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Ontario Energy Board
P. O. Box 2319
2300 Yonge Street, Suite 2700
Toronto, ON
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Attn: Ms. Kirsten Walli
Board Secretary

January 29, 2009

Dear Ms. Walli

Re: Enersource Hydro Mississauga Inc.
2009 3rd Generation Incentive Regulation Mechanism Application
EB-2008-0171

Original submission of January 20, 2009 excluded attachment for SEC, question 5. Please find enclosed responses to interrogatory requests in the above-captioned proceeding with all attachments thereto.

Sincerely,

A handwritten signature in cursive script that reads 'Gia M. DeJulio' with a small 'per:' written below it.

Gia M. DeJulio
Director, Regulatory Affairs
905-283-4098
gdejulio@enersource.com

**Responses to Ontario Energy Board Staff (Board Staff)
Interrogatories
2009 3rd Generation Incentive Regulation Mechanism
Rate Application
Enersource Hydro Mississauga Inc.
EB-2008-0171**

Board Staff Interrogatory #1:

Ref.: Manager's Summary, Page 2 of 14

On page 2 of the Manager's Summary, Enersource Hydro Mississauga Inc. ("Enersource") "requests that the calculated rates in this 2009 3rd GIRM application receive final approval by the Board for the period beginning May 1, 2009 and ending December 31, 2009 and be approved on an interim basis from January 1, 2010 to April 30, 2010."

Enersource indicates that "the total forecasted calendar year cost increases are expected to significantly exceed the OEB's allowed 3rd GIRM rate year increases. Therefore, Enersource intends to re-apply for new rates effective January 1, 2010 (the "2010 Rates") which will align the rate year with Enersource's fiscal year. By making the rates from this application interim as of January 1, 2010, Enersource will be able to avoid any retroactive ratemaking issues in the event that its 2010 Rates are implemented after January 1, 2010."

In the January 10, 2008, Board Decision on Hydro Ottawa Limited's ("Hydro Ottawa") request for interim rates effective January 1, 2008 (EB-2007-0713), the Board wrote that it "has not been persuaded that the company's request has merit." The Board also indicated in its Decision that "the 2nd Generation IRM report provides for an 'off-ramp' in the event the distributor can establish that the limited rate adjustments provided for in the 2nd Generation IRM model 'are insufficient for specific cost pressures (e.g., additional capital investment).' Hydro Ottawa did not file a comprehensive cost-of-service rate application for the year beginning January 1, 2008 and the Board does not interpret the company's request for interim rates to be a request for an 'off ramp.'"

a) Please explain what would be the benefits to "align the rate year with Enersource's fiscal year" given the Board's Decision in Hydro Ottawa's application (EB-2007-0713).

b) Please confirm that Enersource intends to submit a cost-of-service rate application for changes to Enersource's electricity distribution rates to be effective January 1, 2010. If confirmed, please indicate when Enersource intends to submit this application and why Enersource chose not to make the interim rate request at that time when additional evidence on the matter may be available. If

not confirmed, please explain how Enersource “intends to re-apply for new rates effective January 1, 2010.”

Response (a) and (b)

Enersource has requested that the rate order to be issued in this proceeding be made interim commencing on January 1, 2010 in order to enable the alignment of Enersource Hydro Mississauga’s rate year with the 2010 fiscal year, that is, January 1 – December 31, 2010.

Enersource Corporation, the parent company of Enersource Hydro Mississauga, has been deemed by the Ontario Securities Commission to be a reporting issuer for the purpose of Ontario securities law. As a reporting issuer, Enersource Corporation is required to meet governance standards that apply to publicly-traded companies. The current misalignment of Enersource’s rate year with the fiscal year is extremely problematic and, as such, the alignment of the utility’s rate year to the company’s fiscal (calendar) year would simplify the year-end financial process and provide added benefits to many different stakeholders.

Enersource bondholders would benefit by having more relevant information in the quarterly and year-end management discussion and analysis reports, because costs incurred in a period would be reflected in the revenue earned for the corresponding period. The alignment of the rate year with Enersource’s fiscal year will provide for a simplified explanation of financial performance in regulatory reporting provided to the Ontario Securities Commission. The simplified financial performance explanation will enable prudent investors to more fully understand the nature of Enersource’s business and thereby attract these investors to Enersource’s bonds. This additional demand for the bonds may create the opportunity for lower interest costs on these bonds. As such, the interest cost on these bonds will be lower, thereby lowering distribution rates and customers’ electricity bills.

The year-over-year analysis and commentary also would provide bond rating agencies with more comparable data for each period, which may enable them to increase Enersource’s bond rating. A higher bond rating may allow Enersource to secure future debt offerings at lower interest rates, which would benefit ratepayers. For example, DBRS concluded in their last bond rating report that the approved return on equity (ROE) of 8.57% is low and has been in decline in recent years, primarily due to the low interest rate environment and that lower returns on equity have a negative impact on earnings. By aligning the rate year with the calendar year, DBRS would probably view this as having a positive impact on earnings.

The misalignment of the rate year and fiscal year also adds additional complexity for Enersource shareholders. The management team is continuously reconciling and explaining to its shareholders why the deemed rate of return set by the

Board is virtually unattainable, since the period for which rates are approved does not match the period for which the input data used to determine rates are provided. During the last rate setting process, Enersource supplied information based on historical, bridge and test years which were all based on calendar year data. If rates are approved on calendar year data, then the actual approved rates should be effective on a calendar year basis.

Under the current 3rd GIRM rate setting process, rate adjustments such as inflation and the stretch factor are also based on either projected calendar year data or on the reporting and record keeping requirements (RRR) filings that are based on historical (calendar year) information. These are further examples of misalignment between data periods and rates periods, which are difficult to explain to shareholders and bondholders.

The alignment of rate year and calendar year would also benefit the Board, intervenors and other stakeholders by allowing them to compare previous rate submissions to Enersource's audited financial statements and RRR filings required by the Board, which are both submitted on a calendar year basis.

Enersource has considered the following regulatory alternatives to align its rate year with its 2010 fiscal year:

Alternative #1: January 1, 2010 Cost of Service Application

Enersource considered the alternative of obtaining a rate order in this 3rd GIRM application, and then subsequently filing a full cost-of-service (COS) application with a 2010 test year for rates to be effective and implemented on January 1, 2010. There are two reasons why this alternative is problematic. First, in order to have rates implemented by January 1, 2010, Enersource expects that it would have to file a COS application in or around March, 2009. This would allow for an approximately nine-month proceeding, which is the typical amount of time it takes from filing to rate implementation.¹ Enersource is not in a position to prepare a full COS application for filing in or around March, 2009. Second, a full COS application and proceeding involves a significant investment of time, resources and money by the applicants, intervenors and the Board. Therefore, Enersource believes that a full COS application is an inappropriate mechanism for the purpose of a technical adjustment, that is, simply aligning its rate year with its fiscal year.

Alternative #2: A 3rd GIRM Solution

To align Enersource's 2010 rate year with its fiscal year, Enersource is proposing to obtain a rate order in this 3rd GIRM application, and then subsequently file another 3rd GIRM application in November, 2009 for rates to be effective January 1, 2010. Enersource understands that 3rd GIRM rates require CPI data which is

¹ Distributors are currently required to file COS applications by August 15 for May 1 implementation.

not available until January, so final rates could not be known on January 1, 2010. However, if the rates from the current proceeding were made interim commencing January 1, 2010, Enersource would then be able to make a distribution-only rate adjustment to its customers' May, 2010 bills to recover the final distribution rates from January 1 to April 30, 2010. The benefits of this alternative are: (i) the Board would be able to use the 3rd GIRM model to derive Enersource's rates; (ii) the adjustment to the May, 2010 bills would be minimal; and (iii) the bill adjustments would coincide with the May 1, 2010 RPP adjustment. To be clear, this alternative involves using the 3rd GIRM rate setting methodology, but simply modifying the timing of its implementation.

Enersource's proposal to make rates interim for the period Jan. 1, 2010 to April 30, 2010 and have the approved distribution rates replace these interim rates by way of a one-time bill adjustment will have a minimal impact on our customers' total bill. Enersource estimates that the total bill impact, excluding any adjustment made to the smart meter funding adder, on a residential customer consuming 1000 kWh per month would be approximately 0.8%. Again, this is a one-time only bill adjustment.

Enersource is not proposing the alignment of rate year with fiscal year to recover a deficiency as in the Hydro Ottawa submission. Therefore, the alternative of an IRM off-ramp as described by the Board in the Hydro Ottawa decision is not applicable to Enersource's circumstance. Furthermore, the Board's suggestion in the Hydro Ottawa decision that Hydro Ottawa could have filed a COS application for the year beginning January 1, 2008 was made in the context of Hydro Ottawa recovering a deficiency. As mentioned above, Enersource believes that a full COS application is not the appropriate regulatory mechanism for resolving a rate/fiscal year misalignment. Finally, unlike Hydro Ottawa, Enersource is a public issuer. Therefore, the need for alignment of Enersource's rate year with its fiscal year as described above was not an issue that Hydro Ottawa faced. In fact, Enersource understands that only a few distributors in Ontario are public issuers or have parent companies that are public issuers. Therefore, a Board decision that supports Enersource's proposal would have limited application as a precedent.

Enersource wishes to point out that there is precedent for the Board accommodating the alignment of a regulated utility's rate year with its fiscal year. In RP-2003-0203, Enbridge Gas Distribution Inc. ("EGDI") proposed to change its fiscal year-end from September 30 to December 31 to bring its fiscal and reporting periods in-line with that of its parent, Enbridge Inc. EGDI's 2005 rate application was framed as a COS application for a 12-month period from October 1, 2004 to September 30, 2005. To accommodate the change in year-end, EGDI sought Board approval for distribution rates for the period October 1, 2005 through December 31, 2005 (the "Stub Period"). The Stub Period would provide a bridge to the first complete year in the new fiscal year-end structure, commencing on January 1, 2006 and ending on December 31, 2006.

In summary, Enersource's request for rates to be approved on an interim basis from January 1, 2010 to April 30, 2010, in order to align its rate year with the fiscal year:

- avoids complications regarding misaligned years;
- avoids costs i.e., time and resources for all parties involved in a COS rate application, merely for a technical adjustment;
- relies on established mechanisms of the Board i.e., 3rd GIRM;
- has limited precedential value;
- will have very little rate impact; and
- will coincide with the RPP adjustment.

Board Staff Interrogatory #2:

Tax Sharing

Ref.: Manager's Summary, Page 10 of 14

Enersource indicates that it “allocated the Shared Tax Saving in accordance with the basis of allocation used in the 2008 Cost of Service Forward Test Year Application, EB-2007-0706.” The second column in the table shown on page 10 of the Manager's summary provide the “Total for customer class as % of Total for all classes.” These percentages differ from those shown in Appendix C of Enersource's draft rate order dated March 28, 2008 (Re: EB-2007-0706). Cells F22 to F28 of Sheet C2.1 of the 2009 3rd Generation IRM Supplementary Filing Model shows percentages consistent with those shown in Appendix C of Enersource's draft rate order dated March 28, 2008.

Please explain how the percentages shown in the second column of the table appearing on page 10 of the Manager's Summary were calculated and explain why they should be used instead of the percentages shown in cells F22 to F28 of Sheet C2.1 of the 2009 3rd Generation IRM Supplementary Filing Model.

Response:

Enersource agrees that the basis of allocation should be changed to align with Tab 4, Sheet C2.1 of the 2009 3rd Generation IRM Supplementary Filing Model. The percentages shown in the second column of the table appearing in Tab 2 on page 10 of the Manager's Summary were based on Enersource's original 2008 EDR Application which excluded adjustments made based on cost allocation. A revised tax sharing rate rider calculation is shown in Table 1 below which has been included in the attached tariff of rates and charges.

Table 1: Revised Tax Sharing Rate Rider

	Total for customer class as % of Total for all classes	Shared Tax Savings (\$000's)	Total to be refunded over one year (\$000's)	kWh Forecast 2008	kW Forecast 2008	Proposed Rate Riders
		\$(72.71)	\$(72.71)			
RESIDENTIAL	36.48%	\$(26.52)	\$(26.52)	1,594,788,347		\$(0.000017)
General Service < 50 kW	13.08%	\$(9.51)	\$(9.51)	657,014,642		\$(0.000014)
Small Commercial	0.56%	\$(0.41)	\$(0.41)	11,905,587		\$(0.000034)
General Service 50 kW - 499 kW	25.80%	\$(18.76)	\$(18.76)		6,418,332	\$(0.002923)
General Service 500 kW - 4999kW	16.86%	\$(12.26)	\$(12.26)		5,310,121	\$(0.002308)
Large Use (> 5000 kW)	5.55%	\$(4.04)	\$(4.04)		1,720,956	\$(0.002346)
Street Lighting	1.67%	\$(1.21)	\$(1.21)		115,190	\$(0.010518)
TOTALS	100.00%	\$(72.71)	\$(72.71)			

Source: Enersource Hydro Mississauga

Board Staff Interrogatory #3:

Loss Factors

Ref.: 2009 3rd Gen. IRM Rate Generator Model, Sheet N3.1

The entry in cell D25 indicates that your total loss factor for primary metered customers with a demand greater than 5,000 kW is 1.0044. A review of the current 2008 Board approved Tariff of Rates and Charges indicates that this total loss factor is 1.0045.

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 Entry in Cell D25 of 1.0044 was an input error. The correct entry should have been 1.0045, which represents the total loss factor for primary metered customers with a demand greater than 5,000 kW. This adjustment to the total loss factor for primary metered customers with a demand greater than 5000 kW has been included in the attached tariff of rates and charges.

Board Staff Interrogatory #4:

Letter of Comment

Ref: Letter of Comment Filed with the Board Secretary's Office

Your Notice of Application indicated that the letters of comment for your application will be part of the public record and be provided to the Board Members deciding the application. Board staff notes that, as of December 29, 2008, the Board Secretary's Office has received one letter of comment on December 22, 2008.

- a) Please indicate whether Enersource has responded to that letter of comment and, if not, if it intends to do so.
- b) If Enersource has responded to the letter of comment, please provide a copy of your response to the Board Secretary's Office.
- c) If Enersource has not yet responded, please provide a response to the letter of comment and file a copy of your response with the Board Secretary's Office.

Response:

- a) Enersource has responded to the letter of comment.
- b) Please see the letter below, sent via email.
- c) See response to question (a) above.

January 13, 2009

Via e-mail: annamailova@gmail.com

Dear Ms Mailova and Mr Hanna,

We are in receipt of your letter addressed to the Ontario Energy Board dated December 22, 2008 regarding proposed changes to the rates that Enersource Hydro Mississauga Inc. ("Enersource") charges for electricity distribution, to be effective May 1, 2009.

In Mississauga, Enersource residential customers have the benefit of some of the lowest electricity rates in Ontario.

The proposed increase in the 2009 rates are related to the delivery charges only and represents a small increase in your total electricity bill.

It is important to note that Enersource Hydro Mississauga has one of the best reliability rates in North America and we need to make strategic infrastructure investments in order to be able to maintain such a reliable and safe system.

We can appreciate the difficult financial circumstances that you and many others face in these difficult economic times. There is a program available in which Enersource is a funding participant. The Winter Warmth initiative helps families in need with their energy bills during the cold winter months. Families and individuals needing assistance in paying their hydro bill can apply for a grant by calling the Dixie-Bloorview Neighbourhood Centre at (905) 629-1873.

Thank you for taking the time to make the OEB and Enersource aware of your circumstances.

Sincerely,

Pam Spangenberg
Manager, Customer Service
Enersource Hydro Mississauga

Phone: (905)283-4238 Cell: (416)407-4061
pspangenberg@enersource.com

Board Staff Interrogatory #5:

Rural or Remote Electricity Rate Protection (“RRRP”)

By letter dated December 17, 2008, 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 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 Enersource has not done so, please file the required addition to the evidence as outlined in the December 17th letter.

Response:

As directed in the December 17, 2008 letter, please find attached a copy of the Board’s letter as an update to the evidence for EB-2008-0171. In addition, Enersource is requesting that the RRRP charge be revised from \$0.0010/kWh to \$0.0013/kWh for all applicable classes, as per attached tariff of rates and charges.

Enersource Hydro Mississauga Inc.

TARIFF OF RATES AND CHARGES

Effective May 1, 2009

**This schedule supersedes and replaces all previously
approved schedules of Rates, Charges and Loss Factors**

EB-2008-0171

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Codes, Guidelines or Orders of the Board, and amendments thereto as approved by the Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code, Guideline or Order of the Board, and amendments thereto as approved by the Board, or as specified herein.

This schedule does not contain any rates and charges relating to the electricity commodity (e.g. the Regulated Price Plan).

EFFECTIVE DATES

DISTRIBUTION RATES – May 1, 2009 for all consumption or deemed consumption service used on or after that date.

SPECIFIC SERVICE CHARGES – May 1, 2009 for all charges incurred by customers on or after that date.

LOSS FACTOR ADJUSTMENT – May 1, 2009 unless the distributor is not capable of prorating changed loss factors jointly with distribution rates. In that case, the revised loss factors will be implemented upon the first subsequent billing for each billing cycle.

SERVICE CLASSIFICATIONS

Residential

This classification refers to all residential services including, without limitation, single family or single unit dwellings, multi-family dwellings, row-type dwellings and subdivision developments. Energy is supplied in single phase, 3-wire, or three phase, 4-wire, having a nominal voltage of 120/240 Volts. There shall be only one delivery point to a dwelling.

General Service Less Than 50 kW

This classification refers to a non-residential account whose monthly average peak demand is less than, or is forecast to be less than, 50 kW.

Small Commercial and Unmetered Scattered Load

This classification applies to an account taking electricity at 750 volts or less whose average monthly maximum demand is less than, or is forecast to be less than, 50 kW and the consumption is either metered or unmetered. While this customer class includes existing metered customers, metered customers are no longer added to this customer class. The amount of electricity consumed by unmetered connections will be based on detailed information/ documentation provided by the device's manufacturer and will be agreed to by Enersource Hydro Mississauga Inc. and the customer and may be subject to periodic monitoring of actual consumption. Eligible unmetered loads include cable TV power packs, bus shelters, telephone booths, traffic lights, railway crossings.

General Service 50 to 499 kW

This classification refers to a non-residential account whose monthly average peak demand is equal to or greater than, or is forecast to be equal to or greater than, 50 kW but less than 500 kW.

General Service 500 to 4,999 kW

This classification refers to a non-residential account whose monthly average peak demand is equal to or greater than, or is forecast to be equal to or greater than, 500 kW but less than 5,000 kW.

Large Use

This classification refers to an account whose monthly average peak demand is equal to or greater than, or is forecast to be equal to or greater than, 5,000 kW.

Standby Distribution Service

This classification refers to an account that requires Enersource Hydro Mississauga to provide distribution service on a standby basis as a back-up supply to an on-site generator.

Enersource Hydro Mississauga Inc.

TARIFF OF RATES AND CHARGES

Effective May 1, 2009

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EB-2008-0171

Street Lighting

This classification refers to an account for roadway lighting. Street Lighting is unmetered where energy consumption is estimated based on the connected wattage and calculated hours of use using methods established by the Ontario Energy Board.

MONTHLY RATES AND CHARGES

Residential

Service Charge	\$	13.11
Distribution Volumetric Rate	\$/kWh	0.0118
Regulatory Asset Recovery	\$/kWh	0.0000
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0060
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0054
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

General Service Less Than 50 kW

Service Charge	\$	40.77
Distribution Volumetric Rate	\$/kWh	0.0115
Regulatory Asset Recovery	\$/kWh	0.0000
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0055
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0050
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Small Commercial and Unmetered Scattered Load

Service Charge for metered account	\$	11.95
Service Charge for Unmetered Scattered Load account (per connection)	\$	10.54
Distribution Volumetric Rate	\$/kWh	0.0193
Regulatory Asset Recovery	\$/kWh	0.0000
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0055
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0050
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Enersource Hydro Mississauga Inc.

TARIFF OF RATES AND CHARGES

Effective May 1, 2009

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EB-2008-0171

General Service 50 to 499 kW

Service Charge	\$	70.29
Distribution Volumetric Rate	\$/kW	4.1445
Regulatory Asset Recovery	\$/kW	(0.0029)
Retail Transmission Rate – Network Service Rate	\$/kW	2.1454
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.9392
Retail Transmission Rate – Network Service Rate – Interval Metered	\$/kW	2.1454
Retail Transmission Rate – Line and Transformation Connection Service Rate – Interval Metered	\$/kW	1.9392
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

General Service 500 to 4,999 kW

Service Charge	\$	1,517.79
Distribution Volumetric Rate	\$/kW	2.0683
Regulatory Asset Recovery	\$/kW	(0.0023)
Retail Transmission Rate – Network Service Rate – Interval Metered	\$/kW	2.0756
Retail Transmission Rate – Line and Transformation Connection Service Rate – Interval Metered	\$/kW	1.8975
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Large Use

Service Charge	\$	13,661.06
Distribution Volumetric Rate	\$/kW	2.8809
Regulatory Asset Recovery	\$/kW	(0.0023)
Retail Transmission Rate – Network Service Rate – Interval Metered	\$/kW	2.2149
Retail Transmission Rate – Line and Transformation Connection Service Rate – Interval Metered	\$/kW	2.0266
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Standby Service

A Standby Service Charge will be applied for a month where standby power is not provided. The applicable rate is the approved Distribution Volumetric Rates of the applicable service class and is applied to gross metered demand or contracted amount, whichever is greater. A monthly administration charge of \$200, for simple metering arrangements, or \$500, for complex metering arrangements, will also be applied. Further servicing details are available in Enersource Hydro's Conditions of Service.

Enersource Hydro Mississauga Inc.

TARIFF OF RATES AND CHARGES

Effective May 1, 2009

This schedule supersedes and replaces all previously approved schedules of Rates, Charges and Loss Factors

EB-2008-0171

Street Lighting

Service Charge (per connection)	\$	1.32
Distribution Volumetric Rate	\$/kW	10.1126
Regulatory Asset Recovery	\$/kW	(0.0105)
Retail Transmission Rate – Network Service Rate	\$/kW	1.4857
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.4022
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Specific Service Charges

Customer Administration		
Arrears Certificate	\$	15.00
Request for other billing information	\$	15.00
Credit reference/credit check (plus credit agency costs)	\$	15.00
Credit reference/credit check (plus credit agency costs – General Service)	\$	25.00
Income tax letter	\$	15.00
Returned cheque (plus bank charges)	\$	12.50
Account set up charge/change of occupancy charge (plus credit agency costs if applicable)	\$	30.00
Account set up charge/change of occupancy charge (plus credit agency costs if applicable – Residential)	\$	20.00
Meter dispute charge plus Measurement Canada fees (if meter found correct)	\$	10.00
Special meter reads	\$	30.00
Interval meter request change	\$	40.00

Non-Payment of Account

Late Payment - per month	%	1.50
Late Payment - per annum	%	19.56
Collection of account charge – no disconnection	\$	9.00
Disconnect/Reconnect at meter - during regular hours	\$	20.00
Disconnect/Reconnect at pole - during regular hours	\$	185.00
Disconnect/Reconnect at pole - after regular hours	\$	415.00
Temporary service install and remove – overhead – no transformer	\$	400.00
Specific Charge for Access to the Power Poles – per pole/year	\$	22.35

Allowances

Transformer Allowance for Ownership - per kW of billing demand/month	\$/kW	(0.40)
Primary Metering Allowance for transformer losses – applied to measured demand and energy %	%	(1.00)

LOSS FACTORS

Total Loss Factor – Secondary Metered Customer < 5,000 kW	1.0360
Total Loss Factor – Secondary Metered Customer > 5,000 kW	1.0145
Total Loss Factor – Primary Metered Customer < 5,000 kW	1.0256
Total Loss Factor – Primary Metered Customer > 5,000 kW	1.0045

**Responses to Vulnerable Energy Consumers Coalition (VECC)
Interrogatories
2009 3rd Generation Incentive Regulation Mechanism
Rate Application
Enersource Hydro Mississauga Inc.
EB-2008-0171**

VECC Interrogatory #1

Reference: Enersource, Application 3GIRM

- a) With to page 7, please point to the parts of the record from Enersource's 2008 Rate Application that would substantiate its claim that there were no costs related PCB removal included in the 2008 revenue requirement.
- b) With to page 8, please point to the parts of the record from Enersource's 2008 Rate Application that would indicate the extent to which costs related to IFRS were included in the 2008 revenue requirement.
- c) Please confirm how the "cost" of the transformer ownership allowance was allocated in Enersource's 2008 Rate Order.
- d) Given the price cap adjustment is applied to the all rates, why shouldn't it also be applied to the transformer ownership allowance for 2009?

Response:

- a) At Exhibit D, Schedule 1, Tab 2 page 16 of Enersource's 2008 Rate Application, Enersource states, "In view of the proposed PCB regulations, Enersource estimates that \$0.500 million will be spent in 2009 to comply with the pending legislation. Enersource is not proposing to recover this amount in its 2008 rates".

It is important to note that the estimated PCB cost of \$0.500 million referenced above, was relevant to the proposed Regulations at that time. Revised PCB Regulations (*Canadian Environment Protection Act, 1999*, SOR/2008-273, dated September 5, 2008) were proposed after the submission of Enersource's 2008 Rate Application. Also please note that the OEB has provided the following guidance, "The APH provides a generic account 1572, Extraordinary Event Costs, to address extraordinary costs arising from externalities beyond management's control and to which Z-factor treatment may apply for regulatory purposes under the 3rd Generation IRM regime. In the Board's view, therefore, this account can be used to record and track the PCB expenses identified by

the applicant. The appropriateness of these costs will be reviewed upon application for disposition”.

- b) There were no costs related to IFRS in the 2008 Rate Application given the uncertainty surrounding the scope of implementation and adoption date at the time the application was filed in August 2007.
- c) In Enersource's 2008 Rate Order, the costs related to the transformer ownership allowance were allocated based on a negotiated settlement with the Intervenor of record.
- d) Enersource has followed the Board's direction with regard to its July 14, 2008 Report of the Board on 3rd GIRM for Ontario Electricity Distributors. In the Appendix of this report the Board states, “ The price cap adjustment will be applied to the Service Charge and Distribution Volumetric Rate (including low voltage charges for embedded distributors), net of existing rate adders and rate rebalancing adjustments as determined necessary by the Board. The price cap adjustment will not be applied to Rate Riders, Retail Transmission Service Rates, Wholesale Market Service Rate, Rural Rate Protection Charge, Standard Supply Service – Administrative Charge, Specific Service Charges, Allowances, Retail Service Charges or Loss Factors”.

**Responses to School Energy Coalition (SEC) Interrogatories
2009 3rd Generation Incentive Regulation Mechanism
Rate Application
Enersource Hydro Mississauga Inc.
EB-2008-0171**

SEC Interrogatory #1

Ref.: Manager's Summary, p. 5-6 (PCB Regulations and Treatment)

- (a) What is Enersource's estimate for the magnitude of the spending requirement related to the PCB regulations?

Response:

In the Manager's Summary on page 7 of Tab 2 of the 2009 3rd GIRM Application, Enersource has identified its current asset inventory and PCB testing requirements. At this time, it is difficult to estimate the total magnitude of the spending requirement in order to comply with the PCB regulations and, as such, Enersource has requested a deferral account.

SEC Interrogatory #2

Ref.: Manager's Summary, p. 5 (PCB Regulations)

The preamble to the Regulation published in the Canada Gazette (attached) states that a copy of the proposed PCB Regulations were published on November 4, 2006.

- (a) Was Enersource aware of these proposed regulations prior to filing its 2008 cost of service application?
- (b) Did Enersource include in its 2008 cost of service application any expenses related to PCB removal? If so what were they?
- (c) Did any of the departmental budgets included in the 2008 cost of service regulations developed with a view to PCB removal costs?
- (d) If Enersource was aware of these potential costs when it filed its 2008 cost of service application, did it disclose them? If not, why not?

Response:

(a) to (d)

Please see response to VECC Interrogatory #1 (a).

SEC Interrogatory #3

Ref.: Manager's Summary, pg. 8 (IFRS Deferral Account)

- a) The evidence states that a Steering Committee and a Project Team have been established and an initial review has been completed identifying the key areas that will be assessed in the Corporation's transition plan. Does Enersource have a projected cost for the transition?
- b) Why has Enersource not sought approval of a specific amount rather than a deferral account?

Response:

- a) Enersource is in the process of finalizing its transition plan. This plan needs to be finalized in order to estimate the total costs to transition to IFRS.
- b) Enersource did not believe that requesting a specific amount would be acceptable as this request would be outside the scope of the 2009 3rd GIRM process. Also, the total costs to transition to IFRS have not yet been determined.

SEC Interrogatory #4

Ref. Manager's Summary: pg. 7 and 8:

- a) For both the proposed PCB Deferral account and the IFRS deferral account, please specify what aspect of the Board's incentive regulation formula Enersource is relying on to support its application for a deferral account?

Response:

- a) Please note that the OEB's response with respect to Enersource's request for a PCB deferral account was as follows:

The Board also notes your request for a new deferral account to record and track the incremental polychlorinated biphenyls (PCB) environmental compliance program expenses that the applicant expects to incur as a result of the new PCB Regulations (Canadian Environment Protection Act, 1999, SOR/2008-273, dated September 5, 2008). The APH provides a generic account 1572, Extraordinary Event Costs, to address extraordinary costs arising from externalities beyond management's control and to which Z-factor treatment may apply for regulatory purposes under the 3rd Generation IRM regime. In the Board's view, therefore, this account can be used to record and track the PCB expenses identified by the applicant. The appropriateness of these costs will be reviewed upon application for disposition.

With respect to Enersource's request for an IFRS deferral account, the OEB response was:

The proposed IFRS deferral account is of general sector applicability; it is not exclusive to the applicant. As such, this matter requires a sector-wide approach through the Accounting Procedures Handbook (APH) or direction by the Board through another instrument. As there already are applications before the Board, which consider this matter, the Board will not hear this part of Enersource's application in the EB-2008-0171 proceeding, and reduces the scope accordingly.

SEC Interrogatory #5

Ref. Manager's Summary, pg. 12-14- Bill Impacts

- a) Are the bill impacts shown on pg.12 total bill impacts or distribution bill impacts?
- b) For the table on pg. 13-14, please add (or insert) a column showing the existing rate for each category.
- c) Do the monthly service charges on pg. 13-14 for the metered rate classes include the proposed smart meter funding adder (\$1.41)? If not, where does that charge appear?

Response:

- a) The bill impacts on page 12 are total bill impacts which reference the 3rd GIRM model Sheet O.2.1 Calculation of Bill Impact.
- b) See attachment 1 spreadsheet.
- c) Yes, the monthly service charges include the proposed smart meter funding adder.

Enersource Hydro Mississauga Inc.

Schedule of Distribution Rates and Charges Including Rate Riders (2008 Approved Rates vs. 2009 Proposed Rates)

			Approved 2008	Proposed 2009
			(a)	(b)
			2008/9	2009/10
			May 1 - April 30	May 1 - April 30
Customer Class	Item Description	Unit	Rate \$	Rate \$
<u>RESIDENTIAL Regular</u>	Monthly Service Charge	per month	12.16	13.11
	Distribution Volumetric Rate	per kWh	0.0117	0.0118
	Rate Rider	per kWh	(0.0008)	0.0000
	Retail Trans. - Network	per kWh	0.0054	0.0060
	Retail Trans. - Connection	per kWh	0.0051	0.0054
	Wholesale Market Service	per kWh	0.0052	0.0052
	Rural Rate Protection	per kWh	0.0010	0.0013
	RPP - Admin Charge	per month	0.25	0.25
<u>GENERAL SERVICE Less than 50 kW</u>	Monthly Service Charge	per month	39.55	40.77
	Distribution Volumetric Rate	per kWh	0.0114	0.0115
	Rate Rider	per kWh	(0.0015)	0.0000
	Retail Trans. - Network	per kWh	0.0049	0.0055
	Retail Trans. - Connection	per kWh	0.0047	0.0050
	Wholesale Market Service	per kWh	0.0052	0.0052
	Rural Rate Protection	per kWh	0.0010	0.0013
	RPP - Admin Charge	per month	0.25	0.25
<u>GENERAL SERVICE Other < 50 kW</u> <u>(specify) .Small Commercial</u>	Monthly Service Charge - Metered Cust.	per month	11.01	11.95
Service Charge for Unmetered Scattered Load account (per connection)	Monthly Service Charge - Unmetered Cust.	per month	10.44	10.54
	Distribution Volumetric Rate	per kWh	0.0191	0.0193
	Rate Rider	per kWh	(0.0041)	0.0000
	Retail Trans. - Network	per kWh	0.0049	0.0055
	Retail Trans. - Connection	per kWh	0.0047	0.0050
	Wholesale Market Service	per kWh	0.0052	0.0052
	Rural Rate Protection	per kWh	0.0010	0.0013
	RPP - Admin Charge	per month	0.25	0.25
<u>GENERAL SERVICE Other > 50 kW</u> <u>(specify) .50 kW - 499 kW</u>	Monthly Service Charge	per month	68.78	70.29
*Identical rates for Interval metered Customers	Distribution Volumetric Rate	per kW	4.1043	4.1445
	Rate Rider	per kW	(0.3277)	(0.0029)
	Retail Trans. - Network*	per kW	1.9276	2.1454
	Retail Trans. - Connection*	per kW	1.8381	1.9392
	Wholesale Market Service	per kWh	0.0052	0.0052
	Rural Rate Protection	per kWh	0.0010	0.0013
	RPP - Admin Charge	per month	0.25	0.25
<u>GENERAL SERVICE Other > 50 kW</u> <u>(specify) .500 kW - 4999 kW</u>	Monthly Service Charge	per month	1,502.23	1,517.79
	Distribution Volumetric Rate	per kW	2.0482	2.0683
	Rate Rider	per kW	(0.1560)	(0.0023)
	Retail Trans. - Network	per kW	1.8649	2.0756
	Retail Trans. - Connection	per kW	1.7986	1.8975
	Wholesale Market Service	per kWh	0.0052	0.0052
	Rural Rate Protection	per kWh	0.0010	0.0013
	RPP - Admin Charge	per month	0.25	0.25
<u>GENERAL SERVICE Large Use (> 5000 kW)</u>	Monthly Service Charge	per month	13,527.65	13,661.06
	Distribution Volumetric Rate	per kW	2.8529	2.8809
	Rate Rider	per kW	(0.1704)	(0.0023)
	Retail Trans. - Network	per kW	1.9900	2.2149
	Retail Trans. - Connection	per kW	1.9209	2.0266
	Wholesale Market Service	per kWh	0.0052	0.0052
	Rural Rate Protection	per kWh	0.0010	0.0013
	RPP - Admin Charge	per month	0.25	0.25
<u>STREET LIGHTING</u>	Monthly Service Charge	per month	1.31	1.32
	Distribution Volumetric Rate	per kW	10.0145	10.1126
	Rate Rider	per kW	(0.3096)	(0.0105)
	Retail Trans. - Network	per kW	1.3349	1.4857
	Retail Trans. - Connection	per kW	1.3291	1.4022
	Wholesale Market Service	per kWh	0.0052	0.0052
	Rural Rate Protection	per kWh	0.0010	0.0013
	RPP - Admin Charge	per month	0.25	0.25

Note: Monthly Service Charge includes Smart Meter charge of \$1.41 for 2009/10 and \$0.57 for 2008/9. This Smart Meter charge does not apply to unmetered customers.