



January 4, 2011

Kirsten Walli, Board Secretary
Ontario Energy Board
P.O. Box 2319, 27th Floor
2300 Yonge Street
Toronto, ON
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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 Uchmanowicz
on behalf of Espanola Regional Hydro Distribution Corporation
Rates and Regulatory Affairs Officer
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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

Enter Rate Group and Rate Class in the same order as listed on your current Tariff sheet and Rate Generator.

Enter the RTSR-Network and RTSR-Connection rates as approved on your current Tariff sheet.

Expand Rate Class
Column for better view

Rate Group	Rate Class	Vol Metric	RTSR - Network	RTSR - Connection
RES	Residential	kWh	0.0053	0.0039
GSLT50	General Service Less Than 50 kW	kWh	0.0049	0.0035
GSGT50	General Service 50 to 4,999 kW	kWh	1.9912	1.3748
USL	Unmetered Scattered Load	kWh	0.0049	0.0035
Sen	Sentinel Lighting	kWh	1.5094	1.0850
SL	Street Lighting	kWh	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	Applied to Class					
Residential	Yes					
Rate Description	Vol Metric	Current Amount	% Adjustment	\$ Adjustment	Final Amount	
Retail Transmission Rate - Network Service Rate	\$/kWh	0.005300	0.000%	0.000498	0.005798	

Rate Class	Applied to Class					
General Service Less Than 50 kW	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					
General Service 50 to 4,999 kW	Yes					
Rate Description	Vol Metric	Current Amount	% Adjustment	\$ Adjustment	Final Amount	
Retail Transmission Rate - Network Service Rate	\$/kW	1.991200	0.000%	0.187062	2.178262	
Retail Transmission Rate - Network Service Rate - Interval metered	\$/kW	2.261500	0.000%	0.187062	2.448562	

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	Vol Metric	Current Amount	% Adjustment	\$ Adjustment	Final Amount	
Retail Transmission Rate - Network Service Rate	\$/kW	1.509400	0.000%	0.141793	1.651193	

Rate Class	Applied to Class					
Street Lighting	Yes					
Rate Description	Vol Metric	Current Amount	% Adjustment	\$ Adjustment	Final Amount	
Retail Transmission Rate - Network Service Rate	\$/kW	1.501800	0.000%	0.141085	1.642885	

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

IRM RTSR Adjustment Calculation - Network

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

Rate Class	Vol Metric	Current RTSR - Network	Proposed RTSR - Network	RTSR - Network Adjustment
		(A) Column H Sheet B1.1	(B) Column S Sheet E1.1	C = B - A
Residential	kWh	0.0053	0.0058	0.000497904
General Service Less Than 50 kW	kWh	0.0049	0	0.000460326
General Service 50 to 4,999 kW	kW	1.9912	2	0.187061608
Unmetered Scattered Load	kWh	0.0049	0	0.000460326
Sentinel Lighting	kW	1.5094	2	0.141799312
Street Lighting	kW	1.5018	2	0.141085337

Enter this value into column "G" on sheet "L1.1 Appl For TX Network" of the 2011 Rate Generator

- 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	Vol Metric	Current Amount	% Adjustment	\$ Adjustment	Final Amount
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.003900	0.000%	0.000169	0.004069
General Service Less Than 50 kW	Yes				
Rate Description	Vol Metric	Current Amount	% Adjustment	\$ Adjustment	Final Amount
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.003500	0.000%	0.000152	0.003652
General Service 50 to 4,999 kW	Yes				
Rate Description	Vol Metric	Current Amount	% Adjustment	\$ Adjustment	Final Amount
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	1374800	0.000%	0.059565	1434365
Retail Transmission Rate - Line and Transformation Connection Service Rate - Interval metered	\$/kW	1927200	0.000%	0.059565	1986765
Unmetered Scattered Load	Yes				
Rate Description	Vol Metric	Current Amount	% Adjustment	\$ Adjustment	Final Amount
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.003500	0.000%	0.000152	0.003652
Sentinel Lighting	Yes				
Rate Description	Vol Metric	Current Amount	% Adjustment	\$ Adjustment	Final Amount
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	1085000	0.000%	0.047009	1132009
Street Lighting	Yes				
Rate Description	Vol Metric	Current Amount	% Adjustment	\$ Adjustment	Final Amount
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	1062800	0.000%	0.046047	1108847

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.

Rate Class	Vol Metric	Current RTSR - Connection (A) Column J Sheet B1.1	Proposed RTSR - Connection (B) Column S Sheet E1.2	RTSR - Network Adjustment C = B - A
Residential	kWh	0.0039	0.0041	0.000168972
General Service Less Than 50 kW	kWh	0.0035	0.0037	0.000151641
General Service 50 to 4,999 kW	kW	1.3748	1.4344	0.059564666
Unmetered Scattered Load	kWh	0.0035	0.0037	0.000151641
Sentinel Lighting	kW	1.0850	1.1320	0.047008774
Street Lighting	kW	1.0628	1.1088	0.046046935

Enter this value into column "G" on sheet "L2.1 Appl For TX Connect" of the 2011 Rate Generator

- 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 Update Sheet

Loss Adjusted Metered kW No

Rate Class	Vol Metric	Metered kWh		Applicable Loss Factor C	Load Factor D = A / (B * 730)
		A	B		
Residential	kWh	33,443,599	0	1.0543	
General Service Less Than 50 kW	kWh	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	kWh	170,432	0	1.0543	
Sentinel Lighting	kW	24,640	40	1.0543	84.43%
Street Lighting	kW	615,553	1,766	1.0543	47.77%
Total		65,264,543	38,639		

- 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 (D) = (A) * (B) or (A) * (C)	Billed Amount % (F) = (D) / (E)	Current Wholesale Billing (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
Unmetered 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.

Account Description	Account Number	Total Claim 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)

- 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	Billed Amount (D) = (A) * (B) or (A) * (C)	Billed Amount % (F) = (D) / (E)	Current Wholesale Billing (H) = (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.

Account Description	Account Number	Total Claim 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 DeffVar Balances Account (2008	1595	11,270
Total		(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 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 Audited 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.

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
LV Variance Account	1550	29,470				(8,621)
RSVA - Wholesale Market Service Charge	1580	(80,035)				(50,796)
RSVA - Retail Transmission Network Charge	1584	(102,109)				(233)
RSVA - Retail Transmission Connection Charge	1586	(243,823)				(663)
RSVA - Power (Excluding Global Adjustment)	1588	538,823				(16,821)
RSVA - Power (Global Adjustment Sub-account)	1588	34,377				25,281
Recovery of Regulatory Asset Balances	1590	15,925				
Residual Balance Disposition and recovery of DefVar Balances Account (2008)	1595	0				
Total		192,628	0	0	0	(51,853)

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)	81,956	(92,618)		0		(244,485)
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 DefVar Balances Account (2008)	1595	0					1,863	1,863
Total		192,628	1,932,214	(1,994,066)	0	0	1,863	142,639

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 DefVar Disp 2011" of the 2011 OEB IRM2 Rate Generator "J2.4 DefVar Disp 2011" of the 2011 OEB IRM3 Rate Generator

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.