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January 7, 2011

Delivered By Courier

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

Attention: Kirsten Walli
Board Secretary

Re: Haldimand County Hydro Inc. (EB-2010-0086)
2011 IRM3 Electricity Distribution Rate Application
Responses to Interrogatories

Dear Ms. Walli:

Haldimand County Hydro Inc. filed an application with the Ontario Energy Board (the "Board") on October 29, 2010 seeking approval for changes to rates that Haldimand County Hydro may charge for electricity distribution to be effective May 1, 2011.

Pursuant to the *Notice of Application and Hearing for an Electricity Distribution Rate Change*, issued November 15, 2010, Board Staff filed interrogatories on December 1, 2010. Haldimand County Hydro was required to file responses by January 7, 2011.

Two hard copies of Haldimand County Hydro's responses to the Board Staff interrogatories are now enclosed. An electronic copy in PDF format will be submitted through the Board's *Regulatory Electronic Submission System* ("RESS").

In addition, an electronic copy in PDF format will be forwarded via email to the intervenors of record in the previous cost of service rate application proceeding EB-2009-0265.

These responses to Board Staff interrogatories relating to the 2011 IRM3 Electricity Distribution Rate Application are respectfully submitted for the Board's consideration.

Yours truly,
HALDIMAND COUNTY HYDRO INC.

Original signed by

Jacqueline A. Scott
Finance Manager

Haldimand County Hydro Inc.
2011 Electricity Distribution Rates
EB-2010-0086
Board Staff Interrogatories

1. Tax Change Rate Rider

Ref: Rate Generator Model
Ref: Tax Model

A portion of Sheet J2.7 from the Rate Generator Model is reproduced below.

Tax Change Rate Rider

Rate Rider	Tax Change
Sunset Date	30/04/2012 (DD/MM/YYYY)
Metric Applied To	All Customers
Method of Application	Distinct Volumetric

Rate Class	Applied to Class	Fixed Amount	Fixed Metric	Vol Amount	Vol Metric
Residential	No	0.000000	Customer per 30 days	0.000000	kWh
General Service Less Than 50 kW	No	0.000000	Customer per 30 days	0.000000	kWh
General Service 50 to 4,999 kW	No	0.000000	Customer per 30 days	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
Embedded Distributor – Hydro One Networks Inc.	No	0.000000	Customer -12 per year	0.000000	kW

A portion of Sheet F1.3 from the Tax Model is reproduced below.

Calculate Tax Change Rate Rider Volumetric

Rate Class	Total Revenue $ by Rate Class A	Total Revenue % by Rate Class B = A / $H	Total Z-Factor Tax Change$ by Rate Class C = $I * B	Billed kWh D	Billed kW E	Distribution Volumetric Rate kWh Rate Rider F = C / D	Distribution Volumetric Rate kW Rate Rider G = C / E
Residential	$8,462,726.0008	66.41%	-$23,605	171,936,412	0	-$0.0001	
General Service Less Than 50 kW	$2,057,321	16.14%	-$5,739	61,801,919	0	-$0.0001	
General Service 50 to 4,999 kW	$1,593,550	12.50%	-$4,445	110,031,720	298,148		-$0.0149
Unmetered Scattered Load	$21,976	0.17%	-$61	482,264	0	-$0.0001	
Sentinel Lighting	$129,003	1.01%	-$360	418,928	1,167		-$0.3083
Street Lighting	$306,666	2.41%	-$855	2,328,757	6,475		-$0.1321
Embedded Distributor	$172,350	1.35%	-$481	83,184,875	276,949		-$0.0017
	$12,743,592	100.00%	-$35,546				
	H		I				

Enter the above value onto Sheet "J2.7 Tax Change Rate Rider" of the 2011 IRM3 Rate Generator.

a. The amounts in the “Vol Amount” column in the former do not match the amounts in columns F and G in the latter. Please reconcile these discrepancies. If this is an error, Board Staff will make the relevant corrections.

Response

Haldimand County Hydro considers this tax change as a Z-factor adjustment, and as such, the amounts does not meet the materiality threshold for potential recovery / refund as noted in the Manager’s Summary at 3 (d) on page 7. The materiality threshold calculates to $68,678 and the 50% sharing of tax savings in 2011 only calculates to a credit of $35,546.

Haldimand County Hydro further proposes to defer this credit amount for disposition in a future rate application. Accordingly, the rate riders on sheet J2.7 Tax Change Rate Rider in the “Vol Amount” column are stated correctly as $0.00.

2. Rate Adjustment to GS 50 to 4,999 kW rate class

Ref: Rate Generator Model
Ref: Manager's Summary

A portion of Sheet H1.1 from the Rate Generator Model is reproduced below.

Rationalization of Rates Worksheet

	After Price Cap Base A	Re-based Billed Customers or Connection B	Re-based Billed kWh	Revenue Requirement from Rates D = A * B * 12	Total % Revenue F = D / E	Target Total % Revenue G	Adjusted Revenue Requirement from Rates H = G * E	Adjusted Rates I = H / B /12	Adjustment To Rates J = I - A
Residential									
Monthly Service Charge	$ 12.25	18,534		$ 2,724,946	32.1%	37.0%	$ 3,136,837	$ 14.10	$ 1.85
	A		C	D = A * C	F = D / E	G	H = G * E	I = H / B	J = I - A
Volumetric Distribution Charge	$ 0.0335		171,936,412	$ 5,752,992	67.9%	63.0%	$ 5,341,101	$ 0.0311	-$ 0.0024
				$ 8,477,938			$ 8,477,938		
				E					

	After Price Cap Base A	Re-based Billed Customers or Connection B	Re-based Billed kW	Revenue Requirement from Rates D = A * B * 12	Target Fixed Rate of $102.48 + Price Cap G	Adjusted Revenue Requirement from Rates H = G * B * 12	Adjusted Rates J = H / B /12	Adjustment To Rates L = I - A
General Service 50 to 4,999 kW								
Monthly Service Charge	$ 92.99	143		$ 159,566	$ 102.66	$ 176,172	$ 102.66	$ 9.68
	A		C	D = A * C		I = (E - H)	K = I / B	L = I - A
Volumetric Distribution Charge	$ 4.8193		298,148	$ 1,436,852		$ 1,420,246	$ 4.7636	-$ 0.0557
				$ 1,596,418		$ 1,596,418		
				E				

a. With respect to the GS 50 to 4,999 kW rate class:

Both the Monthly Service Charge and Volumetric Distribution Charge appear to be adjusted in the Rationalization of Rates Worksheet shown above.

Page 6 of the Manager's Summary states adjustments are "applied to the distribution volumetric rate component only".

Please provide an explanatory note in support of the adjustments provided in the Rationalization of Rates Worksheet and confirm that they are correct.

Response

Pursuant to Board's decision with respect to Haldimand County Hydro's 2010 Cost of Service Electricity Distribution Rate Application (EB-2009-0265), the beneficiary of the revenue to cost ratio

adjustments arising from the adjustments to the Sentinel Lighting and Street Lighting rate classes is the General Service 50 to 4,999 kW rate class. This adjustment is to be applied to the distribution volumetric component only of the distribution rates for this rate class. The base service charge component is to remain at the current Board-approved ceiling level of $102.48 per month plus or minus the price cap adjustment in each IRM rate year.

In order to accomplish this rate adjustment, the 2011 IRM3 Rate Generator model had to be adjusted by Board Staff as stated in the Manager's Summary at 3 (b) on page 6. The monthly service charge appears to have been adjusted in H1.1 Rationalization of Rates Worksheet; however, in actual fact it has only been adjusted by the Price Cap Adjustment of 0.18%. ($102.48 x 0.18% = $102.66)

The 2011 IRM3 Revenue Cost Ratio Adjustment model was not adjusted to incorporate this requirement of EB-2009-0265 for the General Service 50 to 4999 kW rate class. Instead, this rate adjustment was incorporated into the 2011 IRM3 Rate Generator model after the revenue to cost ratio adjustments from sheet C1.9 were transferred to sheet D1.2 of this model. The Rationalization of Rates worksheet forces the calculation of the base monthly service charge to be $102.66 (column O – "Target Fixed Rate of $102.48 + Price Cap") with a total adjusted revenue requirement of $176,172 from the fixed component. The variable component of the revenue requirement from this rate class is the difference between the total Board-approved revenue requirement of $1,596,418 and the fixed component of $176,172. The variable component, in the amount of $1,420,246, is divided by the Board-approved Billed kW of 298,148 to determine the adjusted distribution volumetric rate of $4.7636 per kW.

Accordingly, the base service charge of $102.66 / month and the distribution volumetric rate of $4.7636 / kW are correct for the General Service 50 to 4999 kW rate class.

3. Revenue Offsets Allocation

Ref: Revenue Cost Ratio Model

A portion of Sheet C1.2 from the Revenue Cost Ratio Model is reproduced below.

Revenue Offsets Allocation

The purpose of this sheet is to allocate the Revenue Offsets (miscellaneous revenue) found in the last COS to the various rate classes in proportion to the allocation from the Cost Allocation informational filing.

Rate Class	Informational Filing Revenue Offsets A	Percentage Split C= A / B	Allocated Revenue Offsets E = D * C
Residential	781,920	71.79%	781,920
General Service Less Than 50 kW	177,248	16.27%	177,248
General Service 50 to 4,999 kW	93,209	8.56%	93,209
Unmetered Scattered Load	2,659	0.24%	2,659
Sentinel Lighting	14,131	1.30%	14,131
Street Lighting	19,396	1.78%	19,396
Embedded Distributor	581	0.05%	581
	1,089,144	100.00%	1,089,144
	B		D

Enter revenue offsets as found in Cell F47 on sheet "C1.2 Revenue Offsets Allocation" of the 2010 IRM3 Supplemental Filing Module or from 2010 COS RRWF

a. Board Staff has been unable to verify the figures in column A (Informational Filing Revenue Offsets) for the various rate classes. Please provide evidence supporting these amounts.

Response

The above Board-approved Revenue Offsets by rate class are sourced from sheet O1 "Revenue to Cost / RR" of Haldimand County Hydro's 2010 Cost Allocation Informational Filing submitted August 28, 2009 as part of EB-2009-0265, with further adjustments as a result of the Board-approved Settlement Proposal, section 3 c) pages 8 to

9, and the Board's Decision and Order issued March 31, 2010 – a copy of which is reproduced below.

2010 COST ALLOCATION STUDY
HALDIMAND COUNTY HYDRO INC.
EB-2009-0265
August 28, 2009
Sheet O1 Revenue to Cost Summary Worksheet - Second Run 2010 COS Rate Applitn-per Board Decision

Class Revenue, Cost Analysis, and Return on Rate Base

Rate Base Assets		Total	1 Residential	2 General Service less than 50 kW	3 General Service 50 to 4,999 kW	7 Street Lighting	8 Sentinel Lighting	9 Unmetered Scattered Load	10 Embedded Distributor - Hydro One
crev	Distribution Revenue (sale)	$12,646,747	$8,461,082	$2,057,572	$1,829,897	$84,904	$18,953	$21,999	$172,340
mi	Miscellaneous Revenue (mi)	$1,089,144	$781,920	$177,248	$93,209	$19,396	$14,131	$2,659	$581
	Total Revenue	$13,735,891	$9,243,002	$2,234,820	$1,923,106	$104,300	$33,084	$24,658	$172,921
		($1,089,144)							
	Expenses								
di	Distribution Costs (di)	$3,649,561	$2,452,036	$564,247	$415,867	$152,906	$55,939	$8,567	$0
cu	Customer Related Costs (cu)	$1,637,482	$1,191,447	$308,600	$99,111	$1,226	$25,472	$3,505	$8,121
ad	General and Administration (ad)	$2,011,567	$1,385,083	$331,586	$196,885	$59,444	$30,923	$4,590	$3,054
dep	Depreciation and Amortization (dep)	$2,813,465	$1,893,610	$442,733	$313,728	$113,034	$41,352	$6,324	$2,685
INPUT	PILs (INPUT)	$699,379	$470,669	$110,637	$77,486	$28,028	$10,254	$1,567	$739
INT	Interest	$1,186,871	$798,741	$187,754	$131,496	$47,564	$17,401	$2,659	$1,255
	Total Expenses	$11,998,325	$8,191,587	$1,945,556	$1,234,573	$402,202	$181,341	$27,213	$15,854
	Direct Allocation	$155,394	$0	$0	$0	$0	$0	$0	$155,394
NI	Allocated Net Income (NI)	$1,582,173	$1,064,772	$250,288	$175,293	$63,406	$23,196	$3,545	$1,673
	Revenue Requirement (includes NI)	$13,735,892	$9,256,358	$2,195,844	$1,409,865	$465,608	$204,538	$30,758	$172,921
		Revenue Requirement Input equals Output							
	Rate Base Calculation								
	Net Assets								
dp	Distribution Plant - Gross	$50,558,436	$34,021,550	$7,984,649	$5,618,709	$2,027,067	$741,579	$113,374	$51,508
gp	General Plant - Gross	$8,669,510	$5,842,850	$1,369,317	$950,351	$350,428	$128,200	$19,573	$8,792
accum dep	Accumulated Depreciation	($21,784,473)	($14,629,227)	($3,439,908)	($2,464,510)	($864,003)	($316,086)	($48,411)	($22,328)
co	Capital Contribution	($2,790,019)	($1,909,502)	($433,295)	($270,714)	($123,121)	($45,042)	($6,808)	($1,537)
	Total Net Plant	$34,653,454	$23,325,672	$5,480,763	$3,833,837	$1,390,370	$508,651	$77,727	$36,435
	Directly Allocated Net Fixed Assets	$43,617	$0	$0	$0	$0	$0	$0	$43,617
COP	Cost of Power (COP)	$29,342,259	$14,185,435	$5,098,903	$9,078,053	$192,132	$34,563	$39,789	$713,384
	OM&A Expenses	$7,298,610	$5,028,567	$1,204,432	$711,863	$213,576	$112,335	$16,662	$11,175
	Directly Allocated Expenses	$146,750	$0	$0	$0	$0	$0	$0	$146,750
	Subtotal	***$36,787,619***	***$19,214,002***	***$6,303,335***	***$9,789,915***	***$405,708***	***$146,898***	***$56,451***	***$871,310***
	Working Capital	$5,518,143	$2,882,100	$945,500	$1,468,487	$60,856	$22,035	$8,468	$130,696
	Total Rate Base	$40,215,214	$26,207,772	$6,426,263	$5,302,324	$1,451,226	$530,685	$86,195	$210,748
		Rate Base Input equals Output							
	Equity Component of Rate Base	$16,086,086	$10,483,109	$2,570,505	$2,120,930	$580,490	$212,274	$34,478	$84,299
	Net Income on Allocated Assets	$1,582,172	$1,051,416	$289,264	$688,533	($297,902)	($148,257)	($2,555)	$1,673
	Net Income on Direct Allocation Assets	$2,307	$0	$0	$0	$0	$0	$0	$2,307
	Net Income	$1,584,478	$1,051,416	$289,264	$688,533	($297,902)	($148,257)	($2,555)	$3,979
	RATIOS ANALYSIS								
	REVENUE TO EXPENSES %	100.00%	99.86%	101.78%	136.40%	22.40%	16.18%	80.17%	100.00%
	EXISTING REVENUE MINUS ALLOCATED COSTS	($1)	($13,356)	$38,976	$513,241	($361,308)	($171,454)	($6,100)	$0
	RETURN ON EQUITY COMPONENT OF RATE BASE	9.85%	10.03%	11.25%	32.46%	-51.32%	-69.84%	-7.41%	4.72%

4. Loss Adjusted Metered kWh

Ref: RTSR Model (Excludes HONI)
Ref: RTSR Model (HONI)
Ref: Tariff of Rates and Charges, effective May 1, 2010

A portion of Sheet B1.2 from the RTSR Model (Excludes HONI) is reproduced below.

2009 Distributor Billing Determinants

Enter the most recently reported RRR billing determinants

Loss Adjusted Metered kWh	Yes	Update Sheet
Loss Adjusted Metered kW	No	

Rate Class	Vol Metric	Metered kWh A	Metered kW B	Applicable Loss Factor C	Load Factor D = A / (B * 730)	Loss Adjusted Billed kWh E = A * C
Residential	kWh	168,226,691	0	1.0565		177,731,499
General Service Less Than 50 kW	kWh	57,269,262	0	1.0565		60,504,975
General Service 50 to 4,999 kW	kW	29,526,000	96,852	1.0565	41.78%	31,194,219
General Service 50 to 4,999 kW – Interval Metered	kW	80,244,756	220,380	1.0565	49.91%	84,778,585
Unmetered Scattered Load	kWh	481,502	0	1.0565		508,707
Sentinel Lighting	kW	467,767	1,293	1.0565	49.58%	494,196
Street Lighting	kW	2,312,050	6,501	1.0565	48.75%	2,442,681
Total		338,528,028	325,026			357,654,862

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

2009 Distributor Billing Determinants

Enter the most recently reported RRR billing determinants

Loss Adjusted Metered kWh	Yes	Update Sheet
Loss Adjusted Metered kW	No	

Rate Class	Vol Metric	Metered kWh A	Metered kW B	Applicable Loss Factor C	Load Factor D = A / (B * 730)	Loss Adjusted Billed kWh E = A * C
Embedded Distributor	kW	56,044,835	334,545	1.0565	22.96%	59,211,368
Total		56,044,835	334,545			59,211,368

a. Please confirm that the kWh volumes in column A in both cases are not loss adjusted, i.e. losses are not included in these volumes.

Response

The kWh volumes reported in column A "Metered kWh" on Sheet B1.2 of the RTSR Model (Excludes HONI) and the RTSR Model (HONI) are actual kWh; that is, losses are not included in these volumes.

b. Board Staff notes that the applicable loss factors used for the various rate classes captured in the two exhibits above do not align with the corresponding loss factors in the current tariff sheet, i.e. Tariff of Rates and Charges, effective May 1, 2010. If this is an error, Board Staff will make the relevant corrections.

Response

The User Instructions provided for completion of the 2011 RTSR Adjustment Work Form instruct as follows for Sheet B1.2;

> ***"User will input most recently reported RRR billing determinants and applicable loss factors for each rate class…"***

Haldimand County Hydro's most recently reported RRR billing determinants are the 2009 metered kWh and kW. Similarly, Haldimand County Hydro understood that the loss factor required in accordance with these instructions (as noted above) referred also to the 2009 Board-approved loss factor on Haldimand County Hydro's "Tariff of Rates and Charges, effective May 1, 2009".

If Haldimand County Hydro has misunderstood these instructions, and in fact the loss factor in column C "Applicable Loss Factor" should be the loss factors approved in Haldimand County Hydro's current tariff sheet, "Tariff of Rates and Charges, effective May 1, 2010", then Board Staff should revise Sheet B1.2 as follows:

Customer Rate Class	***Loss Factor (effective May 1, 2010)***
Residential	***1.0680***
General Service Less Than 50 kW	***1.0680***
General Service 50 to 4,999 kW	***1.0680***
General Service 50 to 4,999 kW – Interval Metered	***1.0680***
Unmetered Scattered Load	***1.0680***
Sentinel Lighting	***1.0680***
Street Lighting	***1.0680***
Embedded Distributor	***1.0305***

With respect to the RTSR Model (HONI), when Board Staff revise Sheet B1.2 with the Board-approved 2010 loss factor of 1.0305, both the metered kWh and kW are to be loss-adjusted pursuant to EB-2009-0265.

c. With respect to the Embedded Distributor rate class captured in the 2nd exhibit, Board Staff has been unable to verify the figures in columns A (Metered kWh) and B (Metered kW). Please provide evidence supporting these amounts.

Response

In March 2009, HONI de-registered 8 metering points from the IESO Wholesale Market and became a retail customer of Haldimand County Hydro at all of these 8 metering points. Haldimand County Hydro is the wholesale market participant and pays the IESO all electricity related charges and settles with HONI using Haldimand County Hydro's retail billing process. For further details, refer to Haldimand County Hydro's response to Board Staff Interrogatory #23 from EB-2009-0265. The kWh associated with these 8 points for 10 months of 2009, that is March to December, was reported in Haldimand County Hydro's annual RRR filing with the OEB in section 2.1.5, Performance Based Regulation "Outputs and Revenues" as part of the total Wholesale kWh and the total Retail kWh; that is, it was not required to be separately identified, since this embedded distributor rate class did not exist prior to May 1, 2010.

Further, in April 2009, HONI's customer Air Products Canada Ltd. became an additional embedded point within Haldimand County Hydro's service territory but remained a wholesale market participant at the IESO-registered meter connected to the Haldimand County Hydro-owned feeder. Haldimand County Hydro is the IESO-transmission connected customer and pays to the IESO all transmission and network connection related charges. This embedded point for 9 months of 2009, that is April to December, wheeled power through Haldimand County Hydro's distribution system.

Accordingly, the Metered kWh and Metered kW in the 2nd Exhibit above for the Embedded Distributor – HONI represent the actual consumption billed to HONI in 2009.

5. Recovery of RTSR Network and Connection Charge

Ref: RTSR Model (Excludes HONI)
Ref: Deferral/Variance Account Model (Excludes HONI)

A portion of Sheet D1.1 from the RTSR Model (Excludes HONI) is reproduced below.

Adjust RTSR-Network to Current Network Wholesale

Rate Class	Vol Metric	Current RTSR - Network	Loss Adjusted Billed kWh	Billed kW	Billed Amount	Billed Amount %	Current Wholesale Billing
		(A) Column H Sheet B1.1	(B) Column O Sheet B1.2	(C) Column I Sheet B1.2	(D) = (A) * (B) or (A) * (C)	(F) = (D) / (E)	(H) = (G) * (F)
Residential	kWh	$ 0.0052	177,731,499	0	$ 924,204	49.72%	$ 1,056,802
General Service Less Than 50 kW	kWh	$ 0.0047	60,504,975	0	$ 284,373	15.30%	$ 325,173
General Service 50 to 4,999 kW	kW	$ 1.9253	31,194,219	96,852	$ 186,469	10.03%	$ 213,222
General Service 50 to 4,999 kW – Interval Metered	kW	$ 2.0423	84,778,585	220,380	$ 450,082	24.21%	$ 514,656
Unmetered Scattered Load	kWh	$ 0.0047	508,707	0	$ 2,391	0.13%	$ 2,734
Sentinel Lighting	kW	$ 1.4592	494,196	1,293	$ 1,887	0.10%	$ 2,157
Street Lighting	kW	$ 1.4519	2,442,681	6,501	$ 9,439	0.51%	$ 10,793
			357,654,862	325,026	$ 1,858,845	100.00%	$ 2,125,538
					(E)		(G) Cell G73 Sheet C1.2

A portion of Sheet D1.2 from the RTSR Model (Excludes HONI) is reproduced below.

Adjust RTSR-Connection to Current Connection Wholesale

Rate Class	Vol Metric	Current RTSR - Connection	Loss Adjusted Billed kWh	Billed kW	Billed Amount	Billed Amount %	Current Wholesale Billing
		(A) Column J Sheet B1.1	(B) Column O Sheet B1.2	(C) Column I Sheet B1.2	(D) = (A) * (B) or (A) * (C)	(F) = (D) / (E)	(H) = (G) * (F)
Residential	kWh	$ 0.0046	177,731,499	0	$ 817,565	49.43%	$ 883,133
General Service Less Than 50 kW	kWh	$ 0.0042	60,504,975	0	$ 254,121	15.36%	$ 274,501
General Service 50 to 4,999 kW	kW	$ 1.6749	31,194,219	96,852	$ 162,217	9.81%	$ 175,227
General Service 50 to 4,999 kW – Interval Metered	kW	$ 1.8512	84,778,585	220,380	$ 407,967	24.66%	$ 440,686
Unmetered Scattered Load	kWh	$ 0.0042	508,707	0	$ 2,137	0.13%	$ 2,308
Sentinel Lighting	kW	$ 1.3220	494,196	1,293	$ 1,709	0.10%	$ 1,846
Street Lighting	kW	$ 1.2950	2,442,681	6,501	$ 8,419	0.51%	$ 9,094
			357,654,862	325,026	$ 1,654,135	100.00%	$ 1,786,797
					(E)		(G) Cell Q73 Sheet C1.2

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

Account Description	Account Number	Total Claim
		J = C + I
LV Variance Account	1550	(173,010)
RSVA - Wholesale Market Service Charge	1580	(262,269)
RSVA - Retail Transmission Network Charge	1584	(39,361)
RSVA - Retail Transmission Connection Charge	1586	(83,957)
RSVA - Power (Excluding Global Adjustment)	1588	47,136
RSVA - Power (Global Adjustment Sub-account)		(375,436)
Recovery of Regulatory Asset Balances	1590	(0)
Residual Balance Disposition and recovery of Def/Var Balances Account (2008)	1595	0
Total		(886,898)

a. In the 1st exhibit (Network), column D is less than column H which indicates an under-recovery of the RTSR Network charge. In the 3rd exhibit, Account 1584 shows an over-recovery as of December 31, 2009. Please explain this apparent discrepancy.

Response

In the RTSR model (Excludes HONI), Sheet D1.1 column H, "Current Wholesale Billing", calculates the historical (2009) transmission units at current 2010 Uniform Transmission and Hydro One Sub-Transmission (collectively "UTR") rates. When this calculation is performed, it does indicate an under-recovery of the RTSR Network charge when compared to the 2009 metered kWh or kW at the Board-approved 2010 customer RTSR rates.

In the Deferral/Variance Account model (Excludes HONI), Sheet D1.6 shows an over-recovery of Account 1584, "RSVA – Retail Transmission Network Charge", as of December 31, 2009. This over-recovery is a result of 2009 customer billed amounts compared to 2009 wholesale charge amounts, which is a different calculation than the one completed on Sheet D1.1 of the RTSR model (Excludes HONI) as noted above.

Accordingly, the RTSR model is calculating the wholesale billing using the 2010 UTR rates, as compared to the Deferral/Variance

Account model, which provides the wholesale billing as it actually occurred in 2009 at 2009 UTR rates. There will also be a difference in customer billed amounts between these two models if Board Staff modify Sheet B1.2 in the RTSR models as per Haldimand County Hydro's response to IR #4 b.; that is, with any adjustment to the loss factors. The RTSR model will be calculating the customer billed amounts using the 2010 Board-approved loss factors applied to 2009 metered kWh, and the Deferral/Variance Account model will reflect the customer billed amounts as they actually occurred in 2009 with 2009 Board-approved loss factors applied.

b. In the 2nd exhibit (Connection), column D is less than column H which indicates an under-recovery of the RTSR Network charge. In the 3rd exhibit, Account 1586 shows an over-recovery as of December 31, 2009. Please explain this apparent discrepancy

Response

Refer to the response in #5 a. above, as the same rationale applies.

6. Embedded Distributor Metered kWh and kW

Ref: Deferral/Variance Account Model (HONI)
Ref: RTSR Model (HONI)

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

				2010 COS Forecast		
Rate Group	Rate Class	Fixed Metric	Vol Metric	Metered kWh	Metered kW	Billed kWh for Non-RPP customers
EMB	Embedded Distributor	Customer	kW	83,184,875	276,949	83,184,875

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

2009 Distributor Billing Determinants

Enter the most recently reported RRR billing determinants

Loss Adjusted Metered kWh	Yes	Update Sheet
Loss Adjusted Metered kW	No	

Rate Class	Vol Metric	Metered kWh A	Metered kW B	Applicable Loss Factor C	Load Factor D = A / (B * 730)	Loss Adjusted Billed kWh E = A * C
Embedded Distributor	kW	56,044,835	334,545	1.0565	22.96%	59,211,368
Total		56,044,835	334,545			59,211,368

a. Board Staff has been unable to verify the figures in the "Metered kWh" and "Metered kW" in the 1st exhibit. Please provide evidence supporting these amounts. If this is an error, Board Staff will make the relevant corrections.

Response

The 2010 forecasted load for HONI is sourced from EB-2009-0265 at Exhibit 3, Tab 2, Schedule 2, Page 4 of 24 and Page 24 of 24, Table 26 "Summary of Forecast Data". Pursuant to the Board's Decision and Order on this rate application, Haldimand County Hydro's Draft Rate

Order submitted on April 14, 2010 was approved by the Board with the final Rate Order issued April 26, 2010. The above figures for the Embedded Distributor – HONI 2010 COS load forecast may also be sourced from Appendix E of this Board-approved Draft Rate Order.

b. Further, Board Staff notes that these figures are significantly different from the equivalent figures in columns A and B in the 2nd exhibit. Please explain.

Response

Refer to response to interrogatory #4 c., where Haldimand County Hydro has explained the embedded distributor situation with HONI that commenced in March 2009 for 8 metering points that contributed to the metered kWh and metered kW and an additional 9th point in April 2009 that contributed to the metered kW only. Columns A and B represent a partial year in 2009 in the 2nd exhibit, as compared to a full 12 month load forecast for 2010 that was supplied directly from HONI for the 9 metering points as provided for in EB-2009-0265 at Exhibit 3, Tab 2, Schedule 2, Page 4 of 24.