

August 19, 2008

Board Secretary
Ontario Energy Board
PO Box 2319
2300 Yonge St. 27th Floor
Toronto, Ontario, M4P1E4

**Re: Northern Ontario Wires – 2009 Rebasing Rate Application –
EB-2006-0330**

RDI Consulting Inc. is filing on behalf of Northern Ontario Wires, their 2009 Forward Test Year – Rebasing Rate Application. Contained within are 2 hard copies and 1 electronic copy has been filed via RESS.

If you require any further information, please contact me directly.

Sincerely,



Ian McKenzie
RDI Consulting Inc, Senior Business & Regulatory Analyst
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ONTARIO ENERGY BOARD

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

AND IN THE MATTER OF an Application by (“LDC Name”) to the Ontario Energy Board for an Order or Orders approving or fixing just and reasonable rates and other service charges for the distribution of electricity as of May 1, 2008.

APPLICATION

The Applicant is NORTHERN ONTARIO WIRES (NOW). NOW is an Ontario corporation with its office in the Town of Cochrane Ontario. NOW carries on the business of distributing electricity within the town/cities of Cochrane, Iroquois Falls and Kapuskasing.

NOW 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, 2009.

Except where specifically identified in the Application, NOW 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 9; Tab 1; Schedule 6 attached to this Summary.

NOW requests that the OEB make its Rate Order effective May 1, 2009 in accordance with the Filing Requirements.

NOW 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 NOW’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 NOW; and
- (iv) other grounds as may be set out in the material accompanying this Application Summary.

NOW applies for an Order or Orders approving the proposed distribution rates and other charges set out in this Application to be effective May 1, 2009, or as soon as possible thereafter. NOW submits these rates and charges are just and reasonable pursuant to section 78 of the Ontario Energy Board Act, 1998 being Schedule B to the Energy Competition Act, 1998, S.O. 1998, c.15,

The address of service for NOW is: 153 Sixth Avenue, Cochrane, ON, P0L 1C0

DATED at Cochrane Ontario, this 19th day of August, 2008.

Monika Malherbe
Chief Financial Officer
Northern Ontario Wires Inc.

Electricity Distribution License



Electricity Distribution Licence

ED-2003-0018

Northern Ontario Wires Inc.

Valid Until

December 17, 2023

A handwritten signature in black ink, appearing to read 'M.C. Garner', written over a horizontal line.

Mark C. Garner
Managing Director, Market Operations
Ontario Energy Board
Date of Issuance: December 18, 2003
Date of Amendment: January 20, 2006

Ontario Energy Board
P.O. Box 2319
2300 Yonge Street
27th Floor
Toronto, ON M4P 1E4

Commission de l'Énergie de l'Ontario
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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 Northern Ontario Wires 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;

"**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;

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

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

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

2 Interpretation

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

3 Authorization

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

- a) to own and operate a distribution system in the service area described in Schedule 1 of this Licence;
- b) to retail electricity for the purposes of fulfilling its obligation under section 29 of the Electricity Act in the manner specified in Schedule 2 of this Licence; and
- c) to act as a wholesaler for the purposes of fulfilling its obligations under the Retail Settlement Code or under section 29 of the Electricity Act.

4 Obligation to Comply with Legislation, Regulations and Market Rules

- 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.
- 4.2 The Licensee shall comply with all applicable Market Rules.

5 Obligation to Comply with Codes

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:

- a) the Affiliate Relationships Code for Electricity Distributors and Transmitters;

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- b) the Distribution System Code;
- c) the Retail Settlement Code; and
- d) the Standard Supply Service Code.

5.2 The Licensee shall:

- 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
- 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.

6 Obligation to Provide Non-discriminatory Access

- 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.

7 Obligation to Connect

- 7.1 The Licensee shall connect a building to its distribution system if:

- a) the building lies along any of the lines of the distributor's distribution system; and
- b) the owner, occupant or other person in charge of the building requests the connection in writing.

- 7.2 The Licensee shall make an offer to connect a building to its distribution system if:

- a) the building is within the Licensee's service area as described in Schedule 1; and
- b) the owner, occupant or other person in charge of the building requests the connection in writing.

- 7.3 The terms of such connection or offer to connect shall be fair and reasonable and made in accordance with the Distribution System Code, and the Licensee's Rate Order as approved by the Board.

- 7.4 The Licensee shall not refuse to connect or refuse to make an offer to connect unless it is permitted to do so by the Act or a regulation or any Codes to which the Licensee is obligated to comply with as a condition of this Licence.

8 Obligation to Sell Electricity

- 8.1 The Licensee shall fulfill its obligation under section 29 of the Electricity Act to sell electricity in accordance with the requirements established in the Standard Supply Service Code, the Retail Settlement Code and the Licensee's Rate Order as approved by the Board.

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9 Obligation to Maintain System Integrity

9.1 The Licensee shall maintain its distribution system in accordance with the standards established in the Distribution System Code and Market Rules, and have regard to any other recognized industry operating or planning standards adopted by the Board.

10 Market Power Mitigation Rebates

10.1 The Licensee shall comply with the pass through of Ontario Power Generation rebate conditions set out in Appendix A of this Licence.

11 Distribution Rates

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.

12 Separation of Business Activities

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.

13 Expansion of Distribution System

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.

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.

14 Provision of Information to the Board

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.

14.2 Without limiting the generality of paragraph 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.

14.3 The licensee shall inform the Board as soon as possible of any material changes to the service agreement with Cochrane Public Utilities Commission (the "Service Agreement").

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:

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

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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.

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.

16 Customer Complaint and Dispute Resolution

16.1 The Licensee shall:

- a) have a process for resolving disputes with customers that deals with disputes in a fair, reasonable and timely manner;

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- b) publish information which will make its customers aware of and help them to use its dispute resolution process;
- 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;
- d) give or send free of charge a copy of the process to any person who reasonably requests it; and
- 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.

17 Term of Licence

- 17.1 This Licence shall take effect on December 18, 2003 and expire on December 17, 2023. The term of this Licence may be extended by the Board.

18 Fees and Assessments

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

19 Communication

- 19.1 The Licensee shall designate a person that will act as a primary contact with the Board on matters related to this Licence. The Licensee shall notify the Board promptly should the contact details change.
- 19.2 All official communication relating to this Licence shall be in writing.
- 19.3 All written communication is to be regarded as having been given by the sender and received by the addressee:
- a) when delivered in person to the addressee by hand, by registered mail or by courier;
 - b) ten (10) business days after the date of posting if the communication is sent by regular mail; and
 - c) when received by facsimile transmission by the addressee, according to the sender's transmission report.

20 Copies of the Licence

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

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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 paragraph 8.1 of this Licence.

1. The former Town of Cochrane as of December 31, 1999 described by:

 North: Eighth Street/Chalmers Subdivision
 East: North Road
 South: Highway 11
 West: Western Avenue

2. The former town of Iroquois Falls as of December 31, 1997 described by:

 North: Anson Drive/Abitibi River
 East: Detroyes Avenue
 West: Ambridge Drive/Tank Road/Leroux Street

3. The Town of Kapuskasing as of September 11, 2001.

 North: Mateeve Avenue
 East: Cherry Street
 South: Highway 11
 West: Kapuskasing Airport

4. The customer, located at 461 Eighth Street in the Town of Cochrane and described as
 Glackmeyer Con 2 Pt Lot 19 RP 6R7793 Part 1-2.50A.

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SCHEDULE 2 PROVISION OF STANDARD SUPPLY SERVICE

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.

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

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SCHEDULE 3 LIST OF CODE EXEMPTIONS

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

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.

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APPENDIX A MARKET POWER MITIGATION REBATES

1. Definitions and Interpretations

In this Licence

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

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

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

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

2. Information Given to IMO

- a Prior to the payment of a rebate amount by the IMO to a distributor, the distributor shall provide the IMO, in the form specified by the IMO and before the expiry of the period specified by the IMO, with information in respect of the volumes of electricity withdrawn by the distributor from the IMO-controlled grid during the rebate period and distributed by the distributor in the distributor’s service area to:
 - i consumers served by a retailer where a service transaction request as defined in the Retail Settlement Code has been implemented; and
 - ii consumers other than consumers referred to in clause (i) who are not receiving the fixed price under sections 79.4 and 79.5 of the *Ontario Energy Board Act, 1998*.
- b Prior to the payment of a rebate amount by the IMO to a distributor which relates to electricity consumed in the service area of an embedded distributor, the embedded distributor shall provide the host distributor, in the form specified by the IMO and before the expiry of the period specified in the Retail Settlement Code, with the volumes of electricity distributed during the rebate period by the embedded distributor’s host distributor to the embedded distributor net of any electricity distributed to the embedded distributor which is attributable to embedded generation and distributed by the embedded distributor in the embedded distributor’s service area to:
 - i consumers served by a retailer where a service transaction request as defined in the Retail Settlement Code has been implemented; and
 - 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*.

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- 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.

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.

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.

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:

- 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;
- 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
- c embedded distributors to whom the distributor distributes electricity.

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.

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.

Northern Ontario Wires Inc.
Electricity Distribution Licence ED-2003-0018

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.

CONTACT INFORMATION

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CHIEF EXECUTIVE OFFICER

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CHIEF FINANCIAL OFFICER

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Larry Jeanneault
OPERATIONS SUPERVISOR

Phone: (705) 272-6669
Fax: (705) 272-5035

SPECIFIC APPROVALS REQUESTED

- Approval to charge rates effective May 1, 2009 to recover a revenue deficiency of \$301,238 (\$362,937 grossed-up for tax purposes) (Exhibit 7, Tab 1, Schedule 1,)
- Approval of NOW proposed change in capital structure, decreasing NOWs deemed common equity component from 46.67% to 43.33% (Exhibit 6, Tab 1, Schedule 2,) consistent with Report of the Board on Cost of Capital and 2nd Generation Incentive Regulation for Ontario's Electricity Distributors dated December 20, 2006
- Approval to continue the following deferral/variance accounts on May 1, 2009:
- Approval of the proposed loss factor of 4.33% Exhibit 4, Tab 2, Schedule 9.

DRAFT ISSUES LIST

1. Smart Metering

Northern Ontario Wires has not included any costs with respect to smart metering in this rate application. In its current rates NOW has approval for \$0.26 per customer per month to cover the costs for Smart Metering. NOW was unsure of how these costs were to be handled in this rate process and requests that the Board approve the appropriate change in rates for this initiative.

PROCEDURAL ORDERS/MOTIONS/NOTICES

To be included when received

ACCOUNTING ORDERS REQUESTED

None requested.

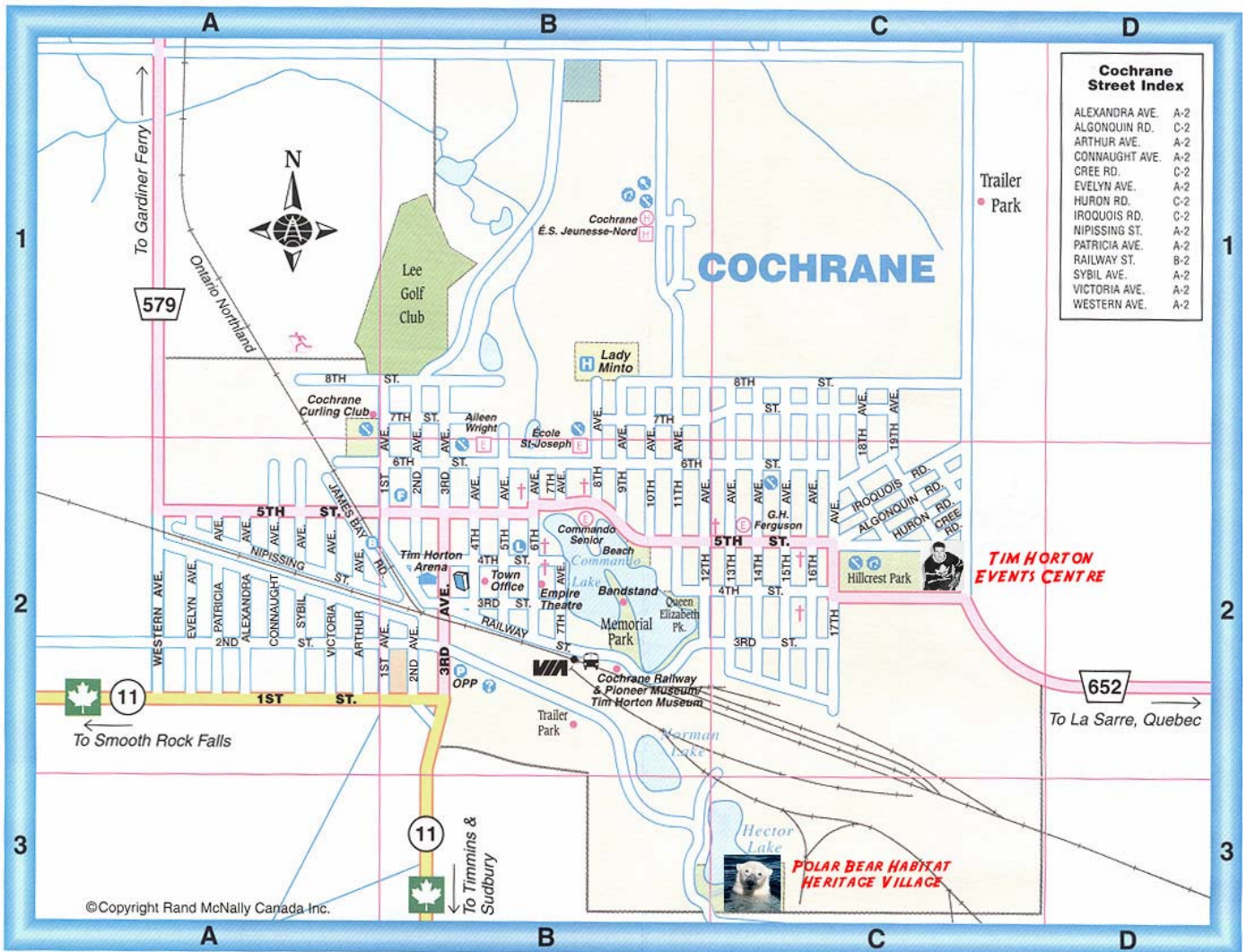
NON-COMPLIANCE WITH UNIFORM SYSTEM OF ACCOUNTS

NOW follows the main categories and accounting guidelines as stated in the Uniform System of Accounts.

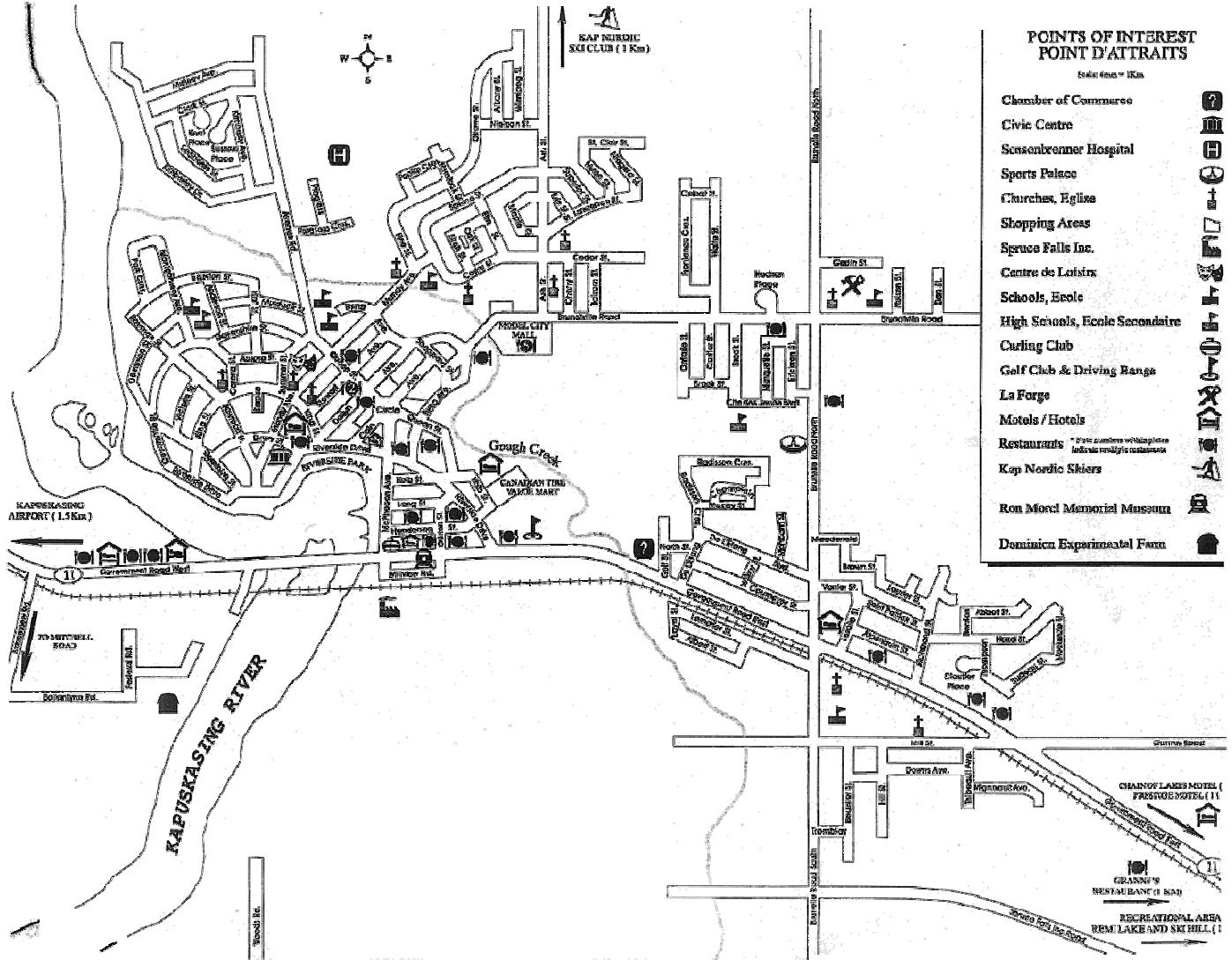
MAP OF DISTRIBUTION SYSTEM

Distribution System Maps are contained below.

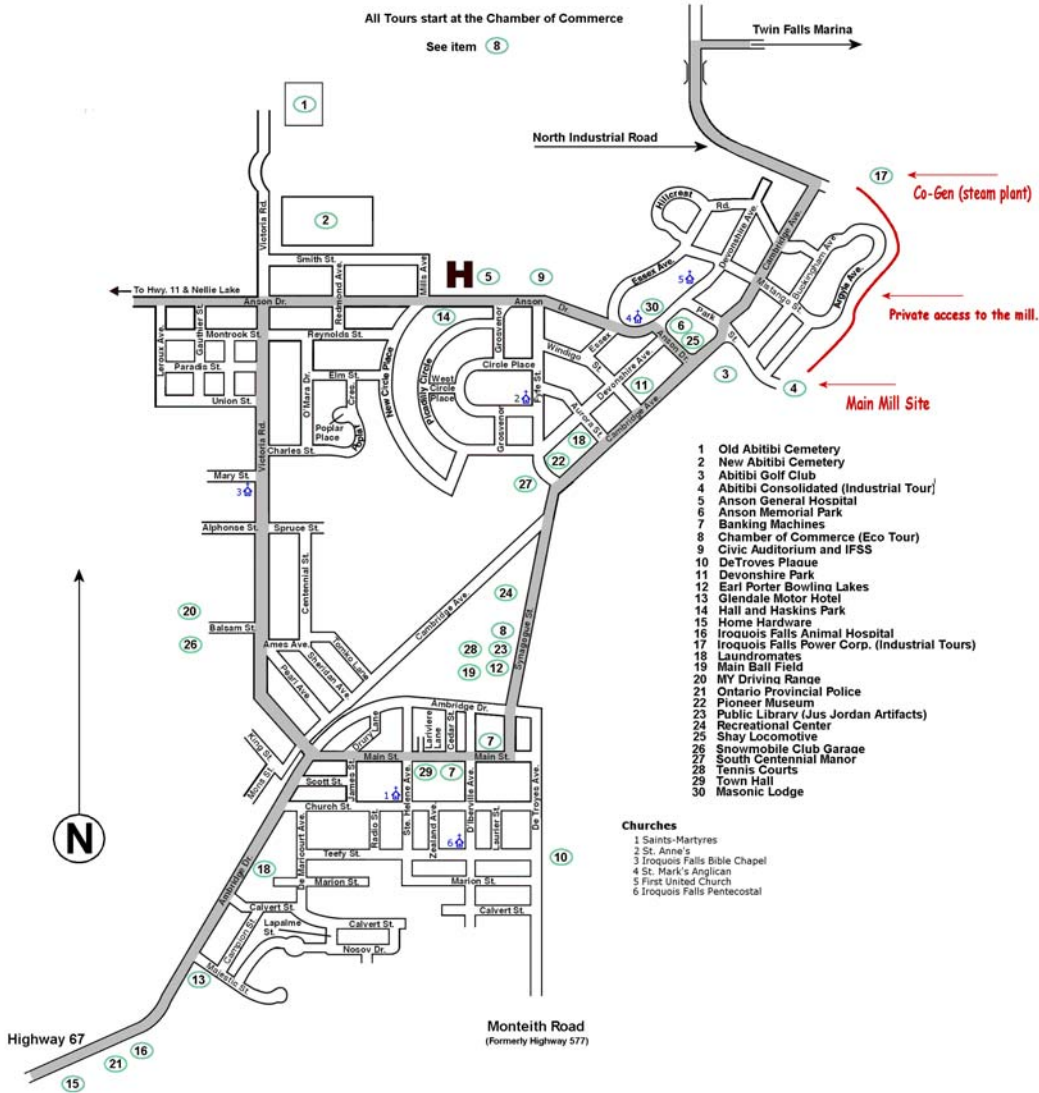
Cochrane:



Kapuskasing:



Iroquois Falls:



Town Site Map
 of
 IROQUOIS FALLS

Carte du
 lotissement urbain
 D'IROQUOIS FALLS

LIST OF NEIGHBORING UTILITIES

Hydro One Networks Inc.
483 Bay St.
Toronto, ON M5G 2P5

Direct line: 416-345-5000

Website: www.HydroOne.com

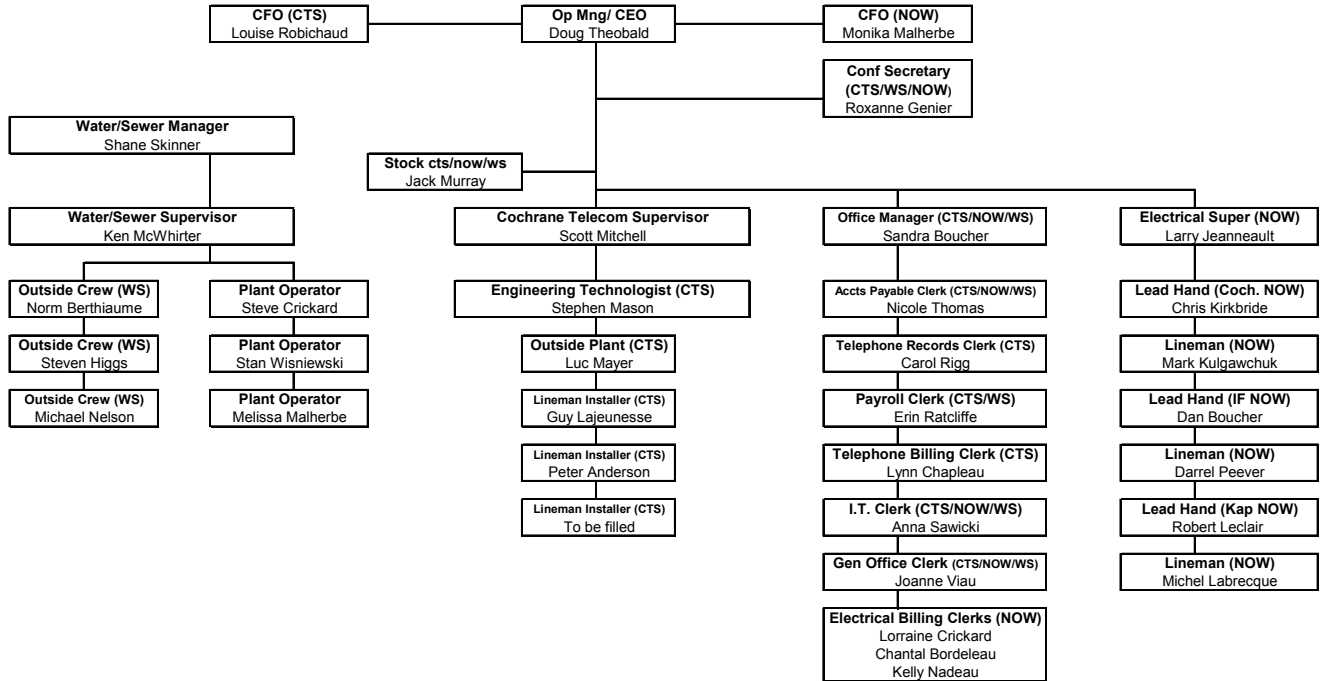
EXPLANATION OF HOST AND EMBEDDED UTILITIES

Northern Ontario Wires Inc. has neither embedded distributors nor any host distributors operating within our service territory.

UTILITY ORGANIZATIONAL CHART

Organization Chart - CTS, NOW and WS

As of January 1, 2008



PLANNED CHANGES IN CORPORATE AND OPERATIONAL STRUCTURE

Northern Ontario Wires is not proposing any changes to our corporate and operational structure.

STATUS REPORT ON BOARD DIRECTIVES

Northern Ontario Wires has no Board Directives at this time.

CONDITIONS OF SERVICE

See Appendix A in this schedule

PLANNED CHANGES IN CONDITIONS OF SERVICE AND SERVICE CHARGES

Northern Ontario Wires reviews its Conditions of Service periodically as required by the Distribution System Code.

NOW is requesting no changes to its currently approved Specific Service Charges.

LIST OF WITNESSES

To be provided if oral hearing occurs

SUMMARY OF THE APPLICATION

PURPOSE AND NEED

NOW estimates that its present rates will produce a deficiency in distribution revenue of \$301,238 for the 2009 Test Year. Excluded from this estimate is the impact of energy costs. NOW therefore seeks the Board's approval to revise its rates applicable to its distribution of electricity. The issues to be reviewed in this case, as NOW sees them, are discussed below.

Through this Application, NOW seeks:

- To recover:
 - Revenue Deficiency arising from changes in OM&A, Amortization, Rate of Return and PILS
- To change:
 - Distribution Loss Factor
- To reflect:
 - Just and reasonable Distribution Rates that have been filed in accordance with the Ontario Energy Board Filing Requirements for Distribution Rate Applications

The information used in this Application is NOWs forecasted results for its 2009 Test Year. With the rates presently in effect, NOW estimates that its revenue for 2009 would not be sufficient to provide a reasonable return. NOW is also presenting the historical actual information for fiscal 2006, 2007, information for the current approved test year (2006) and forecasts for the fiscal 2008 bridge year.

TIMING

The financial information supporting the test Year for this Application will be NOWs fiscal year ending December 31, 2009 (the "2009 Test Year"). However, this information will be used to set rates for the period May 1, 2009 to April 30, 2010. The Test Year revenue requirement is that forecast by NOW as needed to enable it to earn a reasonable return for fiscal 2009. 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, 2009.

CUSTOMER IMPACT

NOW will not have unacceptable impacts on the total distribution portion of the customer's bill and therefore NOW is not proposing any rate mitigation measures.

Residential

| | 2008 Board Approved | 2009 Proposed | % change |
|------------------------------|---------------------|---------------|----------|
| Service Charge | \$16.66 | \$17.76 | 6.6% |
| Distribution Volumetric Rate | \$0.0108 | \$0.0179 | 65.7% |

In order to adjust the fixed cost recovery through the monthly fixed charge, NOW is proposing to increase the monthly customer charge by \$1.10 in the 2009 test year. The net impact of these changes is an increase in the revenue-to-cost ratios for Residential customers (from 97.92% to 102.76%).

The impact on a typical residential customer is an increase of 7.52% on total bill. The overall bill impact on a typical Residential customer is shown in detail in Exhibit 9, Tab 1, Schedule 8.

General Service < 50 kW

| | 2008 Board Approved | 2009 Proposed | % change |
|------------------------------|---------------------|---------------|----------|
| Service Charge | \$21.80 | \$23.26 | 6.7% |
| Distribution Volumetric Rate | \$0.0102 | \$0.0156 | 52.9% |

In order to adjust the fixed cost recovery through the monthly fixed charge, NOW is proposing to increase the monthly customer charge by \$1.46 in the 2009 test year. The net impact of these changes is a decrease in the revenue-to-cost ratios for Residential customers (from 107.25% to 102.76%).

The impact on a typical GS<50 kW customer is a increase of 5.9% on total bill. The overall bill impact on a typical GS<50 kW customer is shown in detail in Exhibit 9, Tab 1, Schedule 8.

General Service 50 to 4,999 kW

| | 2008 Board Approved | 2009 Proposed | % change |
|------------------------------|---------------------|---------------|----------|
| Service Charge | \$209.32 | \$205.26 | -1.9% |
| Distribution Volumetric Rate | \$2.0558 | \$0.9450 | -54.0% |

In order to adjust the fixed cost recovery through the monthly fixed charge, NOW is proposing to decrease the monthly customer charge by \$4.06 in the 2009 test year. The net impact of these changes is a decrease in the revenue-to-cost ratios for GS 50 to 4,999 kW customers (from 162.28% to 102.76%).

The impact on a typical GS>50 to 999 kW customer is a decrease of 3.3% on total bill. The overall bill impact on a typical GS>50 to 999 kW customer is shown in detail in Exhibit 9, Tab 1, Schedule 8.

Street Light

| | 2008 Board Approved | 2009 Proposed | % change |
|------------------------------|---------------------|---------------|----------|
| Service Charge | \$1.04 | \$6.25 | 501.0% |
| Distribution Volumetric Rate | \$3.3881 | \$6.6742 | 97.0% |

Explanation; In order to adjust the fixed cost recovery through the monthly fixed charge, NOW is proposing to increase the monthly customer charge by \$3.18 in the 2009 test year. The net impact of these changes is an increase in the revenue-to-cost ratios for Street Lighting connections (from 26.02% to 70.00%).

The impact on a typical Street Lighting connection is an increase of 65.8% on total bill. The overall bill impact on a typical Street Lighting connection is shown in detail in Exhibit 9, Tab 1, Schedule 8.

Unmetered Loads

| | 2008 Board Approved | 2009 Proposed | % change |
|------------------------------|---------------------|---------------|----------|
| Service Charge | \$11.00 | \$12.00 | 9.1% |
| Distribution Volumetric Rate | \$0.0102 | \$0.0409 | 301.0% |

Explanation; In order to adjust the fixed cost recovery through the monthly fixed charge, NOW is proposing to increase the monthly customer charge by \$1.00 in the 2009 test year. The net impact of these changes is a decrease in the revenue-to-cost ratios for Unmetered Scattered Load customers (from 127.53% to 102.76%).

Specific Service Charges

Northern Ontario Wires no change to its currently approved Specific Service Charges and a minor change to the loss factor listed below. Details can be found in Exhibit 4, Schedule 2, Tab 9. The Charges are listed below.

Northern Ontario Wires Inc.
TARIFF OF RATES AND CHARGES
Effective May 1, 2009

This schedule supersedes and replaces all previously approved schedules of Rates, Charges and Loss Factors

Specific Service Charges

Customer Administration

| | |
|---|----------|
| Arrears Certificate | \$ 15.00 |
| Returned Cheque charge (plus bank charges) | \$ 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 |
| | |
| Non-Payment of Account | |
| Late Payment - per month | % 1.50 |
| Late Payment - per annum | % 19.56 |
| Collection of Account Charge - no disconnection | \$ 30.00 |
| Disconnect/Reconnect at Meter - during Regular Hours | \$ 65.00 |
| Disconnect/Reconnect at Meter - after Regular Hours | \$185.00 |
| | |
| Specific Charge for Access to the Power Poles - per pole/year | \$ 22.35 |

Allowances

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

Retail Service Charges (if applicable)

Retail Service Charges refer to services provided by a distributor to retailers or customers related to the supply of competitive electricity

| | |
|--|-----------------|
| One-time charge, per retailer, to establish the service agreement between the distributor and the retailer | \$ 100.00 |
| Monthly Fixed Charge, per retailer | \$ 20.00 |
| Monthly Variable Charge, per customer, per retailer | \$/cust. 0.50 |
| Distributor-consolidated billing charge, per customer, per retailer | \$/cust. 0.30 |
| Retailer-consolidated billing credit, per customer, per retailer | \$/cust. (0.30) |

Service Transaction Requests (STR)

| | |
|--|---------|
| Request fee, per request, applied to the requesting party | \$ 0.25 |
| Processing fee, per request, applied to the requesting party | \$ 0.50 |
| | |
| Request for customer information as outlined in Section 10.6.3 and Chapter 11 of the Retail Settlement Code directly to retailers and customers, if not delivered electronically through the Electronic Business Transaction (EBT) system, applied to the requesting party | |
| | |
| Up to twice a year no charge | |
| More than twice a year, per request (plus incremental delivery costs) | \$ 2.00 |

LOSS FACTORS

| | |
|---|---------|
| Total Loss Factor - Secondary Metered Customer < 5,000 kW | %1.0433 |
| Total Loss Factor - Secondary Metered Customer > 5,000 kW | N/A |
| Total Loss Factor - Primary Metered Customer < 5,000 kW | %1.0328 |
| Total Loss Factor - Primary Metered Customer > 5,000 kW | N/A |

MAJOR ISSUES

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

Capital Structure

NOW is requesting a change in its deemed capital structure. Specifically, NOW is requesting a decrease in the deemed equity ratio from 46.67% to 43.33% consistent with the 3 year phase in of NOWs capital structure from 50% to 40% equity as outlined in the Report of the Board on Cost of Capital and 2nd Generation Incentive Regulation fro Ontario Electricity Distributors dated December 20, 2006.

Return on Equity

In addition, NOW has assumed a return on equity of 8.68% consistent with the methodology outlined in Appendix B of the Report of the Board on Cost of Capital and 2nd Generation Incentive Regulation for Ontario Electricity Distributors dated December 20, 2006 NOW understands the OEB will be finalizing the return on equity for 2009 rates based on January 2008 market interest rate information.

Capital Expenditures

NOW continues to expand and reinforce its distribution system in order to meet the demand of new and existing customers in its service territory, and to ensure and enhance its quality of service. This increase in demand comes both from currently un-serviced areas as well as existing areas needing upgrades.

Operating and Maintenance Costs

Operating and maintenance costs have been forecast to reflect the impact of inflation, customer growth, safety, reliability and expected changes in costs.

BUDGET DIRECTIVES

Revenue Forecast

Energy sales and revenue forecasts were compiled to reflect the most recent information available. Historical sales were normalized for a weather correction as outlined in Exhibit 3, Schedule 2. The normalized consumption was used to prepare the revenues sales and throughput volume and revenue forecast at existing rates for fiscal 2008 and 2009.

Operating and Maintenance Expense Forecast

The operating and maintenance expenses for fiscal 2008 bridge year and the 2009 test year have been incorporated into the revenue requirement contained within this application.

Capital Budget

All capital expenditures are budgeted on a line by line basis based on need and forecasted customer growth. Details on capital projects can be found in Exhibit 2, Schedule 3.

CHANGES IN METHODOLOGY

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

a) Capital Structure

NOW has applied to change its existing debt equity split to a deemed structure of 56.67% Debt and 43.33% Equity.

b) Return on Equity

NOW has applied no change to current the methodology in existence for return on equity in this application.

c) Interest Rate Applicable to Deferral/Variance Accounts

NOW has applied no change to the current methodology in existence for Deferral/Variance Account interest rates in this application.

e) Cost Allocation & Fully Allocated Costing Study

NOW has applied no change to the current methodology in existence for Cost Allocation & Fully Allocated Costing Study in this application, as per the report of the Board Application of Cost Allocation for Electricity Distributors released November 28th, 2007.

NUMERICAL DETAILS OF CAUSES OF DEFICIENCY 2009 TEST YEAR

| | 2006 EDR | 2009 Test | Variance |
|--------------------------|-----------------|------------------|-----------------|
| OM&A | \$2,029,551 | \$2,311,307 | \$281,757 |
| Amortization | \$331,372 | \$404,740 | \$73,369 |
| Return | \$381,627 | \$362,536 | -\$19,091 |
| PILS | \$59,377 | \$60,503 | \$1,126 |
| Revenue Offset | -\$339,555 | -\$297,503 | \$42,052 |
| Base Revenue Requirement | \$2,462,371 | \$2,841,584 | \$379,213 |
| Transformer Allowance | | \$49,168 | \$49,168 |
| Revenue Requirement | | \$2,890,752 | \$428,381 |

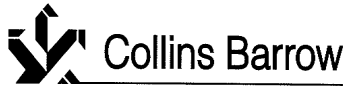
Note: differences between revenue deficiency calculations in Exhibit 7 due and this schedule are due to the year of reference. This schedule compares 2006 EDR to 2009 Test, while the deficiency tab compares 2009 test between current rates and proposed rates.

AUDITED FINANCIAL STATEMENTS AT DECEMBER 31 2007

NORTHERN ONTARIO WIRES INC.

**AUDITORS' REPORT AND
FINANCIAL STATEMENTS**

DECEMBER 31, 2007



Gagné Gagnon Bisson Hébert
Chartered Accountants / Comptables Agréés

Société Professionnelle Denis Hébert Inc.
Eric G. Gagnon Professional Corporation
Christiane S. Lapointe C.A.
Noël G. Cantin C.A.

2 Ash Street
Kapuskasig, Ontario
P5N 3H4

T. 705-337-6411
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kapuskasing@collinsbarrow.com

AUDITORS' REPORT

To the Shareholders of
Northern Ontario Wires Inc.

We have audited the balance sheet of Northern Ontario Wires Inc. as at December 31, 2007 and the statements of income, accumulated deficit and cash flows for the year then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the company as at December 31, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

A handwritten signature in cursive script that reads "Collins Barrow".

Chartered Accountants
Licenced Public Accountants
March 20, 2008



NORTHERN ONTARIO WIRES INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2007

| | |
|---------------------------------------|--------|
| Statement of Income | 1 |
| Statement of Accumulated Deficit | 2 |
| Balance Sheet | 3 |
| Statement of Cash Flows | 4 |
| Notes to Financial Statements | 5 - 11 |
| Schedule of Other Revenue | 12 |
| Schedule of Operating and Maintenance | 12 |
| Schedule of Billing and Collection | 12 |
| Schedule of Administration | 13 |

1

NORTHERN ONTARIO WIRES INC.

STATEMENT OF INCOME

YEAR ENDED DECEMBER 31, 2007

| | 2007 | 2006 Restated (note 7) |
|--|-------------------|------------------------------|
| REVENUE | | |
| Distribution revenues | \$ 2,171,446 | \$ 2,131,309 |
| Other revenue, schedule 1 | 321,351 | 252,575 |
| | <u>2,492,797</u> | <u>2,383,884</u> |
| EXPENSES | | |
| Operating and maintenance, schedule 2 | 500,865 | 500,251 |
| Billing and collection, schedule 3 | 598,778 | 518,223 |
| Administration, schedule 4 | 774,067 | 805,112 |
| Amortization | 299,135 | 317,223 |
| Interest on long term debt | 103,161 | 101,338 |
| | <u>2,276,006</u> | <u>2,242,147</u> |
| INCOME BEFORE INCOME TAXES | <u>216,791</u> | <u>141,737</u> |
| PAYMENT-IN-LIEU OF TAXES (RECOVERY) | | |
| Current | 54,198 | 39,718 |
| Future | (13,226) | (15,078) |
| | <u>40,972</u> | <u>24,640</u> |
| NET INCOME | <u>\$ 175,819</u> | <u>\$ 117,097</u> |

NORTHERN ONTARIO WIRES INC.
STATEMENT OF ACCUMULATED DEFICIT
YEAR ENDED DECEMBER 31, 2007

| | 2007 | 2006 Restated (note 7) |
|----------------------------|---------------------|------------------------------|
| BALANCE, BEGINNING OF YEAR | \$ (1,098,321) | \$ (1,215,418) |
| NET INCOME | <u>175,819</u> | <u>117,097</u> |
| BALANCE, END OF YEAR | <u>\$ (922,502)</u> | <u>\$ (1,098,321)</u> |

NORTHERN ONTARIO WIRES INC.

BALANCE SHEET

DECEMBER 31, 2007

| | 2007 | 2006 Restated (note 7) |
|--|---------------------|------------------------------|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash | \$ 1,150,443 | \$ 1,024,833 |
| Accounts receivable | 1,566,181 | 1,611,002 |
| Unbilled revenue | 820,396 | 1,157,882 |
| Inventories | 279,660 | 227,108 |
| Prepaid expenses | 92,042 | 64,829 |
| | <u>3,908,722</u> | <u>4,085,654</u> |
| OTHER REGULATORY ASSETS | - | 68,248 |
| PROPERTY AND EQUIPMENT (note 3) | 3,513,747 | 3,446,819 |
| | <u>\$ 7,422,469</u> | <u>\$ 7,600,721</u> |
| LIABILITIES | | |
| CURRENT LIABILITIES | | |
| Accounts payable and accrued liabilities | \$ 1,832,595 | \$ 2,335,746 |
| Customer deposits | 163,041 | 164,580 |
| Current portion of long term debt | 137,393 | 116,447 |
| | <u>2,133,029</u> | <u>2,616,773</u> |
| OTHER REGULATORY LIABILITIES | 59,320 | - |
| LONG TERM DEBT (note 5) | 2,035,525 | 1,951,946 |
| FUTURE PAYMENT-IN-LIEU OF TAXES | 10,504 | 23,730 |
| | <u>4,238,378</u> | <u>4,592,449</u> |
| SHAREHOLDERS' EQUITY | | |
| CAPITAL STOCK (note 6) | 4,106,593 | 4,106,593 |
| ACCUMULATED DEFICIT | (922,502) | (1,098,321) |
| | <u>3,184,091</u> | <u>3,008,272</u> |
| | <u>\$ 7,422,469</u> | <u>\$ 7,600,721</u> |

On behalf of the board

 Director

 Director

NORTHERN ONTARIO WIRES INC.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2007

| | 2007 | 2006 Restated (note 7) |
|--|---------------------|------------------------------|
| OPERATING ACTIVITIES | | |
| Net income | \$ 175,819 | \$ 117,097 |
| Items not involving cash | | |
| Amortization | 337,216 | 327,031 |
| Future payment-in-lieu of taxes | (13,226) | (15,078) |
| Other regulatory liabilities | 127,568 | (15,663) |
| | <u>627,377</u> | <u>413,387</u> |
| Changes in | | |
| Accounts receivable | 44,821 | (663,164) |
| Unbilled revenue | 337,486 | 37,817 |
| Inventories | (52,552) | 12,643 |
| Prepaid expenses | (27,213) | 427 |
| Accounts payable and accrued liabilities | (503,120) | (238,920) |
| Customer deposits | (1,539) | 22,150 |
| | <u>425,260</u> | <u>(415,660)</u> |
| INVESTING ACTIVITY | | |
| Purchase of property and equipment | (404,175) | (183,655) |
| FINANCING ACTIVITIES | | |
| Repayments on long term debt | (125,475) | (111,477) |
| Proceeds of long term debt | 230,000 | - |
| | <u>104,525</u> | <u>(111,477)</u> |
| CHANGE IN CASH POSITION | 125,610 | (710,792) |
| CASH POSITION, BEGINNING OF YEAR | <u>1,024,833</u> | <u>1,735,625</u> |
| CASH POSITION, END OF YEAR | <u>\$ 1,150,443</u> | <u>\$ 1,024,833</u> |

NORTHERN ONTARIO WIRES INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2007

1. STATUS AND NATURE OF OPERATIONS

Northern Ontario Wires Inc. was incorporated under the laws of the province of Ontario on March 23, 1999. The company operates electrical distribution utilities in Cochrane, Iroquois Falls and Kapuskasing, Ontario.

RATE REGULATED ENTITY

The Ontario Energy Board (OEB) has regulatory oversight of electricity matters in the Province of Ontario. Among other duties, the Board has the authority to issue distribution licences along with conditions pertaining to accounting records and filing requirements for rate setting purposes.

All energy has to be purchased through Independent Electricity System Operations (IESO) in a weighted average basis whereas the price paid for the electricity is based on the market price adjusted for the peak periods of demand.

2. SIGNIFICANT ACCOUNTING POLICIES

REVENUE RECOGNITION

Revenue is recorded on the basis of regular meter readings. Estimates of customer usage since the last reading date to the end of the year are included in unbilled revenue. The sale of electricity provides no net revenue to the utility as the cost of electricity is equal to those sales. The statement of income presents the distribution revenues of the utility.

INVENTORIES

Inventory is valued at the lower of cost and net realizable value. Cost is determined using the first-in, first-out method.

PROPERTY PLANT AND EQUIPMENT

Property plant and equipment are recorded at cost. The company provides for amortization using the straight-line method at rates designed to amortize the cost of the property plant and equipment over their estimated useful lives. The annual amortization rates are as follows:

| | |
|--|--------------|
| Land, buildings and leasehold improvements | 5 - 50 years |
| Vehicles | 5 - 8 years |
| Distribution system | 25 years |
| Office equipment | 5 - 10 years |
| Substation | 30 years |
| Tools and equipment | 5 - 10 years |

NORTHERN ONTARIO WIRES INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2007

2. SIGNIFICANT ACCOUNTING POLICIES, (CONT'D)

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 at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in the period in which they become known.

FUTURE PAYMENT-IN-LIEU OF TAXES

Payments-in-lieu of taxes are provided, at current rates, for all items included in the statement of income regardless of the period in which such items are reported for income tax purposes. The principal item which results in timing differences between financial and tax reporting purposes is amortization. Future payments in lieu of taxes are adjusted for changes in income tax rates.

REGULATION

The entity is required to follow regulatory accounting treatments that differ from Canadian generally accepted accounting policies for enterprises operating in a non regulated environment.

OTHER REGULATORY ASSETS/LIABILITIES includes two types of charges:

1. Deferred Costs/Revenue accounts - costs to be recovered in future rate increases or revenues to be used for future costs.
2. Retail Settlement Variance Accounts - the net difference between the amount paid in the year to IESO and Hydro One and the amount billed to customers and retailers, based on Board approved rates. The net of these variances is recovered through rate changes.

A monthly carrying charge is calculated based on Board approved interest rates and added to the balance of each account.

NORTHERN ONTARIO WIRES INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2007

3. PROPERTY AND EQUIPMENT

| | Cost | Accumulated Amortization | 2007 Net | 2006 Net |
|--|---------------------|-----------------------------|---------------------|---------------------|
| Land, buildings and leasehold improvements | \$ 156,637 | \$ 49,226 | \$ 107,411 | \$ 43,932 |
| Vehicles | 473,262 | 230,588 | 242,674 | 55,379 |
| Distribution system | 4,708,825 | 1,871,415 | 2,837,410 | 2,990,114 |
| Office equipment | 183,228 | 144,065 | 39,163 | 57,913 |
| Substation | 466,705 | 230,324 | 236,381 | 254,317 |
| Tools and equipment | 93,501 | 42,793 | 50,708 | 45,164 |
| | <u>\$ 6,082,158</u> | <u>\$ 2,568,411</u> | <u>\$ 3,513,747</u> | <u>\$ 3,446,819</u> |

4. BANK INDEBTEDNESS

The corporation has an authorized line of credit of \$ 500,000 bearing interest at prime + 1 % which is secured by a general security agreement.

NORTHERN ONTARIO WIRES INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2007

5. LONG TERM DEBT

| | <u>2007</u> | <u>2006</u> |
|--|---------------------|---------------------|
| Term loan to be paid in 240 blended monthly instalments of \$16,899 beginning December 15, 2000. The loan bears interest at 4.8% per annum with the rate to be renewed November 15, 2010. The note is secured by a General Security Agreement registered under the Personal Property Security Act. | \$ 1,949,432 | \$ 2,055,861 |
| Chrysler Financing, 0% payable in monthly instalments of \$835, due in March 2008. | 2,507 | 12,532 |
| Term loan to be paid in 96 blended monthly instalments of \$3,164 beginning August 30, 2007. The loan bears variable interest at prime +1% per annum and is secured by equipment | <u>220,979</u> | <u>-</u> |
| | 2,172,918 | 2,068,393 |
| Current portion | <u>137,393</u> | <u>116,447</u> |
| | <u>\$ 2,035,525</u> | <u>\$ 1,951,946</u> |

The principal instalments required to be paid over the next five fiscal years are as follows:

| | |
|------|------------|
| 2008 | \$ 137,393 |
| 2009 | 142,044 |
| 2010 | 149,593 |
| 2011 | 157,554 |
| 2012 | 165,951 |

NORTHERN ONTARIO WIRES INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2007

6. CAPITAL STOCK

| | 2007 | 2006 |
|---|--------------|--------------|
| Authorized | | |
| Unlimited number of common shares | | |
| Unlimited number of preferred shares | | |
| Subject to the Business Corporations Act, the directors may fix, before the issue thereof, the number of preferred shares of each series and the designation, rights, privilege restrictions and conditions attaching to the preferred shares of each series. | | |
| Issued | | |
| 1,000 common shares | \$ 4,106,593 | \$ 4,106,593 |

7. RESTATEMENT

During the 2007 fiscal year it came to the company's attention that it had not billed proper rates during the 2006 fiscal year. The rates had excluded an increase that had been approved by the Ontario Energy Board for the purpose of recovering regulatory costs it had previously incurred.

The changes to the 2006 financial information result in a reduction in the accumulated deficit in the amount of \$52,499 and is summarized as follows:

| | | |
|---|------------------|--|
| Statement of income | | |
| Increase in distribution revenues | \$ 73,373 | |
| Increase in expenses (payment-lieu-of taxes included) | (20,874) | |
| | <u>\$ 52,499</u> | |
| Balance Sheet | | |
| Increase in accounts receivable | \$ 267,805 | |
| Decrease in unbilled revenue | (15,000) | |
| Decrease in inventories | (24,000) | |
| Decrease in other regulatory assets | (139,031) | |
| | <u>\$ 89,774</u> | |

NORTHERN ONTARIO WIRES INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2007

8. POST-EMPLOYMENT BENEFITS PAYABLE

An obligation for post-employment benefits amounts to \$200,232 and the payable is accrued and included in the accounts payable and accrued liabilities.

9. STATEMENT OF CASH FLOW

Cash payments were made for the following items:

| | 2007 | 2006 |
|---------------------------|------------|------------|
| Interest | \$ 103,161 | \$ 101,338 |
| Payments in lieu of taxes | 58,558 | 54,374 |

10. RELATED PARTY TRANSACTIONS

Northern Ontario Wires Inc. has entered into an agreement with the Cochrane Telecom Services of the Corporation of the Town of Cochrane, which is affiliated with the corporation, whereby the company provides management and staff services, administration facilities and equipment to Northern Ontario Wires Inc. The total expense for rent and services under this agreement for the year was \$ 753,360, measured at the exchange amount, which is included in expense functions on the statement of income.

A balance of \$ 156,273 was owing on December 31, 2007 to related parties, including shareholders, and bears no interest. The amount is included in accounts payable and accrued liabilities on the balance sheet.

NORTHERN ONTARIO WIRES INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2007

11. COMMITMENTS

Particular financial guarantees became necessary in the deregulated market for electricity, after the system opening in May 2002, to meet prudential requirements of the Independent Electricity System Operator (IESO), in the event of a default of payment to the (IESO), which is the supplier of electricity.

These financial guarantees became necessary for the company to carry on as an electrical distribution company.

Financial Guarantees were provided by Northern Ontario Wires through an agreement with Caisse Populaire de Cochrane.

Under the terms of operating leases the company is committed to make minimum payments totaling \$34,110 as follows:

| | | |
|------|----|---------------|
| 2008 | \$ | 20,880 |
| 2009 | | 5,880 |
| 2010 | | 5,880 |
| 2011 | | <u>1,470</u> |
| | \$ | <u>34,110</u> |

12. FINANCIAL INSTRUMENTS

The company's financial instruments consists of cash, accounts receivable, unbilled revenue, accounts payable and accrued liabilities and long-term debt. Unless otherwise noted, it is management's opinion that the company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximated their carrying values, unless otherwise noted.

NORTHERN ONTARIO WIRES INC.
SCHEDULES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2007

SCHEDULE OF OTHER REVENUE

Schedule 1

| | 2007 | 2006 Restated (note 7) |
|------------------------------|-------------------|------------------------------|
| Interest earned | \$ 53,117 | \$ 34,543 |
| Interest improvement revenue | - | 6,298 |
| Late payment charges | 16,606 | 12,958 |
| Other services | 145,365 | 92,904 |
| Pole rental | 83,627 | 83,627 |
| Sundry revenues | 22,636 | 22,245 |
| | <u>\$ 321,351</u> | <u>\$ 252,575</u> |

SCHEDULE OF OPERATING AND MAINTENANCE

Schedule 2

| | 2007 | 2006 Restated (note 7) |
|------------------------|-------------------|------------------------------|
| Salaries and wages | \$ 248,558 | \$ 249,776 |
| Materials and supplies | 252,307 | 250,475 |
| | <u>\$ 500,865</u> | <u>\$ 500,251</u> |

SCHEDULE OF BILLING AND COLLECTION

Schedule 3

| | 2007 | 2006 Restated (note 7) |
|--------------------|-------------------|------------------------------|
| Wages and benefits | \$ 367,261 | \$ 342,162 |
| Billing costs | 231,517 | 176,061 |
| | <u>\$ 598,778</u> | <u>\$ 518,223</u> |

NORTHERN ONTARIO WIRES INC.
SCHEDULES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2007

SCHEDULE OF ADMINISTRATION

Schedule 4

| | 2007 | | 2006 |
|-----------------------------------|-------------------|-----------|-----------------|
| | | | Restated |
| | | | (note 7) |
| Insurance expense | \$ 32,439 | \$ | 38,524 |
| Interest and late payment charges | 13,931 | | 17,487 |
| Interest improvement expenses | 15,175 | | - |
| Management fees | 89,706 | | 131,905 |
| Materials and supplies | 115,537 | | 138,120 |
| Outside services | 84,238 | | 72,668 |
| Salaries and benefits | 399,884 | | 377,215 |
| Travel | 23,157 | | 29,193 |
| | <u>\$ 774,067</u> | <u>\$</u> | <u>805,112</u> |

Northern Ontario Wires
 PROFORMA BALANCE SHEET
 AS AT DECEMBER 31ST 2008

| ASSETS | YEAR ENDED 31-Dec-08 |
|-----------------------|-------------------------|
| Current | |
| Bank | \$ 1,183,400 |
| Accounts Receivable | 1,566,181 |
| Inventory | 279,660 |
| Unbilled Revenue | 820,396 |
| Prepaid Expenses | <u>92,042</u> |
| | 3,941,679 |
| Capital Assets | <u>3,465,727</u> |
| | <u>\$ 7,407,406</u> |

LIABILITIES AND SHAREHOLDER'S EQUITY

| | |
|--|---------------------|
| Current | |
| Accounts Payable and Accrued Liabilities | \$ 1,832,595 |
| Customer Deposits | 163,041 |
| Current Portion of Long Term Debt | <u>137,393</u> |
| | 2,133,029 |
| Long-term Debt | |
| Note Payable | 2,035,525 |
| Regulatory Liability | 59,320 |
| Customer Deposits | <u>163,041</u> |
| | 2,257,886 |
| Shareholders' Equity | |
| Share Capital | 4,106,593 |
| Retained Earnings | <u>(1,139,270)</u> |
| | 2,967,323 |
| | <u>\$ 7,358,238</u> |

Northern Ontario Wires
 PROFORMA STATEMENT OF INCOME
 FOR THE TWELVE MONTHS ENDED DECEMBER 31ST 2008

| | YEAR ENDED 31-Dec-08 |
|--|-------------------------|
| Electricity Revenue | \$ 11,736,806 |
| Cost of Power | <u>9,271,848</u> |
| Gross Margin | 2,464,958 |
| Miscellaneous Revenues | <u>220,287</u> |
| Total Revenues from Operations | 2,685,245 |
| Expenses | |
| Operating & Maintenance | 680,136 |
| Billing & Collecting | 731,823 |
| Administration & General | 914,558 |
| Amortization | 363,270 |
| Interest | <u>156,415</u> |
| | 2,846,202 |
| Net Income from Operations Before Taxes | (160,957) |
| PILS | <u>55,811</u> |
| Net Income (Loss) | (216,768) |
| Retained Earnings (deficit) Beginning of Period | <u>(922,502)</u> |
| Retained Earnings (deficit) End of Period | <u>\$ (1,139,270)</u> |

Northern Ontario Wires
 PROFORMA BALANCE SHEET
 AS AT DECEMBER 31ST 2009

| ASSETS | YEAR ENDED 31-Dec-09 |
|-----------------------|-------------------------|
| Current | |
| Bank | \$ 1,354,093 |
| Accounts Receivable | 1,566,181 |
| Inventory | 279,660 |
| Unbilled Revenue | 820,396 |
| Prepaid Expenses | 92,042 |
| | <u>4,112,372</u> |
| Capital Assets | <u>3,451,987</u> |
| | <u>\$ 7,564,359</u> |

LIABILITIES AND SHAREHOLDER'S EQUITY

| | |
|--|---------------------|
| Current | |
| Accounts Payable and Accrued Liabilities | \$ 1,832,595 |
| Customer Deposits | 163,041 |
| Current Portion of Long Term Debt | 137,393 |
| | <u>2,133,029</u> |
| Long-term Debt | |
| Note Payable | 2,035,525 |
| Regulatory Liability | 59,320 |
| Customer Deposits | 163,041 |
| | <u>2,257,886</u> |
| Shareholders' Equity | |
| Share Capital | 4,106,593 |
| Retained Earnings | (933,149) |
| | <u>3,173,444</u> |
| | <u>\$ 7,564,359</u> |

WEST COAST HURON ENERGY
 PROFORMA STATEMENT OF INCOME
 FOR THE TWELVE MONTHS ENDED DECEMBER 31ST 2009

| | YEAR ENDED 31-Dec-09 |
|--|-------------------------|
| Electricity Revenue | \$ 12,147,796 |
| Cost of Power | <u>9,257,044</u> |
| Gross Margin | 2,890,752 |
| Miscellaneous Revenues | <u>248,335</u> |
| Total Revenues from Operations | 3,139,087 |
| Expenses | |
| Operating & Maintenance | 639,005 |
| Billing & Collecting | 757,744 |
| Administration & General | 914,558 |
| Amortization | 404,740 |
| Interest | 156,415 |
| | <u>2,872,463</u> |
| Net Income from Operations Before Taxes | 266,624 |
| PILS | <u>60,503</u> |
| Net Income (Loss) | 206,121 |
| Retained Earnings (deficit) Beginning of Period | <u>(1,139,270)</u> |
| Retained Earnings (deficit) End of Period | <u>\$ (933,149)</u> |

PROPOSED ACCOUNTING TREATMENT

Northern Ontario Wires does not have any projects with a life cycle of greater than one year in this application.

Reconciliations

Not included as trial balance information used for historical purposes tie into audited financial statements and RRR filings.

Appendix A – Conditions of Service

| <u>Ex.</u> | <u>Tab</u> | <u>Schedule</u> | <u>Contents of Schedule</u> |
|-----------------------------|------------|-----------------|---|
| <u>2 – Rate Base</u> | | | |
| | 1 | | <u>Overview</u> |
| | | 1 | Rate Base Overview |
| | | 2 | Rate Base Summary Table |
| | | 3 | Variance Analysis on Rate Base Table |
| | 2 | | <u>Gross Assets – Property, Plant and Equipment Accumulated Depreciation</u> |
| | | 1 | Continuity Statements |
| | | 2 | Gross Assets Table |
| | | 3 | Materiality Analysis on Gross Assets |
| | | 4 | Accumulated Depreciation Table |
| | | 5 | Materiality Analysis on Accumulated Depreciation |
| | 3 | | <u>Capital Budget</u> |
| | | 1 | Capital Budget by Project |
| | | 2 | Materiality Analysis on Capital Additions |
| | | 3 | System Expansions |
| | | 4 | Capitalization Policy |
| | 4 | | <u>Allowance for Working Capital</u> |
| | | 1 | Working Capital Allowance calculations by account |

RATE BASE OVERVIEW

A projection of Northern Ontario Wires rate base is provided for both the Bridge Year (2008) and the Test Year (2009). Historical data pertaining to rate base is also presented for 2006 Approved through to 2007 Actual.

The Applicant's forecast rate base for the test year is \$5,480,429. The rate base underlying the test year revenue requirement includes a forecast of net fixed assets (\$3,758,957), plus a working capital allowance (\$1,721,472). Details for the utility'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 the company's written evidence at Exhibit 2, Tab 2, Schedule 1, 2, 3, 4 & 5. 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 Bridge year (2008) and Test year (2009) capital budgets are included in Exhibit 2, Tab, 3 Schedule 1.

Allowance for Working Capital

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

RATE BASE SUMMARY TABLE

| RATE BASE SUMMARY | 2006 Board Approved | 2006 Actual | Variance from 2006 Board Approved | 2006 Actual | 2007 Actual | Variance from 2006 Actual | 2007 Actual | 2008 Bridge | Variance from 2007 Actual | 2008 Bridge | 2009 Test | Variance from 2008 Bridge |
|--------------------------------------|--------------------------------|--------------------|--|--------------------|--------------------|--|--------------------|--------------------|--|--------------------|--------------------|--|
| | (\$'s) | (\$'s) | (\$'s) | (\$'s) | (\$'s) | (\$'s) | (\$'s) | (\$'s) | (\$'s) | (\$'s) | (\$'s) | (\$'s) |
| <u>Gross Asset</u> | | | | | | | | | | | | |
| Asset Values at Cost | \$5,297,550 | \$5,474,266 | \$176,717 | \$5,474,266 | \$5,880,121 | \$405,854 | \$5,880,121 | \$6,389,883 | \$509,763 | \$6,389,883 | \$6,893,009 | \$503,125 |
| <u>Accumulated Depreciation</u> | | | | | | | | | | | | |
| Depreciation | -\$1,401,269 | -\$1,908,362 | -\$507,094 | -\$1,908,362 | -\$2,398,823 | -\$490,461 | -\$2,398,823 | -\$2,750,046 | -\$351,223 | -\$2,750,046 | -\$3,134,051 | -\$384,005 |
| Net Fixed Asset | \$3,896,281 | \$3,565,904 | -\$330,377 | \$3,565,904 | \$3,481,297 | -\$84,607 | \$3,481,297 | \$3,639,837 | \$158,540 | \$3,639,837 | \$3,758,957 | \$119,120 |
| <u>Allowance for Working Capital</u> | | | | | | | | | | | | |
| | \$1,662,308 | \$1,861,443 | \$199,135 | \$1,861,443 | \$1,811,901 | -\$49,542 | \$1,811,901 | \$1,725,070 | -\$86,831 | \$1,725,070 | \$1,721,472 | -\$3,598 |
| Utility Rate Base | \$5,558,590 | \$5,427,348 | -\$131,242 | \$5,427,348 | \$5,293,198 | -\$134,149 | \$5,293,198 | \$5,364,907 | \$71,709 | \$5,364,907 | \$5,480,429 | \$115,522 |

VARIANCE ANALYSIS ON RATE BASE SUMMARY TABLE

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

2009 Test Year

As shown in Exhibit 2, Tab 1, Schedule 2, the total rate base in the 2009 test year is forecast to be \$5,480,429. Net fixed assets accounts for \$3,758,957 of this total. The allowance for working capital totals \$1,721,472.

Comparison to 2008 Bridge Year

The total rate base is expected to increase by \$115,522 or 2.1% in the 2009 test year than in the 2008 bridge year. This increase is shown in Exhibit 2, Tab 1, Schedule 2. This increase is the result of an \$119,120 increase in net fixed assets due to capital additions, specifically resulting from a \$200,000 addition to buildings and fixtures and \$80,000 in additions to poles and wires infrastructure in 2009.

2008 Bridge Year

Comparison to 2007 Actual

The total rate base is \$71,709 or 1.4% higher in the 2008 bridge year than in 2007 actual. This increase is shown in Exhibit 2, Tab 1, Schedule 2. This increase is the result of a \$158,540 increase in net fixed assets due to capital additions, the purchase of a new line truck (\$267,500) and IT assets of \$184,665 in 2008 and an \$86,831 decrease in working capital, a result in lowered commodity, WMS and transmission costs from a lower consumption projection.

2007 Actual

Comparison to 2006 Actual

The 2007 total rate base is \$134,149 lower in 2007 than the 2006 Actual results. This decrease is shown in Exhibit 2, Tab 1, Schedule 2. This decrease is the result of an approximate \$50,000 reduction in working capital. The only significant change in the working capital allowance is a reduction in commodity cost relating to a reduction in consumption projections. The net fixed assets were reduced by approximately \$85,000 a result of depreciation expense changes out weighing capital additions in 2006 which was a lower year of capital additions in the normal asset purchase cycle of Northern Ontario Wires. Note: rate base is based on average values, low capital expenditures in 2006 are impacting this variance.

2006 Actual

Comparison to 2006 Approved

The overall rate base differences between 2006 Actual and 2006 Approved is approximately \$131,000, a reduction. This value is a combination of working capital increases of approximately \$200,000 and an approximate \$330,000 reduction in net fixed assets. The reduction in net fixed assets is the result of lower capital expenditure in 2005 and 2006 as compared to depreciation expense. It is important to consider that this impact is effectively a 2-year impact as 2006 approved was based on the 2004 fiscal year.

| CONTINUITY STATEMENTS | 2006 Actual | | | 2007 Actual | | | 2008 Bridge | | | 2009 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 | Gross Asset Value | Accumulated Depreciation | Net Book Value |
| Land and Buildings | | | | | | | | | | | | |
| 1805-Land -Opening Balance | \$2,840 | \$0 | \$2,840 | \$2,840 | \$0 | \$2,840 | \$2,840 | \$0 | \$2,840 | \$2,840 | \$0 | \$2,840 |
| 1805-Land -Additions | \$0 | | \$0 | \$0 | | \$0 | \$0 | | \$0 | \$0 | | \$0 |
| 1805-Land -Depreciation | | \$0 | \$0 | | \$0 | \$0 | | \$0 | \$0 | | \$0 | \$0 |
| 1805-Land -Adjustments | | | \$0 | | | \$0 | | | \$0 | | | \$0 |
| 1805-Land -Closing Balance | \$2,840 | \$0 | \$2,840 | \$2,840 | \$0 | \$2,840 | \$2,840 | \$0 | \$2,840 | \$2,840 | \$0 | \$2,840 |
| Average | \$2,840 | \$0 | \$2,840 | \$2,840 | \$0 | \$2,840 | \$2,840 | \$0 | \$2,840 | \$2,840 | \$0 | \$2,840 |
| 1806-Land Rights -Opening Balance | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 1806-Land Rights -Additions | \$0 | | \$0 | \$0 | | \$0 | \$0 | | \$0 | \$0 | | \$0 |
| 1806-Land Rights -Depreciation | | \$0 | \$0 | | \$0 | \$0 | | \$0 | \$0 | | \$0 | \$0 |
| 1806-Land Rights -Adjustments | | | \$0 | | | \$0 | | | \$0 | | | \$0 |
| 1806-Land Rights -Closing Balance | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Average | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 1905-Land -Opening Balance | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 1905-Land -Additions | \$0 | | \$0 | \$0 | | \$0 | \$0 | | \$0 | \$0 | | \$0 |
| 1905-Land -Depreciation | | \$0 | \$0 | | \$0 | \$0 | | \$0 | \$0 | | \$0 | \$0 |
| 1905-Land -Adjustments | | | \$0 | | | \$0 | | | \$0 | | | \$0 |
| 1905-Land -Closing Balance | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Average | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 1906-Land Rights-Opening Balance | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 1906-Land Rights-Additions | \$0 | | \$0 | \$0 | | \$0 | \$0 | | \$0 | \$0 | | \$0 |
| 1906-Land Rights-Depreciation | | \$0 | \$0 | | \$0 | \$0 | | \$0 | \$0 | | \$0 | \$0 |
| 1906-Land Rights -Adjustments | | | \$0 | | | \$0 | | | \$0 | | | \$0 |
| 1906-Land Rights -Closing Balance | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Average | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 1808-Buildings and Fixtures-Opening Balance | \$62,057 | -\$14,031 | \$48,026 | \$62,057 | -\$24,947 | \$37,111 | \$91,156 | -\$29,151 | \$62,006 | \$93,156 | -\$33,957 | \$59,200 |
| 1808-Buildings and Fixtures-Additions | \$0 | -\$10,916 | -\$10,916 | \$29,099 | | \$29,099 | \$2,000 | | \$2,000 | \$200,000 | | \$200,000 |
| 1808-Buildings and Fixtures-Depreciation | | | \$0 | | -\$4,204 | -\$4,204 | | -\$4,806 | -\$4,806 | | -\$7,449 | -\$7,449 |
| 1808-Buildings and Fixtures -Adjustments | | | \$0 | | \$0 | \$0 | | \$0 | \$0 | | \$0 | \$0 |
| 1808-Buildings and Fixtures -Closing Balance | \$62,057 | -\$24,947 | \$37,111 | \$91,156 | -\$29,151 | \$62,006 | \$93,156 | -\$33,957 | \$59,200 | \$293,156 | -\$41,406 | \$251,750 |
| Average | \$62,057 | -\$19,489 | \$42,569 | \$76,607 | -\$27,049 | \$49,558 | \$92,156 | -\$31,554 | \$60,603 | \$193,156 | -\$37,881 | \$155,475 |
| Total | \$64,897 | -\$24,947 | \$39,951 | \$93,996 | -\$29,151 | \$64,845 | \$95,996 | -\$33,957 | \$62,040 | \$295,996 | -\$41,406 | \$254,590 |
| Leasehold Improvements | | | | | | | | | | | | |
| 1810-Leasehold Improvements-Opening Balance | \$20,168 | -\$16,027 | \$4,141 | \$25,087 | -\$21,021 | \$4,066 | \$25,087 | -\$22,004 | \$3,083 | \$25,087 | -\$22,988 | \$2,099 |
| 1810-Leasehold Improvements-Additions | \$4,919 | | \$4,919 | \$0 | | \$0 | \$0 | | \$0 | \$7,000 | | \$7,000 |
| 1810-Leasehold Improvements-Depreciation | | -\$4,994 | -\$4,994 | | -\$984 | -\$984 | | -\$984 | -\$984 | | -\$1,684 | -\$1,684 |
| 1810-Leasehold Improvements-Adjustments | | | \$0 | | | \$0 | | | \$0 | | | \$0 |
| 1810-Leasehold Improvements-Closing Balance | \$25,087 | -\$21,021 | \$4,066 | \$25,087 | -\$22,004 | \$3,083 | \$25,087 | -\$22,988 | \$2,099 | \$32,087 | -\$24,672 | \$7,415 |
| Average | \$22,627 | -\$18,524 | \$4,104 | \$25,087 | -\$21,513 | \$3,574 | \$25,087 | -\$22,496 | \$2,591 | \$28,587 | -\$23,830 | \$4,757 |
| Total | \$25,087 | -\$21,021 | \$4,066 | \$25,087 | -\$22,004 | \$3,083 | \$25,087 | -\$22,988 | \$2,099 | \$32,087 | -\$24,672 | \$7,415 |
| TS Primary Above 50 | | | | | | | | | | | | |
| 1815-Transformer Station Equipment - Normally Primary above 50 kV-Opening Balance | \$3,644 | -\$364 | \$3,280 | \$3,644 | -\$607 | \$3,037 | \$3,644 | -\$729 | \$2,916 | \$3,644 | -\$850 | \$2,794 |
| 1815-Transformer Station Equipment - Normally Primary above 50 kV-Additions | \$0 | | \$0 | \$0 | | \$0 | \$0 | | \$0 | \$0 | | \$0 |
| 1815-Transformer Station Equipment - Normally Primary above 50 kV-Depreciation | | -\$243 | -\$243 | | -\$121 | -\$121 | | -\$121 | -\$121 | | -\$121 | -\$121 |
| 1815-Transformer Station Equipment - Normally Primary above 50 kV-Adjustments | | | \$0 | | | \$0 | | | \$0 | | | \$0 |
| 1815-Transformer Station Equipment - Normally Primary above 50 kV-Closing Balance | \$3,644 | -\$607 | \$3,037 | \$3,644 | -\$729 | \$2,916 | \$3,644 | -\$850 | \$2,794 | \$3,644 | -\$972 | \$2,673 |
| Average | \$3,644 | -\$486 | \$3,158 | \$3,644 | -\$688 | \$2,956 | \$3,644 | -\$790 | \$2,855 | \$3,644 | -\$911 | \$2,733 |
| Total | \$3,644 | -\$607 | \$3,037 | \$3,644 | -\$729 | \$2,916 | \$3,644 | -\$850 | \$2,794 | \$3,644 | -\$972 | \$2,673 |
| DS | | | | | | | | | | | | |
| 1820-Distribution Station Equipment Opening Balance | \$362,153 | -\$154,251 | \$207,902 | \$461,368 | -\$210,203 | \$251,164 | \$500,715 | -\$227,666 | \$273,049 | \$558,715 | -\$245,129 | \$313,586 |
| 1820-Distribution Station Equipment Additions | \$99,215 | | \$99,215 | \$39,347 | | \$39,347 | \$58,000 | | \$58,000 | \$10,000 | | \$10,000 |
| 1820-Distribution Station Equipment Depreciation | | -\$55,953 | -\$55,953 | | -\$17,463 | -\$17,463 | | -\$17,463 | -\$17,463 | | -\$17,463 | -\$17,463 |
| 1820-Distribution Station Equipment Adjustments | | | \$0 | | | \$0 | | | \$0 | | | \$0 |
| 1820-Distribution Station Equipment Closing Balance | \$461,368 | -\$210,203 | \$251,164 | \$500,715 | -\$227,666 | \$273,049 | \$558,715 | -\$245,129 | \$313,586 | \$568,715 | -\$262,592 | \$306,123 |
| Average | \$411,760 | -\$182,227 | \$229,533 | \$481,041 | -\$218,935 | \$262,106 | \$529,715 | -\$236,398 | \$293,317 | \$563,715 | -\$253,860 | \$309,854 |
| Total | \$461,368 | -\$210,203 | \$251,164 | \$500,715 | -\$227,666 | \$273,049 | \$558,715 | -\$245,129 | \$313,586 | \$568,715 | -\$262,592 | \$306,123 |

Exhibit: 2
Tab: 2
Schedule: 1
Page: 2

| | | | | | | | | | | | | |
|--|--------------------|---------------------|--------------------|--------------------|---------------------|--------------------|--------------------|---------------------|--------------------|--------------------|---------------------|--------------------|
| Poles and Wires | | | | | | | | | | | | |
| 1830-Poles, Towers and Fixtures-Opening Balance | \$2,213,460 | -\$417,359 | \$1,796,100 | \$2,259,034 | -\$608,262 | \$1,650,772 | \$2,262,870 | -\$703,553 | \$1,559,317 | \$2,292,620 | -\$797,559 | \$1,495,061 |
| 1830-Poles, Towers and Fixtures-Additions | \$45,574 | | \$45,574 | \$3,837 | | \$3,837 | \$29,750 | | \$29,750 | \$44,500 | | \$44,500 |
| 1830-Poles, Towers and Fixtures-Depreciation | | -\$190,902 | -\$190,902 | | -\$95,291 | -\$95,291 | | -\$94,006 | -\$94,006 | | -\$92,663 | -\$92,663 |
| 1830-Poles, Towers and Fixtures-Adjustments | | | \$0 | \$0 | | \$0 | \$0 | | \$0 | \$0 | | \$0 |
| 1830-Poles, Towers and Fixtures-Closing Balance | \$2,259,034 | -\$608,262 | \$1,650,772 | \$2,262,870 | -\$703,553 | \$1,559,317 | \$2,292,620 | -\$797,559 | \$1,495,061 | \$2,337,120 | -\$890,222 | \$1,446,898 |
| Average | \$2,236,247 | -\$512,811 | \$1,723,436 | \$2,260,952 | -\$655,908 | \$1,605,044 | \$2,277,745 | -\$750,556 | \$1,527,189 | \$2,314,870 | -\$843,891 | \$1,470,979 |
| 1835-Overhead Conductors and Devices-Opening Balance | | | | | | | | | | | | |
| 1835-Overhead Conductors and Devices-Additions | \$986,291 | -\$355,423 | \$630,868 | \$1,050,271 | -\$528,153 | \$522,118 | \$1,124,661 | -\$612,383 | \$512,278 | \$1,146,411 | -\$695,166 | \$451,245 |
| 1835-Overhead Conductors and Devices-Depreciation | \$63,980 | | \$63,980 | \$74,390 | | \$74,390 | \$74,390 | | \$74,390 | \$21,750 | | \$35,500 |
| 1835-Overhead Conductors and Devices-Adjustments | | -\$172,730 | -\$172,730 | | -\$84,230 | -\$84,230 | | -\$82,783 | -\$82,783 | | -\$90,592 | -\$90,592 |
| 1835-Overhead Conductors and Devices-Closing Balance | \$1,050,271 | -\$528,153 | \$522,118 | \$1,124,661 | -\$612,383 | \$512,278 | \$1,146,411 | -\$695,166 | \$451,245 | \$1,181,911 | -\$785,757 | \$396,154 |
| Average | \$1,018,281 | -\$441,788 | \$576,493 | \$1,087,466 | -\$570,268 | \$517,198 | \$1,135,536 | -\$653,774 | \$481,762 | \$1,164,161 | -\$740,462 | \$423,699 |
| 1840-Underground Conduit-Opening Balance | | | | | | | | | | | | |
| 1840-Underground Conduit-Additions | \$112,571 | -\$60,133 | \$52,437 | \$112,571 | -\$88,842 | \$23,729 | \$112,571 | -\$103,243 | \$9,327 | \$112,571 | -\$117,655 | -\$5,085 |
| 1840-Underground Conduit-Depreciation | \$0 | | \$0 | \$0 | | \$0 | \$0 | | \$0 | \$0 | | \$0 |
| 1840-Underground Conduit-Adjustments | | -\$28,708 | -\$28,708 | | -\$14,402 | -\$14,402 | | -\$14,412 | -\$14,412 | | -\$14,412 | -\$14,412 |
| 1840-Underground Conduit-Closing Balance | \$112,571 | -\$88,842 | \$23,729 | \$112,571 | -\$103,243 | \$9,327 | \$112,571 | -\$117,655 | -\$5,085 | \$112,571 | -\$132,067 | -\$19,497 |
| Average | \$112,571 | -\$74,487 | \$38,083 | \$112,571 | -\$96,042 | \$16,528 | \$112,571 | -\$110,449 | \$2,121 | \$112,571 | -\$124,861 | -\$12,291 |
| 1845-Underground Conductors and Devices-Opening Balance | | | | | | | | | | | | |
| 1845-Underground Conductors and Devices-Additions | \$1,686 | -\$43 | \$1,643 | \$3,690 | -\$392 | \$3,297 | \$3,690 | -\$540 | \$3,150 | \$3,690 | -\$687 | \$3,002 |
| 1845-Underground Conductors and Devices-Depreciation | \$2,003 | | \$2,003 | \$0 | | \$0 | \$0 | | \$0 | \$0 | | \$0 |
| 1845-Underground Conductors and Devices-Adjustments | | -\$349 | -\$349 | | -\$148 | -\$148 | | -\$148 | -\$148 | | -\$148 | -\$148 |
| 1845-Underground Conductors and Devices-Closing Balance | \$3,690 | -\$392 | \$3,297 | \$3,690 | -\$540 | \$3,150 | \$3,690 | -\$687 | \$3,002 | \$3,690 | -\$835 | \$2,855 |
| Average | \$2,688 | -\$217 | \$2,470 | \$3,690 | -\$466 | \$3,224 | \$3,690 | -\$613 | \$3,076 | \$3,690 | -\$761 | \$2,928 |
| Total | \$3,425,565 | -\$1,225,648 | \$2,199,917 | \$3,503,792 | -\$1,419,719 | \$2,084,073 | \$3,555,292 | -\$1,611,067 | \$1,944,224 | \$3,635,292 | -\$1,808,882 | \$1,826,410 |
| Line Transformers | | | | | | | | | | | | |
| 1850-Line Transformers-Opening Balance | \$477,952 | -\$121,536 | \$356,416 | \$486,673 | -\$178,505 | \$308,168 | \$500,568 | -\$207,459 | \$293,110 | \$519,068 | -\$236,691 | \$282,378 |
| 1850-Line Transformers-Additions | \$8,720 | | \$8,720 | \$13,896 | | \$13,896 | \$18,500 | | \$18,500 | \$20,000 | | \$20,000 |
| 1850-Line Transformers-Depreciation | | -\$56,969 | -\$56,969 | | -\$28,954 | -\$28,954 | | -\$29,232 | -\$29,232 | | -\$29,232 | -\$29,232 |
| 1850-Line Transformers-Adjustments | | | \$0 | \$0 | | \$0 | \$0 | | \$0 | \$0 | | \$0 |
| 1850-Line Transformers-Closing Balance | \$486,673 | -\$178,505 | \$308,168 | \$500,568 | -\$207,459 | \$293,110 | \$519,068 | -\$236,691 | \$282,378 | \$539,068 | -\$265,922 | \$273,146 |
| Average | \$482,313 | -\$150,021 | \$332,292 | \$493,621 | -\$192,982 | \$300,639 | \$509,818 | -\$222,075 | \$287,744 | \$529,068 | -\$251,306 | \$277,162 |
| Total | \$486,673 | -\$178,505 | \$308,168 | \$500,568 | -\$207,459 | \$293,110 | \$519,068 | -\$236,691 | \$282,378 | \$539,068 | -\$265,922 | \$273,146 |
| Services and Meters | | | | | | | | | | | | |
| 1855-Services-Opening Balance | \$177,048 | \$0 | \$177,048 | \$178,160 | \$396 | \$178,557 | \$179,734 | \$2,869 | \$182,603 | \$179,734 | \$2,869 | \$182,603 |
| 1855-Services-Additions | \$1,112 | | \$1,112 | \$1,574 | | \$1,574 | \$0 | | \$0 | \$0 | | \$0 |
| 1855-Services-Depreciation | | \$397 | \$397 | | \$2,473 | \$2,473 | | \$0 | \$0 | | \$0 | \$0 |
| 1855-Services-Adjustments | | | \$0 | \$0 | | \$0 | \$0 | | \$0 | \$0 | | \$0 |
| 1855-Services-Closing Balance | \$178,160 | \$396 | \$178,557 | \$179,734 | \$2,869 | \$182,603 | \$179,734 | \$2,869 | \$182,603 | \$179,734 | \$2,869 | \$182,603 |
| Average | \$177,604 | \$198 | \$177,802 | \$178,947 | \$1,633 | \$180,580 | \$179,734 | \$2,869 | \$182,603 | \$179,734 | \$2,869 | \$182,603 |
| 1860-Meters-Opening Balance | | | | | | | | | | | | |
| 1860-Meters-Additions | \$485,980 | -\$148,182 | \$337,798 | \$518,210 | -\$214,747 | \$303,463 | \$524,731 | -\$247,107 | \$277,624 | \$534,731 | -\$279,597 | \$255,134 |
| 1860-Meters-Depreciation | \$32,230 | | \$32,230 | \$6,521 | | \$6,521 | \$10,000 | | \$10,000 | \$10,000 | | \$10,000 |
| 1860-Meters-Adjustments | | -\$66,565 | -\$66,565 | | -\$32,360 | -\$32,360 | | -\$32,490 | -\$32,490 | | -\$32,490 | -\$32,490 |
| 1860-Meters-Closing Balance | \$518,210 | -\$214,747 | \$303,463 | \$524,731 | -\$247,107 | \$277,624 | \$534,731 | -\$279,597 | \$255,134 | \$544,731 | -\$312,087 | \$232,644 |
| Average | \$502,095 | -\$181,465 | \$320,631 | \$521,471 | -\$230,927 | \$290,544 | \$529,731 | -\$263,352 | \$266,379 | \$539,731 | -\$295,842 | \$243,889 |
| Total | \$696,371 | -\$214,351 | \$482,020 | \$704,465 | -\$244,238 | \$460,228 | \$714,465 | -\$276,728 | \$437,738 | \$724,465 | -\$309,218 | \$415,247 |
| General Plant | | | | | | | | | | | | |
| 1908-Buildings and Fixtures-Opening Balance | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 1908-Buildings and Fixtures-Additions | \$0 | | \$0 | \$0 | | \$0 | \$0 | | \$0 | \$0 | | \$0 |
| 1908-Buildings and Fixtures-Depreciation | | \$0 | \$0 | | \$0 | \$0 | | \$0 | \$0 | | \$0 | \$0 |
| 1908-Buildings and Fixtures-Adjustments | | | \$0 | \$0 | | \$0 | \$0 | | \$0 | \$0 | | \$0 |
| 1908-Buildings and Fixtures-Closing Balance | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Average | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| IT Assets | | | | | | | | | | | | |
| 1920-Computer Equipment - Hardware-Opening Balance | \$93,694 | -\$56,408 | \$37,287 | \$134,406 | -\$85,376 | \$49,030 | \$134,406 | -\$99,423 | \$34,983 | \$174,071 | -\$111,409 | \$62,662 |
| 1920-Computer Equipment - Hardware-Additions | \$40,712 | | \$40,712 | \$0 | | \$0 | \$39,665 | | \$39,665 | \$11,500 | | \$11,500 |
| 1920-Computer Equipment - Hardware-Depreciation | | -\$28,968 | -\$28,968 | | -\$14,048 | -\$14,048 | | -\$11,986 | -\$11,986 | | -\$17,797 | -\$17,797 |
| 1920-Computer Equipment - Hardware-Adjustments | | | \$0 | \$0 | | \$0 | \$0 | | \$0 | \$0 | | \$0 |
| 1920-Computer Equipment - Hardware-Closing Balance | \$134,406 | -\$85,376 | \$49,030 | \$134,406 | -\$99,423 | \$34,983 | \$174,071 | -\$111,409 | \$62,662 | \$185,571 | -\$129,206 | \$56,365 |
| Average | \$114,050 | -\$70,892 | \$43,158 | \$134,406 | -\$92,400 | \$42,006 | \$154,238 | -\$105,416 | \$48,822 | \$179,821 | -\$120,307 | \$59,514 |
| 1925-Computer Software-Opening Balance | | | | | | | | | | | | |
| 1925-Computer Software-Additions | \$27,712 | -\$20,529 | \$7,183 | \$32,734 | -\$25,932 | \$6,802 | \$32,734 | -\$28,633 | \$4,100 | \$177,734 | -\$40,262 | \$137,472 |
| 1925-Computer Software-Depreciation | \$5,022 | | \$5,022 | \$0 | | \$0 | \$145,000 | | \$145,000 | \$7,500 | | \$7,500 |
| 1925-Computer Software-Adjustments | | -\$5,403 | -\$5,403 | | -\$2,701 | -\$2,701 | | -\$11,628 | -\$11,628 | | -\$21,467 | -\$21,467 |
| 1925-Computer Software-Closing Balance | \$32,734 | -\$25,932 | \$6,802 | \$32,734 | -\$28,633 | \$4,100 | \$177,734 | -\$40,262 | \$137,472 | \$185,234 | -\$61,729 | \$123,505 |
| Average | \$30,223 | -\$23,230 | \$6,992 | \$32,734 | -\$27,283 | \$5,451 | \$105,234 | -\$34,448 | \$70,786 | \$181,484 | -\$50,995 | \$130,488 |
| Total | \$167,140 | -\$111,308 | \$56,832 | \$167,140 | -\$128,057 | \$39,083 | \$351,805 | -\$151,671 | \$200,134 | \$370,805 | -\$190,935 | \$179,870 |

| | | | | | | | | | | | | |
|--|------------------|-------------------|------------------|------------------|-------------------|------------------|------------------|-------------------|------------------|------------------|-------------------|------------------|
| Equipment | | | | | | | | | | | | |
| 1915-Office Furniture and Equipment-Opening Balance | \$15,024 | -\$9,328 | \$5,696 | \$16,088 | -\$14,007 | \$2,081 | \$16,088 | -\$16,008 | \$80 | \$16,088 | -\$17,956 | -\$1,868 |
| 1915-Office Furniture and Equipment-Additions | \$1,064 | | \$1,064 | \$0 | | \$0 | \$0 | | \$0 | \$0 | | \$0 |
| 1915-Office Furniture and Equipment-Depreciation | | -\$4,679 | -\$4,679 | | -\$2,001 | -\$2,001 | | -\$1,948 | -\$1,948 | | -\$965 | -\$965 |
| 1915-Office Furniture and Equipment-Adjustments | | | \$0 | \$0 | | \$0 | \$0 | | \$0 | \$0 | | \$0 |
| 1915-Office Furniture and Equipment-Closing Balance | \$16,088 | -\$14,007 | \$2,081 | \$16,088 | -\$16,008 | \$80 | \$16,088 | -\$17,956 | -\$1,868 | \$16,088 | -\$18,921 | -\$2,833 |
| Average | \$15,556 | -\$11,667 | \$3,888 | \$16,088 | -\$15,008 | \$1,081 | \$16,088 | -\$16,982 | -\$894 | \$16,088 | -\$18,438 | -\$2,350 |
| 1930-Transportation Equipment | | | | | | | | | | | | |
| 1930-Transportation Equipment-Opening Balance | \$186,110 | -\$151,037 | \$35,073 | \$251,711 | -\$196,332 | \$55,379 | \$473,262 | -\$231,248 | \$242,014 | \$740,762 | -\$284,496 | \$456,266 |
| 1930-Transportation Equipment-Additions | \$65,601 | | \$65,601 | \$221,551 | | \$221,551 | \$267,500 | | \$267,500 | \$25,000 | | \$25,000 |
| 1930-Transportation Equipment-Depreciation | | -\$45,295 | -\$45,295 | | -\$34,916 | -\$34,916 | | -\$53,248 | -\$53,248 | | -\$68,248 | -\$68,248 |
| 1930-Transportation Equipment-Adjustments | | | \$0 | \$0 | | \$0 | \$0 | | \$0 | \$0 | | \$0 |
| 1930-Transportation Equipment-Closing Balance | \$251,711 | -\$196,332 | \$55,379 | \$473,262 | -\$231,248 | \$242,014 | \$740,762 | -\$284,496 | \$456,266 | \$765,762 | -\$352,744 | \$413,018 |
| Average | \$218,910 | -\$173,684 | \$45,226 | \$362,486 | -\$213,790 | \$148,696 | \$607,012 | -\$257,872 | \$349,140 | \$753,262 | -\$318,620 | \$434,642 |
| 1935-Stores Equipment | | | | | | | | | | | | |
| 1935-Stores Equipment-Opening Balance | \$0 | -\$434 | -\$434 | \$0 | -\$434 | -\$434 | \$0 | -\$434 | -\$434 | \$0 | -\$434 | -\$434 |
| 1935-Stores Equipment-Additions | \$0 | | \$0 | \$0 | | \$0 | \$0 | | \$0 | \$0 | | \$0 |
| 1935-Stores Equipment-Depreciation | | \$0 | \$0 | \$0 | \$0 | \$0 | | \$0 | \$0 | \$0 | \$0 | \$0 |
| 1935-Stores Equipment-Adjustments | | | \$0 | \$0 | | \$0 | \$0 | | \$0 | \$0 | | \$0 |
| 1935-Stores Equipment-Closing Balance | \$0 | -\$434 | -\$434 | \$0 | -\$434 | -\$434 | \$0 | -\$434 | -\$434 | \$0 | -\$434 | -\$434 |
| Average | \$0 | -\$434 | -\$434 | \$0 | -\$434 | -\$434 | \$0 | -\$434 | -\$434 | \$0 | -\$434 | -\$434 |
| 1940-Tools, Shop and Garage Equipment | | | | | | | | | | | | |
| 1940-Tools, Shop and Garage Equipment-Opening Balance | \$41,473 | -\$20,710 | \$20,763 | \$78,754 | -\$31,187 | \$47,567 | \$86,212 | -\$41,013 | \$45,199 | \$108,298 | -\$49,029 | \$59,269 |
| 1940-Tools, Shop and Garage Equipment-Additions | \$37,281 | | \$37,281 | \$7,458 | | \$7,458 | \$22,085 | | \$22,085 | \$20,000 | | \$20,000 |
| 1940-Tools, Shop and Garage Equipment-Depreciation | | -\$10,476 | -\$10,476 | | -\$9,826 | -\$9,826 | | -\$8,016 | -\$8,016 | | -\$10,009 | -\$10,009 |
| 1940-Tools, Shop and Garage Equipment-Adjustments | | | \$0 | \$0 | | \$0 | \$0 | | \$0 | \$0 | | \$0 |
| 1940-Tools, Shop and Garage Equipment-Closing Balance | \$78,754 | -\$31,187 | \$47,567 | \$86,212 | -\$41,013 | \$45,199 | \$108,298 | -\$49,029 | \$59,269 | \$128,298 | -\$59,038 | \$69,260 |
| Average | \$60,113 | -\$25,949 | \$34,165 | \$82,483 | -\$36,100 | \$46,383 | \$97,255 | -\$45,021 | \$52,234 | \$118,298 | -\$54,034 | \$64,264 |
| 1945-Measurement and Testing Equipment | | | | | | | | | | | | |
| 1945-Measurement and Testing Equipment-Opening Balance | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 1945-Measurement and Testing Equipment-Additions | \$0 | | \$0 | \$0 | | \$0 | \$0 | | \$0 | \$0 | | \$0 |
| 1945-Measurement and Testing Equipment-Depreciation | | \$0 | \$0 | \$0 | \$0 | \$0 | | \$0 | \$0 | \$0 | \$0 | \$0 |
| 1945-Measurement and Testing Equipment-Adjustments | | | \$0 | \$0 | | \$0 | \$0 | | \$0 | \$0 | | \$0 |
| 1945-Measurement and Testing Equipment-Closing Balance | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Average | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 1950-Power Operated Equipment | | | | | | | | | | | | |
| 1950-Power Operated Equipment-Opening Balance | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$1,000 | \$0 | \$1,000 |
| 1950-Power Operated Equipment-Additions | \$0 | | \$0 | \$0 | | \$0 | \$1,000 | | \$1,000 | \$0 | | \$0 |
| 1950-Power Operated Equipment-Depreciation | | \$0 | \$0 | \$0 | \$0 | \$0 | | \$0 | \$0 | \$0 | \$0 | \$0 |
| 1950-Power Operated Equipment-Adjustments | | | \$0 | \$0 | | \$0 | \$0 | | \$0 | \$0 | | \$0 |
| 1950-Power Operated Equipment-Closing Balance | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$1,000 | \$0 | \$1,000 | \$1,000 | \$0 | \$1,000 |
| Average | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$500 | \$0 | \$500 | \$1,000 | \$0 | \$1,000 |
| 1955-Communication Equipment | | | | | | | | | | | | |
| 1955-Communication Equipment-Opening Balance | \$686 | -\$686 | \$0 | \$686 | -\$686 | \$0 | \$686 | -\$686 | \$0 | \$686 | -\$686 | \$0 |
| 1955-Communication Equipment-Additions | \$0 | | \$0 | \$0 | | \$0 | \$0 | | \$0 | \$0 | | \$0 |
| 1955-Communication Equipment-Depreciation | | \$0 | \$0 | \$0 | \$0 | \$0 | | \$0 | \$0 | \$0 | \$0 | \$0 |
| 1955-Communication Equipment-Adjustments | | | \$0 | \$0 | | \$0 | \$0 | | \$0 | \$0 | | \$0 |
| 1955-Communication Equipment-Closing Balance | \$686 | -\$686 | \$0 | \$686 | -\$686 | \$0 | \$686 | -\$686 | \$0 | \$686 | -\$686 | \$0 |
| Average | \$686 | -\$686 | \$0 | \$686 | -\$686 | \$0 | \$686 | -\$686 | \$0 | \$686 | -\$686 | \$0 |
| 1960-Miscellaneous Equipment | | | | | | | | | | | | |
| 1960-Miscellaneous Equipment-Opening Balance | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$6,603 | \$0 | \$6,603 | \$6,603 | \$0 | \$6,603 |
| 1960-Miscellaneous Equipment-Additions | \$0 | | \$0 | \$6,603 | | \$6,603 | \$0 | | \$0 | \$0 | | \$0 |
| 1960-Miscellaneous Equipment-Depreciation | | \$0 | \$0 | \$0 | \$0 | \$0 | | \$0 | \$0 | \$0 | \$0 | \$0 |
| 1960-Miscellaneous Equipment-Adjustments | | | \$0 | \$0 | | \$0 | \$0 | | \$0 | \$0 | | \$0 |
| 1960-Miscellaneous Equipment-Closing Balance | \$0 | \$0 | \$0 | \$6,603 | \$0 | \$6,603 | \$6,603 | \$0 | \$6,603 | \$6,603 | \$0 | \$6,603 |
| Average | \$0 | \$0 | \$0 | \$3,301 | \$0 | \$3,301 | \$6,603 | \$0 | \$6,603 | \$6,603 | \$0 | \$6,603 |
| Total | \$347,239 | -\$242,646 | \$104,593 | \$582,851 | -\$289,389 | \$293,462 | \$873,436 | -\$352,600 | \$620,836 | \$918,436 | -\$431,823 | \$486,614 |

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|---|--------------------|---------------------|--------------------|--------------------|---------------------|--------------------|--------------------|---------------------|--------------------|--------------------|---------------------|--------------------|
| Other Distribution Assets | | | | | | | | | | | | |
| 1825-Storage Battery Equipment-Opening Balance | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 1825-Storage Battery Equipment-Additions | \$0 | | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 1825-Storage Battery Equipment-Depreciation | | \$0 | \$0 | | \$0 | \$0 | | \$0 | \$0 | \$0 | \$0 | \$0 |
| 1825-Storage Battery Equipment-Adjustments | | | \$0 | | \$0 | \$0 | | \$0 | \$0 | \$0 | \$0 | \$0 |
| 1825-Storage Battery Equipment-Closing Balance | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Average | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| | | | | | | | | | | | | |
| 1970-Load Management Controls - Customer Premises-Opening Balance | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 1970-Load Management Controls - Customer Premises-Additions | \$0 | | \$0 | | \$0 | \$0 | | \$0 | \$0 | \$0 | \$0 | \$0 |
| 1970-Load Management Controls - Customer Premises-Depreciation | | \$0 | \$0 | | \$0 | \$0 | | \$0 | \$0 | \$0 | \$0 | \$0 |
| 1970-Load Management Controls - Customer Premises-Adjustments | | | \$0 | | \$0 | \$0 | | \$0 | \$0 | \$0 | \$0 | \$0 |
| 1970-Load Management Controls - Customer Premises-Closing Balance | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Average | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| | | | | | | | | | | | | |
| 1975-Load Management Controls - Utility Premises-Opening Balance | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 1975-Load Management Controls - Utility Premises-Additions | \$0 | | \$0 | | \$0 | \$0 | | \$0 | \$0 | \$0 | \$0 | \$0 |
| 1975-Load Management Controls - Utility Premises-Depreciation | | \$0 | \$0 | | \$0 | \$0 | | \$0 | \$0 | \$0 | \$0 | \$0 |
| 1975-Load Management Controls - Utility Premises-Adjustments | | | \$0 | | \$0 | \$0 | | \$0 | \$0 | \$0 | \$0 | \$0 |
| 1975-Load Management Controls - Utility Premises-Closing Balance | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Average | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| | | | | | | | | | | | | |
| 1980-System Supervisory Equipment-Opening Balance | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 1980-System Supervisory Equipment-Additions | \$0 | | \$0 | | \$0 | \$0 | | \$0 | \$0 | \$0 | \$0 | \$0 |
| 1980-System Supervisory Equipment-Depreciation | | \$0 | \$0 | | \$0 | \$0 | | \$0 | \$0 | \$0 | \$0 | \$0 |
| 1980-System Supervisory Equipment-Adjustments | | | \$0 | | \$0 | \$0 | | \$0 | \$0 | \$0 | \$0 | \$0 |
| 1980-System Supervisory Equipment-Closing Balance | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Average | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| | | | | | | | | | | | | |
| 1985-Sentinel Lighting Rental Units-Opening Balance | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 1985-Sentinel Lighting Rental Units-Additions | \$0 | | \$0 | | \$0 | \$0 | | \$0 | \$0 | \$0 | \$0 | \$0 |
| 1985-Sentinel Lighting Rental Units-Depreciation | | \$0 | \$0 | | \$0 | \$0 | | \$0 | \$0 | \$0 | \$0 | \$0 |
| 1985-Sentinel Lighting Rental Units-Adjustments | | | \$0 | | \$0 | \$0 | | \$0 | \$0 | \$0 | \$0 | \$0 |
| 1985-Sentinel Lighting Rental Units-Closing Balance | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Average | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| | | | | | | | | | | | | |
| 1990-Other Tangible Property-Opening Balance | \$0 | -\$41,007 | -\$41,007 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 1990-Other Tangible Property-Additions | \$0 | | \$0 | | \$0 | \$0 | | \$0 | \$0 | \$0 | \$0 | \$0 |
| 1990-Other Tangible Property-Depreciation | | \$41,007 | \$41,007 | | \$0 | \$0 | | \$0 | \$0 | \$0 | \$0 | \$0 |
| 1990-Other Tangible Property-Adjustments | | | \$0 | | \$0 | \$0 | | \$0 | \$0 | \$0 | \$0 | \$0 |
| 1990-Other Tangible Property-Closing Balance | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Average | \$0 | -\$20,504 | -\$20,504 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| | | | | | | | | | | | | |
| 1995-Contributions and Grants - Credit-Opening Balance | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 1995-Contributions and Grants - Credit-Additions | \$0 | | \$0 | | \$0 | \$0 | | \$0 | \$0 | \$0 | \$0 | \$0 |
| 1995-Contributions and Grants - Credit-Depreciation | | \$0 | \$0 | | \$0 | \$0 | | \$0 | \$0 | \$0 | \$0 | \$0 |
| 1995-Contributions and Grants - Credit-Adjustments | | | \$0 | | \$0 | \$0 | | \$0 | \$0 | \$0 | \$0 | \$0 |
| 1995-Contributions and Grants - Credit-Closing Balance | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Average | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Total | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| | | | | | | | | | | | | |
| Total Opening Balance | \$5,270,550 | -\$1,587,488 | \$3,683,061 | \$5,677,983 | -\$2,229,236 | \$3,448,747 | \$6,082,258 | -\$2,568,411 | \$3,513,847 | \$6,697,509 | -\$2,931,681 | \$3,765,827 |
| Total Additions | \$407,433 | \$10,916 | \$396,517 | \$404,275 | \$0 | \$404,275 | \$615,250 | \$0 | \$615,250 | \$391,000 | \$0 | \$391,000 |
| Total Depreciation | \$0 | -\$630,831 | -\$630,831 | \$0 | -\$339,175 | -\$339,175 | \$0 | -\$363,270 | -\$363,270 | \$0 | -\$404,740 | -\$404,740 |
| Total Adjustments | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Total Closing Balance | \$5,677,983 | -\$2,229,236 | \$3,448,747 | \$6,082,258 | -\$2,568,411 | \$3,513,847 | \$6,697,509 | -\$2,931,681 | \$3,765,827 | \$7,088,509 | -\$3,336,422 | \$3,752,087 |
| Average | \$5,474,266 | -\$1,908,362 | \$3,565,904 | \$5,880,121 | -\$2,398,823 | \$3,481,297 | \$6,389,883 | -\$2,750,046 | \$3,639,837 | \$6,893,009 | -\$3,134,051 | \$3,758,957 |
| Total | \$5,677,983 | -\$2,229,236 | \$3,448,747 | \$6,082,258 | -\$2,568,411 | \$3,513,847 | \$6,697,509 | -\$2,931,681 | \$3,765,827 | \$7,088,509 | -\$3,336,422 | \$3,752,087 |

GROSS ASSETS TABLE

| GROSS ASSET | 2006 Board Approved (\$'s) | 2006 Actual (\$'s) | Variance form 2006 Board Approved | 2006 Actual (\$'s) | 2007 Actual (\$'s) | Variance form 2006 Actual | 2007 Actual (\$'s) | 2008 Bridge (\$'s) | Variance form 2007 Actual | 2008 Bridge (\$'s) | 2009 Test (\$'s) | Variance form 2008 Bridge |
|---|----------------------------------|-----------------------|---|-----------------------|-----------------------|---------------------------------|-----------------------|-----------------------|------------------------------|-----------------------|---------------------|------------------------------|
| Land and Buildings | | | | | | | | | | | | |
| 1805-Land | \$2,840 | \$2,840 | \$0 | \$2,840 | \$2,840 | \$0 | \$2,840 | \$2,840 | \$0 | \$2,840 | \$2,840 | \$0 |
| 1806-Land Rights | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 1808-Buildings and Fixtures | \$62,057 | \$62,057 | \$0 | \$62,057 | \$91,156 | \$29,099 | \$91,156 | \$93,156 | \$2,000 | \$93,156 | \$293,156 | \$200,000 |
| 1905-Land | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 1906-Land Rights | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 1810-Leasehold Improvements | \$20,168 | \$25,087 | \$4,919 | \$25,087 | \$25,087 | \$0 | \$25,087 | \$25,087 | \$0 | \$25,087 | \$32,087 | \$7,000 |
| Sub-Total-Land and Buildings | \$85,065 | \$89,984 | \$4,919 | \$89,984 | \$119,083 | \$29,099 | \$119,083 | \$121,083 | \$2,000 | \$121,083 | \$328,083 | \$207,000 |
| TS Primary Above 50 | | | | | | | | | | | | |
| 1815-Transformer Station Equipment - Normally Primary above 50 | \$3,644 | \$3,644 | \$0 | \$3,644 | \$3,644 | \$0 | \$3,644 | \$3,644 | \$0 | \$3,644 | \$3,644 | \$0 |
| Sub-Total-TS Primary Above 50 | \$3,644 | \$3,644 | \$0 | \$3,644 | \$3,644 | \$0 | \$3,644 | \$3,644 | \$0 | \$3,644 | \$3,644 | \$0 |
| DS | | | | | | | | | | | | |
| 1820-Distribution Station Equipment - Normally Primary below 50 | \$362,153 | \$461,368 | \$99,215 | \$461,368 | \$500,715 | \$39,347 | \$500,715 | \$558,715 | \$58,000 | \$558,715 | \$568,715 | \$10,000 |
| Sub-Total-DS | \$362,153 | \$461,368 | \$99,215 | \$461,368 | \$500,715 | \$39,347 | \$500,715 | \$558,715 | \$58,000 | \$558,715 | \$568,715 | \$10,000 |
| Poles and Wires | | | | | | | | | | | | |
| 1830-Poles, Towers and Fixtures | \$2,213,460 | \$2,259,034 | \$45,574 | \$2,259,034 | \$2,262,870 | \$3,837 | \$2,262,870 | \$2,292,620 | \$29,750 | \$2,292,620 | \$2,337,120 | \$44,500 |
| 1835-Overhead Conductors and Devices | \$986,291 | \$1,050,271 | \$63,980 | \$1,050,271 | \$1,124,661 | \$74,390 | \$1,124,661 | \$1,146,411 | \$21,750 | \$1,146,411 | \$1,181,911 | \$35,500 |
| 1840-Underground Conduit | \$112,571 | \$112,571 | \$0 | \$112,571 | \$112,571 | \$0 | \$112,571 | \$112,571 | \$0 | \$112,571 | \$112,571 | \$0 |
| 1845-Underground Conductors and Devices | \$1,686 | \$3,690 | \$2,003 | \$3,690 | \$3,690 | \$0 | \$3,690 | \$3,690 | \$0 | \$3,690 | \$3,690 | \$0 |
| Sub-Total-Poles and Wires | \$3,314,008 | \$3,425,565 | \$111,557 | \$3,425,565 | \$3,503,792 | \$78,227 | \$3,503,792 | \$3,555,292 | \$51,500 | \$3,555,292 | \$3,635,292 | \$80,000 |
| Line Transformers | | | | | | | | | | | | |
| 1850-Line Transformers | \$477,952 | \$486,673 | \$8,720 | \$486,673 | \$500,568 | \$13,896 | \$500,568 | \$519,068 | \$18,500 | \$519,068 | \$539,068 | \$20,000 |
| Sub-Total-Line Transformers | \$477,952 | \$486,673 | \$8,720 | \$486,673 | \$500,568 | \$13,896 | \$500,568 | \$519,068 | \$18,500 | \$519,068 | \$539,068 | \$20,000 |
| Services and Meters | | | | | | | | | | | | |
| 1855-Services | \$177,048 | \$178,160 | \$1,112 | \$178,160 | \$179,734 | \$1,574 | \$179,734 | \$179,734 | \$0 | \$179,734 | \$179,734 | \$0 |
| 1860-Meters | \$485,980 | \$518,210 | \$32,230 | \$518,210 | \$524,731 | \$6,521 | \$524,731 | \$534,731 | \$10,000 | \$534,731 | \$544,731 | \$10,000 |
| Sub-Total-Services and Meters | \$663,029 | \$696,371 | \$33,342 | \$696,371 | \$704,465 | \$8,095 | \$704,465 | \$714,465 | \$10,000 | \$714,465 | \$724,465 | \$10,000 |

General Plant

| | | | | | | | | | | | | |
|--------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| 1908-Buildings and Fixtures | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 1910-Leasehold Improvements | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Sub-Total-General Plant | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |

IT Assets

| | | | | | | | | | | | | |
|------------------------------------|------------------|------------------|-----------------|------------------|------------------|------------|------------------|------------------|------------------|------------------|------------------|-----------------|
| 1920-Computer Equipment - Hardware | \$93,694 | \$134,406 | \$40,712 | \$134,406 | \$134,406 | \$0 | \$134,406 | \$174,071 | \$39,665 | \$174,071 | \$185,571 | \$11,500 |
| 1925-Computer Software | \$27,712 | \$32,734 | \$5,022 | \$32,734 | \$32,734 | \$0 | \$32,734 | \$177,734 | \$145,000 | \$177,734 | \$185,234 | \$7,500 |
| Sub-Total-IT Assets | \$121,406 | \$167,140 | \$45,734 | \$167,140 | \$167,140 | \$0 | \$167,140 | \$351,805 | \$184,665 | \$351,805 | \$370,805 | \$19,000 |

Equipment

| | | | | | | | | | | | | |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|-----------------|
| 1915-Office Furniture and Equipment | \$15,024 | \$16,088 | \$1,064 | \$16,088 | \$16,088 | \$0 | \$16,088 | \$16,088 | \$0 | \$16,088 | \$16,088 | \$0 |
| 1930-Transportation Equipment | \$186,110 | \$251,711 | \$65,601 | \$251,711 | \$473,262 | \$221,551 | \$473,262 | \$740,762 | \$267,500 | \$740,762 | \$765,762 | \$25,000 |
| 1935-Stores Equipment | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 1940-Tools, Shop and Garage Equipment | \$41,473 | \$78,754 | \$37,281 | \$78,754 | \$86,212 | \$7,458 | \$86,212 | \$108,298 | \$22,085 | \$108,298 | \$128,298 | \$20,000 |
| 1945-Measurement and Testing Equipment | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 1950-Power Operated Equipment | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$0 |
| 1955-Communication Equipment | \$686 | \$686 | \$0 | \$686 | \$686 | \$0 | \$686 | \$686 | \$0 | \$686 | \$686 | \$0 |
| 1960-Miscellaneous Equipment | \$0 | \$0 | \$0 | \$0 | \$6,603 | \$6,603 | \$6,603 | \$6,603 | \$0 | \$6,603 | \$6,603 | \$0 |
| Sub-Total-Equipment | \$243,292 | \$347,239 | \$103,947 | \$347,239 | \$582,851 | \$235,612 | \$582,851 | \$873,436 | \$290,585 | \$873,436 | \$918,436 | \$45,000 |

Other Distribution Assets

| | | | | | | | | | | | | |
|---|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| 1825-Storage Battery Equipment | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 1970-Load Management Controls - Customer Premises | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 1975-Load Management Controls - Utility Premises | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 1980-System Supervisory Equipment | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 1985-Sentinel Lighting Rental Units | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 1990-Other Tangible Property | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 1995-Contributions and Grants - Credit | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Sub-Total-Other Distribution Assets | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |

GROSS ASSET TOTAL

| | | | | | | | | | | | |
|--------------------|--------------------|------------------|--------------------|--------------------|------------------|--------------------|--------------------|------------------|--------------------|--------------------|------------------|
| \$5,270,550 | \$5,677,983 | \$407,433 | \$5,677,983 | \$6,082,258 | \$404,275 | \$6,082,258 | \$6,697,509 | \$615,250 | \$6,697,509 | \$7,088,509 | \$391,000 |
|--------------------|--------------------|------------------|--------------------|--------------------|------------------|--------------------|--------------------|------------------|--------------------|--------------------|------------------|

MATERIALITY ANALYSIS CALCULATION

The calculation of the Materiality Threshold for Accumulated Depreciation and Gross Assets is shown in the following table:

Materiality Threshold is 1% of net fixed assets.

| | 2007 Actual | 2008 Bridge | 2009 Test |
|---------------------------------|--------------------|--------------------|------------------|
| Gross cost | \$6,082,258 | \$6,697,509 | \$7,088,509 |
| Accumulated Amortization | -\$2,568,411 | -\$2,931,681 | -\$3,336,422 |
| Net Fixed Assets | \$3,513,847 | \$3,765,827 | \$3,752,087 |
| 1% of Net Fixed Assets | \$35,138 | \$37,658 | \$37,521 |

MATERIALITY ANALYSIS ON GROSS ASSET

For any rate base related variance exceeding the materiality threshold of 1% (\$35,138), a detailed explanation is required.

Land and Buildings

| Asset Account | Bridge (2008) | Test (2009) | Variance |
|-------------------------------|----------------------|--------------------|-----------------|
| 1808 – Buildings and Fixtures | \$93,156 | \$293,156 | \$200,000 |

NOW Inc. purchased the distribution system in Kapuskasing in 2000 and at this time we had a 5 year agreement to continue to use the service centre owned by the Town of Kapuskasing. When this 5 year term expired we were forced to find a new location to operate our service centre. NOW Inc. currently rents a garage to serve as our service centre in Kapuskasing and is exploring opportunities to acquire its own building for this purpose, projected expense in 2009.

Distribution Station Equipment

| Asset Account | 2007 Actual | Bridge (2008) | Variance |
|--|--------------------|----------------------|-----------------|
| 1820-Distribution Station Equipment - Normally Primary below 50 kV | \$461,368 | \$519,368) | \$58,000 |

Planned expenditure in this account is as follows:

- Complete upgrade of Wholesale Meter Point in Cochrane - \$20,000
- Upgrade to Fourth Street Cochrane Feeder – 25kV feeder oil circuit re-closures - \$18,000
- Substation Upgrade and related pole changes in Kapuskasing - \$20,000

There was also a change above materiality between 2006 approved and 2006 actual. As NOW is not applying for a rate base for 2006, this was considered to be outside of a useful timeframe. If further details on this increase are required, please pose via interrogatory.

Poles and Wires

| Asset Account | Bridge (2008) | Test (2009) | Variance |
|--------------------------------------|----------------------|--------------------|-----------------|
| 1830-Poles, Towers and Fixtures | \$2,292,620 | \$2,337,120 | \$44,500 |
| 1835-Overhead Conductors and Devices | \$1,146,411 | #1,181,911 | \$35,500 |

Expenditure in these accounts is essentially as a result of enhancement/upgrade to old deteriorating plant. We have an ongoing upgrading project in the Cambridge/Essex sub-division of Iroquois Falls. These plans include the replacement of poles, wires and transformers over a number of years. 2009 Budgeted Expenditure for this project is \$30,000

These accounts also include a continuation of a 2008 project in Cochrane on Fourth Street. This consists of replacing a number of poles and wires. 2009 budgeted expenditure for this project is \$25,000.

The remainder are small projects scattered throughout the distribution territory.

There was also a change above materiality between 2006 approved and 2006 actual and 2007 actual. As NOW is not applying for a rate base for 2006, this was considered to be outside of a useful timeframe. If further details on this increase are required, please pose via interrogatory.

IT Assets

| Asset Account | 2007 Actual | Bridge (2008) | Variance |
|------------------------------------|--------------------|----------------------|-----------------|
| 1920-Computer Equipment - Hardware | \$134,406 | \$174,071 | \$39,665 |
| 1925-Computer Software | \$32,734 | \$177,734 | \$145,000 |

This variance is a result of our replacement of our current customer billing system. Our current system has been in use since 1998 and is supported by Advanced Utility Systems. Advanced Utility Systems was recently purchased by its competitor Harris and they will be discontinuing support of our system at the end of 2008. This necessitates the need to move to a new billing system. After reviewing the various options available to us we have chosen the North Star system provided by Harris. It is considered the best match for our size and business needs as well as being the most cost effective alternative.

There was also a change above materiality between 2006 approved and 2006 actual. As NOW is not applying for a rate base for 2006, this was considered to be outside of a useful timeframe. If further details on this increase are required, please pose via interrogatory

Equipment

| Asset Account | 2007 Actual | Bridge (2008) | Variance |
|-------------------------------|--------------------|----------------------|-----------------|
| 1930-Transportation Equipment | \$473,262 | \$740,762 | \$267,500 |

Most of this variance is a result of the replacement of a 1982 Bucket Truck with a new one. The age and condition of the vehicle was causing high repair/maintenance and operating costs and it was deemed more economical to replace it. The cost of the new Bucket Truck is budgeted at \$225,000. We also replaced a 1996 Pick Up truck with a new one for the same reasons.

There was also a change above materiality between 2006 approved and 2006 actual and 2007 actual. As NOW is not applying for a rate base for 2006, this was considered to be outside of a useful timeframe. If further details on this increase are required, please pose via interrogatory

ACCUMULATED DEPRECIATION TABLE

| ACCUMULATED DEPRECIATION TABLE | 2006 Board Approved (\$'s) | 2006 Actual (\$'s) | Variance from 2006 Board Approved | 2006 Actual (\$'s) | 2007 Actual (\$'s) | Variance from 2006 Actual | 2007 Actual (\$'s) | 2008 Bridge (\$'s) | Variance from 2007 Actual | 2008 Bridge (\$'s) | 2009 Test (\$'s) | Variance from 2008 Bridge |
|---|----------------------------|--------------------|-----------------------------------|--------------------|--------------------|---------------------------|--------------------|--------------------|---------------------------|--------------------|--------------------|---------------------------|
| Land and Buildings | | | | | | | | | | | | |
| 1805-Land-Depreciation | \$0 | | \$0 | \$0 | | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 1806-Land Rights-Depreciation | \$0 | | \$0 | \$0 | | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 1808-Buildings and Fixtures-Depreciation | \$14,031 | \$24,947 | \$10,916 | \$24,947 | \$29,151 | \$4,204 | \$29,151 | \$33,957 | \$4,806 | \$33,957 | \$41,406 | \$7,449 |
| 1905-Land-Depreciation | \$0 | | \$0 | \$0 | | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 1906-Land Rights-Depreciation | \$0 | | \$0 | \$0 | | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 1810-Leasehold Improvements-Depreciation | \$16,027 | \$21,021 | \$4,994 | \$21,021 | \$22,004 | \$984 | \$22,004 | \$22,988 | \$984 | \$22,988 | \$24,672 | \$1,684 |
| Sub-Total-Land and Buildings | \$30,058 | \$45,968 | \$15,909 | \$45,968 | \$51,155 | \$5,188 | \$51,155 | \$56,945 | \$5,790 | \$56,945 | \$66,078 | \$9,133 |
| TS Primary Above 50 | | | | | | | | | | | | |
| 1815-Transformer Station Equipment - Normally Primary above 50 kV-Depreciation | \$364 | \$607 | \$243 | \$607 | \$729 | \$121 | \$729 | \$850 | \$121 | \$850 | \$972 | \$121 |
| Sub-Total-TS Primary Above 50 | \$364 | \$607 | \$243 | \$607 | \$729 | \$121 | \$729 | \$850 | \$121 | \$850 | \$972 | \$121 |
| DS | | | | | | | | | | | | |
| 1820-Distribution Station Equipment - Normally Primary below 50 kV-Depreciation | \$154,251 | \$210,203 | \$55,953 | \$210,203 | \$227,666 | \$17,463 | \$227,666 | \$245,129 | \$17,463 | \$245,129 | \$262,592 | \$17,463 |
| Sub-Total-DS | \$154,251 | \$210,203 | \$55,953 | \$210,203 | \$227,666 | \$17,463 | \$227,666 | \$245,129 | \$17,463 | \$245,129 | \$262,592 | \$17,463 |
| Poles and Wires | | | | | | | | | | | | |
| 1830-Poles, Towers and Fixtures-Depreciation | \$417,359 | \$608,262 | \$190,902 | \$608,262 | \$703,553 | \$95,291 | \$703,553 | \$797,559 | \$94,006 | \$797,559 | \$890,222 | \$92,663 |
| 1835-Overhead Conductors and Devices-Depreciation | \$355,423 | \$528,153 | \$172,730 | \$528,153 | \$612,383 | \$84,230 | \$612,383 | \$695,166 | \$82,783 | \$695,166 | \$785,757 | \$90,592 |
| 1840-Underground Conduit-Depreciation | \$60,133 | \$88,842 | \$28,708 | \$88,842 | \$103,243 | \$14,402 | \$103,243 | \$117,655 | \$14,412 | \$117,655 | \$132,067 | \$14,412 |
| 1845-Underground Conductors and Devices-Depreciation | \$43 | \$392 | \$349 | \$392 | \$540 | \$148 | \$540 | \$687 | \$148 | \$687 | \$835 | \$148 |
| Sub-Total-Poles and Wires | \$832,959 | \$1,225,648 | \$392,690 | \$1,225,648 | \$1,419,719 | \$194,071 | \$1,419,719 | \$1,611,067 | \$191,348 | \$1,611,067 | \$1,808,882 | \$197,814 |
| Line Transformers | | | | | | | | | | | | |
| 1850-Line Transformers-Depreciation | \$121,536 | \$178,505 | \$56,969 | \$178,505 | \$207,459 | \$28,954 | \$207,459 | \$236,691 | \$29,232 | \$236,691 | \$265,922 | \$29,232 |
| Sub-Total-Line Transformers | \$121,536 | \$178,505 | \$56,969 | \$178,505 | \$207,459 | \$28,954 | \$207,459 | \$236,691 | \$29,232 | \$236,691 | \$265,922 | \$29,232 |
| Services and Meters | | | | | | | | | | | | |
| 1855-Services-Depreciation | \$0 | -\$396 | -\$397 | -\$396 | -\$2,869 | -\$2,473 | -\$2,869 | -\$2,869 | \$0 | -\$2,869 | -\$2,869 | \$0 |
| 1860-Meters-Depreciation | \$148,182 | \$214,747 | \$66,565 | \$214,747 | \$247,107 | \$32,360 | \$247,107 | \$279,597 | \$32,490 | \$279,597 | \$312,087 | \$32,490 |
| Sub-Total-Services and Meters | \$148,182 | \$214,351 | \$66,168 | \$214,351 | \$244,238 | \$29,887 | \$244,238 | \$276,728 | \$32,490 | \$276,728 | \$309,218 | \$32,490 |
| General Plant | | | | | | | | | | | | |
| 1908-Buildings and Fixtures-Depreciation | \$0 | | \$0 | \$0 | | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 1910-Leasehold Improvements-Depreciation | \$0 | | \$0 | \$0 | | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Sub-Total-General Plant | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| IT Assets | | | | | | | | | | | | |
| 1920-Computer Equipment - Hardware-Depreciation | \$56,408 | \$85,376 | \$28,968 | \$85,376 | \$99,423 | \$14,048 | \$99,423 | \$111,409 | \$11,986 | \$111,409 | \$129,206 | \$17,797 |
| 1925-Computer Software-Depreciation | \$20,529 | \$25,932 | \$5,403 | \$25,932 | \$28,633 | \$2,701 | \$28,633 | \$40,262 | \$11,628 | \$40,262 | \$61,729 | \$21,467 |
| Sub-Total-IT Assets | \$76,936 | \$111,308 | \$34,371 | \$111,308 | \$128,057 | \$16,749 | \$128,057 | \$151,671 | \$23,614 | \$151,671 | \$190,935 | \$39,264 |

| | | | | | | | | | | | | |
|--|--------------------|--------------------|------------------|--------------------|--------------------|------------------|--------------------|--------------------|------------------|--------------------|--------------------|------------------|
| Equipment | | | | | | | | | | | | |
| 1915-Office Furniture and Equipment-Depreciation | \$9,328 | \$14,007 | \$4,679 | \$14,007 | \$16,008 | \$2,001 | \$16,008 | \$17,956 | \$1,948 | \$17,956 | \$18,921 | \$965 |
| 1930-Transportation Equipment-Depreciation | \$151,037 | \$196,332 | \$45,295 | \$196,332 | \$231,248 | \$34,916 | \$231,248 | \$284,496 | \$53,248 | \$284,496 | \$352,744 | \$68,248 |
| 1935-Stores Equipment-Depreciation | \$434 | \$434 | \$0 | \$434 | \$434 | \$0 | \$434 | \$434 | \$0 | \$434 | \$434 | \$0 |
| 1940-Tools, Shop and Garage Equipment-Depreciation | \$20,710 | \$31,187 | \$10,476 | \$31,187 | \$41,013 | \$9,826 | \$41,013 | \$49,029 | \$8,016 | \$49,029 | \$59,038 | \$10,009 |
| 1945-Measurement and Testing Equipment- | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 1945-Measurement and Testing Equipment-Depreciation | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 1950-Power Operated Equipment-Depreciation | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 1955-Communication Equipment-Depreciation | \$686 | \$686 | \$0 | \$686 | \$686 | \$0 | \$686 | \$686 | \$0 | \$686 | \$686 | \$0 |
| 1960-Miscellaneous Equipment-Depreciation | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Sub-Total-Equipment | \$182,194 | \$242,646 | \$60,451 | \$242,646 | \$289,389 | \$46,743 | \$289,389 | \$352,600 | \$63,212 | \$352,600 | \$431,823 | \$79,222 |
| Other Distribution Assets | | | | | | | | | | | | |
| 1825-Storage Battery Equipment-Depreciation | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 1970-Load Management Controls - Customer Premises-Depreciation | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 1975-Load Management Controls - Utility Premises-Depreciation | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 1980-System Supervisory Equipment-Depreciation | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 1985-Sentinel Lighting Rental Units-Depreciation | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 1990-Other Tangible Property-Depreciation | \$41,007 | \$0 | -\$41,007 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 1995-Contributions and Grants - Credit-Depreciation | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Sub-Total-Other Distribution Assets | \$41,007 | \$0 | -\$41,007 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| ACCUMULATED DEPRICIATION TOTAL | \$1,587,488 | \$2,229,236 | \$641,747 | \$2,229,236 | \$2,568,411 | \$339,175 | \$2,568,411 | \$2,931,681 | \$363,270 | \$2,931,681 | \$3,336,422 | \$404,740 |

MATERIALITY ANALYSIS ON ACCUMULATED DEPRICIATION

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

Poles and Wires

| Asset Account | Bridge (2008) | Test (2009) | Variance |
|--------------------------------------|----------------------|--------------------|-----------------|
| 1830-Poles, Towers and Fixtures | \$797,559 | \$890,222 | \$92,663 |
| 1835-Overhead Conductors and Devices | \$695,166 | \$785,757 | \$90,592 |

| Asset Account | Bridge (2007) | Test (2008) | Variance |
|--------------------------------------|----------------------|--------------------|-----------------|
| 1830-Poles, Towers and Fixtures | \$703,553 | \$797,559 | \$94,006 |
| 1835-Overhead Conductors and Devices | \$612,383 | \$695,166 | \$82,783 |

The changes in the accumulated depreciation associated with the Poles and Wires accounts above, follow the spending pattern in the gross asset description. NOW has utilized the same accounting practices (capitalization policy) and the same depreciation rates year over year, the resulting impact is a function of the gross assets to be depreciated.

Equipment

| Asset Account | Bridge (2008) | Test (2009) | Variance |
|-------------------------------|----------------------|--------------------|-----------------|
| 1930-Transportation Equipment | \$284,496 | \$352,744 | \$68,248 |

| Asset Account | 2007 Actual | Bridge (2008) | Variance |
|-------------------------------|--------------------|----------------------|-----------------|
| 1930-Transportation Equipment | \$231,248 | \$284,496 | \$53,248 |

The changes in the accumulated depreciation associated with the Equipment account above, follow the spending pattern in the gross asset description. NOW has utilized the same accounting practices (capitalization policy) and the same depreciation rates year over year, the resulting impact is a function of the gross assets to be depreciated.

CAPITAL BUDGET BY PROJECT

| Project Description | USoA Account | Expansion or Enhancement | Amount | Spend Year |
|--|-------------------------|--------------------------|------------------|-------------|
| Iroquois Falls voltage conversion & pole changes | 1830, 1835 & 1850 | Enhancement | \$30,000 | 2008 |
| Cochrane - 4th street pole change | 1830, 1835 & 1850 | Enhancement | \$25,000 | 2008 |
| Cochrane - feeder reclosure | | 1820 Enhancement | \$18,000 | 2008 |
| Cochrane - wholesale meter point | | 1820 Enhancement | \$20,000 | 2008 |
| Kapuskasing - pole change | 1820, 1830, 1835 & 1850 | Enhancement | \$35,000 | 2008 |
| Regular Meter Replacement | | 1860 Enhancement | \$10,000 | 2008 |
| Building Renovations (Iroquois Falls) | | 1808 Enhancement | \$2,000 | 2008 |
| Bucket Truck | | 1930 Veh. Replacement | \$240,000 | 2008 |
| Pickup Truck | | 1930 Veh. Replacement | \$27,500 | 2008 |
| Misc. Tools | 1940 & 1950 | Tool Replacement | \$23,050 | 2008 |
| Computer hardware | | 1920 IT replacement | \$39,665 | 2008 |
| Computer Software - billing change | | 1925 IT replacement | \$145,000 | 2008 |
| Annual Total | | | \$615,215 | 2008 |

| Project Description | USoA Account | Expansion or Enhancement | Amount | Spend Year |
|---|-------------------|--------------------------|------------------|-------------|
| Iroquois Falls - conversion continuation | 1830, 1835 & 1850 | Enhancement | \$30,000 | 2009 |
| Cochrane - 4th street pole change | 1830, 1835 & 1850 | Enhancement | \$25,000 | 2009 |
| Cochrane - misc works | 1830, 1835 & 1850 | Enhancement | \$15,000 | 2009 |
| Kapuskasing - pole change & overhead change | 1830, 1835 & 1850 | Enhancement | \$30,000 | 2009 |
| Cochrane sub - pole & overhead replacement | | 1820 Enhancement | \$10,000 | 2009 |
| Regular Meter Replacement | | 1860 Enhancement | \$10,000 | 2009 |
| Kapuskasing - building purchase | | 1808 Building Expan. | \$200,000 | 2009 |
| Concrete pads for transformers | | 1810 Leashold Improve | \$7,000 | 2009 |
| Misc. Tools | 1930 & 1940 | Tool Replacement | \$45,000 | 2009 |
| Computer hardware | | 1920 IT replacement | \$11,500 | 2009 |
| Computer Software | | 1925 IT replacement | \$7,500 | 2009 |
| Annual Total | | | \$391,000 | 2008 |

MATERIALITY ANALYSIS ON CAPITAL BUDGETS

For each projects over the materiality threshold of 1%, comments are below.

Spend Year 2009

Project Description: Kapuskasing – Building Purchase

Need: Contract for use of building expiring, need replacement work space.

Scope: NOW Inc. purchased the distribution system in Kapuskasing in 2000 and at this time we had a 5 year agreement to continue to use the service centre owned by the Town of Kapuskasing. When this 5 year term expired we were forced to find a new location to operate our service centre. NOW Inc. currently rents a garage to serve as our service centre in Kapuskasing and is exploring opportunities to acquire its own building for this purpose.

Capital Costs: \$200,000

Start Dates: 2009

In-Service Date October: 2009

Project Description: Misc. Tools

Need: Tools and equipment required for outside workers

Capital Costs: \$45,000

Start Dates: 2009

In-Service Date: 2009

Spend Year 2008

Project Description: Bucket Truck

Need: Replacement of aging bucket truck

Scope: Most of this variance is a result of the replacement of a 1982 Bucket Truck with a new one. The age and condition of the vehicle was causing high repair/maintenance and operating costs and it was deemed more economical to replace it. The cost of the new Bucket Truck is budgeted at \$225,000. We also replaced a 1996 Pick Up truck with a new one for the same reasons.

Capital Costs: \$240,000

Start Dates: 2008

In-Service Date June: 2008

Project Description: Computer Hardware & Computer Software

Need: Billing System Replacement

Scope: This variance is a result of our replacement of our current customer billing system. Our current system has been in use since 1998 and is supported by Advanced Utility Systems. Advanced Utility Systems was recently purchased by its competitor Harris and they will be discontinuing support of our system at the end of 2008. This necessitates the need to move to a new billing system. After reviewing the various options available to us we have chosen the North Star system provided by Harris. It is considered the best match for our size and business needs as well as being the most cost effective alternative.

Capital Costs: \$184,665 (\$39,665 + \$145,000)

Start Dates: 2008

In-Service Date November: 2008

SYSTEM EXPANSIONS

Not applicable, there are no scheduled system expansions planned in 2008 or 2009.

NORTHERN ONTARIO WIRES INC.

CAPITALIZATION POLICY

The following capitalization policy is currently in use and under development for NOW Inc. It will be reviewed at a Board of Directors meeting in the near future.

GENERAL

The purpose of capitalizing expenditures is to provide for an equitable allocation of cost among existing and future customers. A capital expenditure is defined as any significant expenditure incurred to acquire, construct or develop land, buildings, plant, engineering structures, machinery and equipment expected to provide future economic benefits to the company and its customers. A capital expenditure must provide a benefit lasting beyond one year. Capital expenditures also include the improvement or “betterment” of existing assets. A “betterment” includes increasing the capacity of the asset, lowering associated operating costs, improving the quality of output or extending the asset’s useful life. Capital assets include electric plant, transmission, generation and distribution facilities, meters, vehicles, office furniture, computer equipment and other equipment.

Expenditures for repairs and/or maintenance designed to maintain an asset in its original state are not capital expenditures and should be charged to an operating account.

Whether capital assets are purchased or constructed by the Corporation they are stated at cost and include contracted services, material, labour, engineering costs and overheads, including associated interest costs.

Betterments versus Repairs

As noted previously a betterment is defined as the cost incurred to enhance the service potential of a capital asset. Service potential may be enhanced when there is an increase in physical output or service capacity, associated operating costs are lowered, the useful life is extended, or the quality of output is improved.

A repair is defined as the cost incurred in the maintenance of the service potential of a capital asset.

PURPOSE AND APPLICABILITY

To prescribe the procedure for the acquisition of capital assets.

POLICY STATEMENT

It is the policy of the company to maintain strong financial control over expenditures for capital assets by evaluating and approving capital requests for projects that enhance or improved the efficiency of the Company’s assets.

PROCEDURE AND RESPONSIBILITY

It is the responsibility of Management Staff to act for the Company to ensure that all expenditures for capital assets are properly evaluated and approved in accordance with the procedure set forth below.

APPROVAL REQUIREMENT

The capital approval/tracking procedure is broken down as follows:

1. Submission of an annual capital plan - for approval by the Board of Directors. The Capital Plan consists of a list of planned expenditures and explanation as to the requirements as well as a planned implementation schedule.
2. Approval for individual capital expenditure requests not included in the annual plan are also subject to the same criteria as the annual plan. The Chief Executive Officer may authorize such additional capital expenditure requests with Board of Directors approval to follow.
3. Monthly tracking of the capital plan implementation
4. Evaluation of actual benefits derived
5. The Board of Directors shall receive reports on capital expenditures at their regular Board meetings.

| WORKING CAPITAL ALLOWANCE CALCULATION BY ACCOUNT | 2006 Actual | 15% Allowance for Working Capital | 2007 Actual | 15% Allowance for Working Capital | 2008 Bridge | 15% Allowance for Working Capital | 2009 Test | 15% Allowance for Working Capital | | | | |
|---|---------------------|-----------------------------------|--------------------|-----------------------------------|-------------|-----------------------------------|---------------------|-----------------------------------|--------------------|---------------------|-----|--------------------|
| Operation (Working Capital) | | | | | | | | | | | | |
| 5005-Operation Supervision and Engineering | \$5,000.00 | 15% | \$750.00 | \$5,000.00 | 15% | \$750.00 | \$91,670.00 | 15% | \$13,750.50 | \$95,920.10 | 15% | \$14,388.02 |
| 5010-Load Dispatching | \$0.00 | 15% | \$0.00 | \$0.00 | 15% | \$0.00 | \$0.00 | 15% | \$0.00 | \$0.00 | 15% | \$0.00 |
| 5012-Station Buildings and Fixtures Expense | \$2,202.88 | 15% | \$330.43 | \$76.86 | 15% | \$11.53 | \$3,971.68 | 15% | \$595.75 | \$4,090.83 | 15% | \$613.62 |
| 5014-Transformer Station Equipment - Operation Labour | \$210.34 | 15% | \$31.55 | \$0.00 | 15% | \$0.00 | \$0.00 | 15% | \$0.00 | \$0.00 | 15% | \$0.00 |
| 5015-Transformer Station Equipment - Operation Supplies and Expenses | \$0.00 | 15% | \$0.00 | \$0.00 | 15% | \$0.00 | \$0.00 | 15% | \$0.00 | \$0.00 | 15% | \$0.00 |
| 5016-Distribution Station Equipment - Operation Labour | \$3,175.04 | 15% | \$476.26 | \$7,735.02 | 15% | \$1,160.25 | \$4,075.41 | 15% | \$611.31 | \$4,197.67 | 15% | \$629.65 |
| 5017-Distribution Station Equipment - Operation Supplies and Expenses | \$11,165.52 | 15% | \$1,674.83 | \$8,000.04 | 15% | \$1,200.01 | \$13,240.00 | 15% | \$1,986.00 | \$8,637.20 | 15% | \$1,295.58 |
| 5020-Overhead Distribution Lines and Feeders - Operation Labour | \$27,244.10 | 15% | \$4,086.62 | \$31,221.30 | 15% | \$4,683.20 | \$44,158.04 | 15% | \$6,623.71 | \$45,482.78 | 15% | \$6,822.42 |
| 5025-Overhead Distribution Lines & Feeders - Operation Supplies and Expenses | \$1,691.57 | 15% | \$253.74 | \$1,927.35 | 15% | \$289.10 | \$11,985.84 | 15% | \$1,797.88 | \$12,345.42 | 15% | \$1,851.81 |
| 5030-Overhead Sub transmission Feeders - Operation | \$22,871.75 | 15% | \$3,430.76 | \$8,079.19 | 15% | \$1,211.88 | \$8,322.40 | 15% | \$1,248.36 | \$8,572.07 | 15% | \$1,285.81 |
| 5035-Overhead Distribution Transformers- Operation | \$1,607.57 | 15% | \$241.14 | \$0.00 | 15% | \$0.00 | \$0.00 | 15% | \$0.00 | \$0.00 | 15% | \$0.00 |
| 5040-Underground Distribution Lines and Feeders - Operation Labour | \$1,927.36 | 15% | \$289.10 | -\$258.12 | 15% | -\$38.72 | \$0.00 | 15% | \$0.00 | \$0.00 | 15% | \$0.00 |
| 5045-Underground Distribution Lines & Feeders - Operation Supplies & Expenses | \$799.95 | 15% | \$119.99 | \$7,713.27 | 15% | \$1,156.99 | \$7,677.62 | 15% | \$1,151.64 | \$7,907.95 | 15% | \$1,186.19 |
| 5050-Underground Sub transmission Feeders - Operation | \$0.00 | 15% | \$0.00 | \$87.63 | 15% | \$13.14 | \$90.64 | 15% | \$13.60 | \$93.36 | 15% | \$14.00 |
| 5055-Underground Distribution Transformers - Operation | \$1,101.28 | 15% | \$165.19 | \$773.40 | 15% | \$116.01 | \$796.19 | 15% | \$119.43 | \$820.08 | 15% | \$123.01 |
| 5060-Street Lighting and Signal System Expense | \$0.00 | 15% | \$0.00 | \$0.00 | 15% | \$0.00 | \$0.00 | 15% | \$0.00 | \$0.00 | 15% | \$0.00 |
| 5065-Meter Expense | \$68,477.06 | 15% | \$10,271.56 | \$76,883.76 | 15% | \$11,532.56 | \$98,689.95 | 15% | \$14,803.49 | \$101,650.65 | 15% | \$15,247.60 |
| 5070-Customer Premises - Operation Labour | \$16,921.12 | 15% | \$2,538.17 | \$23,134.73 | 15% | \$3,470.21 | \$33,006.35 | 15% | \$4,950.95 | \$33,996.54 | 15% | \$5,099.48 |
| 5075-Customer Premises - Materials and Expenses | \$11,190.73 | 15% | \$1,678.61 | \$31,604.08 | 15% | \$4,740.61 | \$23,374.82 | 15% | \$3,506.22 | \$24,076.06 | 15% | \$3,611.41 |
| 5085-Miscellaneous Distribution Expense | \$72,812.16 | 15% | \$10,921.82 | \$93,272.36 | 15% | \$13,990.85 | \$112,983.69 | 15% | \$16,947.55 | \$89,148.20 | 15% | \$13,372.23 |
| 5090-Underground Distribution Lines and Feeders - Rental Paid | \$0.00 | 15% | \$0.00 | \$0.00 | 15% | \$0.00 | \$0.00 | 15% | \$0.00 | \$0.00 | 15% | \$0.00 |
| 5095-Overhead Distribution Lines and Feeders - Rental Paid | \$13,106.32 | 15% | \$1,965.95 | \$33,477.17 | 15% | \$5,021.58 | \$45,809.00 | 15% | \$6,871.35 | \$16,374.00 | 15% | \$2,456.10 |
| 5096-Other Rent | \$32,640.00 | 15% | \$4,896.00 | \$1,565.00 | 15% | \$234.75 | \$1,611.95 | 15% | \$241.79 | \$1,660.31 | 15% | \$249.05 |
| Sub-Total | \$294,144.75 | | \$44,121.71 | \$330,293.04 | | \$49,543.96 | \$501,463.58 | | \$75,219.54 | \$454,973.22 | | \$68,245.98 |
| Maintenance (Working Capital) | | | | | | | | | | | | |
| 5105-Maintenance Supervision and Engineering | \$163.59 | 15% | \$24.54 | \$3,835.38 | 15% | \$575.31 | \$3,950.05 | 15% | \$592.51 | \$4,068.55 | 15% | \$610.28 |
| 5110-Maintenance of Buildings and Fixtures - Distribution Stations | \$849.95 | 15% | \$127.49 | \$40,655.70 | 15% | \$6,098.36 | \$1,448.18 | 15% | \$217.23 | \$1,491.63 | 15% | \$223.74 |
| 5112-Maintenance of Transformer Station Equipment | \$13,499.27 | 15% | \$2,024.89 | \$2,307.09 | 15% | \$346.06 | \$2,376.21 | 15% | \$356.43 | \$2,447.50 | 15% | \$367.12 |
| 5114-Maintenance of Distribution Station Equipment | \$24,414.30 | 15% | \$3,662.15 | \$14,010.28 | 15% | \$2,101.54 | \$14,430.30 | 15% | \$2,164.55 | \$14,863.21 | 15% | \$2,229.48 |
| 5120-Maintenance of Poles, Towers and Fixtures | \$9,630.70 | 15% | \$1,444.61 | \$12,315.52 | 15% | \$1,847.33 | \$12,684.45 | 15% | \$1,902.67 | \$13,064.98 | 15% | \$1,959.75 |
| 5125-Maintenance of Overhead Conductors and Devices | \$29,936.79 | 15% | \$4,490.52 | \$37,173.66 | 15% | \$5,576.05 | \$38,288.19 | 15% | \$5,743.23 | \$39,436.84 | 15% | \$5,915.53 |
| 5130-Maintenance of Overhead Services | \$14,665.28 | 15% | \$2,199.79 | \$12,113.02 | 15% | \$1,816.95 | \$12,477.42 | 15% | \$1,871.61 | \$12,851.74 | 15% | \$1,927.76 |
| 5135-Overhead Distribution Lines and Feeders - Right of Way | \$40,878.58 | 15% | \$6,131.79 | \$39,294.54 | 15% | \$5,894.18 | \$40,473.85 | 15% | \$6,071.08 | \$41,688.07 | 15% | \$6,253.21 |
| 5145-Maintenance of Underground Conduit | \$410.33 | 15% | \$61.55 | \$367.67 | 15% | \$55.15 | \$379.04 | 15% | \$56.86 | \$390.41 | 15% | \$58.56 |
| 5150-Maintenance of Underground Conductors and Devices | \$16,082.36 | 15% | \$2,412.35 | \$18,040.11 | 15% | \$2,706.02 | \$18,581.20 | 15% | \$2,787.18 | \$19,138.64 | 15% | \$2,870.80 |
| 5155-Maintenance of Underground Services | \$13,101.18 | 15% | \$1,965.18 | \$19,505.37 | 15% | \$2,925.81 | \$20,091.18 | 15% | \$3,013.68 | \$20,693.92 | 15% | \$3,104.09 |
| 5160-Maintenance of Line Transformers | \$25,405.58 | 15% | \$3,810.84 | \$10,550.61 | 15% | \$1,582.59 | \$10,867.53 | 15% | \$1,630.13 | \$11,193.56 | 15% | \$1,679.03 |
| 5165-Maintenance of Street Lighting and Signal Systems | \$293.07 | 15% | \$43.96 | \$0.00 | 15% | \$0.00 | \$0.00 | 15% | \$0.00 | \$0.00 | 15% | \$0.00 |
| 5170-Sentinel Lights - Labour | \$0.00 | 15% | \$0.00 | \$0.00 | 15% | \$0.00 | \$0.00 | 15% | \$0.00 | \$0.00 | 15% | \$0.00 |
| 5172-Sentinel Lights - Materials and Expenses | \$0.00 | 15% | \$0.00 | \$0.00 | 15% | \$0.00 | \$0.00 | 15% | \$0.00 | \$0.00 | 15% | \$0.00 |
| 5175-Maintenance of Meters | \$0.00 | 15% | \$0.00 | \$0.00 | 15% | \$0.00 | \$0.00 | 15% | \$0.00 | \$0.00 | 15% | \$0.00 |
| 5178-Customer Installations Expenses- Leased Property | \$0.00 | 15% | \$0.00 | \$0.00 | 15% | \$0.00 | \$0.00 | 15% | \$0.00 | \$0.00 | 15% | \$0.00 |
| 5185-Water Heater Rentals - Labour | \$0.00 | 15% | \$0.00 | \$0.00 | 15% | \$0.00 | \$0.00 | 15% | \$0.00 | \$0.00 | 15% | \$0.00 |
| 5186-Water Heater Rentals - Materials and Expenses | \$0.00 | 15% | \$0.00 | \$0.00 | 15% | \$0.00 | \$0.00 | 15% | \$0.00 | \$0.00 | 15% | \$0.00 |
| 5190-Water Heater Controls - Labour | \$0.00 | 15% | \$0.00 | \$0.00 | 15% | \$0.00 | \$0.00 | 15% | \$0.00 | \$0.00 | 15% | \$0.00 |
| 5192-Water Heater Controls - Materials and Expenses | \$0.00 | 15% | \$0.00 | \$0.00 | 15% | \$0.00 | \$0.00 | 15% | \$0.00 | \$0.00 | 15% | \$0.00 |
| 5195-Maintenance of Other Installations on Customer Premises | \$0.00 | 15% | \$0.00 | \$0.00 | 15% | \$0.00 | \$0.00 | 15% | \$0.00 | \$0.00 | 15% | \$0.00 |
| Sub-Total | \$189,330.98 | | \$28,399.65 | \$210,168.95 | | \$31,525.34 | \$176,047.60 | | \$26,407.14 | \$181,329.03 | | \$27,199.35 |

Billing and Collections

| | | | | | | | | | | | | |
|---|---------------------|-----|--------------------|---------------------|-----|--------------------|---------------------|-----|---------------------|---------------------|-----|---------------------|
| 5305-Supervision | \$3,644.25 | 15% | \$546.64 | \$3,648.53 | 15% | \$547.28 | \$74,828.47 | 15% | \$11,224.27 | \$77,073.32 | 15% | \$11,561.00 |
| 5310-Meter Reading Expense | \$224,785.90 | 15% | \$33,717.89 | \$251,756.40 | 15% | \$37,763.46 | \$259,322.07 | 15% | \$38,898.31 | \$267,101.73 | 15% | \$40,065.26 |
| 5315-Customer Billing | \$192,491.71 | 15% | \$28,873.76 | \$217,610.71 | 15% | \$32,641.61 | \$274,078.98 | 15% | \$41,111.85 | \$286,267.20 | 15% | \$42,940.08 |
| 5320-Collecting | \$81,520.92 | 15% | \$12,228.14 | \$85,706.15 | 15% | \$12,855.92 | \$93,178.95 | 15% | \$13,976.84 | \$95,974.32 | 15% | \$14,396.15 |
| 5325-Collecting- Cash Over and Short | \$0.00 | 15% | \$0.00 | \$0.00 | 15% | \$0.00 | \$0.00 | 15% | \$0.00 | \$0.00 | 15% | \$0.00 |
| 5330-Collection Charges | \$2,492.43 | 15% | \$373.86 | \$4,758.55 | 15% | \$713.78 | \$0.00 | 15% | \$0.00 | \$0.00 | 15% | \$0.00 |
| 5335-Bad Debt Expense | \$4,843.85 | 15% | \$726.58 | \$25,881.33 | 15% | \$3,882.20 | \$26,657.43 | 15% | \$3,998.61 | \$27,457.15 | 15% | \$4,118.57 |
| 5340-Miscellaneous Customer Accounts Expenses | \$3,644.25 | 15% | \$546.64 | \$3,648.49 | 15% | \$547.27 | \$3,757.44 | 15% | \$563.62 | \$3,870.16 | 15% | \$580.52 |
| Sub-Total | \$513,423.31 | | \$77,013.50 | \$593,010.16 | | \$88,951.52 | \$731,823.34 | | \$109,773.50 | \$757,743.89 | | \$113,661.58 |

Community Relations

| | | | | | | | | | | | | |
|--|--------------------|-----|-------------------|-------------------|-----|-----------------|---------------|-----|---------------|---------------|-----|---------------|
| 5405-Supervision | \$0.00 | 15% | \$0.00 | \$0.00 | 15% | \$0.00 | \$0.00 | 15% | \$0.00 | \$0.00 | 15% | \$0.00 |
| 5410-Community Relations - Sundry | \$0.00 | 15% | \$0.00 | \$0.00 | 15% | \$0.00 | \$0.00 | 15% | \$0.00 | \$0.00 | 15% | \$0.00 |
| 5415-Energy Conservation | \$18,374.82 | 15% | \$2,756.22 | \$5,760.87 | 15% | \$864.13 | \$0.00 | 15% | \$0.00 | \$0.00 | 15% | \$0.00 |
| 5420-Community Safety Program | \$0.00 | 15% | \$0.00 | \$0.00 | 15% | \$0.00 | \$0.00 | 15% | \$0.00 | \$0.00 | 15% | \$0.00 |
| 5425-Miscellaneous Customer Service and Informational Expenses | \$0.00 | 15% | \$0.00 | \$0.00 | 15% | \$0.00 | \$0.00 | 15% | \$0.00 | \$0.00 | 15% | \$0.00 |
| 5505-Supervision | \$0.00 | 15% | \$0.00 | \$0.00 | 15% | \$0.00 | \$0.00 | 15% | \$0.00 | \$0.00 | 15% | \$0.00 |
| 5510-Demonstrating and Selling Expense | \$0.00 | 15% | \$0.00 | \$0.00 | 15% | \$0.00 | \$0.00 | 15% | \$0.00 | \$0.00 | 15% | \$0.00 |
| 5515-Advertising Expense | \$0.00 | 15% | \$0.00 | \$0.00 | 15% | \$0.00 | \$0.00 | 15% | \$0.00 | \$0.00 | 15% | \$0.00 |
| 5520-Miscellaneous Sales Expense | \$0.00 | 15% | \$0.00 | \$0.00 | 15% | \$0.00 | \$0.00 | 15% | \$0.00 | \$0.00 | 15% | \$0.00 |
| Sub-Total | \$18,374.82 | | \$2,756.22 | \$5,760.87 | | \$864.13 | \$0.00 | | \$0.00 | \$0.00 | | \$0.00 |

Administrative and General Expenses

| | | | | | | | | | | | | |
|---|---------------------|-----|---------------------|---------------------|-----|---------------------|---------------------|-----|---------------------|---------------------|-----|---------------------|
| 5605-Executive Salaries and Expenses | \$49,252.76 | 15% | \$7,387.91 | \$46,187.58 | 15% | \$6,928.14 | \$132,222.17 | 15% | \$19,833.33 | \$131,188.84 | 15% | \$19,678.33 |
| 5610-Management Salaries and Expenses | \$210,153.05 | 15% | \$31,522.96 | \$234,474.40 | 15% | \$35,171.16 | \$115,966.98 | 15% | \$17,395.05 | \$122,445.99 | 15% | \$18,366.90 |
| 5615-General Administrative Salaries and Expenses | \$137,426.76 | 15% | \$20,614.01 | \$141,874.14 | 15% | \$21,281.12 | \$81,426.36 | 15% | \$12,213.95 | \$85,369.15 | 15% | \$12,805.37 |
| 5620-Office Supplies and Expenses | \$61,038.01 | 15% | \$9,155.70 | \$71,819.02 | 15% | \$10,772.85 | \$28,001.58 | 15% | \$4,200.24 | \$28,841.63 | 15% | \$4,326.24 |
| 5625-Administrative Expense Transferred Credit | \$0.00 | 15% | \$0.00 | \$0.00 | 15% | \$0.00 | \$0.00 | 15% | \$0.00 | \$0.00 | 15% | \$0.00 |
| 5630-Outside Services Employed | \$204,574.03 | 15% | \$30,686.10 | \$173,731.71 | 15% | \$26,059.76 | \$172,022.93 | 15% | \$25,803.44 | \$165,784.45 | 15% | \$24,867.67 |
| 5635-Property Insurance | \$38,523.51 | 15% | \$5,778.53 | \$32,439.17 | 15% | \$4,865.88 | \$16,417.17 | 15% | \$2,462.58 | \$16,909.69 | 15% | \$2,536.45 |
| 5640-Injuries and Damages | \$0.00 | 15% | \$0.00 | \$0.00 | 15% | \$0.00 | \$16,995.00 | 15% | \$2,549.25 | \$17,504.85 | 15% | \$2,625.73 |
| 5645-Employee Pensions and Benefits | \$2,546.00 | 15% | \$381.90 | \$0.00 | 15% | \$0.00 | \$0.00 | 15% | \$0.00 | \$0.00 | 15% | \$0.00 |
| 5650-Franchise Requirements | \$0.00 | 15% | \$0.00 | \$0.00 | 15% | \$0.00 | \$0.00 | 15% | \$0.00 | \$0.00 | 15% | \$0.00 |
| 5655-Regulatory Expenses | \$39,935.49 | 15% | \$5,990.32 | \$20,088.81 | 15% | \$3,013.32 | \$17,354.47 | 15% | \$2,603.17 | \$17,875.10 | 15% | \$2,681.27 |
| 5660-General Advertising Expenses | \$5,347.02 | 15% | \$802.05 | \$3,403.08 | 15% | \$510.46 | \$3,505.09 | 15% | \$525.76 | \$3,610.24 | 15% | \$541.54 |
| 5665-Miscellaneous General Expenses | \$111,871.09 | 15% | \$16,780.66 | \$231,594.99 | 15% | \$34,739.25 | \$231,970.76 | 15% | \$34,795.61 | \$232,358.25 | 15% | \$34,853.74 |
| 5670-Rent | \$1,268.40 | 15% | \$190.26 | \$0.00 | 15% | \$0.00 | \$0.00 | 15% | \$0.00 | \$0.00 | 15% | \$0.00 |
| 5675-Maintenance of General Plant | \$0.00 | 15% | \$0.00 | \$0.00 | 15% | \$0.00 | \$0.00 | 15% | \$0.00 | \$0.00 | 15% | \$0.00 |
| 5680-Electrical Safety Authority Fees | \$5,626.77 | 15% | \$844.02 | -\$556.96 | 15% | -\$83.54 | \$3,400.29 | 15% | \$510.04 | \$3,502.30 | 15% | \$525.34 |
| 5685-Independent Market Operator Fees and Penalties | \$0.00 | 15% | \$0.00 | \$0.00 | 15% | \$0.00 | \$0.00 | 15% | \$0.00 | \$0.00 | 15% | \$0.00 |
| Sub-Total | \$867,562.89 | | \$130,134.43 | \$955,055.94 | | \$143,258.39 | \$819,282.80 | | \$122,892.42 | \$825,390.48 | | \$123,808.57 |

Amortization Expenses

| | | | | | | | | | | | | |
|---|---------------------|----|---------------|---------------------|----|---------------|---------------------|----|---------------|---------------------|----|---------------|
| 5705-Amortization Expense - Property, Plant, and Equipment | \$317,198.55 | 0% | \$0.00 | \$299,135.03 | 0% | \$0.00 | \$363,270.22 | 0% | \$0.00 | \$404,740.45 | 0% | \$0.00 |
| 5710-Amortization of Limited Term Electric Plant | \$0.00 | 0% | \$0.00 | \$0.00 | 0% | \$0.00 | \$0.00 | 0% | \$0.00 | \$0.00 | 0% | \$0.00 |
| 5715-Amortization of Intangibles and Other Electric Plant | \$0.00 | 0% | \$0.00 | \$0.00 | 0% | \$0.00 | \$0.00 | 0% | \$0.00 | \$0.00 | 0% | \$0.00 |
| 5720-Amortization of Electric Plant Acquisition Adjustments | \$0.00 | 0% | \$0.00 | \$0.00 | 0% | \$0.00 | \$0.00 | 0% | \$0.00 | \$0.00 | 0% | \$0.00 |
| 5725-Miscellaneous Amortization | \$24.28 | 0% | \$0.00 | \$0.00 | 0% | \$0.00 | \$0.00 | 0% | \$0.00 | \$0.00 | 0% | \$0.00 |
| 5730-Amortization of Unrecovered Plant and Regulatory Study Costs | \$0.00 | 0% | \$0.00 | \$0.00 | 0% | \$0.00 | \$0.00 | 0% | \$0.00 | \$0.00 | 0% | \$0.00 |
| 5735-Amortization of Deferred Development Costs | \$0.00 | 0% | \$0.00 | \$0.00 | 0% | \$0.00 | \$0.00 | 0% | \$0.00 | \$0.00 | 0% | \$0.00 |
| 5740-Amortization of Deferred Charges | \$0.00 | 0% | \$0.00 | \$0.00 | 0% | \$0.00 | \$0.00 | 0% | \$0.00 | \$0.00 | 0% | \$0.00 |
| Sub-Total | \$317,222.83 | | \$0.00 | \$299,135.03 | | \$0.00 | \$363,270.22 | | \$0.00 | \$404,740.45 | | \$0.00 |

Cost of Power

| | | | | | | | | | | | | |
|---|------------------------|-----|-----------------------|-----------------------|-----|-----------------------|-----------------------|-----|-----------------------|-----------------------|-----|-----------------------|
| 4705-Power Purchased | \$8,126,057.12 | 15% | \$1,218,908.57 | \$7,664,782.18 | 15% | \$1,149,717.33 | \$7,286,471.63 | 15% | \$1,092,970.74 | \$7,274,569.74 | 15% | \$1,091,185.46 |
| 4708-Charges-WMS | \$898,585.95 | 15% | \$134,787.89 | \$846,557.09 | 15% | \$126,983.56 | \$695,222.98 | 15% | \$104,283.45 | \$694,087.39 | 15% | \$104,113.11 |
| 4710-Cost of Power Adjustments | \$0.00 | 15% | \$0.00 | \$0.00 | 15% | \$0.00 | \$0.00 | 15% | \$0.00 | \$0.00 | 15% | \$0.00 |
| 4712-Charges-One-Time | \$0.00 | 15% | \$0.00 | \$0.00 | 15% | \$0.00 | \$0.00 | 15% | \$0.00 | \$0.00 | 15% | \$0.00 |
| 4714-Charges-NW | \$765,862.05 | 15% | \$114,879.31 | \$692,982.40 | 15% | \$103,947.36 | \$554,724.85 | 15% | \$83,208.73 | \$553,819.66 | 15% | \$83,072.95 |
| 4715-System Control & Load Dispatching | \$0.00 | 15% | \$0.00 | \$0.00 | 15% | \$0.00 | \$0.00 | 15% | \$0.00 | \$0.00 | 15% | \$0.00 |
| 4716-Charges-CN | \$635,606.58 | 15% | \$95,340.99 | \$561,675.48 | 15% | \$84,251.32 | \$516,374.12 | 15% | \$77,456.12 | \$515,512.60 | 15% | \$77,326.89 |
| 4720-Other Expenses | \$0.00 | 15% | \$0.00 | \$0.00 | 15% | \$0.00 | \$0.00 | 15% | \$0.00 | \$0.00 | 15% | \$0.00 |
| 4725-Competition Transition Expense | \$0.00 | 15% | \$0.00 | \$0.00 | 15% | \$0.00 | \$0.00 | 15% | \$0.00 | \$0.00 | 15% | \$0.00 |
| 4730-Rural Rate Assistance Expense | \$0.00 | 15% | \$0.00 | \$0.00 | 15% | \$0.00 | \$0.00 | 15% | \$0.00 | \$0.00 | 15% | \$0.00 |
| 4750-LV charges | \$100,674.73 | 15% | \$15,101.21 | \$219,054.56 | 15% | \$32,858.18 | \$219,054.56 | 15% | \$32,858.18 | \$219,054.56 | 15% | \$32,858.18 |
| 5205-Purchase of Transmission and System Services | \$0.00 | 15% | \$0.00 | \$0.00 | 15% | \$0.00 | \$0.00 | 15% | \$0.00 | \$0.00 | 15% | \$0.00 |
| 5210-Transmission Charges | \$0.00 | 15% | \$0.00 | \$0.00 | 15% | \$0.00 | \$0.00 | 15% | \$0.00 | \$0.00 | 15% | \$0.00 |
| 5215-Transmission Charges Recovered | \$0.00 | 15% | \$0.00 | \$0.00 | 15% | \$0.00 | \$0.00 | 15% | \$0.00 | \$0.00 | 15% | \$0.00 |
| 5685-Independent Market Operator Fees and Penalties | \$0.00 | 15% | \$0.00 | \$0.00 | 15% | \$0.00 | \$0.00 | 15% | \$0.00 | \$0.00 | 15% | \$0.00 |
| Sub-Total | \$10,526,786.43 | | \$1,579,017.96 | \$9,985,051.71 | | \$1,497,757.76 | \$9,271,848.14 | | \$1,390,777.22 | \$9,257,043.94 | | \$1,388,556.59 |
| WORKING CAPITAL ALLOWANCE TOTAL | | | \$1,861,443.48 | | | \$1,811,901.10 | | | \$1,725,069.82 | | | \$1,721,472.08 |

| <u>Ex.</u> | <u>Tab</u> | <u>Schedule</u> | <u>Contents of Schedule</u> |
|-------------------------------------|------------|-----------------|--|
| <u>3 - Operating Revenue</u> | | | |
| | 1 | 1 | Overview of Operation Revenue |
| | | 2 | Summary of Operating Revenue Table |
| | | 3 | Variance Analysis on Operating Revenue |
| | 2 | | Throughput Revenue |
| | | 1 | Weather Normalized Forecasting Methodology |
| | | 2 | Customer & Normalized Volume Forecast |
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| | | 5 | IESO Normalization Factors Details |
| | 3 | | Other Revenue |
| | | 1 | Other Distribution Revenue |
| | | 2 | Materiality Analysis on Other Distribution Revenue |
| | | 3 | Rate of Return on Other Distribution Revenue |
| | | 4 | Distribution Revenue Data |
| | 4 | | Revenue Sharing |
| | | 1 | Description of Revenue Sharing |

OVERVIEW OF OPERATING REVENUE

This exhibit provides the details on Northern Ontario Wires operating revenue for Historical, Historical Board Approved, Bridge and Test years. This exhibit also provides a detailed variance analysis by rate class of the operating revenue components.

Distribution revenues have been calculated using the most recently approved rates. In particular, delivery rates are based on the Rate Order EB-2007-0562, dated April, 12, 2007. Distribution revenue does not include Regulatory Asset Recovery and Deferred Revenue Recovery Rate Rider revenues. Distribution revenues do, however, include PILS Revenue Recovery amounts and Low Voltage Wheeling revenues. A summary of normalized operating revenues is presented in Exhibit 3, Tab 3, and Schedule 4.

Throughput Revenue

Information related to the utility's throughput revenue include details such as weather normalized forecasting methodology, normalized volume and customer counts forecast tables. Detailed variance analysis on the forecast information is also provided.

Other Revenue

Other revenues include revenues such as Late Payment Charges, Miscellaneous Service Revenues and Retail Services Revenues. A summary of these operating revenues is presented in Exhibit 3, Tab 3, and Schedule 1.

Revenue Sharing

Northern Ontario Wires and its employees do not participate in revenue sharing.

SUMMARY OF OPERATING REVENUE TABLE

| SUMMARY OF OPERATING REVENUE | 2006 Board | 2006 Actual | Variance from | 2006 Actual | 2007 Actual | Variance | 2007 Actual | 2008 Bridge | Variance | 2008 Bridge | 2009 Test | Variance |
|--|--------------------|--------------------|------------------|--------------------|--------------------|------------------|--------------------|--------------------|------------------|--------------------|--------------------|------------------|
| | Approved | | 2006 Board | | | Actual | | | from 2006 | | | from 2007 |
| | (\$'s) | (\$'s) | (\$'s) | (\$'s) | (\$'s) | (\$'s) | (\$'s) | (\$'s) | (\$'s) | (\$'s) | (\$'s) | (\$'s) |
| <u>Distribution Revenues</u> | | | | | | | | | | | | |
| Residential | \$1,180,224 | \$1,383,605 | \$203,381 | \$1,383,605 | \$1,491,667 | \$108,062 | \$1,491,667 | \$1,470,171 | -\$21,495 | \$1,470,171 | \$1,827,862 | \$357,690 |
| GS<50 | \$399,227 | \$410,442 | \$11,215 | \$410,442 | \$413,701 | \$3,259 | \$413,701 | \$425,536 | \$11,835 | \$425,536 | \$558,441 | \$132,905 |
| GS>50 to 499 | \$322,813 | \$443,511 | \$120,699 | \$443,511 | \$523,463 | \$79,951 | \$523,463 | \$527,445 | \$3,982 | \$527,445 | \$333,592 | -\$193,853 |
| Unmetered Scattered Load | \$6,185 | \$284 | -\$5,901 | \$284 | \$3,208 | \$2,924 | \$3,208 | \$3,208 | \$0 | \$3,208 | \$7,119 | \$3,911 |
| Street Light | \$28,254 | \$34,498 | \$6,244 | \$34,498 | \$38,598 | \$4,100 | \$38,598 | \$38,598 | \$0 | \$38,598 | \$163,739 | \$125,141 |
| | \$1,936,703 | \$2,272,340 | \$335,637 | \$2,272,340 | \$2,470,637 | \$198,296 | \$2,470,637 | \$2,464,958 | -\$5,679 | \$2,464,958 | \$2,890,752 | \$425,794 |
| <u>Other Distribution Revenue</u> | | | | | | | | | | | | |
| Late Payment Charges | \$42,588 | \$12,958 | -\$29,630 | \$12,958 | \$16,606 | \$3,648 | \$16,606 | \$16,606 | \$0 | \$16,606 | \$16,606 | \$0 |
| Specific Service Charges | \$53,277 | \$53,277 | \$0 | \$53,277 | \$83,570 | \$30,293 | \$83,570 | \$83,570 | \$0 | \$83,570 | \$83,570 | \$0 |
| Other Distribution Revenue | \$109,214 | \$181,161 | \$71,947 | \$181,161 | \$202,398 | \$21,237 | \$202,398 | \$150,502 | -\$51,896 | \$150,502 | \$178,550 | \$28,048 |
| RCVA Revenue | \$11,337 | \$21,192 | \$9,855 | \$21,192 | \$18,777 | -\$2,415 | \$18,777 | \$18,777 | \$0 | \$18,777 | \$18,777 | \$0 |
| | \$216,416 | \$268,588 | \$52,172 | \$268,588 | \$321,351 | \$52,763 | \$321,351 | \$269,455 | -\$51,896 | \$269,455 | \$297,503 | \$28,048 |
| Total Operating revenue | \$2,153,119 | \$2,540,928 | \$387,809 | \$2,540,928 | \$2,791,988 | \$251,059 | \$2,791,988 | \$2,734,413 | -\$57,575 | \$2,734,413 | \$3,188,255 | \$453,842 |

VARIANCE ANALYSIS ON OPERATING REVENUE

Northern Ontario Wires distribution revenue has been calculated using the most recently approved rates. In particular, delivery rates are based on the EB-2007-0562 Rate Order, dated April 12, 2007. Distribution revenue does not include commodity related revenue.

2009 Test Year

NOW operating revenue is forecast to be \$3,188,255 in Fiscal 2009, as shown in Exhibit 3, Tab 1, and Schedule 2. Distribution revenue totals \$2,890,752 or 90.1% of total revenues. Other operating revenue (net) accounts for the remaining revenue of \$297,503.

Comparison to 2008 Bridge Year

As shown in Exhibit 3, Tab 1, Schedule 2, the total operating revenue is expected to be \$453,842 above the bridge year level in fiscal 2008. The 2008 fiscal revenue is based on current rates * projected consumption while 2009 is based on rebased revenue. The increase is actually a difference in costs from 2006 approved to 2009 applied for. The major contributors to this difference are OM&A increase of \$281,757, Amortization increase of \$73,369 and a reduction in revenue offsets of \$42,052 (increases distribution revenue and revenue requirement).

2008 Bridge Year

Comparison to Fiscal 2007 Actual

As shown in Exhibit 3, Tab 1, Schedule 2, the total operating revenue is expected to be \$57,575 below the 2007 Actual level in fiscal 2007. This is a result from lower consumption profile used in 2008 projections * current rates.

2007 Actual

Comparison to 2006 Actual

As shown in Exhibit 3, Tab 1, Schedule 2, the total operating revenue was \$251,059 higher in 2007 vs. 2006 Actual. This again is due to increases from updating Operating Costs, Returns and Amortization from the 2004 actual results.

2006 Actual

Comparison to 2006 Approved

As shown in Exhibit 3, Tab 1, Schedule 2, total operating revenue increased \$387,809 from 2006 approved to 2006 actual. This impact is actually a two year impact (as 2006 approved was based on 2004 cost structure. Again, the common elements are increases to OM&A costs, Return and Amortization.

WEATHER NORMALIZED FORECASTING METHODOLOGY

Northern Ontario Wires has normalized loads for 2002 through to 2007 to ensure that a truly weather corrected value was used when determining 2008 and 2009 customer load forecasts. NOW utilized weather correction factors available via the IESO, specifically found in the 18-month outlook documents published on a regular basis that can be found at www.ieso.ca.

NOW adjusted the IESO published annual weather adjustment factor (see table below) for our specific ratio of weather sensitive load as provided by Hydro One through our 2006 cost allocation process.

| | <u>2002</u> | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> |
|------------------------|--------------------|-------------|-------------|-------------|-------------|-------------|
| IESO Factor | -2.34% | -0.68% | 0.20% | -1.48% | 0.75% | -0.52% |
| NOW adjustment | 2.101 | | | | | |
| Utilized Factor | 95.09% | 98.57% | 100.41% | 96.89% | 101.58% | 98.90% |
| | (1-(-.0234*2.101)) | | | | | |

This factor was applied to both consumption (kWh) and demand (kW) for all customer classes.

Details on the IESO adjustment factor can be found in Exhibit 3, Tab 2, Schedule 5.

Customer & Normalized Volume Forecast

Customer Forecast

The table below presents historical and forecast customer numbers, by class, for NOW.

| CUSTOMER COUNT FORECAST TABLE | 2006 | | Variance from 2006 | | 2007 Actual | Variance from 2006 | | 2008 Bridge | Variance from 2007 | | 2009 Test | Variance from 2008 Actual |
|-------------------------------|----------------|--------------|--------------------|--------------|-------------|--------------------|--------------|--------------|--------------------|--------------|--------------|---------------------------|
| | Board Approved | 2006 Actual | Board Approved | 2006 Actual | | 2007 Actual | 2007 Actual | | 2008 Bridge | 2007 Actual | | |
| Residential | 5,268 | 5,263 | -5 | 5,263 | 5249 | -14 | 5249 | 5210 | -39 | 5210 | 5200 | -10 |
| GS<50 | 861 | 787 | -74 | 787 | 773 | -14 | 773 | 790 | 17 | 790 | 785 | -5 |
| GS>50 to 499 kW | 55 | 70 | 15 | 70 | 69 | -1 | 69 | 69 | 0 | 69 | 69 | 0 |
| Unmetered Scattered Load | 48 | 15 | -33 | 15 | 15 | 0 | 15 | 15 | 0 | 15 | 15 | 0 |
| Street Lighting | 1,732 | 1,737 | 5 | 1,737 | 1737 | 0 | 1737 | 1737 | 0 | 1737 | 1737 | 0 |
| | 7,964 | 7,872 | -92 | 7,872 | 7843 | -29 | 7,843 | 7,821 | -22 | 7,821 | 7,806 | -15 |

Overall the three communities serviced by NOW Inc. are not growing. Cochrane and Kapuskasing are relatively stagnant while Iroquois Falls has experienced a decrease and continues to experience a slow decrease due the closure of a significant segment of the Abitibi Price mill.

Residential – much the same as indicated above. The decrease in residential accounts is also a result of the loss of a few older multi unit individually metered apartment buildings over the past few years and in 2008.

GS<50 – There was a noticeable drop in accounts from our last rate application (used 2002 to 2004 numbers) to today. In 2005/early 2006 we had 13 accounts move from GS<50 to GS>50 after a review indicated their usage was such that they fell in the latter category. Annual KWH of these 13 accounts is approximately 3,000,000
 Annual DEMAND usage of these 13 is approximately 8,580

Furthermore during these two years we had a few mutli unit individually metered buildings convert to one meter. One of these buildings had 40 units and a few others had 10 to 20 units.

GS>50 Relatively consistent in terms of customer counts other than the 13 accounts mentioned above.

Load Forecast

The first step utilized by NOW for load forecasts was the weather normalization. After we had all post market opening consumption by customer class by year we utilized different weighted averages of average consumption applied to the 2008 & 2009 customer forecasts. Essentially, NOW created a multi-year average consumption per customer (customer class specific) and applied that average consumption to forecasted customers.

NOW had some inconsistencies in some historical consumption values for certain customer classes. The residential class utilized the full historical bandwidth (2002 – 2007) to generate the weighted average normalized consumption profile. The GS < 50 and GS 50 to 4,999 customer classes had some significant re-categorization between these classes at the end of fiscal year 2005, as a result a two year weighted average normalized consumption and load forecast has been created. The unmetered and Street Light customer classes had some erroneous data prior to fiscal year 2006, as a result a two year weighted average normalized consumption and load forecast has been created. Please see colour coded table below.

Customer Counts (Historical and Projected)

Counts

| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 |
|-----------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Residential | 5,608 | 5,278 | 5,268 | 5,317 | 5,263 | 5,249 | 5,210 | 5,200 |
| GS < 50 kW | 833 | 866 | 861 | 815 | 787 | 773 | 790 | 785 |
| GS > 50 kw | 48 | 54 | 55 | 55 | 70 | 69 | 69 | 69 |
| Unmetered Loads | 48 | 48 | 48 | 15 | 15 | 15 | 15 | 15 |
| Street Light | 1,732 | 1,732 | 1,732 | 1,737 | 1,737 | 1,737 | 1,737 | 1,737 |

Sample Calculation of 2009 Load Forecasts

Residential – Weather Normalized

| | <u>2002</u> | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>Total</u> |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|---------------------|
| kWh | 42,860,054 | 40,454,974 | 41,211,165 | 42,736,273 | 43,154,148 | 42,750,091 | 253,166,706 |
| Counts | 5,608 | 5,278 | 5,268 | 5,317 | 5,263 | 5,249 | 31,983 |
| Weighted Average Usage (total kWh / total count) | | | | | | | 7,916 |
| 2008 Count | | | | | | | 5,210 |
| 2008 Usage | | | | | | | 41,240,613 |
| 2009 Count | | | | | | | 5,200 |
| 2009 Usage | | | | | | | 41,161,457 |

VARIANCE ANALYSIS ON NORMALIZED VOLUME FORECAST

Fiscal 2009 Test Year

Comparison to Fiscal 2008 Bridge Year

As both 2008 & 2009 are based on normalized weighted average consumption and demand profiles by customer class multiplied by the projected customer counts, the only difference between 2009 and 2008 is the actual customer count forecast which will be discussed in the next section.

Note: both unmetered and street light classes are based on engineering calculations and are not subject to load changes (with the exception of the addition of new connection points). The consumption and load profiles for 2008 and 2009 are identical as there is not growth expected in either of these classes.

2008 Bridge Year & 2009 Test Year to Historical Years (2006 & 2007)

Again, the methodology utilized to derive the projected load profiles are impacted only on customer counts and will be discussed in the next section.

VARIANCE ANALYSIS ON CUSTOMER COUNT FORECAST

Fiscal 2009 Test Year

Comparison to Fiscal 2008 Bridge Year

NOW has forecasted a net reduction of 15 customers within our service territory. The residential class is responsible for 10 of these reductions while the GS < 50 class is responsible for the other 5. The net reductions are due to economic factors in northern communities (i.e. job loss & relocation). NOW is not forecasting to have any net increase or reduction in the GS 50 to 4,999 kW class and has forecast unmetered loads and street lights to stay consistent.

2008 Bridge Year

Comparison to Fiscal 2007 Actual

NOW has forecasted a net reduction of 22 customers. The residential class is forecast to lose 39 customers and the GS < 50 class is to add 17 customers. Again, the main factor behind these forecasts is northern economic pressure. NOW is not forecasting to have any net increase or reduction in the GS 50 to 4,999 kW class and has forecast unmetered loads and street lights to stay consistent.

IESO Weather Normalization Details

| Week Ending | Actual Energy (GWh) | Weather Corrected Energy (GWh) | Weather Correction (GWh) | Week Number | Notes for Week |
|-------------|---------------------|--------------------------------|--------------------------|-------------|-------------------------|
| 5-May-02 | 2,701 | 2,653 | -47 | 18 | |
| 12-May-02 | 2,670 | 2,632 | -38 | 19 | |
| 19-May-02 | 2,680 | 2,585 | -95 | 20 | |
| 26-May-02 | 2,598 | 2,571 | -27 | 21 | Victoria Day |
| 2-Jun-02 | 2,746 | 2,703 | -43 | 22 | |
| 9-Jun-02 | 2,686 | 2,675 | -11 | 23 | |
| 16-Jun-02 | 2,784 | 2,852 | 68 | 24 | |
| 23-Jun-02 | 2,890 | 2,811 | -79 | 25 | |
| 30-Jun-02 | 3,113 | 2,944 | -169 | 26 | |
| 7-Jul-02 | 3,189 | 2,904 | -285 | 27 | Canada Day |
| 14-Jul-02 | 2,998 | 2,991 | -8 | 28 | |
| 21-Jul-02 | 3,269 | 3,174 | -95 | 29 | |
| 28-Jul-02 | 3,079 | 3,031 | -48 | 30 | |
| 4-Aug-02 | 3,348 | 3,048 | -300 | 31 | |
| 11-Aug-02 | 2,946 | 2,944 | -2 | 32 | Civic Holiday |
| 18-Aug-02 | 3,438 | 3,117 | -321 | 33 | |
| 25-Aug-02 | 2,949 | 2,940 | -10 | 34 | |
| 1-Sep-02 | 2,952 | 2,924 | -28 | 35 | |
| 8-Sep-02 | 3,017 | 2,826 | -191 | 36 | Labour Day |
| 15-Sep-02 | 3,050 | 2,869 | -181 | 37 | All-Time September Peak |
| 22-Sep-02 | 2,986 | 2,830 | -156 | 38 | |
| 29-Sep-02 | 2,742 | 2,749 | 7 | 39 | |
| 6-Oct-02 | 2,812 | 2,776 | -36 | 40 | All-Time October Peak |
| 13-Oct-02 | 2,715 | 2,757 | 42 | 41 | |
| 20-Oct-02 | 2,725 | 2,671 | -55 | 42 | Thanksgiving |
| 27-Oct-02 | 2,856 | 2,784 | -72 | 43 | |
| 3-Nov-02 | 2,921 | 2,769 | -152 | 44 | |
| 10-Nov-02 | 2,898 | 2,903 | 5 | 45 | |
| 17-Nov-02 | 2,935 | 2,925 | -10 | 46 | Remembrance Day |
| 24-Nov-02 | 2,960 | 2,979 | 19 | 47 | |
| 1-Dec-02 | 3,066 | 2,980 | -86 | 48 | |
| 8-Dec-02 | 3,219 | 3,133 | -86 | 49 | |
| 15-Dec-02 | 3,142 | 3,185 | 43 | 50 | |
| 22-Dec-02 | 3,128 | 3,137 | 9 | 51 | |
| 29-Dec-02 | 2,768 | 2,796 | 28 | 52 | Christmas & Boxing Day |
| | 102,974 | 100,568 | -2,406 | -2.34% | Adjustment Factor |

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| | | | | | |
|-----------|---------|---------|--------|--------|------------------------|
| 5-Jan-03 | 2,911 | 2,952 | 41 | 1 | New Years Day |
| 12-Jan-03 | 3,163 | 3,174 | 11 | 2 | |
| 19-Jan-03 | 3,338 | 3,261 | -78 | 3 | |
| 26-Jan-03 | 3,435 | 3,275 | -160 | 4 | |
| 2-Feb-03 | 3,270 | 3,268 | -2 | 5 | |
| 9-Feb-03 | 3,250 | 3,251 | 1 | 6 | |
| 16-Feb-03 | 3,437 | 3,210 | -227 | 7 | All-Time February Peak |
| 23-Feb-03 | 3,207 | 3,193 | -15 | 8 | |
| 2-Mar-03 | 3,254 | 3,136 | -118 | 9 | |
| 9-Mar-03 | 3,249 | 3,090 | -159 | 10 | All-Time March Peak |
| 16-Mar-03 | 3,113 | 3,038 | -75 | 11 | |
| 23-Mar-03 | 2,907 | 3,020 | 113 | 12 | |
| 30-Mar-03 | 2,851 | 2,904 | 53 | 13 | |
| 6-Apr-03 | 3,058 | 2,904 | -153 | 14 | All-Time April Peak |
| 13-Apr-03 | 2,903 | 2,834 | -69 | 15 | |
| 20-Apr-03 | 2,688 | 2,716 | 28 | 16 | Good Friday |
| 27-Apr-03 | 2,718 | 2,687 | -31 | 17 | Easter Monday |
| 4-May-03 | 2,656 | 2,683 | 27 | 18 | |
| 11-May-03 | 2,659 | 2,705 | 45 | 19 | |
| 18-May-03 | 2,625 | 2,641 | 17 | 20 | |
| 25-May-03 | 2,562 | 2,571 | 9 | 21 | Victoria Day |
| 1-Jun-03 | 2,638 | 2,666 | 29 | 22 | |
| 8-Jun-03 | 2,654 | 2,670 | 16 | 23 | |
| 15-Jun-03 | 2,676 | 2,730 | 54 | 24 | |
| 22-Jun-03 | 2,749 | 2,794 | 45 | 25 | |
| 29-Jun-03 | 3,088 | 2,870 | -218 | 26 | |
| 6-Jul-03 | 2,993 | 2,814 | -179 | 27 | Canada Day |
| 13-Jul-03 | 2,846 | 2,878 | 32 | 28 | |
| 20-Jul-03 | 2,843 | 2,980 | 137 | 29 | |
| 27-Jul-03 | 2,883 | 2,882 | -1 | 30 | |
| 3-Aug-03 | 2,893 | 2,886 | -7 | 31 | |
| 10-Aug-03 | 3,015 | 2,862 | -153 | 32 | Civic Holiday |
| 17-Aug-03 | 2,723 | 2,605 | -118 | 33 | Blackout |
| 24-Aug-03 | 2,749 | 2,625 | -124 | 34 | Conservation Appeals |
| 31-Aug-03 | 2,845 | 2,829 | -17 | 35 | |
| 7-Sep-03 | 2,689 | 2,722 | 33 | 36 | Labour Day |
| 14-Sep-03 | 2,868 | 2,762 | -107 | 37 | |
| 21-Sep-03 | 2,772 | 2,772 | 1 | 38 | |
| 28-Sep-03 | 2,679 | 2,698 | 19 | 39 | |
| 5-Oct-03 | 2,731 | 2,661 | -71 | 40 | |
| 12-Oct-03 | 2,695 | 2,737 | 42 | 41 | |
| 19-Oct-03 | 2,667 | 2,655 | -12 | 42 | Thanksgiving |
| 26-Oct-03 | 2,794 | 2,766 | -28 | 43 | |
| 2-Nov-03 | 2,796 | 2,829 | 33 | 44 | |
| 9-Nov-03 | 2,891 | 2,833 | -59 | 45 | |
| 16-Nov-03 | 2,918 | 2,932 | 14 | 46 | Remembrance Day |
| 23-Nov-03 | 2,871 | 3,035 | 165 | 47 | |
| 30-Nov-03 | 2,973 | 3,021 | 48 | 48 | |
| 7-Dec-03 | 3,146 | 3,120 | -26 | 49 | |
| 14-Dec-03 | 3,162 | 3,150 | -12 | 50 | |
| 21-Dec-03 | 3,135 | 3,138 | 3 | 51 | |
| 28-Dec-03 | 2,703 | 2,873 | 170 | 52 | Christmas & Boxing Day |
| | 151,341 | 150,310 | -1,031 | -0.68% | Adjustment Factor |

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| | | | | | |
|-----------|---------|---------|------|-------|--|
| 4-Jan-04 | 2,707 | 2,886 | 178 | 1 | New Years Day |
| 11-Jan-04 | 3,369 | 3,217 | -152 | 2 | |
| 18-Jan-04 | 3,445 | 3,331 | -113 | 3 | All-Time January Peak |
| 25-Jan-04 | 3,446 | 3,285 | -161 | 4 | |
| 1-Feb-04 | 3,419 | 3,309 | -110 | 5 | |
| 8-Feb-04 | 3,239 | 3,271 | 32 | 6 | |
| 15-Feb-04 | 3,215 | 3,203 | -13 | 7 | |
| 22-Feb-04 | 3,158 | 3,157 | -1 | 8 | |
| 29-Feb-04 | 3,039 | 3,126 | 87 | 9 | |
| 7-Mar-04 | 2,961 | 3,107 | 147 | 10 | |
| 14-Mar-04 | 3,027 | 3,027 | 0 | 11 | |
| 21-Mar-04 | 3,069 | 2,982 | -88 | 12 | |
| 28-Mar-04 | 2,921 | 2,940 | 18 | 13 | |
| 4-Apr-04 | 2,847 | 2,871 | 24 | 14 | |
| 11-Apr-04 | 2,746 | 2,675 | -71 | 15 | Good Friday |
| 18-Apr-04 | 2,741 | 2,754 | 13 | 16 | Easter Monday |
| 25-Apr-04 | 2,692 | 2,706 | 14 | 17 | |
| 2-May-04 | 2,726 | 2,719 | -7 | 18 | |
| 9-May-04 | 2,706 | 2,659 | -47 | 19 | |
| 16-May-04 | 2,746 | 2,704 | -42 | 20 | All-Time May Peak |
| 23-May-04 | 2,670 | 2,678 | 8 | 21 | |
| 30-May-04 | 2,607 | 2,648 | 41 | 22 | Victoria Day |
| 6-Jun-04 | 2,661 | 2,691 | 30 | 23 | |
| 13-Jun-04 | 2,893 | 2,821 | -72 | 24 | |
| 20-Jun-04 | 2,894 | 2,877 | -17 | 25 | |
| 27-Jun-04 | 2,774 | 2,926 | 152 | 26 | |
| 4-Jul-04 | 2,757 | 2,827 | 69 | 27 | Canada Day |
| 11-Jul-04 | 2,792 | 2,831 | 39 | 28 | |
| 18-Jul-04 | 2,913 | 2,936 | 23 | 29 | |
| 25-Jul-04 | 2,983 | 2,988 | 4 | 30 | |
| 1-Aug-04 | 2,933 | 2,955 | 22 | 31 | |
| 8-Aug-04 | 2,843 | 2,884 | 40 | 32 | Civic Holiday |
| 15-Aug-04 | 2,828 | 2,947 | 119 | 33 | |
| 22-Aug-04 | 2,809 | 2,853 | 44 | 34 | |
| 29-Aug-04 | 3,029 | 2,932 | -97 | 35 | |
| 5-Sep-04 | 2,949 | 2,874 | -75 | 36 | |
| 12-Sep-04 | 2,847 | 2,805 | -42 | 37 | |
| 19-Sep-04 | 2,878 | 2,809 | -68 | 38 | |
| 26-Sep-04 | 2,893 | 2,812 | -81 | 39 | |
| 3-Oct-04 | 2,780 | 2,835 | 55 | 40 | |
| 10-Oct-04 | 2,745 | 2,784 | 39 | 41 | |
| 17-Oct-04 | 2,716 | 2,752 | 35 | 42 | Thanksgiving |
| 24-Oct-04 | 2,826 | 2,844 | 18 | 43 | |
| 31-Oct-04 | 2,796 | 2,900 | 104 | 44 | |
| 7-Nov-04 | 2,859 | 2,888 | 29 | 45 | |
| 14-Nov-04 | 2,964 | 2,942 | -21 | 46 | Remembrance Day |
| 21-Nov-04 | 2,885 | 3,044 | 159 | 47 | |
| 28-Nov-04 | 3,005 | 3,055 | 50 | 48 | |
| 5-Dec-04 | 3,096 | 3,170 | 74 | 49 | |
| 12-Dec-04 | 3,170 | 3,217 | 47 | 50 | |
| 19-Dec-04 | 3,258 | 3,169 | -88 | 51 | |
| 26-Dec-04 | 3,229 | 3,084 | -146 | 52 | All-Time Winter Peak, Christmas & Boxing Day |
| 2-Jan-05 | 2,906 | 3,008 | 103 | 53 | New Years Day |
| | 155,407 | 155,711 | 304 | 0.20% | Adjustment Factor |

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| | | | | | |
|------------------------|----------------|----------------|---------------|---------------|---|
| 9-Jan-05 | 3,186 | 3,226 | 39 | 1 | |
| 16-Jan-05 | 3,215 | 3,294 | 79 | 2 | |
| 23-Jan-05 | 3,529 | 3,334 | -195 | 3 | All-Time Weekend Peak |
| 30-Jan-05 | 3,422 | 3,338 | -85 | 4 | |
| 6-Feb-05 | 3,164 | 3,302 | 139 | 5 | |
| 13-Feb-05 | 3,140 | 3,248 | 107 | 6 | |
| 20-Feb-05 | 3,213 | 3,236 | 23 | 7 | |
| 27-Feb-05 | 3,226 | 3,146 | -81 | 8 | |
| 6-Mar-05 | 3,169 | 3,156 | -13 | 9 | |
| 13-Mar-05 | 3,206 | 3,117 | -89 | 10 | Good Friday |
| 20-Mar-05 | 3,041 | 3,032 | -9 | 11 | Easter Monday |
| 27-Mar-05 | 2,884 | 2,907 | 24 | 12 | |
| 3-Apr-05 | 2,869 | 2,919 | 50 | 13 | |
| 10-Apr-05 | 2,772 | 2,899 | 128 | 14 | 5% Voltage Reduction April 7 |
| 17-Apr-05 | 2,706 | 2,774 | 68 | 15 | |
| 24-Apr-05 | 2,738 | 2,766 | 28 | 16 | |
| 1-May-05 | 2,756 | 2,694 | -62 | 17 | |
| 8-May-05 | 2,662 | 2,648 | -14 | 18 | |
| 15-May-05 | 2,676 | 2,674 | -2 | 19 | |
| 22-May-05 | 2,637 | 2,648 | 11 | 20 | |
| 29-May-05 | 2,617 | 2,633 | 16 | 21 | Victoria Day |
| 5-Jun-05 | 2,827 | 2,744 | -84 | 22 | |
| 12-Jun-05 | 3,348 | 2,935 | -413 | 23 | |
| 19-Jun-05 | 2,964 | 2,874 | -90 | 24 | |
| 26-Jun-05 | 3,090 | 2,964 | -126 | 25 | Power Warning June 24 |
| 3-Jul-05 | 3,207 | 2,996 | -211 | 26 | Power Warning June 28-29, Canada Day |
| 10-Jul-05 | 3,050 | 2,943 | -107 | 27 | |
| 17-Jul-05 | 3,486 | 3,120 | -366 | 28 | All-Time Peak Demand |
| 24-Jul-05 | 3,353 | 3,193 | -160 | 29 | Power Warning July 18-21 |
| 31-Jul-05 | 3,069 | 3,070 | 0 | 30 | |
| 7-Aug-05 | 3,312 | 3,090 | -223 | 31 | Power Warning & 5% Voltage Reduction August 3-4 |
| 14-Aug-05 | 3,309 | 3,117 | -192 | 32 | Power Warning August 9-10 |
| 21-Aug-05 | 3,051 | 3,042 | -8 | 33 | |
| 28-Aug-05 | 2,968 | 2,946 | -22 | 34 | |
| 4-Sep-05 | 3,016 | 2,988 | -28 | 35 | |
| 11-Sep-05 | 2,901 | 2,872 | -29 | 36 | Labour Day |
| 18-Sep-05 | 3,058 | 2,888 | -170 | 37 | |
| 25-Sep-05 | 2,916 | 2,847 | -68 | 38 | |
| 2-Oct-05 | 2,772 | 2,774 | 2 | 39 | |
| 9-Oct-05 | 2,805 | 2,726 | -80 | 40 | All-Time October peak |
| 16-Oct-05 | 2,660 | 2,699 | 39 | 41 | Thanksgiving |
| 23-Oct-05 | 2,757 | 2,745 | -13 | 42 | |
| 30-Oct-05 | 2,838 | 2,817 | -21 | 43 | |
| 6-Nov-05 | 2,780 | 2,894 | 114 | 44 | |
| 13-Nov-05 | 2,809 | 2,859 | 50 | 45 | Remembrance Day |
| 20-Nov-05 | 2,910 | 2,903 | -7 | 46 | |
| 27-Nov-05 | 3,061 | 2,936 | -125 | 47 | All-Time November peak |
| 4-Dec-05 | 3,020 | 3,017 | -4 | 48 | |
| 11-Dec-05 | 3,205 | 3,145 | -60 | 49 | |
| 18-Dec-05 | 3,287 | 3,171 | -116 | 50 | |
| 25-Dec-05 | 3,107 | 3,096 | -11 | 51 | Christmas Day |
| 1-Jan-06 | 2,801 | 2,846 | 45 | 52 | Boxing Day & New Year's Day |
| Totals for 2005 | 156,567 | 154,246 | -2,321 | -1.48% | Adjustment Factor |

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| | | | | | |
|------------------------|----------------|----------------|--------------|--------------|--------------------------|
| 8-Jan-06 | 3,064 | 3,138 | 74 | 1 | |
| 15-Jan-06 | 3,051 | 3,222 | 171 | 2 | |
| 22-Jan-06 | 3,136 | 3,306 | 170 | 3 | |
| 29-Jan-06 | 3,080 | 3,259 | 179 | 4 | |
| 5-Feb-06 | 3,002 | 3,200 | 199 | 5 | |
| 12-Feb-06 | 3,173 | 3,167 | -6 | 6 | |
| 19-Feb-06 | 3,183 | 3,177 | -6 | 7 | |
| 26-Feb-06 | 3,138 | 3,124 | -14 | 8 | |
| 5-Mar-06 | 3,166 | 3,121 | -45 | 9 | |
| 12-Mar-06 | 2,959 | 3,087 | 129 | 10 | |
| 19-Mar-06 | 2,996 | 2,975 | -21 | 11 | |
| 26-Mar-06 | 2,973 | 2,955 | -17 | 12 | |
| 2-Apr-06 | 2,785 | 2,888 | 103 | 13 | |
| 9-Apr-06 | 2,839 | 2,899 | 60 | 14 | |
| 16-Apr-06 | 2,619 | 2,666 | 47 | 15 | Good Friday |
| 23-Apr-06 | 2,652 | 2,702 | 49 | 16 | Easter Monday |
| 30-Apr-06 | 2,675 | 2,726 | 51 | 17 | |
| 7-May-06 | 2,605 | 2,594 | -11 | 18 | |
| 14-May-06 | 2,625 | 2,649 | 23 | 19 | |
| 21-May-06 | 2,604 | 2,612 | 8 | 20 | Victoria Day |
| 28-May-06 | 2,630 | 2,656 | 25 | 21 | |
| 4-Jun-06 | 3,032 | 2,881 | -151 | 22 | |
| 11-Jun-06 | 2,792 | 2,774 | -18 | 23 | |
| 18-Jun-06 | 2,959 | 2,951 | -8 | 24 | |
| 25-Jun-06 | 3,024 | 3,003 | -21 | 25 | |
| 2-Jul-06 | 2,981 | 2,939 | -42 | 26 | |
| 9-Jul-06 | 2,901 | 2,803 | -98 | 27 | Canada Day |
| 16-Jul-06 | 3,156 | 3,023 | -134 | 28 | |
| 23-Jul-06 | 3,190 | 3,086 | -105 | 29 | |
| 30-Jul-06 | 3,303 | 3,186 | -117 | 30 | |
| 6-Aug-06 | 3,372 | 3,265 | -107 | 31 | Peak Demand record set |
| 13-Aug-06 | 2,892 | 2,907 | 15 | 32 | Civic Holiday |
| 20-Aug-06 | 2,991 | 2,998 | 8 | 33 | |
| 27-Aug-06 | 2,892 | 2,900 | 8 | 34 | |
| 3-Sep-06 | 2,773 | 2,811 | 38 | 35 | |
| 10-Sep-06 | 2,694 | 2,736 | 43 | 36 | Labour Day |
| 17-Sep-06 | 2,718 | 2,743 | 25 | 37 | |
| 24-Sep-06 | 2,700 | 2,737 | 36 | 38 | |
| 1-Oct-06 | 2,663 | 2,665 | 2 | 39 | |
| 8-Oct-06 | 2,649 | 2,657 | 8 | 40 | |
| 15-Oct-06 | 2,639 | 2,615 | -24 | 41 | Thanksgiving |
| 22-Oct-06 | 2,718 | 2,685 | -33 | 42 | |
| 29-Oct-06 | 2,798 | 2,777 | -20 | 43 | |
| 5-Nov-06 | 2,824 | 2,852 | 28 | 44 | |
| 12-Nov-06 | 2,785 | 2,847 | 62 | 45 | |
| 19-Nov-06 | 2,843 | 2,890 | 47 | 46 | |
| 26-Nov-06 | 2,865 | 2,911 | 46 | 47 | |
| 3-Dec-06 | 2,921 | 3,008 | 86 | 48 | |
| 10-Dec-06 | 3,122 | 3,227 | 105 | 49 | |
| 17-Dec-06 | 2,945 | 3,036 | 91 | 50 | |
| 24-Dec-06 | 2,899 | 3,001 | 101 | 51 | |
| 31-Dec-06 | 2,671 | 2,768 | 97 | 52 | Christmas & Boxing Day |
| Totals for 2006 | 150,669 | 151,805 | 1,136 | 0.75% | Adjustment Factor |

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| | | | | | |
|------------------------|----------------|----------------|-------------|---------------|------------------------------|
| 7-Jan-07 | 2,783 | 2,913 | 131 | 1 | New Years Day |
| 14-Jan-07 | 3,047 | 3,112 | 65 | 2 | |
| 21-Jan-07 | 3,212 | 3,262 | 50 | 3 | |
| 28-Jan-07 | 3,260 | 3,302 | 42 | 4 | |
| 4-Feb-07 | 3,289 | 3,252 | -37 | 5 | |
| 11-Feb-07 | 3,347 | 3,248 | -100 | 6 | |
| 18-Feb-07 | 3,341 | 3,238 | -103 | 7 | |
| 25-Feb-07 | 3,162 | 3,071 | -91 | 8 | |
| 4-Mar-07 | 3,075 | 3,036 | -40 | 9 | Good Friday Easter Monday |
| 11-Mar-07 | 3,174 | 3,133 | -41 | 10 | |
| 18-Mar-07 | 2,950 | 2,972 | 22 | 11 | |
| 25-Mar-07 | 2,947 | 2,954 | 6 | 12 | |
| 1-Apr-07 | 2,769 | 2,813 | 44 | 13 | |
| 8-Apr-07 | 2,839 | 2,764 | -75 | 14 | |
| 15-Apr-07 | 2,891 | 2,838 | -53 | 15 | |
| 22-Apr-07 | 2,695 | 2,716 | 21 | 16 | |
| 29-Apr-07 | 2,651 | 2,677 | 26 | 17 | |
| 6-May-07 | 2,591 | 2,576 | -15 | 18 | |
| 13-May-07 | 2,615 | 2,618 | 3 | 19 | |
| 20-May-07 | 2,620 | 2,621 | 1 | 20 | |
| 27-May-07 | 2,696 | 2,693 | -3 | 21 | |
| 3-Jun-07 | 2,932 | 2,860 | -72 | 22 | |
| 10-Jun-07 | 2,745 | 2,713 | -32 | 23 | |
| 17-Jun-07 | 3,065 | 2,942 | -123 | 24 | |
| 24-Jun-07 | 2,890 | 2,834 | -56 | 25 | |
| 1-Jul-07 | 3,070 | 3,018 | -52 | 26 | |
| 8-Jul-07 | 2,778 | 2,826 | 48 | 27 | |
| 15-Jul-07 | 2,919 | 2,947 | 28 | 28 | |
| 22-Jul-07 | 2,837 | 2,886 | 49 | 29 | |
| 29-Jul-07 | 3,014 | 3,050 | 37 | 30 | |
| 5-Aug-07 | 3,293 | 3,238 | -54 | 31 | Civic Holiday |
| 12-Aug-07 | 3,091 | 2,983 | -108 | 32 | |
| 19-Aug-07 | 2,880 | 2,838 | -43 | 33 | |
| 26-Aug-07 | 2,934 | 2,863 | -71 | 34 | |
| 2-Sep-07 | 2,936 | 2,888 | -49 | 35 | |
| 9-Sep-07 | 2,956 | 2,879 | -77 | 36 | Labour Day |
| 16-Sep-07 | 2,693 | 2,695 | 2 | 37 | Thanksgiving Day |
| 23-Sep-07 | 2,762 | 2,728 | -34 | 38 | |
| 30-Sep-07 | 2,789 | 2,746 | -43 | 39 | |
| 7-Oct-07 | 2,748 | 2,834 | 87 | 40 | |
| 14-Oct-07 | 2,652 | 2,699 | 47 | 41 | |
| 21-Oct-07 | 2,656 | 2,689 | 33 | 42 | |
| 28-Oct-07 | 2,666 | 2,686 | 21 | 43 | |
| 4-Nov-07 | 2,693 | 2,684 | -8 | 44 | |
| 11-Nov-07 | 2,821 | 2,797 | -24 | 45 | |
| 18-Nov-07 | 2,831 | 2,811 | -20 | 46 | |
| 25-Nov-07 | 2,967 | 2,944 | -23 | 47 | |
| 2-Dec-07 | 3,089 | 3,071 | -18 | 48 | |
| 9-Dec-07 | 3,153 | 3,145 | -8 | 49 | Christmas & Boxing Day |
| 16-Dec-07 | 3,200 | 3,185 | -16 | 50 | |
| 23-Dec-07 | 3,080 | 3,056 | -25 | 51 | |
| 30-Dec-07 | 2,720 | 2,674 | -46 | 52 | |
| Totals for 2007 | 151,814 | 151,018 | -796 | -0.52% | Adjustment Factor |

OTHER DISTRIBUTION REVENUE

| | 2006 Board Approved | 2006 Actual | Variance from 2006 Board Approved | 2006 Actual | 2007 Actual | Variance from 2006 Actual | 2007 Actual | 2008 Bridge | Variance from 2007 Actual | 2008 Bridge | 2009 Test | Variance from 2008 Bridge |
|--|---------------------------|------------------|--|------------------|------------------|---------------------------------|------------------|------------------|---------------------------------|------------------|------------------|---------------------------------|
| OTHER DISTRIBUTION REVENUE | (\$'s) | (\$'s) | (\$'s) | (\$'s) | (\$'s) | | | | | | | |
| Other Distribution Revenue | | | | | | | | | | | | |
| Retail Services Revenues | \$11,272 | \$20,152 | \$8,880 | \$20,152 | \$17,779 | -\$2,373 | \$17,779 | \$17,779 | \$0 | \$17,779 | \$17,779 | \$0 |
| Service Transaction Requests (STR) Revenues | \$65 | \$1,040 | \$975 | \$1,040 | \$998 | -\$42 | \$998 | \$998 | \$0 | \$998 | \$998 | \$0 |
| Electric Services Incidental to Energy Sales | | | \$0 | \$0 | | \$0 | \$0 | | \$0 | \$0 | | \$0 |
| Rent from Electric Property | | | \$0 | \$0 | | \$0 | \$0 | | \$0 | \$0 | | \$0 |
| Other Utility Operating Income | | | \$0 | \$0 | | \$0 | \$0 | | \$0 | \$0 | | \$0 |
| Other Electric Revenues | \$109,214 | \$181,161 | \$71,947 | \$181,161 | \$202,398 | \$21,237 | \$202,398 | \$150,502 | -\$51,896 | \$150,502 | \$178,550 | \$28,048 |
| Late Payment Charges | \$42,588 | \$12,958 | -\$29,630 | \$12,958 | \$16,606 | \$3,648 | \$16,606 | \$16,606 | \$0 | \$16,606 | \$16,606 | \$0 |
| Sales of Water and Water Power | | | \$0 | \$0 | | \$0 | \$0 | | \$0 | \$0 | | \$0 |
| Miscellaneous Service Revenues | | \$53,277 | \$53,277 | \$53,277 | \$83,570 | \$30,293 | \$83,570 | \$83,570 | \$0 | \$83,570 | \$83,570 | \$0 |
| TOTAL | \$163,139 | \$268,588 | \$105,449 | \$268,588 | \$321,351 | \$52,763 | \$321,351 | \$269,455 | -\$51,896 | \$269,455 | \$297,503 | \$28,048 |

MATERIALITY ANALYSIS ON OTHER DISTRIBUTION REVENUE

For any rate base related variance exceeding the materiality threshold of 1%, a detailed explanation is required. Materiality of 1% of 2006 board approved distribution expenses of \$2,109,526 is \$21,095.

| Account | 2008 Bridge | 2009 Test | Variance | Variance % |
|------------------------|-------------|-----------|----------|------------|
| Other Electric Revenue | \$150,502 | \$178,550 | \$28,048 | 19% |

The major contributor to this variance is identified below; non-material adjustments make up the remainder of the variance between 2009 and 2008.

Interest Earned on Bank – recovery of regulatory asset balances
 Resulting in more cash in bank \$25,000

| Account | 2007 Actual | 2008 Bridge | Variance | Variance % |
|------------------------|-------------|-------------|------------|------------|
| Other Electric Revenue | \$202,398 | \$150,502 | (\$51,896) | -26% |

The major contributor to this variance is identified below; non-material adjustments make up the remainder of the variance between 2008 and 2007.

Hydro One Meter Exit Rebate (\$17,100)
 Proceeds from disposal of old transformers (11,130)

Other items:
 Discontinuance of Billing Services to the Town of Iroquois Falls (15,000)
 Effective Sept 2007 (Annually \$20,000)
 Interest Earned on Bank – lower rates (\$9,000)
 Total Identified above (\$52,230)

| Account | 2006 Actual | 2007 Actual | Variance | Variance % |
|-------------------------------|-------------|-------------|----------|------------|
| Miscellaneous Service Revenue | \$53,277 | \$83,570 | \$30,570 | 57% |

The major contributor to this variance is identified below; non-material adjustments make up the remainder of the variance between 2007 and 2006.

2007 Variance is summarized as follows:

Increase in Miscellaneous Charges as approved by the OEB in the 2006 EDR. New rates effective July 16, 2006 resulted in increased revenues for extra half year in 2007 as follows:

| | |
|-------------------------------|----------|
| Collection of Account Charges | \$17,000 |
| Account Set up Charges | 7,000 |
| Reconnection Charges | 9,000 |
| Total Identified above | \$33,000 |

| Account | 2006 Actual | 2007 Actual | Variance | Variance % |
|------------------------|-------------|-------------|----------|------------|
| Other Electric Revenue | \$181,161 | \$202,398 | \$21,237 | 12% |

The major contributor to this variance is identified below; non-material adjustments make up the remainder of the variance between 2007 and 2006

2007 Includes:

| | |
|--|----------|
| Hydro One Meter Exit Rebate (resulting from the Conversion of Wholesale Meter Points) | \$17,100 |
| Proceeds from disposal of old transformers | 11,130 |
| Other items: | |
| Regulatory Interest Improvement Revenue in 2006 – interest was Split to show as both revenues And expense in 2006. 2007 Net Interest Expense shown as expense only | (18,545) |
| Interest earned on bank – 2007 increase | 16,280 |
| Discontinuance of Billing Services to the Town of Iroquois Falls Effective Sept 2007 (Annually amounts to approximately \$20,000) | (5,000) |
| Total Identified above | \$20,965 |

RATE OF RETURN ON OTHER DISTRIBUTION ACTIVITIES

In this application Northern Ontario Wires has applied for the same Specific Service Charges schedule previously approved in the 2007 Tariffs of Rates and Charges from EB-2007-0562 Rate Order, dated April 12, 2007.

DISTRIBUTION REVENUE DATA

2006 Board Approved

| | Customers (Year-End) | Consumption (kWh / KW) | Distribution Revenues (\$) | Unit Revenues \$/kWh |
|--------------------------|-------------------------|---------------------------|----------------------------------|----------------------------|
| Residential | 5,268 | 41,449,024 | \$1,180,224 | \$0.0285 |
| GS<50 | 861 | 29,264,110 | \$399,227 | \$0.0136 |
| GS>50 to 499 kW | 55 | 173,309 | \$322,813 | \$1.8626 |
| Unmetered Scattered Load | 48 | 119,472 | \$6,185 | \$0.0518 |
| Street Lighting | 1,732 | 4,324 | \$28,254 | \$6.5338 |
| TOTAL | 7,964 | | \$1,936,703 | |

2006 Actual

| | Customers (Year-End) | Consumption (kWh / KW) | Distribution Revenues (\$) | Unit Revenues \$/kWh |
|--------------------------|-------------------------|---------------------------|----------------------------------|----------------------------|
| Residential | 5,263 | 42,481,116 | \$1,383,605.10 | \$0.0326 |
| GS<50 | 787 | 22,211,396 | \$410,442.08 | \$0.0185 |
| GS>50 to 499 kW | 70 | 175,673 | \$443,511.36 | \$2.5246 |
| Unmetered Scattered Load | 15 | 121,104 | \$284.00 | \$0.0023 |
| Street Lighting | 1,737 | 5,014 | \$34,497.82 | \$6.8803 |
| TOTAL | 7,872 | | \$2,272,340.36 | |

2007 Actual

| | Customers (Year-End) | Consumption (kWh / KW) | Distribution Revenues (\$) | Unit Revenues \$/kWh |
|--------------------------|-------------------------|---------------------------|----------------------------------|----------------------------|
| Residential | 5,249 | 43,226,412 | \$1,479,017.26 | \$0.0342 |
| GS<50 | 773 | 21,107,997 | \$416,170.44 | \$0.0197 |
| GS>50 to 499 kW | 69 | 172,737 | \$482,969.69 | \$2.7960 |
| Unmetered Scattered Load | 15 | 121,104 | \$218.16 | \$0.0018 |
| Street Lighting | 1,737 | 5,014 | \$38,183.61 | \$7.6154 |
| TOTAL | 7,843 | | \$2,416,559.15 | |

2007 Actual - Normalized

| | Customers (Year-End) | Consumption (kWh / KW) | Distribution Revenues (\$) | Normalized Consumption (kWh / KW) | Normalized Distribution Revenues (\$) | Unit Revenues \$/kWh |
|--------------------------|-------------------------|---------------------------|----------------------------------|---|--|----------------------------|
| Residential | 5,249 | 43,226,412 | 1,479,017 | 42,750,091 | \$1,491,666.75 | \$0.0349 |
| GS<50 | 773 | 21,107,997 | 416,170 | 20,875,404 | \$413,701.12 | \$0.0198 |
| GS>50 to 499 kW | 69 | 172,737 | 482,970 | 170,834 | \$523,462.65 | \$3.0642 |
| Unmetered Scattered Load | 15 | 121,104 | 218 | 121,104 | \$3,208.06 | \$0.0265 |
| Street Lighting | 1,737 | 5,014 | 38,184 | 5,014 | \$38,598.00 | \$7.6980 |
| TOTAL | 7,843 | | \$2,416,559.15 | | \$2,470,636.58 | |

2008 Bridge - Normalized - based on existing rates

| | Customers (Year-End) | Consumption (kWh / KW) | Distribution Revenues (\$) | Normalized Consumption (kWh / KW) | Normalized Distribution Revenues (\$) | |
|--------------------------|-------------------------|---------------------------|----------------------------------|---|--|----------|
| Residential | 5,210 | | | 41,240,613 | \$1,470,171.44 | \$0.0356 |
| GS<50 | 790 | | | 21,997,802 | \$425,535.68 | \$0.0193 |
| GS>50 to 499 kW | 69 | | | 173,388 | \$527,444.63 | \$3.0420 |
| Unmetered Scattered Load | 15 | | | 121,104 | \$3,208.06 | \$0.0265 |
| Street Lighting | 1,737 | | | 5,014 | \$38,598.00 | \$7.6980 |
| TOTAL | 7,821 | | \$0.00 | | \$2,464,957.82 | |

2009 Test - Normalized - based on existing rates

| | Customers (Year-End) | Consumption (kWh / KW) | Distribution Revenues (\$) | Unit Revenues \$/kWh |
|--------------------------|-------------------------|---------------------------|----------------------------------|----------------------------|
| Residential | 5,200 | 41,161,457 | \$1,464,515.53 | \$0.035580 |
| GS<50 | 785 | 21,858,575 | \$425,659.96 | \$0.019473 |
| GS>50 to 499 kW | 69 | 173,388 | \$527,444.63 | \$3.041982 |
| Unmetered Scattered Load | 15 | 121,104 | \$3,208.06 | \$0.026490 |
| Street Lighting | 1,737 | 5,014 | \$38,598.00 | \$7.698046 |
| TOTAL | 7,806 | | \$2,459,426.19 | |

2009 Test - Normalized - Applied for Rates

| | Customers (Year-End) | Consumption (kWh / KW) | Distribution Revenues (\$) | Unit Revenues \$/kWh |
|--------------------------|-------------------------|---------------------------|----------------------------------|----------------------------|
| Residential | 5,200 | 41,161,457 | \$1,827,861.76 | \$0.044407 |
| GS<50 | 785 | 21,858,575 | \$558,440.68 | \$0.025548 |
| GS>50 to 499 kW | 69 | 173,388 | \$333,591.65 | \$1.923955 |
| Unmetered Scattered Load | 15 | 121,104 | \$163,739.42 | \$1.352056 |
| Street Lighting | 1,737 | 5,014 | \$7,118.63 | \$1.419752 |
| TOTAL | 7,806 | | \$2,890,752.14 | |

DESCRIPTION OF REVENUE SHARING

Northern Ontario Wires does not participate in revenue sharing.

Ex. Tab Schedule Contents of Schedule

4 - Operating Costs

| | |
|----|---|
| 1 | Overview |
| 1 | Overview of Operating Costs |
| 2 | Summary of Operating Costs Table |
| 2 | OM&A Costs |
| 1 | OM&A Costs Table |
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| 3 | Income Tax, Large Corporation Tax |
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OVERVIEW OF OPERATING COSTS

Operating Costs

The operating costs presented in this exhibit represent the annual expenditures required to sustain Distribution Operations. The information presented in this exhibit is grouped into two different categories: Operation & Maintenance and Other Costs which include items such as Administration & General, Sales Promotion & Customer Accounting, Depreciation, Amortization and Depletion and Loss Adjustment Factor.

The second category includes Income Tax, Large Corporation Tax and Ontario Capital Taxes. Exhibit 4, Tab 1, Schedule 2 provides a summary of The Applicant's Operating Costs for the historical, bridge and test years.

OM&A Costs

The OM&A costs in this exhibit represents NOW's integrated set of asset maintenance and customer activity needs to meet public and employee safety objectives; to comply with the Distribution System Code, environmental requirements and Government direction; and to maintain distribution business service quality and reliability at targeted performance levels. These costs also include providing services to customers connected to the Applicant's Distribution system, and to meet the service levels stipulated in the Standard Supply Service Code and the Retailer Settlement Codes.

The proposed OM&A cost expenditures for the 2009 test year result from a rigorous business planning and work prioritization process that reflects risk-based decision making to ensure that the most appropriate, cost effective solutions are put in place.

OM&A expenditures summary table below:

| | 2006 Approved | 2006 Actual | 2007 Actual | 2008 Bridge | 2009 Test |
|----------------------|----------------------|---------------------|---------------------|---------------------|---------------------|
| OM&A Expenses | \$2,029,551 | \$1,906,576 | \$2,137,464 | \$2,322,354 | \$2,311,307 |
| Amortization | \$331,372 | \$317,223 | \$299,135 | \$363,270 | \$404,740 |
| PILS | \$59,376 | \$57,472 | \$52,137 | \$53,924 | \$60,503 |
| Total | \$2,420,299 | \$2,281,271 | \$2,488,736 | \$2,739,548 | \$2,776,551 |
| COP | \$9,054,076 | \$10,526,786 | \$9,985,052 | \$9,271,848 | \$9,257,044 |
| Including COP | \$11,474,375 | \$12,808,057 | \$12,473,787 | \$12,011,396 | \$12,033,595 |

SUMMARY OF OPERATING COSTS TABLE

| SUMMARY OF OPERATING COSTS | 2006 Board Approved | 2006 Actual | 2007 Actual | 2008 Bridge | 2009 Test |
|-------------------------------------|----------------------------|---------------------|---------------------|---------------------|---------------------|
| OM&A expenses | | | | | |
| Operation (Working Capital) | \$283,318 | \$294,145 | \$330,293 | \$501,464 | \$454,973 |
| Maintenance (Working Capital) | \$97,013 | \$190,979 | \$210,169 | \$178,672 | \$184,032 |
| Billing and Collections | \$614,895 | \$513,423 | \$593,010 | \$731,823 | \$757,744 |
| Community Relations | \$0 | \$20,250 | \$7,261 | \$1,545 | \$1,591 |
| Administrative and General Expenses | \$1,034,325 | \$887,779 | \$996,731 | \$908,850 | \$912,967 |
| Amortization Expenses | \$331,372 | \$317,223 | \$299,135 | \$363,270 | \$404,740 |
| Cost of Power | \$9,054,076 | \$10,526,786 | \$9,985,052 | \$9,271,848 | \$9,257,044 |
| Other Operating Costs | \$0 | \$0 | \$0 | \$0 | \$0 |
| LCT,OCT and Income Taxes | \$59,376 | \$57,472 | \$52,137 | \$53,924 | \$60,503 |
| Total Operating Costs | \$11,474,375 | \$12,808,057 | \$12,473,787 | \$12,011,396 | \$12,033,595 |

OM&A COSTS TABLE

| OM&A COSTS | 2006 Board Approved | 2006 Actual | Variance form Board Approved | 2006 Actual | 2007 Actual | Variance form 2006 Actual | 2007 Actual | 2008 Bridge | Variance form 2007 Actual | 2008 Bridge | 2009 Test | Variance form 2008 Bridge |
|---|---------------------|---------------------|------------------------------|---------------------|---------------------|---------------------------|---------------------|---------------------|---------------------------|---------------------|---------------------|---------------------------|
| Operation (Working Capital) | | | | | | | | | | | | |
| 5005-Operation Supervision and Engineering | \$14,870.06 | \$5,000.00 | -\$9,870.06 | \$5,000.00 | \$5,000.00 | \$0.00 | \$5,000.00 | \$91,670.00 | \$86,670.00 | \$91,670.00 | \$95,920.10 | \$4,250.10 |
| 5010-Load Dispatching | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| 5012-Station Buildings and Fixtures Expense | \$355.00 | \$2,202.88 | \$1,847.88 | \$2,202.88 | \$76.88 | -\$2,126.02 | \$76.88 | \$3,971.68 | \$3,894.82 | \$3,971.68 | \$4,090.83 | \$119.15 |
| 5014-Transformer Station Equipment - Operation Labour | \$150.43 | \$210.34 | \$59.91 | \$210.34 | \$0.00 | -\$210.34 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| 5015-Transformer Station Equipment - Operation Supplies and Expenses | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| 5016-Distribution Station Equipment - Operation Labour | \$828.77 | \$3,175.04 | \$2,346.27 | \$3,175.04 | \$7,735.02 | \$4,559.98 | \$7,735.02 | \$4,075.41 | -\$3,659.61 | \$4,075.41 | \$4,197.67 | \$122.26 |
| 5017-Distribution Station Equipment - Operation Supplies and Expenses | \$15,289.46 | \$11,165.52 | -\$4,123.94 | \$11,165.52 | \$8,000.04 | -\$3,165.48 | \$8,000.04 | \$13,240.00 | \$5,239.96 | \$13,240.00 | \$8,637.20 | -\$4,602.80 |
| 5020-Overhead Distribution Lines and Feeders - Operation Labour | \$5,086.24 | \$27,244.10 | \$22,157.86 | \$27,244.10 | \$31,221.30 | \$3,977.20 | \$31,221.30 | \$44,158.04 | \$12,936.74 | \$44,158.04 | \$45,482.78 | \$1,324.74 |
| 5025-Miscellaneous Distribution Lines & Feeders - Operation Supplies and Expenses | \$5,039.33 | \$1,691.57 | -\$3,347.76 | \$1,691.57 | \$1,927.35 | -\$325.78 | \$1,927.35 | \$11,985.84 | \$10,058.49 | \$11,985.84 | \$12,345.42 | \$359.58 |
| 5030-Overhead Subtransmission Feeders - Operation | \$2,535.63 | \$22,871.75 | \$20,336.12 | \$22,871.75 | \$8,079.19 | -\$14,792.56 | \$8,079.19 | \$8,322.40 | \$243.21 | \$8,322.40 | \$8,572.07 | \$249.67 |
| 5035-Overhead Distribution Transformers- Operation | \$0.00 | \$1,607.57 | \$1,607.57 | \$1,607.57 | \$0.00 | -\$1,607.57 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| 5040-Underground Distribution Lines and Feeders - Operation Labour | \$409.87 | \$1,927.36 | \$1,517.49 | \$1,927.36 | -\$258.12 | -\$2,185.48 | -\$258.12 | \$0.00 | \$258.12 | \$0.00 | \$0.00 | \$0.00 |
| 5045-Underground Distribution Lines & Feeders - Operation Supplies & Expenses | \$273.39 | \$799.95 | \$526.56 | \$799.95 | \$7,713.27 | \$6,913.32 | \$7,713.27 | \$7,677.62 | -\$35.65 | \$7,677.62 | \$7,907.95 | \$230.33 |
| 5050-Underground Subtransmission Feeders - Operation | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$87.63 | \$87.63 | \$87.63 | \$90.64 | \$3.01 | \$90.64 | \$93.36 | \$2.72 |
| 5055-Underground Distribution Transformers - Operation | \$4,808.33 | \$1,101.28 | -\$3,707.05 | \$1,101.28 | \$773.40 | -\$327.98 | \$773.40 | \$796.19 | \$22.79 | \$796.19 | \$820.08 | \$23.89 |
| 5060-Street Lighting and Signal System Expense | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| 5065-Meter Expense | \$101,067.84 | \$68,477.06 | -\$32,590.78 | \$68,477.06 | \$76,883.76 | \$8,406.70 | \$76,883.76 | \$98,689.95 | \$21,806.19 | \$98,689.95 | \$101,650.65 | \$2,960.70 |
| 5070-Customer Premises - Operation Labour | \$12,281.24 | \$16,921.12 | \$4,639.88 | \$16,921.12 | \$23,134.73 | \$6,213.61 | \$23,134.73 | \$33,006.35 | \$9,871.62 | \$33,006.35 | \$33,996.54 | \$990.19 |
| 5075-Customer Premises - Materials and Expenses | \$11,940.08 | \$11,190.73 | -\$749.35 | \$11,190.73 | \$31,604.08 | \$20,413.35 | \$31,604.08 | \$23,374.82 | -\$8,229.26 | \$23,374.82 | \$24,076.06 | \$701.24 |
| 5085-Miscellaneous Distribution Expense | \$93,948.21 | \$72,812.16 | -\$21,136.05 | \$72,812.16 | \$93,272.36 | \$2,660.20 | \$93,272.36 | \$112,983.69 | \$19,711.33 | \$112,983.69 | \$89,148.20 | -\$23,835.49 |
| 5090-Underground Distribution Lines and Feeders - Rental Paid | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| 5095-Overhead Distribution Lines and Feeders - Rental Paid | \$0.00 | \$13,106.33 | \$13,106.33 | \$13,106.33 | \$33,477.17 | \$20,370.85 | \$33,477.17 | \$45,809.00 | \$12,331.83 | \$45,809.00 | \$16,374.00 | -\$29,435.00 |
| 5096-Other Rent | \$14,633.74 | \$32,640.00 | \$18,006.26 | \$32,640.00 | \$1,565.00 | -\$31,075.00 | \$1,565.00 | \$1,611.95 | \$46.95 | \$1,611.95 | \$1,660.31 | \$48.36 |
| Sub-Total | \$283,317.62 | \$294,144.75 | \$10,827.13 | \$294,144.75 | \$330,293.04 | \$36,148.29 | \$330,293.04 | \$501,463.58 | \$171,170.54 | \$501,463.58 | \$454,973.22 | -\$46,490.36 |
| Maintenance (Working Capital) | | | | | | | | | | | | |
| 5105-Maintenance Supervision and Engineering | \$0.00 | \$163.59 | \$163.59 | \$163.59 | \$3,835.38 | \$3,671.79 | \$3,835.38 | \$3,950.05 | \$114.67 | \$3,950.05 | \$4,068.55 | \$118.50 |
| 5110-Maintenance of Buildings and Fixtures - Distribution Stations | \$1,555.26 | \$849.95 | -\$705.31 | \$849.95 | \$40,655.70 | \$39,805.75 | \$40,655.70 | \$1,448.18 | -\$39,207.52 | \$1,448.18 | \$1,491.63 | \$43.45 |
| 5112-Maintenance of Transformer Station Equipment | \$2,278.51 | \$13,499.27 | \$11,220.76 | \$13,499.27 | \$2,307.09 | -\$11,192.18 | \$2,307.09 | \$2,376.21 | \$69.12 | \$2,376.21 | \$2,447.50 | \$71.29 |
| 5114-Maintenance of Distribution Station Equipment | \$14,045.51 | \$24,414.30 | \$10,368.79 | \$24,414.30 | \$14,010.28 | -\$10,404.02 | \$14,010.28 | \$14,430.30 | \$420.02 | \$14,430.30 | \$14,863.21 | \$432.91 |
| 5120-Maintenance of Poles, Towers and Fixtures | \$11,348.19 | \$9,630.70 | -\$1,717.49 | \$9,630.70 | \$12,315.52 | \$2,684.82 | \$12,315.52 | \$12,684.45 | \$368.93 | \$12,684.45 | \$13,064.96 | \$380.53 |
| 5125-Maintenance of Overhead Conductors and Devices | \$12,100.86 | \$29,936.79 | \$17,835.93 | \$29,936.79 | \$37,173.66 | \$7,236.87 | \$37,173.66 | \$38,288.19 | \$1,114.53 | \$38,288.19 | \$39,436.84 | \$1,148.65 |
| 5130-Maintenance of Overhead Services | \$12,219.02 | \$14,665.28 | \$2,446.26 | \$14,665.28 | \$12,113.02 | -\$2,552.26 | \$12,113.02 | \$12,477.42 | \$364.40 | \$12,477.42 | \$12,851.74 | \$374.32 |
| 5135-Overhead Distribution Lines and Feeders - Right of Way | \$16,149.72 | \$40,878.58 | \$24,728.86 | \$40,878.58 | \$39,294.54 | -\$1,584.04 | \$39,294.54 | \$40,473.85 | \$1,179.31 | \$40,473.85 | \$41,688.07 | \$1,214.22 |
| 5145-Maintenance of Underground Conduit | \$277.46 | \$410.33 | \$132.87 | \$410.33 | \$367.67 | -\$42.66 | \$367.67 | \$379.04 | \$11.37 | \$379.04 | \$390.41 | \$11.37 |
| 5150-Maintenance of Underground Conductors and Devices | \$5,329.82 | \$16,082.36 | \$10,752.54 | \$16,082.36 | \$18,040.11 | \$1,957.75 | \$18,040.11 | \$18,581.20 | \$541.09 | \$18,581.20 | \$19,138.64 | \$557.44 |
| 5155-Maintenance of Underground Services | \$7,956.48 | \$13,101.18 | \$5,144.70 | \$13,101.18 | \$19,505.37 | \$6,404.19 | \$19,505.37 | \$20,091.18 | \$585.81 | \$20,091.18 | \$20,693.92 | \$602.74 |
| 5160-Maintenance of Line Transformers | \$7,697.03 | \$25,405.58 | \$17,708.55 | \$25,405.58 | \$10,550.61 | -\$14,854.97 | \$10,550.61 | \$10,867.53 | \$316.92 | \$10,867.53 | \$11,193.56 | \$326.03 |
| 5165-Maintenance of Street Lighting and Signal Systems | \$0.00 | \$293.07 | \$293.07 | \$293.07 | \$0.00 | -\$293.07 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| 5170-Sentinel Lights - Labour | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| 5172-Sentinel Lights - Materials and Expenses | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| 5175-Maintenance of Meters | \$364.59 | \$0.00 | -\$364.59 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| 5178-Customer Installations Expenses- Leased Property | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| 5185-Water Heater Rentals - Labour | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| 5186-Water Heater Rentals - Materials and Expenses | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| 5190-Water Heater Controls - Labour | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| 5192-Water Heater Controls - Materials and Expenses | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| 5195-Maintenance of Other Installations on Customer Premises | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| 6105-Taxes other than Income Taxes | \$5,690.83 | \$1,647.98 | -\$4,042.85 | \$1,647.98 | \$0.00 | -\$1,647.98 | \$0.00 | \$2,624.44 | \$2,624.44 | \$2,624.44 | \$2,703.17 | \$78.73 |
| Sub-Total | \$97,013.28 | \$190,978.96 | \$93,965.68 | \$190,978.96 | \$210,168.95 | \$19,189.99 | \$210,168.95 | \$178,672.04 | -\$31,496.91 | \$178,672.04 | \$184,032.20 | \$5,360.16 |
| Billing and Collections | | | | | | | | | | | | |
| 5305-Supervision | \$2,624.12 | \$3,644.25 | \$1,020.13 | \$3,644.25 | \$3,648.53 | \$4.28 | \$3,648.53 | \$74,828.47 | \$71,179.94 | \$74,828.47 | \$77,073.32 | \$2,244.85 |
| 5310-Meter Reading Expense | \$250,946.97 | \$224,785.90 | -\$26,161.07 | \$224,785.90 | \$251,756.40 | \$26,970.50 | \$251,756.40 | \$259,322.07 | \$7,565.67 | \$259,322.07 | \$267,101.73 | \$7,779.66 |
| 5315-Customer Billing | \$224,111.96 | \$192,491.71 | -\$31,620.25 | \$192,491.71 | \$217,610.71 | \$25,119.00 | \$217,610.71 | \$274,078.98 | \$56,468.27 | \$274,078.98 | \$286,267.20 | \$12,188.22 |
| 5320-Collecting | \$83,471.31 | \$81,520.92 | -\$1,950.39 | \$81,520.92 | \$85,706.15 | \$4,185.23 | \$85,706.15 | \$93,178.95 | \$7,472.80 | \$93,178.95 | \$95,974.32 | \$2,795.37 |
| 5325-Collecting- Cash Over and Short | \$140.41 | \$0.00 | -\$140.41 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| 5330-Collection Charges | \$2,220.35 | \$2,492.43 | \$272.08 | \$2,492.43 | \$4,758.55 | \$2,266.12 | \$4,758.55 | \$0.00 | -\$4,758.55 | \$0.00 | \$0.00 | \$0.00 |
| 5335-Bad Debt Expense | \$48,755.28 | \$4,843.85 | -\$43,911.43 | \$4,843.85 | \$25,881.33 | \$21,037.48 | \$25,881.33 | \$26,657.43 | \$776.10 | \$26,657.43 | \$27,457.15 | \$799.72 |
| 5340-Miscellaneous Customer Accounts Expenses | \$2,624.12 | \$3,644.25 | \$1,020.13 | \$3,644.25 | \$3,648.49 | \$4.24 | \$3,648.49 | \$3,757.44 | \$108.95 | \$3,757.44 | \$3,870.16 | \$112.72 |
| Sub-Total | \$614,894.52 | \$513,423.31 | -\$101,471.21 | \$513,423.31 | \$593,010.16 | \$79,586.85 | \$593,010.16 | \$731,823.34 | \$138,813.18 | \$731,823.34 | \$757,743.89 | \$25,920.55 |

VARIANCE ANALYSIS ON OM&A COSTS

A summary of operating and maintenance costs is presented in Exhibit 4, Tab 1, Schedule 2. All impacts will use the table from Exhibit 4, Tab 1, Schedule 1, Page 1 costs excluding COP costs.

2009 Test year

Comparison to Fiscal 2008 Bridge Year

Total net Operation & Maintenance costs are forecast to increase \$35,116 or 1.3%. OM&A costs actually are reduced; however, the PILS and amortization costs have increased.

2008 Bridge Year

Comparison to Fiscal 2007 Actual

Total net Operation & Maintenance costs are forecast to increase \$252,699 or 10.2%. Amortization represents approximately \$65,000, PILS represents approximately \$1,000 and OM&A represents approximately \$185,000. A portion of this increase relates to non-recurring items that have been removed from the 2009 budget numbers included in this application. A summary of the total non-recurring items (totaling \$61,332) OM&A at \$47,332, Billing & Collecting at \$4,000 and Admin at \$10,000. There was a reallocation to billing and collecting costs from A&G expenses. The materiality section will provide more detail on the reason for the increases.

2007 Actual

Comparison to Fiscal 2006 Actual

Total net Operation & Maintenance costs increased \$207,465 or 9.1%. The majority of the impact is from an increase to billing and collecting and A&G expenses, more detail to be provided in materiality section below.

2006 Actual

Comparison to 2006 Approved

Total net Operation & Maintenance costs decreased \$1139,028. The majority of this reduction is in the Billing & Collecting section of OM&A costs. Details to be provided in materiality section to follow.

MATERIALITY ANALYSIS ON OM&A COSTS

For any OM&A costs variance exceeding the materiality threshold of 1%, a detailed explanation is required. Materiality of 1% of 2006 board approved distribution expenses of \$2,109,526 is \$21,095.

2009 Test Year to 2008 Bridge Year

| Account | 2008 Bridge | 2009 Test | Variance | Variance % |
|------------------------|--------------------|------------------|-----------------|-------------------|
| Billing and Collecting | \$731,823 | \$757,744 | 25,921 | 3.5% |

| Summary of significant items that explain variance | 2009 Test Year Impact |
|--|------------------------------|
| Extra Billing Clerk to assist during 3 month conversion from old billing system to new billing system – Scheduled for Jan-March 2009 | \$10,500 |
| Billing System Annual Support Costs to decrease with new billing system | (4,000) |
| Total Identified above | \$6,500 |
| <i>Balance to variance essentially represents projected inflationary adjustment of 3% to all accounts</i> | |

2008 Bridge Year to 2007 Actual

Re-Coding of Salaries and benefits to improve tracking of costs with USOA accounts:

| Account Type | Increase (Decrease) due to change in coding | Account with Decrease | |
|---|--|-----------------------|--|
| 5005 – Operations Supervision and Engineering | \$84,000 | From 5615 | |
| 5305 – Billing and Collections Supervision | \$69,000 | From 5610 | |
| 5605 – Administrative Executive Salaries and Expenses | \$72,000 | From 5610 | |
| 5610 – Management Salaries and Expense | (\$156,000) | To 5305 and 5605 | |
| 5615 – General Admin Salaries and Expenses | (\$69,000) | To 5305 | |
| Net | 0 | | |

Accounts that show extreme variances as a result of this re-coding of salaries and benefits are as follows:

| Account | 2007 Actual Before recoding | 2008 Bridge | Variance | 2007 Actual after re-coding | Adjusted Variance |
|---|-----------------------------|-------------|-------------|-----------------------------|-------------------|
| 5005 – Operations Supervision and Engineering | \$5,000 | \$91,670 | \$86,870 | \$89,000 | \$2,670 |
| 5305 – Billing and Collections Supervision | \$3,648 | \$74,828 | \$71,179 | \$72,648 | \$2,180 |
| 5605 – Administrative Executive Salaries and Expenses | \$46,187 | \$132,222 | \$86,035 | \$118,187 | \$14,035 |
| 5610 – Management Salaries and Expense | \$239,474 | \$115,967 | (\$123,507) | \$83,474 | \$32,943 |
| 5615 – General Admin Salaries and Expenses | \$141,874 | \$81,426 | (\$60,448) | \$72,874 | \$8,552 |

| Account | 2007 Actual | 2008 Bridge | Variance | Variance % |
|--------------|-------------|-------------|------------------|------------|
| Operation | \$330,293 | \$501,464 | \$171,171 | 51.8% |
| Maintenance | \$210,169 | \$178,672 | \$-31,496 | -15.0% |
| TOTAL | | | \$139,674 | |

| | Summary of significant items that explain variance | 2008 Bridge Year Impact | | Summary of Non-Recurring |
|----|--|-------------------------|-----------------|--------------------------|
| 1. | Lineman on sick leave in 2007 – added salaries and benefits back to 2008 | \$38,500 | | |
| 2. | Arc Flash Clothing as required by ESA | 10,000 | Non-recurring | 10,000 |
| 3. | Engineering Study for Fuse Coordination Arc Flash (ESA requirement) | 15,000 | Non-recurring | 15,000 |
| 4. | Additional Tree Trimming Costs – Kapuskasing | \$10,000 | ½ nonrecurring | 5,000 |
| 5 | Pole Rental – True Up for use of poles for 2001 to 2007, was not included in previous applications – being paid in 2008 | \$12,332 | Non-recurring | 12,332 |
| 6 | 2007 CDM costs – remove | (50,000) | | |
| | Additional Fence and Driveway Repairs – Kapuskasing | 10,000 | ½ non-recurring | 5,000 |
| | Increased Meter Testing Costs – 2007 Unusually low | 5,000 | | |
| | Recoding of Salaries between accounts as per above | 84,000 | | |
| | Credit for Overpayment of Benefits over 3 year period is included in 2007 expenses – add back in 2008 | <u>12,000</u> | | |
| | Total Identified above | \$146,832 | | \$47,332 |
| | <i>Balance to variance essentially represents projected inflationary adjustment of 3% to all accounts and a few smaller adjustment</i> | | | |

| Account | 2007 Actual | 2008 Bridge | Variance | Variance % |
|------------------------|-------------|-------------|-----------|------------|
| Billing and Collecting | \$593,010 | \$731,823 | \$138,813 | 23.4% |

| Summary of significant items that explain variance | 2008 Bridge Year Impact | | Summary of Non-Recurring |
|--|-------------------------|---------------|--------------------------|
| | | | |
| Recoding of Salaries between accounts as per above | 69,000 | | |
| Re-Categorization of A/C#5620-0003 Business Information Systems Expense account from ADMIN to BILLING AND COLLECTING | 44,633 | | |
| Increase in Customer Billing System Annual Support Fees – no alternative | <u>4,000</u> | Non-recurring | 4,000 |
| Total Identified above | \$117,633 | | 4,000 |
| <i>Balance to variance essentially represents projected inflationary adjustment of 3% to all accounts</i> | | | |

| Account | 2007 Actual | 2008 Bridge | Variance | Variance % |
|-------------------------------------|-------------|-------------|-----------|------------|
| Administration and General Expenses | \$996,731 | 908,849.84 | -\$87,881 | -8.9% |

| Summary of significant items that explain variance | 2008 Bridge Year Impact | Summary of Non-Recurring |
|--|-------------------------|--------------------------|
| 1 Recoding of Salaries between accounts as per above | (\$153,000) | |
| 2 Re-Categorization of A/C#5620-0003 Business Information Systems Expense account from ADMIN to BILLING AND COLLECTING | (44,633) | |
| 3 Increase in Travel Costs – 2007 Well Under budget and what is normally required. | 20,406 | |
| 4 Contract Negotiations – Outside Resources to aid in negotiations | \$10,000 | 10,000 |
| 5 Management Salary Increases – return of permanent CFO and increased projected time on NOW Inc business of shared staff | \$30,000 | |
| 6 Regulatory Interest Improvement Charges – ON RSVA’s, etc | 32,000 | |
| Total Identified above | (\$105,227) | 10,000 |
| <i>Balance to variance essentially represents projected inflationary adjustment of 3% to all accounts as well as a few smaller adjustments</i> | | |

3. Increase in Travel Costs – 2007 Actual Travel Costs were significantly lower than the previous year and a typical year. Various circumstances prevented some planned training from occurring, such as the absence of one of our seven linemen for the better part of 2007 as well as other personnel issues. This adjustment essentially maintains the travel budget at a level that ensures adequate opportunity to provide the necessary training to our employees.
4. Contract Negotiations – Current Contract expires June 30, 2008. We have included \$10,000 for assistance in the negotiations of this contract.
5. Management Salary Increase – This adjustment is to reflect the return of our permanent full time Chief Financial Officer who was off on maternity for part of 2006 and 2007. The adjustment reflects a higher salary and full time benefits not applicable to her replacement in 2006 and 2007. The Management Salary Increase adjustment also reflects an increase in projected time to be spent by an administrative assistant who provides service to NOW Inc and its affiliate Cochrane Telecom Services
6. Regulatory Interest Improvement Charges – Recovery of Regulatory Assets in 2007 and 2008 as approved per 2006 EDR results in net overall large credit balance in variance accounts.

2007 Actual to 2006 Actual to 2006 Approved

A large part of the variances reported on major expense groupings was due to a change in accounting practice regarding allocation of clearing accounts. For 2007 we included depreciation expense (vehicles and service centre) insurance (vehicles and service centre) and service centre rent in the accounts to be cleared to the primary USOA O&M & B&C accounts. Accordingly 2007 Depreciation Expense reported is lower as is Administration, which is where the insurance and rents were historically reported. Operations and Maintenance as well as Billing and Collecting costs are correspondingly higher due to the increase in costs being included in the allocation This is particularly evident in the increase in Billing and Collecting whereby rolling stock has a significant allocation to meter reading A/C#5310 which is included in Billing and Collecting.

5305 Customer Billing - shows a significant increase from 2006 to 2007. This is a result of a credit for postage costs that went through in 2006 resulting in 2007 appearing much higher when in fact 2006 was lower than normal.

5335 Bad Debt Expense – The variance in this account is a result of the collection of some customer accounts in 2006 that had been previously included in provision for bad debts. Accordingly 2006 was much lower than normal. The five year history of bad debt expense is as follows and suggests an average of \$21,650.

| | | |
|---------------|------------------|-------------------------|
| 2003 | \$52,277 | |
| 2004 | 48,755 | |
| 2005 | (13,814) | |
| 2006 | 4,845 | |
| 2007 | <u>25,881</u> | |
| TOTAL 5 YEARS | <u>\$108,254</u> | = average \$21,650/year |

5415 Energy Conservation - These cost are CDM related (Third Tranche of MARR spending requirements). Variance based on timing of projects.

5680 Electrical Safety Authority Fees – Decrease from 2006 to 2007 was a result of a credit being put thought this account in 2007 as deemed necessary in the balancing of the prepaid expenses account.

Operations and Maintenance – 1 lineman was off for 7 months in 2007 – Sick leave paid by the affiliate employer. Therefore lower 2007 costs as a result approximately \$38,000.

SHARED SERVICES

NOW Inc. has a Services Agreement with its Affiliate – Cochrane Telecom Services. Cochrane Telecom Services is 100% owned by the Town of Cochrane. For the years 2000 to 2006 NOW Inc. did not have any employees. The labour necessary to operate NOW Inc was provided by Cochrane Telecom Services. Effective January 1, 2007 NOW Inc. moved its five management positions from the Cochrane Telecom Services to NOW Inc.. The remainder of the labour requirements of NOW Inc. continue to be provided through Cochrane Telecom Services.

Charges between affiliates are reviewed annually. The allocation percentages for various types of services is based on the amount of resources (e.g. internal time spent or estimated use of other resources) used by affiliates. The charges are paid at a minimum on a monthly basis or more frequently as costs are incurred.

| | 2006 Actual | 2007 Actual | 2008 Bridge | 2009 Test |
|--|--------------------|--------------------|--------------------|------------------|
| Charges (costs) from affiliate (Cochrane Telecom Services) | \$1,224,616 | \$928,713 | \$956,574 | \$985,271 |

CORPORATE COST ALLOCATION

As all management services and operational requirements are contained directly within the LDC, there are not corporate cost allocations in NOWs budget documents utilized within this application.

PURCHASE OF SERVICES

| Vendor | Services | Reason | 2006 Actual | 2007 Actual | 2008 Bridge | 2009 Test |
|--|--|---------------------------|--------------------|--------------------|--------------------|------------------|
| Collins Barrow | Audit | Required – Cost Approach | \$22,136 | \$33,630 | \$22,639 | \$22,639 |
| RDI Consulting | Regulatory, Rates, Financial Consulting, Cost Allocation Study | Expertise – Cost Approach | \$24,000 | \$24,000 | \$24,000 | \$24,000 |
| Advanced Utility Systems 2009 = Harris | Customer Billing System Software Support | Required | \$37,223 | \$42,362 | \$46,180 | \$37,000 |
| Miller Thompson | Legal | Expertise | \$11,589 | \$9,852 | \$9,852 | \$10,000 |
| Electricity District Association | Membership Fees | Expertise | \$11,550 | \$11,890 | \$12,500 | \$12,875 |
| Electrical Safety Authority | Membership Fees | Expertise | \$3,359 | \$3,349 | \$3,408 | \$3,510 |
| MEARIE | General Liability Ins | Required-Cost Approach | \$14,876 | \$17,230 | \$16,508 | \$17,003 |
| MEARIE | Vehicle Insurance | Required-Cost Approach | \$8,760 | \$8,760 | \$11,065 | \$11,397 |
| Delaplante Insurance | Property Insurance | Required-Cost Approach | \$14,783 | \$15,500 | \$15,669 | \$16,139 |
| Utility Standards Forum | Annual Membership | Expertise | - | \$5,000 | \$6,300 | \$6,489 |
| Utilismart | Settlement Manager | Required-Cost Approach | \$33,000 | \$33,000 | \$33,990 | \$35,010 |
| MEARIE Actuarial Services | Actuarial | Required-Cost Approach | \$1,000 | \$1,000 | \$1,000 | \$1,000 |
| Mike Millman | Contract Negotiations | Expertise | - | \$10,000 | - | - |
| To be determined | Tree Trimming | Cost based | | | \$10,000 | \$5,000 |
| Prairie West Technical Services | Arc Flash Study | Required-Cost Approach | - | - | \$15,000 | - |
| Hydro One | Load Profile for Cost Allocation Study | Required-Cost Approach | \$4,500 | - | - | - |
| OTHER INFO: | | | | | | |
| SMART METER – Not Included in OM&A | Util-Assist – Smart Meter Consulting Services | Expertise | - | \$9,788 | | |
| Affiliate | See Shared Services section | | | | | |

EMPLOYEE DESCRIPTION

Number of employees (Full-time equivalents (FTE's):

NOW Inc Employees

| | 2006 Actual | 2007 Actual | 2008 Bridge | 2009 Test |
|-----------------|--------------------|--------------------|--------------------|------------------|
| Executive (CEO) | 0 | .5 | .6 | .6 |
| Management | 0 | 3 | 3 | 3 |
| Non-Unionized | 0 | .5 | .6 | .6 |
| Unionized | 0 | 0 | 0 | 0 |
| TOTAL | 0 | 4.0 | 4.2 | 4.2 |

Affiliates (Cochrane Telecom Services Employees)

| | 2006 Actual | 2007 Actual | 2008 Bridge | 2009 Test |
|-----------------|--------------------|--------------------|--------------------|------------------|
| Executive (CEO) | .5 | 0 | 0 | 0 |
| Management | 3 | 0 | 0 | 0 |
| Non-Unionized | .5 | 0 | 0 | 0 |
| Unionized | 12. | 12 | 12 | 12.3 |
| TOTAL | 16 | 12 | 12 | 12.3 |

2007 Actual to 2008 Bridge – Change of .2 due to projected increase in time spent on NOW Inc. activities by shared employees

2008 Bridge to 2009 Test – Increase of .3 due to projected extra help required during conversion to new billing system in early 2009

Compensation Expense (Salaries and Benefits)

| | 2006 Actual | 2007 Actual | 2008 Bridge | 2009 Test |
|--|--------------------|--------------------|--------------------|--------------------|
| NOW Inc Employees – (all management and non-union) | 0 | \$278,011 | \$322,351 | \$322,021 |
| Affiliate Employees | \$991,814 | 747,450 | 823,137 | 869,607 |
| TOTAL | \$991,814 | \$1,025,461 | \$1,145,488 | \$1,191,628 |

Employee Incentive (Bonus) Expense

NOW Inc does not currently have an incentive plan.

Pension Benefits

NOW Inc and its employees contribute to the Ontario Municipal Employees Retirement Service (OMERS), a defined benefit pension plan. NOW Inc. is only liable for contributions and so recognizes the expense related to this plan as contributions owing.

Post Retirement Benefits

Employee future benefits expense is recognized in the period in which the employees render services. The benefit is recorded on an accrual basis. Actuarial studies are performed on a regular basis to determine the cost of post employment benefits offered to employees and retirees.

DEPRECIATION, AMORTIZATION AND DEPLETION

| DEPRECIATION, AMORTIZATION AND DEPLETION | 2006 Board Approved (\$'s) | Depreciation Rate | Depreciation | 2006 Actual (\$'s) | Rate % | Depreciation (\$'s) | 2007 Actual (\$'s) | Rate % | Depreciation (\$'s) | 2008 Bridge (\$'s) | Rate % | Depreciation (\$'s) | 2009 Test (\$'s) | Rate % | Depreciation (\$'s) |
|--|----------------------------------|----------------------|---------------------|-----------------------|-----------|------------------------|-----------------------|-----------|------------------------|-----------------------|-----------|------------------------|-----------------------|-----------|------------------------|
| Land and Buildings | \$85,065.33 | 2.00% | \$7,672.56 | \$89,984.18 | 2.00% | \$7,636.98 | \$119,083.00 | 2.00% | \$5,187.71 | \$121,083.00 | 2.00% | \$5,789.55 | \$328,083.00 | 2.00% | \$9,133.12 |
| TS Primary Above 50 | \$3,644.42 | 3.33% | \$122.05 | \$3,644.42 | 3.33% | \$121.48 | \$3,644.42 | 3.33% | \$121.48 | \$3,644.42 | 3.33% | \$121.48 | \$3,644.42 | 3.33% | \$121.48 |
| DS | \$362,153.02 | 3.30% | \$17,507.73 | \$461,367.68 | 3.30% | \$17,426.53 | \$500,714.68 | 3.30% | \$17,462.86 | \$558,714.68 | 3.30% | \$17,462.86 | \$568,714.68 | 3.30% | \$17,462.86 |
| Poles and Wires | \$3,314,007.76 | 4.00% | \$197,148.60 | \$3,425,564.89 | 4.00% | \$196,234.27 | \$3,503,791.54 | 4.00% | \$191,607.44 | \$3,555,291.54 | 4.00% | \$191,348.49 | \$3,635,291.54 | 4.00% | \$197,814.49 |
| Line Transformers | \$477,952.39 | 4.00% | \$28,718.28 | \$486,672.79 | 4.00% | \$28,585.09 | \$500,568.41 | 4.00% | \$28,953.84 | \$519,068.41 | 4.00% | \$29,231.76 | \$539,068.41 | 4.00% | \$29,231.76 |
| Services and Meters | \$663,028.77 | 4.00% | \$32,379.61 | \$696,370.55 | 4.00% | \$32,229.44 | \$704,465.37 | 4.00% | \$32,359.86 | \$714,465.37 | 4.00% | \$32,490.28 | \$724,465.37 | 4.00% | \$32,490.28 |
| General Plant | \$0.00 | 4.00% | \$0.00 | \$0.00 | 4.00% | \$0.00 | \$0.00 | 4.00% | \$0.00 | \$0.00 | 4.00% | \$0.00 | \$0.00 | 4.00% | \$0.00 |
| IT Assets | \$121,406.07 | 20.00% | \$16,817.39 | \$167,139.75 | 20.00% | \$16,739.40 | \$167,139.75 | 20.00% | \$16,749.20 | \$351,804.75 | 20.00% | \$23,613.92 | \$370,804.75 | 20.00% | \$39,264.21 |
| Equipment | \$243,292.07 | 10.00% | \$31,005.52 | \$347,238.63 | 10.00% | \$30,861.72 | \$582,850.95 | 10.00% | \$44,773.98 | \$873,436.36 | 10.00% | \$63,211.88 | \$918,436.36 | 10.00% | \$79,222.25 |
| Other Distribution Assets | \$0.00 | 4.00% | \$0.00 | \$0.00 | 4.00% | \$0.00 | \$0.00 | 4.00% | \$0.00 | \$0.00 | 4.00% | \$0.00 | \$0.00 | 4.00% | \$0.00 |
| GROSS ASSET TOTAL | \$5,270,549.82 | | \$331,371.73 | \$5,677,982.89 | | \$329,834.91 | \$6,082,258.12 | | \$337,216.38 | \$6,697,508.53 | | \$363,270.22 | \$7,088,508.53 | | \$404,740.45 |

Note: 2006 - 2007 include depreciation written off w.r.t. transportation equipment not evident in financial statements

LOSS ADJUSTMENT FACTOR CALCULATION

LOSS ADJUSTMENT FACTOR CALCULATION

| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | Total | 3 year average |
|--|------------|-------------|-------------|-------------|-------------|-------------|-------------|----------------|
| A "Wholesale" kWh (IESO) | 92,164,260 | 140,645,421 | 140,627,637 | 139,934,563 | 142,379,767 | 140,683,891 | 655,751,648 | 422,998,221 |
| B Wholesale kWh for Large Use customer(s) (IESO) | | | | | | | - | |
| C Net "Wholesale" kWh (A)-(B) | 92,164,260 | 140,645,421 | 140,627,637 | 139,934,563 | 142,379,767 | 140,683,891 | 655,751,648 | 422,998,221 |
| D Retail kWh (Distributor) | 72,119,385 | 137,150,357 | 128,657,300 | 136,598,148 | 135,989,043 | 134,694,227 | 610,514,233 | 407,281,418 |
| E Retail kWh for Large Use Customer(s) (1% loss) | | | | | | | - | |
| F Net "Retail" kWh (D)-(E) | 72,119,385 | 137,150,357 | 128,657,300 | 136,598,148 | 135,989,043 | 134,694,227 | 610,514,233 | 407,281,418 |
| G Loss Factor [(C)/(F)] | 1.2779 | 1.0255 | 1.0930 | 1.0244 | 1.0470 | 1.0445 | 1.0741 | 1.0386 |
| H Distribution Loss Adjustment Factor | | | | | | | | |

Total Utility Loss Adjustment Factor

LAF

Supply Facility Loss Factor

1.0045

Distribution Loss Factors

Secondary Metered Customer

Total Loss Factor - Secondary Metered Customer < 5,000kW 1.0386
 Total Loss Factor - Secondary Metered Customer > 5,000kW 1.0100

Primary Metered Customer

Total Loss Factor - Primary Metered Customer < 5,000kW 1.0282
 Total Loss Factor - Primary Metered Customer > 5,000kW 1.0000

Total Loss Factor

Secondary Metered Customer

Total Loss Factor - Secondary Metered Customer < 5,000kW 1.0433
 Total Loss Factor - Secondary Metered Customer > 5,000kW 1.0145

Primary Metered Customer

Total Loss Factor - Primary Metered Customer < 5,000kW 1.0328
 Total Loss Factor - Primary Metered Customer > 5,000kW 1.0045

MATERIALITY ANALYSIS ON DISTRIBUTION LOSSES

The resulting Loss Factor adjustment is less than 5%.

TAX CALCULATIONS

Summary of Income Tax Calculation

| | 2006 Board Approved | 2006 Actual | 2007Actual | 2008 Bridge | 2009 Test |
|---|------------------------|-------------|------------|-------------|-----------|
| <u>Determination of Taxable Income</u> | | | | | |
| Regulatory Net Income (before tax) | \$250,137 | \$153,531 | \$175,819 | \$217,283 | \$206,121 |
| Book to Tax Adjustments | | | | | |
| Additions to Accounting Income: | | | | | |
| Depreciation and amortization | \$331,372 | \$317,199 | \$299,135 | \$363,270 | \$404,740 |
| Meals & entertainment / Mileage | | | | | |
| Other Additions | \$131,461 | \$131,461 | \$127,037 | \$143,858 | \$156,415 |
| Total Additions | \$462,832 | \$448,659 | \$426,172 | \$507,128 | \$561,155 |
| Deductions from Accounting Income: | | | | | |
| Capital Cost Allowance | \$247,569 | \$249,668 | \$270,962 | \$337,802 | \$366,618 |
| Cumulative eligible capital deductions | | | | | |
| Gain on Disposal | | | | | |
| Other Deductions | \$205,891 | \$101,338 | \$103,161 | \$114,122 | \$105,262 |
| Total Deductions | \$453,460 | \$351,006 | \$374,123 | \$451,924 | \$471,880 |
| Regulatory Taxable Income | \$259,509 | \$251,184 | \$227,867 | \$272,488 | \$295,397 |
| Corporate Income Tax Rate | 18.62% | 18.62% | 18.62% | 17.00% | 17.00% |
| Ontario Capital Tax Rate | | | | | |
| Subtotal | | | | | |
| Less: R&D ITC (0.3) | | | | | |
| Regulatory Income Tax | \$48,321 | \$46,770 | \$42,429 | \$46,323 | \$50,217 |
| <u>Calculation of Utility Income Taxes</u> | | | | | |
| Income Taxes (Line 23) | \$48,321 | \$46,770 | \$42,429 | \$46,323 | \$50,217 |
| Ontario Capital Tax | \$0 | \$0 | \$0 | \$0 | \$0 |
| Large Corporation Tax (Line 14, page 2) | | | | | |
| Total Taxes | \$48,321 | \$46,770 | \$42,429 | \$46,323 | \$50,217 |
| Gross UP factor (1-tax rate) | 81.38% | 81.38% | 81.38% | 83.00% | 83.00% |
| Total taxes with Gross up (taxes/gross up factor) | \$59,376 | \$57,472 | \$52,137 | \$55,811 | \$60,503 |

INTEREST EXPENSE

| | 2006 Board Approved | 2006 Actual | 2007 Bridge | 2008 Bridge | 2009 Test |
|-------------------------------|---------------------|--------------|--------------|--------------|--------------|
| Actual Interest Expense | \$205,891.00 | \$101,338.00 | \$103,161.00 | \$114,121.99 | \$105,262.13 |
| Capitalized Interest | | | | | |
| Actual Interest | | | | | |
| Interest forecast Adjustments | | | | | |
| Total Interest | \$205,891.00 | \$101,338.00 | \$103,161.00 | \$114,121.99 | \$105,262.13 |
| Deemed Interest | \$131,460.65 | \$131,460.65 | \$127,036.76 | \$143,857.92 | \$156,414.89 |
| Excess Interest | \$74,430.35 | -\$30,122.65 | -\$23,875.76 | -\$29,735.92 | -\$51,152.76 |

Note: total interest column is actual interest and not deemed interest costs.

CAPITAL COST ALLOWANCE

2006 Board Approved

| 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 | \$911,184 | \$27,600 | | \$938,784 | \$13,800 | | \$924,984 | 4% | \$36,999 | \$901,785 |
| 2 | Distribution System - pre 1988 | \$2,286,242 | \$66,806 | | \$2,353,048 | \$33,403 | | \$2,319,645 | 6% | \$139,179 | \$2,213,869 |
| 8 | General Office/Stores Equip | \$88,292 | \$16,231 | | \$104,523 | \$8,116 | | \$96,408 | 20% | \$19,282 | \$85,242 |
| 10 | Computer Hardware/ Vehicles | \$182,606 | \$56,627 | | \$239,233 | \$28,314 | | \$210,920 | 30% | \$63,276 | \$175,957 |
| 10.1 | Certain Automobiles | \$0 | | | \$0 | \$0 | | \$0 | 30% | \$0 | \$0 |
| 12 | Computer Software | \$0 | | | \$0 | \$0 | | \$0 | 100% | \$0 | \$0 |
| 13 1 | Lease # 1 | \$0 | | | \$0 | \$0 | | \$0 | | \$0 | \$0 |
| 13 2 | Lease #2 | \$0 | | | \$0 | \$0 | | \$0 | | \$0 | \$0 |
| 13 3 | Lease # 3 | \$0 | | | \$0 | \$0 | | \$0 | | \$0 | \$0 |
| 13 4 | Lease # 4 | \$0 | | | \$0 | \$0 | | \$0 | | \$0 | \$0 |
| 14 | Franchise | \$0 | | | \$0 | \$0 | | \$0 | | \$0 | \$0 |
| 17 | New Electrical Generating Equipment Acq'd after Feb 27/00 Other Than Bldgs | \$5,342 | | | \$5,342 | \$0 | | \$5,342 | 8% | \$427 | \$4,915 |
| 43.1 | Certain Energy-Efficient Electrical Generating Equipment | \$0 | | | \$0 | \$0 | | \$0 | | \$0 | \$0 |
| 45 | Computers & Systems Software acq'd post Mar 22/04 | \$0 | | | \$0 | \$0 | | \$0 | | \$0 | \$0 |
| 46 | Data Network Infrastructure Equipment (acq'd post Mar 22/04) | \$0 | | | \$0 | \$0 | | \$0 | | \$0 | \$0 |
| 47 | Distribution System - post 22-Feb-2005 | \$0 | | | \$0 | \$0 | | \$0 | 8% | \$0 | \$0 |
| 98 | No CCA | \$0 | | | \$0 | \$0 | | \$0 | | \$0 | \$0 |
| TOTAL | | \$3,473,666 | \$167,264 | \$0 | \$3,640,930 | \$83,632 | | \$3,557,298 | | \$259,163 | \$3,381,767 |

2006 Actual

| 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 | \$901,785 | | | \$901,785 | \$0 | | \$901,785 | 4% | \$36,071 | \$865,713 |
| 2 | Distribution System - pre 1988 | \$2,213,869 | \$99,980 | | \$2,313,849 | \$49,990 | | \$2,263,859 | 6% | \$135,832 | \$2,178,018 |
| 8 | General Office/Stores Equip | \$85,242 | \$17,914 | | \$103,156 | \$8,957 | | \$94,199 | 20% | \$18,840 | \$84,316 |
| 10 | Computer Hardware/ Vehicles | \$175,957 | \$28,306 | | \$204,263 | \$14,153 | | \$190,110 | 30% | \$57,033 | \$147,230 |
| 10.1 | Certain Automobiles | \$0 | | | \$0 | \$0 | | \$0 | 30% | \$0 | \$0 |
| 12 | Computer Software | \$0 | | | \$0 | \$0 | | \$0 | 100% | \$0 | \$0 |
| 13 1 | Lease # 1 | \$0 | | | \$0 | \$0 | | \$0 | | \$0 | \$0 |
| 13 2 | Lease #2 | \$0 | | | \$0 | \$0 | | \$0 | | \$0 | \$0 |
| 13 3 | Lease # 3 | \$0 | | | \$0 | \$0 | | \$0 | | \$0 | \$0 |
| 13 4 | Lease # 4 | \$0 | | | \$0 | \$0 | | \$0 | | \$0 | \$0 |
| 14 | Franchise | \$0 | | | \$0 | \$0 | | \$0 | | \$0 | \$0 |
| 17 | New Electrical Generating Equipment Acq'd after Feb 27/00 Other Than Bldgs | \$4,915 | \$0 | | \$4,915 | \$0 | | \$4,915 | 8% | \$393 | \$4,521 |
| 43.1 | Certain Energy-Efficient Electrical Generating Equipment | \$0 | | | \$0 | \$0 | | \$0 | | \$0 | \$0 |
| 45 | Computers & Systems Software acq'd post Mar 22/04 | \$0 | | | \$0 | \$0 | | \$0 | | \$0 | \$0 |
| 46 | Data Network Infrastructure Equipment (acq'd post Mar 22/04) | \$0 | | | \$0 | \$0 | | \$0 | | \$0 | \$0 |
| 47 | Distribution System - post 22-Feb-2005 | \$0 | \$37,486 | | \$37,486 | \$18,743 | | \$18,743 | 8% | \$1,499 | \$35,987 |
| 98 | No CCA | \$0 | | | \$0 | \$0 | | \$0 | | \$0 | \$0 |
| TOTAL | | \$3,381,767 | \$183,686 | \$0 | \$3,565,453 | \$91,843 | | \$3,473,610 | | \$249,668 | \$3,315,785 |

2007 Actual

| Class | Class Description | UCC Opening Balance | Additions | Dispositions | 1/2 Year Rule {1/2 | | Reduced UCC | Rate % | CCA | UCC Ending Balance |
|-------|--|---------------------|-----------|--------------|------------------------------|---------------------------|-------------|--------|-----------|--------------------|
| | | | | | UCC Before 1/2 Yr Adjustment | Additions Less Disposals} | | | | |
| 1 | Distribution System - 1988 to 22-Feb-2005 | \$865,713 | | | \$865,713 | \$0 | \$865,713 | 4% | \$34,629 | \$831,085 |
| 2 | Distribution System - pre 1988 | \$2,178,018 | \$0 | | \$2,178,018 | \$0 | \$2,178,018 | 6% | \$130,681 | \$2,047,337 |
| 8 | General Office/Stores Equip | \$84,316 | \$14,061 | | \$98,377 | \$7,031 | \$91,346 | 20% | \$18,269 | \$80,108 |
| 10 | Computer Hardware/ Vehicles | \$147,230 | \$221,551 | | \$368,781 | \$110,776 | \$258,006 | 30% | \$77,402 | \$291,379 |
| 10.1 | Certain Automobiles | \$0 | | | \$0 | \$0 | \$0 | 30% | \$0 | \$0 |
| 12 | Computer Software | \$0 | | | \$0 | \$0 | \$0 | 100% | \$0 | \$0 |
| 13 1 | Lease # 1 | \$0 | | | \$0 | \$0 | \$0 | | \$0 | \$0 |
| 13 2 | Lease #2 | \$0 | | | \$0 | \$0 | \$0 | | \$0 | \$0 |
| 13 3 | Lease # 3 | \$0 | | | \$0 | \$0 | \$0 | | \$0 | \$0 |
| 13 4 | Lease # 4 | \$0 | | | \$0 | \$0 | \$0 | | \$0 | \$0 |
| 14 | Franchise | \$0 | | | \$0 | \$0 | \$0 | | \$0 | \$0 |
| 17 | New Electrical Generating Equipment Acq'd after Feb 27/00 Other Than Bldgs | \$4,521 | | | \$4,521 | \$0 | \$4,521 | 8% | \$362 | \$4,160 |
| 43.1 | Certain Energy-Efficient Electrical Generating Equipment | \$0 | | | \$0 | \$0 | \$0 | | \$0 | \$0 |
| 45 | Computers & Systems Software acq'd post Mar 22/04 | \$0 | | | \$0 | \$0 | \$0 | | \$0 | \$0 |
| 46 | Data Network Infrastructure Equipment (acq'd post Mar 22/04) | \$0 | | | \$0 | \$0 | \$0 | | \$0 | \$0 |
| 47 | Distribution System - post 22-Feb-2005 | \$35,987 | \$168,533 | | \$204,520 | \$84,267 | \$120,253 | 8% | \$9,620 | \$194,899 |
| 98 | No CCA | \$0 | | | \$0 | \$0 | \$0 | | \$0 | \$0 |
| TOTAL | | \$3,315,785 | \$404,145 | \$0 | \$3,719,930 | \$202,073 | \$3,517,857 | | \$270,962 | \$3,448,967 |

2008 Bridge

| Class | Class Description | UCC Opening Balance | Additions | Dispositions | 1/2 Year Rule {1/2 | | Reduced UCC | Rate % | CCA | UCC Ending Balance |
|-------|--|---------------------|-----------|--------------|------------------------------|---------------------------|-------------|--------|-----------|--------------------|
| | | | | | UCC Before 1/2 Yr Adjustment | Additions Less Disposals} | | | | |
| 1 | Distribution System - 1988 to 22-Feb-2005 | \$831,085 | | | \$831,085 | \$0 | \$831,085 | 4% | \$33,243 | \$797,841 |
| 2 | Distribution System - pre 1988 | \$2,047,337 | | | \$2,047,337 | \$0 | \$2,047,337 | 6% | \$122,840 | \$1,924,496 |
| 8 | General Office/Stores Equip | \$80,108 | \$290,585 | | \$370,693 | \$145,293 | \$225,400 | 20% | \$45,080 | \$325,613 |
| 10 | Computer Hardware/ Vehicles | \$291,379 | \$184,665 | | \$476,044 | \$92,333 | \$383,712 | 30% | \$115,114 | \$360,931 |
| 10.1 | Certain Automobiles | \$0 | | | \$0 | \$0 | \$0 | 30% | \$0 | \$0 |
| 12 | Computer Software | \$0 | | | \$0 | \$0 | \$0 | 100% | \$0 | \$0 |
| 13 1 | Lease # 1 | \$0 | | | \$0 | \$0 | \$0 | | \$0 | \$0 |
| 13 2 | Lease #2 | \$0 | | | \$0 | \$0 | \$0 | | \$0 | \$0 |
| 13 3 | Lease # 3 | \$0 | | | \$0 | \$0 | \$0 | | \$0 | \$0 |
| 13 4 | Lease # 4 | \$0 | | | \$0 | \$0 | \$0 | | \$0 | \$0 |
| 14 | Franchise | \$0 | | | \$0 | \$0 | \$0 | | \$0 | \$0 |
| 17 | New Electrical Generating Equipment Acq'd after Feb 27/00 Other Than Bldgs | \$4,160 | | | \$4,160 | \$0 | \$4,160 | 8% | \$333 | \$3,827 |
| 43.1 | Certain Energy-Efficient Electrical Generating Equipment | \$0 | | | \$0 | \$0 | \$0 | | \$0 | \$0 |
| 45 | Computers & Systems Software acq'd post Mar 22/04 | \$0 | | | \$0 | \$0 | \$0 | | \$0 | \$0 |
| 46 | Data Network Infrastructure Equipment (acq'd post Mar 22/04) | \$0 | | | \$0 | \$0 | \$0 | | \$0 | \$0 |
| 47 | Distribution System - post 22-Feb-2005 | \$194,899 | \$140,000 | | \$334,899 | \$70,000 | \$264,899 | 8% | \$21,192 | \$313,707 |
| 98 | No CCA | \$0 | | | \$0 | \$0 | \$0 | | \$0 | \$0 |
| TOTAL | | \$3,448,967 | \$615,250 | \$0 | \$4,064,218 | \$307,625 | \$3,756,593 | | \$337,802 | \$3,726,416 |

2009 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 | \$797,841 | | | \$797,841 | \$0 | \$797,841 | 4% | \$31,914 | \$765,928 |
| 2 | Distribution System - pre 1988 | \$1,924,496 | | | \$1,924,496 | \$0 | \$1,924,496 | 6% | \$115,470 | \$1,809,027 |
| 8 | General Office/Stores Equip | \$325,613 | \$45,000 | | \$370,613 | \$22,500 | \$348,113 | 20% | \$69,623 | \$300,990 |
| 10 | Computer Hardware/ Vehicles | \$360,931 | \$19,000 | | \$379,931 | \$9,500 | \$370,431 | 30% | \$111,129 | \$268,802 |
| 10.1 | Certain Automobiles | \$0 | | | \$0 | \$0 | \$0 | 30% | \$0 | \$0 |
| 12 | Computer Software | \$0 | | | \$0 | \$0 | \$0 | 100% | \$0 | \$0 |
| 13.1 | Lease # 1 | \$0 | | | \$0 | \$0 | \$0 | | \$0 | \$0 |
| 13.2 | Lease #2 | \$0 | | | \$0 | \$0 | \$0 | | \$0 | \$0 |
| 13.3 | Lease # 3 | \$0 | | | \$0 | \$0 | \$0 | | \$0 | \$0 |
| 13.4 | Lease # 4 | \$0 | | | \$0 | \$0 | \$0 | | \$0 | \$0 |
| 14 | Franchise | \$0 | | | \$0 | \$0 | \$0 | | \$0 | \$0 |
| 17 | New Electrical Generating Equipment Acq'd after Feb 27/00 Other Than Bldgs | \$3,827 | | | \$3,827 | \$0 | \$3,827 | 8% | \$306 | \$3,521 |
| 43.1 | Certain Energy-Efficient Electrical Generating Equipment | \$0 | | | \$0 | \$0 | \$0 | | \$0 | \$0 |
| 45 | Computers & Systems Software acq'd post Mar 22/04 | \$0 | | | \$0 | \$0 | \$0 | | \$0 | \$0 |
| 46 | Data Network Infrastructure Equipment (acq'd post Mar 22/04) | \$0 | | | \$0 | \$0 | \$0 | | \$0 | \$0 |
| 47 | Distribution System - post 22-Feb-2005 | \$313,707 | \$327,000 | | \$640,707 | \$163,500 | \$477,207 | 8% | \$38,177 | \$602,531 |
| 98 | No CCA | \$0 | | | \$0 | \$0 | \$0 | | \$0 | \$0 |
| | TOTAL | \$3,726,416 | \$391,000 | \$0 | \$4,117,416 | \$195,500 | \$3,921,916 | | \$366,618 | \$3,750,798 |

Ex. Tab Schedule Contents of Schedule

5 – Deferral and Variance Accounts

1

1

Description of Deferral and variance accounts

DESCRIPTION OF DEFERRAL AND VARIANCE ACCOUNTS

In 2008 rebasing decisions the OEB has rejected the request to disposition variance / deferral accounts for the majority if not all LDC applications. NOW also applied for disposition in our 2008 IRM rate application and our request was rejected.

Considering that the RSVAs are monitored quarterly by the OEB for disposition requirements and the generic proceeding to be scheduled in the future, NOW is not applying to recover or give back any variance account balances in this application.

As we are not proposing to disposition any variance or deferral accounts, balances have not been filed with this application.

| <u>Ex.</u> | <u>Tab</u> | <u>Schedule</u> | <u>Contents of Schedule</u> |
|------------|------------|-----------------|-----------------------------|
|------------|------------|-----------------|-----------------------------|

6 – Cost of Capital and Rate of Return

| | | | |
|--|---|---|-------------------|
| | 1 | 1 | Overview |
| | | 2 | Capital Structure |
| | | 3 | Cost of Debt |
| | | 4 | Return on Equity |

OVERVIEW

The purpose of this evidence is to summarize the method and cost of financing the Applicant's capital requirements for the 2009 test year.

Capital Structure

Northern Ontario Wires has a deemed current capital structure of 46.67% debt, 53.33% equity, as approved by the Ontario Energy Board and a return on equity of 9.00%. Northern Ontario Wires is requesting Board approval of a deemed capital structure of 56.67% debt, 43.33% equity including an equity return of 8.68%.

This change in deemed capital structure complies with Ontario Energy Board's report on cost of Capital and 2nd Generation IRM for Ontario's Electricity Distributors dated December 20th, 2006. The OEB report indicates that Distributors will be required to phase in a 60/40 Debt to Equity capital structure that must be completed by 2010 (last phase to be performed in 2010 IRM rate setting).

Return on Equity

Northern Ontario Wires is requesting an equity return of 8.68% for its 2009 Rates.

Cost of Debt

Exhibit 6, Tab 1, Schedule 3 provides the detailed calculation of Northern Ontario Wires forecast long-term debt cost of 5.03% for 2008 and 5.04% for 2009.

CAPITAL STRUCTURE

2006 Board Approved

| Elements | \$ Million | Ratio (%) | Cost Rate (%) | Return (%) |
|--------------------------|-----------------------|-----------|---------------|------------|
| Long-term debt | \$2,236,253.00 | 43.20% | 4.80% | 4.80% |
| Unfunded short-term debt | | 0.00% | | |
| Preference shares | | 0.00% | | 9.00% |
| Common equity | \$2,940,813.00 | 56.80% | | 9.00% |
| Total | \$5,177,066.00 | | | |

2007 Actual

| Elements | \$ Million | Ratio (%) | Cost Rate (%) | Return (%) |
|--------------------------|-----------------------|-----------|---------------|------------|
| Long-term debt | \$2,172,918.00 | 40.56% | 4.80% | 4.80% |
| Unfunded short-term debt | | 0.00% | | |
| Preference shares | | 0.00% | | 9.00% |
| Common equity | \$3,184,091.00 | 59.44% | | 9.00% |
| Total | \$5,357,009.00 | | | |

2008 Bridge

| Elements | \$ Million | Ratio (%) | Cost Rate (%) | Return (%) |
|--------------------------|-----------------------|-----------|---------------|------------|
| Long-term debt | \$1,970,130.00 | 36.68% | 5.03% | 5.03% |
| Unfunded short-term debt | | 0.00% | 4.77% | |
| Preference shares | | 0.00% | | 8.68% |
| Common equity | \$3,401,374.46 | 63.32% | | 8.68% |
| Total | \$5,371,504.46 | | | |

2009 Test

| Elements | \$ Million | Ratio (%) | Cost Rate (%) | Return (%) |
|--------------------------|-----------------------|-----------|---------------|------------|
| Long-term debt | \$1,767,342.00 | 32.90% | 5.04% | 5.04% |
| Unfunded short-term debt | | 0.00% | 4.77% | |
| Preference shares | | 0.00% | | 8.68% |
| Common equity | \$3,607,495.81 | 67.16% | | 8.68% |
| Total | \$5,374,837.81 | | | |

Northern Ontario Wires Corporation's Debt Equity split shown here for 2008 does not match its deemed amounts for the rate making process. A strategic financing review is currently scheduled for fall 2008 to determine the most effective capital structure for our rate payers.

COST OF DEBT

| | 2006 Board Approved | | | 2006 Actual | | | 2007 Actual | | | 2008 Bridge | | | 2009 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 | Principle | Carrying Costs | Calculated Cost Rate |
| Long-Term Debt | | | | | | | | | | | | | | | |
| Term Loan (monthly payments of \$16,8 | \$2,236,253 | \$107,340 | 4.80% | \$2,055,709 | \$101,331 | 4.80% | \$1,949,274 | \$96,353 | 4.80% | \$1,837,615 | \$91,130 | 4.80% | \$1,720,478 | \$85,651 | 4.80% |
| Truck Lease | \$22,547 | \$0 | 0.00% | \$12,527 | \$0 | 0.00% | \$2,507 | \$0 | 0.00% | \$0 | \$0 | 0.00% | \$0 | \$0 | 0.00% |
| Term loan 2 (monthly payment of \$3,16 | \$0 | | 0.00% | \$0 | | 0.00% | \$220,979 | \$6,801 | 1.00% | \$183,011 | \$11,615 | 5.75% | \$145,043 | \$9,432 | 5.75% |
| Truck Loan (10 years @ 4.8% | | | | | | | | | | \$249,504 | \$11,377 | 4.80% | \$224,554 | \$10,180 | 4.80% |
| Total | \$2,258,800 | \$107,340 | 4.75% | \$2,068,236 | \$101,331 | 4.90% | \$2,172,760 | \$103,154 | 4.75% | \$2,270,130 | \$114,122 | 5.03% | \$2,090,075 | \$105,262 | 5.04% |

RETURN ON EQUITY

The calculations used to determine the return on equity and the debt are taken from the "Report to the Board on Cost of Capital and 2nd Generation Incentive Regulation for Ontario's Electricity Distributors" issued December 20, 2006.

The equity calculation is shown below and the debt rate is the weighted average of actual debt financing rates currently charges to NOW. NOW has 100% of it debt load with 3rd party lenders (no affiliated debt).

| Government of Canada Bond Yields | Rate |
|---|--------------|
| 3-month forecast of the 10 year bond yield | 4.60% |
| 12-month forecast of the 10-year bond yield | 4.80% |
| Average actual prior month 30-year bond yield | 4.03% |
| Average actual prior month 10-year bond yield | 4.12% |
| Long Term Canada Bond Forecast | 4.61% |
| Return on Equity | 8.68% |

Weighted Average Cost of Capital

| | Deemed Portion | Effective Rate | Average Cost of Capital |
|---|-----------------------|-----------------------|--------------------------------|
| Cost of Debt | 56.67% | 5.04% | 2.85% |
| Return on Equity | 43.33% | 8.68% | 3.76% |
| Weighted Average Cost of Capital | | | 6.62% |

Ex. Tab Schedule Contents of Schedule

7 - Calculation of Revenue Deficiency or Surplus

| | | |
|---|---|--|
| 1 | 1 | Determination of Net Utility Income and Calculation of Revenue Deficiency or Surplus |
|---|---|--|

OVERVIEW OF CALCULATION OF REVENUE DEFICIENCY OR SURPLUS

The information in this Exhibit supports Northern Ontario Wires request in this Application for an increase in its 2009 Revenue Requirement. NOW requires a distribution revenue requirement of \$2,890,752 (proposed revenue of \$3,139,087 less other revenue of \$297,503 and transformer allowance of \$49,168) to continue to provide its customers safe reliable supply of electricity, service its debt and pay its deemed PILS.

Northern Ontario Wires target return on Rate Base is calculated using 43.33% of Rate Base with a target return on Rate base of \$206,121. Utilizing current rates and 2009 forecasted customer data NOW would expect \$2,459,426 in distribution revenue which creates a revenue deficiency of \$301,238, which grossed up for tax purposes, is \$362,937.

NOWs 2009 revenue deficiency is outlined in detail below in the Determination of Net Utility Income Table.

DETERMINATION OF NET UTILITY INCOME

| | Existing Rates | Proposed Rates | Revenue (Surplus) or Deficiency |
|------------------------------------|--------------------|--------------------|---------------------------------------|
| Revenue Deficiency | | \$362,937 | |
| Distribution Revenue | \$2,459,426 | \$2,459,426 | \$0 |
| Other Operating Revenue (Net) | \$297,503 | \$297,503 | \$0 |
| Total Revenue | <u>\$2,756,929</u> | <u>\$3,119,866</u> | <u>\$362,937</u> |
| Costs and Expenses | | | \$0 |
| Distribution Costs | \$1,672,302 | \$1,672,302 | \$0 |
| Operation & Maintenance | \$639,005 | \$639,005 | \$0 |
| Depreciation & Amortization | \$404,740 | \$404,740 | \$0 |
| Property & Capital Taxes | \$50,217 | \$50,217 | \$0 |
| Interest | \$105,262 | \$105,262 | \$0 |
| Total Costs and Expenses | <u>\$2,871,527</u> | <u>\$2,871,527</u> | <u>\$0</u> |
| Utility Income Before Income Taxes | -\$114,598 | \$248,339 | \$362,937 |
| Income Taxes | -\$19,482 | \$42,218 | \$61,699 |
| Utility Income | <u>-\$95,117</u> | <u>\$206,121</u> | <u>\$301,238</u> |
| Rate Base | \$5,480,429 | \$5,480,429 | |
| Equity Portion | 43.3300% | 43.3300% | |
| Equity Component of Rate Base | \$2,374,670 | \$2,374,670 | |
| Target Return on Equity | 8.68% | 8.68% | |
| Return on Rate Base | \$206,121.35 | \$206,121.35 | |
| Revenue Deficiency | -\$301,237.98 | \$0.00 | |

Ex. Tab Schedule
8 – Cost Allocation

Contents of Schedule

| | | |
|---|---|---|
| 1 | 1 | Cost Allocation – 2008 Rebasing Application |
| | 2 | Summary of Results and Proposed Changes |

COST ALLOCATION OVERVIEW

Introduction:

In a staff discussion paper released on November 28, 2007, Board Staff provided some guidelines on both the allocation of costs and on general fixed-variable rate design. The starting point for the 2009 allocated costs is the 2006 Cost Allocation Information Filings filed in Exhibit 10 of this application.

Board staff suggested the following generic guidelines starting on page 8 of the Nov. 28 document, note any value below 100% is a subsidization received and anything above 100% is subsidization towards other classes:

- Residential Class
 - Revenue to cost ratios between 85% and 115%
- General Service < 50 kW
 - Revenue to cost ratios between 80% and 120%
- Unmetered Scattered Load
 - Revenue to cost ratios between 80% and 120%
- General Service > 50 to 4,999 kW
 - Revenue to cost ratios between 80% and 180%
- Street Light
 - Revenue to cost ratios between 70% to 120%

Background:

The NOW 2006 Cost Allocation Information Filing produced the following revenue to cost ratio results as shown in Exhibit 10 of this application:

- Residential Class = 97.92%
- General Service < 50 kW = 107.25%
- General Service 50 to 4,999 kW = 162.28%
- Street Light = 26.02%
- Unmetered Scattered Load = 127.53%

The cost allocation portion of this 2009 rebasing application was handled using a three step approach.

SUMMARY OF RESULTS AND PROPOSED CHANGES

Step 1

The first step was to determine the minimum required changes in revenue to cost ratios, by customer class, between the 2006 CA informational filing values compared to the June 28 Board Staff guidelines.

| <u>Customer Class</u> | <u>2006 CA RC Ratio</u> | <u>Board Staff RC Target</u> | <u>Minimum Recommended Movement</u> |
|------------------------------|--------------------------------|-------------------------------------|--|
| Residential | 97.92% | 85% - 115% | 0% |
| GS < 50 kW | 107.25% | 80% - 120% | 0% |
| GS 50 to 4,999 kW | 162.68% | 80% - 180% | 0% |
| Street Light | 26.02% | 70% - 120% | 43.98% |
| Unmetered Load | 127.53% | 80% - 120% | -7.53% |

After this step it was realized that minimum movement would not allow for full cost recovery and the decision to move all classes to 100% revenue to cost ratios (with the exception of the Street Light class which will be moved to the minimum 70% threshold) and allocating the subsidy generated equally across all customer classes.

Step 2

On a class by class basis, the 2006 cost allocation total revenue value was forced to ensure all classes had 100% revenue to cost ratios. This determined the % of total revenue requirement that each class should pay for as seen on the following chart. As this process is revenue neutral there was no need for a secondary adjustment. A class specific allocation of 2006 total revenue was calculated and utilized to distribute 2009 total revenue requirement.

| <u>Customer Class</u> | <u>2006 Adjusted Cost Allocation RC %</u> | <u>2006 Total Revenue Allocation</u> | <u>2008 Distribution Revenue Requirement</u> |
|------------------------------|--|---|---|
| Residential | 100% | 62.41% | \$1,773,868 |
| GS < 50 kW | 100% | 19.19% | \$541,836 |
| GS 50 to 4,999 kW | 100% | 9.74% | \$325,164 |
| Street Light | 100% | 8.41% | \$242,978 |
| Unmetered Load | 100% | 0.25% | \$6,905 |
| Total | | 100.00% | \$2,890,752 |

Step 3

The third phase of cost allocation and the option being applied for by Northern Ontario Wires is a hybrid of the two methodologies above. NOW is applying for all classes to move to the 100% revenue to cost ratios (as no adverse revenue impacts were discovered) with the exception of the Street Light classification. Street Lights have been left at the Board Staff recommended minimum of 70% revenue to cost ratio while all other classes are contributing 102.76% revenue to cost. This marginal difference between 100% revenue to cost ratio is comprised of cross subsidization to the Street Light class of \$66,288. The \$66,288 has been split evenly over the remaining customer classes based on distribution revenue. Please refer to summary table below.

| <u>Customer Class</u> | <u>Board Staff RC Targets</u> | <u>Erie Thames Applied for RC%</u> | <u>Subsidization Value</u> | <u>2006 Total Revenue Allocation</u> | <u>2008 Dist. Revenue Requirement</u> |
|-----------------------|-------------------------------|------------------------------------|----------------------------|--------------------------------------|---------------------------------------|
| Residential | 85% - 115% | 102.76% | \$45,169 | 63.23% | \$1,827,862 |
| GS < 50 kW | 80% - 120% | 102.76% | \$13,891 | 19.32% | \$558,441 |
| GS 50 to 4,999 kW | 80% - 180% | 102.76% | \$7,050 | 11.54% | \$333,592 |
| Street Light | 70% - 120% | 70.00% | -\$66,288 | 5.66% | \$163,739 |
| Unmetered Load | 80% - 120% | 102.76% | \$179 | 0.25% | \$7,119 |
| Total | | | \$0 | 100% | \$2,890,753 |

Northern Ontario Wires proposes moving the Street Light class to parity (revenue to cost ratio of 100%), with the other classes, upon the next rebasing window using the appropriate cost allocation guidelines in place at that time.

The 70% revenue to cost ratios utilized by NOW results in a monthly total bill impact to the Street Light customers of 65.8%. Putting the \$66,288 street light subsidization into perspective, an individual residential customer's monthly bill increase in 2009 (relating to the subsidy) is calculated at \$0.74 ($\$45,169 / 12 \text{ months} / 5,200 \{2009 \text{ projected residential customer count}\}$).

NOW is including a set of customer impacts for reference, detailed calculations can be found in Exhibit 9, Tab 1, Schedule 8.

| | kWh | kW | 2008 Bill | 2009 Bill | \$ | % | | |
|---|---------|-----|--------------|--------------|-------------|-------|-------|-------|
| Residential | 250 | | \$ 41.00 | \$ 44.01 | \$ 3.01 | 7.35% | 7.6% | 7.3% |
| | 500 | | \$ 64.24 | \$ 69.11 | \$ 4.87 | 7.58% | | |
| Average Customer | 805 | | \$ 94.85 | \$ 101.99 | \$ 7.14 | 7.52% | | |
| | 1,000 | | \$ 114.90 | \$ 123.49 | \$ 8.59 | 7.47% | | |
| | 1,250 | | \$ 140.61 | \$ 151.05 | \$ 10.44 | 7.43% | | |
| | 1,500 | | \$ 166.31 | \$ 178.62 | \$ 12.30 | 7.40% | | |
| | 2,000 | | \$ 217.72 | \$ 233.74 | \$ 16.02 | 7.36% | | |
| General Service Less Than 50 kW | 1,000 | | \$ 117.38 | \$ 124.62 | \$ 7.24 | 6.2% | 6.2% | 5.7% |
| | 2,000 | | \$ 218.69 | \$ 231.64 | \$ 12.95 | 5.9% | | |
| Average Customer | 2,320 | | \$ 251.15 | \$ 265.93 | \$ 14.78 | 5.9% | | |
| | 5,000 | | \$ 522.63 | \$ 552.70 | \$ 30.07 | 5.8% | | |
| | 10,000 | | \$ 1,029.19 | \$ 1,087.80 | \$ 58.61 | 5.7% | | |
| General Service 50 to 4,999 kW | 25,000 | 50 | \$ 2,345.85 | \$ 2,283.27 | \$ (62.58) | -2.7% | -2.6% | -3.3% |
| | 40,000 | 75 | \$ 3,593.36 | \$ 3,501.62 | \$ (91.74) | -2.6% | | |
| | 50,000 | 100 | \$ 4,471.65 | \$ 4,350.75 | \$ (120.90) | -2.7% | | |
| Average Customer | 82,800 | 209 | \$ 7,505.82 | \$ 7,257.32 | \$ (248.50) | -3.3% | | |
| | 250,000 | 500 | \$ 21,478.06 | \$ 20,890.63 | \$ (587.43) | -2.7% | | |
| Unmetered Scattered Load - Avg Customer | 673 | | \$ 73.34 | \$ 96.11 | \$ 22.77 | 31.0% | | |
| Street Lighting - Avg Customer (579 connections) | 49,402 | 139 | \$ 5,540.01 | \$ 9,188.00 | \$ 3,647.98 | 65.8% | | |

| <u>Ex.</u> | <u>Tab</u> | <u>Schedule</u> | <u>Contents of Schedule</u> |
|------------------------|------------|-----------------|---|
| 9 - Rate Design | | | |
| | 1 | 1 | Rate Design Overview |
| | | 2 | Existing Rate Classes |
| | | 3 | Existing Rate Schedule |
| | | 4 | Proposed Rate Classes if different than existing |
| | | 5 | Proposed Rate Schedule |
| | | 6 | Summary of Proposed Rate Schedule |
| | | 7 | Reconciliation of Rate Class Revenue to total Revenue Requirement |
| | | 8 | Rate Impacts |
| | | 9 | Proposed Changes to Terms and Conditions of Service |

RATE DESIGN OVERVIEW - 2008 Rebasing Application

In the November 28, 2007 Staff discussion paper section 4 recommends a range of the floor value equal to the class specific avoided costs and a ceiling value equal to 120% of the minimum system with PLCC adjustment outlined in the 2006 CA informational filing. Below is a summary of the floor, ceiling and applied for values contained in the Northern Ontario Wires application.

| Customer Class | Floor Value | MSC Value | 120% Ceiling Value | Applied for Value |
|-------------------|-------------|-----------|--------------------|-------------------|
| Residential | \$ 7.65 | \$ 19.94 | \$ 23.93 | \$ 17.76 |
| GS < 50 kW | \$ 13.89 | \$ 34.38 | \$ 41.26 | \$ 23.26 |
| GS 50 to 4,999 kW | \$ 98.36 | \$ 168.30 | \$ 201.96 | \$ 205.26 |
| Street Light | \$ 0.19 | \$ 7.32 | \$ 8.78 | \$ 6.25 |
| Unmetered Load | \$ 1.84 | \$ 10.31 | \$ 12.37 | \$ 12.00 |

Northern Ontario Wires has followed the guidelines outlined by Board Staff in the Nov. 28 communication.

EXISTING RATE CLASSES

SERVICE CLASSIFICATIONS

Residential

This classification refers to an account taking electricity at 750 volts or less where the electricity is used exclusively in a separately 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. Further servicing details are available in the utility's Conditions of Service.

General Service Less Than 50 kW

This classification refers to a non residential account taking electricity at 750 volts or less whose monthly average peak demand is less than, or is forecast to be less than, 50 kW. Further servicing details are available in the utility's Conditions of Service.

General Service 50 to 4,999 kW

This classification refers to a non residential account whose monthly average peak demand is equal to or greater than, or is forecast to be equal to or greater than, 50 kW but less than 5,000 kW. Further servicing details are available in the utility's Conditions of Service.

Unmetered Scattered Load

This classification refers to an account taking electricity at 750 volts or less whose monthly average peak 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 customer will provide detailed manufacturer information/documentation with regard to electrical demand/consumption of the proposed unmetered load. Further servicing details are available in the utility's Conditions of Service.

Street Lighting

This classification refers to an account for roadway lighting with a Municipality, Regional Municipality, Ministry of Transportation and private roadway lighting operation, controlled by photo cells. The consumption for these customers will be based on the calculated connected load times the required lighting times established in the approved OEB street lighting load shape template. Further servicing details are available in the utility's Conditions of Service.

EXISTING RATE SCHEDULE

**Northern Ontario Wires Inc.
 TARIFF OF RATES AND CHARGES
 Effective May 1, 2008**

This schedule supersedes and replaces all previously approved schedules of Rates, Charges and Loss Factors

EB-2007-0853

MONTHLY RATES AND CHARGES

Residential

| | | |
|--|--------|----------|
| Service Charge | | \$ 16.66 |
| Distribution Volumetric Rate | \$/kWh | 0.0108 |
| Retail Transmission Rate - Network Service Rate | \$/kWh | 0.0044 |
| Retail Transmission Rate - Line and Transformation Connection Service Rate | \$/kWh | 0.0042 |
| Wholesale Market Service Rate | \$/kWh | 0.0052 |
| Rural Rate Protection Charge | \$/kWh | 0.0010 |
| Standard Supply Service - Administrative Charge | | \$ 0.25 |

General Service Less Than 50 kW

| | | |
|--|--------|----------|
| Service Charge | | \$ 21.80 |
| Distribution Volumetric Rate | \$/kWh | 0.0102 |
| Retail Transmission Rate - Network Service Rate | \$/kWh | 0.0040 |
| Retail Transmission Rate - Line and Transformation Connection Service Rate | \$/kWh | 0.0038 |
| Wholesale Market Service Rate | \$/kWh | 0.0052 |
| Rural Rate Protection Charge | \$/kWh | 0.0010 |
| Standard Supply Service - Administrative Charge | | \$ 0.25 |

General Service 50 to 4,999 kW

| | | |
|--|--------|----------|
| Service Charge | | \$209.32 |
| Distribution Volumetric Rate | \$/kW | 2.0558 |
| Retail Transmission Rate - Network Service Rate | \$/kW | 1.6425 |
| Retail Transmission Rate - Line and Transformation Connection Service Rate | \$/kW | 1.4944 |
| Wholesale Market Service Rate | \$/kWh | 0.0052 |
| Rural Rate Protection Charge | \$/kWh | 0.0010 |
| Standard Supply Service - Administrative Charge | | \$ 0.25 |

Unmetered Scattered Load

| | | |
|--|--------|----------|
| Service Charge | | \$ 11.00 |
| Distribution Volumetric Rate | \$/kWh | 0.0102 |
| Retail Transmission Rate - Network Service Rate | \$/kWh | 0.0040 |
| Retail Transmission Rate - Line and Transformation Connection Service Rate | \$/kWh | 0.0038 |
| Wholesale Market Service Rate | \$/kWh | 0.0052 |
| Rural Rate Protection Charge | \$/kWh | 0.0010 |
| Standard Supply Service - Administrative Charge | | \$ 0.25 |

Street Lighting

| | | |
|--|--------|---------|
| Service Charge | | \$ 1.04 |
| Distribution Volumetric Rate | \$/kW | 3.3881 |
| Retail Transmission Rate - Network Service Rate | \$/kW | 1.2388 |
| Retail Transmission Rate - Line and Transformation Connection Service Rate | \$/kW | 1.1553 |
| Wholesale Market Service Rate | \$/kWh | 0.0052 |
| Rural Rate Protection Charge | \$/kWh | 0.0010 |
| Standard Supply Service - Administrative Charge | | \$ 0.25 |

**Northern Ontario Wires Inc.
 TARIFF OF RATES AND CHARGES
 Effective May 1, 2008**

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EB-2007-0853

Specific Service Charges

Customer Administration

| | |
|---|----------|
| Arrears Certificate | \$ 15.00 |
| Returned Cheque charge (plus bank charges) | \$ 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 |
| Non-Payment of Account | |
| Late Payment - per month | % 1.50 |
| Late Payment - per annum | % 19.56 |
| Collection of Account Charge - no disconnection | \$ 30.00 |
| Disconnect/Reconnect at Meter - during Regular Hours | \$ 65.00 |
| Disconnect/Reconnect at Meter - after Regular Hours | \$185.00 |
| Specific Charge for Access to the Power Poles - per pole/year | \$ 22.35 |

Allowances

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

Retail Service Charges (if applicable)

Retail Service Charges refer to services provided by a distributor to retailers or customers related to the supply of competitive electricity

| | |
|--|-----------------|
| One-time charge, per retailer, to establish the service agreement between the distributor and the retailer | \$ 100.00 |
| Monthly Fixed Charge, per retailer | \$ 20.00 |
| Monthly Variable Charge, per customer, per retailer | \$/cust. 0.50 |
| Distributor-consolidated billing charge, per customer, per retailer | \$/cust. 0.30 |
| Retailer-consolidated billing credit, per customer, per retailer | \$/cust. (0.30) |

Service Transaction Requests (STR)

| | |
|--|---------|
| Request fee, per request, applied to the requesting party | \$ 0.25 |
| Processing fee, per request, applied to the requesting party | \$ 0.50 |
| Request for customer information as outlined in Section 10.6.3 and Chapter 11 of the Retail Settlement Code directly to retailers and customers, if not delivered electronically through the Electronic Business Transaction (EBT) system, applied to the requesting party | |
| Up to twice a year no charge | |
| More than twice a year, per request (plus incremental delivery costs) | \$ 2.00 |

LOSS FACTORS

| | |
|---|---------|
| Total Loss Factor - Secondary Metered Customer < 5,000 kW | %1.0429 |
| Total Loss Factor - Secondary Metered Customer > 5,000 kW | N/A |
| Total Loss Factor - Primary Metered Customer < 5,000 kW | %1.0324 |
| Total Loss Factor - Primary Metered Customer > 5,000 kW | N/A |

PROPOSED RATE CLASSES IF DIFFERENT THAN EXISTING

Northern Ontario Wires does not propose any changes to the rate classes or descriptions.

PROPOSED RATE SCHEDULE

**Northern Ontario Wires Inc.
 TARIFF OF RATES AND CHARGES
 Effective May 1, 2009**

This schedule supersedes and replaces all previously approved schedules of Rates, Charges and Loss Factors

MONTHLY RATES AND CHARGES

Residential

| | | |
|--|--------|----------|
| Service Charge | | \$ 17.76 |
| Distribution Volumetric Rate | \$/kWh | 0.0179 |
| Retail Transmission Rate - Network Service Rate | \$/kWh | 0.0044 |
| Retail Transmission Rate - Line and Transformation Connection Service Rate | \$/kWh | 0.0042 |
| Wholesale Market Service Rate | \$/kWh | 0.0052 |
| Rural Rate Protection Charge | \$/kWh | 0.0010 |
| Standard Supply Service - Administrative Charge | | \$ 0.25 |

General Service Less Than 50 kW

| | | |
|--|--------|----------|
| Service Charge | | \$ 23.26 |
| Distribution Volumetric Rate | \$/kWh | 0.0156 |
| Retail Transmission Rate - Network Service Rate | \$/kWh | 0.0040 |
| Retail Transmission Rate - Line and Transformation Connection Service Rate | \$/kWh | 0.0038 |
| Wholesale Market Service Rate | \$/kWh | 0.0052 |
| Rural Rate Protection Charge | \$/kWh | 0.0010 |
| Standard Supply Service - Administrative Charge | | \$ 0.25 |

General Service 50 to 4,999 kW

| | | |
|--|--------|----------|
| Service Charge | | \$205.26 |
| Distribution Volumetric Rate | \$/kW | 0.9450 |
| Retail Transmission Rate - Network Service Rate | \$/kW | 1.6425 |
| Retail Transmission Rate - Line and Transformation Connection Service Rate | \$/kW | 1.4944 |
| Wholesale Market Service Rate | \$/kWh | 0.0052 |
| Rural Rate Protection Charge | \$/kWh | 0.0010 |
| Standard Supply Service - Administrative Charge | | \$ 0.25 |

Unmetered Scattered Load

| | | |
|--|--------|----------|
| Service Charge | | \$ 12.00 |
| Distribution Volumetric Rate | \$/kWh | 0.0409 |
| Retail Transmission Rate - Network Service Rate | \$/kWh | 0.0040 |
| Retail Transmission Rate - Line and Transformation Connection Service Rate | \$/kWh | 0.0038 |
| Wholesale Market Service Rate | \$/kWh | 0.0052 |
| Rural Rate Protection Charge | \$/kWh | 0.0010 |
| Standard Supply Service - Administrative Charge | | \$ 0.25 |

Street Lighting

| | | |
|--|--------|---------|
| Service Charge | | \$ 6.25 |
| Distribution Volumetric Rate | \$/kW | 6.6742 |
| Retail Transmission Rate - Network Service Rate | \$/kW | 1.2388 |
| Retail Transmission Rate - Line and Transformation Connection Service Rate | \$/kW | 1.1553 |
| Wholesale Market Service Rate | \$/kWh | 0.0052 |
| Rural Rate Protection Charge | \$/kWh | 0.0010 |
| Standard Supply Service - Administrative Charge | | \$ 0.25 |

**Northern Ontario Wires Inc.
 TARIFF OF RATES AND CHARGES
 Effective May 1, 2009**

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Specific Service Charges

Customer Administration

| | |
|---|----------|
| Arrears Certificate | \$ 15.00 |
| Returned Cheque charge (plus bank charges) | \$ 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 |
| Non-Payment of Account | |
| Late Payment - per month | % 1.50 |
| Late Payment - per annum | % 19.56 |
| Collection of Account Charge - no disconnection | \$ 30.00 |
| Disconnect/Reconnect at Meter - during Regular Hours | \$ 65.00 |
| Disconnect/Reconnect at Meter - after Regular Hours | \$185.00 |
| Specific Charge for Access to the Power Poles - per pole/year | \$ 22.35 |

Allowances

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

Retail Service Charges (if applicable)

Retail Service Charges refer to services provided by a distributor to retailers or customers related to the supply of competitive electricity

| | |
|--|-----------------|
| One-time charge, per retailer, to establish the service agreement between the distributor and the retailer | \$ 100.00 |
| Monthly Fixed Charge, per retailer | \$ 20.00 |
| Monthly Variable Charge, per customer, per retailer | \$/cust. 0.50 |
| Distributor-consolidated billing charge, per customer, per retailer | \$/cust. 0.30 |
| Retailer-consolidated billing credit, per customer, per retailer | \$/cust. (0.30) |

Service Transaction Requests (STR)

| | |
|--|---------|
| Request fee, per request, applied to the requesting party | \$ 0.25 |
| Processing fee, per request, applied to the requesting party | \$ 0.50 |
| Request for customer information as outlined in Section 10.6.3 and Chapter 11 of the Retail Settlement Code directly to retailers and customers, if not delivered electronically through the Electronic Business Transaction (EBT) system, applied to the requesting party | |
| Up to twice a year no charge | |
| More than twice a year, per request (plus incremental delivery costs) | \$ 2.00 |

LOSS FACTORS

| | |
|---|---------|
| Total Loss Factor - Secondary Metered Customer < 5,000 kW | %1.0433 |
| Total Loss Factor - Secondary Metered Customer > 5,000 kW | N/A |
| Total Loss Factor - Primary Metered Customer < 5,000 kW | %1.0328 |
| Total Loss Factor - Primary Metered Customer > 5,000 kW | N/A |

SUMMARY OF PROPOSED RATE SCHEDULE

The following is a summary of the proposed changes to Northern Ontario Wires rates for the 2009 test year. The Applicant is forecasting a distribution related delivery deficiency for the 2009 test year of \$445,367 including tax implications using existing rates.

The impact on each rate class is described below.

Residential:

The proposed changes to Residential are summarized below.

| | 2008 Board Approved | 2009 Proposed | % change |
|------------------------------|---------------------|---------------|----------|
| Service Charge | \$16.66 | \$17.76 | 6.6% |
| Distribution Volumetric Rate | \$0.0108 | \$0.0179 | 65.7% |

In order to adjust the fixed cost recovery through the monthly fixed charge, NOW is proposing to increase the monthly customer charge by \$1.10 in the 2009 test year. The net impact of these changes is an increase in the revenue-to-cost ratios for Residential customers (from 97.92% to 102.76%).

The impact on a typical residential customer is an increase of 7.52% on total bill. The overall bill impact on a typical Residential customer is shown in detail in Exhibit 9, Tab 1, Schedule 8.

GS<50 kW:

The proposed changes to GS<50 kW are summarized below.

| | 2008 Board Approved | 2009 Proposed | % change |
|------------------------------|---------------------|---------------|----------|
| Service Charge | \$21.80 | \$23.26 | 6.7% |
| Distribution Volumetric Rate | \$0.0102 | \$0.0156 | 52.9% |

In order to adjust the fixed cost recovery through the monthly fixed charge, NOW is proposing to increase the monthly customer charge by \$1.46 in the 2009 test year. The net impact of these changes is a decrease in the revenue-to-cost ratios for Residential customers (from 107.25% to 102.76%).

The impact on a typical GS<50 kW customer is a increase of 5.9% on total bill. The overall bill impact on a typical GS<50 kW customer is shown in detail in Exhibit 9, Tab 1, Schedule 8.

GS>50 to 4, 999 kW:

The proposed changes to GS>50 to 4,999 kW are summarized below.

| | 2008 Board Approved | 2009 Proposed | % change |
|------------------------------|---------------------|---------------|----------|
| Service Charge | \$209.32 | \$205.26 | -1.9% |
| Distribution Volumetric Rate | \$2.0558 | \$0.9450 | -54.0% |

In order to adjust the fixed cost recovery through the monthly fixed charge, NOW is proposing to decrease the monthly customer charge by \$4.06 in the 2009 test year. The net impact of these changes is a decrease in the revenue-to-cost ratios for GS 50 to 4,999 kW customers (from 162.28% to 102.76%).

The impact on a typical GS>50 to 999 kW customer is a decrease of 3.3% on total bill. The overall bill impact on a typical GS>50 to 999 kW customer is shown in detail in Exhibit 9, Tab 1, Schedule 8.

Street Lighting:

The proposed changes to Street Lighting are summarized below.

| | 2008 Board Approved | 2009 Proposed | % change |
|------------------------------|---------------------|---------------|----------|
| Service Charge | \$1.04 | \$6.25 | 501.0% |
| Distribution Volumetric Rate | \$3.3881 | \$6.6742 | 97.0% |

Explanation; In order to adjust the fixed cost recovery through the monthly fixed charge, NOW is proposing to increase the monthly customer charge by \$3.18 in the 2009 test year. The net impact of these changes is an increase in the revenue-to-cost ratios for Street Lighting connections (from 26.02% to 70.00%).

The impact on a typical Street Lighting connection is an increase of 65.8% on total bill. The overall bill impact on a typical Street Lighting connection is shown in detail in Exhibit 9, Tab 1, Schedule 8.

Unmetered Scattered Load:

The proposed changes to Unmetered Scattered Load are summarized below.

| | 2008 Board Approved | 2009 Proposed | % change |
|------------------------------|---------------------|---------------|----------|
| Service Charge | \$11.00 | \$12.00 | 9.1% |
| Distribution Volumetric Rate | \$0.0102 | \$0.0409 | 301.0% |

Explanation; In order to adjust the fixed cost recovery through the monthly fixed charge, NOW is proposing to increase the monthly customer charge by \$1.00 in the 2009 test year. The net impact of these changes is a decrease in the revenue-to-cost ratios for Unmetered Scattered Load customers (from 127.53% to 102.76%).

The impact on a typical Unmetered Scattered Load customer is an increase of 31.0% on total bill. Although the revenue to cost ratio is decreasing for the unmetered load, the customer counts and load profiles used to approve the 2006 distribution rates and the IRM increases in 2007 & 2008 were overstated. Essentially, NOW has not recovered the appropriate distribution revenue from this class over the last 3 years (note, the lost revenue was not collected through any other means, the loss was transferred to the shareholder). The correct customer counts and load profile have been used to generate forecast load statistics and associated costs. The correct counts and profiles have been used to allocate costs and to derive distribution rates for 2009 test year. As an example, the 2002 – 2004 customer counts were input as 48 customers when historically and projected counts are actually 15 customers.

The overall bill impact on a typical Unmetered Scattered Load customer is shown in detail in Exhibit 9, Tab 1, Schedule 8.

RECONCILIATION OF RATE CLASS REVENUE TO TOTAL REVENUE
REQUIREMENT

| | | | |
|----------------------------------|---------|--|-----------------|
| Distribution Revenue Requirement | | | \$ 2,890,752.14 |
| Cost allocation results | | | |
| Residential | 63.23% | | \$ 1,827,861.76 |
| GS < 50 kW | 19.32% | | \$ 558,440.68 |
| GS 50 to 4,999 kW | 11.54% | | \$ 333,591.65 |
| Street Lights | 5.66% | | \$ 163,739.42 |
| Unmetered | 0.25% | | \$ 7,118.63 |
| Total | 100.00% | | \$ 2,890,752.14 |

RATE IMPACTS

This exhibit presents the results of the assessment of customer total bill impacts by level of consumption by customer per rate class and per the total customer class.

Impacts are derived using the applicable May 1, 2008 rates and the proposed 2009 distribution rates.

The total bill impacts are calculated for a range of consumption profiles including the average customer per customer class. The rates are assessed on the basis of moving to the proposed distribution rates derived in Exhibit 9, Tab 1, Schedule 5. The total bill impacts are premised on the distribution rates arising from the new revenue requirements

RATE IMPACTS

Residential

| | | | |
|--------------------|----------------|-------------|---------------------------|
| Consumption | 250 kWh | 0 kW | Loss Factor 1.0433 |
|--------------------|----------------|-------------|---------------------------|

| | May 2008 BILL | | | May 2009 BILL | | | IMPACT | | |
|--|---------------|-----------|-----------------|---------------|-----------|-----------------|---------------|--------------|-----------------|
| | Volume | RATE \$ | CHARGE \$ | Volume | RATE \$ | CHARGE \$ | \$ | % | % of Total Bill |
| Energy First Tier (kWh) | 261 | \$ 0.0530 | \$ 13.82 | 261 | \$ 0.0530 | \$ 13.82 | | | |
| Energy Second Tier (kWh) | 0 | \$ 0.0620 | \$ - | 0 | \$ 0.0620 | \$ - | | | |
| Sub-Total: Energy | | | \$ 13.82 | | | \$ 13.82 | \$0.00 | 0.0% | 0.00% |
| Monthly Service Charge | 1 | \$ 16.66 | \$ 16.66 | 1 | \$ 17.76 | \$ 17.76 | \$1.10 | 6.6% | 2.68% |
| Distribution (kWh) | 250 | \$ 0.0108 | \$ 2.70 | 250 | \$ 0.0179 | \$ 4.47 | \$1.77 | 65.5% | 4.32% |
| Retail Transmission Rate – Network Service Rate | 261 | \$ 0.0044 | \$ 1.15 | 261 | \$ 0.0044 | \$ 1.15 | \$0.00 | 0.0% | 0.00% |
| Retail Transmission Rate – Line and Transformation Connection Service Rate | 261 | \$ 0.0042 | \$ 1.10 | 261 | \$ 0.0042 | \$ 1.10 | \$0.00 | 0.0% | 0.00% |
| Sub-Total: Delivery | | | \$ 21.60 | | | \$ 24.47 | \$2.87 | 13.3% | 7.00% |
| Wholesale Market Service Rate | 261 | \$ 0.0052 | \$ 1.36 | 261 | \$ 0.0052 | \$ 1.36 | \$0.00 | 0.0% | 0.00% |
| Rural Rate Protection Charge | 261 | \$ 0.0010 | \$ 0.26 | 261 | \$ 0.0010 | \$ 0.26 | \$0.00 | 0.0% | 0.00% |
| Regulated Price Plan – Administration Charge | 1 | \$ 0.2500 | \$ 0.25 | 1 | \$ 0.2500 | \$ 0.25 | \$0.00 | 0.0% | 0.00% |
| Sub-Total: Regulatory | | | \$ 1.87 | | | \$ 1.87 | \$0.00 | 0.0% | 0.00% |
| Debt Retirement Charge (DRC) | 250 | \$ 0.0070 | \$ 1.75 | 250 | \$ 0.0070 | \$ 1.75 | \$0.00 | 0.0% | 0.00% |
| Total Bill before Taxes | | | \$ 39.04 | | | \$ 41.91 | \$2.87 | 7.3% | 7.00% |
| GST | \$ 39.04 | 5% | \$ 1.95 | \$ 41.91 | 5% | \$ 2.10 | \$0.14 | 7.3% | 0.35% |
| Total Bill after Taxes | | | \$ 41.00 | | | \$ 44.01 | \$3.01 | 7.3% | 7.35% |

| | | | |
|--------------------|----------------|-------------|---------------------------|
| Consumption | 500 kWh | 0 kW | Loss Factor 1.0433 |
|--------------------|----------------|-------------|---------------------------|

| | May 2008 BILL | | | May 2009 BILL | | | IMPACT | | |
|--|---------------|-----------|-----------------|---------------|-----------|-----------------|---------------|--------------|-----------------|
| | Volume | RATE \$ | CHARGE \$ | Volume | RATE \$ | CHARGE \$ | \$ | % | % of Total Bill |
| Energy First Tier (kWh) | 522 | \$ 0.0530 | \$ 27.65 | 522 | \$ 0.0530 | \$ 27.65 | | | |
| Energy Second Tier (kWh) | 0 | \$ 0.0620 | \$ - | 0 | \$ 0.0620 | \$ - | | | |
| Sub-Total: Energy | | | \$ 27.65 | | | \$ 27.65 | \$0.00 | 0.0% | 0.00% |
| Monthly Service Charge | 1 | \$ 16.66 | \$ 16.66 | 1 | \$ 17.76 | \$ 17.76 | \$1.10 | 6.6% | 1.71% |
| Distribution (kWh) | 500 | \$ 0.0108 | \$ 5.40 | 500 | \$ 0.0179 | \$ 8.94 | \$3.54 | 65.5% | 5.51% |
| Retail Transmission Rate – Network Service Rate | 522 | \$ 0.0044 | \$ 2.30 | 522 | \$ 0.0044 | \$ 2.30 | \$0.00 | 0.0% | 0.00% |
| Retail Transmission Rate – Line and Transformation Connection Service Rate | 522 | \$ 0.0042 | \$ 2.19 | 522 | \$ 0.0042 | \$ 2.19 | \$0.00 | 0.0% | 0.00% |
| Sub-Total: Delivery | | | \$ 26.55 | | | \$ 31.18 | \$4.64 | 17.5% | 7.22% |
| Wholesale Market Service Rate | 522 | \$ 0.0052 | \$ 2.71 | 522 | \$ 0.0052 | \$ 2.71 | \$0.00 | 0.0% | 0.00% |
| Rural Rate Protection Charge | 522 | \$ 0.0010 | \$ 0.52 | 522 | \$ 0.0010 | \$ 0.52 | \$0.00 | 0.0% | 0.00% |
| Regulated Price Plan – Administration Charge | 1 | \$ 0.2500 | \$ 0.25 | 1 | \$ 0.2500 | \$ 0.25 | \$0.00 | 0.0% | 0.00% |
| Sub-Total: Regulatory | | | \$ 3.48 | | | \$ 3.48 | \$0.00 | 0.0% | 0.00% |
| Debt Retirement Charge (DRC) | 500 | \$ 0.0070 | \$ 3.50 | 500 | \$ 0.0070 | \$ 3.50 | \$0.00 | 0.0% | 0.00% |
| Total Bill before Taxes | | | \$ 61.18 | | | \$ 65.82 | \$4.64 | 7.6% | 7.22% |
| GST | \$ 61.18 | 5% | \$ 3.06 | \$ 65.82 | 5% | \$ 3.29 | \$0.23 | 7.6% | 0.36% |
| Total Bill after Taxes | | | \$ 64.24 | | | \$ 69.11 | \$4.87 | 7.6% | 7.58% |

| | | | |
|--------------------|----------------|-------------|---------------------------|
| Consumption | 805 kWh | 0 kW | Loss Factor 1.0433 |
|--------------------|----------------|-------------|---------------------------|

| | May 2008 BILL | | | May 2009 BILL | | | IMPACT | | |
|--|---------------|-----------|-----------------|---------------|-----------|------------------|---------------|--------------|-----------------|
| | Volume | RATE \$ | CHARGE \$ | Volume | RATE \$ | CHARGE \$ | \$ | % | % of Total Bill |
| Energy First Tier (kWh) | 600 | \$ 0.0530 | \$ 31.80 | 600 | \$ 0.0530 | \$ 31.80 | | | |
| Energy Second Tier (kWh) | 240 | \$ 0.0620 | \$ 14.87 | 240 | \$ 0.0620 | \$ 14.87 | | | |
| Sub-Total: Energy | | | \$ 46.67 | | | \$ 46.67 | \$0.00 | 0.0% | 0.00% |
| Monthly Service Charge | 1 | \$ 16.66 | \$ 16.66 | 1 | \$ 17.76 | \$ 17.76 | \$1.10 | 6.6% | 1.16% |
| Distribution (kWh) | 805 | \$ 0.0108 | \$ 8.69 | 805 | \$ 0.0179 | \$ 14.39 | \$5.70 | 65.5% | 6.01% |
| Retail Transmission Rate – Network Service Rate | 840 | \$ 0.0044 | \$ 3.70 | 840 | \$ 0.0044 | \$ 3.70 | \$0.00 | 0.0% | 0.00% |
| Retail Transmission Rate – Line and Transformation Connection Service Rate | 840 | \$ 0.0042 | \$ 3.53 | 840 | \$ 0.0042 | \$ 3.53 | \$0.00 | 0.0% | 0.00% |
| Sub-Total: Delivery | | | \$ 32.58 | | | \$ 39.37 | \$6.80 | 20.9% | 7.17% |
| Wholesale Market Service Rate | 840 | \$ 0.0052 | \$ 4.37 | 840 | \$ 0.0052 | \$ 4.37 | \$0.00 | 0.0% | 0.00% |
| Rural Rate Protection Charge | 840 | \$ 0.0010 | \$ 0.84 | 840 | \$ 0.0010 | \$ 0.84 | \$0.00 | 0.0% | 0.00% |
| Regulated Price Plan – Administration Charge | 1 | \$ 0.2500 | \$ 0.25 | 1 | \$ 0.2500 | \$ 0.25 | \$0.00 | 0.0% | 0.00% |
| Sub-Total: Regulatory | | | \$ 5.46 | | | \$ 5.46 | \$0.00 | 0.0% | 0.00% |
| Debt Retirement Charge (DRC) | 805 | \$ 0.0070 | \$ 5.64 | 805 | \$ 0.0070 | \$ 5.64 | \$0.00 | 0.0% | 0.00% |
| Total Bill before Taxes | | | \$ 90.34 | | | \$ 97.14 | \$6.80 | 7.5% | 7.17% |
| GST | \$ 90.34 | 5% | \$ 4.52 | \$ 97.14 | 5% | \$ 4.86 | \$0.34 | 7.5% | 0.36% |
| Total Bill after Taxes | | | \$ 94.85 | | | \$ 101.99 | \$7.14 | 7.5% | 7.52% |

| | | | |
|--------------------|------------------|-------------|---------------------------|
| Consumption | 1,000 kWh | 0 kW | Loss Factor 1.0433 |
|--------------------|------------------|-------------|---------------------------|

| | May 2008 BILL | | | May 2009 BILL | | | IMPACT | | |
|--|---------------|-----------|------------------|---------------|-----------|------------------|---------------|--------------|-----------------|
| | Volume | RATE \$ | CHARGE \$ | Volume | RATE \$ | CHARGE \$ | \$ | % | % of Total Bill |
| Energy First Tier (kWh) | 600 | \$ 0.0530 | \$ 31.80 | 600 | \$ 0.0530 | \$ 31.80 | | | |
| Energy Second Tier (kWh) | 443 | \$ 0.0620 | \$ 27.48 | 443 | \$ 0.0620 | \$ 27.48 | | | |
| Sub-Total: Energy | | | \$ 59.28 | | | \$ 59.28 | \$0.00 | 0.0% | 0.00% |
| Monthly Service Charge | 1 | \$ 16.66 | \$ 16.66 | 1 | \$ 17.76 | \$ 17.76 | \$1.10 | 6.6% | 0.96% |
| Distribution (kWh) | 1,000 | \$ 0.0108 | \$ 10.80 | 1,000 | \$ 0.0179 | \$ 17.88 | \$7.08 | 65.5% | 6.16% |
| Retail Transmission Rate – Network Service Rate | 1,043 | \$ 0.0044 | \$ 4.59 | 1,043 | \$ 0.0044 | \$ 4.59 | \$0.00 | 0.0% | 0.00% |
| Retail Transmission Rate – Line and Transformation Connection Service Rate | 1,043 | \$ 0.0042 | \$ 4.38 | 1,043 | \$ 0.0042 | \$ 4.38 | \$0.00 | 0.0% | 0.00% |
| Sub-Total: Delivery | | | \$ 36.43 | | | \$ 44.61 | \$8.18 | 22.4% | 7.12% |
| Wholesale Market Service Rate | 1,043 | \$ 0.0052 | \$ 5.42 | 1,043 | \$ 0.0052 | \$ 5.42 | \$0.00 | 0.0% | 0.00% |
| Rural Rate Protection Charge | 1,043 | \$ 0.0010 | \$ 1.04 | 1,043 | \$ 0.0010 | \$ 1.04 | \$0.00 | 0.0% | 0.00% |
| Regulated Price Plan – Administration Charge | 1 | \$ 0.2500 | \$ 0.25 | 1 | \$ 0.2500 | \$ 0.25 | \$0.00 | 0.0% | 0.00% |
| Sub-Total: Regulatory | | | \$ 6.72 | | | \$ 6.72 | \$0.00 | 0.0% | 0.00% |
| Debt Retirement Charge (DRC) | 1,000 | \$ 0.0070 | \$ 7.00 | 1,000 | \$ 0.0070 | \$ 7.00 | \$0.00 | 0.0% | 0.00% |
| Total Bill before Taxes | | | \$ 109.43 | | | \$ 117.61 | \$8.18 | 7.5% | 7.12% |
| GST | \$ 109.43 | 5% | \$ 5.47 | \$ 117.61 | 5% | \$ 5.88 | \$0.41 | 7.5% | 0.36% |
| Total Bill after Taxes | | | \$ 114.90 | | | \$ 123.49 | \$8.59 | 7.5% | 7.47% |

| | | | |
|--------------------|------------------|-------------|---------------------------|
| Consumption | 1,250 kWh | 0 kW | Loss Factor 1.0433 |
|--------------------|------------------|-------------|---------------------------|

| | May 2008 BILL | | | May 2009 BILL | | | IMPACT | | |
|--|---------------|-----------|------------------|---------------|-----------|------------------|----------------|--------------|-----------------|
| | Volume | RATE \$ | CHARGE \$ | Volume | RATE \$ | CHARGE \$ | \$ | % | % of Total Bill |
| Energy First Tier (kWh) | 600 | \$ 0.0530 | \$ 31.80 | 600 | \$ 0.0530 | \$ 31.80 | | | |
| Energy Second Tier (kWh) | 704 | \$ 0.0620 | \$ 43.65 | 704 | \$ 0.0620 | \$ 43.65 | | | |
| Sub-Total: Energy | | | \$ 75.45 | | | \$ 75.45 | \$0.00 | 0.0% | 0.00% |
| Monthly Service Charge | 1 | \$ 16.66 | \$ 16.66 | 1 | \$ 17.76 | \$ 17.76 | \$1.10 | 6.6% | 0.78% |
| Distribution (kWh) | 1,250 | \$ 0.0108 | \$ 13.50 | 1,250 | \$ 0.0179 | \$ 22.35 | \$8.85 | 65.5% | 6.29% |
| Retail Transmission Rate – Network Service Rate | 1,304 | \$ 0.0044 | \$ 5.74 | 1,304 | \$ 0.0044 | \$ 5.74 | \$0.00 | 0.0% | 0.00% |
| Retail Transmission Rate – Line and Transformation Connection Service Rate | 1,304 | \$ 0.0042 | \$ 5.48 | 1,304 | \$ 0.0042 | \$ 5.48 | \$0.00 | 0.0% | 0.00% |
| Sub-Total: Delivery | | | \$ 41.38 | | | \$ 51.32 | \$9.95 | 24.0% | 7.07% |
| Wholesale Market Service Rate | 1,304 | \$ 0.0052 | \$ 6.78 | 1304 | \$ 0.0052 | \$ 6.78 | \$0.00 | 0.0% | 0.00% |
| Rural Rate Protection Charge | 1,304 | \$ 0.0010 | \$ 1.30 | 1304 | \$ 0.0010 | \$ 1.30 | \$0.00 | 0.0% | 0.00% |
| Regulated Price Plan – Administration Charge | 1 | \$ 0.2500 | \$ 0.25 | 1 | \$ 0.2500 | \$ 0.25 | \$0.00 | 0.0% | 0.00% |
| Sub-Total: Regulatory | | | \$ 8.34 | | | \$ 8.34 | \$0.00 | 0.0% | 0.00% |
| Debt Retirement Charge (DRC) | 1,250 | \$ 0.0070 | \$ 8.75 | 1,250 | \$ 0.0070 | \$ 8.75 | \$0.00 | 0.0% | 0.00% |
| Total Bill before Taxes | | | \$ 133.91 | | | \$ 143.86 | \$9.95 | 7.4% | 7.07% |
| GST | \$ 133.91 | 5% | \$ 6.70 | \$ 143.86 | 5% | \$ 7.19 | \$0.50 | 7.4% | 0.35% |
| Total Bill after Taxes | | | \$ 140.61 | | | \$ 151.05 | \$10.44 | 7.4% | 7.43% |

| | | | |
|--------------------|------------------|-------------|---------------------------|
| Consumption | 1,500 kWh | 0 kW | Loss Factor 1.0433 |
|--------------------|------------------|-------------|---------------------------|

| | May 2008 BILL | | | May 2009 BILL | | | IMPACT | | |
|--|---------------|-----------|------------------|---------------|-----------|------------------|----------------|--------------|-----------------|
| | Volume | RATE \$ | CHARGE \$ | Volume | RATE \$ | CHARGE \$ | \$ | % | % of Total Bill |
| Energy First Tier (kWh) | 600 | \$ 0.0530 | \$ 31.80 | 600 | \$ 0.0530 | \$ 31.80 | | | |
| Energy Second Tier (kWh) | 965 | \$ 0.0620 | \$ 59.82 | 965 | \$ 0.0620 | \$ 59.82 | | | |
| Sub-Total: Energy | | | \$ 91.62 | | | \$ 91.62 | \$0.00 | 0.0% | 0.00% |
| Monthly Service Charge | 1 | \$ 16.66 | \$ 16.66 | 1 | \$ 17.76 | \$ 17.76 | \$1.10 | 6.6% | 0.66% |
| Distribution (kWh) | 1,500 | \$ 0.0108 | \$ 16.20 | 1,500 | \$ 0.0179 | \$ 26.82 | \$10.62 | 65.5% | 6.38% |
| Retail Transmission Rate – Network Service Rate | 1,565 | \$ 0.0044 | \$ 6.89 | 1,565 | \$ 0.0044 | \$ 6.89 | \$0.00 | 0.0% | 0.00% |
| Retail Transmission Rate – Line and Transformation Connection Service Rate | 1,565 | \$ 0.0042 | \$ 6.57 | 1,565 | \$ 0.0042 | \$ 6.57 | \$0.00 | 0.0% | 0.00% |
| Sub-Total: Delivery | | | \$ 46.32 | | | \$ 58.03 | \$11.72 | 25.3% | 7.04% |
| Wholesale Market Service Rate | 1,565 | \$ 0.0052 | \$ 8.14 | 1565 | \$ 0.0052 | \$ 8.14 | \$0.00 | 0.0% | 0.00% |
| Rural Rate Protection Charge | 1,565 | \$ 0.0010 | \$ 1.56 | 1565 | \$ 0.0010 | \$ 1.56 | \$0.00 | 0.0% | 0.00% |
| Regulated Price Plan – Administration Charge | 1 | \$ 0.2500 | \$ 0.25 | 1 | \$ 0.2500 | \$ 0.25 | \$0.00 | 0.0% | 0.00% |
| Sub-Total: Regulatory | | | \$ 9.95 | | | \$ 9.95 | \$0.00 | 0.0% | 0.00% |
| Debt Retirement Charge (DRC) | 1,500 | \$ 0.0070 | \$ 10.50 | 1,500 | \$ 0.0070 | \$ 10.50 | \$0.00 | 0.0% | 0.00% |
| Total Bill before Taxes | | | \$ 158.39 | | | \$ 170.11 | \$11.72 | 7.4% | 7.04% |
| GST | \$ 158.39 | 5% | \$ 7.92 | \$ 170.11 | 5% | \$ 8.51 | \$0.59 | 7.4% | 0.35% |
| Total Bill after Taxes | | | \$ 166.31 | | | \$ 178.62 | \$12.30 | 7.4% | 7.40% |

| | | | |
|--------------------|------------------|-------------|---------------------------|
| Consumption | 2,000 kWh | 0 kW | Loss Factor 1.0433 |
|--------------------|------------------|-------------|---------------------------|

| | May 2008 BILL | | | May 2009 BILL | | | IMPACT | | |
|--|---------------|-----------|------------------|---------------|-----------|------------------|----------------|--------------|-----------------|
| | Volume | RATE \$ | CHARGE \$ | Volume | RATE \$ | CHARGE \$ | \$ | % | % of Total Bill |
| Energy First Tier (kWh) | 600 | \$ 0.0530 | \$ 31.80 | 600 | \$ 0.0530 | \$ 31.80 | | | |
| Energy Second Tier (kWh) | 1,487 | \$ 0.0620 | \$ 92.16 | 1,487 | \$ 0.0620 | \$ 92.16 | | | |
| Sub-Total: Energy | | | \$ 123.96 | | | \$ 123.96 | \$0.00 | 0.0% | 0.00% |
| Monthly Service Charge | 1 | \$ 16.66 | \$ 16.66 | 1 | \$ 17.76 | \$ 17.76 | \$1.10 | 6.6% | 0.51% |
| Distribution (kWh) | 2,000 | \$ 0.0108 | \$ 21.60 | 2,000 | \$ 0.0179 | \$ 35.75 | \$14.15 | 65.5% | 6.50% |
| Retail Transmission Rate – Network Service Rate | 2,087 | \$ 0.0044 | \$ 9.18 | 2,087 | \$ 0.0044 | \$ 9.18 | \$0.00 | 0.0% | 0.00% |
| Retail Transmission Rate – Line and Transformation Connection Service Rate | 2,087 | \$ 0.0042 | \$ 8.76 | 2,087 | \$ 0.0042 | \$ 8.76 | \$0.00 | 0.0% | 0.00% |
| Sub-Total: Delivery | | | \$ 56.20 | | | \$ 71.46 | \$15.25 | 27.1% | 7.01% |
| Wholesale Market Service Rate | 2,087 | \$ 0.0052 | \$ 10.85 | 2,087 | \$ 0.0052 | \$ 10.85 | \$0.00 | 0.0% | 0.00% |
| Rural Rate Protection Charge | 2,087 | \$ 0.0010 | \$ 2.09 | 2,087 | \$ 0.0010 | \$ 2.09 | \$0.00 | 0.0% | 0.00% |
| Regulated Price Plan – Administration Charge | 1 | \$ 0.2500 | \$ 0.25 | 1 | \$ 0.2500 | \$ 0.25 | \$0.00 | 0.0% | 0.00% |
| Sub-Total: Regulatory | | | \$ 13.19 | | | \$ 13.19 | \$0.00 | 0.0% | 0.00% |
| Debt Retirement Charge (DRC) | 2,000 | \$ 0.0070 | \$ 14.00 | 2,000 | \$ 0.0070 | \$ 14.00 | \$0.00 | 0.0% | 0.00% |
| Total Bill before Taxes | | | \$ 207.36 | | | \$ 222.61 | \$15.25 | 7.4% | 7.01% |
| GST | \$ 207.36 | 5% | \$ 10.37 | \$ 222.61 | 5% | \$ 11.13 | \$0.76 | 7.4% | 0.35% |
| Total Bill after Taxes | | | \$ 217.72 | | | \$ 233.74 | \$16.02 | 7.4% | 7.36% |

General Service Less Than 50 kW

| | | | |
|--------------------|------------------|-------------|---------------------------|
| Consumption | 1,000 kWh | 0 kW | Loss Factor 1.0433 |
|--------------------|------------------|-------------|---------------------------|

| | May 2008 BILL | | | May 2009 BILL | | | IMPACT | | |
|--|---------------|-----------|------------------|---------------|-----------|------------------|---------------|--------------|-----------------|
| | Volume | RATE \$ | CHARGE \$ | Volume | RATE \$ | CHARGE \$ | \$ | % | % of Total Bill |
| Energy First Tier (kWh) | 750 | \$ 0.0530 | \$ 39.75 | 750 | \$ 0.0530 | \$ 39.75 | | | |
| Energy Second Tier (kWh) | 293 | \$ 0.0620 | \$ 18.18 | 293 | \$ 0.0620 | \$ 18.18 | | | |
| Sub-Total: Energy | | | \$ 57.93 | | | \$ 57.93 | \$0.00 | 0.0% | 0.00% |
| Monthly Service Charge | 1 | \$ 21.80 | \$ 21.80 | 1 | \$ 23.26 | \$ 23.26 | \$1.46 | 6.7% | 1.24% |
| Distribution (kWh) | 1,000 | \$ 0.0102 | \$ 10.20 | 1,000 | \$ 0.0156 | \$ 15.64 | \$5.44 | 53.3% | 4.63% |
| Retail Transmission Rate – Network Service Rate | 1,043 | \$ 0.0040 | \$ 4.17 | 1,043 | \$ 0.0040 | \$ 4.17 | \$0.00 | 0.0% | 0.00% |
| Retail Transmission Rate – Line and Transformation Connection Service Rate | 1,043 | \$ 0.0038 | \$ 3.96 | 1,043 | \$ 0.0038 | \$ 3.96 | \$0.00 | 0.0% | 0.00% |
| Sub-Total: Delivery | | | \$ 40.14 | | | \$ 47.03 | \$6.90 | 17.2% | 5.88% |
| Wholesale Market Service Rate | 1,043 | \$ 0.0052 | \$ 5.42 | 1,043 | \$ 0.0052 | \$ 5.42 | \$0.00 | 0.0% | 0.00% |
| Rural Rate Protection Charge | 1,043 | \$ 0.0010 | \$ 1.04 | 1,043 | \$ 0.0010 | \$ 1.04 | \$0.00 | 0.0% | 0.00% |
| Regulated Price Plan – Administration Charge | 1 | \$ 0.2500 | \$ 0.25 | 1 | \$ 0.2500 | \$ 0.25 | \$0.00 | 0.0% | 0.00% |
| Sub-Total: Regulatory | | | \$ 6.72 | | | \$ 6.72 | \$0.00 | 0.0% | 0.00% |
| Debt Retirement Charge (DRC) | 1,000 | \$ 0.0070 | \$ 7.00 | 1,000 | \$ 0.0070 | \$ 7.00 | \$0.00 | 0.0% | 0.00% |
| Total Bill before Taxes | | | \$ 111.79 | | | \$ 118.68 | \$6.90 | 6.2% | 5.88% |
| GST | \$ 111.79 | 5% | \$ 5.59 | \$ 118.68 | 5% | \$ 5.93 | \$0.34 | 6.2% | 0.29% |
| Total Bill after Taxes | | | \$ 117.38 | | | \$ 124.62 | \$7.24 | 6.2% | 6.17% |

| | | | |
|--------------------|------------------|-------------|---------------------------|
| Consumption | 2,000 kWh | 0 kW | Loss Factor 1.0433 |
|--------------------|------------------|-------------|---------------------------|

| | May 2008 BILL | | | May 2009 BILL | | | IMPACT | | |
|--|---------------|-----------|------------------|---------------|-----------|------------------|----------------|--------------|-----------------|
| | Volume | RATE \$ | CHARGE \$ | Volume | RATE \$ | CHARGE \$ | \$ | % | % of Total Bill |
| Energy First Tier (kWh) | 750 | \$ 0.0530 | \$ 39.75 | 750 | \$ 0.0530 | \$ 39.75 | | | |
| Energy Second Tier (kWh) | 1,337 | \$ 0.0620 | \$ 82.86 | 1,337 | \$ 0.0620 | \$ 82.86 | | | |
| Sub-Total: Energy | | | \$ 122.61 | | | \$ 122.61 | \$0.00 | 0.0% | 0.00% |
| Monthly Service Charge | 1 | \$ 21.80 | \$ 21.80 | 1 | \$ 23.26 | \$ 23.26 | \$1.46 | 6.7% | 0.67% |
| Distribution (kWh) | 2,000 | \$ 0.0102 | \$ 20.40 | 2,000 | \$ 0.0156 | \$ 31.27 | \$10.87 | 53.3% | 4.97% |
| Retail Transmission Rate – Network Service Rate | 2,087 | \$ 0.0040 | \$ 8.35 | 2,087 | \$ 0.0040 | \$ 8.35 | \$0.00 | 0.0% | 0.00% |
| Retail Transmission Rate – Line and Transformation Connection Service Rate | 2,087 | \$ 0.0038 | \$ 7.93 | 2,087 | \$ 0.0038 | \$ 7.93 | \$0.00 | 0.0% | 0.00% |
| Sub-Total: Delivery | | | \$ 58.47 | | | \$ 70.81 | \$12.33 | 21.1% | 5.64% |
| Wholesale Market Service Rate | 2,087 | \$ 0.0052 | \$ 10.85 | 2,087 | \$ 0.0052 | \$ 10.85 | \$0.00 | 0.0% | 0.00% |
| Rural Rate Protection Charge | 2,087 | \$ 0.0010 | \$ 2.09 | 2,087 | \$ 0.0010 | \$ 2.09 | \$0.00 | 0.0% | 0.00% |
| Regulated Price Plan – Administration Charge | 1 | \$ 0.2500 | \$ 0.25 | 1 | \$ 0.2500 | \$ 0.25 | \$0.00 | 0.0% | 0.00% |
| Sub-Total: Regulatory | | | \$ 13.19 | | | \$ 13.19 | \$0.00 | 0.0% | 0.00% |
| Debt Retirement Charge (DRC) | 2,000 | \$ 0.0070 | \$ 14.00 | 2,000 | \$ 0.0070 | \$ 14.00 | \$0.00 | 0.0% | 0.00% |
| Total Bill before Taxes | | | \$ 208.28 | | | \$ 220.61 | \$12.33 | 5.9% | 5.64% |
| GST | \$ 208.28 | 5% | \$ 10.41 | \$ 220.61 | 5% | \$ 11.03 | \$0.62 | 5.9% | 0.28% |
| Total Bill after Taxes | | | \$ 218.69 | | | \$ 231.64 | \$12.95 | 5.9% | 5.92% |

| | | | |
|--------------------|------------------|-------------|---------------------------|
| Consumption | 2,320 kWh | 0 kW | Loss Factor 1.0433 |
|--------------------|------------------|-------------|---------------------------|

| | May 2008 BILL | | | May 2009 BILL | | | IMPACT | | |
|--|---------------|-----------|------------------|---------------|-----------|------------------|----------------|--------------|-----------------|
| | Volume | RATE \$ | CHARGE \$ | Volume | RATE \$ | CHARGE \$ | \$ | % | % of Total Bill |
| Energy First Tier (kWh) | 750 | \$ 0.0530 | \$ 39.75 | 750 | \$ 0.0530 | \$ 39.75 | | | |
| Energy Second Tier (kWh) | 1,671 | \$ 0.0620 | \$ 103.59 | 1,671 | \$ 0.0620 | \$ 103.59 | | | |
| Sub-Total: Energy | | | \$ 143.34 | | | \$ 143.34 | \$0.00 | 0.0% | 0.00% |
| Monthly Service Charge | 1 | \$ 21.80 | \$ 21.80 | 1 | \$ 23.26 | \$ 23.26 | \$1.46 | 6.7% | 0.58% |
| Distribution (kWh) | 2,320 | \$ 0.0102 | \$ 23.67 | 2,320 | \$ 0.0156 | \$ 36.28 | \$12.61 | 53.3% | 5.02% |
| Retail Transmission Rate – Network Service Rate | 2,421 | \$ 0.0040 | \$ 9.68 | 2,421 | \$ 0.0040 | \$ 9.68 | \$0.00 | 0.0% | 0.00% |
| Retail Transmission Rate – Line and Transformation Connection Service Rate | 2,421 | \$ 0.0038 | \$ 9.20 | 2,421 | \$ 0.0038 | \$ 9.20 | \$0.00 | 0.0% | 0.00% |
| Sub-Total: Delivery | | | \$ 64.35 | | | \$ 78.42 | \$14.07 | 21.9% | 5.60% |
| Wholesale Market Service Rate | 2,421 | \$ 0.0052 | \$ 12.59 | 2,421 | \$ 0.0052 | \$ 12.59 | \$0.00 | 0.0% | 0.00% |
| Rural Rate Protection Charge | 2,421 | \$ 0.0010 | \$ 2.42 | 2,421 | \$ 0.0010 | \$ 2.42 | \$0.00 | 0.0% | 0.00% |
| Regulated Price Plan – Administration Charge | 1 | \$ 0.2500 | \$ 0.25 | 1 | \$ 0.2500 | \$ 0.25 | \$0.00 | 0.0% | 0.00% |
| Sub-Total: Regulatory | | | \$ 15.26 | | | \$ 15.26 | \$0.00 | 0.0% | 0.00% |
| Debt Retirement Charge (DRC) | 2,320 | \$ 0.0070 | \$ 16.24 | 2,320 | \$ 0.0070 | \$ 16.24 | \$0.00 | 0.0% | 0.00% |
| Total Bill before Taxes | | | \$ 239.19 | | | \$ 253.27 | \$14.07 | 5.9% | 5.60% |
| GST | \$ 239.19 | 5% | \$ 11.96 | \$ 253.27 | 5% | \$ 12.66 | \$0.70 | 5.9% | 0.28% |
| Total Bill after Taxes | | | \$ 251.15 | | | \$ 265.93 | \$14.78 | 5.9% | 5.88% |

| | | | |
|--------------------|------------------|-------------|---------------------------|
| Consumption | 5,000 kWh | 0 kW | Loss Factor 1.0433 |
|--------------------|------------------|-------------|---------------------------|

| | May 2008 BILL | | | May 2009 BILL | | | IMPACT | | |
|--|---------------|-----------|------------------|---------------|-----------|------------------|----------------|--------------|-----------------|
| | Volume | RATE \$ | CHARGE \$ | Volume | RATE \$ | CHARGE \$ | \$ | % | % of Total Bill |
| Energy First Tier (kWh) | 750 | \$ 0.0530 | \$ 39.75 | 750 | \$ 0.0530 | \$ 39.75 | | | |
| Energy Second Tier (kWh) | 4,466 | \$ 0.0620 | \$ 276.91 | 4,466 | \$ 0.0620 | \$ 276.91 | | | |
| Sub-Total: Energy | | | \$ 316.66 | | | \$ 316.66 | \$0.00 | 0.0% | 0.00% |
| Monthly Service Charge | 1 | \$ 21.80 | \$ 21.80 | 1 | \$ 23.26 | \$ 23.26 | \$1.46 | 6.7% | 0.28% |
| Distribution (kWh) | 5,000 | \$ 0.0102 | \$ 51.00 | 5,000 | \$ 0.0156 | \$ 78.18 | \$27.18 | 53.3% | 5.20% |
| Retail Transmission Rate – Network Service Rate | 5,216 | \$ 0.0040 | \$ 20.87 | 5,216 | \$ 0.0040 | \$ 20.87 | \$0.00 | 0.0% | 0.00% |
| Retail Transmission Rate – Line and Transformation Connection Service Rate | 5,216 | \$ 0.0038 | \$ 19.82 | 5,216 | \$ 0.0038 | \$ 19.82 | \$0.00 | 0.0% | 0.00% |
| Sub-Total: Delivery | | | \$ 113.49 | | | \$ 142.13 | \$28.64 | 25.2% | 5.48% |
| Wholesale Market Service Rate | 5,216 | \$ 0.0052 | \$ 27.12 | 5,216 | \$ 0.0052 | \$ 27.12 | \$0.00 | 0.0% | 0.00% |
| Rural Rate Protection Charge | 5,216 | \$ 0.0010 | \$ 5.22 | 5,216 | \$ 0.0010 | \$ 5.22 | \$0.00 | 0.0% | 0.00% |
| Regulated Price Plan – Administration Charge | 1 | \$ 0.2500 | \$ 0.25 | 1 | \$ 0.2500 | \$ 0.25 | \$0.00 | 0.0% | 0.00% |
| Sub-Total: Regulatory | | | \$ 32.59 | | | \$ 32.59 | \$0.00 | 0.0% | 0.00% |
| Debt Retirement Charge (DRC) | 5,000 | \$ 0.0070 | \$ 35.00 | 5,000 | \$ 0.0070 | \$ 35.00 | \$0.00 | 0.0% | 0.00% |
| Total Bill before Taxes | | | \$ 497.74 | | | \$ 526.38 | \$28.64 | 5.8% | 5.48% |
| GST | \$ 497.74 | 5% | \$ 24.89 | \$ 526.38 | 5% | \$ 26.32 | \$1.43 | 5.8% | 0.27% |
| Total Bill after Taxes | | | \$ 522.63 | | | \$ 552.70 | \$30.07 | 5.8% | 5.75% |

| | | | |
|--------------------|-------------------|-------------|---------------------------|
| Consumption | 10,000 kWh | 0 kW | Loss Factor 1.0433 |
|--------------------|-------------------|-------------|---------------------------|

| | May 2008 BILL | | | May 2009 BILL | | | IMPACT | | |
|--|---------------|-----------|--------------------|---------------|-----------|--------------------|----------------|--------------|-----------------|
| | Volume | RATE \$ | CHARGE \$ | Volume | RATE \$ | CHARGE \$ | \$ | % | % of Total Bill |
| Energy First Tier (kWh) | 750 | \$ 0.0530 | \$ 39.75 | 750 | \$ 0.0530 | \$ 39.75 | | | |
| Energy Second Tier (kWh) | 9,683 | \$ 0.0620 | \$ 600.32 | 9,683 | \$ 0.0620 | \$ 600.32 | | | |
| Sub-Total: Energy | | | \$ 640.07 | | | \$ 640.07 | \$0.00 | 0.0% | 0.00% |
| Monthly Service Charge | 1 | \$ 21.80 | \$ 21.80 | 1 | \$ 23.26 | \$ 23.26 | \$1.46 | 6.7% | 0.14% |
| Distribution (kWh) | 10,000 | \$ 0.0102 | \$ 102.00 | 10,000 | \$ 0.0156 | \$ 156.36 | \$54.36 | 53.3% | 5.28% |
| Retail Transmission Rate – Network Service Rate | 10,433 | \$ 0.0040 | \$ 41.73 | 10,433 | \$ 0.0040 | \$ 41.73 | \$0.00 | 0.0% | 0.00% |
| Retail Transmission Rate – Line and Transformation Connection Service Rate | 10,433 | \$ 0.0038 | \$ 39.64 | 10,433 | \$ 0.0038 | \$ 39.64 | \$0.00 | 0.0% | 0.00% |
| Sub-Total: Delivery | | | \$ 205.17 | | | \$ 260.99 | \$55.82 | 27.2% | 5.42% |
| Wholesale Market Service Rate | 10,433 | \$ 0.0052 | \$ 54.25 | 10,433 | \$ 0.0052 | \$ 54.25 | \$0.00 | 0.0% | 0.00% |
| Rural Rate Protection Charge | 10,433 | \$ 0.0010 | \$ 10.43 | 10,433 | \$ 0.0010 | \$ 10.43 | \$0.00 | 0.0% | 0.00% |
| Regulated Price Plan – Administration Charge | 1 | \$ 0.2500 | \$ 0.25 | 1 | \$ 0.2500 | \$ 0.25 | \$0.00 | 0.0% | 0.00% |
| Sub-Total: Regulatory | | | \$ 64.93 | | | \$ 64.93 | \$0.00 | 0.0% | 0.00% |
| Debt Retirement Charge (DRC) | 10,000 | \$ 0.0070 | \$ 70.00 | 10,000 | \$ 0.0070 | \$ 70.00 | \$0.00 | 0.0% | 0.00% |
| Total Bill before Taxes | | | \$ 980.18 | | | \$ 1,036.00 | \$55.82 | 5.7% | 5.42% |
| GST | \$ 980.18 | 5% | \$ 49.01 | \$ 1,036.00 | 5% | \$ 51.80 | \$2.79 | 5.7% | 0.27% |
| Total Bill after Taxes | | | \$ 1,029.19 | | | \$ 1,087.80 | \$58.61 | 5.7% | 5.69% |

General Service 50 to 4,999 kW

| | | | |
|--------------------|-------------------|--------------|---------------------------|
| Consumption | 25,000 kWh | 50 kW | Loss Factor 1.0433 |
|--------------------|-------------------|--------------|---------------------------|

| | May 2008 BILL | | | May 2009 BILL | | | IMPACT | | |
|--|---------------|-----------|--------------------|---------------|-----------|--------------------|------------------|----------------|-----------------|
| | Volume | RATE \$ | CHARGE \$ | Volume | RATE \$ | CHARGE \$ | \$ | % | % of Total Bill |
| Energy | 26,082 | \$ 0.0545 | \$ 1,421.45 | 26,082 | \$ 0.0545 | \$ 1,421.45 | | | |
| Sub-Total: Energy | | | \$ 1,421.45 | | | \$ 1,421.45 | \$0.00 | 0.0% | 0.00% |
| Monthly Service Charge | 1 | \$ 209.32 | \$ 209.32 | 1 | \$ 205.26 | \$ 205.26 | (\$4.06) | (1.9)% | -0.17% |
| Distribution (kW) | 50 | \$ 2.0558 | \$ 102.79 | 50 | \$ 0.9450 | \$ 47.25 | (\$55.54) | (54.0)% | -2.37% |
| Retail Transmission Rate – Network Service Rate | 52 | \$ 1.6425 | \$ 85.68 | 52 | \$ 1.6425 | \$ 85.68 | \$0.00 | 0.0% | 0.00% |
| Retail Transmission Rate – Line and Transformation Connection Service Rate | 52 | \$ 1.4944 | \$ 77.95 | 52 | \$ 1.4944 | \$ 77.95 | \$0.00 | 0.0% | 0.00% |
| Sub-Total: Delivery | | | \$ 475.74 | | | \$ 416.14 | (\$59.60) | (12.5)% | -2.54% |
| Wholesale Market Service Rate | 26,082 | \$ 0.0052 | \$ 135.62 | 26,082 | \$ 0.0052 | \$ 135.62 | \$0.00 | 0.0% | 0.00% |
| Rural Rate Protection Charge | 26,082 | \$ 0.0010 | \$ 26.08 | 26,082 | \$ 0.0010 | \$ 26.08 | \$0.00 | 0.0% | 0.00% |
| Regulated Price Plan – Administration Charge | 1 | \$ 0.2500 | \$ 0.25 | 1 | \$ 0.2500 | \$ 0.25 | \$0.00 | 0.0% | 0.00% |
| Sub-Total: Regulatory | | | \$ 161.96 | | | \$ 161.96 | \$0.00 | 0.0% | 0.00% |
| Debt Retirement Charge (DRC) | 25,000 | \$ 0.0070 | \$ 175.00 | 25,000 | \$ 0.0070 | \$ 175.00 | \$0.00 | 0.0% | 0.00% |
| Total Bill before Taxes | | | \$ 2,234.14 | | | \$ 2,174.54 | (\$59.60) | (2.7)% | -2.54% |
| GST | \$ 2,234.14 | 5% | \$ 111.71 | \$ 2,174.54 | 5% | \$ 108.73 | (\$2.98) | (2.7)% | -0.13% |
| Total Bill after Taxes | | | \$ 2,345.85 | | | \$ 2,283.27 | (\$62.58) | (2.7)% | -2.67% |

| | | | |
|--------------------|-------------------|--------------|---------------------------|
| Consumption | 40,000 kWh | 75 kW | Loss Factor 1.0433 |
|--------------------|-------------------|--------------|---------------------------|

| | May 2008 BILL | | | May 2009 BILL | | | IMPACT | | |
|--|---------------|-----------|--------------------|---------------|-----------|--------------------|------------------|----------------|-----------------|
| | Volume | RATE \$ | CHARGE \$ | Volume | RATE \$ | CHARGE \$ | \$ | % | % of Total Bill |
| Energy | 41,731 | \$ 0.0545 | \$ 2,274.31 | 41,731 | \$ 0.0545 | \$ 2,274.31 | | | |
| Sub-Total: Energy | | | \$ 2,274.31 | | | \$ 2,274.31 | \$0.00 | 0.0% | 0.00% |
| Monthly Service Charge | 1 | \$ 209.32 | \$ 209.32 | 1 | \$ 205.26 | \$ 205.26 | (\$4.06) | (1.9)% | -0.11% |
| Distribution (kW) | 75 | \$ 2.0558 | \$ 154.19 | 75 | \$ 0.9450 | \$ 70.87 | (\$83.31) | (54.0)% | -2.32% |
| Retail Transmission Rate – Network Service Rate | 78 | \$ 1.6425 | \$ 128.52 | 78 | \$ 1.6425 | \$ 128.52 | \$0.00 | 0.0% | 0.00% |
| Retail Transmission Rate – Line and Transformation Connection Service Rate | 78 | \$ 1.4944 | \$ 116.93 | 78 | \$ 1.4944 | \$ 116.93 | \$0.00 | 0.0% | 0.00% |
| Sub-Total: Delivery | | | \$ 608.95 | | | \$ 521.58 | (\$87.37) | (14.3)% | -2.43% |
| Wholesale Market Service Rate | 41,731 | \$ 0.0052 | \$ 217.00 | 41,731 | \$ 0.0052 | \$ 217.00 | \$0.00 | 0.0% | 0.00% |
| Rural Rate Protection Charge | 41,731 | \$ 0.0010 | \$ 41.73 | 41,731 | \$ 0.0010 | \$ 41.73 | \$0.00 | 0.0% | 0.00% |
| Regulated Price Plan – Administration Charge | 1 | \$ 0.2500 | \$ 0.25 | 1 | \$ 0.2500 | \$ 0.25 | \$0.00 | 0.0% | 0.00% |
| Sub-Total: Regulatory | | | \$ 258.98 | | | \$ 258.98 | \$0.00 | 0.0% | 0.00% |
| Debt Retirement Charge (DRC) | 40,000 | \$ 0.0070 | \$ 280.00 | 40,000 | \$ 0.0070 | \$ 280.00 | \$0.00 | 0.0% | 0.00% |
| Total Bill before Taxes | | | \$ 3,422.24 | | | \$ 3,334.87 | (\$87.37) | (2.6)% | -2.43% |
| GST | \$ 3,422.24 | 5% | \$ 171.11 | \$ 3,334.87 | 5% | \$ 166.74 | (\$4.37) | (2.6)% | -0.12% |
| Total Bill after Taxes | | | \$ 3,593.36 | | | \$ 3,501.62 | (\$91.74) | (2.6)% | -2.55% |

| | | | |
|--------------------|-------------------|---------------|---------------------------|
| Consumption | 50,000 kWh | 100 kW | Loss Factor 1.0433 |
|--------------------|-------------------|---------------|---------------------------|

| | May 2008 BILL | | | May 2009 BILL | | | IMPACT | | |
|--|---------------|------------------|--------------------|---------------|------------------|--------------------|-------------------|----------------|-----------------|
| | Volume | RATE \$ | CHARGE \$ | Volume | RATE \$ | CHARGE \$ | \$ | % | % of Total Bill |
| Energy | 52,163 | \$ 0.0545 | \$ 2,842.89 | 52,163 | \$ 0.0545 | \$ 2,842.89 | | | |
| Sub-Total: Energy | | | \$ 2,842.89 | | | \$ 2,842.89 | \$0.00 | 0.0% | 0.00% |
| Monthly Service Charge | 1 | \$ 209.32 | \$ 209.32 | 1 | \$ 205.26 | \$ 205.26 | (\$4.06) | (1.9)% | -0.09% |
| Distribution (kW) | 100 | \$ 2.0558 | \$ 205.58 | 100 | \$ 0.9450 | \$ 94.50 | (\$111.08) | (54.0)% | -2.48% |
| Retail Transmission Rate – Network Service Rate | 104 | \$ 1.6425 | \$ 171.36 | 104 | \$ 1.6425 | \$ 171.36 | \$0.00 | 0.0% | 0.00% |
| Retail Transmission Rate – Line and Transformation Connection Service Rate | 104 | \$ 1.4944 | \$ 155.91 | 104 | \$ 1.4944 | \$ 155.91 | \$0.00 | 0.0% | 0.00% |
| Sub-Total: Delivery | | | \$ 742.16 | | | \$ 627.02 | (\$115.14) | (15.5)% | -2.57% |
| Wholesale Market Service Rate | 52,163 | \$ 0.0052 | \$ 271.25 | 52,163 | \$ 0.0052 | \$ 271.25 | \$0.00 | 0.0% | 0.00% |
| Rural Rate Protection Charge | 52,163 | \$ 0.0010 | \$ 52.16 | 52,163 | \$ 0.0010 | \$ 52.16 | \$0.00 | 0.0% | 0.00% |
| Regulated Price Plan – Administration Charge | 1 | \$ 0.2500 | \$ 0.25 | 1 | \$ 0.2500 | \$ 0.25 | \$0.00 | 0.0% | 0.00% |
| Sub-Total: Regulatory | | | \$ 323.66 | | | \$ 323.66 | \$0.00 | 0.0% | 0.00% |
| Debt Retirement Charge (DRC) | 50,000 | \$ 0.0070 | \$ 350.00 | 50,000 | \$ 0.0070 | \$ 350.00 | \$0.00 | 0.0% | 0.00% |
| Total Bill before Taxes | | | \$ 4,258.72 | | | \$ 4,143.57 | (\$115.14) | (2.7)% | -2.57% |
| GST | \$ 4,258.72 | 5% | \$ 212.94 | \$ 4,143.57 | 5% | \$ 207.18 | (\$5.76) | (2.7)% | -0.13% |
| Total Bill after Taxes | | | \$ 4,471.65 | | | \$ 4,350.75 | (\$120.90) | (2.7)% | -2.70% |

| | | | |
|--------------------|-------------------|---------------|---------------------------|
| Consumption | 82,800 kWh | 209 kW | Loss Factor 1.0433 |
|--------------------|-------------------|---------------|---------------------------|

| | May 2008 BILL | | | May 2009 BILL | | | IMPACT | | |
|--|---------------|------------------|--------------------|---------------|------------------|--------------------|-------------------|----------------|-----------------|
| | Volume | RATE \$ | CHARGE \$ | Volume | RATE \$ | CHARGE \$ | \$ | % | % of Total Bill |
| Energy | 86,383 | \$ 0.0545 | \$ 4,707.85 | 86,383 | \$ 0.0545 | \$ 4,707.85 | | | |
| Sub-Total: Energy | | | \$ 4,707.85 | | | \$ 4,707.85 | \$0.00 | 0.0% | 0.00% |
| Monthly Service Charge | 1 | \$ 209.32 | \$ 209.32 | 1 | \$ 205.26 | \$ 205.26 | (\$4.06) | (1.9)% | -0.05% |
| Distribution (kW) | 209 | \$ 2.0558 | \$ 430.50 | 209 | \$ 0.9450 | \$ 197.89 | (\$232.61) | (54.0)% | -3.10% |
| Retail Transmission Rate – Network Service Rate | 218 | \$ 1.6425 | \$ 358.83 | 218 | \$ 1.6425 | \$ 358.83 | \$0.00 | 0.0% | 0.00% |
| Retail Transmission Rate – Line and Transformation Connection Service Rate | 218 | \$ 1.4944 | \$ 326.48 | 218 | \$ 1.4944 | \$ 326.48 | \$0.00 | 0.0% | 0.00% |
| Sub-Total: Delivery | | | \$ 1,325.12 | | | \$ 1,088.45 | (\$236.67) | (17.9)% | -3.15% |
| Wholesale Market Service Rate | 86,383 | \$ 0.0052 | \$ 449.19 | 86,383 | \$ 0.0052 | \$ 449.19 | \$0.00 | 0.0% | 0.00% |
| Rural Rate Protection Charge | 86,383 | \$ 0.0010 | \$ 86.38 | 86,383 | \$ 0.0010 | \$ 86.38 | \$0.00 | 0.0% | 0.00% |
| Regulated Price Plan – Administration Charge | 1 | \$ 0.2500 | \$ 0.25 | 1 | \$ 0.2500 | \$ 0.25 | \$0.00 | 0.0% | 0.00% |
| Sub-Total: Regulatory | | | \$ 535.82 | | | \$ 535.82 | \$0.00 | 0.0% | 0.00% |
| Debt Retirement Charge (DRC) | 82,800 | \$ 0.0070 | \$ 579.60 | 82,800 | \$ 0.0070 | \$ 579.60 | \$0.00 | 0.0% | 0.00% |
| Total Bill before Taxes | | | \$ 7,148.40 | | | \$ 6,911.73 | (\$236.67) | (3.3)% | -3.15% |
| GST | \$ 7,148.40 | 5% | \$ 357.42 | \$ 6,911.73 | 5% | \$ 345.59 | (\$11.83) | (3.3)% | -0.16% |
| Total Bill after Taxes | | | \$ 7,505.82 | | | \$ 7,257.32 | (\$248.50) | (3.3)% | -3.31% |

| | | | |
|--------------------|--------------------|---------------|---------------------------|
| Consumption | 250,000 kWh | 500 kW | Loss Factor 1.0433 |
|--------------------|--------------------|---------------|---------------------------|

| | May 2008 BILL | | | May 2009 BILL | | | IMPACT | | |
|--|---------------|-----------|---------------------|---------------|-----------|---------------------|-------------------|----------------|-----------------|
| | Volume | RATE \$ | CHARGE \$ | Volume | RATE \$ | CHARGE \$ | \$ | % | % of Total Bill |
| Energy | 260,816 | \$ 0.0545 | \$ 14,214.46 | 260,816 | \$ 0.0545 | \$ 14,214.46 | | | |
| Sub-Total: Energy | | | \$ 14,214.46 | | | \$ 14,214.46 | \$0.00 | 0.0% | 0.00% |
| Monthly Service Charge | 1 | \$ 209.32 | \$ 209.32 | 1 | \$ 205.26 | \$ 205.26 | (\$4.06) | (1.9)% | -0.02% |
| Distribution (kW) | 500 | \$ 2.0558 | \$ 1,027.90 | 500 | \$ 0.9450 | \$ 472.50 | (\$555.40) | (54.0)% | -2.59% |
| Retail Transmission Rate – Network Service Rate | 522 | \$ 1.6425 | \$ 856.78 | 522 | \$ 1.6425 | \$ 856.78 | \$0.00 | 0.0% | 0.00% |
| Retail Transmission Rate – Line and Transformation Connection Service Rate | 522 | \$ 1.4944 | \$ 779.53 | 522 | \$ 1.4944 | \$ 779.53 | \$0.00 | 0.0% | 0.00% |
| Sub-Total: Delivery | | | \$ 2,873.53 | | | \$ 2,314.06 | (\$559.46) | (19.5)% | -2.60% |
| Wholesale Market Service Rate | 260,816 | \$ 0.0052 | \$ 1,356.24 | 260,816 | \$ 0.0052 | \$ 1,356.24 | \$0.00 | 0.0% | 0.00% |
| Rural Rate Protection Charge | 260,816 | \$ 0.0010 | \$ 260.82 | 260,816 | \$ 0.0010 | \$ 260.82 | \$0.00 | 0.0% | 0.00% |
| Regulated Price Plan – Administration Charge | 1 | \$ 0.2500 | \$ 0.25 | 1 | \$ 0.2500 | \$ 0.25 | \$0.00 | 0.0% | 0.00% |
| Sub-Total: Regulatory | | | \$ 1,617.31 | | | \$ 1,617.31 | \$0.00 | 0.0% | 0.00% |
| Debt Retirement Charge (DRC) | 250,000 | \$ 0.0070 | \$ 1,750.00 | 250,000 | \$ 0.0070 | \$ 1,750.00 | \$0.00 | 0.0% | 0.00% |
| Total Bill before Taxes | | | \$ 20,455.30 | | | \$ 19,895.83 | (\$559.46) | (2.7)% | -2.60% |
| GST | \$ 20,455.30 | 5% | \$ 1,022.76 | \$ 19,895.83 | 5% | \$ 994.79 | (\$27.97) | (2.7)% | -0.13% |
| Total Bill after Taxes | | | \$ 21,478.06 | | | \$ 20,890.63 | (\$587.43) | (2.7)% | -2.74% |

Unmetered Scattered Load

| | | | |
|--------------------|----------------|-------------|---------------------------|
| Consumption | 673 kWh | 0 kW | Loss Factor 1.0433 |
|--------------------|----------------|-------------|---------------------------|

| | May 2008 BILL | | | May 2009 BILL | | | IMPACT | | |
|--|---------------|-----------|-----------------|---------------|-----------|-----------------|----------------|--------------|-----------------|
| | Volume | RATE \$ | CHARGE \$ | Volume | RATE \$ | CHARGE \$ | \$ | % | % of Total Bill |
| Energy First Tier (kWh) | 702 | \$ 0.0530 | \$ 37.20 | 702 | \$ 0.0530 | \$ 37.20 | \$0.00 | 0.0% | 0.00% |
| Energy Second Tier (kWh) | 0 | \$ 0.0620 | \$ - | 0 | \$ 0.0620 | \$ - | \$0.00 | 0.0% | 0.00% |
| Sub-Total: Energy | | | \$ 37.20 | | | \$ 37.20 | \$0.00 | 0.0% | 0.00% |
| Monthly Service Charge | 1 | \$ 11.00 | \$ 11.00 | 1 | \$ 12.00 | \$ 12.00 | \$1.00 | 9.1% | 1.36% |
| Distribution (kWh) | 673 | \$ 0.0102 | \$ 6.86 | 673 | \$ 0.0409 | \$ 27.55 | \$20.69 | 301.4% | 28.20% |
| Retail Transmission Rate – Network Service Rate | 702 | \$ 0.0040 | \$ 2.81 | 702 | \$ 0.0040 | \$ 2.81 | \$0.00 | 0.0% | 0.00% |
| Retail Transmission Rate – Line and Transformation Connection Service Rate | 702 | \$ 0.0038 | \$ 2.67 | 702 | \$ 0.0038 | \$ 2.67 | \$0.00 | 0.0% | 0.00% |
| Sub-Total: Delivery | | | \$ 23.34 | | | \$ 45.02 | \$21.69 | 92.9% | 29.57% |
| Wholesale Market Service Rate | 702 | \$ 0.0052 | \$ 3.65 | 702 | \$ 0.0052 | \$ 3.65 | \$0.00 | 0.0% | 0.00% |
| Rural Rate Protection Charge | 702 | \$ 0.0010 | \$ 0.70 | 702 | \$ 0.0010 | \$ 0.70 | \$0.00 | 0.0% | 0.00% |
| Regulated Price Plan – Administration Charge | 1 | \$ 0.2500 | \$ 0.25 | 1 | \$ 0.2500 | \$ 0.25 | \$0.00 | 0.0% | 0.00% |
| Sub-Total: Regulatory | | | \$ 4.60 | | | \$ 4.60 | \$0.00 | 0.0% | 0.00% |
| Debt Retirement Charge (DRC) | 673 | \$ 0.0070 | \$ 4.71 | 673 | \$ 0.0070 | \$ 4.71 | \$0.00 | 0.0% | 0.00% |
| Total Bill before Taxes | | | \$ 69.85 | | | \$ 91.54 | \$21.69 | 31.0% | 29.57% |
| GST | \$ 69.85 | 5% | \$ 3.49 | \$ 91.54 | 5% | \$ 4.58 | \$1.08 | 31.0% | 1.48% |
| Total Bill after Taxes | | | \$ 73.34 | | | \$ 96.11 | \$22.77 | 31.0% | 31.05% |

Street Lighting

| | | | |
|--------------------|-------------------|------------------|---------------------------|
| Consumption | 49,402 kWh | 139.28 kW | Loss Factor 1.0433 |
|--------------------|-------------------|------------------|---------------------------|

| | May 2008 BILL | | | May 2009 BILL | | | IMPACT | | |
|--|---------------|------------|--------------------|---------------|------------|--------------------|-------------------|---------------|--------------------|
| | Volume | RATE \$ | CHARGE \$ | Volume | RATE \$ | CHARGE \$ | \$ | % | % of Total Bill |
| Energy First Tier (kWh) | 750 | \$ 0.0530 | \$ 39.75 | 750 | \$ 0.0530 | \$ 39.75 | \$0.00 | 0.0% | 0.00% |
| Energy Second Tier (kWh) | 50,789 | \$ 0.0620 | \$ 3,148.93 | 50,789 | \$ 0.0620 | \$ 3,148.93 | \$0.00 | 0.0% | 0.00% |
| Sub-Total: Energy | | | \$ 3,188.68 | | | \$ 3,188.68 | \$0.00 | 0.0% | 0.00% |
| Monthly Service Charge | 579 | \$ 1.04 | \$ 602.16 | 579 | \$ 6.25 | \$ 3,618.75 | \$3,016.59 | 501.0% | 54.45% |
| Distribution (kW) | 139.28 | \$ 3.3881 | \$ 471.89 | 139 | \$ 6.6742 | \$ 929.57 | \$457.68 | 97.0% | 8.26% |
| Retail Transmission Rate – Network Service Rate | 145.30 | \$ 1.2388 | \$ 180.00 | 145.30 | \$ 1.2388 | \$ 180.00 | \$0.00 | 0.0% | 0.00% |
| Retail Transmission Rate – Line and Transformation Connection Service Rate | 145.30 | \$ 1.1553 | \$ 167.87 | 145.30 | \$ 1.1553 | \$ 167.87 | \$0.00 | 0.0% | 0.00% |
| Sub-Total: Delivery | | | \$ 1,421.92 | | | \$ 4,896.19 | \$3,474.27 | 244.3% | 62.71% |
| Wholesale Market Service Rate | 51539 | \$ 0.0052 | \$ 268.00 | 51539 | \$ 0.0052 | \$ 268.00 | \$0.00 | 0.0% | 0.00% |
| Rural Rate Protection Charge | 51539 | \$ 0.0010 | \$ 51.54 | 51539 | \$ 0.0010 | \$ 51.54 | \$0.00 | 0.0% | 0.00% |
| Regulated Price Plan – Administration Charge | 1 | \$ 0.2500 | \$ 0.25 | 1 | \$ 0.2500 | \$ 0.25 | \$0.00 | 0.0% | 0.00% |
| Sub-Total: Regulatory | | | \$ 319.79 | | | \$ 319.79 | \$0.00 | 0.0% | 0.00% |
| Debt Retirement Charge (DRC) | 49,402 | \$ 0.0070 | \$ 345.81 | 49,402 | \$ 0.0070 | \$ 345.81 | \$0.00 | 0.0% | 0.00% |
| Total Bill before Taxes | | | \$ 5,276.20 | | | \$ 8,750.47 | \$3,474.27 | 65.8% | 62.71% |
| GST | \$ 5,276.20 | 5% | \$ 263.81 | \$ 8,750.47 | 5% | \$ 437.52 | \$173.71 | 65.8% | 3.14% |
| Total Bill after Taxes | | | \$ 5,540.01 | | | \$ 9,188.00 | \$3,647.98 | 65.8% | 65.85% |

PROPOSED CHANGES TO TERMS AND CONDITIONS OF SERVICES

Northern Ontario Wires is not proposing any changes to our Conditions of Service.

| <u>Ex.</u> | <u>Tab</u> | <u>Schedule</u> | <u>Contents of Schedule</u> |
|------------|------------|-----------------|-----------------------------|
|------------|------------|-----------------|-----------------------------|

10 – Cost Allocation Filing

| | | | |
|--|---|---|---------------------------------------|
| | 1 | 1 | Overview |
| | | 2 | Model Excerpts (Run – 1 not utilized) |
| | | 3 | Model Excerpts (Run – 2 utilized) |

OVERVIEW

Northern Ontario Wires has previously not filed any cost allocation information (originally due in late 2006 or early 2007). As part of this rate setting process, the fully completed cost allocation filing was required and is being filed as part of this application.

Cost Allocation Load Work

As with most LDCs in the province, NOW contracted with Hydro 1 to provide load profiles, weather sensitive / non-sensitive break-out and demand based allocation factors. This work was done in conjunction with Hydro 1 and followed all general practices consistent with other LDCs cost allocation filings.

Cost Allocation Model

Northern Ontario Wires has followed the OEB Staff directions on the cost allocation filing in all sections of the model (including run 1 vs. run 2 instructions).

Due to NOWs rate regime with respect to unmetered scattered loads, we are using Run 2 as our allocation base.

NOW did not alter or add any customer classes other than instructed for the unmetered load customers.

As NOW does not have any significant special requirements a 3rd run was not produced.



2006 Cost Allocation Information Filing

Northern Ontario Wires

EB-2005-0398 EB-2007-0003

Friday, August 01, 2008

Sheet 12 Class Selection - First Run

Instructions:

- Step 1:** Please input your existing classes
- Step 2:** If this is your first run, select "First Run" in the drop-down menu below
- Step 3:** After all classes have been entered, Click the "Update" button in row E41

Click for Drop-Down
Menu →

If desired, provide a summary of this run
(40 characters max.)

| | | First Run | |
|----|--------------------------|---------------------------------|---------|
| | | Utility's Class Definition | Current |
| 1 | Residential | Residential | YES |
| 2 | GS <50 | General Service less than 50 kW | YES |
| 3 | GS>50-Regular | General Service 50 to 4,999 kW | YES |
| 4 | GS> 50-TOU | | NO |
| 5 | GS >50-Intermediate | | NO |
| 6 | Large Use >5MW | | NO |
| 7 | Street Light | Street Lighting | YES |
| 8 | Sentinel | | NO |
| 9 | Unmetered Scattered Load | | NO |
| 10 | Embedded Distributor | | NO |
| 11 | Back-up/Standby Power | | NO |
| 12 | Rate Class 1 | | NO |
| 13 | Rate class 2 | | NO |
| 14 | Rate class 3 | | NO |
| 15 | Rate class 4 | | NO |
| 16 | Rate class 5 | | NO |
| 17 | Rate class 6 | | NO |
| 18 | Rate class 7 | | NO |
| 19 | Rate class 8 | | NO |
| 20 | Rate class 9 | | NO |



2006 Cost Allocation Information Filing
 Northern Ontario Wires
 EB-2005-0398 EB-2007-0003
 Friday, August 01, 2008
Sheet 14 Break Out Worksheet - First Run

Instructions:

This is an input sheet for the Break Out of Distribution Assets, Contributed Capital, Amortization, and Amortization Expenses.

****Please see Handbook for detailed instructions****

| | |
|--|-------------|
| Enter Net Fixed Assets from approved EDR, Sheet 3-1, cell F12 | \$3,896,281 |
|--|-------------|

| RATE BASE AND DISTRIBUTION ASSETS | | BALANCE SHEET ITEMS | | | | | | | | | EXPENSE ITEMS | | | |
|-----------------------------------|--|---------------------|---------------|----------------|-----------|----------------------------|--|---|---------------------------------|---|---|---|--|--|
| Account | Description | Break out Functions | BREAK OUT (%) | BREAK OUT (\$) | After BO | Contributed Capital - 1995 | Accumulated Depreciation - 2105 Capital Contribution | Accumulated Depreciation - 2105 Fixed Assets Only | Accumulated Depreciation - 2120 | Asset net of Accumulated Depreciation and Contributed Capital | 5705 | 5710 | 5715 | 5720 |
| | | | | | | | | | | | Amortization Expense - Property, Plant, and Equipment | Amortization of Limited Term Electric Plant | Amortization of Intangibles and Other Electric Plant | Amortization of Electric Plant Acquisition Adjustments |
| 1565 | Conservation and Demand Management | \$27,000 | | - | 27,000 | | | | | 27,000 | | | | |
| 1805 | Land | \$2,840 | | (\$2,840) | - | | | | | | | | | |
| 1805-1 | Land Station >50 kV | | 0.00% | \$0 | - | | | | | - | | | | |
| 1805-2 | Land Station <50 kV | | 100.00% | \$2,840 | 2,840 | | | | | 2,840 | | | | |
| 1806 | Land Rights | \$0 | | \$0 | - | | | | | | | | | |
| 1806-1 | Land Rights Station >50 kV | | 0.00% | \$0 | - | | | | | - | | | | |
| 1806-2 | Land Rights Station <50 kV | | 100.00% | \$0 | - | | | | | - | | | | |
| 1808 | Buildings and Fixtures | \$62,057 | | (\$62,057) | - | | | | | | | | | |
| 1808-1 | Buildings and Fixtures > 50 kV | | 0.00% | \$0 | - | | | | | | | | | |
| 1808-2 | Buildings and Fixtures < 50 kV | | 100.00% | \$62,057 | 62,057 | | | \$ (14,280) | | 47,777 | \$3,276 | | | |
| 1810 | Leasehold Improvements | \$20,168 | | (\$20,168) | - | | | | | | | | | |
| 1810-1 | Leasehold Improvements >50 kV | | 0.00% | \$0 | - | | | | | - | | | | |
| 1810-2 | Leasehold Improvements <50 kV | | 100.00% | \$20,168 | 20,168 | | | \$ (14,396) | | 5,772 | \$3,967 | | | |
| 1815 | Transformer Station Equipment - Normally Primary above 50 kV | \$3,644 | | \$0 | 3,644 | | | \$ (349) | | 3,295 | \$120 | | | |
| 1820 | Distribution Station Equipment - Normally Primary below 50 kV | \$362,153 | | (\$362,153) | - | | | | | - | | | | |
| 1820-1 | Distribution Station Equipment - Normally Primary below 50 kV (Bulk) | | 0.00% | \$0 | - | | | | | - | | | | |
| 1820-2 | Distribution Station Equipment - Normally Primary below 50 kV Primary | | 100.00% | \$362,153 | 362,153 | | | \$ (138,503) | | 223,650 | \$16,209 | | | |
| 1820-3 | Distribution Station Equipment - Normally Primary below 50 kV (Wholesale Meters) | | 0.00% | \$0 | - | | | | | - | | | | |
| 1825 | Storage Battery Equipment | \$0 | | \$0 | - | | | | | | | | | |
| 1825-1 | Storage Battery Equipment > 50 kV | | 0.00% | \$0 | - | | | | | - | | | | |
| 1825-2 | Storage Battery Equipment <50 kV | | 100.00% | \$0 | - | | | | | - | | | | |
| 1830 | Poles, Towers and Fixtures | \$2,213,460 | | (\$2,213,460) | - | | | | | | | | | |
| 1830-3 | Poles, Towers and Fixtures - Subtransmission Bulk Delivery | | 0.00% | \$0 | - | | | | | - | | | | |
| 1830-4 | Poles, Towers and Fixtures - Primary | | 67.00% | \$1,483,018 | 1,483,018 | | | \$ (242,731) | | 1,240,287 | \$62,979 | | | |
| 1830-5 | Poles, Towers and Fixtures - Secondary | | 33.00% | \$730,442 | 730,442 | | | \$ (119,554) | | 610,888 | \$30,743 | | | |

| General Plant | | Break out Functions | | | Contributed Capital - 1995 | Accumulated Depreciation - 2105 Capital Contribution | Accumulated Depreciation - 2105 Fixed Assets Only | Accumulated Depreciation - 2120 | Net Asset | Amortization Expense - Property, Plant, and Equipment | Amortization of Limited Term Electric Plant | Amortization of Intangibles and Other Electric Plant | Amortization of Electric Plant Acquisition Adjustments |
|---|--|----------------------|--|------------|----------------------------|--|---|---------------------------------|------------|---|---|--|--|
| 1905 | Land | \$0 | | | | | | | \$ - | | | | |
| 1906 | Land Rights | \$0 | | | | | | | \$ - | | | | |
| 1908 | Buildings and Fixtures | \$0 | | | | | | | \$ - | | | | |
| 1910 | Leasehold Improvements | \$0 | | | | | | | \$ - | | | | |
| 1915 | Office Furniture and Equipment | \$15,024 | | 15,024 | | | \$ (8,442) | | \$ 6,582 | 2,237 | | | |
| 1920 | Computer Equipment - Hardware | \$93,694 | | 93,694 | | | \$ (51,256) | | \$ 42,438 | 13,897 | | | |
| 1925 | Computer Software | \$27,712 | | 27,712 | | | \$ (16,693) | | \$ 11,019 | 2,675 | | | |
| 1930 | Transportation Equipment | \$186,110 | | 186,110 | | | \$ (125,539) | | \$ 60,571 | 20,605 | | | |
| 1935 | Stores Equipment | \$0 | | | | | \$ - | | \$ - | | | | |
| 1940 | Tools, Shop and Garage Equipment | \$41,473 | | 41,473 | | | \$ (18,356) | | \$ 23,117 | 7,705 | | | |
| 1945 | Measurement and Testing Equipment | \$0 | | | | | | | \$ - | | | | |
| 1950 | Power Operated Equipment | \$0 | | | | | | | \$ - | | | | |
| 1955 | Communication Equipment | \$686 | | 686 | | | \$ - | | \$ 686 | | | | |
| 1960 | Miscellaneous Equipment | \$0 | | | | | | | \$ - | | | | |
| 1970 | Load Management Controls - Customer Premises | \$0 | | | | | | | \$ - | | | | |
| 1975 | Load Management Controls - Utility Premises | \$0 | | | | | | | \$ - | | | | |
| 1980 | System Supervisory Equipment | \$0 | | | | | | | \$ - | | | | |
| 1990 | Other Tangible Property | \$0 | | | | | | | \$ - | | | | |
| 2005 | Property Under Capital Leases | \$0 | | | | | | | \$ - | | | | |
| 2010 | Electric Plant Purchased or Sold | \$0 | | | | | | | \$ - | | | | |
| Total | | \$364,698 | | \$0 | \$364,698 | \$0 | \$0 | (\$220,286) | \$0 | \$144,412 | \$47,119 | \$0 | \$0 |
| SUB TOTAL from 13 13 Directly Allocated | | \$364,698 | | | | | | | | | | | |
| Grand Total | | \$5,297,550 | | \$0 | \$5,297,550 | \$0 | \$0 | (\$1,401,269) | \$0 | \$3,896,281 | \$331,372 | \$0 | \$0 |
| To be Prorated | | | | | | | | | | | | | |
| 1995 | Contributed Capital - 1995 | \$0 | | | | \$0 | Balanced | | | | | | |
| 2105 | Accumulated Depreciation - 2105 | (\$1,401,269) | | | | | \$1,401,269 | Balanced | | | | | |
| 2120 | Accumulated Depreciation - 2120 | \$0 | | | | | | | \$0 | Balanced | | | |
| Total | | (\$1,401,269) | | | | | | | | | | | |
| Net Assets | | \$3,896,281 | | | | | | | | | | | Net Fixed Assets Match EDR |
| Amortization Expenses | | | | | | | | | | | | | |
| 5705 | Amortization Expense - Property, Plant, and Equipment | \$331,372 | | | | | | | | (\$331,372) | Balanced | | |
| 5710 | Amortization of Limited Term Electric Plant | \$0 | | | | | | | | | \$0 | Balanced | |
| 5715 | Amortization of Intangibles and Other Electric Plant | \$0 | | | | | | | | | | \$0 | Balanced |
| 5720 | Amortization of Electric Plant Acquisition Adjustments | \$0 | | | | | | | | | | | \$0 |
| Total Amortization Expense | | \$331,372 | | | | | | | | | | | \$0 |
| Balanced | | | | | | | | | | | | | |



2006 Cost Allocation Information Filing

Northern Ontario Wires
 EB-2005-0398 EB-2007-0003
 Friday, August 01, 2008

Sheet O1 Revenue to Cost Summary Worksheet - First Run

Class Revenue, Cost Analysis, and Return on Rate Base

| | | Total | 1 | 2 | 3 | 7 |
|------------------|---|---|--------------------|------------------------------------|-----------------------------------|--------------------|
| | | | Residential | General Service less than 50 kW | General Service 50 to 4,999 kW | Street Lighting |
| Rate Base | | | | | | |
| Assets | | | | | | |
| crev | Distribution Revenue (sale) | \$2,286,481 | \$1,393,379 | \$478,631 | \$381,114 | \$33,357 |
| mi | Miscellaneous Revenue (mi) | \$339,555 | \$210,288 | \$71,207 | \$33,893 | \$24,167 |
| | Total Revenue | \$2,626,036 | \$1,603,667 | \$549,838 | \$415,007 | \$57,524 |
| | Expenses | | | | | |
| di | Distribution Costs (di) | \$298,303 | \$170,153 | \$47,635 | \$30,546 | \$49,969 |
| cu | Customer Related Costs (cu) | \$740,548 | \$500,018 | \$174,393 | \$61,696 | \$4,442 |
| ad | General and Administration (ad) | \$814,809 | \$522,054 | \$171,335 | \$73,592 | \$47,828 |
| dep | Depreciation and Amortization (dep) | \$331,372 | \$189,445 | \$51,767 | \$39,542 | \$50,617 |
| INPUT | PIIs (INPUT) | \$59,377 | \$34,065 | \$9,368 | \$6,743 | \$9,202 |
| INT | Interest | \$131,490 | \$75,436 | \$20,745 | \$14,932 | \$20,377 |
| | Total Expenses | \$2,375,899 | \$1,491,172 | \$475,243 | \$227,950 | \$182,434 |
| | Direct Allocation | \$0 | \$0 | \$0 | \$0 | \$0 |
| NI | Allocated Net Income (NI) | \$250,137 | \$143,504 | \$39,464 | \$28,405 | \$38,763 |
| | Revenue Requirement (includes NI) | \$2,626,036 | \$1,634,676 | \$514,707 | \$255,456 | \$221,197 |
| | | Revenue Requirement Input equals Output | | | | |
| | Rate Base Calculation | | | | | |
| | Net Assets | | | | | |
| dp | Distribution Plant - Gross | \$4,932,852 | \$2,810,340 | \$776,315 | \$596,683 | \$759,514 |
| gp | General Plant - Gross | \$364,688 | \$209,229 | \$57,538 | \$41,415 | \$56,517 |
| accum dep | Accumulated Depreciation | (\$1,401,269) | (\$784,259) | (\$219,140) | (\$185,642) | (\$212,228) |
| co | Capital Contribution | \$0 | \$0 | \$0 | \$0 | \$0 |
| | Total Net Plant | \$3,896,281 | \$2,235,310 | \$614,713 | \$442,455 | \$603,802 |
| | Directly Allocated Net Fixed Assets | \$0 | \$0 | \$0 | \$0 | \$0 |
| COP | Cost of Power (COP) | \$9,052,505 | \$2,691,666 | \$1,908,146 | \$4,352,801 | \$99,892 |
| | OM&A Expenses | \$1,853,660 | \$1,192,225 | \$393,363 | \$165,834 | \$102,238 |
| | Directly Allocated Expenses | \$0 | \$0 | \$0 | \$0 | \$0 |
| | Subtotal | \$10,906,165 | \$3,883,891 | \$2,301,509 | \$4,518,635 | \$202,130 |
| | Working Capital | \$1,635,925 | \$582,584 | \$345,226 | \$677,795 | \$30,319 |
| | Total Rate Base | \$5,532,206 | \$2,817,894 | \$959,939 | \$1,120,251 | \$634,122 |
| | | Rate Base Input equals Output | | | | |
| | Equity Component of Rate Base | \$2,766,103 | \$1,408,947 | \$479,970 | \$560,125 | \$317,061 |
| | Net Income on Allocated Assets | \$250,137 | \$112,495 | \$74,595 | \$187,956 | (\$124,909) |
| | Net Income on Direct Allocation Assets | \$0 | \$0 | \$0 | \$0 | \$0 |
| | Net Income | \$250,137 | \$112,495 | \$74,595 | \$187,956 | (\$124,909) |
| | RATIOS ANALYSIS | | | | | |
| | REVENUE TO EXPENSES % | 100.00% | 98.10% | 106.83% | 162.46% | 26.01% |
| | EXISTING REVENUE MINUS ALLOCATED COSTS | \$0 | (\$31,009) | \$35,131 | \$159,551 | (\$163,673) |
| | RETURN ON EQUITY COMPONENT OF RATE BASE | 9.04% | 7.98% | 15.54% | 33.56% | -39.40% |

Cost Allocation - Model Excerpt – Run 2



2006 Cost Allocation Information Filing

Northern Ontario Wires
EB-2005-0398 EB-2007-0003

Friday, August 01, 2008

Sheet I2 Class Selection -

Second Run

Instructions:

Step 1: Please input your existing classes

Step 2: If this is your first run, select "First Run" in the drop-down menu below

Step 3: After all classes have been entered, Click the "Update" button in row E41

Click for Drop-Down

Menu



Second Run

If desired, provide a summary of this run

(40 characters max.)

| | | Utility's Class Definition | Current |
|----|--------------------------|---------------------------------|---------|
| 1 | Residential | Residential | YES |
| 2 | GS <50 | General Service less than 50 kW | YES |
| 3 | GS>50-Regular | General Service 50 to 4,999 kW | YES |
| 4 | GS> 50-TOU | | NO |
| 5 | GS >50-Intermediate | | NO |
| 6 | Large Use >5MW | | NO |
| 7 | Street Light | Street Lighting | YES |
| 8 | Sentinel | | NO |
| 9 | Unmetered Scattered Load | Unmetered Scattered Load | YES |
| 10 | Embedded Distributor | | NO |
| 11 | Back-up/Standby Power | | NO |
| 12 | Rate Class 1 | | NO |
| 13 | Rate class 2 | | NO |
| 14 | Rate class 3 | | NO |
| 15 | Rate class 4 | | NO |
| 16 | Rate class 5 | | NO |
| 17 | Rate class 6 | | NO |
| 18 | Rate class 7 | | NO |
| 19 | Rate class 8 | | NO |
| 20 | Rate class 9 | | NO |



2006 Cost Allocation Information Filing

Northern Ontario Wires
 EB-2005-0398 EB-2007-0003
 Friday, August 01, 2008

Sheet I4 Break Out Worksheet - Second Run

Instructions:

This is an input sheet for the Break Out of Distribution Assets, Contributed Capital, Amortization, and Amortization Expenses.

****Please see Handbook for detailed instructions****

| | |
|---|-------------|
| Enter Net Fixed Assets from approved EDR, Sheet 3-1, cell F12 | \$3,896,281 |
|---|-------------|

| RATE BASE AND DISTRIBUTION ASSETS | | BALANCE SHEET ITEMS | | | | | | | | | EXPENSE ITEMS | | | |
|-----------------------------------|--|---------------------|---------------|----------------|-----------|----------------------------|--|---|---------------------------------|---|---|---|--|--|
| | | Break out Functions | BREAK OUT (%) | BREAK OUT (\$) | After BO | Contributed Capital - 1995 | Accumulated Depreciation - 2105 Capital Contribution | Accumulated Depreciation - 2105 Fixed Assets Only | Accumulated Depreciation - 2120 | Asset net of Accumulated Depreciation and Contributed Capital | 5705 Amortization Expense - Property, Plant, and Equipment | 5710 Amortization of Limited Term Electric Plant | 5715 Amortization of Intangibles and Other Electric Plant | 5720 Amortization of Electric Plant Acquisition Adjustments |
| 1565 | Conservation and Demand Management | \$27,000 | | - | 27,000 | | | | | 27,000 | | | | |
| 1805 | Land | \$2,840 | | (\$2,840) | - | | | | | | | | | |
| 1805-1 | Land Station >50 kV | | 0.00% | \$0 | - | | | | | | | | | |
| 1805-2 | Land Station <50 kV | | 100.00% | \$2,840 | 2,840 | | | | | 2,840 | | | | |
| 1806 | Land Rights | \$0 | | \$0 | - | | | | | | | | | |
| 1806-1 | Land Rights Station >50 kV | | 0.00% | \$0 | - | | | | | | | | | |
| 1806-2 | Land Rights Station <50 kV | | 100.00% | \$0 | - | | | | | | | | | |
| 1808 | Buildings and Fixtures | \$62,057 | | (\$62,057) | - | | | | | | | | | |
| 1808-1 | Buildings and Fixtures > 50 kV | | 0.00% | \$0 | - | | | | | | | | | |
| 1808-2 | Buildings and Fixtures < 50 kV | | 100.00% | \$62,057 | 62,057 | | \$ (14,280) | | | 47,777 | \$3,276 | | | |
| 1810 | Leasehold Improvements | \$20,168 | | (\$20,168) | - | | | | | | | | | |
| 1810-1 | Leasehold Improvements >50 kV | | 0.00% | \$0 | - | | | | | | | | | |
| 1810-2 | Leasehold Improvements <50 kV | | 100.00% | \$20,168 | 20,168 | | \$ (14,396) | | | 5,772 | \$3,967 | | | |
| 1815 | Transformer Station Equipment - Normally Primary above 50 kV | \$3,644 | | \$0 | 3,644 | | \$ (349) | | | 3,295 | \$120 | | | |
| 1820 | Distribution Station Equipment - Normally Primary below 50 kV | \$362,153 | | (\$362,153) | - | | | | | | | | | |
| 1820-1 | Distribution Station Equipment - Normally Primary below 50 kV (Bulk) | | 0.00% | \$0 | - | | | | | | | | | |
| 1820-2 | Distribution Station Equipment - Normally Primary below 50 kV Primary | | 100.00% | \$362,153 | 362,153 | | \$ (138,503) | | | 223,650 | \$16,209 | | | |
| 1820-3 | Distribution Station Equipment - Normally Primary below 50 kV (Wholesale Meters) | | 0.00% | \$0 | - | | | | | | | | | |
| 1825 | Storage Battery Equipment | \$0 | | \$0 | - | | | | | | | | | |
| 1825-1 | Storage Battery Equipment > 50 kV | | 0.00% | \$0 | - | | | | | | | | | |
| 1825-2 | Storage Battery Equipment <50 kV | | 100.00% | \$0 | - | | | | | | | | | |
| 1830 | Poles, Towers and Fixtures | \$2,213,460 | | (\$2,213,460) | - | | | | | | | | | |
| 1830-3 | Poles, Towers and Fixtures - Subtransmission Bulk Delivery | | 0.00% | \$0 | - | | | | | | | | | |
| 1830-4 | Poles, Towers and Fixtures - Primary | | 67.00% | \$1,483,018 | 1,483,018 | | \$ (242,731) | | | 1,240,287 | \$62,979 | | | |
| 1830-5 | Poles, Towers and Fixtures - Secondary | | 33.00% | \$730,442 | 730,442 | | \$ (119,554) | | | 610,888 | \$30,743 | | | |

| | | | | | | | | | | | | | | |
|--------|---|--------------------|---------|-------------|--------------------|------------|------------|----------------------|------------|------------------|------------------|------------|------------|------------|
| 1835 | Overhead Conductors and Devices | \$986,291 | | (\$986,291) | - | | | | | | | | | |
| 1835-3 | Overhead Conductors and Devices - Subtransmission Bulk Delivery | | 0.00% | \$0 | - | | | | | - | | | | |
| 1835-4 | Overhead Conductors and Devices - Primary | | 73.00% | \$719,993 | 719,993 | | | \$ (257,501) | | 462,492 | \$67,408 | | | |
| 1835-5 | Overhead Conductors and Devices - Secondary | | 27.00% | \$266,299 | 266,299 | | | \$ (95,258) | | 171,040 | \$24,932 | | | |
| 1840 | Underground Conduit | \$112,571 | | (\$112,571) | - | | | | | | | | | |
| 1840-3 | Underground Conduit - Bulk Delivery | | 0.00% | \$0 | - | | | | | - | | | | |
| 1840-4 | Underground Conduit - Primary | | 0.00% | \$0 | - | | | | | - | | | | |
| 1840-5 | Underground Conduit - Secondary | | 100.00% | \$112,571 | 112,571 | | | \$ (59,345) | | 53,225 | \$14,268 | | | |
| 1845 | Underground Conductors and Devices | \$1,686 | | (\$1,686) | - | | | | | | | | | |
| 1845-3 | Underground Conductors and Devices - Bulk Delivery | | 0.00% | \$0 | - | | | | | - | | | | |
| 1845-4 | Underground Conductors and Devices - Primary | | 0.00% | \$0 | - | | | | | - | | | | |
| 1845-5 | Underground Conductors and Devices - Secondary | | 100.00% | \$1,686 | 1,686 | | | \$ (176) | | 1,511 | \$146 | | | |
| 1850 | Line Transformers | \$477,952 | | \$0 | 477,952 | | | \$ (107,733) | | 370,220 | \$28,299 | | | |
| 1855 | Services | \$177,048 | | \$0 | 177,048 | | | \$ - | | 177,048 | \$0 | | | |
| 1860 | Meters | \$485,980 | | \$0 | 485,980 | | | \$ (131,156) | | 354,824 | \$31,907 | | | |
| | Total | \$4,932,852 | | - | \$4,932,852 | \$0 | \$0 | (\$1,180,983) | \$0 | 3,751,869 | \$284,252 | \$0 | \$0 | \$0 |



2006 Cost Allocation Information Filing

Northern Ontario Wires
 EB-2005-0398 EB-2007-0003
 Friday, August 01, 2008

Sheet O1 Revenue to Cost Summary Worksheet - Second Run

Class Revenue, Cost Analysis, and Return on Rate Base

| Rate Base | Total | 1 | 2 | 3 | 7 | 9 |
|---|---------------------|--------------------|------------------------------------|-----------------------------------|--------------------|-----------------------------|
| | | Residential | General Service less than 50 kW | General Service 50 to 4,999 kW | Street Lighting | Unmetered Scattered Load |
| Assets | | | | | | |
| crev Distribution Revenue (sale) | \$2,286,481 | \$1,393,379 | \$471,329 | \$381,114 | \$33,357 | \$7,302 |
| mi Miscellaneous Revenue (mi) | \$339,555 | \$211,286 | \$69,174 | \$33,969 | \$24,141 | \$983 |
| Total Revenue | \$2,626,036 | \$1,604,665 | \$540,504 | \$415,083 | \$57,499 | \$8,285 |
| Expenses | | | | | | |
| di Distribution Costs (di) | \$298,303 | \$170,305 | \$46,507 | \$30,561 | \$49,919 | \$1,011 |
| cu Customer Related Costs (cu) | \$740,548 | \$502,149 | \$170,887 | \$61,851 | \$4,443 | \$1,218 |
| ad General and Administration (ad) | \$814,809 | \$523,748 | \$167,754 | \$73,720 | \$47,784 | \$1,804 |
| dep Depreciation and Amortization (dep) | \$331,372 | \$189,485 | \$50,754 | \$39,555 | \$50,547 | \$1,031 |
| INPUT PILs (INPUT) | \$59,377 | \$34,081 | \$9,166 | \$6,745 | \$9,192 | \$193 |
| INT Interest | \$131,490 | \$75,472 | \$20,298 | \$14,937 | \$20,355 | \$428 |
| Total Expenses | \$2,375,899 | \$1,495,239 | \$465,367 | \$227,370 | \$182,240 | \$5,683 |
| Direct Allocation | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| NI Allocated Net Income (NI) | \$250,137 | \$143,573 | \$38,614 | \$28,415 | \$38,721 | \$813 |
| Revenue Requirement (includes NI) | \$2,626,036 | \$1,638,812 | \$503,981 | \$255,785 | \$220,961 | \$6,497 |
| Revenue Requirement Input equals Output | | | | | | |
| Rate Base Calculation | | | | | | |
| Net Assets | | | | | | |
| dp Distribution Plant - Gross | \$4,932,852 | \$2,811,479 | \$760,286 | \$586,895 | \$758,606 | \$15,585 |
| gp General Plant - Gross | \$364,698 | \$209,328 | \$56,299 | \$41,430 | \$56,456 | \$1,186 |
| accum dep Accumulated Depreciation | (\$1,401,269) | (\$784,433) | (\$215,113) | (\$185,708) | (\$211,915) | (\$4,100) |
| co Capital Contribution | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Total Net Plant | \$3,896,281 | \$2,236,375 | \$601,471 | \$442,617 | \$603,147 | \$12,671 |
| Directly Allocated Net Fixed Assets | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| COP | | | | | | |
| Cost of Power (COP) | \$9,052,505 | \$2,691,666 | \$1,900,387 | \$4,352,801 | \$99,892 | \$7,758 |
| OM&A Expenses | \$1,853,660 | \$1,196,202 | \$385,148 | \$166,132 | \$102,146 | \$4,032 |
| Directly Allocated Expenses | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Subtotal | \$10,906,165 | \$3,887,867 | \$2,285,536 | \$4,518,934 | \$202,038 | \$11,791 |
| Working Capital | \$1,635,925 | \$583,180 | \$342,830 | \$677,840 | \$30,306 | \$1,769 |
| Total Rate Base | \$5,532,206 | \$2,819,555 | \$944,302 | \$1,120,457 | \$633,453 | \$14,439 |
| Rate Base Input equals Output | | | | | | |
| Equity Component of Rate Base | \$2,766,103 | \$1,409,777 | \$472,151 | \$560,229 | \$316,726 | \$7,220 |
| Net Income on Allocated Assets | \$250,137 | \$109,426 | \$75,137 | \$187,713 | (\$124,741) | \$2,602 |
| Net Income on Direct Allocation Assets | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Net Income | \$250,137 | \$109,426 | \$75,137 | \$187,713 | (\$124,741) | \$2,602 |
| RATIOS ANALYSIS | | | | | | |
| REVENUE TO EXPENSES % | 100.00% | 97.92% | 107.25% | 162.28% | 26.02% | 127.53% |
| EXISTING REVENUE MINUS ALLOCATED COSTS | \$0 | (\$34,147) | \$36,523 | \$159,298 | (\$163,462) | \$1,788 |
| RETURN ON EQUITY COMPONENT OF RATE BASE | 9.04% | 7.76% | 15.91% | 33.51% | -39.38% | 36.04% |