

Espanola Regional Hydro Distribution Corporation (ERHDC)

Reply Submission to
Board Staff Submission

Concerning ERHDC's
2009 Electricity Distribution Rate Application

EB-2008-0173

February 6, 2009

1. Retail Transmission Service Rates (RTSR)

Issue

Board Staff submits that the methodology used by ERHDC to calculate its proposed RTSR – Line and Transformation Connection Service Rates increase over-estimates the adjustment required.

Comment

ERHDC has re-calculated the RTSR – Line and Transformation Connection Service Rate using the methodology in the *Frequently Asked Questions for LDCs subject to 2nd and 3rd Generation Incentive Regulation* dated October 28, 2008 and is in agreement with the Board Staff proposal to reduce the increase applied for from 19.2% to a 5% increase in the Retail Transmission Service Rates.

2. Revenue-to-Cost Ratio Adjustments

Issue

Board Staff notes that ERHDC allocated the \$12,958 transformer allowance to all rate classes in 2009 for the purpose of calculating the 2009 ratio adjustments whereas the “cost” was excluded for the purpose of calculating the 2008 ratio adjustments.

Comment

In 2008 the \$12,958 “cost” of the transformer allowance was 100% allocated to the General Service >50kW rate class. In 2009 ERHDC reviewed the methodology used in 2008 and determined that using the proposed revenue to cost ratios would be a more appropriate method and therefore allocated the “cost” to all rate classes based on the proposed revenue to cost ratios.