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January 23, 2009

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

Dear Ms. Walli:

***Re: EB-2008-0180 - Guelph Hydro Electric Systems Inc.
Application to the Ontario Energy Board for
Electricity Distribution Rates as of May 1, 2009
Response to Board Staff and VECC Interrogatories***

Attached please find our response to Board Staff and VECC interrogatories.

Should you have any questions or require further information in this regard, please do not hesitate to call me.

Yours sincerely,

GUELPH HYDRO
ELECTRIC SYSTEMS INC.

ORIGINAL SIGNED
BY A.G. STOKMAN
Arthur G. Stokman, P.Eng.
President

:bb

2009 Incentive Regulation Mechanism Rate Application
Guelph Hydro Electric Systems Inc.
Response to Board Staff Interrogatories
EB-2008-0180

K-Factor Adjustment

Ref.: 2009 3rd Generation IRM Supplementary Filing Module, sheet E1.2
2009 3rd Generation IRM Rate Generator Model, sheet D2.2

1. Cell G79 of sheet E1.2 of the Supplementary Filing Module indicates that Guelph Hydro Electric System Inc.'s ("Guelph") K-Factor Adjustment is -0.38%. However, on sheet D2.2 of the Rate Generator Model, a K-Factor Adjustment of -0.41% was entered into cells D26, G25, and G26.
Please clarify whether these were errors, confirming what the correct entry should have been, or provide a complete explanation for the discrepancy.

Response: The correct K-Factor Adjustment is 0.38% as reported on sheet E1.2 of the Supplementary Filing Module. Sheet D2.2 of the Rate Generator Model should have reflected 0.38% as the proper K-Factor Adjustment value.

Lost Revenue Adjustment Mechanism and Shared Saving Mechanism ("LRAM/SSM") Rate Rider

Ref.: 2009 3rd Gen. IRM Rate Generator Model, Sheet C2.1 and Sheet J2.1

2. Cell D22 of sheet C2.1 and Cell D22 of sheet J2.1 indicate that the sunset date for the approved LRAM/SSM Rate Rider is April 30, 2010. A review of the current 2008 Board approved Tariff of Rates and Charges indicates that the sunset for this rate rider is April 30, 2010 for the Residential rate class, but April 30, 2009 for the Unmetered Scattered Load ("USL") rate class.

Please clarify whether this was an error for the USL rate class, confirming what the correct entry should have been, or provide a complete explanation for the discrepancy.

Response: The April 30, 2009 sunset date for the USL LRAM/SSM rate rider is incorrectly stated on the 2008 Board approved Tariff of Rates and Charges. The sunset date for this rate rider is April 30, 2010, consistent with OEB Decision (EB-2007-0742) dated July 31, 2008. In this decision, the Board instructed the LRAM and SSM amounts to be cleared over a period starting with the effective date of the decision (September 1, 2008) and ending April 30, 2010. The rate riders stated on the 2008 Board approved Tariff of Rates and Charges have been correctly calculated assuming a 20 month recovery period from September 1, 2008 to April 30, 2010.

Deferral Account Rate Rider

Ref.: 2009 3rd Gen. IRM Rate Generator Model, Sheet C2.2 and Sheet J2.2

3. Cell D22 of sheet C2.2 and Cell D22 of sheet J2.2 indicate that the sunset date for the approved Deferral Account Rate Rider is April 30, 2010. A review of the current 2008 Board approved Tariff of Rates and Charges indicates that the sunset for this rate rider is April 30, 2009.

Please clarify whether this was an error, confirming what the correct entry should have been, or provide a complete explanation for the discrepancy.

Response: The April 30, 2009 sunset date for the Deferral Account rate rider is incorrectly stated on the 2008 Board approved Tariff of Rates and Charges. The sunset date for this rate rider is April 30, 2010, consistent with OEB Decision (EB-2007-0742) dated July 31, 2008. In this decision, the Board instructed the approved deferral accounts to be cleared over a period starting with the effective date of the decision (September 1, 2008) and ending April 30, 2010. The rate riders stated on the 2008 Board approved Tariff of Rates and Charges have been correctly calculated assuming a 20 month recovery period from September 1, 2008 to April 30, 2010

Rural or Remote Electricity Rate Protection (“RRRP”)

4. By letter dated December 17, 2008 (enclosed), the Board informed the electricity distributors of the approval it has given to the IESO regarding the level of charge the IESO may apply to its Market Participants for the Rural or Remote Electricity Rate Protection (RRRP) program. In that letter, the Board stated: “Distributors that currently have a rate application before the Board shall file this letter as an update to their evidence along with a request that the RRRP charge in their tariff sheet be revised to 0.13 cents per kilowatt-hour effective May 1, 2009.”

If Guelph Hydro Electric Systems Inc. has not done so, please file the required addition to the evidence as outlined in the December 17th letter.

Response: As required, we are filing the December 17, 2008 letter from the Board re: the Rural or Remote Electricity Rate Protection (RRRP) program as an update to the evidence previously filed in support of our 2009 Incentive Rate Mechanism Rate Application (EB-2008-0180). We request that the RRRP charge in the tariff sheet be revised to 0.13 cents per kilowatt hour effective May 1, 2009.

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December 17, 2008

To: All Licensed Electricity Distributors and Retailers

Re: Rural or Remote Electricity Rate Protection

Ontario Regulation 442/01, Rural or Remote Electricity Rate Protection ("RRRP") (made under the *Ontario Energy Board Act, 1998*) requires the Ontario Energy Board (the "Board") to calculate the amount to be charged by the Independent Electricity System Operator ("IESO") with respect to the RRRP for each kilowatt-hour of electricity that is withdrawn from the IESO-controlled grid.

Amount to be charged by the IESO for RRRP

Based on the demand forecast provided by the IESO, the Board has determined that the amount to be charged by the IESO with respect to the RRRP shall remain at the current level of 0.1 cents per kilowatt-hour effective January 1, 2009. Effective May 1, 2009, the IESO's RRRP charge shall be 0.13 cents per kilowatt-hour.

Amount to be Charged by Distributors and Retailers for RRRP

Effective January 1, 2009, the RRRP charge shall remain at the current level of 0.1 cents per kilowatt-hour.

Effective May 1, 2009, the RRRP charge shall be 0.13 cents per kilowatt-hour.

After May 1, 2009 the RRRP charge shall remain at 0.13 cents per kilowatt-hour until such time as the Board revises it.

Distributors that currently have a rate application before the Board shall file this letter as an update to their evidence along with a request that the RRRP charge in their tariff sheet be revised to 0.13 cents per kilowatt-hour effective May 1, 2009.

Where a distributor does not have a rate application before the Board, the distributor shall make an application to the Board to alter the RRRP charge in its tariff sheet effective May 1, 2009 to 0.13 cents per kilowatt-hour.

In the collection of this amount from customers, the customer's metered energy consumption shall be adjusted by the Total Loss Factor as approved by the Board.

The Board wishes to remind all distributors and retailers that in accordance with subsection 5(6) of the Regulation:

A distributor or retailer who bills a consumer for electricity shall aggregate the amount that the consumer is required to contribute to the compensation required by subsection 79(3) of the Act with the wholesale market service rate described in the Electricity Distribution Rate Handbook issued by the Board, as it read on October 31, 2001.

Yours Truly,

Original Signed By

Kirsten Walli
Board Secretary