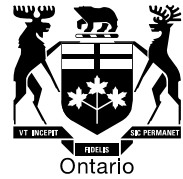


**Ontario Energy  
Board**  
P.O. Box 2319  
27th. Floor  
2300 Yonge Street  
Toronto ON M4P 1E4  
Telephone: 416-481-1967  
Facsimile: 416-440-7656  
Toll free: 1-888-632-6273

**Commission de l'énergie  
de l'Ontario**  
C.P. 2319  
27e étage  
2300, rue Yonge  
Toronto ON M4P 1E4  
Téléphone: 416-481-1967  
Télécopieur: 416-440-7656  
Numéro sans frais: 1-888-632-6273



**BY EMAIL**

January 24, 2011

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

Attention: Ms. Kirsten Walli, Board Secretary

Dear Ms. Walli:

**Re: Orangeville Hydro Limited  
2011 IRM3 Distribution Rate Application  
Board Staff Submission  
Board File No. EB-2010-0105**

In accordance with the Notice of Application and Written Hearing, please find attached the Board Staff Submission in the above proceeding. Please forward the following to Orangeville Hydro Limited and to all other registered parties to this proceeding.

In addition please remind Orangeville Hydro Limited that its Reply Submission is due by February 14, 2011.

Yours truly,

*Original Signed By*

Kelli Dobson  
Analyst, Applications & Regulatory Audit

Encl.



# **ONTARIO ENERGY BOARD**

## **STAFF SUBMISSION**

**2011 ELECTRICITY DISTRIBUTION RATES**

**Orangeville Hydro Limited**

**EB-2010-0105**

**January 24, 2011**

**Board Staff Submission  
Orangeville Hydro Limited  
2011 IRM3 Rate Application  
EB-2010-0105**

**Introduction**

Orangeville Hydro Limited (“OHL”) filed an application (the “Application”) with the Ontario Energy Board (the “Board”) on October 14, 2010 under section 78 of the *Ontario Energy Board Act, 1998*, seeking approval for changes to the distribution rates that OHL charges for electricity distribution, to be effective May 1, 2011. The Application is based on the 2011 3<sup>rd</sup> Generation Incentive Regulation Mechanism.

The purpose of this document is to provide the Board with the submissions of Board staff based on its review of the evidence submitted by OHL.

Board staff has no concerns with the data supporting the updated Retail Transmission Service Rates proposed by OHL. Pursuant to Guideline G-2008-0001, updated on July 8, 2010, staff notes that the Board will update the applicable data at the time of this Decision based on any available updated Uniform Transmission Rates.

OHL’s revenue-to-cost ratio model has been updated in order to implement the directive from the Board’s cost of service decision EB-2009-0272. The residential rate class has been proportionately reduced to balance the change to the street lighting and sentinel rate class. Board staff has no concerns with the adjustments.

Board staff submits that OHL has complied with the policies and filing requirements of the Smart Meter Guideline. Actual smart meter expenditures will be subject to review when OHL makes an application for disposition of the account balances in a subsequent proceeding. Staff notes the smart meter model calculates a funding adder of \$2.70 per metered customer per month but OHL is requesting a funding adder of \$2.00 per metered customer per month. Board staff takes no issue with OHL’s proposal to increase its smart meter funding adder to \$2.00 per metered customer per month from the current \$1.00 per metered customer per month. Board staff notes that the total bill impact attributable to this proposed change alone (keeping all other proposals in the application model as filed) is 1.0% for the residential class.

Staff notes that OHL's variance and deferral account balances as of December 31, 2009 did not meet the threshold for disposition therefore OHL has not requested disposition at this time.

Board staff makes submissions on the following matters:

- Lost Revenue Adjustment Mechanism ("LRAM") and Shared Savings Mechanism ("SSM") rate rider; and
- Tax Sharing

### **LRAM Submission**

The Board's Guidelines for Electricity Distributor Conservation and Demand Management (the "Guidelines") issued on March 28, 2008 outline the information that is required when filing an application for LRAM and SSM.

Board staff submits that Orangeville's application for LRAM recovery is consistent with the Board's Guidelines and the Board's Decision on Horizon's application (EB-2009-0192) for LRAM recovery.

With respect to the revised LRAM amounts found within OHL's interrogatory response to VECC's IR#4(b), Board Staff submits that this amount, \$99,818.85, represents finalized program results received from the OPA. OHL's original application requested an amount of \$94,752.67. Staff notes that OHL has not requested recovery of the revised amount as the applicant states the rate riders are not affected by the updated figures. Board Staff supports the request by Orangeville to recover the originally filed LRAM amount of \$94,782.67 and notes that the rate riders associated with both the originally filed LRAM amount and the updated LRAM amount are the same to four decimal places for any of the affected classes.

### **Tax Sharing Submission**

In response to interrogatory #2 from Board staff, OHL confirmed that the data that was entered into the tax sharing model was correct. However, Board staff submits the Regulatory Taxable income should be \$749,118 as per the Revenue Requirement Work Form ("RRWF") from the Board's decision in OHL's 2010 cost of service application

(EB-2009-0272), not the amount of \$1,054,775 entered by OHL which is also found on the RRWF but the wrong cell was referenced.

This change would result in a tax savings in 2011 of \$34,482 a decrease of \$803 from the original 2011 IRM3 application.

Board staff also notes there is an error in the model calculation of the Corporate Tax Rate for OHL. Board staff has adjusted the calculated Corporate Tax Rate of 26.36% to match the RRWF from Decision EB-2009-0272 to 28.32%. Board staff has attached a revised copy of the tax sharing model to this submission reflecting the two changes noted above and invites OHL to comment on the appropriateness of the changes in its reply submission.

All of which is respectfully submitted