



GRIMSBY POWER INCORPORATED

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November 29, 2007

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
26th Floor
2300 Yonge Street
Toronto, Ontario
M4P 1E4

Re: 2008 Distributor Retail Transmission Rates Adjustment

Dear Ms. Walli:

Please find enclosed the following materials in regards to the 2008 Distributor Retail Transmission Rates Adjustment which is supplemental to the 2008 Incentive Regulation Mechanism already received by the Board on October 30, 2007:

- Manager's Summary – 2 hard copies;
- 2008 Distributor Retail Transmission Rates Adjustment excel model – 2 hard copies; and
- CD containing electronic copies of the Manager's Summary and the 2008 Distributor Retail Transmission Rates Adjustment Excel Model

In addition, the above information was filed in PDF format through the Board's web portal, and a copy of the 2008 IRM model in Excel format was emailed to Boardsec@oeb.gov.on.ca on November 28, 2007.

Please do not hesitate to contact us, if you require any further information.

Sincerely,

Sejal Jain

Sejal Jain, C.A.
Director of Finance
/sj

Encls.

GRIMSBY POWER INCORPORATED

MANAGER'S SUMMARY

2008 Electricity Distribution Transmission Rates

November, 2007

Overview

On October 29, 2007, the Ontario Energy Board (“OEB”) directed each distributor to propose an adjustment to their retail transmission rates and disposition of the associated variance account balances. The resetting of these rates has taken into account the changes in wholesale transmission rates.

Grimsby Power Incorporated (“Grimsby Power”) is embedded to Hydro One (“HONI”). The company pays retail transmission charges to both HONI, and Niagara West Transformation Corporation (“NWTC”). As Grimsby Power is embedded, we have only dealt with the transmission rates which were made effective November 1, 2007. Grimsby Power has not considered any adjustment for the embedded distributor transmission rates charged by Hydro One. Of the charges from NWTC, two are expected to change: network connection and line connection.

Grimsby Power has created an excel model to calculate a change in the retail transmission rates which should minimize the amount of annual variance, and dispose of the current variance balance. It should be noted that based on the existing rates, Grimsby Power was over collecting on network connection charges and under connecting on line connection. Therefore, our analysis shows that network charges need to decrease marginally while line connection charges increase to cover the rate increase.

Sheet 1 – Summary of RTS Costs and Revenue

Sheet 1 of the model takes a 12 month period to provide a comparison of transmission related costs and revenue. It also takes into account the expected change in the

transmission rates. The model then uses this difference to determine the cost/revenue ratio to assess how much the current rates are over or under charging customers. We then use the ratio to determine an adjustment to the current transmission rates to make costs and revenues as close to equal as possible. However, it should be noted that despite conservation and demand management initiatives our residential customer base is growing. We have not taken this into account for the purposes of the calculations. The expected load growth is minimal given CDM. We felt it best to use data from the last twelve months as we have it. We believe it fairly represents our current status and it is better for projecting the future expenses and revenues.

Sheet 2 – Regulatory Assets

Sheet 2 of the model summarizes the current balances and the expected future balance of the two variance accounts related to transmission rates: RSVA Retail Transmission Network Charge, and RSVA Retail Transmission Connection Charge. Also included on this sheet is 2006 data regarding kWh and kW sold in order to establish a split of the variance balance between customer classes.

Sheet 3 – Rate Rider Calculation

Sheet 3 uses the information from Sheet 2 to split the retail transmission RSVA balances between customer classes and to determine a rate rider which will clear the variance over a two year period.

Sheet 4 – Rate Change Summary

Sheet 4 of the excel model summarizes the details of the change in transmission rates. Overall, the model calculates a decrease in the amount charged for transmission network charges. This offset our over collection of revenues from transmission network. The model shows an increase in the amount charged for transmission connection charges, which is related to a small under provision but is more related to the recent rate increase for line connection approved by the OEB.

2008 DISTRIBUTOR TRANSMISSION RATES

Grimsby Power Incorporated

EB-2007-0857, EB-2007-0533, EB-2005-0371

November 28, 2007

Sheet 1 - Summary of RTS Costs and Revenue

	Network			Connection			
	HONI NW 47140100	NWTC Network 47140200	Network Revenue 40660100	HONI Connection 47160100	NWTC Line Connection 47160200	NWTC Trans Connection 47160300	Connection Revenue 40680100
August-06	35,380.80	79,597.54		36,945.60	22,909.16	42,158.42	
September-06	20,351.52	50,768.80	104,194.92	24,480.84	23,480.70	42,952.50	90,605.61
October-06	18,554.76	48,747.44	96,502.05	23,651.11	15,004.36	27,447.00	83,532.78
November-06	23,418.64	51,847.13	61,025.01	27,320.68	14,024.30	26,725.25	53,230.79
December-06	28,487.10	56,639.81	99,615.80	31,491.77	31,193.87	83,892.29	84,715.84
January-07	19,654.77	56,229.35	105,382.20	23,787.38	16,209.18	29,650.50	90,555.17
February-07	25,428.03	58,180.40	90,461.73	28,806.72	16,936.39	30,981.00	78,098.12
March-07	20,583.36	54,309.16	72,392.06	25,327.29	15,806.84	30,310.72	62,808.89
April-07	17,624.88	46,546.44	84,133.74	22,961.41	13,598.06	25,539.43	72,763.64
May-07	22,833.72	59,647.08	79,067.25	26,539.49	18,250.13	31,945.71	68,785.82
June-07	32,366.85	78,188.67	78,625.09	34,443.10	22,780.42	41,628.80	68,309.29
July-07	35,995.77	82,600.64	96,728.87	37,607.68	23,868.56	43,893.67	84,096.32
August-07			97,043.35				84,431.56
	\$ 300,680.20	\$ 723,302.46	\$ 1,065,172.07	\$ 343,363.07	\$ 234,061.97	\$ 457,125.29	\$ 921,933.83

Rate increase/(decrease)	0%	(18%)		0%	(28%)	0%
Revised charge	300,680.20	593,108.02		343,363.07	168,524.62	457,125.29
Expenses less Revenue	(171,383.85)			47,079.15		

	Network	Connection
Total Cost	893,788.22	969,012.98
Total Revenue	1,065,172.07	921,933.83
Variance	(171,383.85)	47,079.15
Cost/Revenue Ratio	0.8391	1.0511

2008 DISTRIBUTOR TRANSMISSION RATES

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Sheet 2 - RTS RSVA Balances

Account Description	Account Number	Balance as of Oct 31, 2007	Expected change to April 30, 2007	Total Claim
RSVA - Retail Transmission Network Charge	1584	\$ (16,575)	\$ -	\$ (16,575)
RSVA - Retail Transmission Connection Charge	1586	\$ (370,000)	\$ 70,000	\$ (300,000)
	Sub-Totals	\$ (386,575)	\$ 70,000	\$ (316,575)

2006 Data By Class	kW	kWhs	Cust. Num.'s
RESIDENTIAL CLASS		90,853,628	8,759
GENERAL SERVICE <50 KW CLASS		19,011,926	653
GENERAL SERVICE >50 KW NON TIME OF USE	175,421	67,418,787	102
SMALL SCATTERED LOADS		454,473	85
STREET LIGHTING	4,425	1,703,038	2,532
Totals	179,846	179,441,852	12,131

Allocators	kW	kWhs	Cust. Num.'s
RESIDENTIAL CLASS	0.0%	50.6%	72.2%
GENERAL SERVICE <50 KW CLASS	0.0%	10.6%	5.4%
GENERAL SERVICE >50 KW NON TIME OF USE	97.5%	37.6%	0.8%
SMALL SCATTERED LOADS	0.0%	0.3%	0.7%
STREET LIGHTING	2.5%	0.9%	20.9%
Totals	100%	100%	100%

2008 DISTRIBUTOR TRANSMISSION RATES

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Sheet 3 - Rate Rider Calculation

	Amount	ALLOCATOR	GS > 50 Non Small Scattered					Total
			Residential	GS < 50 KW	TOU	Load	Street Lighting	
Network - Account 1584	\$ (16,575)	kWh	\$ (8,392)	\$ (1,756)	\$ (6,227)	\$ (42)	\$ (157)	\$ (16,575)
Connection - Account 1586	\$ (300,000)	kWh	\$ (151,894)	\$ (31,785)	\$ (112,714)	\$ (760)	\$ (2,847)	\$ (300,000)
	\$ -	kWh	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal - RSVA	\$ (316,575)		\$ (160,286)	\$ (33,541)	\$ (118,942)	\$ (802)	\$ (3,005)	\$ (316,575)
Balance to be collected or refunded in the next 2 years	\$ (316,575)		\$ (160,286)	\$ (33,541)	\$ (118,942)	\$ (802)	\$ (3,005)	\$ (316,575)
Balance to be collected or refunded per year	\$ (158,288)		\$ (80,143)	\$ (16,771)	\$ (59,471)	\$ (401)	\$ (1,502)	\$ (158,288)

Class	GS > 50 Non Small Scattered				
	Residential	GS < 50 KW	TOU	Load	Street Lighting
Regulatory Asset Rate Riders	\$ (0.0009)	\$ (0.0009)	\$ (0.3390)	\$ (0.0009)	\$ (0.3395)
Billing Determinants	kWh	kWh	kW	kWh	kW

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Sheet 4 - Rate Change Summary

	Retail Transmission Rate per kWh						
	Retail Transmission Rate \$/kWh			Increment \$/kWh		Rate Rider	Adjusted Retail Transmission Rate \$ per kWh
	Network	Connection	Total	Network	Connection	Connection	
RESIDENTIAL							
Regular	0.0060	0.0052	0.0112	(0.0010)	0.0003	(0.0009)	0.0096
GENERAL SERVICE							
Less than 50 kW	0.0055	0.0047	0.0102	(0.0009)	0.0002	(0.0009)	0.0087
Greater than 50 kW (to 3000 kW)							
Greater than 50 kW (interval)							
Unmetered Scattered Load	0.0055	0.0047	0.0102	(0.0009)	0.0002	(0.0009)	0.0087
Street Lighting							

	Retail Transmission Rate per kW						
	Retail Transmission Rate \$/kW			Increment \$		Rate Rider	Adjusted Retail Transmission Rate \$ per KW
	Network	Connection	Total	Network	Connection	Connection	
							0.0000
	2.2250	1.8598	4.0848	(0.3580)	0.0950	(0.3390)	3.4828
	2.2535	1.9603	4.2138	(0.3626)	0.1001	(0.3390)	3.6123
	1.6780	1.4377	3.1157	(0.2700)	0.0734	(0.3395)	2.5796