

**Espanola Regional Hydro Distribution
Corporation ("ERHDC")**

MANAGER'S SUMMARY

**2009 Distribution Rate Application
under 3rd Generation IRM**

November 11, 2008

1. Introduction

On July 14, 2008 the Ontario Energy Board (the "OEB") issued a Report of the Board on 3rd Generation Incentive Regulation for Ontario's Electricity Distributors and on September 17, 2008 the OEB issued a Supplemental Report of the Board on 3rd Generation Incentive Regulation for Ontario's Electricity Distributors. ERHDC has prepared the 2009 IRM rate application consistent with the filing guidelines in the two reports issued by the OEB utilizing the 3rd Generation Supplementary Filing Module and the 3rd Generation Rate Generator Module issued by the OEB.

2. Price Cap Index (X-factor)

ERHDC followed the OEB methodology and 3rd GIRM supplementary filing module for determining the price cap index adjustment factor. The calculation is as follows:

Price Escalator (GDP-IPI)	2.10%
Less Productivity Factor	-0.72%
Less Stretch Factor	<u>-0.40%</u>
Price Cap Index	0.98%

The GDP-IPI will be updated at the end of February 2009 when amounts are published by Statistics Canada and the change reflected in the final rate order issued by the Board. The productivity component of the X-factor is an external benchmark which all LDC's are expected to achieve. The Board has determined the appropriate value for the productivity factor to be 0.72 percent and is fixed for the IRM plan term. ERHDC is classed in Group 2 in the benchmarking evaluations resulting in a stretch factor of 0.4%.

3. Revenue to Cost Ratio Adjustment

In the OEB decision dated June 3, 2008 for ERHDC's 2008 Cost of Service Application three rate classes required adjustment to be within the Board's targeted revenue to cost ratios. It was determined that the Street Lights and Sentinel Lights shall move 50% toward the bottom of the Board's target ranges and the remaining 50% to be moved by equal increments in years 2009 and 2010. The General Service > 50kW rate class was adjusted to achieve a 78% cost ratio in 2008 with the move to a 100% cost ratio to be done in 2009. The Board decided that the offsetting revenue shall be allocated to the General Service < 50kW and Residential rate classes. In this application the Street Lights and Sentinel Lights are moved one-half of the remaining 50% towards the bottom of the Board's target ranges and General Service > 50 kW has been moved to a 100% cost ratio as directed by the Board. ERHDC will achieve the remaining move for Street Lights and Sentinel Lights in 2010. Below is a summary of ERHDC's cost ratios.

<u>Customer Class</u>	<u>Informational Filing</u>	<u>2008 Board Approved</u>	<u>2009 Ratios</u>	<u>Board Target Range</u>
Residential	109	104	101	85-115
GS < 50 kW	113	111	107	80-120
GS > 50 kW	57	78	100	80-180
Streetlights	16	43	57	70-120
Sentinel Lights	32	51	61	70-120
USL	92	92	92	80-120

ERHDC calculated the cost ratios based on the methodology used in the cost allocation study and specifically sheet O1 "Revenue to Cost Summary Worksheet". This methodology is consistent with ERHDC's approved 2008 Cost of Service Application and the ratio adjustments approved in that application.

The percentage increase/decrease calculated was then applied to the current approved volumetric and fixed rates. A summary is provided below with a detailed calculation following.

	<u>2008 Approved Service Charge</u>	<u>Cost Ratio Adjustment</u>	<u>Adjustment to Service Charge \$</u>
Residential	10.13	-1.8220%	-0.18
GS < 50 kW	18.17	-1.8613%	-0.34
GS > 50 kW	123.11	13.1228%	16.16
Streetlights	0.82	15.3044%	0.13
Sentinel Lights	0.90	8.8608%	0.08
USL	8.53	0.0000%	0.00

	<u>2008 Approved Volumetric Charge</u>	<u>Cost Ratio Adjustment</u>	<u>Adjustment to Volumetric Rate</u>
Residential	0.0146	-1.8220%	-0.0003
GS < 50 kW	0.0170	-1.8613%	-0.0003
GS > 50 kW	3.0504	13.1228%	0.4003
Streetlights	10.6841	15.3044%	1.6351
Sentinel Lights	7.6612	8.8608%	0.6788
USL	0.0130	0.0000%	0.0000

	Total	Residential	GS <50	GS>50- Regular	Street Light	Sentinel	Unmetered Scattered Load
Distribution Revenue (sale)	\$1,065,411	\$647,914	\$271,702	\$109,478	\$33,150	\$946	\$2,221
Miscellaneous Revenue (mi)	\$125,226	\$90,193	\$28,078	\$4,938	\$1,213	\$34	\$770
Total Revenue	\$1,190,637	\$738,107	\$299,780	\$114,416	\$34,363	\$980	\$2,991
	100.00%	60.81%	25.50%	10.28%	3.11%	0.09%	0.21%
Expenses							
Distribution Costs (di)	\$278,954	\$160,846	\$61,163	\$35,590	\$20,446	\$545	\$363
Customer Related Costs (cu)	\$235,380	\$168,288	\$58,743	\$6,877	\$47	\$5	\$1,419
General and Administration (ad)	\$242,795	\$154,331	\$56,683	\$20,600	\$10,099	\$271	\$811
Depreciation and Amortization (dep)	\$216,027	\$126,144	\$50,453	\$24,144	\$14,513	\$387	\$386
PILs (INPUT)	\$25,964	\$14,642	\$6,228	\$3,225	\$1,790	\$48	\$31
Interest	\$68,399	\$38,571	\$16,406	\$8,497	\$4,717	\$126	\$82
Total Expenses	\$1,067,518	\$662,822	\$249,676	\$98,934	\$51,614	\$1,380	\$3,093
Direct Allocation	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Allocated Net Income (NI)	\$123,118	\$69,428	\$29,531	\$15,294	\$8,490	\$226	\$148
Revenue Requirement (includes NI)	\$1,190,636	\$732,250	\$279,207	\$114,228	\$60,104	\$1,606	\$3,241
	Revenue Requirement Input equals Output						
Rate Base Calculation							
Net Assets							
Distribution Plant - Gross	\$4,729,291	\$2,673,830	\$1,116,774	\$567,677	\$355,575	\$9,459	\$5,974
General Plant - Gross	\$412,991	\$233,063	\$98,509	\$50,411	\$29,704	\$791	\$513
Accumulated Depreciation	(\$3,070,982)	(\$1,737,998)	(\$721,225)	(\$365,259)	(\$236,302)	(\$6,283)	(\$3,914)
Capital Contribution	(\$104,494)	(\$59,755)	(\$22,378)	(\$8,629)	(\$13,179)	(\$350)	(\$203)
Total Net Plant	\$1,966,806	\$1,109,139	\$471,680	\$244,201	\$135,799	\$3,617	\$2,370
Directly Allocated Net Fixed Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cost of Power (COP)	\$4,263,072	\$2,189,245	\$825,630	\$1,194,439	\$45,470	\$1,619	\$6,669
OM&A Expenses	\$757,128	\$483,465	\$176,589	\$63,067	\$30,593	\$820	\$2,593
Directly Allocated Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal	\$5,020,200	\$2,672,710	\$1,002,220	\$1,257,506	\$76,063	\$2,440	\$9,262
Working Capital	\$753,030	\$400,906	\$150,333	\$188,626	\$11,409	\$366	\$1,389
Total Rate Base	\$2,719,836	\$1,510,046	\$622,013	\$432,827	\$147,208	\$3,983	\$3,760
	Rate Base Input equals Output						
Equity Component of Rate Base	\$1,359,918	\$755,023	\$311,006	\$216,413	\$73,604	\$1,992	\$1,880
Net Income on Allocated Assets	\$123,118	\$75,285	\$50,104	\$15,482	(\$17,251)	(\$400)	(\$101)
Net Income on Direct Allocation Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Income	\$123,118	\$75,285	\$50,104	\$15,482	(\$17,251)	(\$400)	(\$101)
RATIOS ANALYSIS							
REVENUE TO EXPENSES %	100.00%	100.80%	107.37%	100.16%	57.17%	61.01%	92.30%
EXISTING REVENUE MINUS ALLOCATED	\$0	\$5,857	\$20,573	\$187	(\$25,741)	(\$626)	(\$250)
RETURN ON EQUITY COMPONENT OF	9.05%	9.97%	16.11%	7.15%	-23.44%	-20.09%	-5.39%
Adjustment to class revenue for 2008 Cost of Service Rate Application	\$0 100.00%	(\$47,049) 63.07%	(\$10,378) 26.47%	\$36,635 7.89%	\$20,400 2.29%	\$392 0.07%	\$0 0.21%
Adjustment to class revenue for 2009 IRM Application	\$0	(\$12,024)	(\$5,153)	\$12,700	\$4,400	\$77	\$0
Change (+/-)	100.00%	-1.82199%	-1.86126%	13.12282%	15.30435%	8.86076%	0.00000%
		60.81%	25.50%	10.28%	3.11%	0.09%	0.21%

4. K-Factor Adjustment

The Ontario Energy Board report on Cost of Capital and 2nd Generation Incentive Regulation dated December 20, 2006 directed that distributors will be required to phase-in a deemed 60% debt and 40% equity capital structure to be completed by 2010. In ERHDC's 2008 Cost of Service Rate Application the first phase of the capital structure transition adjustment was completed. In the 2009 IRM application the second phase of the capital structure transmission is being applied for resulting in a K-Factor adjustment. The K-Factor calculation compares the revenue requirement before and after the capital structure transition. Refer to E1.2 "K-Factor Adjustment" in the 2009 OEB 3 GIRM Supplementary Filing Module. The K-Factor applied for in the 2009 IRM is -0.19%. The final capital structure transition to arrive at 60% debt and 40% equity deemed capital structure will be applied for in the 2010 rate application. A summary of the capital structure is below:

	Short Term Debt	Long Term Debt	Equity
2008 Approved	4.0%	49.3%	46.7%
2009 3 rd Generation IRM Application	4.0%	52.7%	43.3%

5. Loss Carry-forward Tax Adjustment

In ERHDC's 2008 Cost of Service rate application loss carry-forwards were projected to be utilized resulting in no projected PILs and therefore no PILs recovery included in the approved 2008 rates. ERHDC has utilized all of the loss carry-forwards available and will be paying PILs in 2009 and is requesting a PILs recoverable amount to be included in the rate base and reflected in 2009 approved rates. ERHDC re-calculated PILs based on the approved 2008 Cost of Service application taxable income without deducting the loss carry-forward. ERHDC is applying for a re-calculated grossed-up PILs amount of \$29,101 to be included in the 2009 revenue requirement. Below is a summary of the requested change in revenue requirement.

2008 approved revenue requirement from distribution rates	\$1,340,310
Increase to revenue requirement for inclusion of PILs	<u>\$29,101</u>
Revised revenue requirement	\$1,369,411

Percentage increase to rates	2.17%
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To incorporate the request for the 2.17% increase into the 3rd GIRM rate model calculations OEB staff has added sheet D.3.2 "Loss Carry-Forward Tax Adjustment". ERHDC has included a detailed calculation below for the revised PILs calculation.

Taxable Income Calculation

Income before PILs of \$108,837 is based on the 2008 approved regulated return of \$191,839 less the deemed interest of \$83,002. The amortization of assets agrees to the approved amount in the 2008 Cost of Service application. The CCA calculation has been revised to exclude a lease that was included in error in the 2008 rate application for the amount of \$43,240.

Line Item	T2S1 line #	Total for Legal Entity	Non-Distribution Eliminations	Utility Amount
Income before PILs/Taxes	A	108,837	0	108,837
Additions:				
Interest and penalties on taxes	103	0	0	0
Amortization of tangible assets	104	178,637	0	178,637
Amortization of intangible assets	106	0	0	0
Recapture of capital cost allowance from Schedule 8	107	0	0	0
Gain on sale of eligible capital property from Schedule 10	108	0	0	0
Income or loss for tax purposes- joint ventures or partnerships	109	0	0	0
Loss in equity of subsidiaries and affiliates	110	0	0	0
Loss on disposal of assets	111	0	0	0
Charitable donations	112	0	0	0
Taxable Capital Gains	113	0	0	0
Political Donations	114	0	0	0
Deferred and prepaid expenses	116	0	0	0
Scientific research expenditures deducted on financial statements	118	0	0	0
Capitalized interest	119	0	0	0
Non-deductible club dues and fees	120	0	0	0
Non-deductible meals and entertainment expense	121	0	0	0
Non-deductible automobile expenses	122	0	0	0
Non-deductible life insurance premiums	123	0	0	0
Non-deductible company pension plans	124	0	0	0
Tax reserves beginning of year	125	0	0	0

Reserves from financial statements- balance at end of year	126	0	0	0
Soft costs on construction and renovation of buildings	127	0	0	0
Book loss on joint ventures or partnerships	205	0	0	0
Capital items expensed	206	0	0	0
Debt issue expense	208	0	0	0
Development expenses claimed in current year	212	0	0	0
Financing fees deducted in books	216	0	0	0
Gain on settlement of debt	220	0	0	0
Non-deductible advertising	226	0	0	0
Non-deductible interest	227	0	0	0
Non-deductible legal and accounting fees	228	0	0	0
Recapture of SR&ED expenditures	231	0	0	0
Share issue expense	235	0	0	0
Write down of capital property	236	0	0	0
Amounts received in respect of qualifying environment trust per paragraphs 12(1)(z.1) and 12(1)(z.2)	237	0	0	0
Interest Expensed on Capital Leases	290	0	0	0
Realized Income from Deferred Credit Accounts	291	0	0	0
Pensions	292	0	0	0
Non-deductible penalties	293	0	0	0
Debt Financing Expenses for Book Purposes	294	0	0	0
Other Additions (see OtherAdditions sheet)	295	0	0	0
Total Additions		178,637	0	178,637
Deductions:				
Gain on disposal of assets per financial statements	401	0	0	0
Dividends not taxable under section 83	402	0	0	0
Capital cost allowance from Schedule 8	403	140,206	0	140,206
Terminal loss from Schedule 8	404	0	0	0

Cumulative eligible capital deduction from Schedule 10	405	0	0	0
Allowable business investment loss	406	0	0	0
Deferred and prepaid expenses	409	0	0	0
Scientific research expenses claimed in year	411	0	0	0
Tax reserves end of year	413	0	0	0
Reserves from financial statements - balance at beginning of year	414	0	0	0
Contributions to deferred income plans	416	0	0	0
Book income of joint venture or partnership	305	0	0	0
Equity in income from subsidiary or affiliates	306	0	0	0
Interest capitalized for accounting deducted for tax	390	0	0	0
Capital Lease Payments	391	0	0	0
Non-taxable imputed interest income on deferral and variance accounts	392	0	0	0
Financing Fees for Tax Under S.20(1)(e)	393	0	0	0
Other Deductions (see OtherDeductions sheet)	394	0	0	0
Total Deductions		140,206	0	140,206
Net Income for Tax Purposes		147,268	0	147,268
Charitable donations from Schedule 2	311	0	0	0
Taxable dividends deductible under section 112 or 113, from Schedule 3 (item 82)	320	0	0	0
Non-capital losses of preceding taxation years from Schedule 7-1	331	0	0	0
Net-capital losses of preceding taxation years from Schedule 7-1	332	0	0	0
Limited partnership losses of preceding taxation years from Schedule 4	335	0	0	0
TAXABLE INCOME		147,268	0	147,268

CCA Calculation

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	1,985,647	0	0	1,985,647	0	1,985,647	4%	79,426	1,906,221
2	Distribution System - pre 1988	0	0	0	0	0	0	6%	0	0
8	General Office/Stores Equip	66,438	1,000	0	67,438	500	66,938	20%	13,388	54,050
10	Computer Hardware/ Vehicles	57,560	0	0	57,560	0	57,560	30%	17,268	40,292
10.1	Certain Automobiles	0	0	0	0	0	0	30%	0	0
12	Computer Software	0	0	0	0	0	0	100%	0	0
13 1	Lease # 1	0	0	0	0	0	0		0	0
13 2	Lease #2	0	0	0	0	0	0		0	0
13 3	Lease # 3	0	0	0	0	0	0		0	0
13 4	Lease # 4	0	0	0	0	0	0		0	0
14	Franchise	0	0	0	0	0	0		0	0
17	New Electrical Generating Equipment Acq'd after Feb 27/00 Other Than Bldgs	0	0	0	0	0	0	8%	0	0
43.1	Certain Energy-Efficient Electrical Generating Equipment	0	0	0	0	0	0	30%	0	0
45	Computers & Systems Software acq'd post Mar 22/04	8,753	0	0	8,753	0	8,753	45%	3,939	4,814
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)	0	0	0	0	0	0	30%	0	0
47	Distribution System - post 22-Feb-2005	246,072	162,500	0	408,572	81,250	327,322	8%	26,186	382,386
98	No CCA	0	0	0	0	0	0		0	0
			0	0		0	0		0	0
			0	0			0		0	0
	TOTAL	2,364,469	163,500	0	2,527,969	81,750	2,446,219		140,206	2,387,763

PILs Calculation

	Source or Input	Tax Payable	Inclusion in Revenue Req.	
-				
Regulatory Taxable Income	TxblIncome	147,268		
Combined Income Tax Rate	TaxRates	<u>16.500%</u>		
Total Income Taxes		24,299		
Investment Tax Credits	-			
Miscellaneous Tax Credits	-			
Total Tax Credits		<u>-</u>		
Income Tax Provision		24,299	29,101	<i>grossed-up for income taxes</i>
Ontario Capital Tax		-	-	<i>not grossed-up</i>
Large Corporations Tax	CapitalTaxes	-	-	<i>grossed-up for income taxes</i>
Total PILs		24,299	29,101	<i>amount for Output</i>

6. Z- Factor Tax Sharing Rate Rider

ERHDC calculated the Z-Factor tax sharing rate rider based on the tax calculations above utilizing the 3rd GIRM supplementary filing model issued by the Board. The tax changes did not impact ERHDC therefore a Z-factor tax sharing rate rider is not requested in this application.

Note: Since ERHDC completed "F1.1 Z-Factor Changes" in the supplemental model to show the tax saving between the 2008 re-calculated PILs (without the loss carry-forwards) and the 2009 PILs as a result of tax rate changes the model is adding the revised PILs of \$29,101 to sheet "B3.1 Re-Basing Revenue Requirement" and "E1.2 K-Factor Adjustment" in the supplemental filing model. It should be noted that schedule "B3.1 Re-Basing Revenue Requirement" includes the PILs amount requested of \$29,101 resulting in a difference in the reconciliation of 2.15%. When the PILs amount is excluded from the calculation as approved in the 2008 Cost of Service Application the difference is -0.02% which is below the 1% threshold. The PILs amount of \$29,101 is also being included in sheet "E1.2 K-Factor Adjustment" resulting in a -0.18% adjustment in the supplemental filing model. ERHDC excluded the requested PILs amount in the K-Factor adjustment which results in a -0.19% adjustment that has been used in the rate generator model.

7. Incremental Capital Adjustment

In the 2009 IRM application ERHDC has not applied to recover through rates any incremental capital investment needs.

8. Smart Meters

ERHDC is a member of the "EDA Northeast District" group of Northern LDC's who have engaged Util-assist to coordinate the installation of smart meters for the group. ERHDC plans to complete smart meter installation in 2009 and have a total of 3,353 meters installed. The capital cost per installed meter has not been finalized but is estimated to be \$239. ERHDC does not plan to purchase smart meters or advanced metering infrastructure whose functionality exceeds the minimum functionality adopted in O Reg. 425/06. ERHDC does not expect to incur costs associated with functions for which the SME has exclusive authority to carry out pursuant to O Reg. 393/07. In this application ERHDC is requesting an increase from the 30 cents per metered customer adder that was approved in the 2008 rates to \$1.00 smart meter funding adder per metered customer.

9. Transmission Network Rates

ERHDC has applied for an 11.3% uniform percentage increase to the 2009 Network Service Rate and a 19.2% increase to the Line and Transformation Connections Service Rate as per the OEB guidelines (G-2008-001) issued October 22, 2008. The percentage increase is calculated in the 3 GIRM Rate Generator Model and included in the proposed rate schedule include in the model.

10. Summary of Results

SUMMARY OF CHANGES							
	Current Base	Revenue Cost	Loss Carry-	K-Factor	Price Cap	Smart Meter	Final Rates
	Rate	Ratio	Forward	Adjustment	Adjustment	Rate	Applied for
		Adjustment	Adjustment			Adder	in 2009 IRM
<u>Monthly Service Charge</u>							
Residential	10.1300	-0.1800	0.2198	-0.01925	0.09732	1.0000	11.25
General Service < 50kW	18.1700	-0.3400	0.3943	-0.03452	0.17440	1.0000	19.37
General Service > 50kW	123.1100	16.1600	2.6715	-0.23391	1.36255	1.0000	144.09
USL	8.5300	0.0000	0.1851	-0.01621	0.08344		8.78
Sentinel Lighting	0.9000	0.0800	0.0195	-0.00171	0.00959		1.01
Street Lighting	0.8200	0.1300	0.0178	-0.00156	0.00930		0.97
<u>Volumetric Charge</u>							
Residential	0.0146	-0.0003	0.0003	-0.00003	0.00014		0.0148
General Service < 50kW	0.0170	-0.0003	0.0004	0.00003	0.00016		0.0172
General Service > 50kW	3.0504	0.4003	0.0662	-0.00580	0.03376		3.5455
USL	0.0130	0.0000	0.0003	-0.00003	0.00013		0.0134
Sentinel Lighting	7.6612	0.6788	0.1662	-0.01456	0.08459		8.5750
Street Lighting	10.6841	1.6351	0.2318	-0.02030	0.12053		12.6536

10. Bill Impacts

Below are the bill impact schedules as a result of the rates applied for in the 2009 IRM application. Consumption levels are based on ERHDC's estimated average usage by customer/connection in each rate class. The Street Light rate class impacts per connection exceed the 10% threshold as a result of the cost revenue adjustment directed by the Board.

Residential

Monthly Rates and Charges	Metric	Current Rate	Applied For Rate
Service Charge	\$	10.39	11.25
Service Charge Rate Rider(s)	\$	-	-
Distribution Volumetric Rate	\$/kWh	0.0146	0.0148
Distribution Volumetric Rate Rider(s)	\$/kWh	0.0009	0.0009
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0041	0.0046
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0035	0.0042
Wholesale Market Service Rate	\$/kWh	0.0052	0.0052
Rural Rate Protection Charge	\$/kWh	0.0010	0.0010
Standard Supply Service – Administration Charge (if applicable)	\$	0.25	0.25

Consumption	1,000 kWh	0 kW
RPP Tier One	600 kWh	Load Factor

Loss Factor	1.0543
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	Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	\$	%	% of Total Bill
Energy First Tier (kWh)	600	0.0560	33.60	600	0.0560	33.60	0.00	0.0%	28.27%
Energy Second Tier (kWh)	455	0.0650	29.58	455	0.0650	29.58	0.00	0.0%	24.88%
Sub-Total: Energy			63.18			63.18	0.00	0.0%	53.15%
Service Charge	1	10.39	10.39	1	11.25	11.25	0.86	8.3%	9.46%
Service Charge Rate Rider(s)	1	0.00	0.00	1	0.00	0.00	0.00	0.0%	0.00%
Distribution Volumetric Rate	1,000	0.0146	14.60	1,000	0.0148	14.80	0.20	1.4%	12.45%
Distribution Volumetric Rate Rider(s)	1,000	0.0009	0.90	1,000	0.0009	0.90	0.00	0.0%	0.76%
Total: Distribution			25.89			26.95	1.06	4.1%	22.67%
Retail Transmission Rate – Network Service Rate	1,055	0.0041	4.33	1,055	0.0046	4.85	0.52	12.0%	4.08%
Retail Transmission Rate – Line and Transformation Connection Service Rate	1,055	0.0035	3.69	1,055	0.0042	4.43	0.74	20.1%	3.73%
Total: Retail Transmission			8.02			9.28	1.26	15.7%	7.81%
Sub-Total: Delivery (Distribution and Retail Transmission)			33.91			36.23	2.32	6.8%	30.48%
Wholesale Market Service Rate	1,055	0.0052	5.49	1,055	0.0052	5.49	0.00	0.0%	4.62%
Rural Rate Protection Charge	1,055	0.0010	1.06	1,055	0.0010	1.06	0.00	0.0%	0.89%
Standard Supply Service – Administration Charge (if applicable)	1	0.25	0.25	1	0.25	0.25	0.00	0.0%	0.21%
Sub-Total: Regulatory			6.80			6.80	0.00	0.0%	5.72%
Debt Retirement Charge (DRC)	1,000	0.00700	7.00	1,000	0.00700	7.00	0.00	0.0%	5.89%
Total Bill before Taxes			110.89			113.21	2.32	2.1%	95.24%
GST	110.89	5%	5.54	113.21	5%	5.66	0.12	2.2%	4.76%
			116.43			118.87	2.44	2.1%	100.00%

General Service Less Than 50 kW

Monthly Rates and Charges	Metric	Current Rate	Applied For Rate
Service Charge	\$	18.43	19.37
Service Charge Rate Rider(s)	\$	-	-
Distribution Volumetric Rate	\$/kWh	0.0170	0.0172
Distribution Volumetric Rate Rider(s)	\$/kWh	0.0009	0.0009
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0038	0.0042
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0031	0.0037
Wholesale Market Service Rate	\$/kWh	0.0052	0.0052
Rural Rate Protection Charge	\$/kWh	0.0010	0.0010
Standard Supply Service – Administration Charge (if applicable)	\$	0.25	0.25

Consumption	2,860	kWh	0	kWh
RPP Tier One	750	kWh	Load Factor	

Loss Factor 1.0543

	Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	\$	%	% of Total Bill
Energy First Tier (kWh)	750	0.0560	42.00	750	0.0560	42.00	0.00	0.0%	12.38%
Energy Second Tier (kWh)	2,266	0.0650	147.29	2,266	0.0650	147.29	0.00	0.0%	43.40%
Sub-Total: Energy			189.29			189.29	0.00	0.0%	55.78%
Service Charge	1	18.43	18.43	1	19.37	19.37	0.94	5.1%	5.71%
Service Charge Rate Rider(s)	1	0.00	0.00	1	0.00	0.00	0.00	0.0%	0.00%
Distribution Volumetric Rate	2,860	0.0170	48.62	2,860	0.0172	49.19	0.57	1.2%	14.49%
Distribution Volumetric Rate Rider(s)	2,860	0.0009	2.57	2,860	0.0009	2.57	0.00	0.0%	0.76%
Total: Distribution			69.62			71.13	1.51	2.2%	20.96%
Retail Transmission Rate – Network Service Rate	3,016	0.0038	11.46	3,016	0.0042	12.67	1.21	10.6%	3.73%
Retail Transmission Rate – Line and Transformation Connection Service Rate	3,016	0.0031	9.35	3,016	0.0037	11.16	1.81	19.4%	3.29%
Total: Retail Transmission			20.81			23.83	3.02	14.5%	7.02%
Sub-Total: Delivery (Distribution and Retail Transmission)			90.43			94.96	4.53	5.0%	27.98%
Wholesale Market Service Rate	3,016	0.0052	15.68	3,016	0.0052	15.68	0.00	0.0%	4.62%
Rural Rate Protection Charge	3,016	0.0010	3.02	3,016	0.0010	3.02	0.00	0.0%	0.89%
Standard Supply Service – Administration Charge (if applicable)	1	0.25	0.25	1	0.25	0.25	0.00	0.0%	0.07%
Sub-Total: Regulatory			18.95			18.95	0.00	0.0%	5.58%
Debt Retirement Charge (DRC)	2,860	0.00700	20.02	2,860	0.00700	20.02	0.00	0.0%	5.90%
Total Bill before Taxes			318.69			323.22	4.53	1.4%	95.24%
GST	318.69	5%	15.93	323.22	5%	16.16	0.23	1.4%	4.76%
			334.62			339.38	4.76	1.4%	100.00%

General Service 50 to 4,999 kW

Monthly Rates and Charges	Metric	Current Rate	Applied For Rate
Service Charge	\$	123.37	144.09
Service Charge Rate Rider(s)	\$	-	-
Distribution Volumetric Rate	\$/kW	3.0504	3.5455
Distribution Volumetric Rate Rider(s)	\$/kW	0.2386	0.2386
Retail Transmission Rate – Network Service Rate	\$/kW	1.5476	1.7225
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.2446	1.4836
Wholesale Market Service Rate	\$/kWh	0.0052	0.0052
Rural Rate Protection Charge	\$/kWh	0.0010	0.0010
Standard Supply Service – Administration Charge (if applicable)	\$	0.25	0.25

Consumption	76,800	kWh	195	kW
RPP Tier One	750	kWh	Load Factor	54.0%

Loss Factor 1.0543

	Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	\$	%	% of Total Bill
Energy First Tier (kWh)	750	0.0560	42.00	750	0.0560	42.00	0.00	0.0%	0.51%
Energy Second Tier (kWh)	80,221	0.0650	5,214.37	80,221	0.0650	5,214.37	0.00	0.0%	63.64%
Sub-Total: Energy			5,256.37			5,256.37	0.00	0.0%	64.15%
Service Charge	1	123.37	123.37	1	144.09	144.09	20.72	16.8%	1.76%
Service Charge Rate Rider(s)	1	0.00	0.00	1	0.00	0.00	0.00	0.0%	0.00%
Distribution Volumetric Rate	195	3.0504	594.83	195	3.5455	691.37	96.54	16.2%	8.44%
Distribution Volumetric Rate Rider(s)	195	0.2386	46.53	195	0.2386	46.53	0.00	0.0%	0.57%
Total: Distribution			764.73			881.99	117.26	15.3%	10.76%
Retail Transmission Rate – Network Service Rate	195	1.5476	301.78	195	1.7225	335.89	34.11	11.3%	4.10%
Retail Transmission Rate – Line and Transformation Connection Service Rate	195	1.2446	242.70	195	1.4836	289.30	46.60	19.2%	3.53%
Total: Retail Transmission			544.48			625.19	80.71	14.8%	7.63%
Sub-Total: Delivery (Distribution and Retail Transmission)			1,309.21			1,507.18	197.97	15.1%	18.39%
Wholesale Market Service Rate	80,971	0.0052	421.05	80,971	0.0052	421.05	0.00	0.0%	5.14%
Rural Rate Protection Charge	80,971	0.0010	80.97	80,971	0.0010	80.97	0.00	0.0%	0.99%
Standard Supply Service – Administration Charge (if applicable)	1	0.25	0.25	1	0.25	0.25	0.00	0.0%	0.00%
Sub-Total: Regulatory			502.27			502.27	0.00	0.0%	6.13%
Debt Retirement Charge (DRC)	76,800	0.00700	537.60	76,800	0.00700	537.60	0.00	0.0%	6.56%
Total Bill before Taxes			7,605.45			7,803.42	197.97	2.6%	95.24%
GST	7,605.45	5%	380.27	7,803.42	5%	390.17	9.90	2.6%	4.76%
			7,985.72			8,193.59	207.87	2.6%	100.00%

Unmetered Scattered Load

Monthly Rates and Charges	Metric	Current Rate	Applied For Rate
Service Charge	\$	8.53	8.78
Service Charge Rate Rider(s)	\$	-	-
Distribution Volumetric Rate	\$/kWh	0.0130	0.0134
Distribution Volumetric Rate Rider(s)	\$/kWh	0.0009	0.0009
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0038	0.0042
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0031	0.0037
Wholesale Market Service Rate	\$/kWh	0.0052	0.0052
Rural Rate Protection Charge	\$/kWh	0.0010	0.0010
Standard Supply Service – Administration Charge (if applicable)	\$	0.25	0.25

Consumption	925	kWh	0	kW
RPP Tier One	750	kWh	Load Factor	

Loss Factor 1.0543

	Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	\$	%	% of Total Bill
Energy First Tier (kWh)	750	0.0560	42.00	750	0.0560	42.00	0.00	0.0%	40.32%
Energy Second Tier (kWh)	226	0.0650	14.69	226	0.0650	14.69	0.00	0.0%	14.10%
Sub-Total: Energy			56.69			56.69	0.00	0.0%	54.43%
Service Charge	1	8.53	8.53	1	8.78	8.78	0.25	2.9%	8.43%
Service Charge Rate Rider(s)	1	0.00	0.00	1	0.00	0.00	0.00	0.0%	0.00%
Distribution Volumetric Rate	925	0.0130	12.03	925	0.0134	12.40	0.37	3.1%	11.90%
Distribution Volumetric Rate Rider(s)	925	0.0009	0.83	925	0.0009	0.83	0.00	0.0%	0.80%
Total: Distribution			21.39			22.01	0.62	2.9%	21.13%
Retail Transmission Rate – Network Service Rate	976	0.0038	3.71	976	0.0042	4.10	0.39	10.5%	3.94%
Retail Transmission Rate – Line and Transformation Connection Service Rate	976	0.0031	3.03	976	0.0037	3.61	0.58	19.1%	3.47%
Total: Retail Transmission			6.74			7.71	0.97	14.4%	7.40%
Sub-Total: Delivery (Distribution and Retail Transmission)			28.13			29.72	1.59	5.7%	28.53%
Wholesale Market Service Rate	976	0.0052	5.08	976	0.0052	5.08	0.00	0.0%	4.88%
Rural Rate Protection Charge	976	0.0010	0.98	976	0.0010	0.98	0.00	0.0%	0.94%
Standard Supply Service – Administration Charge (if applicable)	1	0.25	0.25	1	0.25	0.25	0.00	0.0%	0.24%
Sub-Total: Regulatory			6.31			6.31	0.00	0.0%	6.06%
Debt Retirement Charge (DRC)	925	0.00700	6.48	925	0.00700	6.48	0.00	0.0%	6.22%
Total Bill before Taxes			97.61			99.20	1.59	1.6%	95.24%
GST	97.61	5%	4.88	99.20	5%	4.96	0.08	1.6%	4.76%
			102.49			104.16	1.67	1.6%	100.00%

Sentinel Lighting ▼

Monthly Rates and Charges	Metric	Current Rate	Applied For Rate
Service Charge	\$	0.90	1.01
Service Charge Rate Rider(s)	\$	-	-
Distribution Volumetric Rate	\$/kW	7.6612	8.5750
Distribution Volumetric Rate Rider(s)	\$/kW	0.3766	0.3766
Retail Transmission Rate – Network Service Rate	\$/kW	1.1731	1.3057
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	0.9823	1.1709
Wholesale Market Service Rate	\$/kWh	0.0052	0.0052
Rural Rate Protection Charge	\$/kWh	0.0010	0.0010
Standard Supply Service – Administration Charge (if applicable)	\$	0.25	0.25

Consumption	86	kWh	0.24	kW
RPP Tier One	750	kWh	Load Factor	49.1%

Loss Factor 1.0543

	Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	\$	%	% of Total Bill
Energy First Tier (kWh)	91	0.0560	5.10	91	0.0560	5.10	0.00	0.0%	25.62%
Energy Second Tier (kWh)	0	0.0650	0.00	0	0.0650	0.00	0.00	0.0%	0.00%
Sub-Total: Energy			5.10			5.10	0.00	0.0%	25.62%
Service Charge	1	0.90	0.90	1	1.01	1.01	0.11	12.2%	5.07%
Service Charge Rate Rider(s)	1	0.00	0.00	1	0.00	0.00	0.00	0.0%	0.00%
Distribution Volumetric Rate	1	7.6612	7.66	1	8.5750	8.58	0.92	12.0%	43.09%
Distribution Volumetric Rate Rider(s)	1	0.3766	0.38	1	0.3766	0.38	0.00	0.0%	1.91%
Total: Distribution			8.94			9.97	1.03	11.5%	50.08%
Retail Transmission Rate – Network Service Rate	1	1.1731	1.17	1	1.3057	1.31	0.14	12.0%	6.58%
Retail Transmission Rate – Line and Transformation Connection Service Rate	1	0.9823	0.98	1	1.1709	1.17	0.19	19.4%	5.88%
Total: Retail Transmission			2.15			2.48	0.33	15.3%	12.46%
Sub-Total: Delivery (Distribution and Retail Transmission)			11.09			12.45	1.36	12.3%	62.53%
Wholesale Market Service Rate	91	0.0052	0.47	91	0.0052	0.47	0.00	0.0%	2.36%
Rural Rate Protection Charge	91	0.0010	0.09	91	0.0010	0.09	0.00	0.0%	0.45%
Standard Supply Service – Administration Charge (if applicable)	1	0.25	0.25	1	0.25	0.25	0.00	0.0%	1.26%
Sub-Total: Regulatory			0.81			0.81	0.00	0.0%	4.07%
Debt Retirement Charge (DRC)	86	0.00700	0.60	86	0.00700	0.60	0.00	0.0%	3.01%
Total Bill before Taxes			17.60			18.96	1.36	7.7%	95.23%
GST	17.60	5%	0.88	18.96	5%	0.95	0.07	8.0%	4.77%
			18.48			19.91	1.43	7.7%	100.00%

Street Lighting

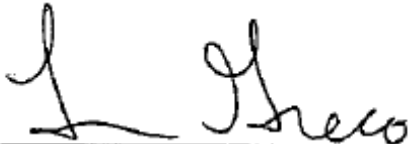
Monthly Rates and Charges	Metric	Current Rate	Applied For Rate
Service Charge	\$	0.82	0.97
Service Charge Rate Rider(s)	\$	-	-
Distribution Volumetric Rate	\$/kW	10.6841	12.6536
Distribution Volumetric Rate Rider(s)	\$/kW	0.4499	0.4499
Retail Transmission Rate – Network Service Rate	\$/kW	1.1672	1.2991
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	0.9622	1.1469
Wholesale Market Service Rate	\$/kWh	0.0052	0.0052
Rural Rate Protection Charge	\$/kWh	0.0010	0.0010
Standard Supply Service – Administration Charge (if applicable)	\$	0.25	0.25

Consumption	48	kWh	0.14	kW
RPP Tier One	750	kWh	Load Factor	47.0%

Loss Factor 1.0543

	Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	\$	%	% of Total Bill
Energy First Tier (kWh)	51	0.0560	2.86	51	0.0560	2.86	0.00	0.0%	13.43%
Energy Second Tier (kWh)	0	0.0650	0.00	0	0.0650	0.00	0.00	0.0%	0.00%
Sub-Total: Energy			2.86			2.86	0.00	0.0%	13.43%
Service Charge	1	0.82	0.82	1	0.97	0.97	0.15	18.3%	4.55%
Service Charge Rate Rider(s)	1	0.00	0.00	1	0.00	0.00	0.00	0.0%	0.00%
Distribution Volumetric Rate	1	10.6841	10.68	1	12.6536	12.65	1.97	18.4%	59.39%
Distribution Volumetric Rate Rider(s)	1	0.4499	0.45	1	0.4499	0.45	0.00	0.0%	2.11%
Total: Distribution			11.95			14.07	2.12	17.7%	66.06%
Retail Transmission Rate – Network Service Rate	1	1.1672	1.17	1	1.2991	1.30	0.13	11.1%	6.10%
Retail Transmission Rate – Line and Transformation Connection Service Rate	1	0.9622	0.96	1	1.1469	1.15	0.19	19.8%	5.40%
Total: Retail Transmission			2.13			2.45	0.32	15.0%	11.50%
Sub-Total: Delivery (Distribution and Retail Transmission)			14.08			16.52	2.44	17.3%	77.56%
Wholesale Market Service Rate	51	0.0052	0.27	51	0.0052	0.27	0.00	0.0%	1.27%
Rural Rate Protection Charge	51	0.0010	0.05	51	0.0010	0.05	0.00	0.0%	0.23%
Standard Supply Service – Administration Charge (if applicable)	1	0.25	0.25	1	0.25	0.25	0.00	0.0%	1.17%
Sub-Total: Regulatory			0.57			0.57	0.00	0.0%	2.68%
Debt Retirement Charge (DRC)	48	0.00700	0.34	48	0.00700	0.34	0.00	0.0%	1.60%
Total Bill before Taxes			17.85			20.29	2.44	13.7%	95.26%
GST	17.85	5%	0.89	20.29	5%	1.01	0.12	13.5%	4.74%
			18.74			21.30	2.56	13.7%	100.00%

Signed on this 11th day of November 2008 at Sault Ste. Marie, on behalf of the Board of Directors of Espanola Regional Hydro Distribution Corporation by:

A handwritten signature in black ink, appearing to read "T. Greco". The signature is written in a cursive style with a long horizontal stroke at the end.

Terrance P. Greco
On behalf of Espanola Regional Hydro Distribution Corporation
Vice President Finance
PUC Services Inc.