

Board Staff Interrogatories

2010 IRM2 Electricity Distribution Rates Parry Sound Power Corporation EB-2009-0207

1 a) Parry Sound Power applied the 2006 EDR LV costs against Hydro One LV costs and confirms the balance shown in the Deferral and Variance Account workform are net of the LV allocation and are correct.

1 b) N/A

2 a) Parry Sound Power will use the values from the 2006 EDR on sheet 3.1 of the rate generator from the table below.

RESIDENTIAL

Regular	33,563	34,248,449		kWh	0.0010
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GENERAL SERVICE

Less than 50 kW	14,191	19,047,048		kWh	0.0007
Greater than 50 kW (to 3000 kW)	28,604	24,550,459	80,281	kW	0.3563
Other > 50 kW (specify) .General Service 50 to 4,999 kW Int				kW	
Unmetered Scattered Load	103	111,101		kWh	0.0009
Sentinel Lighting	13	12,895	37	kW	0.3427
Street Lighting	636	719,066	1,999	kW	0.3181
TOTALS	77,110	78,689,019	82,317		

3 a) Parry Sound has reviewed the Regulatory Audit & Accounting Bulletin 200901 dated October 15, 2009 and has reviewed the balance in the 1588 sub-account Global Adjustment based on the Bulletin and submits it has been accounted for in accordance with that bulletin.

3 b) Parry Sound Power has made adjustments subsequent to the filing of the 2010 IRM2 application and therefore will refile the Deferral Variance Account Workform. The adjustments involve corrections to the 2008 Power 1588 account and the Global Adjustment sub account as shown in the workform. These adjustments result from a comprehensive reconciliation of the IESO Filing form 1598 which affects general ledger account 1588 and Global Adjustment sub-account.

4 a) Parry Sound Power believes further discussion is required in this area to ensure the disposition of account 1588 Global Adjustment is directed to the appropriate customers. Intuitively, it would appear the disposition of any 1588 sub-account Global Adjustment balance should apply to Non-RPP customers only since those are the customers who directly contributed to the variance. However, if the RPP price contains a Global Adjustment component would it be valid to expect that any variance in the GA sub-account could affect both RPP and Non-RPP customers?

The OEB should consider the use of either the preliminary or final global adjustment rate for LDCs to calculate the provincial benefit for billing customers rather than a completely different rate for billing purposes. This would likely reduce the difference between the paid Global Adjustment and the billed Provincial Benefit.

4 b) In preliminary discussions with Parry Sound Power's billing system programmer it is the understanding that the billing system would be capable of billing Non-RPP customers the separate rate rider. Parry Sound Power does not see any complications with this rate rider provided; it is set as an annual rider and not changed any more frequently than on an annual basis. Notice of the rate change would need to be given well in advance.

4 c) N/A

5 a) The values in the table for IR #5 represent 2008 year end values as filed in RRR reporting.

5 b) N/A based on the response to 5 a).

5 c) N/A based on the response to 5 a).

6 a) The Non-RPP kWh provided in the table to IR#6 represent actual loss adjusted kWhs for the 2008 year.

6 b) N/A

- 6 c) Parry Sound Power would support using the numbers in the table of IR#6 as the denominator for the rate rider determination.
- 6 d) If the final decision were to dispose of the 1588 sub-account GA to Non-RPP customers only. Parry Sound does not believe it would be appropriate to include the MUSH sector in the disposition of the balance of the 1588 Global Adjustment sub-account. Parry Sound Power does have the billing capability to exclude MUSH sector customers if a separate rate rider were to apply.
- 7 a) Parry Sound will submit an amended workbook V4 as requested.
- 7 b) Parry Sound Power confirms the amounts included in the amended D&VA workform version 4 can be considered final for disposition.
- 7 c) The amounts included in the D&VA amended workform for 2008 year end reconcile to the 2008 RRR filing with the exception of the 1588 and sub account global adjustment which have been reconciled to IESO filings.
- 7 d) Parry Sound confirms it has complied with the Boards accounting policy and procedures for calculation of the final disposition balance.
- 7 e) Parry Sound Power confirms it has used the simple interest calculation using the Boards prescribed interest rates.
- 7 f) Parry Sound Power confirms recoveries have been applied to the principal first which is reflected in the continuity schedules of the D&VA workform.

- 8 a) Parry Sound Power does not agree to capture the alleged reduction in OM&A and Capital in a variance account. Parry Sound Power feels there is much more discussion required around the impact of the introduction of the HST on July 1, 2010. This change is just one of the many changes experienced by LDCs on a regular basis. For example, unforeseen increases in expenditures such as insurance costs, a 4% increase in EDA dues, as well as increased pressures resulting from the GEGEA all have significant impacts on Parry Sound Power. In addition LDCs will not recover enough PILs in their rates now that PST will not be considered an expense. Increased wages, especially where union contracts are involved are also considerably higher than what the IRM process provides for an increase in distribution rates.

Some other issues to be considered are:

- Complications in deriving the information from our accounting system will increase costs should the Board decide to require this calculation.
- PILS will need to be taken into consideration if the Board requires this allocation
- 2010 will represent only one half year change
- Many expenses in the past did not include PST, therefore, to track PST charges and assume they would all represent a reduction in OM&A or Capital costs is false.

- 8 b) Parry Sound is not aware of alternatives to reflect reductions in OM&A and Capital expenditures as a result of the implementation of the HST but would suggest this issue might best be considered at the time a Cost of Service Rate application is prepared.