

Ontario Energy Board
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BY EMAIL

February 23, 2012

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

Attention: Ms. Kirsten Walli, Board Secretary

Dear Ms. Walli:

**Re: Parry Sound Power Corporation (“Parry Sound Power”)
2012 IRM3 Distribution Rate Application
Board File No. EB-2011-0193**

In accordance with the Board’s Decision and Order in the above noted proceeding, Board staff has reviewed Parry Sound Power’s Draft Rate Order dated February 14, 2012, including the models and draft Tariff of Rates and Charges. Board staff has the following comments with the material filed:

1. With respect to the 2012 LRAM claim and in accordance with the Decision and Order, the disposition period should be one year. Therefore, the rate riders should be as follows with a sunset date of February 28, 2013:

Rate Class	LRAM \$	Billing Units	Metric	Rate Rider
Residential	\$ 11,099.55	33,572,049	kWh	\$ 0.0003
GS Less Than 50 kW	\$ 6,050.92	16,873,256	kWh	\$ 0.0004
GS 50 - 4,999 kW	\$ 2,659.70	97,877	kW	\$ 0.0272
Sentinel Lights		36	kW	
Street Lights		2,421	kW	
USL	\$ 3,600.58	58,750	kWh	\$ 0.0613
	\$23,410.75			

2. The calculation of the fixed and variable rate riders for the foregone revenue for January and February 2012 includes the rates for the disposition of the Group 1 Deferral and Variance account balances and the disposition of its 2012 LRAM claim. The rate riders for the disposition of the Group 1 account balances and the 2012 LRAM claim should not be used in the foregone revenue calculation because they will be implemented on March 1, 2012 and, in accordance with the Decision and Order, have a one-year disposition period, therefore no revenue has been foregone.

With the removal of these rate riders, Board staff submits that the table below accurately reflects the fixed and variable foregone revenue rate riders. Board also staff notes that the variable rate riders for the Residential and General Service Less than 50 kW when rounded to the fourth decimal place results in a rate less than \$0.0000 per kWh, therefore these rates should not be included in the Final Tariff of Rates and Charges.

Parry Sound Power Foregone Revenue (Jan to Feb 2012)		
	Fixed	Variable
Residential	\$ 674.88	\$ 557.13
General Service Less Than 50 kW	\$ 184.09	\$ 278.89
General Service 50 to 4,999 kW	-\$ 1,002.53	-\$ 2,408.97
Unmetered Scattered Load	\$ 4.65	\$ 7.83
Sentinel Lighting	\$ 0.58	\$ 0.56
Street Lighting	\$ 1,403.42	\$ 2,675.77
Total	\$ 1,265.09	\$ 1,111.22
10 Month Rate Rider		
Residential	\$ 0.02	\$ 0.0000
General Service Less Than 50 kW	\$ 0.04	\$ 0.0000
General Service 50 to 4,999 kW	-\$ 1.47	-\$ 0.0296
Unmetered Scattered Load	\$ 0.03	\$ 0.0002
Sentinel Lighting	\$ 0.00	\$ 0.0187
Street Lighting	\$ 0.13	\$ 1.3263

3. The 2012 IRM Rate Generator Model filed by Parry Sound Power does not include the fixed and variable rate riders for the two months (i.e. January and February 2012) of foregone revenue. The model also does not include the rate riders associated with the \$23,410.75 LRAM claim approved by the Board.
4. The Tariff of Rates and Charges submitted by Parry Sound Power should include:

- i. The Rural or Remote Electricity Rate Protection (“RRRP”) charge of \$0.0011 per kWh with a sunset date of April 30, 2012, and the updated RRRP of \$0.0013 per kWh with an effective date of May 1, 2012;
- ii. fixed and variable rate riders for the two months of foregone revenue;
- iii. updated 2012 LRAM rate riders; and
- iv. sunset dates for all current and proposed fixed and variable rate riders.

Board staff has no concerns with the other filed models and the updated 2012 LRAM rate riders.

Board staff notes that the one-year disposition period for the rate riders for the disposition of Group 1 Deferral and Variance account balances and Account 1521 Special Purpose Charge calculated in the 2012 IRM Rate Generator are in accordance with the Board’s Decision and Order and should have a sunset date of February 28, 2013.

Please forward the following to Parry Sound Power and to all other registered parties to this proceeding.

In addition, please remind Parry Sound Power that responses to any comments on its Draft Rate Order are due by February 27, 2012.

Yours truly,

Original Signed By

Daniel Kim
Analyst, Applications & Regulatory Audit