

January 4, 2011

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

Attention: Ms. Walli

Re: Espanola Regional Hydro Distribution Corporation ("ERHDC") 2011 3rd Generation IRM Rate Application – Responses to Board Staff Interrogatories Board File No. EB-2010-0081

Please find enclosed ERHDC's 2011 Distribution Rate Application - Board Staff Interrogatory Responses. The responses have been electronically filed through the Board's web portal and emailed to the Board Secretary.

Regards,

Jennifer Uchmomaine

Jennifer Uchmanowicz on behalf of Espanola Regional Hydro Distribution Corporation Rates and Regulatory Affairs Officer PUC Services Inc. Sault Ste. Marie Ont. Email: jennifer.uchmanowicz@ssmpuc.com

Responses to Board Staff Interrogatories

Espanola Regional Hydro Distribution Corporation (ERHDC) 2011 Electricity Distribution Rates EB-2010-0081

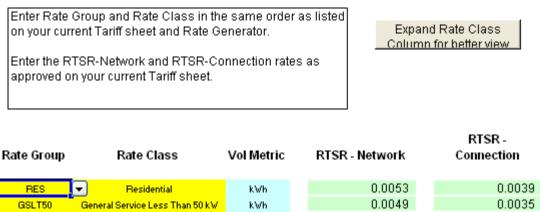
Question #1

Rate Class 2010 RTSR Rates

Ref: RTSR Model Ref: Tariff of Rates and Charges Effective May 1, 2010

A portion of Sheet B1.1 from the RTSR Model is reproduced below.

Rate Class And 2010 RTSR Rates



| GSLT50 | General Service Less Than 50 kW | kWh | 0.0049 | 0.0035 |
|--------|---------------------------------|-----|--------|--------|
| GSGT50 | General Service 50 to 4,999 kW | kW | 1.9912 | 1.3748 |
| USL | Unmetered Scattered Load | kWh | 0.0049 | 0.0035 |
| Sen | Sentinel Lighting | kW | 1.5094 | 1.0850 |
| SL | Street Lighting | kW | 1.5018 | 1.0628 |
| | | | | |
| | | | | |

a. Board staff notes that the "General Service 50 to 4,999 kW – Interval Metered" rate class is missing in the above exhibit whereas this rate class and its associated rate are captured in Espanola's Tariff of Rates and Charges Effective May 1, 2010. If this is an error, please provide the relevant information, Board staff will make the relevant correction.

ERDHC Response

ERHDC has one General Service 50 to 4,999kW service classification. Within the General Service Rate class 50 to 4,999 kW there are separate rates for:

- Retail Transmission Rate Network Service Rate
- Retail Transmission Rate Line and Transformation Connection Service Rate
- Retail Transmission Rate Network Service Rate Interval Metered

 Retail Transmission Rate- Line and Transformation Connection Service Rate – Interval Metered

On sheet B1.1 ERHDC entered the rate classes in the order as listed in the current Tariff of Rates and Charges effective May 1, 2010 and as listed in the rate generator. Since General Service 50 to 4,999 kW – Interval Metered is not a separate rate class it was not entered separately on sheet B1.1. Also, in the most recent RRR reporting ERHDC does not report metered billing determinants separately for interval metered GS>50 rate class that would be required in sheet B.1.2 of the RTSR Model to determine an adjustment specific to interval metered customers. In the rate generator model the adjustment generated from the RTSR model was consistently applied to both interval metered and non-interval metered rates in the General Service 50 to 4,999 kW rate class.

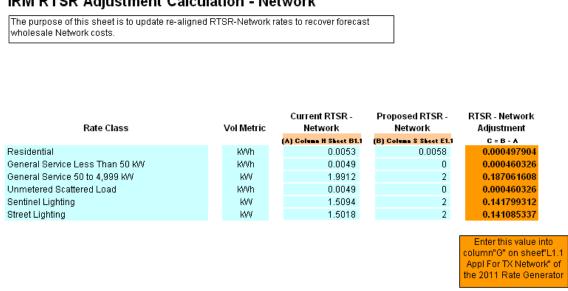
Question #2 RTSR Network Adjustment Ref: Rate Generator Model Ref: RTSR Model

A portion of Sheet L1.1 from the Rate Generator Model is reproduced below.

Applied For RTSR - Network

| Rate Class Residential | Applied to Class |
|---|--|
| Residentia | Tes |
| Rate Description Retail Transmission Rate – Network Service Rate | Vol Metric Current Amount % Adjustment \$ Adjustment Final Amount \$/k\vh 0.005300 0.000% 0.000498 0.005798 |
| | |
| Bate Class | Applied to Class |
| General Service Less Than 50 kW | Yes |
| | |
| Rate Description Retail Transmission Rate – Network Service Rate | Vol Metric Current Amount % Adjustment \$ Adjustment Final Amount \$/kWh 0.004900 0.000% 0.000460 0.005360 |
| | \$1X # 11 C.001000 C.000100 C.000000 |
| Rate Class | And States Class |
| General Service 50 to 4.999 kW | Applied to Class Yes |
| 001101 al 001 al 00 4,555 km | 165 |
| Rate Description | Vol Metric Current Amount 2 Adjustment \$ Adjustment Final Amount |
| Retail Transmission Rate – Network Service Rate Retail Transmission Rate – Network Service Rate – Interval metered | \$/k\/ 1.991200 0.000% 0.187062 2.178262 \$/k\/ 2.261500 0.000% 0.187062 2.448562 |
| Recall Transmission Rate – Network Service Rate – Interval metered | \$rk W 2.261000 0.000% 0.187062 2.448062 |
| | |
| Rate Class | Applied to Class |
| Unmetered Scattered Load | Yes |
| Rate Description | Vol Metric Current Amount % Adjustment \$ Adjustment Final Amount |
| Retail Transmission Rate – Network Service Rate | \$/kWh 0.004900 0.000% 0.000460 0.005360 |
| | |
| Rate Class | Applied to Class |
| Sentinel Lighting | Yes |
| | |
| Rate Description Retail Transmission Rate – Network Service Rate | Vol Metric Current Amount % Adjustment \$ Adjustment Final Amount \$/kW 1.509400 0.000% 0.141799 1.651199 |
| | \$100 0.000 0.000 0.0000 0.00000 |
| | |
| Rate Class Street Lighting | Applied to Class Yes |
| | |
| Su eet Lighung | |
| Rate Description Retail Transmission Rate – Network Service Rate | Vol Metric Current Amount % Adjustment \$ Adjustment Final Amount |

A portion of Sheet F1.1 from the RTSR Model is reproduced below.



IRM RTSR Adjustment Calculation - Network

a. Board staff notes that the "General Service 50 to 4,999 kW - Interval Metered" rate class is missing in the latter. If this is an error, please provide the relevant information, Board staff will make the relevant corrections in the model.

ERHDC Response

The adjustment to the General Service 50 to 4,999 kW service classification for the RTSR - network service rate generated in the RTSR model of \$0.187062 was consistently applied in the rate generator model to both regular metered and interval metered rates.

Question #3 RTSR Connection Adjustment Ref: Rate Generator Model Ref: RTSR Model

A portion of Sheet L2.1 from the Rate Generator Model is reproduced below.

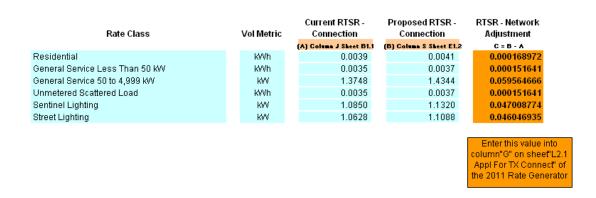
Applied For RTSR - Connection

| Rate Class | Applied to Class |
|--|--|
| Residential | Yes |
| Rate Description Retail Transmission Rate – Line and Transformation Connection Service Rate | Vol Metric Current Amount % Adjustment \$ Adjustment Final Amoun \$/KWh 0.003900 0.000% 0.000169 0.004065 |
| | |
| Bate Class General Service Less Than 50 kW | Applied to Class Yes |
| | |
| Rate Description | Vol Metric Current Amount % Adjustment \$ Adjustment Final Amoun |
| Retail Transmission Rate – Line and Transformation Connection Service Rate | \$/kWh 0.003500 0.000% 0.000152 0.003652 |
| | |
| Rate Class | Applied to Class |
| General Service 50 to 4,999 kW | Yes |
| Rate Description | Vol Metric Current Amount % Adjustment \$ Adjustment Final Amoun |
| Retail Transmission Rate – Line and Transformation Connection Service Rate | \$/kW 1.374800 0.000% 0.059565 1.434365 |
| Retail Transmission Rate – Line and Transformation Connection Service Rate – Interval metered | \$/k∀ 1.927200 0.000% 0.059565 1.986765 |
| | |
| Rate Class | Applied to Class |
| Unmetered Scattered Load | Yes |
| Rate Description | Vol Metric Current Amount % Adjustment \$ Adjustment Final Amoun |
| Retail Transmission Rate - Line and Transformation Connection Service Rate | \$/kWh 0.003500 0.000% 0.000152 0.003652 |
| | |
| Rate Class | Applied to Class |
| Sentinel Lighting | Yes |
| Date Description | Vol Metric Current Amount % Adjustment & Adjustment Final Amoun |
| Rate Description Retail Transmission Rate - Line and Transformation Connection Service Rate | Vol Metric Current Amount % Adjustment \$ Adjustment Final Amoun \$/kW 1.085000 0.000% 0.047009 1.132005 |
| | |
| Rate Class | Applied to Class |
| Street Lighting | Yes |
| | |
| Rate Description | Vol Metric Current Amount % Adjustment \$ Adjustment Final Amoun |
| Retail Transmission Rate – Line and Transformation Connection Service Rate | \$/k∀ 1.062800 <u>0.000%</u> 0.046047 1.108847 |

A portion of Sheet F1.2 from the RTSR Model is reproduced below.

IRM RTSR Adjustment Calculation - Connection

The purpose of this sheet is to update re-aligned RTSR-Network rates to recover forecast wholesale Network costs.



a. Board staff notes that the "General Service 50 to 4,999 kW – Interval Metered" rate class is missing in the latter. If this is an error, please provide the relevant information, Board staff will make the relevant corrections in the model.

ERHDC Response

The adjustment to the General Service 50 to 4,999kW service classification for the RTSR – Line and Transformation Connection Service Rate generated in the RTSR model of \$0.059565 was consistently applied in the Rate Generator Model to both regular metered and interval metered rates.

Question #4 Loss Adjusted Metered kWh

Ref: RTSR Model

A portion of Sheet B1.2 from the RTSR Model is reproduced below.

2009 Distributor Billing Determinants

| Enter the most recently reported RRR billing determinants | |] | | | |
|---|------------|--------------------|-----------------|--------------------------------|----------------------------------|
| Loss Adjusted Metered KWh | No | | | | |
| Loss Adjusted Metered KW | No | Update Sheet | | | |
| Rate Class | Vol Metric | Metered kWh M A | letered kW B | Applicable Loss Factor C | Load Factor D = A / (B * 730) |
| Residential | k/Wh | 33,443,599 | 0 | 1.0543 | |
| General Service Less Than 50 KW | k/Wh | 14,046,543 | 0 | 1.0543 | |
| General Service 50 to 4,999 KW | KW | 16,963,776 | 36,833 | 1.0543 | 63.12% |
| Unmetered Scattered Load | k/Wh | 170,432 | 0 | 1.0543 | |
| Sentinel Lighting | KWV | 24,640 | 40 | 1.0543 | 84.43% |
| Street Lighting | KW | 615,553 | 1,766 | 1.0543 | 47.77% |
| | | | | | |

- a. Please confirm that the kWh volumes in column A are not loss adjusted, i.e. losses are not included in these volumes.
- b. Board staff notes that the "General Service 50 to 4,999 kW Interval Metered" rate class is missing. If this is an error, please provide the relevant information, Board staff will make the relevant correction.

ERHDC Response

a) ERHDC confirms that losses are not included in the volumes above.

b) General Service 50 to 4,999kW – Interval Metered is not considered a separate rate class and metered data for interval meters was not reported separately in the most recent RRR filing.

Question #5 Recovery of RTSR Network Charge

Ref: RTSR Model

Ref: Deferral/Variance Account Model.

A portion of Sheet D1.1 from the RTSR Model is reproduced below.

| Rate Class | Vol Metr | Billed Amount | Billed Amount % | | nt Wholesale Billing |
|---------------------------------|----------|------------------------------|-----------------|----------|-------------------------|
| | | (D) = (A) * (B) or (A) * (C) | (F) = (D) / (E) | (H) |) = (G) * (F) |
| Residential | kWh | \$ 177,251 | 54.88% | \$ | 193,903 |
| General Service Less Than 50 kW | kWh | \$ 68,828 | 21.31% | \$ | 75,294 |
| General Service 50 to 4,999 kW | kW | \$ 73,342 | 22.71% | \$ | 80,232 |
| Jnmetered Scattered Load | kWh | \$ 835 | 0.26% | \$ | 914 |
| Sentinel Lighting | kW | \$ 60 | 0.02% | \$ | 66 |
| Street Lighting | kW | \$ 2,652 | 0.82% | \$ | 2,901 |
| | | | | | |
| | | \$ 322,969 | 100.00% | \$ | 353,310 |
| | | (E) | | (G) Cell | G73 Sheet C1.2 |

A portion of Sheet D1.6 from the Deferral/Variance Account Model is reproduced below.

| | Accou nt Numbe r | Total Claim |
|---|---------------------------|-------------|
| Account Description | | J = C + I |
| LV Variance Account | 1550 | (8,911) |
| RSVA - Wholesale Market Service Charge | 1580 | (51,665.) |
| RSVA - Retail Transmission Network Charge | 1584 | (267) |
| RSVA - Retail Transmission Connection Charge | 1586 | (417.) |
| RSVA - Power (Excluding Global Adjustment) | 1588 | (22,673) |
| RSVA - Power (Global Adjustment Sub-account) | | 25,463 |
| Recovery of Regulatory Asset Balances | 1590 | (35) |
| Residual Balance Disposition and recovery of Def/Var Balances Account (2008 | 1595 | 11,270 |
| Total | | (47,234) |
| | ' | (47,234) |

a. In the former, column D is less than column H which indicates an under-recovery of the RTSR Network charge. In the latter, Account 1584 shows an over-recovery as of December 31, 2009. Please explain this apparent discrepancy.

ERHDC Response

On sheet D1.6 account 1584 has a credit balance of \$267. This is the total balance as of January 1, 2010 adjusted for dispositions approved as of May 1, 2010 and projected interest to April 30, 2011. Amounts approved for disposition in prior years are based on projections. The projected amounts are estimates and do not agree to the actual balances in 1584 at the date when the rate rider is effective. The residual balance from prior years arising from the difference in the projected balances approved for recovery and the actual balances remain in the account for future disposition. To compare historical 2009 rates and consumption to balance sheet account 1584 as projected at April 30, 2011 does not take into account prior years dispositions/recoveries and projections.

Question #6

Recovery of RTSR Connection Charge

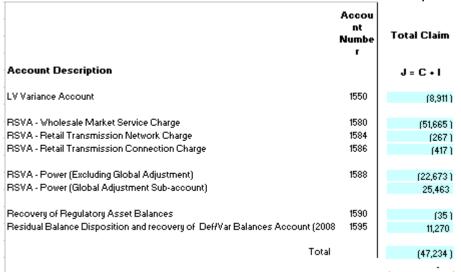
Ref: RTSR Model

Ref: Deferral/Variance Account Model.

A portion of Sheet D1.2 from the RTSR Model is reproduced below.

| | Rate Class | Vol Metric | Bill | ed Amount | Billed Amount % | Curre | nt Wholesale Billing | |
|---|---------------------------------|------------|----------|-----------------------|-----------------|----------|-------------------------|--|
| | | | (D) = (A | .) * (B) or (A) * (C) | (F) = (D) / (E) | (1 | 1) = (G) * (F) | |
| | Residential | kWh | \$ | 130,430 | 56.04% | \$ | 136,081 | |
| | General Service Less Than 50 kW | kWh | \$ | 49,163 | 21.12% | \$ | 51,293 | |
| | General Service 50 to 4,999 kW | kW | \$ | 50,638 | 21.76% | \$ | 52,832 | |
| | Unmetered Scattered Load | kWh | \$ | 597 | 0.26% | \$ | 622 | |
| | Sentinel Lighting | kW | \$ | 43 | 0.02% | \$ | 45 | |
| | Street Lighting | kW | \$ | 1,877 | 0.81% | \$ | 1,958 | |
| | | | | | | | | |
| - | | | \$ | 232,748 | 100.00% | \$ | 242,832 | |
| | | | | (E) | | (G) Cell | Q73 Sheet C1.2 | |

A portion of Sheet D1.6 from the Deferral/Variance Account Model is reproduced below.



a. In the former, column D is less than column H which indicates an under-recovery of the RTSR Network charge. In the latter, Account 1586 shows an over-recovery as of December 31, 2009. Please explain this apparent discrepancy.

ERHDC RESPONSE

On sheet D1.6 account 1586 has a credit balance of \$417. This is the total balance as of January 1, 2010 adjusted for dispositions approved as of May 1, 2010 and projected interest to April 30, 2011. Amounts approved for disposition in prior years are based on projections. The projected amounts are estimates and do not agree to the actual balances in 1586 at the date when the rate rider is effective. The residual balance from prior years arising from the difference in the projected balances approved for recovery and the actual balances remain in the account for future disposition. To compare historical 2009 rates and consumption to balance sheet account 1584 as projected at April 30, 2011 does not take into account prior years dispositions/recoveries and projections.

Question #7 Billing Determinants – 2009 Audited RRR Ref: Deferral/Variance Account Model

A portion of Sheet B1.3 from the Deferral/Variance Account Model is reproduced below.

| | | | | 2009 Aud | ited RRR | |
|------------|---------------------------------|--------------|------------|-------------|------------|--|
| Rate Group | Rate Class | Fixed Metric | Vol Metric | Metered kWh | Metered kW | Billed kWh for Non-RPP customers |
| RES | Residential | Customer | kWh | 33,443,599 | | 5,189,994 |
| GSLT50 | General Service Less Than 50 kW | Customer | kWh | 14,046,543 | | 3,293,855 |
| GSGT50 | General Service 50 to 4,999 kW | Customer | kW | 16,963,776 | 36,833 | 11,903,916 |
| USL | Unmetered Scattered Load | Connection | kWh | 170,432 | | |
| Sen | Sentinel Lighting | Connection | kW | 24,640 | 40 | |
| SL | Street Lighting | Connection | kW | 615,553 | 1,766 | |

a. Board Staff has been unable to verify the figures in the "Billed kWh for Non-RPP customers" column. Please provide evidence supporting these amounts. If this is an error, Board staff will make the relevant corrections.

ERHDC Response

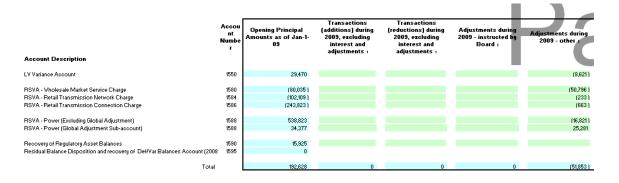
ERHDC downloaded the billed kWh for Non-RPP customers from the billing system for 2009 and verified the validity and accuracy of the above numbers. There is a discrepancy with the 2.1.3 quarterly reporting for 2009 that has been submitted to the OEB. Residential and General Service <50 kW rate classes have immaterial differences (0.1% and 2.0%) between the numbers above and 2.1.3 reporting. General Service 50 to 4,999 kW is materially different. There was an error in bill coding classification in the 2.1.3 reporting for 2009 that has been corrected in 2010. The billed kWh for Non-RPP customers in sheet B1.3 in the Deferral/Variance Account Model have been corrected and are accurate.

Question #8

Deferral Variance – Continuity Schedule 2009

Ref: Deferral/Variance Account Model

A portion of Sheet D1.5 from the Deferral/Variance Account Model is reproduced below.



a. Please provide details of transactions during 2009 and an explanation of Adjustments during 2009.

ERHDC Response

ERHDC has provided transactions additions and reductions during 2009 below. There were no adjustments instructed by the Board in 2009.

| Account Description | Account Number | Opening Principal Amounts as of Jan-1- 09 | Transactions (additions) during 2009, excluding interest and adjustments 1 | Transactions (reductions) during 2009, excluding interest and adjustments 1 | Adjustments during 2009 - instructed by Board 2 | Adjustments during 2009 - other 3 | Transfer Residual Amount of USoA 1595 | Closing Principal Balance as of Dec- 31-09 |
|--|-------------------|---|--|---|---|--------------------------------------|---|--|
| LV Variance Account | 1550 | 29,470 | 50,246 | (58,867) | | 0 | | 20,849 |
| RSVA - Wholesale Market Service Charge | 1580 | (80,035) | 44,507 | (95,303) | | 0 | | (130,831) |
| RSVA - Retail Transmission Network Charge | 1584 | (102,109) | 44,205 | (44,438) | | 0 | | (102,342) |
| RSVA - Retail Transmission Connection Charge | 1586 | (243,823) | 91,956 | (92,618) | | 0 | | (244,486) |
| RSVA - Power (Excluding Global Adjustment) | 1588 | 538,823 | 1,110,695 | (1,127,515) | | 0 | | 522,002 |
| RSVA - Power (Global Adjustment Sub-account) | 1588 | 34,377 | 590,605 | (565,324) | | 0 | | 59,658 |
| Recovery of Regulatory Asset Balances | 1590 | 15,925 | | | | | | 15,925 |
| Residual Balance Disposition and recovery of Def/Var Balances Account (2008) | 1595 | 0 | | | | | 1,863 | 1,863 |
| Total | | 192,628 | 1,932,214 | (1,984,066) | 0 | 0 | 1,863 | 142,639 |

of the 2011 OEB IRM3 Rate Generator

Question #9

Deferral and Variance Account Disposition

Ref: Deferral/Variance Account Model Ref: Rate Generator Model Ref: Manager's Summary

A portion of Sheet G1.1 from the Deferral/Variance Account Model is reproduced below.

| Rate Class | Vol Metric | Rate Rider kWh H = G / A (kWh) or H = G / B (kW) |
|---------------------------------|------------|---|
| Residential | kWh | (0.00090) |
| General Service Less Than 50 KW | KWh | (0.00080) |
| General Service 50 to 4,999 KW | KW | (0.13739) |
| Unmetered Scattered Load | KWh | (0.00115) |
| Sentinel Lighting | kW | (0.51219) |
| Street Lighting | kW | (0.35903) |
| | | Enter the above value onto Sheet "J2.2 Def Var Disp 2011" of the 2011 OEB IRM2 Rate Generator "J2.4 Def Var Disp 2011" |

A portion of Sheet J2.4 from the Rate Generator Model is reproduced below.

| Rate Class | Applied to Class | Fixed Amount | Fixed Metric | Vol Amount | Vol Metric |
|---------------------------------|------------------|--------------|--------------------------|------------|------------|
| Residential | No | 0.000000 | Customer - 12 per year | 0.000000 | kWh |
| General Service Less Than 50 kW | No | 0.000000 | Customer - 12 per year | 0.000000 | kWh |
| General Service 50 to 4,999 kW | No | 0.000000 | Customer - 12 per year | 0.000000 | kW |
| Unmetered Scattered Load | No | 0.000000 | Connection -12 per year | 0.000000 | kWh |
| Sentinel Lighting | No | 0.000000 | Connection - 12 per year | 0.000000 | kW |
| Street Lighting | No | 0.000000 | Connection - 12 per year | 0.000000 | kW |

a. Board staff notes from the Manager's Summary that Espanola is not requesting the disposition of balances, nevertheless please explain the discrepancies between the values in column H in the former and the column "Vol Amount" in the latter. If this is an error, Board staff will make the relevant corrections.

ERHDC Response

The Report of the Board on Electricity Distributors' Deferral and Variance account Review Report (the "EDDVAR Report") provides that during the IRM plan term, the distributors Group 1 account balances will be reviewed and disposed of if the preset disposition threshold of \$0.001 per kWh (debit or credit) is exceeded. In ERHDC's deferral and variance account model on sheet E1.1 the threshold test total claim per kWh is \$-0.000724. Therefore ERHDC's Group 1 accounts proposed for disposition in the 2011 IRM rate application do not meet the OEB's threshold test for disposition. The deferral and variance account model calculates a rate rider regardless if the amount is under the threshold for disposition. ERHDC did not include the rate riders calculated in the rate generator model as they do not meet the threshold test and should not be on the tariff of rates and charges produced in the rate generator model.