



55 Patterson Road
PO Box 7000
Barrie, ON L4M 4V8

Tel: 705.722.7222
Fax: 705.722.6159
E-mail: mail@barriehydro.com

January 16, 2009

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

Dear Ms. Walli:

Barrie Hydro Distribution Inc. (licence ED-2002-0534) is one of the LDCs that have filed a 2009 3rd Generation Incentive Rate Mechanism application. It was filed under EB-2008-0160. As directed in the Board's "Notice of Application and Written Hearing for an Electricity Distribution Rate Change" document, anyone requesting additional information shall file a written interrogatory with the Board and delivered to the applicant by January 5, 2009. Barrie Hydro received one (1) request for information from the Vulnerable Energy Consumers Coalition (VECC). We have filed our response to this interrogatory through the RESS filing system; as well two hard copies of the response have been forwarded to you. We have also sent a copy of this response to VECC. Please contact me if any further information is required.

Sincerely,

A handwritten signature in dark ink, appearing to read 'Stephen Perry', is written over a light blue horizontal line.

Stephen Perry C.M.A.
Manager of Regulatory Affairs & CDM
Barrie Hydro Distribution Inc.
705-722-7244, ext. 278

BARRIE HYDRO DISTRIBUTION INC
EB-2008-0160

VECC Interrogatory Requests

Question #1

Reference: Barrie Application and 3GIRM Supplemental Model

- a) With respect to the Supplemental Model Tab C1.1, the revenue and cost values (columns E, H & K) provided are not the same as those filed in response to OEB Staff Interrogatory #46 from EB-2007-0746. Please reconcile the values.

Response:

Please note that the use of this section of the Model is to comply with the Board's Decision in EB-2007-0746 which directed that the Street Lighting class Revenue/Cost ratio to increase by 15% to 40% in 2009.

Attached to this response is Exhibit #1 which shows a reconciliation between the revenue proposed in the Run 1 & Run 2 Cost Allocation Model (response to OEB Staff Interrogatory #46 from EB-2007-0746) and the revenue resulting from those adjustments mandated in the EB-2007-0746 Decision.

As noted in the original 2008 Rate Application document (Exhibit 8, Tab 1, Schedule 2, Page 3) and also referenced in our response to OEB Interrogatory #46; Run 1 amounts were used with the exception of Unmetered Scattered Load which used Run 2 amounts with the appropriate adjustments to GS<50 to take this into account.

With respect to the total expense column in Supplemental Model Tab C1.1 these amounts have been adjusted from those in Run 1 & 2 and the attached Exhibit #1. These adjustments were made so that the direction provided by the Board in Supplemental Model Tab C2.1 could be met. That direction was, "It is important that the ratios in E (Column K) be close to those in the rebasing Decision". The expense column in TAB C1.1 was therefore adjusted so that the ratios in TAB C2.1 were close to those approved in the rebasing decision.

- b) Please also indicate the source of the “Expenses” reported in Tab C1.1 for the Large Use class since this class was not included in the Cost Allocation run.

Response:

This amount was an estimate. In the original Cost Allocation Model, Barrie Hydro did not have a Large Use customer therefore no allocation of expenses occurred. In the 2008 Rate Application a Large Use customer was forecasted so revenues were automatically included in TAB C2.1 in the 2009 application. The expense amount used in TAB C1.1 was estimated so that in TAB C2.1 both a revenue and expense amount would be calculated and a Revenue/Cost Ratio % in E (Column K) would be calculated. The Revenue/Cost Ratio % of 85.7% was used to reflect approximately the same Revenue/Cost Ratio % for GS 50 to 4999 kW class. This ratio was used as this class is the most similar to a Large Use customer.

- c) With respect to the Supplemental Model Tab B3.1, please confirm that the OEB Cost Allocation Model included the cost of the Transformer Ownership Allowance in the Base Revenue Requirement and allocated it to all customer classes.

Response:

Yes these costs were included, but as per the attached Exhibit #1 please note that an adjustment was performed to adjust the Transformer Ownership Allowance out of the other rate classes and into the GS>50 class. The rationale for this is noted in the original 2008 Rate Application document; Exhibit 8, Tab 1, Schedule 2, page 5.

- d) Please confirm that in its 2008 Rate Application Barrie Hydro Distribution Inc. allocated the cost of the Transformer Ownership Allowance only to the GS>50 class.

Response:

That is correct.

- e) Given the price cap adjustment is applied to the rates for GS>50, why shouldn't it also be applied to the transformer ownership allowance?

Response:

It is our understanding that the 3rd GIRM Model and price cap adjustment only pertains to distribution rates and not allowances or specific service charges.

- f) Please clarify if the Transformer Ownership allowance also applies to the Large Use class.

Response:

Currently we have no Large Use customer. If a Large Use customer did locate in our service area, the Transformer Ownership Allowance would apply if that customer owned their own Transformer.



2006 COST ALLOCATION INFORMATION FILING

BARRIE HYDRO DISTRIBUTION INC.

EB-2005-0338 EB-2007-0001

Thursday, January 18, 2007

Sheet 01 Revenue to Cost Summary Worksheet - Optional Third Run

EXHIBIT #1

Class Revenue, Cost Analysis, and Return on Rate Base

Rate Base Assets	Total	1	2	3	4	6	7	9
		Residential	GS <50	GS>50-Regular	GS> 50-TOU	Large Use >5MW	Street Light	Unmetered Scattered Load
crev	Distribution Revenue (sale)	\$25,808,792	\$16,277,159	\$3,660,445	\$5,699,058	\$0	\$83,259	\$88,871
mi	Miscellaneous Revenue (mi)	\$2,256,985	\$1,518,579	\$304,922	\$362,724	\$0	\$30,137	\$40,622
	Total Revenue	\$28,065,777	\$17,795,738	\$3,965,367	\$6,061,782	\$0	\$113,396	\$129,493
	Adjustments 2008 rate application & decision:							
	Original Application Street Light Adjustment	\$0	(\$20,000)				\$20,000	
	Transformer Allowance Adjustment	\$51	(\$343,472)	(\$78,537)	\$427,555		(\$2,198)	(\$3,297)
	Board Decision Adjustment to Street Lighting	\$0	(\$172,807)				\$172,807	
	Board Decision Adjustment to GS<50	\$0	(\$61,201)	\$61,201				
	Rounding	(\$969)	(\$919)	(\$50)	\$0	\$0	\$0	\$0
	Total Revenue Revised	\$28,064,859	\$17,197,339	\$3,947,981	\$6,489,337	\$0	\$304,005	\$126,196
di	Expenses							
cu	Distribution Costs (di)	\$3,924,196	\$2,059,153	\$544,788	\$1,118,728	\$0	\$189,857	\$11,670
ad	Customer Related Costs (cu)	\$1,792,301	\$1,255,159	\$318,989	\$182,934	\$0	\$2,566	\$32,653
dep	General and Administration (ad)	\$3,891,772	\$2,226,184	\$583,634	\$917,148	\$0	\$136,848	\$27,958
INPUT	Depreciation and Amortization (dep)	\$6,576,176	\$3,513,902	\$912,446	\$1,785,756	\$0	\$343,279	\$20,793
INT	PIUs (INPUT)	\$3,109,834	\$1,595,306	\$442,180	\$921,078	\$0	\$142,149	\$9,122
	Interest	\$4,099,433	\$2,102,957	\$582,889	\$1,214,179	\$0	\$187,383	\$12,025
	Total Expenses	\$23,393,712	\$12,752,660	\$3,384,924	\$6,139,823	\$0	\$1,002,081	\$114,223
	Direct Allocation	\$0	\$0	\$0	\$0	\$0	\$0	\$0
NI	Allocated Net Income (NI)	\$4,672,066	\$2,396,711	\$664,310	\$1,383,783	\$0	\$213,557	\$13,705
	Revenue Requirement (includes NI)	\$28,065,778	\$15,149,371	\$4,049,234	\$7,523,606	\$0	\$1,215,639	\$127,928
	Revenue Requirement Input equals Output							
	Rate Base Calculation							
	Net Assets							
dp	Distribution Plant - Gross	\$166,233,525	\$87,355,620	\$23,198,648	\$46,897,260	\$0	\$8,271,470	\$510,527
gp	General Plant - Gross	\$12,554,898	\$6,506,723	\$1,755,220	\$3,653,540	\$0	\$601,556	\$37,859
accum dep	Accumulated Depreciation	(\$68,624,019)	(\$36,768,350)	(\$9,552,489)	(\$18,492,391)	\$0	(\$3,594,602)	(\$216,186)
co	Capital Contribution	(\$10,709,058)	(\$6,048,605)	(\$1,271,842)	(\$2,627,069)	\$0	(\$721,492)	(\$40,050)
	Total Net Plant	\$99,455,346	\$51,045,387	\$14,129,737	\$29,431,339	\$0	\$4,556,932	\$292,150
	Directly Allocated Net Fixed Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0
COP	Cost of Power (COP)	\$95,690,812	\$33,966,949	\$12,955,658	\$47,915,799	\$0	\$659,117	\$193,289
	OM&A Expenses	\$9,608,269	\$5,540,496	\$1,447,412	\$2,218,810	\$0	\$329,271	\$72,281
	Directly Allocated Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Subtotal	\$105,299,081	\$39,507,445	\$14,402,969	\$50,134,609	\$0	\$988,388	\$265,671
	Working Capital	\$15,794,862	\$5,926,117	\$2,160,445	\$7,520,191	\$0	\$148,258	\$39,851
	Total Rate Base	\$115,250,208	\$56,971,504	\$16,289,982	\$36,951,531	\$0	\$4,705,190	\$332,001
	Rate Base Input equals Output							
	Equity Component of Rate Base	\$51,862,594	\$25,637,177	\$7,330,492	\$16,628,189	\$0	\$2,117,336	\$149,400
	Net Income on Allocated Assets	\$4,672,065	\$5,043,078	\$580,443	(\$78,041)	\$0	(\$888,685)	\$15,270
	Net Income on Direct Allocation Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Net Income	\$4,672,065	\$5,043,078	\$580,443	(\$78,041)	\$0	(\$888,685)	\$15,270
	RATIOS ANALYSIS							
	REVENUE TO EXPENSES %	100.00%	117.47%	97.93%	80.57%	0.00%	9.33%	101.22%
	REVENUE TO EXPENSES % AFTER ADJUSTMENTS	100.00%	113.52%	97.50%	86.25%	#DIV/0!	25.01%	98.65%
	EXISTING REVENUE MINUS ALLOCATED COSTS	(\$1)	\$2,646,367	(\$83,867)	(\$1,461,824)	\$0	(\$1,102,242)	\$1,565
	EXISTING REV MINUS ALLOCATED COSTS ADJUSTED	(\$919)	\$2,047,968	(\$101,253)	(\$1,034,269)	\$0	(\$911,633)	(\$1,732)
	RETURN ON EQUITY COMPONENT OF RATE BASE	9.01%	19.67%	7.92%	-0.47%	0.00%	-41.97%	10.22%