



January 15, 2013

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

Attention: Ms. Walli

**Re: Espanola Regional Hydro Distribution Corporation's ("ERHDC") 2013
3rd Generation IRM Rate Application
Interrogatory Responses
Board File No. EB-2012-0122**

ERHDC has attached responses to the Board Staff Interrogatories in the above noted proceedings. The responses have been filed through the Web Portal.

In the event of any additional information, questions or concerns, please contact Jennifer Uchmanowicz, Rate and Regulatory Affairs Officer, at Jennifer.Uchmanowicz@ssmpuc.com or (705) 759-3009.

Sincerely,

Jennifer Uchmanowicz
on behalf of Espanola Regional Hydro Distribution Corporation
Rates and Regulatory Affairs Officer
PUC Distribution Inc.
Sault Ste. Marie Ont.
Email: Jennifer.Uchmanowicz@ssmpuc.com
Phone: 705-759-3009

Interrogatory #1

Ref: RTSR Workform, Tab 4 – "RRR Data"

Board staff notes that ERHDC has not entered the "Applicable Loss Factor" for its Residential, General Service Less than 50 kW and Unmetered Scattered Load rate classes. Board staff notes that the applicable loss factor is 1.0687.

| Rate Class | Unit | Non-Loss | Non-Loss | Applicable | Load | Loss Adjusted | Billed kW |
|---|------|-------------------------|------------------------|----------------|--------|---------------|-----------|
| | | Adjusted Metered kWh | Adjusted Metered kW | Loss Factor | | | |
| Residential | kWh | 33,345,047 | | | | 33,345,047 | - |
| General Service Less Than 50 kW | kWh | 12,483,210 | | | | 12,483,210 | - |
| General Service 50 to 4,999 kW | kW | 14,714,549 | 33,278 | | 60.60% | 14,714,549 | 33,278 |
| General Service 50 to 4,999 kW – Interval Metered | kW | 3,099,661 | 7,010 | | 60.61% | 3,099,661 | 7,010 |
| Unmetered Scattered Load | kWh | 179,553 | | | | 179,553 | - |
| Sentinel Lighting | kW | 25,877 | 72 | | 49.26% | 25,877 | 72 |
| Street Lighting | kW | 649,300 | 1,728 | | 51.50% | 649,300 | 1,728 |

(A) Please confirm if ERHDC agrees with the above statement, and Board staff will make the necessary corrections to the model.

(B) If the answer to (A) is no, please provide an explanation for not entering ERHDC's applicable loss factor for the above noted rate classes.

(C) Please confirm that the amounts entered into the columns "Non-Loss Adjusted Metered kWh" and "Non-Loss Adjusted Metered kW" have in fact, not been adjusted by ERHDC's Board-approved loss factor.

Response to Interrogatory #1

(A) ERHDC confirms the applicable loss factor of 1.0687 should be included in the RTSR workform on Tab 4 and requests Board staff to make the necessary corrections to the model.

(B) N/A

(C) ERHDC confirms the amounts entered in the columns "Non-Loss Adjusted Metered kWh" and "Non-Loss Adjusted Metered kW" have not been adjusted by the Board-approved loss factor.

Interrogatory #2

Ref: A portion of the Rate Generator Model, Tab 6 – “Billing Det. for Def- Var”

| Rate Class | Unit | Metered kWh | Metered kW | Billed kWh for | Estimated kW for | Distribution |
|---------------------------------|--------|-------------------|---------------|-------------------|-------------------|----------------------|
| | | | | Non-RPP Customers | Non-RPP Customers | Revenue ¹ |
| Residential | \$/kWh | 32,680,721 | | 3,921,687 | 0 | 1,121,286 |
| General Service Less Than 50 kW | \$/kWh | 11,265,899 | | 1,351,908 | 0 | 388,260 |
| General Service 50 to 4,999 kW | \$/kW | 17,442,771 | 44,045 | 17,442,771 | 44,045 | 288,357 |
| Unmetered Scattered Load | \$/kWh | 213,280 | | | 0 | 8,527 |
| Sentinel Lighting | \$/kW | 24,161 | 66 | | 0 | 1,818 |
| Street Lighting | \$/kW | 623,166 | 1,766 | | 0 | 68,855 |
| MicroFit | | | | | | |
| Total | | 62,249,998 | 45,877 | 22,716,366 | 44,045 | 1,877,103 |

Board staff is unable to verify the data entered in the column “Distribution Revenue” for each rate class.

(A) Please provide evidence of the amounts entered for each rate class from ERHDC’s previous cost of service proceeding (EB-2011-0319).

(B) If changes are required, please provide the corrected figures, and Board staff will update the model with the correct information.

Response to Interrogatory #2

(A) In ERHDC’s Draft Rate Order filed with the OEB on October 11, 2012 (EB-2011-0319) on page 48 & 49 the Revenue Requirement is identified and agrees to the Distribution Revenue in the Rate Generator Model as in the Table above. An excerpt of the relevant sections identifying the revenue requirement in the Draft Rate Order is included below.

(B) No changes are required to the Rate Generator Model.

Espanola Regional Hydro Distribution Corporation ("ERHDC")
 Interrogatory Responses
 EB-2012-0122

EB-2011-0319
 Espanola Regional Hydro Distribution Corporation
 Draft Rate Order
 Page 48 of 90

Revenue Requirement

Table 21 – Revenue Requirement

| | Initial Application | Change | Interrogatory Amount | Change | Decision Amount |
|--------------------------------|----------------------------|---------------|-----------------------------|---------------|------------------------|
| Service Revenue Requirement | 1,810,263 | (21,691) | 1,788,572 | (9,870) | 1,778,702 |
| Less: Revenue Offsets | 139,899 | 0 | 139,899 | 2,500 | 142,399 |
| Total Base Revenue Requirement | 1,670,364 | (21,691) | 1,648,673 | (12,370) | 1,636,303 |
| Add Back LV Charges | 144,544 | 84,744 | 229,288 | 0 | 229,288 |
| Add Back Transformer Allowance | 11,512 | 0 | 11,512 | 0 | 11,512 |
| Gross Revenue for Rates | 1,826,420 | 63,053 | 1,889,473 | (12,370) | 1,877,103 |

Espanola Regional Hydro Distribution Corporation (“ERHDC”)
Interrogatory Responses
EB-2012-0122

EB-2011-0319
Espanola Regional Hydro Distribution Corporation
Draft Rate Order
Page 49 of 90

Rate Design

ERHDC made no changes to the allocation of the fixed and variance split. The updated rates are as follows:

Table 22 – Fixed Charge Analysis

| Fixed Charge Analysis | | | | | | | | |
|-----------------------|--------------------------|----------------------------|---------|--|-------------------------------------|---|---------------------------|--------------------------------|
| Customer Class | Current Volumetric Split | Current Fixed Charge Split | Total | Fixed Rate Based on Current Fixed/Variable Revenue Proportions | 2011 Rates From OEB Approved Tariff | Minimum System with PLCC Adjustment (Ceiling Fixed Charge From Cost Allocation Model) | Target Fixed Charge Split | Fixed Charge with Target Split |
| Residential | 53.54% | 46.46% | 100.00% | 13.59 | 9.96 | 19.73 | 46.46% | 13.59 |
| GS < 50 kW | 64.40% | 35.60% | 100.00% | 24.36 | 17.95 | 28.37 | 35.60% | 24.36 |
| GS >50 kW | 70.93% | 29.07% | 100.00% | 189.75 | 161.36 | 70.53 | 29.07% | 189.75 |
| Sentinel Lights | 62.96% | 37.04% | 100.00% | 2.07 | 1.29 | 7.70 | 37.04% | 2.07 |
| Street Lighting | 63.85% | 36.15% | 100.00% | 1.92 | 1.40 | 8.48 | 36.15% | 1.92 |
| USL | 41.57% | 58.43% | 100.00% | 11.84 | 8.82 | 14.22 | 58.43% | 11.84 |
| | | | | | | | | |

Table 23 – Allocation between fixed and variable rates

| Customer Class | Total Net Rev. Requirement | Rev Requirement % | Proposed Fixed Rate | Resulting Variable Rate | Total Fixed Revenue | Total Variable Revenue | Transformer Allowance | Gross Distribution Revenue | LV & Wheeling Charges | Total |
|-----------------|----------------------------|-------------------|-------------------------------|-------------------------|---------------------|------------------------|-----------------------|----------------------------|-----------------------|---------------------|
| Residential | 999,289 | 61.07% | 13.59 | \$0.0164 | \$ 464,243 | \$ 535,045 | | 999,289 | 121,998 | 1,121,286 |
| GS < 50 kW | 349,008 | 21.33% | 24.36 | \$0.0200 | \$ 124,245 | \$ 224,763 | | 349,008 | 39,252 | 388,260 |
| GS >50 kW | 211,468 | 12.92% | 189.75 | \$3.6660 | \$ 61,479 | \$ 149,989 | \$ 11,512 | 222,980 | 65,376 | 288,357 |
| Sentinel Lights | 1,748 | 0.11% | 2.07 | \$16.6708 | \$ 647 | \$ 1,100 | | 1,748 | 71 | 1,818 |
| Street Lighting | 67,007 | 4.09% | 1.92 | \$24.2280 | \$ 24,220 | \$ 42,787 | | 67,007 | 1,848 | 68,855 |
| USL | 7,784 | 0.48% | 11.84 | \$0.0152 | \$ 4,548 | \$ 3,236 | | 7,784 | 743 | 8,527 |
| TOTAL | 1,636,303 | 100% | | | \$ 679,382 | \$ 956,921 | \$ 11,512 | \$ 1,647,815 | \$ 229,288 | \$ 1,877,103 |
| | | | Forecast Fixed/Variable Ratio | | 41.229% | 58.072% | 0.699% | 100.000% | | |