



January 20, 2011

Kirsten Walli
Board Secretary
Ontario Energy Board
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Hawkesbury Hydro Incorporated
2011 IRM3 Distribution Rate Application OEB File No. EB-2010-0090

Enclosed please find Hydro Hawkesbury Hydro (HHI)'s submission in regard to its 2011 IRM3 Distribution Rate Application which was filed on November 12, 2010.

This submission is in response the Board Staff Interrogatories filed December 30, 2010. Should you require any further information, please do not hesitate to contact me at the number below.

Yours very truly,

Michel Poulin

Hydro Hawkesbury Inc., Manager

613-632-6689

**2011 IRM3 Electricity Distribution Rates
Hydro Hawkesbury Inc. (“Hydro Hawkesbury”)
EB-2010-0090**

Disposition of Group 1 Deferral / Variance Account Balances

Board Staff Interrogatory No. 1

Ref: Manager’s Summary

Questions / Requests:

- a) Please file a completed 2011 IRM3 Deferral and Variance Work form.

HHI response: Original Work Form added to e-filing

- b) Please provide the most recent available balances for the Group 1 Deferral and Variance Accounts.
Please confirm whether the provided balances have been audited.

HHI response:

	Account Number	GL BALANCE AS OF OCTOBER 31, 2010
Account Description		
LV Variance Account	1550	\$ 54,970.86
RSVA - Wholesale Market Service Charge	1580	(\$ 386,867.95)
RSVA - Retail Transmission Network Charge	1584	(\$ 24,268.22)
RSVA - Retail Transmission Connection Charge	1586	(\$ 343,685.79)
RSVA - Power (Excluding Global Adjustment)	1588	(\$ 289,857.31)
RSVA - Power (Global Adjustment Sub-account)		\$ 331,669.34
Recovery of Regulatory Asset Balances	1590	\$ 26,367.91
Residual Balance Disposition and recovery of Def/Var Balances Account (2008)	1595	(\$ 1,509,038.62)
TOTAL		\$ (2,140,709.78)

Retail Transmission Service Rates

Board Staff Interrogatory No. 2

Ref: 2011 IRM3 RTSR Work form

Sheet "B1.2 – 2009 Distributor Billing Determinants" of the 2011 IRM3 RTSR Work form is reproduced below.

2009 Distributor Billing Determinants

Enter the most recently reported RRR billing determinants

Loss Adjusted Metered kWh Yes

Loss Adjusted Metered kW No

Rate Class	Vol Metric	Metered kWh A	Metered kW B	Applicable Loss Factor C	Load Factor 730)	Loss Adjusted Billed kWh E = A * C
Residential	kWh	53,559,119	0	1.0446		55,947,856
General Service Less Than 50 kW	kWh	20,562,650	0	1.0446		21,479,744
General Service 50 to 4,999 kW	kW	86,186,766	229,814	1.0446	51.40%	90,030,696
Sentinel Lighting	kW	108,470	325	1.0446	45.74%	113,308
Street Lighting	kW	1,208,363	3,096	1.0446	53.49%	1,262,256
Unmetered Scattered Load	kWh	220,667		1.0446		230,509
Total		161,846,035	233,235			169,064,368

Questions / Requests:

- Please confirm that the data entered in Columns A & B is sourced from the 2010 forecast included in Hydro Hawkesbury's latest Cost of Service Application

HHI response: YES

- Please confirm that the data entered in Column A (metered kWh) is metered data (i.e. no loss factor applied). If a loss factor has been applied to the data in Column A, please re-file the data for Column A and Board staff will make the relevant corrections to the RTSR Work form.

HHI Response: The kWh in Column A is not loss adjusted. The class consumption was based on retail kWh sold, so no loss factor was applied

Shared Tax Savings

Board Staff Interrogatory No. 3

Ref: 2011 IRM3 Shared Tax Savings Work form

Sheet "B1.1 – Rate Class and Re-Based Billing Determinants & Rates" of the 2011 IRM3 Shared Tax Savings Work form is reproduced below.

Last COS Re-based Year				2010			Last COS OEB Application Number			ED-2009-0186		
Rate Group	Rate Class	Fixed Metric	Vol Metric	Re-based Billed Customers or Connections A	Re-based Billed kWh B	Re-based Billed kW C	Rate ReBal Base Service Charge D	Rate ReBal Base Distribution Volumetric Rate kWh E	Rate ReBal Base Distribution Volumetric Rate kW F			
RES	Residential	Customer	kWh	4,781	53,559,119		5.87	0.0079				
OSL TSO	General Service Less Than 50 kW	Customer	kWh	586	20,562,650		13.55	0.0054				
USL	Unmetered Scattered Load	Connection	kWh	4	220,667		6.26	0.0021				
GSGT50	General Service 50 to 4,999 kW	Customer	kW	81	95,185,756	228,614	95.30		1.5230			
Sent	Sentinel Lighting	Connection	kW	21	108,470	325	1.59		3.1600			
SL	Street Lighting	Connection	kW	1,158	1,208,353	3,096	0.61		6.5015			
NA	Rate Class ?	NA	NA									

Questions / Requests:

- a) Please confirm that the data entered in Columns A / B / C is sourced from the 2010 forecast included in Hydro Hawkesbury's latest Cost of Service Application.

HHI response: YES

- b) Please confirm that the correct Rate ReBal Distribution Volumetric Rate (kW) for the Sentinel Lighting Rate Class is 3.1604.

HHI response: The exact rate is \$3.1604/kW

Board Staff Interrogatory No. 4

Ref: 2011 IRM3 Shared Tax Savings Work form

Sheet “F1.1 – Z-Factor Tax Changes” of the 2011 IRM3 Shared Tax Savings Work form is reproduced below.

Summary - Sharing of Tax Change Forecast Amounts

	2010	2011	2012
1. Tax Related Amounts Forecast from Capital Tax Rate Changes			
Taxable Capital	\$4,283,956	\$4,283,956	\$4,283,956
Deduction from taxable capital up to \$15,000,000	\$4,283,956	\$4,283,956	\$4,283,956
Net Taxable Capital	\$ -	\$ -	\$ -
Rate	0.150%	0.000%	0.000%
Ontario Capital Tax (Deductible, not grossed-up)	\$ -	\$ -	\$ -
2. Tax Related Amounts Forecast from Income Tax Rate Changes			
Regulatory Taxable Income	\$ 195,100	\$ 195,100	\$ 195,100
Corporate Tax Rate	16.00%	15.50%	15.50%
Tax Impact	\$ 31,217	\$ 30,242	\$ 30,242
Grossed-up Tax Amount	\$ 37,164	\$ 35,789	\$ 35,789
Tax Related Amounts Forecast from Capital Tax Rate Changes	\$ -	\$ -	\$ -
Tax Related Amounts Forecast from Income Tax Rate Changes	\$ 37,164	\$ 35,789	\$ 35,789
Total Tax Related Amounts	\$ 37,164	\$ 35,789	\$ 35,789
Incremental Tax Savings		-\$ 1,374	-\$ 1,374
Sharing of Tax Savings (50%)		-\$ 687	-\$ 687

Questions / Requests:

- a) Board staff has been unable to verify that the amount entered for taxable capital is correct. Please reconcile with the Revenue Requirement Work form in the EB-2009-0186 proceeding.

HHI response: The Taxable capital amount should show \$4,261,956

HHI does recognize that we are still well below the first \$15,000,000 exemption. Furthermore we understand that in 2011 the rate % is at zero so no impact for HHI

IRM3 Rate Generator

Board Staff Interrogatory No. 5

Ref: 2011 IRM3 Rate Generator Model – Sheet C2.3

Ref: 2011 IRM3 Rate Generator Model – Sheet J2.3

Questions / Requests:

- a) Please confirm that the correct Sunset Date for the 2010 Deferral and Variance Account Rate Rider is April 30, 2012 (30/04/2012). If so, Board staff will make the relevant corrections to the IRM3 Rate Generator.

HHI response: Board Staff is correct. Sunset date is 30/04/2012

Board Staff Interrogatory No. 6

Ref: 2011 IRM3 Rate Generator Model – Sheet C3.2

Questions / Requests:

- a) Please confirm that the correct Sunset Date for the 2010 Global Adjustment Sub-Account Rate Rider is April 30, 2011 (30/04/2011). If so, Board staff will make the relevant corrections to the IRM3 Rate Generator.

HHI response: Board Staff is correct. Sunset date is 30/04/2012

Board Staff Interrogatory No. 7

Ref: 2011 IRM3 Rate Generator Model – Sheet C4.1

Questions / Requests:

a) Please confirm that the correct Distribution Volumetric Rate for the Sentinel Rate Class is \$3.1604 / kW.

HHI response: The exact rate is \$3.1604/kW

Board Staff Interrogatory No. 8-

Ref: 2011 IRM3 Rate Generator Model – Sheet L2.1

Questions / Requests:

a) Please confirm that the correct adjustment for the Street Lighting Rate Class is 0.0247. If so, Board staff will make the relevant correction to the IRM3 Rate Generator.

HHI response: Again Board Staff is correct. The Adjustment is 0.0247