

Parry Sound Power Corporation

License ED-2003-0006

2010 Rate Application
2nd Generation Incentive Regulation Mechanism

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Parry Sound Power Corporation
ED-2003-0006

2010 2nd GIRM Electricity Distribution Rate Application
Board File Number EB-2009-0207

Manager's Summary

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ONTARIO ENERGY BOARD

IN THE MATTER OF the *Ontario Energy Board Act, 1998*;

AND IN THE MATTER OF an Application by Parry Sound Power Corporation for an Order or Orders approving rates for the distribution of electricity.

1. LDC Information

Parry Sound Power Corporation ("PSP") is a distributor as defined in, and is licensed as such under, the Ontario Energy Board Act, 1998. PSP was issued license ED-2003-0006 by the Ontario Energy Board ("the Board").

PSP is solely owned by the Corporation of the Town of Parry Sound and operates within the boundaries of Parry Sound.

PSP is submitting its 2010 2nd Generation Incentive Regulation Mechanism ("2nd GIRM") Electricity Distribution Rate Application in accordance with the directives and guidelines issued by the Board and does not deviate from the Ontario Energy Board 2010 2nd Generation Incentive Regulation Model or the Ontario Energy Board 2010 Deferral and Variance Account Workform-Version 3.

PSP is requesting an effective date of May 1, 2010 for the implementation of the Proposed 2010 Tariff of Rates and Charges.

2. 2009 Tariff Sheet (including all Rate Riders)

A copy of the 2009 Tariff Sheet, as issued to PSP by the Board on March 11, 2009, is shown on the following pages:

Parry Sound Power Corporation

CURRENT TARIFF OF RATES AND CHARGES

CURRENT MONTHLY RATES AND CHARGES

Residential

Service Charge	\$	17.84
Distribution Volumetric Rate	\$/kWh	0.0144
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0047
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 Less Than 50 kW

Service Charge	\$	26.37
Distribution Volumetric Rate	\$/kWh	0.0111
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0042
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 to 4,999 kW

Service Charge	\$	172.66
Distribution Volumetric Rate	\$/kW	3.8407
Retail Transmission Rate – Network Service Rate	\$/kW	1.7283
Retail Transmission Rate – Network Service Rate – Interval metered	\$/kW	2.0567
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.6190
Retail Transmission Rate – Line and Transformation Connection Service Rate – Interval metered	\$/kW	1.9638
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 (per connection)	\$	8.99
Distribution Volumetric Rate	\$/kWh	0.0534
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0042
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

Sentinel Lighting

Service Charge (per connection)	\$	1.75
Distribution Volumetric Rate	\$/kW	7.1274
Retail Transmission Rate – Network Service Rate	\$/kW	1.31
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.2777
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Street Lighting

Service Charge (per connection)	\$	0.41
Distribution Volumetric Rate	\$/kW	4.4601
Retail Transmission Rate – Network Service Rate	\$/kW	1.3034
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.2515
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

CURRENT SPECIFIC SERVICE CHARGES

Customer Administration

Arrears certificate	\$	15.00
Account history	\$	15.00
Credit reference/credit check (plus credit agency costs)	\$	15.00
Account set up charge/change of occupancy charge (plus credit agency costs if applicable)	\$	30.00
Returned cheque charge (plus bank charges)	\$	15.00
Charge to certify cheque	\$	15.00

Legal letter charge	\$	15.00
Special meter reads	\$	30.00
Meter dispute charge plus Measurement Canada fees (if meter found correct)	\$	30.00

Non-Payment of Account

Late Payment - per month	%	1.50
Late Payment - per annum	%	19.56
Collection of account charge - no disconnection	\$	30.00
Disconnect/Reconnect at meter - during regular hours	\$	65.00
Disconnect/Reconnect at pole - during regular hours	\$	185.00

Other

Install/Remove load control device - during regular hours	\$	65.00
Service call - customer-owned equipment	\$	30.00
Temporary service install & remove - overhead - no transformer	\$	500.00
Temporary service install & remove - underground - no transformer	\$	300.00
Temporary service install & remove - overhead - with transformer	\$	1,000.00
Specific Charge for Access to the Power Poles \$/pole/year	\$	22.35

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)

Current Retail Service Charges (if applicable)

Retail Service Charges (if applicable)

Retail Service Charges refer to services provided by a distributor to retailers or customers related to the supply of competitive electricity

One-time charge, per retailer, to establish the service agreement between the distributor and the retailer

	\$	100.00
Monthly Fixed Charge, per retailer	\$	20.00
Monthly Variable Charge, per customer, per retailer	\$/cust.	0.50
Distributor-consolidated billing charge, per customer, per retailer	\$/cust.	0.30
Retailer-consolidated billing credit, per customer, per retailer	\$/cust.	(0.30)

Service Transaction Requests (STR)

Request fee, per request, applied to the requesting party	\$	0.25
Processing fee, per request, applied to the requesting party	\$	0.50
Request for customer information as outlined in Section 10.6.3 and Chapter 11 of the Retail Settlement Code directly to retailers and customers, if not delivered electronically through the Electronic Business Transaction (EBT) system, applied to the requesting party		
Up to twice a year		no charge
More than twice a year, per request (plus incremental delivery costs)	\$	2.00

LOSS FACTORS

Total Loss Factor - Secondary Metered Customer < 5,000 kW	1.0586
Total Loss Factor - Secondary Metered Customer > 5,000 kW	N/A
Total Loss Factor - Primary Metered Customer < 5,000 kW	1.0480
Total Loss Factor - Primary Metered Customer > 5,000 kW	N/A

3. Embedded Low Voltage Charges

For the purpose of transparency, the Board has determined that rate adders shall be identified and listed separately in distribution monthly rates and charges. In Section 2.5 (Low Voltage Cost Recovery) of *Chapter 3 of the Filing Requirements for Transmission and Distribution Applications*, released on July 22, 2009, the Board stated:

"In previous IRM-based rate adjustments, the costs associated with the recovery of low voltage charges associated with the supply through the low voltage facilities of a host distributor has been included in the Distribution Volumetric rate in accordance with the 2006 Electricity Distribution Rate Handbook and as approved in the Board's subsequent decisions and Rate Orders. Because these costs have been included in the determination of the volumetric rate, the amount has been adjusted by the annual price cap adjustments.

For all 2010 rate applications and going forward, the Board has determined that the rate to recover the low voltage costs will be explicitly shown on the distributor's Tariff of Rates and Charges, identified as the Low Voltage Cost Rate Adder...

Hence, the Low Voltage Volumetric Rates for PSP, currently embedded in rates, was retrieved from PPP's 2008 Cost of Service Rate Application and entered on Tab C3.1 of the Board issued 2010 IRM2 Rate Generator Model.

4. K-Factor Adjustment

The K-Factor adjustment on Tab D 1.1 has provided PSP with a K-Factor Adjustment of -0.3%. This adjustment represents the Capital Structure Transition from ratio of 56.7% debt to 43.3% equity for 2009, to a Board required 60:40 debt to equity ratio in 2010.

5. Price Cap Adjustment

The proposed Price Cap Adjustment for PSP as per the calculations provided on Tab F1.1 is 1.3%. PSP understands that this adjustment is based on the current price escalator of 2.30% and may be adjusted upon the final determination of these parameters by the Board.

6. Deferral Account Rate Rider

As per the Board issued Deferral and Variance Account Workform-Version 3, PSP is requesting the disposition of Group 1 Deferral and Variance Accounts as listed on page 7 of the Report of the Board on Electricity Distributor's Deferral and Variance Account Review Initiative (EDDVAR) dated July 31, 2009. The Distribution Volumetric Deferral Account Rate Rider was calculated using the Board issued Deferral and Variance Account Workform-Version 3. The Threshold Test on Tab D1.1 of the Deferral and Variance Account Workform-

Version 3 indicates a total claim amount of (\$338,989) resulting in a Total Claim per kWh of (\$0.003631), allocated on a volumetric basis to each customer class. PSP is requesting a sunset date of April 30, 2011. PSP has used the 2008 RRR values as the billing determinants on Tab B1.3 of the Workform.

7. Smart Metering Rate Adder

Although PSP has incurred significant expenditures on its smart meter program to date, a decision has been made by PSP to continue to fund expenditures in excess of the 2009 approved \$1.00 per metered customer, per month, Smart Meter Funding Adder, using internal funds at this time as a means to mitigate rate impact. PSP is requesting to maintain the \$1.00 per metered customer per month until April 30, 2011.

8. Change to Transmission Charges

As per the revised Transmission Network and Transmission Connection charges stated on page 13 of *Chapter 3 of the Filing Requirements for Transmission and Distribution Applications*, issued July 22, 2009, PSP has applied the prescribed adjustments of +3.5% for Transmission Network rates and -2.2% for Transmission connection rates on Tabs L1.1 and Tab L2.1 (respectively) of the 2010 IRM2 Rate Generator Model.

9. Loss Factor

PSP is requesting that the currently approved Loss Factors be maintained for this 2010 2nd GIRM Rate Application.

Those rates are:

Total Loss Factor - Secondary Metered Customer < 5,000 kW	1.0586
Total Loss Factor - Secondary Metered Customer > 5,000 kW	N/A
Total Loss Factor - Primary Metered Customer < 5,000 kW	1.0480
Total Loss Factor - Primary Metered Customer > 5,000 kW	N/A

10. Bill Impacts

The resulting bill impacts of the proposed 2010 Tariff of Rates and Charges are provided with the submission. Below is a summary of the impacts.

- A *Residential* customer using 800 kWhs per month will see a 7.7% decrease in their total bill.
- A *General Service less than 50 kW* customer using 2,000 kWhs per month will see a decrease of 8.4% in their total bill.
- A *General Service 50 to 4,999 kW* customer using 995,000 kWhs per month and a demand of 2,480 kW a month will see an increase of 5.3% in their total bill.
- An *Un-metered Scattered Load* customer using 2,000 kWhs per month will see an increase of 1.5% in their total bill.
- A *Sentinel Lighting* customer using 180 kWhs per month and a demand of 0.5 kW will see an increase of 0.9% on their total bill.
- A *Street Lighting* customer with an average load of 37 kWhs per connection per month and a demand of 0.10 kW per connection per month will see an increase of 2.1% per month on their total bill.

11. Specific Service Charges

PSP is not requesting any changes to Specific Service Charges previously approved in the 2009 Rate Order issued by the Board.

12. Proposed 2010 Tariff of Rates and Charges

The proposed 2010 Tariff of Rates and Charges for PSP, as calculated by the Model issued by the Board, is as follows:

Parry Sound Power Corporation

TARIFF OF RATES AND CHARGES

Effective Saturday, May 01, 2010

EB-2009-0207

MONTHLY RATES AND CHARGES

Residential

Service Charge	\$	16.96
Service Charge Smart Meters	\$	1.00
Distribution Volumetric Rate	\$/kWh	0.0135
Low Voltage Volumetric Rate	\$/kWh	0.0010
Distribution Volumetric Deferral Account Rate Rider – effective until April 30 2011	\$/kWh	(0.00989)
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0049
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0044
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	\$	25.55
Service Charge Smart Meters	\$	1.00
Distribution Volumetric Rate	\$/kWh	0.0105
Low Voltage Volumetric Rate	\$/kWh	0.0007
Distribution Volumetric Deferral Account Rate Rider – effective until April 30 2011	\$/kWh	(0.00967)
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0043
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0040
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 to 4,999 kW

Service Charge	\$	172.85
Service Charge Smart Meters	\$	1.00
Distribution Volumetric Rate	\$/kW	3.4937
Low Voltage Volumetric Rate	\$/kW	0.3710
Distribution Volumetric Deferral Account Rate Rider – effective until April 30 2011	\$/kW	2.11766

Retail Transmission Rate – Network Service Rate	\$/kW	1.7888
Retail Transmission Rate – Network Service Rate – Interval metered	\$/kW	2.1287
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.5834
Retail Transmission Rate – Line and Transformation Connection Service Rate – Interval metered	\$/kW	1.9206
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 (per connection)	\$	9.05
Distribution Volumetric Rate	\$/kWh	0.0529
Low Voltage Volumetric Rate	\$/kWh	0.0009
Distribution Volumetric Deferral Account Rate Rider – effective until April 30 2011	\$/kWh	0.00180
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0043
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0040
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Sentinel Lighting

Service Charge (per connection)	\$	1.76
Distribution Volumetric Rate	\$/kW	6.8174
Low Voltage Volumetric Rate	\$/kW	0.3569
Distribution Volumetric Deferral Account Rate Rider – effective until April 30 2011	\$/kW	0.30298
Retail Transmission Rate – Network Service Rate	\$/kW	1.3559
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.2496
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Street Lighting

Service Charge (per connection)	\$	0.41
Distribution Volumetric Rate	\$/kW	4.1574
Low Voltage Volumetric Rate	\$/kW	0.3313
Distribution Volumetric Deferral Account Rate Rider – effective until April 30 2011	\$/kW	0.96121
Retail Transmission Rate – Network Service Rate	\$/kW	1.3490
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.2240
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
Account history	\$	15.00
Credit reference/credit check (plus credit agency costs)	\$	15.00
Account set up charge/change of occupancy charge (plus credit agency costs if applicable)	\$	30.00
Returned cheque charge (plus bank charges)	\$	15.00
Charge to certify cheque	\$	15.00
Legal letter charge	\$	15.00
Special meter reads	\$	30.00
Meter dispute charge plus Measurement Canada fees (if meter found correct)	\$	30.00

Non-Payment of Account

Late Payment - per month	%	1.50
Late Payment - per annum	%	19.56
Collection of account charge - no disconnection	\$	30.00
Disconnect/Reconnect at meter - during regular hours	\$	65.00
Disconnect/Reconnect at pole - during regular hours	\$	185.00

Other

Install/Remove load control device - during regular hours	\$	65.00
Service call - customer-owned equipment	\$	30.00
Temporary service install & remove - overhead - no transformer	\$	500.00
Temporary service install & remove - underground - no transformer	\$	300.00
Temporary service install & remove - overhead - with transformer	\$	1,000.00
Specific Charge for Access to the Power Poles \$/pole/year	\$	22.35

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)

Retail Service Charges (if applicable)

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Retail Service Charges refer to services provided by a distributor to retailers or customers related to the supply of competitive electricity

One-time charge, per retailer, to establish the service agreement between the distributor and the retailer

	\$	100.00
Monthly Fixed Charge, per retailer	\$	20.00
Monthly Variable Charge, per customer, per retailer	\$/cust.	0.50
Distributor-consolidated billing charge, per customer, per retailer	\$/cust.	0.30
Retailer-consolidated billing credit, per customer, per retailer	\$/cust.	(0.30)

Service Transaction Requests (STR)

Request fee, per request, applied to the requesting party	\$	0.25
Processing fee, per request, applied to the requesting party	\$	0.50
Request for customer information as outlined in Section 10.6.3 and Chapter 11 of the Retail Settlement Code directly to retailers and customers, if not delivered electronically through the Electronic Business Transaction (EBT) system, applied to the requesting party		
Up to twice a year		no charge
More than twice a year, per request (plus incremental delivery costs)	\$	2.00

LOSS FACTORS

Total Loss Factor - Secondary Metered Customer < 5,000 kW	1.0586
Total Loss Factor - Secondary Metered Customer > 5,000 kW	N/A
Total Loss Factor - Primary Metered Customer < 5,000 kW	1.0480
Total Loss Factor - Primary Metered Customer > 5,000 kW	N/A

13. Contact Information

Calvin Epps
President
Parry Sound Power Corporation
125 William Street
Parry Sound, ON P2A 1V9
cepps@pspower.ca

Mr. Miles Thompson
Vice President / Financial Officer
Parry sound Power Corporation
125 William Street
Parry Sound, ON P2A 1V9
mthompson@pspower.ca

Telephone (705) 746-5866

Fax (705) 746-7789