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March 6, 2009

Ms. Kirsten Walli  
Board Secretary  
Ontario Energy Board  
P.O. Box 2319  
26<sup>th</sup> Floor - 2300 Yonge Street  
Toronto, ON M4P 1E4

Dear Ms. Walli:

**Re: Thunder Bay Hydro Electricity Distribution Inc.  
OEB File No. EB-2008-0245  
Supplemental interrogatories  
Adjustments to Thunder Bay Hydro's 2009 Cost of Service Application**

Please find enclosed, two (2) copies of a revised "Summary of Adjustments to Thunder Bay Hydro Electricity Distribution Inc. 2009 Cost of Service Application", originally filed on February 11, 2009 in the response to the above referenced.

The calculations provided have been adjusted to reflect the impact of amortization changes and now exclude any impact of regulatory balances on the interest revenue offset, as noted in response to Energy Probe Interrogatory #36. Included in the data provided are the following two worksheets:

- Rate Application Adjustments; and
- Summary of 2009 Test Year Base Revenue Requirement.

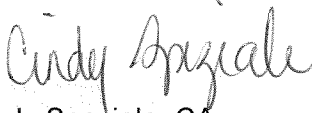
For ease of reference, the revisions have been highlighted or shown with a strikethrough on the worksheets attached.

An electronic copy of our revised documentation has been submitted through the OEB's RESS on-line filing system. We will also be filing an electronic copy, via email, to all parties involved in this Application.

...continued

If you require any further information, please contact the undersigned at (807) 343-1118.

Yours truly,



Cindy Speziale, CA  
Vice President, Finance

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CS/dt

Enclosures.

Electronic cc: Robert Mace, President (Thunder Bay Hydro Electricity Distribution Inc.)  
Shelley Grice (AMPCO)  
Christine Dade (Dade & Associates)  
David S. MacIntosh (Energy Probe)  
Randy Aiken (Aiken & Associates)  
Bob Williams (Ontario Education Services Corporation)  
John De Vellis (Shibley Righton LLP)  
Rachel Chen (Institutional Energy Analysis Inc.)  
Michael Buonaguro (Public Interest Advocacy Centre)  
Bill Harper (Econalysis Consulting Services)

## 2009 Test Year Revenue Requirement

	As Filed	As Revised	Decrease(Increase) from Original Filing
OM&A	\$ 12,340,964	\$ 11,949,581	\$ 391,383
Amortization	\$ 4,573,436	\$ 4,473,436	\$ 100,000
Return on Rate Base	\$ 1,437,190	\$ 1,429,293	\$ 7,897
Low Voltage	\$ -	\$ -	\$ -
PILS	\$ 970,138	\$ 909,938	\$ 60,200
Transformer Allowance	\$ 410,405	\$ 410,405	\$ -
Smart Meters	\$ 742,598	\$ 1,173,277	\$ (430,679)
<b>Service Revenue Requirement</b>	\$ 20,474,731	\$ 20,345,930	\$ 128,801
Revenue Offset	\$ (1,802,790)	\$ (1,497,790)	\$ (305,000)
<b>Base Revenue Requirement</b>	\$ 18,671,941	\$ 18,848,140	\$ (176,199)

# Adjustments to Thunder Bay Hydro's 2009 Cost of Service Application

Intervenor	Ref #	Description	Revenue Requirement Impact						
OEB Staff	51	Revenue Deficiency on Rate Filing	These were adjusted to reflect the impact of amortization changes						
			\$ 1,414,077						
OEB Staff	51	LRAM/SSM-Revised kwh purchases due to reduced LRAM/SSM load impact	Adjusted to recognize the accretion expense as part of working capital						
			\$ (41,790)						
			Working Capital-	Rate Base	Return on Rate Base	2009 Test Year Revenue/Expenses			
			15%		1.91% OM&A*	Cost of Power	Amortization*	Accretion*	Revenue Requirement
							Revenue Offset*		
OEB Staff	9	PCB Plan-Original	(34,200)	(98,980)	(2,544)	(228,000)	(4,040)		(234,584)
		PCB Plan-Revised	22,250	87,710	2,100	148,333	3,580		154,013
		ARO -2008 original	(2,790)	(41,931)	(854)		(46,500)	(18,600)	(65,954)
		ARO-2008 revised due to longer phase-in	3,291	166,297	3,239		41,779	21,941	66,959
OEB Staff	18	Meter Reading Costs-original	(38,250)		(731)	(255,000)			(255,731)
		Meter Reading Costs-3 yr avg	20,250		387	135,000			135,387
OEB Staff	24	Cost of Power -Commodity,							
Energy Probe	9	Network & Connection Charges	1,766		34	11,772			34
Energy Probe	33								
		Amortization included in OM&A for Working Capital Allowance	(44,335)		(847)	(295,567)	295,567		(847)
	34	Cost of Power - Commodity	(475,629)		(9,085)	(3,170,860)			(9,085)
OEB Staff	25								
Energy Probe	7	Computer Amortization	-	50,000	955		(100,000)		(99,045)
Energy Probe	6	Smart Meter related costs in rate base-Meter & Service OM&A originally	(90,048)		(1,720)	(600,319)			(602,039)
		Three year annualized	63,778		1,218	425,186			426,404
OEB Staff	48	Loss Factor-original 104.78							
		Loss Factor-revised 104.48%							
		This will be reflected in the Bill Impact Analysis.	-		-				-
Energy Probe	8(j)	Proceeds on disposal	-		-		(4,000)		(4,000)
Energy Probe	36	Interest Income assumptions-original 3.05% and no variance disposition	-		-		439,000		439,000
		Revised 1.3% rising to 2.5% in 2011	-		-				-
		Revised interest rate to 1.3% on cash balance exclusive of regulatory balances					(130,000)		(130,000)
Energy Probe	18	Board of Director Costs	(2,211)		(42)	(14,743)			(14,785)
			(576,129)	163,096	(7,889)	(685,110)	(3,159,088)	190,386	3,341
							305,000		(194,272)
Estimated PILS Impact							(57,564)		(60,200)
Revised Revenue Deficiency							\$ 1,120,451		\$ 1,117,815

## Adjustments to Thunder Bay Hydro's 2009 Cost of Service Application

OEB Staff	28	
OEB Staff *	13 & 15	Smart Meter Costs now included in the Smart Meter Funder Adder Model now includes - Meter base repair costs and ancilliary system OM&A Costs. Meter & Service Department direct capital costs associated with Smart Meter installation in the amount of \$303,000 has been incorporated in the model.
OEB Staff Energy Probe OEB Staff *	29 28 15	Rate of Return on Smart Meter required to be 7.9%. Thunder Bay has revised the Smart Meter Model now to reflect the fact that the funding will be 100% debt financed as explained in the response to OEB #15. Adjusting the debt component versus trying to force the rate of return on equity to be such that the interest would be recovered is felt to be more representative of the actual result when rolled into rate base. For example, in doing this, the PILS funding is lower to recognize that the interest is a tax deductible expense.
Energy Probe	29	Computer Software CCA class 100% versus 55%. Thunder Bay has made this adjustment to the model.
OEB*	19	RTS rates revised to agree to projected IESO charges

\* Supplemental Interrogatory