



EB-2008-0246

IN THE MATTER OF the *Ontario Energy Board Act*, 1998, S.O. 1998, c. 15, (Schedule B);

AND IN THE MATTER OF an application by Tillsonburg Hydro Inc. for an order approving just and reasonable rates and other charges for electricity distribution to be effective May 1, 2009.

INTERIM RATE ORDER AND PROCEDURAL ORDER No. 3

Tillsonburg Hydro Inc. (Tillsonburg Hydro or the Applicant) filed an application with the Ontario Energy Board, received on August 22, 2008, under section 78 of the *Ontario Energy Board Act, 1998*, (the Act), seeking approval for changes to the rates that Tillsonburg Hydro charges for electricity distribution, to be effective May 1, 2009. The Board has assigned the application File Number EB-2008-0246.

As a result of an update to the original application filed by Tillsonburg Hydro on December 15, 2008, the Board issued a Letter of Direction on January 12, 2009 ordering the Applicant to arrange for the publication of a Notice of a Revised Application and Hearing. That Notice has been published by the Applicant in the Tillsonburg Independent on January 14, 2009. No additional parties have sought intervenor status in this proceeding.

Interim Rates

In its initial application, Tillsonburg requested that the Board order its current rates effective May 1, 2009 on an interim basis if the Board had not authorized final rates on or before that date. On April 13, 2009 the Board received a request from Tillsonburg and on April 15, 2009 supporting rationale relating to that request that the Board declare the rates, as proposed in the evidence, interim effective May 1, 2009.

The Board will not be able to conclude its review of the application in order to set rates to be implemented May 1, 2009. The Board will not approve the Applicant's request for

the proposed rates to be declared interim. However, pending the issuance of final rates for 2009, the Board declares the Applicant's current rates interim, effective May 1, 2009.

In declaring the Applicant's rates interim, the Board emphasizes that this interim rate order should not be construed as predictive, in any way whatsoever, of the final determination of this application with regards to the effective date.

The Hearing Process

On January 27, 2009 the Board issued Procedural Order No. 2 in which it established the dates for the filing of interrogatories by intervenors and Board staff and the responses to these questions by the Applicant. The Procedural Order indicated that at the completion of the first phase of the discovery process, the Board would determine whether further discovery is required and how the additional aspects of the review would be dealt with.

The Applicant's responses to the questions were filed with the Board on March 16, 2009. After providing time for Board staff and parties to review the responses, Board staff sought the views of the Applicant and parties, by means of a teleconference, regarding the need for additional procedural steps in this proceeding. The parties suggested and the Applicant agreed that a second round of clarification questions would be beneficial to complete the evidentiary phase. The Applicant and parties also suggested that following receipt of the responses, a written hearing process would be appropriate.

The Board notes that the material that was received on April 15, 2009 in regards to the interim rate application contained amendments to the evidence, further to the updates of December 15, 2008. The Board understands that the Applicant intended that this revised material would be included in the rate application, notwithstanding the interim rates decision. The Board accepts the amended material for that purpose and has attached the filing to this procedural order as Appendix A so that all parties may be aware and make use of the material.

The Board has determined that further discovery is required by means of clarifying questions that relate specifically to the existing interrogatory responses. The Board intends to proceed by way of a written hearing. The next steps are set out at the end of this document.

Please be aware that this Procedural Order may be amended, and further procedural orders may be issued from time to time.

THE BOARD ORDERS THAT:

1. The currently approved rates are declared interim as of May 1, 2009 and until such time as a final rate order is issued by the Board.
2. The material filed by the Applicant as part of its interim rate application relating to amendments to the evidence for its main rate application shall form part of the record and is attached as Appendix A.
3. Intervenors or Board staff who wish to ask clarification questions that relate specifically to the existing interrogatory responses shall file them with the Board and deliver a copy to the Applicant on or before Wednesday April 29, 2009.
4. The Applicant will provide written responses on or before Wednesday May 13, 2009.
5. The Applicant may file an Argument-in-Chief submission on or before Friday May 15, 2009.
6. Board staff may make a submission on the application and file it with the Board, and deliver it to the Applicant and all other parties on or before Monday May 25, 2009.
7. Intervenors may make a submission on the application and file it with the Board, and deliver it to the Applicant and all other parties on or before Wednesday May 27, 2009.
8. The Applicant's reply submission will be filed with the Board and delivered to all parties no later than Wednesday June 3, 2009.

All filings to the Board must quote file number EB-2008-0246, be made through the Board's web portal at www.errr.oeb.gov.on.ca, and consist of two paper copies and one electronic copy in searchable / unrestricted PDF format. Filings must clearly state the sender's name, postal address and telephone number, fax number and e-mail address.

Please use the document naming conventions and document submission standards outlined in the RESS Document Guideline found at www.oeb.gov.on.ca. If the web portal is not available you may email your document to the address below. Those who do not have internet access are required to submit all filings on a CD or diskette in PDF format, along with two paper copies. Those who do not have computer access are required to file 7 paper copies.

All communications should be directed to the attention of the Board Secretary at the address below, and be received no later than 4:45 p.m. on the required date.

DATED at Toronto, April 23, 2009

ONTARIO ENERGY BOARD

Original Signed By

Kirsten Walli
Board Secretary

Address

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

Attention: Board Secretary
E-mail: Boardsec@oeb.gov.on.ca
Tel: 1-888-632-6273 (toll free)
Fax: 416-440-7656

APPENDIX A
TILLSONBURG HYDRO INC.
EB-2008-0246

Material Received on April 13 and April 15, 2009

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2
3
4 **IN THE MATTER OF** *The Ontario Energy Board Act,*
5 *1998, being Schedule B to the Energy Competition*
6 *Act, 1998, S.O. 1998, c.15;*
7

8 **AND IN THE MATTER OF** an Application by
9 Tillsonburg Hydro Inc. for an Order or Orders
10 approving just and reasonable rates and other service
11 charges for the distribution of electricity, effective May
12 1, 2009;
13

14 **AND IN THE MATTER OF** an Application by
15 Tillsonburg Hydro Inc. for an Order or Orders
16 approving interim rates and other charges for the
17 distribution of electricity, effective May 1, 2009.
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21

22 **APPLICATION**
23

- 24
- 25 1. Tillsonburg Hydro Inc. (“THI” or the “Applicant”) is an Ontario business corporation with its
26 office located in the Town of Tillsonburg. THI carries on the business of distributing electricity
27 within the Town of Tillsonburg.
28
 - 29 2. THI filed an application with the Board seeking authorization to charge changed distribution
30 rates and other rates and charges effective May 1, 2009. The Board assigned the Application
31 Board file number EB-2008-0246. The adjudication of that application is currently underway
32 and the Board’s Decision is not expected to be rendered on or before May 1, 2009.
33
 - 34 3. THI hereby applies to the Ontario Energy Board, pursuant to subsection 21(7) of the Ontario
35 Energy Board Act, 1998, for interim approval of its proposed distribution rates and other
36 charges, effective May 1, 2009.
37
 - 38 4. This application will be supported by written prefiled evidence.
39

1 5. Contact information for the Applicant is provided below:
2

3	Tillsonburg Hydro Inc.	Town of Tillsonburg
4	10 Lisgar Avenue	10 Lisgar Avenue
5	Tillsonburg, ON N4G 5A5	Tillsonburg, ON N4G 5A5
6	Steve Lund, P.Eng	John Gott, C.A.
7	General Manager	Finance and Regulatory Affairs Manager
8	Tel: 519.842.9200 x 3228	Tel: 519.842.6428 x 3229
9	Fax: 519.688.0759	Fax: 519. 688.0759
10	Email: slund@tillsonburg.ca	Email: jgott@town.tillsonburg.on.ca

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13 DATED at Tillsonburg,, Ontario, April 9, 2009.

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21 S. Lund, General Manager, Tillsonburg Hydro Inc.

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Tillsonburg Hydro Inc.

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EB-2008-0246/EB-2009-xxx

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Filed: April 14, 2009

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Interim rates application

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Written Prefiled Evidence –

9

10

April 14, 2009

11

1 **Executive Summary**

2
3 Tillsonburg Hydro Inc. ("THI") seeks an order or orders of the Board authorizing it to charge the
4 rates set out in Attachment A on an interim basis effective May 1, 2009. The requested order or
5 orders will provide THI with appropriate flexibility to manage unusual customer risks that will
6 begin to be realized in late April, 2009 and that may persist throughout 2009. The proposed
7 rates are based on THI's December Update amended to incorporate the reclassification of one
8 of THI's largest customers and for certain updates (eg., to the cost of capital) and to correct
9 certain errors (eg., to rely on a federal tax rate of 11.0%). The bill impacts of these proposed
10 rates are provided at Attachment B.3.

11
12 **Discussion**

13
14 On April 9, 2009 THI filed an application seeking an order or orders of the Board authorizing it to
15 charge its proposed 2009 rates on an interim basis effective May 1, 2009.

16 THI seeks the requested order or orders so that:

- 17 • THI can manage unusual loss of load or loss of customer risks as they emerge and as
18 the appropriate supporting data becomes available;
- 19 • THI can charge just and reasonable rates that recover the ongoing costs incurred to
20 provide distribution service to the inhabitants of the Town of Tillsonburg and that provide
21 an opportunity to earn a fair rate of return;
- 22 • THI's customers have the benefit of a price signal that incents decisions consistent with
23 the objectives of the Green Energy, Green Economy Act, specifically: conservation,
24 demand management and acting on generation investment opportunities; and
- 25 • THI's customers continue to experience a predictable schedule of rate changes on May
26 1 that coincide with previously announced RPP changes.

27
28 THI has identified the following issues with respect to this application for interim rates:

- 29 • Why is interim relief required?
- 30 • Why is interim relief required as of May 1, 2009?
- 31 • Why is interim relief at proposed rates appropriate?

- 1 • How have the Updated December 15, 2008 rates been amended and why is this
2 appropriate?

3 Each issue is considered below; please note that these issues are not mutually exclusive.

4

5

1 **Why is interim relief required?**

2

3 THI's customer mix and customer consumption patterns are subject to unusual risks. This is
4 because the majority of THI's large customers are engaged in automobile parts assembly and
5 fabrication and are directly affected by the restructuring of the North American automobile
6 manufacturing industry. The outcome of this restructuring and its timing is beyond THI's control
7 – they are subject to decisions that have been or will be taken by THI's customers in response
8 to automobile manufacturers business decisions that in turn depend on access to capital issues
9 and on automobile manufacturers' ongoing viability. THI has previously realized all available
10 cost and efficiency opportunities that may serve to offset the consequences of changes in
11 customer composition and consumption. For these reasons THI seeks the requested order of
12 the Board that will uniquely provide the flexibility to appropriately adjust rates and manage the
13 timing of such rate changes.

14

15 THI also requires interim relief to provide an opportunity to charge just and reasonable rates. In
16 particular, THI seeks to overcome its chronic underearning, as is demonstrated at Exhibit 7/Tab
17 1/Schedule 2/p.2/Table 2 – Updated. During this period of underearning THI has implemented
18 several efficiency measures and has controlled costs so that it could continue to provide
19 distribution service at an appropriate level of quality to the inhabitants of the Town of
20 Tillsonburg.

21

22

1 **Why is interim relief required as of May 1, 2009?**

2

3 THI requires interim rate relief as of May 1, 2009 to be able to:

- 4 • Adjust rates appropriately for changes in customer composition and consumption that
5 will commence in late April, 2009 and may persist throughout 2009; and
6 • overcome chronic underearning at the earliest opportunity.

7

8 THI also seeks the requested order or orders so that the timing of its rate changes is consistent
9 with that of other distributors in the same geography.

10

11 One of the characteristics of sound rate making is that rates should be predictable. By
12 extension, the timing of rate changes should be predictable as well. THI's customers have
13 experienced rate changes on May 1 for the last several years and expect a rate change as of
14 that date this year as well. The Board's Notices of Application indicated that customers could
15 expect rates to change on this date. This application maintains that schedule of rate changes
16 and enhances predictability.

17

18 Another characteristic of sound rate making is that rates are not subject to numerous changes.
19 The previously announced changes to Regulated Price Plan ("RPP") rates will be implemented
20 May 1, 2009. Implementing interim rates concurrent with the changes to the RPP rates is
21 expected to minimize the number of discrete rate changes that THI's customers will experience
22 in a 12 month period.

23

24

1 **Why is it appropriate to authorize the proposed rates on an interim basis?**

2

3 THI submits that authorizing the proposed rates on an interim basis effective May 1, 2009 will
4 provide an appropriate price signal to consumers, achieve predictability and can be expected to
5 minimize the number of discrete rate changes that will be experienced by THI's customers in the
6 12 month period May 2009 to April 2010.

7

8 By authorizing the proposed rates on an interim basis effective May 1, 2009 THI's customers
9 will be provided with a price signal that incents continued and increased conservation and
10 demand management activities as well as incenting them to act on and realize local generation
11 opportunities. The benefits of this price signal effect align with the objectives of the Green
12 Energy, Green Economy Act, which has received second reading. Acting on these
13 opportunities will also provide THI's customers with an effective form of rate and bill impact
14 mitigation. It is desirable that THI's customers enjoy the benefits of these choices as early as
15 possible and, in particular, that THI's customers not lag behind other customers in the same
16 geography in realizing these benefits.

17 As stated elsewhere, one principle of rate making is that rates should be predictable. THI
18 published the Board issued Notice of Application in local area newspapers twice. The Notices
19 informed readers that THI had applied to the Board to change distribution rates effective May 1,
20 2009, of the average bill increase to a residential customer consuming 1,000 kWh/month and of
21 the proposed partitioning of the existing General Service 500 – 4,999 kW customer class. THI
22 submits that its customers have knowledge and awareness of the proposed general increase in
23 rates.

24

25 THI seeks Board authorization to charge its proposed General Service 500 – 1,499 kW and
26 proposed GS > 1,500 kW rates on an interim basis. THI notes that the Board's Notices of
27 Application both described the proposed customer classes and submits that customers have
28 knowledge of and are aware of these proposed changes. THI further notes that the majority of
29 customers in the proposed General Service 500 – 1,499 kW and GS > 1,500 kW customer
30 classes will be directly affected by the restructuring of the North American automobile industry
31 and that the decision makers in these firms should have the benefit of accurate electricity pricing
32 in information to support their decision making with respect to the ongoing viability of their

1 commercial operations in Tillsonburg. However, should the Board see fit to continue the
2 existing General Service 500 – 4,999 kW customer class the rates set out below will recover the
3 same amount of revenue as the proposed General Service 500 – 1,499 kW and proposed GS >
4 1,500 kW rates.

5

6 Equivalent GS 500 – 4,999 kW rates

7	Fixed Monthly Charge	\$1,150
8	Variable Rate	\$1.8378/kW

9

10 THI submits that authorizing proposed rates on an interim basis effective May 1, 2009 can be
11 expected to minimize the number of discrete rate changes that THI's customers experience in
12 the 12 month period May 2009 to April 2010. Assuming that THI's final rate order authorizes
13 rates not materially different from those proposed, the transition from interim rates to final rates
14 can be expected to be achieved through rate changes that coincide with RPP change. If the
15 Board does not authorize the proposed rates on an interim basis effective May 1, 2009 and the
16 approved final rates are consistent with those proposed, THI's customers may experience an
17 unduly large bill increase due to the recovery of the Test Year gross revenue deficiency over a
18 period of less than 12 months (eg., through the operation of increased base rates and a short
19 lived rate rider that in combination recover the authorized revenue requirement). To avoid this
20 outcome it will be necessary to change rates as soon as practical – potentially in isolation from
21 other known rates changes (eg., the November 1 change to RPP rates) or three times in a 12
22 month period. Alternatively, if the Board authorizes final rates that are lower than those
23 proposed then THI will be in a position to implement a rate reduction in an orderly manner while
24 being assured of recovering its authorized revenue requirement between the date that final
25 rates are implemented and April 30, 2010. By authorizing the proposed rates on an interim
26 basis effective May 1, 2009 the Board will be able to 'reach back in time' and change rates so
27 that no party is either harmed or advantaged.

28

29 The risk that interim rates will be lower than those that are ultimately approved by the Board is
30 greater than the risk that they will be higher. This is because of THI's revenue recovery risk
31 arising from the restructuring of the North American automobile manufacturing sector, which is

1 beyond THI's control or ability to mitigate, is expected to marginally decrease its revenue
2 requirement and materially increase its revenue deficiency.

3

4

1 **How have the Updated December 15, 2008 Rates Been Amended and Why are these**
2 **Amendments Appropriate?**

3

4 THI seeks authorization to charge the rates and charges set out in Attachment A. These
5 proposed rates and charges have been estimated by amending the rates and charges proposed
6 in the December 15, 2008 Update. THI submits that these changes are appropriate because
7 they reflect the best information available. The specific changes are described below:

8 • The reclassification of one of THI's customers who will cease commercial operations and
9 be idle as of April 2009;

10 • To incorporate updated information

11 ○ recently announced rate making parameters:

12 ■ to the cost of capital; and

13 ■ changes to the Rural and Remote Rate Protection ("RRRP") rate); and

14 ○ to align the Interest Income with changes in the applicable interest rate and
15 average amount of cash holdings;

16 • To correct errors in the previous submission, specifically:

17 ○ to correct the proposed 2009 Test Year Operations, Maintenance and
18 Administration costs;

19 ○ to reduce the assumed federal tax rate from the 11.5% relied on in the December
20 Update to the correct 11.0%;

21 ○ to incorporate a revised treatment of the Transformer Ownership Allowance that
22 the Board has authorized in other rebasing applications; and

23 ○ to apply the correctly computed loss factors

24

25 These amendments increase THI's proposed 2009 Test Year gross revenue deficiency to
26 \$817.6k (please see Attachment B.1) and its proposed 2009 Test Year revenue requirement to
27 \$3,240k (please see Attachment B.2). The adjustments to the data supporting the proposed
28 rates are discussed in greater detail below.

29

30 **Reclassifying a Large Customer**

31 THI learned that DDM, one of its large customers, plans to idle its Tillsonburg operations as of
32 April 2009. Consistent with THI's Conditions of Service the customer will be reclassified from

1 the proposed General Service > 1,500 kW customer class to the General Service 50 – 499 kW
2 customer class. For the purposes of the reclassification THI has assumed that while idle DDM
3 will have metered monthly demand of 350 kW. This change has been incorporated in THI's rate
4 making models as changes to the number of customers in the respective customer classes and
5 to the respective forecast metered demand in the 2009 Test Year. The consequential changes
6 are to the proposed Working Cash Allowance and proposed PILs expense. No other changes
7 have been made. THI has updated its rate making model, its PILs expense estimation model
8 and its Cost Allocation Review – Informational Filing model.

9
10 Incorporating updated information:

- 11 • the proposed increase in the Rural and Remote Rate Protection (“RRRP”) rate from
12 \$0.001/kWh to \$0.0013/kWh; and
- 13 • updates to the cost of capital that in combination with the change to the proposed 2009
14 Test Year rate base increase the cost of capital recoverable through rates to \$656.8k
15 (please see Attachment B.2).

16
17 Correcting errors in the December 2008 Update:

- 18 • reducing THI's proposed 2009 Test Year interest income by \$22k to \$6k (please see
19 Attachment B.2) to reflect the reduction in the applicable interest rate to 0.75% and an
20 increase in the average amount of cash holdings to \$800k;
- 21 • increasing the proposed 2009 Test Year Operations, Maintenance and Administration
22 cost by \$11.5k as follows:
 - 23 ○ a \$3.0k increase in the costs of the 2009 EDR due to the application of the
24 Management Fee;
 - 25 ○ a \$8.5k increase in the costs recovered through rates of the costs of the new CIS
26 where the capital costs are recovered over a 4 year period (please note that the
27 previously proposed level of OM&A costs recovered 8/36ths, or \$68k, of the
28 capital costs through rates on an annual basis);
 - 29 ○ a \$3k increase in the CIS support costs due to a revised allocation to
30 Water/Sewer; and
 - 31 ○ a \$3K decrease in the OEB Annual assessment costs.

- 1 • reducing the PILs expense to \$62.3k (please see Attachment B.2) due to the combined
2 effect of correcting the applicable federal tax rate to 11.0% and using the updated cost of
3 capital;
- 4 • incorporating a revised treatment of the Transformer Ownership Allowance that the
5 Board has authorized in other rebasing applications; and
- 6 • applying the correctly computed loss factors.

7

8 THI also proposes to remove all references to the costs of OPA conservation and demand
9 management programs from its rate making model. This affects the presentation of the data
10 only and does not impact computed rates.

11

12 Attachment C provides a corrected OM&A variance analysis.

13

1 **Attachment A – Proposed Rate Schedule and Supporting Data**

2

3

Appendix 1-1

Effective
 May 1/09

Residential

Service Charge	\$	14.30
Distribution Volumetric Rate	\$/kWh	0.0207
Regulatory Asset Recovery	\$/kWh	0.0012
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0050
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0045
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 < 50 kW

Service Charge	\$	29.15
Distribution Volumetric Rate	\$/kWh	0.0150
Regulatory Asset Recovery	\$/kWh	0.0004
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0046
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0041
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 >50 kW, <500 kW

Service Charge	\$	111.00
Distribution Volumetric Rate	\$/kW	2.0066
Regulatory Asset Recovery	\$/kW	0.0327
Retail Transmission Rate – Network Service Rate	\$/kW	1.7610
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.5833
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Appendix 1-1

Effective
 May 1/09

Street Lighting

Service Charge	\$	1,150.00
Distribution Volumetric Rate	\$/kW	4.1940
Regulatory Asset Recovery	\$/kW	0.1585
Retail Transmission Rate – Network Service Rate	\$/kW	1.4461
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.3002
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Unmetered Scattered Load

Service Charge	\$	20.00
Distribution Volumetric Rate	\$/kWh	0.0032
Regulatory Asset Recovery	\$/kWh	0.0009
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0046
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0041
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 kW, <1,500 kW

Service Charge	\$	751.00
Distribution Volumetric Rate	\$/kW	1.9262
Regulatory Asset Recovery	\$/kW	0.0468
Retail Transmission Rate – Network Service Rate	\$/kW	2.3076
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	2.1566
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 >1,500 kW

Service Charge	\$	1,151.00
Distribution Volumetric Rate	\$/kW	2.2631
Regulatory Asset Recovery	\$/kW	0.0173
Retail Transmission Rate – Network Service Rate	\$/kW	2.3076
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	2.1566
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Appendix 1-1

Effective
 May 1/09

Specific Service Charges

Returned Cheque charge (plus bank charges)	\$	15.00
Account set up charge / change of occupancy charge	\$	30.00
Special Meter reads	\$	30.00
Late Payment - per month	%	1.50
Collection of account charge – no disconnection	\$	30.00
Disconnect/Reconnect at meter – during regular hours	\$	65.00
Disconnect/Reconnect at meter – after regular hours	\$	185.00
Disconnect/Reconnect at pole – during regular hours	\$	185.00
Install / remove load control device – after regular hours	\$	185.00
Service call – after regular hours	\$	165.00
Specific Charge for Access to the Power Poles – per pole/year	\$	22.35
Transformer Allowance for Ownership - per kW of billing demand/month	\$	0.60
Retailer Service Agreement -- standard charge	\$	100.00
Retailer Service Agreement -- monthly fixed charge (per retailer)	\$	20.00
Retailer Service Agreement -- monthly variable charge (per customer)	\$	0.50
Distributor-Consolidated Billing -- monthly charge (per customer)	\$	0.30
Retailer-Consolidated Billing -- monthly credit (per customer)	\$	-0.30
Service Transaction Request -- request fee (per request)	\$	0.25
Service Transaction Request -- processing fee (per processed request)	\$	0.50

Allowances

Transformer Allowance for Ownership - per kW of billing demand/month	\$/kW	-0.60
Primary Metering Allowance for transformer losses – applied to measured demand and energy	%	-1.00

LOSS FACTORS

Primary Metered Customer < 5,000 kW	1.0320
Secondary Metered Customer < 5,000 kW	1.0420

- 1 **Attachment B – Summary of Test Year Information – Revenue Deficiency, Revenue**
- 2 **Requirement and Estimated Bill Impacts**
- 3

	August 22, 2008 Submission	December 2008 Update	April 2009 Amendment	Change
Utility Income	-38,758	-84,463	-98,454	-13,991
Utility Rate Base	8,947,080	8,992,835	8,713,761	-279,074
Indicated Rate of Return	-0.43%	-0.94%	-1.13%	-0.19%
Requested / Approved Rate of Return	7.11%	7.11%	7.54%	0.43%
Sufficiency / (Deficiency) in Return	-7.54%	-8.04%	-8.67%	-0.62%
Net Revenue Sufficiency / (Deficiency)	-674,460	-723,416	-755,244	-31,828
Provision for PILs/Taxes *	-72,332	-71,081	-62,346	8,735
Gross Revenue Sufficiency / (Deficiency)	-746,792	-794,497	-817,590	-23,093

	August 22, 2008 Submission	December 2008 Update	April 2009 Amendment	Change
OM&A Expenses	2,103,292	2,124,024	2,135,524	11,500
3850-Amortization Expense	501,604	491,357	491,357	0
Total Distribution Expenses	2,604,896	2,615,381	2,626,881	11,500
Regulated Return On Capital	635,702	638,953	656,790	17,837
PILs (with gross-up)	72,332	71,081	62,346	-8,735
Service Revenue Requirement	3,312,930	3,325,415	3,346,017	20,602
Less: Revenue Offsets	128,878	128,433	106,433	-22,000
Base Revenue Requirement	3,184,052	3,196,982	3,239,584	42,602

F8 Customer Bill Impact Analysis

RPP rates per sheet Y7

Residential

Volume		RPP Rate Class	Distribution Charges		Total Bill	
kWh *	kW		\$ change	% change	\$ change	% change
250		Summer	\$3.85	24.6%	\$4.40	12.8%
1,500		Summer	\$9.85	27.7%	\$13.15	8.4%
500		Summer	\$5.05	25.8%	\$6.16	10.8%
1,000		Summer	\$7.45	27.0%	\$9.65	9.1%
1,000		Winter	\$7.45	27.0%	\$9.64	8.8%
2,000		Winter	\$12.25	28.2%	\$16.62	7.7%
2,000		Summer	\$12.25	28.2%	\$16.64	8.1%

* Loss Factors (sheet F6) apply to certain pass-through charges (per sheet Y4)

F8 Customer Bill Impact Analysis RPP rates per sheet Y7

General Service < 50

Volume		RPP?	Distribution Charges		Total Bill	
kWh *	kW		\$ change	% change	\$ change	% change
1,000		n/a	\$9.12	26.0%	\$16.48	14.5%
2,000		n/a	\$14.12	31.4%	\$28.86	14.3%
5,000		n/a	\$29.12	38.8%	\$65.97	14.1%
10,000		n/a	\$54.12	43.3%	\$127.85	14.0%
15,000		n/a	\$79.12	45.2%	\$189.72	14.0%
3,256		n/a	\$20.40	35.4%	\$44.39	14.1%

* Loss Factors (sheet F6) apply to certain pass-through charges (per sheet Y4)

F8 Customer Bill Impact Analysis

RPP rates per sheet Y7

General Service >50 l

Volume		RPP?	Distribution Charges		Total Bill	
kWh *	kW		\$ change	% change	\$ change	% change
15,000	60	n/a	\$69.75	43.1%	\$181.55	13.0%
25,000	100	n/a	\$116.75	59.9%	\$303.09	13.4%
100,000	500	n/a	\$586.79	>100%	\$1,361.52	15.0%
		n/a				
		n/a				
42,574	124	n/a	\$144.95	67.5%	\$448.65	12.5%

* Loss Factors (sheet F6) apply to certain pass-through charges (per sheet Y4)

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F8 Customer Bill Impact Analysis

RPP rates per sheet Y7

Volume		RPP?	Distribution Charges		Total Bill	
kWh *	kW		\$ change	% change	\$ change	% change
655,475	1,390	n/a				
1,889,257	3,706	n/a				
742,137	1,595	n/a				

* Loss Factors (sheet F6) apply to certain pass-through charges (per sheet Y4)

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F8 Customer Bill Impact Analysis

RPP rates per sheet Y7

Volume		RPP?	Distribution Charges		Total Bill	
kWh *	kW		\$ change	% change	\$ change	% change
150	1.00	Non-res.				
200	1.00	Non-res.				
72	0.20	n/a				
78	0.20	Non-res.				

* Loss Factors (sheet F6) apply to certain pass-through charges (per sheet Y4)

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F8 Customer Bill Impact Analysis

RPP rates per sheet Y7

Street Lighting

Volume		RPP?	Distribution Charges		Total Bill	
kWh *	kW		\$ change	% change	\$ change	% change
150	1.00	n/a	(\$187.05)	(13.9%)	(\$185.74)	(13.7%)
110,842	320.00	n/a	(\$277.99)	(10.0%)	\$537.19	4.7%
110,842	320.00	Non-res.	(\$277.99)	(10.0%)	(\$134.20)	(1.1%)

* Loss Factors (sheet F6) apply to certain pass-through charges (per sheet Y4)

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F8 Customer Bill Impact Analysis

RPP rates per sheet Y7

Unmetered Scattered

Volume		RPP?	Distribution Charges		Total Bill	
kWh *	kW		\$ change	% change	\$ change	% change
730		n/a	\$2.66	13.5%	\$8.42	10.9%
2,226		Non-res.	(\$7.52)	(21.7%)	(\$3.49)	(1.5%)

* Loss Factors (sheet F6) apply to certain pass-through charges (per sheet Y4)

F8 Customer Bill Impact Analysis

RPP rates per sheet Y7

General Service >500

Volume		RPP?	Distribution Charges		Total Bill	
kWh *	kW		\$ change	% change	\$ change	% change
225,000	500.00	n/a	\$317.03	22.7%	\$1,926.19	10.0%
335,000	750.00	n/a	\$679.26	44.8%	\$3,077.27	10.9%
450,000	1,000.00	n/a	\$1,041.48	63.7%	\$4,259.77	11.4%
575,000	1,250.00	n/a	\$1,403.71	80.0%	\$5,505.05	11.6%
650,000	1,500.00	n/a	\$1,765.93	94.2%	\$6,436.44	12.0%

* Loss Factors (sheet F6) apply to certain pass-through charges (per sheet Y4)

F8 Customer Bill Impact Analysis RPP rates per sheet Y7

General Service >1.5l

Volume		RPP?	Distribution Charges		Total Bill	
kWh *	kW		\$ change	% change	\$ change	% change
666,666	1,500	n/a	\$2,671.28	>100%	\$7,138.93	13.0%
1,000,000	2,500	n/a	\$4,457.08	>100%	\$11,249.56	13.6%
1,500,000	3,500	n/a	\$6,242.88	>100%	\$16,340.59	13.4%
2,900,000	4,500	n/a	\$8,028.68	>100%	\$26,725.82	11.9%

* Loss Factors (sheet F6) apply to certain pass-through charges (per sheet Y4)

1 **Attachment C – Detailed Explanation of proposed changes to 2009 Test Year OM&A**
2 **costs**

3

4 In its December 2008 Update THI indicated that the annualized variance of the new CIS was
5 \$117k. Further analysis demonstrates that this variance is correctly characterized as relating to
6 Billing and Collecting – it includes the CIS cost variances as well as the Paper and Postage
7 costs that THI will assume responsibility for beginning in 2009;. The variance is correctly
8 documented below.

- 9 • the previously proposed level of OM&A costs recovered through rates included \$68k for
10 the recovery of the capital costs of the new CIS. The previously referenced recovery of
11 \$110.3k annually is incorrect.

12 THI now proposes to amortize the capital costs of the new CIS over a 4 year period, the
13 2009 – 2012 rate years. The associated annual recovery through rates is \$77k ($\77000
14 $= \$293500 * 1.05 / 48 * 12$);

- 15 • the estimated increase in CIS operating costs allocated to THI did not reflect the
16 appropriate allocation of these costs to Water and Sewer; the allocation has been
17 revised and a favourable CIS operating cost variance of \$6k has been computed.

18

19 The annualized Rate Rebasing Application costs were esimated to be \$61.8k; as a result of
20 THI's analysis, the costs of the subject rate rebasing application reflecting the 5% management
21 fee is correctly stated as \$64.8k.

22

23 The change in the OEB Assessment costs was an originally estimated to increase by \$6.1k;
24 based on THI's recently received 2009 OEB Assessment, the corrected increase is \$2.9k.

25

26 Table 1 presents the OM&A variance analyses as a continuity table that documents the OM&A
27 variance analysis, as corrected for new facts or methodology.

28

29

1

2 **Table 1**

	August 2008 Submission	December 2008 Update	April 2009 Amendment
	Corrected	Corrected	Filed
2008 BY OM&A	1627.0	1627.0	1627.0
Labour Related			
New Positions	162.0	162.0	162.0
Cost of Living Adjustment	27.0	27.0	27.0
Change in Capitalized Labour	<u>79.5</u>	<u>86.2</u>	<u>86.2</u>
Total Labour Variance	<u>268.5</u>	<u>275.2</u>	<u>275.2</u>
Non-Labour Related			
New CIS Capital	77.0	77.0	77.0
Allocation of CIS Support Costs	<u>-9.0</u>	<u>-9.0</u>	<u>-6.0</u>
Sub-total New CIS	68.0	68.0	71.0
Paper and Postage	31.5	31.5	31.5
Change in Capitalized Fleet	42.1	47.4	47.4
Rate Rebasing Application	57.8	64.8	64.8
Change in OEB Assessment	<u>6.1</u>	<u>6.1</u>	<u>2.9</u>
Total Non-Labour Variance	<u>205.5</u>	<u>217.9</u>	<u>217.6</u>
Other	<u>2.0</u>	<u>4.0</u>	<u>15.7</u>
Total Variance	<u>476.0</u>	<u>497.0</u>	<u>508.5</u>
2009 TY OM&A	<u>2103.0</u>	<u>2124.0</u>	<u>2135.5</u>

3