



February 12, 2009

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

Re: Orangeville Hydro Limited & Grand Valley Energy Inc
EB-2008-0204
EB-2008-0177

Dear Ms. Walli:

Orangeville Hydro Limited (OHL) and Grand Valley Energy (GVEI) filed a harmonized rate application seeking approval for changes to rates based on the 2009 Incentive Regulation Mechanism model.

The attached information represents OHL and GVEI's reply submission to the Board staff submission.

An electronic version has been emailed to the Board Secretary's office and one filed through the Ontario Energy Board RESS filing system . Two hard copies have been forwarded by courier on February 9, 2009.

If you have any questions, please do not hesitate to contact me at 519-942-8000 or jhoward@orangevillehydro.on.ca.

Orangeville Hydro Limited

George Dick
President

Encl.



**REPLY SUBMISSION
To
Ontario Energy Board Staff Submission**

2009 ELECTRICITY DISTRIBUTION RATES

ORANGEVILLE HYDRO LIMITED
GRAND VALLEY ENERGY INC.

EB-2008-0204
EB-2008-0177

February 10, 2009

INTRODUCTION

Orangeville Hydro Limited (OHL) and Grand Valley Energy Inc. (GVEI) submitted an application on November 6, 2008 seeking approval for harmonization of the rates and changes to the rates based on the 2009 Incentive Regulation Mechanism.

OHL and GVEI are responding to some of the issues noted in the Board Staff submission dated February 2, 2009.

Elimination of General Service – Time of Use

OHL is most appreciative of board staff's findings and OHL did not consider the impact of the loss in revenue during the rate harmonization process.

Upon harmonizing in the 2009 Rate Application, we thought it was a good opportunity to deal with the disposition of the Time of Use rate class but unfortunately we missed adding in the revenue requirement for the General Service 50 to 4,999 – Time of Use with the General Service 50 to 4,999 to come up with the end harmonized rate.

OHL has resubmitted the models for GVEI and OHL along with this reply submission. We have made the changes to the Orangeville and Grand Valley models to correctly calculate the General Service 50 to 4,999 rate class rates and dispose of the General Service 50 to 4,999 – Time of Use rate class. It would be greatly appreciated if the Board would allow these changes to the models.

Loss Factor

OHL acknowledges that GVEI customers will benefit from a lower loss factor on the commodity. The impact of GVEI's variances will be minimal for OHL customers because GVEI's load is approximately 4% of the combined total of both entities. OHL agrees with Board staff that Account 1588 captures the difference between forecast and actual losses. OHL has provided a table below noting the 2007 variance balances and the impacts per customer. OHL will follow the Board's instructions when direction is received on disposal of the retail sales variance accounts (RSVA).

LDC	GL Number	Description	# of customers	Variance @ December 31, 2007	Variance per customer
Grand Valley	1580	RSVA-Power	680	\$ (19,987.81)	\$ (29.39)
Grand Valley	1582	RSVA-One Time	680	\$ 498.22	\$ 0.73
Grand Valley	1588	RSVA-WMS	680	\$ 23,454.78	\$ 34.49
				Total per Customer	\$ 5.83
Orangeville	1580	RSVA-Power	10,156	\$ (425,386.25)	\$ (41.89)
Orangeville	1582	RSVA-One Time	10,156	\$ 13,331.27	\$ 1.31
Orangeville	1588	RSVA-WMS	10,156	\$ 218,442.21	\$ 21.51
				Total per Customer	\$ (19.06)
Merged	1580	RSVA-Power	10,836	\$ (445,374.06)	(41.10)
Merged	1582	RSVA-One Time	10,836	\$ 13,829.49	1.28
Merged	1588	RSVA-WMS	10,836	\$ 241,896.99	22.32
				Total per Customer	\$ (17.50)

Retail Transmission Network and Connection Rates (RTS Rates)

OHL would like to clarify how we intend to handle the variance accounts and the potential debits and credits which belong to GVEI customers. OHL intends to combine the balances of the variance accounts. In our 2010 cost of service rate application, we will follow the Board's guidelines as set out in Section 5 of the G-2008-0001 Guideline for Electricity Distribution Retail Transmission Service Rates. OHL has prepared the following table noting very little impact on the 2007 balances of the retail transmission network and connection variance accounts for both entities.

LDC	GL Number	Description	# of customers	Variance @ December 31, 2007	Variance per customer
Grand Valley	1584	RSVA-CN	680	\$ 10,806.00	\$ 15.89
Grand Valley	1586	RSVA-NW	680	\$ (66,406.34)	\$ (97.66)
				Total per Customer	\$ (81.77)
Orangeville	1584	RSVA-CN	10,156	\$ (176,734.55)	\$ (17.40)
Orangeville	1586	RSVA-NW	10,156	\$ (609,138.20)	\$ (59.98)
				Total per Customer	\$ (77.38)
Merged	1584	RSVA-CN	10,836	(165,929)	\$ (15.31)
Merged	1586	RSVA-NW	10,836	(675,545)	\$ (62.34)
				Total per Customer	\$ (77.66)

All of which is respectfully submitted.