	32,388	(790)
5325 -Collecting- Cash Over and Short	-	-	-	-	-	-	-	-	-
5335 -Bad Debt Expense	13,000	41,468	(28,468)	41,468	13,000	28,468	13,000	13,325	(325)
5340 -Miscellaneous Customer Accounts Expenses	-	-	-	-	-	-	-	-	-
3650 Billing and Collecting Sub-Total	357,668	374,843	(17,175)	374,843	354,708	20,135	354,708	363,576	(8,868)
<b><u>3700 Community Relations</u></b>									
5410 -Community Relations - Sundry	270	242	28	242	248	6	248	254	(6)
5415 -Energy Conservation	-	-	-	-	-	-	-	-	-
5515 -Advertising Expense	-	-	-	-	-	-	-	-	-
3700 Community Relations Sub-Total	270	242	28	242	248	6	248	254	(6)
<b><u>3800 Administrative and General Expenses</u></b>									
5605 -Executive Salaries and Expenses	-	-	-	-	-	-	-	-	-
5610 -Management Salaries and Expenses	-	-	-	-	-	-	-	-	-
5615 -General Administrative Salaries and Expenses	239,120	327,030	(87,910)	327,030	329,970	(2,940)	329,970	338,219	(8,249)
5620 -Office Supplies and Expenses	21,814	15,142	6,672	15,142	15,521	(379)	15,521	15,909	(388)
5625 -Administrative Expense Transferred Credit	31,656	86,596	(54,940)	86,596	21,817	64,779	21817	19,578	2,239

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.****OM&A COSTS TABLE**

<u>OM&amp;A Detailed Costs Table</u>	<u>2006 Board Approved</u>	<u>2006 Actual</u>	<u>Variance form 2006 Board Approved</u>	<u>2006 Actual</u>	<u>2007 Bridge</u>	<u>Variance form 2006 Actual</u>	<u>2007 Bridge</u>	<u>2008 Test</u>	<u>Variance form 2007 Bridge</u>
5630 -Outside Services Employed	42,183	69,367	(27,184)	69,367	71,101	(1,734)	71,101	72,879	(1,778)
5635 -Property Insurance	1,657	27,462	(25,805)	27,462	36,549	(9,087)	36,549	37,463	(914)
5640 -Injuries and Damages	16,091	-	16,091	-	-	-	-	-	-
5645 -Employee Pensions and Benefits	3,853	-	3,853	-	-	-	-	-	-
5655 -Regulatory Expenses	9,539	7,733	1,806	7,733	7,927	(194)	7,927	31,458	(23,531)
5660 -General Advertising Expenses	-	-	-	-	-	-	-	-	-
5665 -Miscellaneous General Expenses	256,068	81,498	174,570	81,498	83,536	(2,038)	83,536	85,624	(2,088)
5670 -Rent	7,284	7,344	(60)	7,344	7,528	(184)	7,528	7,716	(188)
5675 -Maintenance of General Plant	982	21,184	(20,202)	21,184	21,713	(529)	21,713	22,256	(543)
5680 -Electrical Safety Authority Fees	-	-	-	-	-	-	-	-	-
3800 Administrative and General Expenses Sub-Total	630,247	643,356	(13,109)	643,356	595,662	47,694	595,662	631,102	(35,440)
<b><u>Operation, Maintenance and Administration (OM &amp; A)</u></b>	1,325,430	1,361,252	(35,822)	1,361,252	1,426,914	(65,662)	1,426,914	1,586,626	(159,712)
<b><u>3850 Amortization Expense</u></b>									
5705 -Amortization Expense - Property, Plant, and Equipment	156,359	192,403	(36,044)	192,403	217,414	(25,011)	217,414	253,818	(36,404)
<b><u>3950 Taxes Other Than Income Taxes</u></b>									
6105 -Taxes Other Than Income Taxes	21,246	21,345	(99)	21,345	21,879	(534)	21,879	22,426	(547)
Total Distribution Expenses (for Working Capital)	1,503,035	1,575,000	(71,965)	1,575,000	1,666,207	(91,195)	1,666,207	1,862,870	(196,663)
<b><u>Income Taxes</u></b>									
6110-Income Taxes	39,438	25,909	13,529	25,909	-	25,909	-	32,968	(32,968)
Total Costs Including PILS	1,542,473	1,600,909	(58,436)	1,600,909	1,666,207	(65,298)	1,666,207	1,895,838	(229,631)

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**

**VARIANCE ANALYSIS ON OM&A COSTS**

A summary of operating and maintenance costs is presented in Exhibit 4, Tab 1, Schedule 2.

**2008 Test year**

The 2008 test year OM&A forecast is shown in Exhibit 4, Tab 1, Schedule 2.

The total net cost is expected to be \$1,586,626. Net wages and benefits make up 70% of the total net costs.

**Comparison to 2007 Bridge Year**

Exhibit 4, Tab 1, Schedule 2, provides a comparison of the 2008 test year forecast of OM&A Operating & Maintenance expenses to that forecast for the 2007 bridge year. Total net OM&A costs are forecast to increase \$159,712 or 11%. The increase is primarily due the pole replacement program, replacement of conductors and devices on those poles, elimination of PCB In-Service transformers (\$40,000), transfer of Wholesale Metering cost from Transmission rates to the distributors OM&A, and one third of the cost of preparing our 2008 Rate Application.

**2007 Bridge Year**

The 2007 bridge year OM&A Operating & Maintenance forecast is shown in Exhibit 4, Tab 1, Schedule 2. The total net cost is expected to be \$1,426,914. Net wages and benefits make up 75% of the total net Operating & Maintenance costs. Operations and Maintenance costs are forecasted to be 33%, Billing and Collecting 25%, and Administration and General costs total 42%.

**Comparison to 2006 Actual**

Exhibit 4, Tab 1, Schedule 2, provides a comparison of the 2007 bridge year forecast of OM&A Operating & Maintenance expenses to that forecast for the 2006 Actual results. Total net OM&A Operating & Maintenance costs are forecast to increase \$65,650. 2006 Actual results are lower due to a one time credit from Hydro One for the 2005 and 2006 purchased wholesale meter points, and some extraordinary items which were removed for normalizing 2006 and were not included for projecting 2007 Bridge Year or 2008 Test year.

**2006 Actual**

The 2006 Actual results OM&A Operating & Maintenance is shown in Exhibit 4, Tab 1, Schedule 2. The total net cost was \$1,361,252. Net wages and benefits make up 71% of the total net Operating & Maintenance costs.

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**

**VARIANCE ANALYSIS ON OM&A COSTS**

**Comparison to 2006 Board Approved**

Exhibit 4, Tab 1, Schedule 2, provides a comparison of the 2006 Actual results to the 2006 Board Approved forecast of OM&A Operating & Maintenance expenses. Total net OM&A Operating & Maintenance costs increased \$35,822 or 2.7%. The increase was mainly due inflation.

**2006 Board Approved**

The 2006 Board approved OM&A Operating & Maintenance is shown in Exhibit 4, Tab 1, Schedule 2. The total net cost was 1,325,430. Net wages and benefits made up 75% of the total net Operating & Maintenance costs. In the 2006 EDR, based on 2004 actual, our capitalized labour and overhead costs were significantly higher. In 2006 Actual, fewer costs were capitalized, and more were charged to maintenance.



**RIDEAU ST. LAWRENCE DISTRIBUTION INC.****MATERIALITY ANALYSIS ON OM&A COSTS**

<b>Distribution Expenses</b>	<b>2006 Actual</b>	<b>2007 Bridge</b>	<b>2008 Test</b>
<b>OM&amp;A plus local taxes.</b>	1,382,597	1,448,793	1,609,052
<b>Amortization</b>	192,403	217,414	253,818
<b>Distribution Expense Before PILs</b>	<u>1,575,000</u>	<u>1,666,207</u>	<u>1,862,870</u>
<b>1 % of Distribution Expense Before PILs</b>	15,750	16,662	18,629

**Variance Analysis: 2006 Board Approved vs. 2006 Actual**

<b>Account</b>	<b>2006 Board Approved</b>	<b>2006 Actual</b>	<b>Variance from 2006 Board Approved</b>
5005-Operation Supervision and Engineering	84,439	50,367	34,072

## Explanation:

Costs were allocated to overhead for a portion of this period, rather than Supervision. This was revised for 2006 normalization, and future years. The cost for the Bridge and Test years are back to the 2006 EDR levels.

<b>Account</b>	<b>2006 Board Approved</b>	<b>2006 Actual</b>	<b>Variance from 2006 Board Approved</b>
5085-Miscellaneous Distribution Expense	119,969	57,990	61,979

## Explanation:

The 2006 Board approved expenditures included the disposal cost of PCB's in spare transformers. This was an actual expense in 2004 and not repeated in 2006. In 2004, the book value of inventory was reduced to the physical count, by the amount of \$10,050. The 2006 Board approved costs included in the maintenance of General Plant costs \$20,202, which are recorded in account 5675 in 2006 Actual and future years.

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.****MATERIALITY ANALYSIS ON OM&A COSTS**

<b>Account</b>	<b>2006 Board Approved</b>	<b>2006 Actual</b>	<b>Variance from 2006 Board Approved</b>
5114-Maintenance of Distribution Station Equipment	2,409	(15,743)	18,152

## Explanation:

This account captures a rebate for 2005 and 2006 from Hydro One for wholesale metering points. We purchased the wholesale metering points in 2005 and 2006. The 2006 credit of \$34,675 was offset by our costs of \$18,932 for a net credit of \$15,743. No credit was available for 2004 and prior years.

<b>Account</b>	<b>2006 Board Approved</b>	<b>2006 Actual</b>	<b>Variance from 2006 Board Approved</b>
5120-Maintenance of Poles, Towers and Fixtures	8,594	37,411	(28,817)

## Explanation:

Increased maintenance costs were incurred in the 2006 Actual. In the 2006 Board Approved, there was more capitalized work performed, and less charged to maintenance.

<b>Account</b>	<b>2006 Board Approved</b>	<b>2006 Actual</b>	<b>Variance from 2006 Board Approved</b>
5125-Maintenance of Overhead Conductors and Devices	31,312	65,593	(34,281)

## Explanation:

Increased maintenance costs were incurred in the 2006 Actual. In the 2006 Board Approved, there was more capitalized work performed, and less charged to maintenance.

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.****MATERIALITY ANALYSIS ON OM&A COSTS**

<b>Account</b>	<b>2006 Board Approved</b>	<b>2006 Actual</b>	<b>Variance from 2006 Board Approved</b>
5135-Overhead Distribution Lines and Feeders - Right of Way	25,220	45,254	(20,034)

## Explanation:

Increased maintenance costs were incurred in the 2006 Actual. In the 2006 Board Approved, there was more capitalized work performed, and less charged to maintenance. The 2006 Approved Capitalized Labour cost was \$116,602; 2006 Actual Capitalized Labour cost was \$42,930. The capital labour was for work performed on poles, overhead conductors and devices.

<b>Account</b>	<b>2006 Board Approved</b>	<b>2006 Actual</b>	<b>Variance from 2006 Board Approved</b>
5310-Meter Reading Expense	96,459	60,631	35,828
5315-Customer Billing	188,895	241,916	(53,021)
5320-Collecting	59,314	30,828	28,486
Sub Total	344,668	333,375	11,293

## Explanation:

The sub-total of the three accounts is under the materiality level, and the 2006 Actual expenses represent the costs incurred. The accuracy recording time in our payroll system and charging to the proper US of A account for the service performed has been improved from the 2006 EDR (2004).

<b>Account</b>	<b>2006 Board Approved</b>	<b>2006 Actual</b>	<b>Variance from 2006 Board Approved</b>
5335-Bad Debt Expense	13,000	41,468	(28,468)

## Explanation:

On February 6, 2006, our largest customer filed for bankruptcy. The 2006 Actual costs include 38,322 for the 2006 proportion of the customers' Hydro bill. In 2005, there was an additional bad debt expense of over \$80,000 for this customer. There was one secured creditor, and they were the only party that received any proceeds from the bankruptcy.

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.****MATERIALITY ANALYSIS ON OM&A COSTS**

<b>Account</b>	<b>2006 Board Approved</b>	<b>2006 Actual</b>	<b>Variance from 2006 Board Approved</b>
5615-General Administrative Salaries and Expenses	239,120	327,030	(87,910)

## Explanation:

The 2006 EDR removed the overhead costs for the OMERS pension plan and resulted in a \$47,000 adjustment. Wage and salary increases of 3% in 2005 and 3% in 2006 accounted for \$14,400 and benefit cost increase amounted to \$11,825 (which were mitigated some by changing carriers). Increase in regulatory issues, travel and meeting costs were \$6,502.

<b>Account</b>	<b>2006 Board Approved</b>	<b>2006 Actual</b>	<b>Variance from 2006 Board Approved</b>
5625-Administrative Expense Transferred Credit	31,656	86,596	(54,940)

## Explanation:

Extraordinary cost. Has been removed to normalize 2006 and is not included in expenses for 2007 and 2008.

<b>Account</b>	<b>2006 Board Approved</b>	<b>2006 Actual</b>	<b>Variance from 2006 Board Approved</b>
5630-Outside Services Employed	42,183	69,367	(27,184)

## Explanation:

Variance is due to an increase in outside IT services, a cost of \$15,291. Costs for Hydro One Load Shape and Costs Allocation Filing are a total of \$10,200; ESA Audit fees of \$ 2,246.

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**

**MATERIALITY ANALYSIS ON OM&A COSTS**

<b>Account</b>	<b>2006 Board Approved</b>	<b>2006 Actual</b>	<b>Variance from 2006 Board Approved</b>
5635-Property Insurance	1,657	27,462	(25,805)
5640-Injuries and Damages	16,091	-	16,091
Sub total	17,748	27,462	(9,714)

Explanation:

The costs for insurance in the 2006 EDR (\$17,748) should all have been included in US of A account 5635. The \$9,714 represents two years of increase for insurance costs.

<b>Account</b>	<b>2006 Board Approved</b>	<b>2006 Actual</b>	<b>Variance from 2006 Board Approved</b>
5665-Miscellaneous General Expenses	256,068	81,498	174,570

Explanation:

In the 2006 EDR, Low Voltage charges were inserted into this account in the amount of \$166,396.

<b>Account</b>	<b>2006 Board Approved</b>	<b>2006 Actual</b>	<b>Variance from 2006 Board Approved</b>
5675-Maintenance of General Plant	982	21,184	(20,202)

Explanation:

Maintenance of General Plant costs were erroneously included in 5085 for the 2006 EDR data. They are now recorded in the correct account. There is an offset amount in explanation of account 5085.

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.****MATERIALITY ANALYSIS ON OM&A COSTS**

<b>Account</b>	<b>2006 Board Approved</b>	<b>2006 Actual</b>	<b>Variance from 2006 Board Approved</b>
5705-Amortization Expense - Property, Plant, and Equipment	156,359	192,403	(36,044)

## Explanation:

Accounting error - depreciation for 2006 EDR was calculated on a declining balance basis. The variance is due to the proper straight-line depreciation method of calculation for amortization expense. The declining balance method was used until 2005, due to a formula error in a spreadsheet. It was corrected to Straight Line for the 2006 Actual and this resulted in an additional \$39,000 of depreciation expense for the 2006 year.

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.****MATERIALITY ANALYSIS ON OM&A COSTS**

<b>Distribution Expenses</b>	<b>2006 Actual</b>	<b>2007 Bridge</b>	<b>2008 Test</b>
<b>OM&amp;A plus local taxes.</b>	1,382,597	1,448,793	1,609,052
<b>Amortization</b>	192,403	217,414	253,818
<b>Distribution Expense Before PILs</b>	<b>1,575,000</b>	<b>1,666,207</b>	<b>1,862,870</b>
<b>1 % of Distribution Expense Before PILs</b>	15,750	16,662	18,629

**Variance Analysis: Historical Year Actual 2006 vs. 2007 Bridge Year**

<b>Account</b>	<b>2006 Actual</b>	<b>2007 Bridge</b>	<b>Variance from 2006 Actual</b>
5005-Operation Supervision and Engineering	50,367	87,696	(37,329)

## Explanation:

Costs were allocated to overheads rather than supervision in 2006 Actual. The 2006 Actual results were normalized for this and the 2007 and 2008 forecasts are back to the 2006 Board approved levels.

<b>Account</b>	<b>2006 Actual</b>	<b>2007 Bridge</b>	<b>Variance from 2006 Actual</b>
5160-Maintenance of Line Transformers	15,524	35,927	(20,403)

## Explanation:

Testing for PCB's on in-service transformers, and the cost to remove PCB contaminated units to a secure location, are included in 2007 Bridge year costs. A draft regulation was posted in the Canada Gazette November 4, 2006, requiring that transformers containing > 500 mg/kg, and those with > 50 mg/kg in sensitive locations, should be eliminated by December 31, 2009. It is expected that the Regulation will be passed early in March 2008

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.****MATERIALITY ANALYSIS ON OM&A COSTS**

<b>Account</b>	<b>2006 Actual</b>	<b>2007 Bridge</b>	<b>Variance from 2006 Actual</b>
5335-Bad Debt Expense	41,468	13,000	28,468

## Explanation:

On February 6, 2006 our largest customer filed for bankruptcy. The 2006 Actual results include \$38,322 for the 2006 portion of the customers' outstanding amount. We do not anticipate this occurring in 2007 or 2008. We have applied for Business Credit Insurance for 2008. (This product only recently became available) to mitigate any such impact in the future.

<b>Account</b>	<b>2006 Actual</b>	<b>2007 Bridge</b>	<b>Variance from 2006 Actual</b>
5625-Administrative Expense Transferred Credit	86,596	21,817	64,779

## Explanation:

An extraordinary cost of \$53,724, which has been removed to normalize 2006 and is not included in expenses for 2007 and 2008.

<b>Account</b>	<b>2006 Actual</b>	<b>2007 Bridge</b>	<b>Variance from 2006 Actual</b>
5705-Amortization Expense - Property, Plant, and Equipment	192,403	217,414	(25,011)

## Explanation:

The variance is due to increase in capital additions using a one half year rule (only take one half year depreciation in the year purchased), line truck amortization expense of \$14,063, Distribution Plant Additions of \$3,127 and Line transformation additions of \$2,901.



**RIDEAU ST. LAWRENCE DISTRIBUTION INC.****MATERIALITY ANALYSIS ON OM&A COSTS**

<b>Distribution Expenses</b>	<b>2006 Actual</b>	<b>2007 Bridge</b>	<b>2008 Test</b>
OM&A plus local taxes.	1,382,597	1,448,793	1,609,052
Amortization	192,403	217,414	253,818
<b>Distribution Expense Before PILs</b>	<b>1,575,000</b>	<b>1,666,207</b>	<b>1,862,870</b>
<b>1 % of Distribution Expense Before PILs</b>	<b>15,750</b>	<b>16,662</b>	<b>18,629</b>

**Variance Analysis: Bridge Year 2007 vs. Test Year 2008**

<b>Account</b>	<b>2007 Bridge</b>	<b>2008 Test</b>	<b>Variance from 2007 Bridge</b>
5655-Regulatory Expenses	7,927	31,458	(23,531)

## Explanation:

Test Year costs include one third of the costs (\$23,333) associated with the 2008 Rate Application. We are proposing to recover these costs equally in each of the next three years

<b>Account</b>	<b>2007 Bridge</b>	<b>2008 Test</b>	<b>Variance from 2007 Bridge</b>
5705-Amortization Expense - Property, Plant, and Equipment	217,414	253,818	(36,404)

## Explanation:

2008 Test Year includes amortization only on the new line truck for a full year, an increase of \$14,063 over the Bridge Year. The Bridge Year included one half of the year's amortization expense, as the truck was budgeted as a 2007 addition. The 2008 Test Year amortization includes an additional \$10,500 for the Harris Billing and CIS System upgrade and Distribution Plant additions amortization cost of \$5,408.

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**

**SHARED SERVICES**

A summary of shared services between Rideau St. Lawrence Distribution Inc. and its affiliates are:

1. Meter Reading
2. Billing
3. Collecting
4. Administration
5. Operations

**Shared Services Cost Allocation Methodology**

In 2000, when Rideau St. Lawrence Distribution Inc. (RSL) and Rideau St. Lawrence Utilities Inc. (Utilities) were formed, employees, tools, administration buildings, office equipment, water heaters and rolling stock (vehicles) were transferred into Utilities so that Utilities could provide services to RSL as well as to its municipal shareholders. These were services that were being provided by the four former Municipal Electric Utilities before they merged in 2000 to become Rideau St. Lawrence Holdings Inc. and its subsidiaries.

In 2004, tools and rolling stock were to be transferred from Utilities to RSL. These items are used primarily for distribution activities. The tools were transferred, but it was not economically viable to transfer the rolling stock due to tax implications. Instead, when it is time to replace a line truck, it will be purchased by RSL rather than Utilities, as the majority of the line truck use will be for RSL purposes. Rolling stock costs are recorded and then applied as part of our overhead rate. The cost for the new truck will be in RSL, and will be charged to Utilities as used for Utilities work, and charges by Utilities to RSL will be reduced. All future rolling stock purchases will be reviewed, to determine which company should purchase the vehicle.

Utilities is providing water meter readings, billing, and collecting functions for municipalities and meter readings, billing, and collecting functions for RSL. These services are provided on a shared cost basis.

The meter reading service for the Village of Westport is provided by a third party. The balance of the meter reading costs are allocated between RSL and Utilities based on the number of reads per year per service, with RSL being responsible for the hydro meter reading costs, and Utilities for the water meter reading costs. In 2004, approximately 1800 new water meters were installed in the Township of South Dundas with a remote touch pad installed beside the hydro meter. Based on the number of meter readings (47,550 electric and 35,100 water), and the ease of attaining the readings (inside /outside meters, demand Commercial meters), the meter reading cost are split 60% for electrical, and 40% for water.

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**

**SHARED SERVICES**

To determine the bill production calculation cost for hydro, we first identify and remove costs specific for hydro (settlement costs etc) that are captured in this account. The hydro bill has been assigned a factor of three compared to one for the water bill based on the complexity of the hydro bill, and the additional procedures we have to follow to calculate the hydro bill. A hydro bill can have up to 24 different rates to calculate compared to a maximum of five for the water bill. This complexity rating times the number of bills produced annually (hydro 47,868 and water 35,100) provides a allocation factor of 80% for hydro bills and 20% for water bills to be applied to common billing costs to determine the common costs to be allocated to RSL. The hydro only costs are then added to this, to produce the billing cost to be assigned to RSL. Collections costs are allocated based on the number of bills issued: 47,868 for hydro versus 35,100 for water, or 57.7% to 42.3%.

Ten percent is added to Utilities costs for the time/cost of the executive working on Utilities issues. The Utilities revenue is derived from Hot Water Tank rentals, Water and Sewer billing, Street Light maintenance, and a small amount of contract work. The executive is performing a caretaker role only for these services, as they are all mature services, and are not being actively pursued or expanded elsewhere. They are a continuation of services that have been provided for years, and all regulatory issues, rates, and revenue issues are handled directly by the municipalities.

The balance of the OM&A costs are charged based on actual labour costs, plus an overhead rate adder of 45%. Each employee completes a time sheet detailing the time and the type of work they performed.

The expenses for these services are shared in proportion of their use and are shared at cost. The cost sharing is reviewed from time to time to ensure that the cost split reflects practice.

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**

**CORPORATE COST ALLOCATION**

Rideau St. Lawrence Distribution Inc. (RSL) has a number of affiliates, as shown in Exhibit 1, Tab 1, Schedule 14, at page 48. One of the affiliates, Rideau St. Lawrence Utilities Inc. (Utilities), is a services company that provides all the manpower required by RSL to operate its distribution system. The costs for these services are passed through to RSL at cost. A corporate charge is then calculated to provide a return on the investments of utilities. This charge is allocated to each affiliate based on the percentage of total revenue of the Consolidated Corporation. In 2006 the corporate charge to RSL was \$32,832, compared to \$31,656 in the approved 2006 EDR. The corporate charge for 2007 is forecast to be \$21,817, and for 2008 it is forecast to be \$19,578.

The Corporate charge from Utilities is decreasing for two reasons. As the rolling stock is being replaced, they will be purchased by RSL, as they are primarily used by the LDC. This will reduce the asset value in Utilities, and will effectively reduce the corporate charge to RSL. Secondly, effective 2007 and beyond, we revised our calculation to be based on the Net Book Value of Utilities assets instead of the Gross Asset value.

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.****PURCHASE OF SERVICES**

<b>Category</b>	<b>Summary of Nature of Activity Transacted</b>	<b>Summary of Tendering Process/summary of Cost Approach</b>	<b>2006 Actual</b>	<b>2007 Bridge</b>	<b>2008 Test</b>
<u>Vehicle Repairs &amp; Maintenance</u>					
Brockville Tractor Trailer	Line Truck Maintenance	Cost Approach	15,878	17,000	18,000
<u>Transformer Oil Testing</u>					
Cam Tran	PCB Oil Testing	Cost Approach	1,980	3,000	2,000
MOE Approved Company	PCB Transformer Disposal	Tender/Quote	0		30,000
<u>Billing System</u>					
Utilismart/Kinetiq - Screaming Power	Settlement Services EBT Services	CHEC RFP/Quote CHEC RFP/Quote	29,373 1,995	35,000 3,000	36,000 4,000
<u>Computer Support</u>					
Harris Computer Systems	Billing System Support	RFP in 2000	33,234	38,000	40,000
<u>Wholesale Meters / MV90</u>					
Peterborough Utilities	MSP Services	RFP in 2001	9,774	10,000	12,000
<u>Rideau St. Lawrence Utilities Inc.</u>					
Shared Services	Salary and wages for Distribution Services	Cost Approach	604,277	619,384	634,869

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.****EMPLOYEE DESCRIPTION**

The number of employees (FTE's) and compensation required by RSL, and provided by Utilities, are set out below.

As RSL has three or fewer full time equivalents (FTE's) in the executive category, the totals for compensation wages and benefits are reported as an aggregated total, for confidentiality reasons, consistent with the approach provided for in the 2006 EDR Handbook.

**Number of Employees - Regular (FTE's):**

	<u>2006 Board Approved</u>	<u>2006 Actual</u>	<u>2007 Bridge</u>	<u>2008 Test</u>
Executive	3	3	3	3
Management	0	0	0	0
Non-Unionized	0	0	0	0
Unionized	9.4	9.25	10	10.25

**Number of Employees - Part-time (FTE'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	0	0	0	0
Unionized	0	0	0	0

**Compensation (Total Salary and Wages (\$)):**

	<u>2006</u>		<u>2006</u>		<u>2007</u>		<u>2008</u>	
	<u>Board Approved</u>	<u>Average</u>	<u>Actual</u>	<u>Average</u>	<u>Bridge</u>	<u>Average</u>	<u>Test</u>	<u>Average</u>
Aggregated Total	627,504	50,605	623,024	50,859	692,126	53,240	728,992	55,018

**Compensation (Total Benefits (\$)):**

	<u>2006</u>		<u>2006</u>		<u>2007</u>		<u>2008</u>	
	<u>Board Approved</u>	<u>Average</u>	<u>Actual</u>	<u>Average</u>	<u>Bridge</u>	<u>Average</u>	<u>Test</u>	<u>Average</u>
Aggregated Total	143,521	11,574	156,896	12,808	179,869	13,836	188,862	14,254

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.****EMPLOYEE DESCRIPTION****Compensation (Total Incentives (\$)):**

	2006		2006		2007		2008	
	Board Approved	Average	Actual	Average	Bridge	Average	Test	Average
Executive	0	0	0	0	0	0	0	0
Management	0	0	0	0	0	0	0	0
Non-Unionized	0	0	0	0	0	0	0	0
Unionized	0	0	0	0	0	0	0	0

**Total of Costs charged to O&M (\$):**

	2006		2006		2007		2008	
	Board Approved	Average	Actual	Average	Bridge	Average	Test	Average
OM&A Total	470,610	37,952	523,616	42,744	594,150	45,704	628,997	47,471

**Status of Pension Funding**

Rideau St. Lawrence Distribution Inc. does not have a pension plan. Rideau St. Lawrence Utilities and its employees belong and contribute to the Ontario Municipal Employees Retirement System – OMERS, a defined pension plan for employees.

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**

**DEPRECIATION, AMORTIZATION AND DEPLETION**

Depreciation, Amortization And Depletion	2006		2006		2007		2008					
	Board Approved (\$'s)	Depreciation Rate (\$'s)	Actual (\$'s)	Depreciation Rate (\$'s)	Bridge (\$'s)	Depreciation Rate (\$'s)	Test (\$'s)	Depreciation Rate (\$'s)				
Land and Buildings	100,570		1,389		100,805	2,167		140,805	4,831			
TS Primary Above 50			-									
DS	319,422	4.0%	43,891	542,030	4.0%	82,766	555,030	4.0%	104,707	617,430	4.0%	128,156
Poles and Wires	2,398,933	4.0%	308,504	2,630,500	4.0%	540,486	2,710,500	4.0%	647,306	2,800,500	4.0%	757,526
Line Transformers	596,648	4.0%	73,098	761,150	4.0%	132,282	786,150	4.0%	163,228	806,150	4.0%	195,074
Services and Meters	510,467	4.0%	48,787	476,765	4.0%	89,450	536,765	4.0%	109,721	541,765	4.0%	131,292
Transportation Equipment	-	12.5%	-	-	12.5%		225,000	12.5%	14,063	250,000	12.5%	43,750
General Plant	50,947	10.0%	17,425	103,453	10.0%	49,423	118,453	10.0%	60,518	128,453	10.0%	72,863
IT Assets	91,281	20.0%	36,342	104,103	20.0%	67,899	114,102	20.0%	89,719	209,102	20.0%	122,040
Office Furniture & Equipment	-	10.0%	-		10.0%		5,000	10.0%	250	5,000	10.0%	750
Contributions and Grants	(162,847)	4.0%	(11,087)	(244,871)	4.0%	(28,533)	(261,333)	4.0%	(38,657)	(261,333)	4.0%	(49,110)
<b>Gross Asset Total</b>	<b>3,905,421</b>		<b>518,349</b>	<b>4,473,933</b>		<b>935,940</b>	<b>4,890,472</b>		<b>1,153,354</b>	<b>5,237,872</b>		<b>1,407,172</b>



**RIDEAU ST. LAWRENCE DISTRIBUTION INC.****LOSS ADJUSTMENT FACTOR CALCULATION**

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>4 Yr Avg.</u>
A "Wholesale" kWh (IESO)	136,093,779	136,059,613	135,663,172	124,149,001	132,991,391
B Wholesale kWh for Large Use customer(s) (IESO)	-	-	-	-	-
C Net "Wholesale" kWh (A)-(B)	136,093,779	136,059,613	135,663,172	124,149,001	132,991,391
D Retail kWh (Distributor)	126,652,017	126,191,356	126,336,267	116,814,435	123,998,519
E Retail kWh for Large Use Customer(s) (1% loss)	-	-	-	-	-
F Net "Retail" kWh (D)-(E)	126,652,017	126,191,356	126,336,267	116,814,435	123,998,519
G Loss Factor [(C)/(F)]	0.0745	0.0782	0.0738	0.0628	0.0725
HONI Loss Factor applied	0.0340	0.0340	0.0340	0.0340	0.0340
Local Distribution Loss Factor	0.0405	0.0442	0.0398	0.0288	0.0385
H Supply Facilities Loss Factor					1.0045
Distribution Loss Factor - Secondary Metered Customer < 5,000 kW	1.0745	1.0782	1.0738	1.0628	1.0725
Distribution Loss Factor - Secondary Metered Customer > 5,000 kW					
Distribution Loss Factor - Primary Metered Customer < 5,000 kW					
Distribution Loss Factor - Primary Metered Customer > 5,000 kW					
Total Loss Factor - Secondary Metered Customer > 5,000kW					1.0774
Total Loss Factor - Secondary Metered Customer > 5,000kW					
Primary Metered Customer					
Total Loss Factor - Primary Metered Customer < 5,000kW					1.0667
Total Loss Factor - Primary Metered Customer > 5,000kW					

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**

**MATERIALITY ANALYSIS ON DISTRIBUTION LOSSES**

Rideau St. Lawrence has provided the most recent four years of distribution loss results.

Rideau St. Lawrence is proposing to use a four year average to calculate the distribution loss factor (2003, 2004, 2005, 2006). In the 2006 EDR, Rideau stated that the 2002 data was not correct due to the fact that the Independent Electricity System Operator (Hydro One) loss factor of 3.4% was not factored into the pre-market opening total loss factor for the months of January – April 2002.

The Loss Adjustment Factor Calculation Table has been adjusted to show the effect of the IESO's applied loss factor of 3.4%. When this is removed we are able to show the Local Distribution Loss Factor, as a calculation kWh delivered to Rideau St. Lawrence. The 3.4% loss added to the AQEW for Rideau St. Lawrence by the IESO was kWh not delivered to Rideau St. Lawrence.

In all cases it is below the 5.0% threshold.

RIDEAU ST. LAWRENCE DISTRIBUTION INC.TAX CALCULATIONSIncome 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	220,030	147,484	56,924	236,158
<u>Additions</u>					
Provision for income taxes – current	101		-	-	-
Interest and penalties on taxes	103				
Amortization of tangible assets	104	151,169	192,866	217,414	253,818
Actual Interest Expense	295	-		-	-
Total Additions		151,169	248,389	217,414	253,818
<u>Deductions</u>					
Capital cost allowance from Schedule 8	403	241,644	243,355	279,329	329,013
Reserves from financial statements - balance at beginning of year	414	-	-	-	-
Capital Lease Payments	391		-	-	-
Deemed Interest Expense	394	-		-	-
Total Deductions		241,644	243,355	279,329	329,013
Net Income for Tax Purposes		129,555	152,518	(4,991)	160,963
Taxable Income		129,555	152,518	(4,991)	160,963
Federal Income Tax Rate		13.12%	13.12%	13.12%	11.50%
Ontario Income Tax Rate		5.50%	5.50%	5.50%	5.50%
Combined Income Tax Rate		18.62%	18.62%	18.62%	17.00%
Prior Year Corporate Minimum Tax			(2,490)		
Income Taxes		24,123	25,909	-	27,364
Income Taxes (Grossed up for tax purposes)		29,643	31,837	-	32,968
Large Corporation Tax		Exempt	Exempt	Exempt	Exempt
Ontario Capital Tax		Exempt	Exempt	Exempt	Exempt
LCT, OCT & Income Taxes		29,643	31,837	-	32,968

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.****INTEREST EXPENSE**

	<b>2006 Board Approved</b>	<b>2006 Actual</b>	<b>2007 Bridge</b>	<b>2008 Test</b>
Interest Expense	96,324	88,169	95,264	90,124
Capitalized Interest				
Interest on Capitalized Lease				
Actual Interest Expense	96,324	88,169	95,264	90,124
Interest Forecast Adjustments	-	-	-	-
Total Interest	96,324	88,169	95,264	90,124
Deemed Interest	96,324	96,324	135,246	135,246
Excess Interest	-	(8,155)	(39,982)	(45,122)

RIDEAU ST. LAWRENCE DISTRIBUTION INC.CAPITAL COST ALLOWANCE (CCA)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	3,763,193	0	0	3,763,193	0	3,763,193	4%	518,349	3,244,844
2	Distribution System - pre 1988	0	0	0	0	0	0	6%	0	0
8	General Office/Stores Equip	50,946	0	0	50,946	0	50,946	20%	0	50,946
10	Computer Hardware/ Vehicles	0	0	0	0	0	0	30%	0	0
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		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	91,281	0	0	91,281	0	91,281	45%	0	91,281
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)	0	0	0	0	0	0	30%	0	0
Total		3,905,420	0	0	3,905,420	0	3,905,420		518,349	3,387,071

RIDEAU ST. LAWRENCE DISTRIBUTION INC.CAPITAL COST ALLOWANCE (CCA)2006 Actual

Class	Class Description	UCC Opening Balance	Additions	Disposition s	UCC Before 1/2 Yr Adjustment	1/2 Year Rule {1/2 Additions Less Disposals}	Reduced UCC	Rate %	CCA	UCC Ending Balance
1	Distribution System - 1988 to 22-Feb-2005	4,556,797	200	0	4,556,997	100	4,556,897	4%	182,276	4,374,721
2	Distribution System - pre 1988	0	0	0	0	0	0	6%	0	0
8	General Office/Stores Equip	55,704	0	0	55,704	0	55,704	20%	11,141	44,563
10	Computer Hardware/ Vehicles	60,390	0	0	60,390	0	60,390	30%	18,117	42,273
10.1	Certain Automobiles	0	0	0	0	0	0	30%	0	0
12	Computer Software	0	0	0	0	0	0	100%	0	0
13.1	Lease # 1	0	0	0	0	0	0		0	0
14	Franchise	0	0	0	0	0	0		0	0
17	New Electrical Generating Equipment Acq'd after Feb 27/00 Other Than Bldgs	0	0	0	0	0	0	8%	0	0
43.1	Certain Energy-Efficient Electrical Generating Equipment	0	0	0	0	0	0	30%	0	0
45	Computers & Systems Software acq'd post Mar 22/04	7,361	7,032	0	14,393	3,516	10,877	45%	4,895	9,498
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)	6,781	0	0	6,781	0	6,781	30%	2,034	4,747
47	Distribution System - post 22-Feb-2005	190,093	242,126	0	432,219	121,063	311,156	8%	24,892	407,327
98	No CCA	0	0	0	0	0	0		0	0
	<b>Total</b>	<b>4,877,126</b>	<b>249,358</b>	<b>0</b>	<b>5,126,484</b>	<b>124,679</b>	<b>5,001,805</b>		<b>243,355</b>	<b>4,883,129</b>

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**

**CAPITAL COST ALLOWANCE (CCA)**

**2007 Bridge**

Class	Class Description	UCC Opening Balance	Additions	Disposition s	UCC Before 1/2 Yr Adjustment	1/2 Year Rule {1/2 Additions Less Disposals}	Reduced UCC	Rate %	CCA	UCC Ending Balance
1	Distribution System - 1988 to 22-Feb-2005	4,374,721	0	0	4,374,721	0	4,374,721	4%	174,989	4,199,732
2	Distribution System - pre 1988	0	0	0	0	0	0	6%	0	0
8	General Office/Stores Equip	44,563	20,000	0	64,563	10,000	54,563	20%	10,913	53,651
10	Computer Hardware/ Vehicles	42,273	225,000	0	267,273	112,500	154,773	30%	46,432	220,841
10.1	Certain Automobiles	0	0	0	0	0	0	30%	0	0
12	Computer Software	0	0	0	0	0	0	100%	0	0
13.1	Lease # 1	0	0	0	0	0	0		0	0
14	Franchise	0	0	0	0	0	0		0	0
17	New Electrical Generating Equipment Acq'd after Feb 27/00 Other Than Bldgs	0	0	0	0	0	0	8%	0	0
43.1	Certain Energy-Efficient Electrical Generating Equipment	0	0	0	0	0	0	30%	0	0
45	Computers & Systems Software acq'd post Mar 22/04	9,498	10,000	0	19,498	5,000	14,498	45%	6,524	12,974
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)	4,747	0	0	4,747	0	4,747	30%	1,424	3,323
47	Distribution System - post 22-Feb-2005	407,327	161,538	0	568,865	80,769	488,096	8%	39,048	529,817
98	No CCA	0	0	0	0	0	0		0	0
<b>Total</b>		<b>4,883,129</b>	<b>416,538</b>	<b>0</b>	<b>5,299,667</b>	<b>208,269</b>	<b>5,091,398</b>		<b>279,329</b>	<b>5,020,338</b>

RIDEAU ST. LAWRENCE DISTRIBUTION INC.CAPITAL COST ALLOWANCE (CCA)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 - 1988 to 22-Feb-2005	4,199,732	0	0	4,199,732	0	4,199,732	4%	167,989	4,031,743
2	Distribution System - pre 1988	0	0	0	0	0	0	6%	0	0
8	General Office/Stores Equip	53,651	10,000	0	63,651	5,000	58,651	20%	11,730	51,920
10	Computer Hardware/ Vehicles	220,841	25,000	0	245,841	12,500	233,341	30%	70,002	175,839
10.1	Certain Automobiles	0	0	0	0	0	0	30%	0	0
12	Computer Software	0	0	0	0	0	0	100%	0	0
13.1	Lease # 1	0	0	0	0	0	0		0	0
14	Franchise	0	0	0	0	0	0		0	0
17	New Electrical Generating Equipment Acq'd after Feb 27/00 Other Than Bldgs	0	0	0	0	0	0	8%	0	0
43.1	Certain Energy-Efficient Electrical Generating Equipment	0	0	0	0	0	0	30%	0	0
45	Computers & Systems Software acq'd post Mar 22/04	12,974	95,000	0	107,974	47,500	60,474	45%	27,213	80,761
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)	3,323	0	0	3,323	0	3,323	30%	997	2,326
47	Distribution System - post 22-Feb-2005	529,817	217,400	0	747,217	108,700	638,517	8%	51,081	696,136
98	No CCA	0	0	0	0	0	0		0	0
Total		5,020,338	347,400	0	5,367,738	173,700	5,194,038		329,013	5,038,724



**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**

Exhibit      Tab    Schedule    Contents of Schedule

**5 – Deferral and Variance Accounts**

1

- |   |  |
|---|--|
| 1 | Existing Deferral and Variance Accounts/ New Account |
| 2 | Calculation of Balances by Account                   |
| 3 | Method of Recovery                                   |

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**

**EXISTING DEFERRAL AND VARIANCE ACCOUNTS/ NEW ACCOUNT**

**COMMODITY ACCOUNTS ARE CLASSIFIED AS FOLLOWS:**

- 1588 Retail Settlement Variance Account – Power  
Description: This account is used to record the net difference between: the energy amount billed to customers, and the energy charge to a distributor using the settlement invoice received from the IESO.

**NON-COMMODITY ACCOUNTS ARE CLASSIFIED IN TWO CATEGORIES AS FOLLOWS:**

**Wholesale and Retail Market Variance Accounts**

- 1518 Retail Cost Variance Account – Retail  
Description: This account is used to record the net of revenues derived from the following: Establishing Service Agreements, Distributor-Consolidated Billing, Retailer-Consolidated Billing and Split Billing and the costs of entering into Service Agreements, and related contract administration, monitoring, and other expenses necessary to maintain the contract.
- 1548 Retail Cost Variance Account – STR  
Description: This account is used to record the net of: revenues derived from the Service Transaction Request services and the incremental cost of labour, internal information system maintenance costs, and delivery costs related to the provision of the Service Transaction Requests
- 1580 Retail Settlement Variance Account - Wholesale Market Service Charges  
Description: This account is used to record the net of: the amount charged by the Independent Electricity System Operator (“IESO”), based on the settlement invoice and the amount billed to customers using the Board -approved Wholesale Market Service Rate.
- 1582 Retail Settlement Variance Account - One-time Wholesale Market Service Charges  
Description: This account is used to record the net of the amount charged by the Independent Electricity System Operator (“IESO”), based on the settlement invoice, for Wholesale Market Service, specified by the Board (these charges are not normally already incorporated in Wholesale Market Service Rate), and the amount billed to customers for the same services using the Board approved Rate.

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**

**EXISTING DEFERRAL AND VARIANCE ACCOUNTS/ NEW ACCOUNT**

- 1584 Retail Settlement Variance Account - Retail Transmission Network Charges  
Description: This account is used to record the net of the amount charged by the Independent Electricity System Operator ("IESO"), based on the settlement invoice, for transmission network services and the amount billed to customers for the same services using the Board approved Transmission Network Charge Rate
- 1586 Retail Settlement Variance Account - Retail Transmission Connection Charges  
Description: This account is used record the net of the amount charged by the Independent Electricity System Operator ("IESO"), based on the settlement invoice, for transmission network services and the amount billed to customers for the same services using the Board approved Transmission Connection Charge Rate

**Utility Deferral Accounts**

- 1505 Un-recovered Plant and Regulatory Study Costs  
Description: This account includes: Nonrecurring costs of studies and analyses mandated by the Board related to plants in service, transferred from account
- 1510 Preliminary Survey and Investigation Charges  
Description: When authorized by the Board, this account includes significant unrecovered costs of plant facilities where construction has been canceled or the project has been prematurely retired.
- 1508 Other Regulatory Assets  
Description: This account includes the amounts of regulatory-created assets, not included in other accounts, resulting from the ratemaking actions of the Board. It is specifically used to capture the variance between OEB Cost Assessments amount approved in 1999 versus the actual OEB Cost Assessments charged.
- 1510 Preliminary Survey and Investigation Charges  
Description: This account is to be charged with all expenditures for preliminary surveys, plans, investigations, etc., made for the purpose of determining the feasibility of utility projects under contemplation.

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**

**EXISTING DEFERRAL AND VARIANCE ACCOUNTS/ NEW ACCOUNT**

- 1515 Emission Allowance Inventory  
Description: This account would include the cost of allowances owned by the utility and established under the Environmental Protection Act.
- 1516 Emission Allowance Withheld  
Description: This account includes the cost of allowances owned by the utility but withheld by the appropriate authority under the Environmental Protection Act
- 1520 Power Purchase Variance Account  
Description: N/A at this time.
- 1525 Miscellaneous Deferred Debits  
Description: This account is used to include all debits not elsewhere provided for which will benefit future periods and shall be carried forward and charged to expense over the term of the benefit.
- 1530 Deferred Losses from Disposition of Utility Plant  
Description: This account includes losses from the sale or other disposition of property previously recorded in account 2040, Electric Plant Held for Future Use, where such losses are significant and are to be amortized over a number of fiscal years and/or as authorized by the Board.
- 1540 Unamortized Loss on Re-acquired Debt  
Description: This account includes material losses on long-term debt reacquired or redeemed.
- 1545 Development Charge Deposits/Receivables  
Description: This account is used to record funds received or receivable in respect of future capital expenditures.
- 1550 LV Variance Account  
Description: Effective May 1, 2006, this account is used to record the variances arising from low voltage transactions which are not part of the electricity wholesale market

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**

**EXISTING DEFERRAL AND VARIANCE ACCOUNTS/ NEW ACCOUNT**

- 1555 Smart Meter Capital and Recovery Offset Variance  
Description: Amounts recorded in this account include the revenues approved by the Board for smart meters and related capital costs incurred by the distributor.
- 1565 Smart Meter OM&A Variance  
Description: This account shall be used by the distributor to record incremental operating, maintenance, amortization and administrative expenses directly related to smart meters.
- 1560 Deferred Development Cost  
Description: This account is to be charged with the cost of all material expenditures meeting the criteria for deferral to future periods to the extent that their recovery can reasonably be regarded as assured.
- 1562 Deferred Payments in Lieu of Taxes  
Description: This account records 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: Amounts recorded in this account are applicable to a distributor using the third accounting method approved for recording entries in account 1562
- 1565 Conservation and Demand Management Expenditures and Recoveries  
Description: Amounts recorded in this account track 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
- 1566 CDM Contra  
Description: This account is used to record the offsetting entry for amounts recorded in account 1565

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**

**EXISTING DEFERRAL AND VARIANCE ACCOUNTS/ NEW ACCOUNT**

- 1572 Extraordinary Event Losses  
Description: This account is used to record extraordinary event costs that meet the qualifying criteria established in the 2000 Electricity Distribution Rate Handbook
- 1574 Deferred Rate Impact Amounts  
Description: This account is used 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.
- 1590 Recovery of Regulatory Asset Balances  
Description: This account includes the regulatory asset or liability balances authorized by the Board for recovery in rates or payments/credits made to customers.
- 1592 Deferred PILs Account  
Description: This account is used to record the difference in PILs and tax variances from May 1, 2006 and later
- 2425 Other Deferred Credits  
Description: This account would include advance billings and receipts and other deferred credit items, not provided for elsewhere, including amounts which cannot be entirely cleared or disposed of until additional information has been received.

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**

**EXISTING DEFERRAL AND VARIANCE ACCOUNTS/ NEW ACCOUNT**

**Closed Accounts Not Classified**

- 1570 Qualifying Transition Costs (closed December 31, 2002)  
Description: When authorized or directed by the Board, this account is used to record transition costs that meet the Board's qualifying criteria
- 1571 Pre-Market Opening Energy Variances (closed April 30, 2002)  
Description: As authorized by the Board, this account is used for the sole purpose of recording the difference between the utility's purchased cost of power based on time-of-use (TOU) and the amounts billed to non-TOU customers (charged at an average rate) for the same period

**Request for New Deferral Account:**

1. Future Capital Expenditures

Rideau St. Lawrence is requesting the establishment of a new deferral account for capital expenditures. The purpose of this account would be to collect the costs of capital expenditures incurred during non-rebasing years for consideration for disposal by the Board at the time of the next rebasing.

Rideau St. Lawrence is aware that the Ontario Energy Board has formed a working group to look at a 3<sup>rd</sup> Generation Incentive Regulation Mechanism and hopes that the results of that process will take into consideration, expenditures like the ones identified above, eliminating the need for deferral accounting. Rideau St. Lawrence is requesting an additional new account to deal with these expenses in the event that the 3<sup>rd</sup> Generation Incentive Regulation Mechanism review is not completed in time to address these unusual expenditures.

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.****CALCULATION OF BALANCES BY ACCOUNT****Deferred Charge Accounts**

<u>Account Description</u>	<u>Acct#</u>	<u>Dec 31/06 Balance</u>			<u>Adjustments</u>	<u>Accruals</u>	<u>Annual Interest</u>	<u>Adjusted</u>	<u>Apply</u>	<u>Disposal</u>
		<u>Principal</u>	<u>Accum.</u>	<u>Total</u>			<u>Rate: 4.59%</u>			
		<u>Portion</u>	<u>Interest</u>			<u>Improvement</u>		<u>Disposal</u>	<u>Requested</u>	
						<u>Jan 07-Apr 08</u>				
Unrecovered Plant and Regulatory Study Costs	1505	-	-	-		-	-	Yes	-	
Other Regulatory Assets	1508	19,831	139	19,970		1,214	21,184	Yes	21,184	
Preliminary Survey and Investigation Charges	1510	-	-	-		-	-	Yes	-	
Emission Allowance Inventory	1515	-	-	-		-	-	Yes	-	
Retail Cost Variance Account - Retail	1518	7,311	560	7,871		447	8,318	Yes	8,318	
Power Purchase Variance Account	1520	-	-	-		-	-	Yes	-	
Misc. Deferred Debits - incl. Rebate Cheques	1525	12	(12)	(0)		1	1	Yes	1	
Deferred Losses from Disposition of Utility Plant	1530	-	-	-		-	-	Yes	-	
Unamortized Loss on Reacquired Debt	1540	-	-	-		-	-	Yes	-	
Retail Cost Variance Account - STR	1548	16,180	546	16,726		990	17,716	Yes	17,716	
LV Variance Account	1550	46,697	(8)	46,689		2,858	49,547	Yes	49,547	
Smart Meter Capital Variance Account	1555	(5,483)	(120)	(5,603)		(336)	(5,939)	No	-	
Smart Meters OM&A Variance Account	1556	-	-	-		-	-	Yes	-	
Deferred Development Costs	1560	-	-	-		-	-	Yes	-	
Deferred Payments in Lieu of Taxes	1562	26,016	13,660	39,676	(3,282)	1,396	37,790	Yes	37,790	
PILS Contra Account	1563	(26,016)	(13,660)	(39,676)	3,282	(1,396)	(37,790)	No	-	



RIDEAU ST. LAWRENCE DISTRIBUTION INC.CALCULATION OF BALANCES BY ACCOUNTDeferred Charge Accounts

<u>Account Description</u>	<u>Acct#</u>	<u>Dec 31/06 Balance</u>			<u>Adjustments</u>	<u>Accruals</u>	<u>Annual Interest</u>	<u>Adjusted</u>	<u>Apply</u>	<u>Disposal</u>
		<u>Principal</u>	<u>Accum.</u>	<u>Total</u>			<u>Improvement</u>			
		<u>Portion</u>	<u>Interest</u>					<u>for</u>	<u>Requested</u>	
						<u>Jan 07- Apr 08</u>		<u>Disposal</u>		
CDM Expenditures and Recoveries	1565	(69,582)	-	(69,582)		(4,258)	(73,841)	No	-	
CDM Contra Account	1566	69,582	-	69,582		4,258	73,841	No	-	
Qualifying Transition Costs	1570	-	-	-		-	-	Yes	-	
Pre-Market Opening Energy Variances Total	1571	-	-	-		-	-	Yes	-	
Extra-Ordinary Event Losses	1572	-	-	-		-	-	Yes	-	
RSVA - Wholesale Market Service Charge	1580	(43,202)	9,770	(33,432)		(2,644)	(36,076)	Yes	(36,076)	
RSVA - One-time Wholesale Market Service Charge	1582	6,356	469	6,825		389	7,214	Yes	7,214	
RSVA - Retail Transmission Network Charge	1584	(58,240)	(106)	(58,346)		(3,564)	(61,910)	Yes	(61,910)	
RSVA - Retail Transmission Connection Charge	1586	(26,893)	(15,585)	(42,478)		(1,646)	(44,124)	Yes	(44,124)	
RSVA - Power	1588	124,809	(13,295)	111,514		7,638	119,152	Yes	119,152	
Deferred PILs Account	1592	-	-	-		-	-	Yes	-	
Other Deferred Credits	2425	-	-	-		-	-	Yes	-	
<b>Sub-totals</b>		<b>87,378</b>	<b>(17,643)</b>	<b>69,736</b>			<b>75,083</b>		<b>118,813</b>	
<b>Recovery of Regulatory Asset (acct 1590)</b>										
<b>Approved Balance</b>				<b>707,942</b>						

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**

**METHOD OF RECOVERY**

Rideau St. Lawrence is proposing to dispose of the balances in the deferral and variance accounts detailed in Exhibit 5, Tab 1, Schedule 2. The 2006 closing balance for these accounts has been taken from the audited financial statement. These accounts have been adjusted for interest until April 30, 2008. The total amount of \$118,812 is proposed to be recovered over three years beginning May 1, 2008. The amount to be recovered each year is \$39,604.

The adjustment to account 1562 PILs of \$3,282 credit as shown on Exhibit 5, Tab 1, Schedule 2, is a correction to our 2006 Year end PILs calculation. We had calculated the PILs amount to Dec. 31, 2006 in error. This credit and the interest improvement on the credit, reverses any PILs effect after April 30, 2006.

Projected rate riders and billing determinants are shown in Exhibit 5, Tab 1 Schedule 2 Page 10. Bill impacts are shown in Exhibit 9 Tab 1, Schedule 9.

RIDEAU ST. LAWRENCE DISTRIBUTION INC.METHOD OF RECOVERY

Account Description	Acc #	Dec31/06 Balance	Apr30/08 Balance	Allocation Basis	Residential	GS < 50kW	GS>50kW	Unmetered Scattered Load	Sentinel Lighting	Street Lighting	Totals
Other Regulatory Assets	1508	19,970	21,184	KWh	8,095	4,296	8,477	54	18	244	21,184
Retail Cost Variance Acc- Retail	1518	7,871	8,318	# Customers	7,009	1,097	90	68	48	7	8,318
Misc. Deferred Debits - incl. Rebate Cheques	1525	(0)	1	#Customers / rebate chqs	0	-	-	-	-	-	0
Retail Cost Variance Acc - STR	1548	16,726	17,716	# Customers	14,927	2,336	192	144	102	15	17,716
LV Variance Account	1550	46,689	49,547	kWh	18,933	10,049	19,827	127	42	570	49,547
Deferred Payments in Lieu of Taxes	1562	39,676	37,790	kWh	14,440	7,664	15,122	97	32	435	37,790
RSVA - Wholesale Market Service Charge	1580	(33,432)	(36,076)	kWh	(13,785)	(7,316)	(14,436)	(92)	(31)	(415)	(36,076)
RSVA - One-time Wholesale Market Service	1582	6,825	7,214	kWh	2,757	1,463	2,887	18	6	83	7,214
RSVA - Retail Transmission Network Charge	1584	(58,346)	(61,910)	kWh	(23,657)	(12,556)	(24,774)	(159)	(53)	(712)	(61,910)
RSVA - Retail Transmission Connection Charge	1586	(42,478)	(44,124)	kWh	(16,860)	(8,949)	(17,657)	(113)	(37)	(508)	(44,124)
RSVA - Power	1588	111,514	119,152	kWh	45,530	24,165	47,680	305	101	1,371	119,152
Deferred PILs Account	1592	-	-								-
Other Deferred Credits	2425	-	-								-
Sub-total to Dispose at May1/08		115,015	118,813		57,388	22,248	37,408	450	229	1,089	118,813
Clear residual 1590 balance as of April 30/08?	NO				-	-	-	-	-	-	-
Total to Dispose at May1/08					57,388	22,248	37,408	450	229	1,089	118,813
Disposal period is 3 yrs					19,129	7,416	12,469	150	76	363	39,604
Projected 2008 Rate Riders					0.00042	0.00031	0.09439	0.00049	0.27332	0.09371	
Test Year Consumption					45,379,623	24,085,319	132,103	304,493	279	3,875	

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**

Exhibit      Tab    Schedule      Contents of Schedule

**6 – Cost of Capital and Rate of Return**

1		
	1	Overview
	2	Capital Structure
	3	Cost of Debt
	4	Return on Equity

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**

**OVERVIEW**

The purpose of this evidence is to summarize the method and cost of financing Rideau St. Lawrence Distribution Inc.'s capital requirements for the 2008 test year.

**Capital Structure**

Rideau St. Lawrence Distribution Inc. has a current a current deemed capital structure of 50% debt, 50% equity, as approved by the Ontario Energy Board in RP-2005-0020, and a return on equity of 9.00%, consistent with the return specified in the Board's Decision in EB-2005-0414, dated April 12, 2006.

Rideau St. Lawrence Distribution Inc. is requesting Board approval to continue with the current deemed capital structure.

The 2008 forecasted capital structure, prior to smart meters, is 29% debt to 71% equity. RSL expects that permission will be received to move ahead in 2008 with their Smart Metering implementation plan. Projected capital costs are \$1.754 million. These costs will be debt financed by RSL. Forecasted capital structure will be approximately, 50% debt to 50% equity once financing is in place. We are not requesting an increase in the equity component to our actual equity. RSL is proposing to remain at a current approved rate of 50% debt to 50% equity. RSL does not want to move farther away from its deemed capital structure, as that reflects what our forecast capital structure will be for the 2008 Test year.

**Cost of Debt**

Exhibit 6, Tab 1, Schedule 3, provides the detailed calculation of Rideau St. Lawrence Distribution Inc.'s forecast long-term debt cost of 4.99% for 2007 and 4.99% for 2008.

**Return on Equity**

Rideau St. Lawrence Distribution Inc. is requesting an equity return for the 2008 Test Year of 8.68%, consistent with the methodology outlined in appendix B of the Report of the Board on cost of Capital 2<sup>nd</sup> Generation Incentive Regulation for Ontario Electricity Distributors dated December 20, 2006. Rideau St. Lawrence Distribution Inc. understands the OEB will be finalizing the return of equity for 2008 rates based on January 2008 market interest rate information.

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.****CAPITAL STRUCTURE****Deemed Capital Structure****2006 Board Approved**

	<b>Rate Base</b>	<b>Deemed Portion</b>	<b>Effective Rate</b>	<b>Return Component</b>	<b>Deemed Return Component</b>
	\$4,889,554				
Long-Term Debt		50.00%	3.94%	1.97%	\$96,324
Short-Term Debt		0.00%	0.00%	0.00%	\$0
Return on Common Equity		50.00%	9.00%	4.50%	\$220,030
Regulated Rate of Return		100.00%		6.47%	\$316,354

**2007 Bridge Year**

	<b>Rate Base</b>	<b>Deemed Portion</b>	<b>Effective Rate</b>	<b>Return Component</b>	<b>Deemed Return Component</b>
	\$5,204,153				
Long-Term Debt		50.00%	3.94%	1.97%	\$102,522
Short-Term Debt		0.00%	0.00%	0.00%	\$0
Return on Common Equity		50.00%	9.00%	4.50%	\$234,187
Regulated Rate of Return		100.00%		6.47%	\$336,709

**2008 Test Year**

	<b>Rate Base</b>	<b>Deemed Portion</b>	<b>Effective Rate</b>	<b>Return Component</b>	<b>Deemed Return Component</b>
	\$5,439,857				
Long-Term Debt		46.00%	4.99%	2.30%	\$124,867
Short-Term Debt		4.00%	4.77%	0.19%	\$10,379
Return on Common Equity		50.00%	8.68%	4.34%	\$236,158
Regulated Rate of Return		100.00%		6.83%	\$371,404

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.****CAPITAL STRUCTURE****Actual Capital Structure****2006 Board Approved**

<b>Elements</b>	<b>\$</b>	<b>Ratio (%)</b>	<b>Cost Rate (%)</b>	<b>Return (%)</b>
Long-term debt	1,956,430	50.0%	3.94%	
Unfunded short-term debt		0.0%		
Preference shares	-	0.0%		
Common equity	3,120,091	50.0%		9.00%
	<hr/>			
Total	<u>5,076,521</u>	<u>100.0%</u>		

**2006 Actual**

<b>Elements</b>	<b>\$</b>	<b>Ratio (%)</b>	<b>Cost Rate (%)</b>	<b>Return (%)</b>
Long-term debt	1,769,664	34.9%	4.38%	
Unfunded short-term debt	-	0.0%		
Preference shares	-	0.0%		
Common equity	3,305,220	65.1%		9.00%
	<hr/>			
Total	<u>5,074,884</u>	<u>100.0%</u>		

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.****CAPITAL STRUCTURE****Actual Capital Structure****2007 Bridge**

<u>Elements</u>	<u>\$</u>	<u>Ratio (%)</u>	<u>Cost Rate (%)</u>	<u>Return (%)</u>
Long-term debt	1,671,440	32.11%	4.99%	
Unfunded short-term debt	-	0.0%		
Preference shares	-	0.0%		
Common equity	3,534,489	67.89%		9.00%
	<hr/>			
Total	<u>5,205,929</u>	<u>100.0%</u>		

**2008 Test**

<u>Elements</u>	<u>\$</u>	<u>Ratio (%)</u>	<u>Cost Rate (%)</u>	<u>Return (%)</u>
Long-term debt	1,570,256	28.90%	4.99%	
Unfunded short-term debt	-	0.0%		
Preference shares	-	0.0%		
Common equity	3,862,434	71.10%		8.68%
	<hr/>			
Total	<u>5,432,690</u>	<u>100.0%</u>		

Rideau St. Lawrence expects to be approved to implement a smart meter program in the next year to conform to the Ministry of Energy's directive. The estimated Capital Budget for the residential smart metering initiative is \$1.754 million dollars. RSL expects to seek financing for this project.

RSL would like to revisit the capital structure once the effects of the financing of the smart metering initiative are known.



**RIDEAU ST. LAWRENCE DISTRIBUTION INC.****COST OF DEBT**

	2006 Board Approved			2006 Actual			2007 Bridge			2008 Test		
	Principle	Carrying Costs	Calculated Cost Rate	Principle	Carrying Costs	Calculated Cost Rate	Principle	Carrying Costs	Calculated Cost Rate	Principle	Carrying Costs	Calculated Cost Rate
<b><u>Long-Term Debt</u></b>												
Bank of Montreal	793,078	31,247	3.94%	606,312	26,541	4.38%	508,088	25,354	4.99%	406,904	20,305	4.99%
Township of Edwardsburgh /Cardinal	225,000	8,865	3.94%	225,000	9,849	4.38%	225,000	11,228	4.99%	225,000	11,228	4.99%
Township of South Dundas	938,352	36,971	3.94%	938,352	41,076	4.38%	938,352	46,824	4.99%	938,352	46,824	4.99%
<b>Total</b>	<b>1,956,430</b>	<b>77,083</b>		<b>1,769,664</b>	<b>77,467</b>		<b>1,671,440</b>	<b>83,405</b>		<b>1,570,256</b>	<b>78,356</b>	
<b><u>Short-Term Debt</u></b>												
Debt Holder 1												
Unfunded Debt												
Operating Loan												
<b>Total</b>	<b>-</b>	<b>-</b>		<b>-</b>	<b>-</b>		<b>-</b>	<b>-</b>		<b>-</b>	<b>-</b>	

RIDEAU ST. LAWRENCE DISTRIBUTION INC.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 2<sup>nd</sup> Generation Incentive Regulation for Ontario's Electricity Distributors" issued December 20, 2006.

Listed below in *Italic*, is the 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<sub>t</sub>*) 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<sub>t</sub>*) will be calculated as follows:

$$LTDR_t = LCBF_t + \frac{\sum_w (CorpBonds_{w,t} - {}_{30}CB_{w,t})}{n}$$

Where:

- *CorpBonds<sub>w,t</sub>* is the average long-term corporate bond yield from Scotia Capital Inc. for week *w* of period *t* [Series V121761];
- *{}\_{30}CB<sub>w,t</sub>* 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.

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.****RETURN ON EQUITY****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

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.****RETURN ON EQUITY****Return on Equity Calculation**

<b>Government of Canada Bond Yields</b>	<b>Rate</b>
3-month Forecast of the 10-year Bond Yield	<b>4.60%</b>
12-month Forecast of the 10-year Bond Yield	<b>4.80%</b>
Average Actual prior month 30-year Bond Yield	<b>4.03%</b>
Average Actual prior month 10-year Bond Yield	<b>4.12%</b>
Long Canada Bond Forecast	<b>4.61%</b>
	<b>8.68%</b>
Return on Equity	<b>8.68%</b>

**Weighted Average Cost of Capital**

	<b>Deemed Portion</b>	<b>Effective Rate</b>	<b>Average Cost of Capital</b>
Long-Term Debt	<b>46.00%</b>	<b>4.99%</b>	<b>2.30%</b>
Short Term Debt	<b>4.00%</b>	<b>4.77%</b>	<b>0.19%</b>
Return on Equity	<b>50.00%</b>	<b>8.68%</b>	<b>4.34%</b>
	<b>100.00%</b>		<b>6.83%</b>
<b>Regulated Rate of Return</b>	<b>100.00%</b>		<b>6.83%</b>

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**

Exhibit            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 and Calculation of Revenue Deficiency or Surplus

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**

**OVERVIEW OF CALCULATION OF REVENUE DEFICIENCY OR SURPLUS**

This exhibit presents an overview of the revenue deficiency or surplus calculations used to project the deficiency of revenue for the 2008 Test year. The steps used in this process are:

- Calculate the Service Revenue using the Rate Base, OM & A and Amortization Expenses calculated in Exhibit 4 and the Return on Capital calculated in Exhibit 6.
- Calculate the Base Revenue requirement using the PILs calculation and the Revenue Offsets from Exhibit 3.
- Use the existing rates and load projections from Exhibit 2 to calculate Utility Income - Net of Taxes and PILs
- Use those Calculated Revenues and the Base Revenue requirement to determine Revenue Deficiency or Sufficiency.

RIDEAU ST. LAWRENCE DISTRIBUTION INC.DETERMINATION OF NET UTILITY INCOME AND  
CALCULATION OF REVENUE DEFICIENCY OR SURPLUS

<b>Revenue</b>	<b>2008 Test Existing Rates</b>	<b>2008 Test Proposed Rates</b>
	\$	\$
Sufficiency/ Deficiency from below.		269,703
Distribution Revenue	1,745,688	1,745,688
Other Operating Revenue (Net)	251,850	251,850
Total Revenue	<u>1,997,538</u>	<u>2,267,241</u>
Distribution Costs		
Operation, Maintenance, and Administration	1,609,052	1,609,052
Depreciation and Amortization	253,818	253,818
Capital Taxes	-	-
Interest- Deemed Interest	135,246	135,246
Total Costs and Expenses	<u>1,998,116</u>	<u>1,998,116</u>
Utility Income Before Income Taxes	(578)	269,125
Net Adjustments per 2008 PILs	(75,195)	(75,195)
	<u>(75,773)</u>	<u>193,930</u>
Income Tax (Tax Rate 17.0%)	(12,881)	32,968
Utility Income	<u>12,303</u>	<u>236,157</u>
Rate Base	5,439,857	5,439,857
Equity	50.00%	50.00%
Equity Component Rate Base	2,719,929	2,719,929
Income / Equity Rate Base %	0.45%	8.68%
Target Return -Equity on Rate Base	8.68%	8.68%
Return- Equity on Rate Base	236,158	236,158
Revenue Deficiency	<u>223,854</u>	
Revenue Deficiency (Gross-up)	269,703	

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**

**DETERMINATION OF NET UTILITY INCOME AND  
CALCULATION OF REVENUE DEFICIENCY OR SURPLUS**

The forecasted revenue deficiency is mainly attributable to the fact that the 2006 EDR rates do not reflect forecasted increases in OM & A costs, and Capital Investments, since the 2006 EDR (which was based on the 2004 actual OM & A costs).

The 2006 EDR was based on historic (2004) net fixed assets balances, and the 2004 additions were subject to the half year rule.

Rideau has made significant capital investments in 2004, 2005 and 2006.

Capital additions will continue through 2007 and 2008.

The increase in investments, results in an increase in return on capital, depreciation expense and in working capital.



**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**

<u>Exhibit</u>	<u>Tab</u>	<u>Schedule</u>	<u>Contents of Schedule</u>
<b><u>8 – Cost Allocation</u></b>			
	1		
		1	Cost Allocation Overview
		2	Summary of Results and Proposed Changes

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**

**COST ALLOCATION OVERVIEW**

**Cost Allocation File No: EB-2007-0003**

**EDR 2006 File No: EB-2005-0414**

**Introduction**

On September 29, 2006 the Ontario Energy Board (the "OEB") issued the Board directions on Cost Allocation Methodology for Electricity Distributors ("the Directions").

On November 15, 2006, the OEB also 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. Rideau St. Lawrence prepared this information filing consistent with RSL's understanding of the Directions, the Guidelines, the Model and the Instructions.

The main purpose of this cost allocation filing was to provide evidence to show RSL rate classifications that are being subsidized by other classes and those rate classifications that are over contributing based on the assumptions of the Model.

**Background**

In the mid 1980's, Ontario Hydro, the regulator at the time, completed the last cost allocation study that reflected the distribution function, but this was an integrated cost study. The integrated study reviewed the full costs of providing electricity to customers which included energy, transmission and distribution. Distribution represented only around 15% of the total costs reviewed. The results of this study assisted Ontario Hydro in developing the Rate Setting Guidelines that were used by Municipal Electric Utilities to develop the bundled rates they charged customers up until around 2000.

Under the Energy Competition Act, 1998, the electricity industry in Ontario was separated into Generation, Transmission and Distribution companies. Along with this separation the rates also needed to be unbundled to reflect the structure of the new companies. The unbundling of distribution from generation and transmission was completed in the 2000 to 2001 timeframe using the Electricity Distribution Rate Handbook Rate and the Rate Unbundling and Design Model (i.e. the RUD model). The Rate Handbook and RUD model provided a method to unbundle distribution rates from the other rates by rate classification but it did not determine whether the unbundled rates collected the cost of providing service to the rate classification. The current cost allocation process is the first time a cost allocation study has been conducted in Ontario that focuses completely on distribution to determine whether or not the distribution rates are collecting the cost of providing service to the rate classifications.

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**

**COST ALLOCATION OVERVIEW**

The filing was comprised of a first run ("Run 1"), a second run ("Run 2") and an optional Run 3. For Rideau St. Lawrence Distribution Inc., Run 1 and Run 2 incorporated Board approved 2006 EDR customer rate classifications. Run 3 was completed to see the effect of eliminating an existing specialized rate class – Westport Sewage Treatment Plant. This customer was re-categorized by their average monthly billed demand. This customer was added into the GS>50kW class for Run 3.

In order to prepare this cost allocation filing, Rideau St. Lawrence Distribution Inc. used the services of Hydro One to prepare load data profiles by rate classification and to perform weather normalization.

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.****SUMMARY OF RESULTS AND PROPOSED CHANGES**

The cost/financial data used in the Model is consistent with RSL's cost data that supports the 2006 approved distribution rates. Consistent with the Guidelines, RSL'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 RSL's customer and financial information systems.

The results of a cost allocation 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 collecting and is being subsidized by other classes. A percentage of greater than 100% indicates the rate classification is over collecting the cost assigned to the classification and is subsidizing other classes.

The following outlines the revenue to cost ratios for Run 3. The results for Run 1 and Run 2 are the same as the USL Rate Class that existed prior to May 1, 2006. The results from Run 3 show the effects of removing the Westport Sewage Treatment Plant class and re-classifying that customer based on their average monthly billing demand.

**Summary of Results****Run 3**

<b>Rate Classification</b>	<b>Revenue to Cost Ratio</b>	<b>(\$Being Subsidized)/ \$Over Contributing</b>
Residential	105.24%	\$50,279
General Service <50 kW	65.09%	(131,910)
General Service >50 kW	148.27%	\$133,838
Street Lights	41.61%	(\$56,622)
Sentinel Lights	49.08%	(\$1,659)
USL	152.26%	\$6,674
Total	100.00	0

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.****SUMMARY OF RESULTS AND PROPOSED CHANGES****Run 2**

<b>Rate Classification</b>	<b>Revenue to Cost Ratio</b>	<b>(\$Being Subsidized)/ \$Over Contributing</b>
Residential	105.35%	\$51,276
General Service <50 kW	65.19%	(\$131,363)
General Service >50 kW	150.38%	\$137,380
Westport Sewage Treatment Plant	16.43%	(\$5,073)
Street Lights	41.61%	(\$56,629)
Sentinel Lights	49.08%	(\$1,659)
USL	152.18%	\$6,068
Total	100.00	0

**Run 1**

<b>Rate Classification</b>	<b>Revenue to Cost Ratio</b>	<b>(\$Being Subsidized)/ \$Over Contributing</b>
Residential	105.35%	\$51,276
General Service <50 kW	65.19%	(\$131,363)
General Service >50 kW	150.38%	\$137,380
Westport Sewage Treatment Plant	16.43%	(\$5,073)
Street Lights	41.61%	(\$56,629)
Sentinel Lights	49.08%	(\$1,659)
USL	152.18%	\$6,068
Total	100.00	0

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**

**SUMMARY OF RESULTS AND PROPOSED CHANGES**

**Monthly Fixed Charge Comparison**

The Model produces customer unit costs per month for each rate classification. To assist with reviewing the range of current fixed monthly service charges, the Model generates three scenarios of reasonable cost-based customer unit costs for each rate classification. These unit costs are determined by the Model and compared to the current approved monthly service charge.

**Scenario 1: Avoided Costs**

With a strict "avoided cost" approach, only meter related costs, billing and collection costs are included. This approach has the advantage of focusing on the immediate costs of an additional customer. But no administration and general overhead costs are applied.

**Scenario 2: Directly Related Customer Costs**

The directly related customer costs are those costs included in the avoided cost version but an allocation of administration and general overhead costs is included.

**Scenario 3: Minimum System Approach**

The minimum system approach assumes that a minimum-size distribution system can be built to serve the minimum load requirements of the customer. For the purposes of this filing the minimum load requirement is assumed to be 400 watts per customer. The minimum system method involves determining the minimum size pole, conductor, cable, transformer, and service that is currently installed by the distributor. Once determined for each plant account, the minimum size distribution system is classified as customer-related costs and then used to define the monthly unit customer cost.

There are various approaches to define the minimum system. Moreover, judgment is required to address various implementation details with this methodology. The OEB cost allocation project did not seek to develop a common minimum system methodology for use by the Ontario electricity distribution sector. Instead, the results of numerous past Ontario minimum system studies were examined and approved for use in the Model.

The minimum system results are applied to the following accounts:

- Line Transformers (Account 1850)
- "Distribution" which includes poles and conductors, and is defined as Accounts 1830 -1845
- Related O&M accounts.

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.****SUMMARY OF RESULTS AND PROPOSED CHANGES**

The density of the distributor (i.e. customers/route kilometer of line) is the major factor that determines the percentage of the above costs which are included in the customer costs. The density of RSL is 59.97customers/km. This means RSL is classified as a medium density distributor. As a result, 40% of RSL's distribution costs (i.e. lines, poles and line transformers) are defined to be customer related cost.

The monthly customer unit cost under the minimum system approach includes the directly related customer costs plus 100% of distribution costs with any administration and general overhead associated with the distribution costs.

The following outlines the monthly fixed cost comparison.

**Summary of Monthly Fixed Charge**

<u>Rate Classification</u>	<u>Approved Fixed Charge</u>	<u>Minimum System Fixed Charge</u>	<u>Directly Related Fixed Charge</u>	<u>Avoided Cost Fixed Charge</u>
Residential	8.70	9.45	6.28	3.77
General Service <50 kW	13.24	20.81	17.86	10.74
General Service >50 kW	271.14	70.18	60.92	37.08
Street Lights	1.16	4.93	0.45	0.27
Sentinel Lights	0.61	4.76	0.33	0.19
USL	7.73	14.32	13.60	7.99

In reviewing the results produced by the Cost Allocation Model, RSL is proposing the following monthly fixed charges.

**Proposed Monthly Fixed Charge**

<u>Rate Classification</u>	<u>Approved Fixed Charge</u>	<u>Proposed Fixed Charge</u>
Residential	8.70	10.03
General Service <50 kW	13.24	21.76
General Service >50 kW	271.14	244.67
Street Lights	1.16	1.59
Sentinel Lights	.61	1.17
USL	7.73	7.38

RSL is proposing to maintain the existing Fixed Variable Rates split.

The proposed fixed charge has been calculated by:

- moving the revenue cost ratios towards the Board staff's recommended ranges for each rate class
- applying existing fixed variable percentages to each rate class in the same percentage as existing rates.

A detailed schedule is shown at Exhibit 9, Tab 1, Schedule 1, Page 4.

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**

**SUMMARY OF RESULTS AND PROPOSED CHANGES**

**Transformer Ownership Allowance**

Currently, RSL provides a transformer ownership allowance to those customers that own their transformation facilities. The RSL's present transformer ownership allowance is \$0.60 per kW and this same charge is applied consistently across the province. The amount of the allowance has not been reviewed on a generic basis in recent years. We understand that this amount will be reviewed as part of the Ontario Energy Board's Rate Redesign project. RSL proposes leaving the transformer allowance at its current level until that project is completed.



**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**

<u>Exhibit</u>	<u>Tab</u>	<u>Schedule</u>	<u>Contents of Schedule</u>
<b><u>9 - Rate Design</u></b>			
	1		
		1	Rate Design Overview
		2	Rate Mitigation
		3	Existing Rate Classes
		4	Existing 2007 Rate Schedule
		5	Proposed Rate Classes if Different than Existing
		6	Proposed Rate Schedule
		7	Summary of Proposed Rate Schedule
		8	Reconciliation of Rate Class Revenue to Total Revenue Requirement
		9	Transmission Rates
		10	Rate Impacts
		11	Proposed Changes to Terms and Conditions of Service

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**

**RATE DESIGN OVERVIEW**

This exhibit presents an overview of the process to allocate Rideau St. Lawrence's related revenue requirement costs for the forecasted 2008 Test year to the respective rate classes. This exhibit documents, by rate class, the proposed changes in distribution for the 2008 test year.

The total revenue requirement of \$2,015,392, for 2008 Test year, excluding transformer allowances, low voltage charges, smart meters, and miscellaneous revenues, needs to be allocated to the respective customer classes for consideration in respect of rate design. The method of allocating these costs to the customer classes uses various steps to apportion the costs amongst all LDC customer classes.

The following steps are followed to derive the revenues collected from fixed and variable rates under the proposed 2008 rates.

- Step 1 – Based on information in the cost allocation section, revenues are allocated to each rate class to reflect the proposed movement in revenue cost ratios.
- Step 2 – Based on the existing fixed - variable split of revenue, the proposed monthly fixed service charge is determined.
- Step 3 – The amount in step 2 is subtracted from the amount in Step 1 and divided by the 2008 forecasted energy sales by class to determine the volumetric charge by customer class.

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.****RATE DESIGN OVERVIEW**

Customer Classes	Cost Allocation Data						2008 Rate Application				
	Rev/Cost Ratio	Revenue	Proportion of Revenue	Over/ (Under) Contributing	Revenue at 100% Rev/Cost Ratio	Proportion of Revenue at 100% Rev/Cost Ratio	2008 Base Revenue @ 100% Rev/Cost Ratio per Cost Allocation Model	Proposed Proportion of Revenue	Base Revenue Requirement @ Proposed Proportions	Over/ (Under) Contributing	Proposed Revenue/ Cost Ratio
Residential	105.24%	1,009,338	58.48%	50,279	959,059	55.56%	1,119,818	57.23%	1,153,409	33,591	103.00%
GS <50 kW	65.09%	245,954	14.25%	(131,910)	377,864	21.89%	441,202	20.00%	403,078	(38,124)	91.36%
GS >50 kW	148.27%	411,128	23.82%	133,838	277,290	16.06%	323,770	19.10%	384,940	61,170	118.89%
Street Lights	41.61%	40,351	2.34%	(56,622)	96,973	5.62%	113,228	2.80%	56,431	(56,797)	49.84%
Sent. Lights	49.08%	1,599	0.09%	(1,659)	3,258	0.19%	3,804	0.15%	3,023	(781)	79.47%
USL	152.26%	17,696	1.03%	6,074	11,622	0.67%	13,570	0.72%	14,511	941	106.93%
		1,726,066	100.00%	0	1,726,066	100.00%	2,015,392	100.00%	2,015,392	0	

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.****RATE DESIGN OVERVIEW**

Customer Class	Per Cost Allocation		Existing Fixed/Variable Split		Proposed Fixed Rate	Application	* Resulting Usage Rate	per	Application		Existing Rates		Cost Allocation Min		Cost Allocation Max	
	Minimum	Maximum	Existing Rate	with new Rev. Req					Fixed %	Variable %	Fixed %	Variable %	Fixed %	Variable %	Fixed %	Variable %
Residential	\$3.77	\$9.45	\$8.78	\$10.03	\$10.03	0.0122	kWh	51.88%	48.12%	51.90%	48.10%	19.50%	80.50%	48.89%	51.11%	
GS < 50KW	\$10.74	\$20.81	\$13.36	\$21.76	\$21.76	0.0083	kWh	50.37%	49.63%	50.37%	49.63%	24.87%	75.13%	48.17%	51.83%	
GS > 50KW	\$37.08	\$70.18	\$273.58	\$244.67	\$244.67	1.4915	kW	48.81%	51.19%	48.81%	51.19%	7.40%	92.60%	14.00%	86.00%	
Street Lighting	\$0.27	\$4.93	\$1.17	\$1.59	\$1.59	6.4223	kW	55.89%	44.11%	56.03%	43.97%	9.37%	90.63%	173.32%	-73.32%	
Sentinel Lighting	\$0.19	\$4.76	\$0.62	\$1.17	\$1.17	9.1199	kW	15.91%	84.09%	15.89%	84.11%	2.55%	97.45%	64.67%	35.33%	
Unmetered Scattered Load	\$7.99	\$14.32	\$7.80	\$7.38	\$7.38	0.0337	kWh	29.29%	70.71%	29.30%	70.70%	31.73%	68.27%	56.84%	43.16%	

**Customer Classes****Board Staff Recommended Revenue to Cost Range**

Residential	80% to 120%
GS <50 kW	80% to 120%
GS >50 kW	80% to 180%
Street Lights	70% to 120%
Sentinel Lights	70% to 120%
Unmetered Scattered Load	80% to 120%

The results of the Cost Allocation Informational Filing of Revenue to Cost Ratios for each customer class have been taken into account. The classes have been moved towards the recommended Cost/Revenue Ratios shown above.

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**

**RATE MITIGATION**

Rideau St. Lawrence Distribution Inc. does not propose any Rate Mitigation in this application. The total bill impacts to the various customer classes are relatively low and in fact, some customer classes are seeing a decrease in their bill.

The Street lighting class is the only exception where the rate impact is close to 10%.

This class is impacted due to the application of the results from the cost allocation informational filing. All classes have been adjusted, based on the Revenue to Cost ratios produced by the Cost Allocation model – Run 3.

The classes have been moved towards the ranges that Board staff have recommended in the Board Staff Discussion Paper *on the implications arising from a review of the electricity distributors cost allocation filings* – June 28, 2007.

The Street Light class revenue to cost ratio has been moved towards the Board Staff suggested ratio. The proposed rates will move this class close to the 10% bill impact threshold. We are not proposing to increase the bill impact for this class, any further in this rate application.

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**

**EXISTING RATE CLASSES**

**Service Classifications**

**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.

**General Service Less Than 50 kW**

This classification applies to a non residential account taking electricity at 750 volts or less whose average monthly demand is less than, or is forecast to be less than, 50 kW.

**Westport Sewage Treatment Plant**

This classification applies to the Westport Sewage Treatment Plant taking electricity at 750 volts or less whose average monthly maximum demand is less than, or is forecast to be less than, 50kW.

**General Service 50 to 4999kW**

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.

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**

**EXISTING RATE CLASSES**

**Sentinel Lights**

This classification refers to accounts that are an unmetered lighting load supplied to a sentinel light.

**Street Lighting**

All services applies to an account for roadway lighting with a Municipality, Regional Municipality, Ministry of Transportation and private roadway lighting, controlled by photo cells. The consumption for these customers will be based on the calculated connected load times and the required lighting times established in the approved OEB street lighting load shape template.

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.****EXISTING 2007 RATE SCHEDULE****Residential**

	<b>UOM</b>	<b>Rate</b>
Service Charge	\$	8.78
Distribution Volumetric Rate	\$/kWh	0.0107
Regulatory Asset Recovery	\$/kWh	0.0064
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0054
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0049
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0010
Standard Supply Service – Administration Charge	\$	0.25

**General Service Less Than 50 kW**

Service Charge	\$	13.36
Distribution Volumetric Rate	\$/kWh	0.0051
Regulatory Asset Recovery	\$/kWh	0.0043
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0049
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0044
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0010
Standard Supply Service – Administration Charge	\$	0.25

**Westport Sewage Treatment Plant**

Service Charge	\$	44.19
Distribution Volumetric Rate	\$/kWh	0.0022
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	0.0044
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0010
Standard Supply Service – Administration Charge	\$	0.25

**General Service 50 to 4999 kW**

Service Charge	\$	273.58
Distribution Volumetric Rate	\$/kW	1.6678
Regulatory Asset Recovery	\$/kW	1.4264
Retail Transmission Rate – Network Service Rate	\$/kW	2.0169
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.7588
Retail Transmission Rate – Network Service Rate - Interval Metered	\$/kWh	2.2535
Retail Transmission Rate – Line and Transformation Connection Service Rate - Interval Metered	\$/kWh	1.9603
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0010
Standard Supply Service – Administration Charge	\$	0.25



**RIDEAU ST. LAWRENCE DISTRIBUTION INC.****EXISTING 2007 RATE SCHEDULE****Unmetered Scattered Load**

Service Charge	\$	7.80
Distribution Volumetric Rate	\$/kWh	0.0356
Regulatory Asset Recovery	\$/kWh	0.0097
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0049
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0044
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0010
Standard Supply Service – Administration Charge	\$	0.25

**Sentinel Lighting**

Service Charge	\$	0.62
Distribution Volumetric Rate	\$/kW	4.8396
Regulatory Asset Recovery	\$/kW	7.6542
Retail Transmission Rate – Network Service Rate	\$/kW	1.5288
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.3881
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0010
Standard Supply Service – Administration Charge	\$	0.25

**Street Lighting**

Service Charge	\$	1.17
Distribution Volumetric Rate	\$/kW	4.7001
Regulatory Asset Recovery	\$/kW	0.3541
Retail Transmission Rate – Network Service Rate	\$/kW	1.5211
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.3597
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0010
Standard Supply Service - Administration Charge	\$	0.25

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**

**PROPOSED RATE CLASSES IF DIFFERENT THAN EXISTING**

Rideau St. Lawrence Distribution Inc. is proposing to remove the Westport Sewage Treatment Plant Class. The Westport Sewage Treatment Class is a unique class containing only one customer. We would propose to classify this account the same as other General Service customers based on their average monthly demand for the previous twelve months.

We understand that this class was originally created and given special consideration due to the fact that most of their power consumption was during the winter off-peak period. The rate for this customer was developed as a Time-of-Use Rate in the mid 1990's. This customer is a sewage treatment facility that utilizes a snow crystallization process as part of its treatment process. The crystallization process uses large pumps to do the crystallization of the effluent. We understand that they were given a special rate for energy because the majority of their use would be during the winter and would be managed to be off-peak.

Our existing approved rate schedule – further describes the Westport Sewage Treatment Plant Class as:

*This classification applies to the Westport Sewage Treatment Plant taking electricity at 750 volts or less whose average monthly maximum demand is less than, or is forecast to be less than, 50kW.*

We propose to install an interval meter that would allow the customer to accurately track their consumption and receive the benefit of time-of-use behavior as far as the cost of power. Historical consumption information is presented below.

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**

**PROPOSED RATE CLASSES IF DIFFERENT THAN EXISTING**

**Historical Consumption Information – Westport Sewage Treatment Plant**

<b><u>Year</u></b>	<b><u>Average Monthly Demand in kW</u></b>
2006	199.18
2005	244.66
2004	274.95
2003	254.47

<b><u>Year</u></b>	<b><u>Total Annual kWh Consumption</u></b>
2006	235,104
2005	303,402
2004	338,802
2003	360,644

It is difficult to distinguish between this customer and other customers with a >50kW monthly demand. The Costs Allocation Informational Filing – Run 2 calculates that this customer has a Revenue to Cost ratio of less than 17% and calculates a revenue to cost deficiency of just over \$5,000.

It is for these reasons that we propose to move this customer into the General Service >50kW class.

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.****PROPOSED RATE SCHEDULE****Residential**

	<b>UOM</b>	<b>Rate</b>
Service Charge	\$	10.03
Distribution Volumetric Rate	\$/kWh	0.01410
Regulatory Asset Recovery	\$/kWh	0.00042
Retail Transmission Rate – Network Service Rate	\$/kWh	0.00540
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.00490
Wholesale Market Service Rate	\$/kWh	0.00520
Rural Rate Protection Charge	\$/kWh	0.00100
Regulated Price Plan – Administration Charge	\$	0.25

**General Service <50 kW**

Service Charge	\$	21.76
Distribution Volumetric Rate	\$/kWh	0.00990
Regulatory Asset Recovery	\$/kWh	0.00031
Retail Transmission Rate – Network Service Rate	\$/kWh	0.00490
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.00440
Wholesale Market Service Rate	\$/kWh	0.00520
Rural Rate Protection Charge	\$/kWh	0.00100
Regulated Price Plan – Administration Charge	\$	0.25

**General Service >50 To 4999 kW**

Service Charge	\$	244.67
Distribution Volumetric Rate	\$/kW	2.07190
Regulatory Asset Recovery	\$/kW	0.09439
Retail Transmission Rate – Network Service Rate	\$/kW	2.01690
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.75880
Retail Transmission Rate – Network Service Rate - Interval Metered	\$/kWh	2.25350
Retail Transmission Rate – Line and Transformation Connection Service Rate - Interval Metered	\$/kWh	1.96030
Wholesale Market Service Rate	\$/kWh	0.00520
Rural Rate Protection Charge	\$/kWh	0.00100
Standard Supply Service – Administration Charge	\$	0.25

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.****PROPOSED RATE SCHEDULE****Unmetered Scattered Load**

Service Charge	\$	7.38
Distribution Volumetric Rate	\$/kWh	0.03590
Regulatory Asset Recovery	\$/kWh	0.00049
Retail Transmission Rate – Network Service Rate	\$/kWh	0.00490
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.00440
Wholesale Market Service Rate	\$/kWh	0.00520
Rural Rate Protection Charge	\$/kWh	0.00100
Regulated Price Plan – Administration Charge	\$	0.25

**Sentinel Lighting**

Service Charge	\$	1.17
Distribution Volumetric Rate	\$/kWh	9.7261
Regulatory Asset Recovery	\$/kWh	0.27332
Retail Transmission Rate – Network Service Rate	\$/kWh	1.52880
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	1.38810
Wholesale Market Service Rate	\$/kWh	0.00520
Rural Rate Protection Charge	\$/kWh	0.00100
Regulated Price Plan – Administration Charge	\$	0.25

**Street Lighting**

Service Charge	\$	1.59
Distribution Volumetric Rate	\$/kWh	7.0917
Regulatory Asset Recovery	\$/kWh	0.09371
Retail Transmission Rate – Network Service Rate	\$/kWh	1.52110
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	1.35970
Wholesale Market Service Rate	\$/kWh	0.00520
Rural Rate Protection Charge	\$/kWh	0.00100
Regulated Price Plan – Administration Charge	\$	0.25

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.****SUMMARY OF PROPOSED RATE SCHEDULE**

The following is a summary of the proposed changes to Rideau St. Lawrence Distribution Inc.'s rates for the 2008 test year. The proposed rates do not include a Board approved adder for Smart meters. Rideau St. Lawrence Distribution Inc. is forecasting a distribution related delivery deficiency for the 2008 test year of \$269,703.

The impact on each rate class is described below.

**Residential - 750 kWh Consumption**

The proposed changes to the Residential rate class are summarized below.

	Metric	2007			2008 Test			Impact	
		Volume	Rate \$	Charge \$	Volume	Rate \$	Charge \$	Change \$	Change %
Monthly Service Charge				8.78			10.03	1.25	14.2%
Distribution	kWh	750	0.01070	8.03	750	0.01410	10.58	2.55	31.8%
Sub-Total				16.81			20.61	3.80	22.6%
Regulatory Asset Recovery	kWh	750	0.00640	4.80	750	0.00042	0.32	-4.49	-93.4%
Retail Transmission - Network	kWh	808	0.00540	4.36	808	0.00540	4.36	0.00	0.0%
Retail Transmission - Line and Transformation Connection	kWh	808	0.00490	3.96	808	0.00490	3.96	0.00	0.0%
Wholesale Market Service	kWh	808	0.00520	4.20	808	0.00520	4.20	0.00	0.0%
Rural Rate Protection Charge	kWh	808	0.00100	0.81	808	0.00100	0.81	0.00	0.0%
Debt Retirement Charge	kWh	750	0.00700	5.25	750	0.00700	5.25	0.00	0.0%
Cost of Power Commodity	kWh	808	0.05704	46.08	808	0.05704	46.09	0.01	0.0%
Total Distribution Charges				86.27			85.59	-0.67	-0.8%

In order to recover an equal amount of revenue through the monthly fixed charge, Rideau St. Lawrence Distribution Inc.'s proposing to increase the monthly customer charge by \$1.25 in the 2008 test year. The net impact of these changes is a decrease in the revenue-to-cost ratios for the residential class rate customers from 105.24% to 103.00%.

The overall bill impact on a typical residential customer is a credit of \$0.67, as shown above. Further examples are shown in Exhibit 9, Tab 1, Schedule 9.

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.****SUMMARY OF PROPOSED RATE SCHEDULE****General Service <50 kW – 2,000 kWh Consumption**

	Metric	2007			2008 Test			Impact	
		Volume	Rate \$	Charge \$	Volume	Rate \$	Charge \$	Change \$	Change %
Monthly Service Charge				13.36			21.76	8.40	62.9%
Distribution	kWh	2,000	0.00510	10.20	2,000	0.00990	19.80	9.60	94.1%
Sub-Total				23.56			41.56	18.00	76.4%
Regulatory Asset Recovery	kWh	2,000	0.00430	8.60	2,000	0.00031	0.62	-7.98	-92.8%
Retail Transmission - Network	kWh	2,154	0.00490	10.56	2,155	0.00490	10.56	0.00	0.0%
Retail Transmission - Line and Transformation Connection	kWh	2,154	0.00440	9.48	2,155	0.00440	9.48	0.00	0.0%
Wholesale Market Service	kWh	2,154	0.00520	11.20	2,155	0.00520	11.20	0.00	0.0%
Rural Rate Protection Charge	kWh	2,154	0.00100	2.15	2,155	0.00100	2.15	0.00	0.0%
Debt Retirement Charge	kWh	2,000	0.00700	14.00	2,000	0.00700	14.00	0.00	0.0%
Cost of Power Commodity	kWh	2,154	0.05704	122.89	2,155	0.05704	122.91	0.02	0.0%
Total Distribution Charges				202.44			212.49	10.05	5.0%

In order to recover an equal amount of revenue through the monthly fixed charge, Rideau St. Lawrence Distribution Inc.'s proposing to increase the monthly customer charge by \$8.40 in the 2008 test year. The net impact of these changes is an increase in the revenue-to-cost ratios for the General Service < 50 kW class of customers from 65.09% to 91.36%.

The impact on a typical General Service customer <50 kW with a monthly consumption of 2000kWhr is increase of \$10.05, or 5.0%. Further examples are shown in Exhibit 9, Tab 1, Schedule 9.

RIDEAU ST. LAWRENCE DISTRIBUTION INC.SUMMARY OF PROPOSED RATE SCHEDULEGeneral Service >50 kW – 294 kW & 160,117 kWh Consumption

	Metric	2007			2008 Test			Impact	
		Volume	Rate \$	Charge \$	Volume	Rate \$	Charge \$	Change \$	Change %
Monthly Service Charge				273.58			244.67	-28.91	-10.6%
Distribution	kW	294	1.66780	490.38	294	2.07190	609.20	118.82	24.2%
Sub-Total				763.96			853.87	89.91	11.8%
Regulatory Asset Recovery	kW	294	1.42640	419.40	294	0.09439	27.75	-391.65	-93.4%
Retail Transmission - Network	kW	294	2.01690	593.03	294	2.01690	593.03	0.00	0.0%
Retail Transmission - Line and Transformation Connection	kW	294	1.75880	517.14	294	1.75880	517.14	0.00	0.0%
Wholesale Market Service	kWh	172,478	0.00520	896.89	172,510	0.00520	897.05	0.17	0.0%
Rural Rate Protection Charge	kWh	172,478	0.00100	172.48	172,510	0.00100	172.51	0.03	0.0%
Debt Retirement Charge	kWh	160,117	0.00700	1,120.82	160,117	0.00700	1,120.82	0.00	0.0%
Cost of Power Commodity	kWh	172,478	0.05704	9,838.15	172,510	0.05704	9,839.97	1.83	0.0%
Total Distribution Charges				14,321.87			14,022.15	-299.72	-2.1%

In order to recover an equal amount of revenue through the monthly fixed charge, Rideau St. Lawrence Distribution Inc.'s proposing to decrease the monthly customer charge by \$28.91 in the 2008 test year. The net impact of these changes is a decrease in the revenue-to-cost ratios for the General Service > 50 kW class of customers from 148.27% to 118.89%.

The impact on a typical General Service customer >50 kW with a monthly consumption of 294 kW and 160,117 kWh is a decrease of \$299.72, or 2.1%. Further examples are shown in Exhibit 9, Tab 1, Schedule 9.



**RIDEAU ST. LAWRENCE DISTRIBUTION INC.****SUMMARY OF PROPOSED RATE SCHEDULE****Unmetered Scattered Load – 800 kWh Consumption**

	Metric	2007			2008 Test			Impact	
		Volume	Rate \$	Charge \$	Volume	Rate \$	Charge \$	Change \$	Change %
Monthly Service Charge				7.80			7.38	-0.42	-5.4%
Distribution	kWh	800	0.03560	28.48	800	0.03590	28.72	0.24	0.8%
Sub-Total				36.28			36.10	-0.18	-0.5%
Regulatory Asset Recovery	kWh	800	0.00970	7.76	800	0.00049	0.39	-7.37	-94.9%
Retail Transmission - Network	kWh	800	0.00490	3.92	800	0.00490	3.92	0.00	0.0%
Retail Transmission - Line and Transformation Connection	kWh	800	0.00440	3.52	800	0.00440	3.52	0.00	0.0%
Wholesale Market Service	kWh	862	0.00520	4.48	862	0.00520	4.48	0.00	0.0%
Rural Rate Protection Charge	kWh	862	0.00100	0.86	862	0.00100	0.86	0.00	0.0%
Debt Retirement Charge	kWh	800	0.00700	5.60	800	0.00700	5.60	0.00	0.0%
Cost of Power Commodity	kWh	862	0.05704	49.15	862	0.05704	49.16	0.01	0.0%
Total Distribution Charges				111.58			104.04	-7.54	-6.8%

In order to recover an equal amount of revenue through the monthly fixed charge, Rideau St. Lawrence Distribution Inc.'s proposing to decrease the monthly customer charge by \$0.42 in the 2008 test year. The net impact of these changes is a decrease in the revenue-to-cost ratios for the Unmetered Scattered Load class of customers from 152.26% to 106.93%.

The impact on a typical Unmetered Scattered Load with a monthly consumption of 800kWhr is a decrease of \$7.54, or 6.8%. Further examples are shown in Exhibit 9, Tab 1, Schedule 9.

RIDEAU ST. LAWRENCE DISTRIBUTION INC.SUMMARY OF PROPOSED RATE SCHEDULESentinel Lighting – 0.75kW & 50kWhr Consumption

	Metric	2007			2008 Test			Impact	
		Volume	Rate \$	Charge \$	Volume	Rate \$	Charge \$	Change \$	Change %
Monthly Service Charge				0.62			1.17	0.55	88.7%
Distribution	kW	1	4.83960	3.63	1	9.72610	7.29	3.66	101.0%
Sub-Total				4.25			8.46	4.21	99.2%
Regulatory Asset Recovery	kW	1	7.65420	5.74	1	0.27332	0.20	-5.54	-96.4%
Retail Transmission - Network	kW	1	1.52880	1.15	1	1.52880	1.15	0.00	0.0%
Retail Transmission - Line and Transformation Connection	kW	1	1.38810	1.04	1	1.38810	1.04	0.00	0.0%
Wholesale Market Service	kWh	54	0.00520	0.28	54	0.00520	0.28	0.00	0.0%
Rural Rate Protection Charge	kWh	54	0.00100	0.05	54	0.00100	0.05	0.00	0.0%
Debt Retirement Charge	kWh	50	0.00700	0.35	50	0.00700	0.35	0.00	0.0%
Cost of Power Commodity	kWh	54	0.05704	3.07	54	0.05704	3.07	0.00	0.0%
Total Distribution Charges				15.93			14.61	-1.32	-8.3%

In order to recover an equal amount of revenue through the monthly fixed charge, Rideau St. Lawrence Distribution Inc.'s proposing to increase the monthly customer charge by \$0.55 in the 2008 test year. The net impact of these changes is an increase in the revenue-to-cost ratios for the Sentinel lighting class of customers from 49.08% to 79.47%.

The impact on a typical Sentinel Light with a monthly consumption of 800kW is a decrease of \$1.32 or 8.3%. Further examples are shown in Exhibit 9, Tab 1, Schedule 9.

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.****SUMMARY OF PROPOSED RATE SCHEDULE****Street Lighting – 138kW & 48,814 kWh & 689 connections**

	Metric	2007			2008 Test			Impact	
		Volume	Rate \$	Charge \$	Volume	Rate \$	Charge \$	Change \$	Change %
Monthly Service Charge		689	1.17	806.13	689	1.59	1,095.51	289.38	35.9%
Distribution	kW	138	4.70010	650.87	138	7.09170	982.06	331.19	50.9%
Sub-Total				1,457.00			2,077.57	620.57	42.6%
Regulatory Asset Recovery	kW	138	0.35410	49.04	138	0.09371	12.98	-36.06	-73.5%
Retail Transmission - Network	kW	138	1.52110	210.64	138	1.52110	210.64	0.00	0.0%
Retail Transmission - Line and Transformation Connection	kW	138	1.35970	188.29	138	1.35970	188.29	0.0	0.0%
Wholesale Market Service	kWh	52,583	0.00520	273.43	52,592	0.00520	273.48	0.05	0.0%
Rural Rate Protection Charge	kWh	52,583	0.00100	52.58	52,592	0.00100	52.59	0.01	0.0%
Debt Retirement Charge	kWh	48,814	0.00700	341.70	48,814	0.00700	341.70	0.00	0.0%
Cost of Power Commodity	kWh	52,583	0.05704	2,999.31	52,592	0.05704	2,999.87	0.56	0.0%
Total Distribution Charges				5,572.00			6,157.12	585.13	10.5%

In order to recover an equal amount of revenue through the monthly fixed charge, Rideau St. Lawrence Distribution Inc.'s proposing to increase the monthly charge per connection by \$0.42 in the 2008 test year. The net impact of these changes is an increase in the revenue-to-cost ratios for the Street Lighting class of customers from 41.61% to 49.84%.

The impact on a typical Street Lighting customer is an increase of \$585.13, or 10.5% on the total bill. Further examples are shown In Exhibit 9, Tab 1, Schedule 9.

RIDEAU ST. LAWRENCE DISTRIBUTION INC.RECONCILIATION OF RATE CLASS REVENUE TO TOTAL REVENUE  
REQUIREMENT

Rate Class	Number of Customer Connections	Volume kWh	Volume kW	Proposed Fixed Charge \$	Proposed Volumetric Charge	Proposed Revenue at Proposed Rates
Residential	4,972	45,379,623		10.03	0.0141	1,239,830
General Service <50kW	778	24,085,319		21.76	0.0099	441,731
General Service 50kW to 4,999kW	64	47,522,972	132,103	244.67	2.0719	461,614
Unmetered Scattered Load	48	304,493		7.38	0.0359	15,172
Sentinel Lighting	34	100,826	279	1.17	9.7261	3,192
Street Lighting (Connections)	1,653	1,366,231	3,875	1.59	7.0917	59,025
<b>Totals</b>	<b>7,549</b>	<b>118,759,464</b>	<b>136,257</b>			<b>\$2,220,565</b>

	\$
Low Voltage Charges	168,161
Transformer Allowance	37,012
Base Revenue Requirement	2,015,392
Total Revenue from Rates	2,220,565

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**

**TRANSMISSION RATES**

On October 17, 2007, the OEB issued its EB-2007-0759 rate order, setting new Uniform Transmission Rates for Ontario transmitters, effective Nov. 1, 2007 to December 31, 2008. These new Wholesale Transmission Rates are expected to decrease by an average of approximately 12%. This is the rate that Hydro One will be paying the IESO. As part of deriving the application for the new transmission rates, Hydro One removed the metering component which was embedded in these rates. Therefore with the implementation of the new Wholesale Transmission Rates, the \$5,700 meter rebate, for each converted meter point, will cease effective November 1, 2007.

Hydro One bills RSL (an embedded distributor) at Retail Transmission Service Rates (RTSR) that will not be revised (to reflect the approximately 12% reduction at the wholesale level) until they submit an application to the OEB, and the OEB approves a RTSR revision. Per Hydro One, the earliest that could happen is May 1, 2008. RSL understands the OEB will be reviewing the RTSR rates, and RSL will propose revised Transmission Rates when further information is available.

RSL has eleven wholesale meter points, nine of which had been converted, and Hydro One was providing us an annual rebate of \$5,700 per converted meter point. The remaining wholesale meter points will be converted early in 2008. Effective November 1, 2007, the meter point rebate of \$5,700 per meter will cease per Hydro One.

Hydro One will be invoicing RSL a Wholesale Meter Service Fee of \$6,200 per year where Hydro One is registered with the IESO as the transitional Meter Service Provider (MSP). The Ontario Energy Board has advised that the cost for the wholesale meter points is to be charged to USofA 5085, or 5114. RSL has included the additional cost of 11 wholesale meter points at \$5,700 each, or \$62,700 for the 2008 Test Year in USofA 5114.

**RIDEAU ST. LAWRENCE 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 approved May 1, 2007 rates and the proposed 2008 distribution rates, (including Rate Rider for the recovery of Regulatory Asset Variance Accounts) and maintaining the 2006 Retail Transmission Service Rates at existing 2007 levels.

The total bill impacts are calculated for the average customers in the residential rate class and for General Service Classes at certain levels of consumption. The rates are assessed on the basis of moving to the proposed distribution rates derived in Exhibit 9, Tab 1, Schedule 6, including the Rate Rider for the recovery of regulatory asset variance accounts derived in Exhibit 5, Tab 1, Schedule 2. The total bill impacts are premised on the distribution rates arising from the new revenue requirements. All other non-distribution charges are kept unchanged.

The bill impact includes Commodity prices. The commodity price at .05704c per kWh has been taken from the Independent Electricity System Operator from their recent 18 month forecast. The same commodity price has been used for both the 2007 Existing rates and the 2008 proposed rates so as not to skew bill impact results.

RIDEAU ST. LAWRENCE DISTRIBUTION INC.RATE IMPACTSResidential - 750 kWh Consumption

	Metric	Volume	2007		2008 Test			Impact	
			Rate \$	Charge \$	Volume	Rate \$	Charge \$	Change \$	Change %
Monthly Service Charge				8.78			10.03	1.25	14.2%
Distribution	kWh	750	0.01070	8.03	750	0.01410	10.58	2.55	31.8%
Sub-Total				16.81			20.61	3.80	22.6%
Regulatory Asset Recovery	kWh	750	0.00640	4.80	750	0.00042	0.32	-4.49	-93.4%
Retail Transmission - Network	kWh	808	0.00540	4.36	808	0.00540	4.36	0.00	0.0%
Retail Transmission - Line and Transformation Connection	kWh	808	0.00490	3.96	808	0.00490	3.96	0.00	0.0%
Wholesale Market Service	kWh	808	0.00520	4.20	808	0.00520	4.20	0.00	0.0%
Rural Rate Protection Charge	kWh	808	0.00100	0.81	808	0.00100	0.81	0.00	0.0%
Debt Retirement Charge	kWh	750	0.00700	5.25	750	0.00700	5.25	0.00	0.0%
Cost of Power Commodity	kWh	808	0.05704	46.08	808	0.05704	46.09	0.01	0.0%
Total Bill				86.27			85.59	-0.67	-0.8%

RIDEAU ST. LAWRENCE DISTRIBUTION INC.RATE IMPACTSResidential - 1000 kWh Consumption

	Metric	Volume	2007		2008 Test			Impact	
			Rate \$	Charge \$	Volume	Rate \$	Charge \$	Change \$	Change %
Monthly Service Charge				8.78			10.03	1.25	14.2%
Distribution	kWh	1,000	0.01070	10.70	1,000	0.01410	14.10	3.40	31.8%
Sub-Total				19.48			24.13	4.65	23.9%
Regulatory Asset Recovery	kWh	1,000	0.00640	6.40	1,000	0.00042	0.42	-5.98	-93.4%
Retail Transmission - Network	kWh	1,077	0.00540	5.82	1,077	0.00540	5.82	0.00	0.0%
Retail Transmission - Line and Transformation Connection	kWh	1,077	0.00490	5.28	1,077	0.00490	5.28	0.00	0.0%
Wholesale Market Service	kWh	1,077	0.00520	5.60	1,077	0.00520	5.60	0.00	0.0%
Rural Rate Protection Charge	kWh	1,077	0.00100	1.08	1,077	0.00100	1.08	0.00	0.0%
Debt Retirement Charge	kWh	1,000	0.00700	7.00	1,000	0.00700	7.00	0.00	0.0%
Cost of Power Commodity	kWh	1,077	0.05704	61.44	1,077	0.05704	61.45	0.01	0.0%
Total Bill				112.10			110.78	-1.32	-1.2%



RIDEAU ST. LAWRENCE DISTRIBUTION INC.RATE IMPACTSResidential - 2000 kWh Consumption

	Metric	2007			2008 Test			Impact	
		Volume	Rate \$	Charge \$	Volume	Rate \$	Charge \$	Change \$	Change %
Monthly Service Charge				8.78			10.03	1.25	14.2%
Distribution	kWh	2,000	0.01070	21.40	2,000	0.01410	28.20	6.80	31.8%
Sub-Total				30.18			38.23	8.05	26.7%
Regulatory Asset Recovery	kWh	2,000	0.00640	12.80	2,000	0.00042	0.84	-11.96	-93.4%
Retail Transmission - Network	kWh	2,154	0.00540	11.63	2,155	0.00540	11.64	0.00	0.0%
Retail Transmission - Line and Transformation Connection	kWh	2,154	0.00490	10.56	2,155	0.00490	10.56	0.00	0.0%
Wholesale Market Service	kWh	2,154	0.00520	11.20	2,155	0.00520	11.20	0.00	0.0%
Rural Rate Protection Charge	kWh	2,154	0.00100	2.15	2,155	0.00100	2.15	0.00	0.0%
Debt Retirement Charge	kWh	2,000	0.00700	14.00	2,000	0.00700	14.00	0.00	0.0%
Cost of Power Commodity	kWh	2,154	0.05704	122.89	2,155	0.05704	122.91	0.02	0.0%
Total Bill				215.41			211.53	-3.88	-1.8%

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**

**RATE IMPACTS**

**General Service <50 kW – 2,000 kWh Consumption**

	Metric	Volume	2007 Rate \$	Charge \$	2008 Test Volume	Rate \$	Charge \$	Impact Change \$ %	
Monthly Service Charge				13.36			21.76	8.40	62.9%
Distribution	kWh	2,000	0.00510	10.20	2,000	0.00990	19.80	9.60	94.1%
Sub-Total				23.56			41.56	18.00	76.4%
Regulatory Asset Recovery	kWh	2,000	0.00430	8.60	2,000	0.00031	0.62	-7.98	-92.8%
Retail Transmission - Network	kWh	2,154	0.00490	10.56	2,155	0.00490	10.56	0.00	0.0%
Retail Transmission - Line and Transformation Connection	kWh	2,154	0.00440	9.48	2,155	0.00440	9.48	0.00	0.0%
Wholesale Market Service	kWh	2,154	0.00520	11.20	2,155	0.00520	11.20	0.00	0.0%
Rural Rate Protection Charge	kWh	2,154	0.00100	2.15	2,155	0.00100	2.15	0.00	0.0%
Debt Retirement Charge	kWh	2,000	0.00700	14.00	2,000	0.00700	14.00	0.00	0.0%
Cost of Power Commodity	kWh	2,154	0.05704	122.89	2,155	0.05704	122.91	0.02	0.0%
Total Bill				202.44			212.49	10.05	5.0%

RIDEAU ST. LAWRENCE DISTRIBUTION INC.RATE IMPACTSGeneral Service <50 kW – 5,000 kWh Consumption

	Metric	Volume	2007		2008 Test			Impact	
			Rate \$	Charge \$	Volume	Rate \$	Charge \$	Change \$	Change %
Monthly Service Charge				13.36			21.76	8.40	62.9%
Distribution	kWh	5,000	0.00510	25.50	5,000	0.00990	49.50	24.00	94.1%
Sub-Total				38.86			71.26	32.40	83.4%
Regulatory Asset Recovery	kWh	5,000	0.00430	21.50	5,000	0.00031	1.55	-19.95	-92.8%
Retail Transmission - Network	kWh	5,386	0.00490	26.39	5,387	0.00490	26.40	0.00	0.0%
Retail Transmission - Line and Transformation Connection	kWh	5,386	0.00440	23.70	5,387	0.00440	23.70	0.00	0.0%
Wholesale Market Service	kWh	5,386	0.00520	28.01	5,387	0.00520	28.01	0.01	0.0%
Rural Rate Protection Charge	kWh	5,386	0.00100	5.39	5,387	0.00100	5.39	0.00	0.0%
Debt Retirement Charge	kWh	5,000	0.00700	35.00	5,000	0.00700	35.00	0.00	0.0%
Cost of Power Commodity	kWh	5,386	0.05704	307.22	5,387	0.05704	307.27	0.06	0.0%
Total Bill				486.06			498.58	12.52	2.6%

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.****RATE IMPACTS****General Service <50 kW – 10,000 kWh Consumption**

	Metric	Volume	2007 Rate \$	Charge \$	2008 Test Volume	Rate \$	Charge \$	Impact Change \$	Change %
Monthly Service Charge				13.36			21.76	8.40	62.9%
Distribution	kWh	10,000	0.00510	51.00	10,000	0.00990	99.00	48.00	94.1%
Sub-Total				64.36			120.76	56.40	87.6%
Regulatory Asset Recovery	kWh	10,000	0.00430	43.00	10,000	0.00031	3.10	-39.90	-92.8%
Retail Transmission - Network	kWh	10,772	0.00490	52.78	10,774	0.00490	52.79	0.01	0.0%
Retail Transmission - Line and Transformation Connection	kWh	10,772	0.00440	47.40	10,774	0.00440	47.41	0.01	0.0%
Wholesale Market Service	kWh	10,772	0.00520	56.01	10,774	0.00520	56.02	0.01	0.0%
Rural Rate Protection Charge	kWh	10,772	0.00100	10.77	10,774	0.00100	10.77	0.00	0.0%
Debt Retirement Charge	kWh	10,000	0.00700	70.00	10,000	0.00700	70.00	0.00	0.0%
Cost of Power Commodity	kWh	10,772	0.05704	614.43	10,774	0.05704	614.55	0.11	0.0%
Total Bill				958.76			975.41	16.65	1.7%

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.****RATE IMPACTS****General Service >50 kW – 60 kW & 15,000 kWh Consumption**

	Metric	Volume	2007		2008 Test			Impact	
			Rate \$	Charge \$	Volume	Rate \$	Charge \$	Change \$	Change %
Monthly Service Charge				273.58			244.67	-28.91	-10.6%
Distribution	kW	60	1.66780	100.07	60	2.07190	124.31	24.25	24.2%
Sub-Total				373.65			368.98	-4.66	-1.2%
Regulatory Asset Recovery	kW	60	1.42640	85.58	60	0.09439	5.66	(79.92)	-93.4%
Retail Transmission - Network	kW	60	2.01690	121.01	60	2.01690	121.01	0.00	0.0%
Retail Transmission - Line and Transformation Connection	kW	60	1.75880	105.53	60	1.75880	105.53	0.00	0.0%
Wholesale Market Service	kWh	16,158	0.00520	84.02	16,161	0.00520	84.04	0.02	0.0%
Rural Rate Protection Charge	kWh	16,158	0.00100	16.16	16,161	0.00100	16.16	0.00	0.0%
Debt Retirement Charge	kWh	15,000	0.00700	105.00	15,000	0.00700	105.00	0.00	0.0%
Cost of Power Commodity	kWh	16,158	0.05704	921.65	16,161	0.05704	921.82	0.17	0.0%
Total Bill				1,812.61			1,728.21	-84.39	-4.7%

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.****RATE IMPACTS****General Service >50 kW – 294 kW & 160,117 kWh Consumption**

	Metric	Volume	2007		2008 Test			Impact	
			Rate \$	Charge \$	Volume	Rate \$	Charge \$	Change \$	Change %
Monthly Service Charge				273.58			244.67	-28.91	-10.6%
Distribution	kW	294	1.66780	490.38	294	2.07190	609.20	118.82	24.2%
Sub-Total				763.96			853.87	89.91	11.8%
Regulatory Asset Recovery	kW	294	1.42640	419.40	294	0.09439	27.75	(391.65)	-93.4%
Retail Transmission - Network	kW	294	2.01690	593.03	294	2.01690	593.03	0.00	0.0%
Retail Transmission - Line and Transformation Connection	kW	294	1.75880	517.14	294	1.75880	517.14	0.00	0.0%
Wholesale Market Service	kWh	172,478	0.00520	896.89	172,510	0.00520	897.05	0.17	0.0%
Rural Rate Protection Charge	kWh	172,478	0.00100	172.48	172,510	0.00100	172.51	0.03	0.0%
Debt Retirement Charge	kWh	160,117	0.00700	1,120.82	160,117	0.00700	1,120.82	0.00	0.0%
Cost of Power Commodity	kWh	172,478	0.05704	9,838.15	172,510	0.05704	9,839.97	1.83	0.0%
Total Bill				14,321.87			14,022.15	(299.72)	-2.1%

RIDEAU ST. LAWRENCE DISTRIBUTION INC.RATE IMPACTSGeneral Service >50 kW – 500 kW & 100,000 kWh Consumption

	Metric	Volume	2007		2008 Test			Impact	
			Rate \$	Charge \$	Volume	Rate \$	Charge \$	Change \$	Change %
Monthly Service Charge				273.58			244.67	-28.91	-10.6%
Distribution	kW	500	1.66780	833.90	500	2.07190	1,035.95	202.05	24.2%
Sub-Total				1,107.48			1,280.62	173.14	15.6%
Regulatory Asset Recovery	kW	500	1.42640	713.20	500	0.09439	47.20	(666.01)	-93.4%
Retail Transmission - Network	kW	500	2.01690	1,008.45	500	2.01690	1,008.45	0.00	0.0%
Retail Transmission - Line and Transformation Connection	kW	500	1.75880	879.40	500	1.75880	879.40	0.00	0.0%
Wholesale Market Service	kWh	107,720	0.00520	560.14	107,740	0.00520	560.25	0.10	0.0%
Rural Rate Protection Charge	kWh	107,720	0.00100	107.72	107,740	0.00100	107.74	0.02	0.0%
Debt Retirement Charge	kWh	100,000	0.00700	700.00	100,000	0.00700	700.00	0.00	0.0%
Cost of Power Commodity	kWh	107,720	0.05704	6,144.35	107,740	0.05704	6,145.49	1.14	0.0%
Total Bill				11,220.74			10,729.14	(491.60)	-4.4%

RIDEAU ST. LAWRENCE DISTRIBUTION INC.

RATE IMPACTS

General Service >50 kW – 1,000 kW & 200,000 kWh Consumption

	Metric	Volume	2007		2008 Test			Impact	
			Rate \$	Charge \$	Volume	Rate \$	Charge \$	Change \$	Change %
Monthly Service Charge				273.58			244.67	-28.91	-10.6%
Distribution	kW	1,000	1.66780	1,667.80	1,000	2.07190	2,071.90	404.10	24.2%
Sub-Total				1,941.38			2,316.57	375.19	19.3%
Regulatory Asset Recovery	kW	1,000	1.42640	1,426.40	1,000	0.09439	94.39	(1,332.01)	-93.4%
Retail Transmission - Network	kW	1,000	2.01690	2,016.90	1,000	2.01690	2,016.90	0.00	0.0%
Retail Transmission - Line and Transformation Connection	kW	1,000	1.75880	1,758.80	1,000	1.75880	1,758.80	0.00	0.0%
Wholesale Market Service	kWh	215,440	0.00520	1,120.29	215,480	0.00520	1,120.50	0.21	0.0%
Rural Rate Protection Charge	kWh	215,440	0.00100	215.44	215,480	0.00100	215.48	0.04	0.0%
Debt Retirement Charge	kWh	200,000	0.00700	1,400.00	200,000	0.00700	1,400.00	0.00	0.0%
Cost of Power Commodity	kWh	215,440	0.05704	12,288.70	215,480	0.05704	12,290.98	2.28	0.0%
Total Bill				22,167.91			21,213.62	(954.29)	-4.3%



RIDEAU ST. LAWRENCE DISTRIBUTION INC.RATE IMPACTSUnmetered Scattered Load – 800 kWh Consumption

	Metric	Volume	2007		2008 Test			Impact	
			Rate \$	Charge \$	Volume	Rate \$	Charge \$	Change \$	Change %
Monthly Service Charge				7.80			7.38	-0.42	-5.4%
Distribution	kWh	800	0.03560	28.48	800	0.03590	28.72	0.24	-0.8%
Sub-Total				36.28			36.10	-0.18	-0.5%
Regulatory Asset Recovery	kWh	800	0.00970	7.76	800	0.00040	0.32	-7.44	-95.9%
Retail Transmission - Network	kWh	800	0.00490	3.92	800	0.00490	3.92	0.00	0.0%
Retail Transmission - Line and Transformation Connection	kWh	800	0.00440	3.52	800	0.00440	3.52	0.00	0.0%
Wholesale Market Service	kWh	862	0.00520	4.48	862	0.00520	4.48	0.00	0.0%
Rural Rate Protection Charge	kWh	862	0.00100	0.86	862	0.00100	0.86	0.00	0.0%
Debt Retirement Charge	kWh	800	0.00700	5.60	800	0.00700	5.60	0.00	0.0%
Cost of Power Commodity	kWh	862	0.05704	49.15	862	0.05704	49.16	0.01	0.0%
Total Bill				111.58			104.04	-7.54	-6.8%

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**

**RATE IMPACTS**

**Sentinel Lighting – 0.75kW & 25kWh Consumption**

	Metric	Volume	2007		2008 Test			Impact	
			Rate \$	Charge \$	Volume	Rate \$	Charge \$	Change \$	Change %
Monthly Service Charge				0.62			1.17	0.55	88.7%
Distribution	kW	1	4.83960	3.63	1	9.72610	7.29	3.66	101.0%
Sub-Total				4.25			8.46	4.21	99.2%
Regulatory Asset Recovery	kW	1	7.65420	5.74	1	0.27332	0.20	-5.54	-96.4%
Retail Transmission - Network	kW	1	1.52880	1.15	1	1.52880	1.15	0.00	0.0%
Retail Transmission - Line and Transformation Connection	kW	1	1.38810	1.04	1	1.38810	1.04	0.00	0.0%
Wholesale Market Service	kWh	27	0.00520	0.14	27	0.00520	0.14	0.00	0.0%
Rural Rate Protection Charge	kWh	27	0.00100	0.03	27	0.00100	0.03	0.00	0.0%
Debt Retirement Charge	kWh	25	0.00700	0.18	25	0.00700	0.18	0.00	0.0%
Cost of Power Commodity	kWh	27	0.05704	1.54	27	0.05704	1.54	0.00	0.0%
Total Bill				14.06			12.74	-1.32	-9.4%

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.****RATE IMPACTS****Street Lighting – 138kW & 48,814kWh Consumption 689 Connections**

	Metric	2007			2008 Test			Impact	
		Volume	Rate \$	Charge \$	Volume	Rate \$	Charge \$	Change \$	Change %
Monthly Service Charge		689	1.17	806.13	689	1.59	1,095.51	289.38	35.9%
Distribution	kW	138	4.70010	650.87	138	7.09170	982.06	331.19	50.9%
Sub-Total				1,457.00			2,077.57	620.57	42.6%
Regulatory Asset Recovery	kW	138	0.35410	49.04	138	0.09371	12.98	-36.06	-73.5%
Retail Transmission - Network	kW	138	1.52110	210.64	138	1.52110	210.64	0.00	0.0%
Retail Transmission - Line and Transformation Connection	kW	138	1.35970	188.29	138	1.35970	188.29	0.00	0.0%
Wholesale Market Service	kWh	52,583	0.00520	273.43	52,592	0.00520	273.48	0.5	0.0%
Rural Rate Protection Charge	kWh	52,583	0.00100	52.58	52,592	0.00100	52.59	0.01	0.0%
Debt Retirement Charge	kWh	48,814	0.00700	341.70	48,814	0.00700	341.70	0.00	0.0%
Cost of Power Commodity	kWh	52,583	0.05704	2,999.31	52,592	0.05704	2,999.87	.56	0.0%
Total Bill				5,572.00			6,157.12	585.13	10.5%

**RIDEAU ST. LAWRENCE DISTRIBUTION INC.**

**PROPOSED CHANGES TO TERMS AND CONDITIONS OF SERVICE**

Rideau St. Lawrence is a member of the Cornerstone Hydro Electric Concepts group. The CHEC group is currently reviewing and updating its Conditions of Service document in accordance with the Distribution System Code.