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The Voice Of Ontario's Electricity Distributors

Parry Sound
Energy Services Corp.

Parry Sound
PowerGen Corp.

February 2, 2011

Ms. K. Walli
Board Secretary
Ontario Energy Board
Suite 2701
2300 Yonge Street
Toronto, Ontario M4P 1E4

Re: Parry Sound Power Corporation - 2011 Cost of Service Rate (CoS) Application
(EB-2010-0140)

Please find enclosed Parry Sound Power's reply to the interrogatories of Vulnerable Energy Consumers Coalition (VECC).

Miles Thompson
Vice President / General Manager
Parry Sound Power Corporation

PARRY SOUND POWER CORPORATION

(PARRY SOUND)

2011 RATE APPLICATION (EB-2010-0140)

VECC'S INTERROGATORIES – ROUND #1

LOAD FORECAST

QUESTION #1

Reference: Exhibit 3/Tab 2/Schedule 1, pages 1-2

a) The Evidence states that the load forecast methodology used is similar to that employed by Innisfil, Orangeville and other distributors. However, for these distributors regression analysis was used to predict total purchases from the IESO whereas Parry Sound is using regression analysis to predict energy use by customer class. Please reconcile.

Response: *The point being made by PSP is that the methodology such as the use of a regression model is similar to the model used by other LDCs that have had Board Decisions previously.*

VECC is correct in pointing to the fact PSP used regression analysis to predict energy use by customer class but should note this method was only done for the weather sensitive customer classes.

PSP's weather normalized load forecast was calculated for the Residential, GS<50kw, and GS>50kW customer classes using actual historical customer class consumption and reflecting the impacts of the applicable regression variables on each customer class. The Load Forecast Model used is the same as the methodology approved by the OEB in previous rate Decisions using the regression analysis but is being run by customer class and monthly customer class historical usage as opposed to forecasting the power purchased kWh, then down-lifting to calculate kWh billed and then allocating across customer classes.

PSP submits that its approach to calculating a weather normalized load forecast by customer class more accurately reflects the impacts of the regression variables and specifically weather conditions on each specific customer class. A weather normalized load forecast by customer class based on actual customer class consumption eliminates the guesswork out of how much consumption is actually weather sensitive as the actual historical usage will already include any impacts of changes in weather on customer consumption and behavior.
PSP Hydro bills all customers monthly and has accurate customer consumption, by bill, for the period January 2004 to December 2009. Although the billing period may not be coincident with 16 a calendar month, PSP was able to prorate each customer's consumption across each month and total by class. PSP submits that while proration may not be perfect, prorating each customer's consumption for a one month period will provide a more accurate customer class total consumption within a calendar month, certainly more accurately than billing bi-monthly or quarterly. Once Smart Meters have been fully deployed PSP will then be able to obtain and use exact consumption in future load forecasts.

b) The accompanying Load Forecast excel worksheets ("Data Input") suggest that the explanatory variable is the energy "consumed" by the customer in month concerned. Please explain how this monthly value was established for the years 2002 to 2009 (per Data Input sheet).

Response: *PSP used their Harris computer system to calculate the consumption by customer class. The methodology used by the system was to prorate the consumption using the meter read dates and an allocation of the kWhs to the calendar month. PSP believes this to be an acceptable alternative until the LDC moves to full implementation of smart meters.*

QUESTION #2

Reference: Exhibit 3/Tab 2/Schedule 1, pages 2-3 and 7-11

a) Please explain why the years 2004-2009 where used for the regression analysis when data (per the Data Input Sheet) was available for the period 2002-2009.

Response: *It is PSPs view the billing data for the years 2002 and 2004 may be somewhat suspect and made the decision that a forecast for the Test year would carry more validity using data from 2004 – 2009. PSP underwent a billing system conversion in 2002. This conversion was not well managed and several billing issues resulted in cancel and rebilling.*

b) Please re-do the analysis using the years 2002-2009.

Response: *As a result of the data being somewhat suspect for the years 2002 - 2003 it is PSPs view that such an exercise would produce information that should not be relied upon. For this reason PSP does not feel it is necessary to re-do the analysis. Also, please see response to Q2 a) above.*

c) For each customer class, please outline what other explanatory variables were tested and why they were excluded.

Response: *PSP tested several variables for each customer class in an attempt to arrive at a series of variables that would produce a relatively high R square and an acceptable T-stat >2. Where variables tested reduced the R square and/or the T-stat showed the variable was not statistically significant PSP dropped that variable from the analysis. The variables tested and dropped from the rate class analysis are identified below:*

Residential: Number of Peak days, Number of Peak Hours, and Number of customers.

General Service < 50kW: Number of Peak days, Number of Peak Hours, and Number of customers.

General Service > 50kW: Number of Peak days, Number of Peak Hours, and Number of customers.

d) If not tested per part c), please provide a regression analysis for the residential class that includes number of customers as an explanatory variable.

Response: *Number of customers was tested and didn't improve the regression analysis results.*

e) Were GDP and Employment tested as potential explanatory variables for both the GS<50 and GS>50 classes?

Response: *Employment Statistics were not tested for the General Service < 50kW class.*

f) Please outline the source and definition for the "Employment Stats" variable used in the GS>50 class.

Response: *Please see response and attachment to OEB IR #7.*

g) Please provide the sources for forecast (2010 and 2011) values for each explanatory variable used.

Response: *Heating Degree Days and Cooling Degree Days data was obtained from the Sudbury Weather Station on the Environment Canada website.*

Spring Fall flag was a variable using a value of 1 or 0 depending on the time of year.

The 2008 Ontario Economic Outlook from the Ontario Ministry of Finance provided the Ontario Real GDP index for 2004 to 2006. For 2007 and on, the Ontario Real GDP index from the 2010 Ontario Budget dated March 25, 2010 was used.

Time Trend was the use of the date in a numerical format.

h) Did Parry Sound investigate as to whether more local/regional economic variables were available on a historical basis and, if yes, why weren't they used in the analysis?

Response: *Please see response to OEB IR# 6.*

The Ontario Real GDP variable was included and not an economic variable that is more locally or regionally focused since the Ontario Real GDP variable had a T-stat of greater than two in both cases which means it was statistically significant and added to accuracy of the resulting load forecasting equation for the GS < 50 kW and GS > 50 kW classes. Parry Sound is also an area that is affected by many people in the province as a result of the recreational facilities in the Parry Sound Area which may also suggest the provincial economic conditions could directly impact Parry Sound.

QUESTION #3

Reference: Exhibit 3/Tab 2/Schedule 1, pages 12-14

a) Please confirm that the OEB's GWh targets represent "reduced electricity consumption accumulated over the four year period" 2011-2014.

Response: *PSP confirms the target represents consumption accumulated over the four year period.*

b) Please explain why Parry Sound assumed that ¼ of the accumulated savings would be achieved in 2011. Please confirm that, assuming 100% persistence through to 2014, Parry Sound would not have to implement any additional CDM measures in subsequent years in order to achieve its target.

Response: *The revised MW savings for Parry Sound based on the November 12, 2010 Decision and order relating to the Minister of energy and Infrastructure is 0.74 MW or 740 kW which must be achieved in 2014. With these kW savings*

the load factor associated with the revised GWh savings of 4.16 (GWh) is around 64%. This is consistent with the system load factor of around 68% to 70% outlined in the most recent 18-month lookout from the IESO. Some have suggested the 4.16 (GWh) reflects the accumulated savings over the four years and a percentage breakdown of 10% for 2011, 20% for 2012, 30% for 2013 and 40% for 2014 should be used. If this is the case then for 2014, 40% of the 4.16 (GWh) or 1.66 (GWh) would be achieve in 2014. This represents a load factor 26% which in PSP's view is unreasonable. Since 0.74 MW must be saved in 2014 it is PSP view that 4.16 (GWh) must also be saved in the 2014 under a reasonable load factor assumption. This means that in order to achieve the 4.16 (GWh) in 2014 one quarter of this amount must be new savings in each of the four years and added to the following year for an accumulated amount of 4.16 (GWh) in 2014.

c) Please confirm that the 2011-2014 Net Cumulative Energy Savings Target set by the OEB for Parry Sound is 4.16 GWh.

Response: *At the time of submission of this rate application PSP was of the opinion the targets had been rounded to 4,000,000 kWhs. Subsequent to the submission PSP confirms the target has been changed to 4.16 gWhs.*

d) Please confirm that the "geometric mean" is effectively the average growth rate between starting and the end values of the relevant data stream.

Response: *Confirmed.*

e) Please explain why it is appropriate to use a data series that ends with 2009 (a recessionary year) when projecting the future growth in customer count.

Response: *PSP is of the view that wherever possible the last audited values should be used. In this case PSP's last audit was completed at December 31, 2009. Additionally the change in number of customers in 2009 specifically in the Residential and GS > 50 kW classes was consistent with other historical years*

which may suggest the recession did not have an impact on the number of customers.

f) Please provide Parry Sound's actual customer count, by class, for the most recent month available.

Response:

October 2010 Customer counts	
Class	Customer Count
Residential	2752
GS<50	501
GS>50	66
Street Lights	1061
Sentinel Lights	11
USL	18
Total	4409

g) Please confirm whether the customer count numbers reported in Table 3-3 are year-end or average annual values.

Response: *PSP confirms the customer count numbers are based on average annual values*

h) Please comment on the customer count growth shown in this section for 2010 and 2011 versus the number of new connections assumed for purposes of forecasting capital spending (Exhibit 2).

Response: *PSP load and customer forecast identified increase customer numbers in both the Residential and General Service <50kW customer classes, however, there did not appear to be a forecast of capital costs for those customer additions. PSP would like to point to an error made in the 2010 and 2011 forecasts where a capital budget amount of $29,000 for each of those years was erroneously allocated to account 5130 – Maintenance of Overhead Services instead of Capital Account 1855 – Services.*

i) Please provide a schedule that for the GS>50, Street Light and Sentinel Light classes sets out, for the years 2004-2009:

   a. Annual kWh billed
   b. Annual kW billed
   c. Ratio of kW/kWh billed by year
   d. Average 5 year ratio

   Forecast 2010 and kW based on forecast 2010 and 2011 forecast energy and five year average for kW/kWh ratio. Please perform this calculation based on

   Response: *Please note that the Street Light customer class was billed for 13 months in the 2009 calendar year representing an additional 202kW in that year.*

General Service > 50 kW

Before CDM Forecasts

	Annual kWh Billed	Annual kW Billed	Ratio kW/kWh Billed	Average 5 Year Ratio
2004	31,093,777	81,896	0.0026	
2005	36,393,961	89,198	0.0025	
2006	35,163,715	88,798	0.0025	
2007	37,433,580	90,488	0.0024	
2008	36,120,216	89,902	0.0025	0.0025
2009	37,828,107	94,156	0.0025	0.0025
2010	36,171,050	89,498	0.0025	0.0025
2011	38,329,322	94,838	0.0025	0.0025

After CDM Forecasts

	Annual kWh Billed	Annual kW billed	Ratio kW/kWh billed	Average 5 Year Ratio
2004	31,093,777	81,896	0.0026	
2005	36,393,961	89,198	0.0025	
2006	35,163,715	88,798	0.0025	
2007	37,433,580	90,488	0.0024	
2008	36,120,216	89,902	0.0025	0.0025
2009	37,828,107	94,156	0.0025	0.0025
2010	36,171,050	89,498	0.0025	0.0025
2011	37,802,659	93,535	0.0025	0.0025

Street Lighting

Before CDM Forecasts

	Annual kWh Billed	Annual kW Billed	Ratio kW/kWh Billed	Average 5 Year Ratio
2004	870,724	2,424	0.0028	
2005	867,846	2,424	0.0028	
2006	867,846	2,424	0.0028	
2007	867,846	2,424	0.0028	
2008	870,724	2,424	0.0028	0.0028
2009	867,846	2,626	0.0030	0.0028
2010	867,846	2,463	0.0028	0.0028
2011	867,846	2,463	0.0028	0.0029

After CDM Forecasts

	Annual kWh Billed	Annual kW billed	Ratio kW/kWh billed	Average 5 Year Ratio
2004	870,724	2,424	0.0028	
2005	867,846	2,424	0.0028	
2006	867,846	2,424	0.0028	
2007	867,846	2,424	0.0028	
2008	870,724	2,424	0.0028	0.0028
2009	867,846	2,626	0.0030	0.0028
2010	867,846	2,463	0.0028	0.0028
2011	867,846	2,463	0.0028	0.0029

Sentinel Lighting

Before CDM Forecasts

	Annual kWh Billed	Annual kW Billed	Ratio kW/kWh Billed	Average 5 Year Ratio
2004	15,991	41	0.0026	
2005	15,387	41	0.0027	
2006	15,908	41	0.0026	
2007	16,060	41	0.0025	
2008	15,485	47	0.0030	0.0027
2009	12,598	39	0.0031	0.0028
2010	12,745	35	0.0028	0.0028
2011	12,745	35	0.0028	0.0029

After CDM Forecasts

	Annual kWh Billed	Annual kW billed	Ratio kW/kWh billed	Average 5 Year Ratio
2004	15,991	41	0.0026	
2005	15,387	41	0.0027	
2006	15,908	41	0.0026	
2007	16,060	41	0.0025	
2008	15,485	47	0.0030	0.0027
2009	12,598	39	0.0031	0.0028
2010	12,745	35	0.0028	0.0028
2011	12,745	35	0.0028	0.0029

j) Please confirm that Parry Sound's Peak Demand target is with respect to the "provincial peak demand". Why is this target relevant when determining the impact of CDM on monthly billing demand over the 12 months of year?

Response: *The proposed 250kW reduction was one quarter of PSPs portion of the Provincial Peak Demand. The revised target for PSP in the Board's Decision and Order Dated November 12, 2010 is 0.740 MW or 740 kW. At the time of submission of the rate application PSP interpreted the Minster of Energy's targets to reflect both kW and kWh reductions for the four year period. On that basis, PSP proposed to reduce its demand by 250kW per year over the four year period in accordance with the Minister of Energy Directive.*

On further investigation based on VECC's question, PSP believes it should recalculate the reduction of kWs in its Load Forecast using a more appropriate methodology.

In order to reduce the demand in the test year the proper adjustment to account for the demand reduction would be to reduce that demand using a relationship of kW to kWhs.

*Therefore to apply the kW reduction associated with the GS>50kW customer class we need to calculate the relationship between kW and kWhs before applying the CDM kWh reduction. That relationship is 97,977kW and 38,329,323 kWhs resulting in a .2556% relationship. The allocation of the kWh CDM reduction to this class is 526,663 resulting in a kWh forecast in the test year of 37,802,660. Applying the relationship calculated above to the kW results in a reduction of (526,663 * .2556%) 1,346kW in the test year. The corrected kW forecast for the test year for the GS>50kW customer class would be (97,977 – 1,346) 96,631kW.*

QUESTION #4

Reference: Exhibit 3/Tab 2/Schedule 1, page 1

a) Please explain more fully Parry Sound's corporate restructuring for 2011 and why it results in the elimination of Non-Utility revenues and expenses.

Response: *As explained in details throughout the application PSP's corporate structure is now set up where all non-utility work is done by others. PSP is a proposed stand-alone utility doing wires work only. Therefore there is no planned non-utility revenue or expenses.*

b) What was the source of the 2009 Miscellaneous Non-Operating Income and why is no similar income forecast for 2010 or 2011?

Response: *As stated in part a) above, PSP is operating as a wires only business and has not budgeted any amounts for non-operating income such as markup on sale of inventory, etc.*

c) Please explain the reduction in Interest and Dividend Income between 2008 and subsequent years.

Response: *Parry Sound's Board approved a transfer of equity from the LDC to the Shareholder totaling $2,068,724 in 2008. A plan is also in place to declare a dividend on an annual basis beginning in 2010. These decisions combined with the low interest rates have resulted in a significant decrease in PSP's Interest and Dividend income.*

d) Please confirm in which account Pole Rental income is recorded.

Response: *4210*

e) Please confirm that Parry Sound is not proposing any changes/additions to its specific service charges.

Response: *PSP confirms it is not proposing any other specific service charges other than those on its current approved tariff sheet.*

COST ALLOCATION

QUESTION #5

Reference: Exhibit 6/Tab 1/Schedule 1, page 2
Exhibit 7/Tab 1/Schedule 2, Appendix A, page 2

a) Please provide a schedule that sets out the derivation of the $1,822,340 revenue for 2011 at existing rates. In doing so, please show the volumes and rates used by customer class.

Response:

Forecast Class Billing Determinants for 2011 Test Year Based on Existing Class Revenue Proportions
Revenue At Existing Rates

Class	Annual kWh	Annual kW For Dx	Service Charge	Volumteric Charge	Annualized Customers	Annualized Connections	Fixed Distribution Revenue	Variable Distribution Revenue	Dist. Rev. Including Transformer	Transformer Allowance	Dist. Rev. Excluding Transformer	Dist Rev At Existing Rates %
Residential	33,427,924		16.79	0.0134	33,748		566,625	447,934	1,014,559		1,014,559	55.67%
GS < 50 kW	16,733,379		25.29	0.0104	5,919		149,696	174,027	323,723		323,723	17.76%
GS >50	37,802,659	97,727	171.14	3.4592	814		139,361	338,057	477,418	14,046	463,372	25.43%
Large Use	0	0			0		0	0	0	0	0	0.00%
Sentinel Lights	12,745	36	1.74	6.7501		144	251	243	494		494	0.03%
Street Lighting	867,846	2,421	0.41	4.1163		12,732	5,220	9,965	15,185		15,185	0.83%
USL	58,750		8.96	0.0523	216		1,935	3,073	5,008		5,008	0.27%
	88,903,303	**100,184**			**40,697**	**12,876**	**863,087**	**973,299**	**1,836,387**	**14,046**	**1,822,340**	**100%**

b) Please confirm that the rates used in the determination of the $1,822,340 2011 revenue at existing rates excluded the LV rates, the Smart Meter rate adder and took into account the foregone revenue due to the transformer ownership allowance discount. If not, please recalculate the revenues at existing rates with these adjustments.

Response: *PSP confirms the existing rates exclude LV and Smart Meters and includes a reduction of the transformer allowance in the General Service >50kW customer class in the third last column in the table above in part a).*

QUESTION #6

Reference: Exhibit 7/Tab 12/Schedule 2, page 2

a) Does the Cost Allocation underlying the results presented in Table 1 exclude the transformer ownership allowance and LV costs?

Response: *Table 1 has not been adjusted from the initial informational filing to take into consideration the exclusion of the TOA and LV costs.*

QUESTION #7

Reference: Exhibit 7/Tab 1/Schedule 2, pages 3-5

a) Per Cost Allocation Model (Sheet I6) please confirm that there are 18 USL customers and that each customer has one connection. If this is not the case please indicate the number of USL customers versus the number of USL connections – where a single customer (who receives a bill) may own a number of connections (example there are over 1,000 Street Light connections but only one customer).

Response: *SEE OEB IR#50.*

In PSP's updated Cost Allocation model there are 18 USL connections resulting in 216 bills per year confirming there is a bill sent to the owner of the connection for each connection monthly.

RATE DESIGN

QUESTION #8

Reference: Exhibit 8/Tab 1/Schedule 2, page 3

a) Please confirm that the current (2010) monthly service charge for GS>50 exceeds the ceiling value established by the Board's EB-2007-0667 Report.

Response: *PSP confirms the MSC for GS>50kW is above the ceiling value established by the Board's EB-2007-0667 Report. The only adjustment to this rate has been the effect of the IRM filings.*

As quoted in the Board's report of November 2007,

> *"The Board considers it to be inappropriate to make significant changes to the ceiling for the MSC at this time, given the number of issues that remain to be examined. The appropriateness of the methodologies cited above, used to set the MSC is an issue that will be examined within the scope of the Rate Review. The Rate Review will also examine the role of rate design in achieving various objectives, including conservation of energy. Both of these undertakings will have determinative impacts on the fixed/variable ratio policy.*
>
> *In the interim, the Board does not expect distributors to make changes to the MSC that result in a charge that is greater than the ceiling as defined in the Methodology for the MSC. Distributors that are currently above this value are not required to make changes to their current MSC to bring it to or below this level at this time."*

b) Why is Parry Sound proposing to increase the GS>50 monthly service charge to be further above the ceiling established by the Board's guidelines.

Response: *The increase in the MSC for the GS>50kW customer class is a result of maintaining the current Fixed/Variable split.*

In its November 28, 2007 Report on Application of Cost Allocation for Electricity Distributors, (the "Cost Allocation Report") the Board addressed a number of "Other Rate Matters", including the treatment of the fixed rate component (the "Monthly Service Charge", or "MSC") of the bill. At page 12 of the Report, the Board determined that the floor amount for the MSC should be the avoided costs, as that term is defined in the September 29, 2006 report of the Board entitled "Cost Allocation: Board Directions on Cost Allocation Methodology for Electricity Distributors". With respect to the upper bound for the MSC, the Board considered it to be inappropriate to make changes to the MSC ceiling at that time, given the number of issues that remained to be examined within the scope of the Board's

Rate Review proceeding (EB-2007-0031, referred to below as the "Rate Review Proceeding"). The Board indicated that it did not expect distributors to make changes to the MSC that would result in such exceeding the ceiling as defined in the methodology for the MSC and that distributors that are currently above that value are not required to make changes to their current MSC to bring it to or below that level.

The Board decided "to defer completion of the rate design project while staff conducts more research and expands the ability to model rate impacts. Stakeholders will be advised when the Board decides to resume development of a policy and methodology for a new rate design".

Until the Rate Review Proceeding is completed and consistent with Norfolk Power Distribution Inc.'s 2008 Rate Decision (EB-2007-0753), PSP submits that an MSC ceiling has not been established and that it is appropriate for the purposes of setting rates in this Application to maintain the current fixed and variable proportions of its rates.

QUESTION #9

Reference: Exhibit 8/Tab 1/Schedule 4, page 1

a) Please provide a schedule that sets out for 2009:
   - The monthly 2009 billing quantities for LV
   - The monthly 2011 approved LV rates
   - The monthly (and total annual) charges based on 2011 rates and 2009 billing quantities.

Response: *PSP has assumed the request is for a comparison using the 12 calendar months in 2009 for the billing quantities for LV and applying the 2011 proposed LV rates for those same months versus the use of 2011 approved rates.*

Low Voltage		2011 Proposed Rates	2009 Quantities Billed													
Customer Class	Metric		January		February		March		April		May		June			
			Quantity	$	Quantity	$	Quantity	$	Quantity	$	Quantity	$	Quantity	$		
Residential	kWh	0.0010	4,636,329	$ 4,636	4,840,559	$ 4,841	4,420,292	$ 4,420	3,401,758	$ 3,402	2,999,055	$ 2,999	2,158,849	$ 2,159		
Street Lighting	kW	0.3313	203	$ 67	201	$ 67	202	$ 67	202	$ 67	202	$ 67	202	$ 67		
Sentinel Lighting	kW	0.3569	3	$ 1	3	$ 1	3	$ 1	3	$ 1	3	$ 1	3	$ 1		
GS<50kW	kWh	0.0007	1,901,798	$ 1,331	1,938,086	$ 1,357	1,825,320	$ 1,278	1,478,673	$ 1,035	1,321,330	$ 925	1,135,590	$ 795		
GS>50kW	kW	0.3710	7,891	$ 2,927	7,803	$ 2,895	10,840	$ 4,022	7,136	$ 2,647	8,083	$ 2,999	8,719	$ 3,235		
Unmetered Scattered Load	kWh	0.0009	4,930	$ 4	4,930	$ 4	4,930	$ 4	4,930	$ 4	4,930	$ 4	4,930	$ 4		
Total				$ 8,968		$ 9,164		$ 9,792		$ 7,157		$ 6,995		$ 6,261		

		2011 Proposed Rates	2009 Quantities Billed													
	Metric		July		August		September		October		November		December		TOTAL	
			Quantity	$	Quantity	$	Quantity	$	Quantity	$	Quantity	$	Quantity	$	Quantity	$
Residential	kWh	0.0010	1,875,513	$ 1,876	1,642,697	$ 1,643	1,745,977	$ 1,746	1,794,661	$ 1,795	2,358,641	$ 2,359	2,769,643	$ 2,770	34,643,976	$ 34,644
Street Lighting	kW	0.3313	202	$ 67	202	$ 67	202	$ 67	202	$ 67	202	$ 67	202	$ 67	2,424	$ 803
Sentinel Lighting	kW	0.3569	3	$ 1	3	$ 1	3	$ 1	3	$ 1	3	$ 1	3	$ 1	39	$ 14
GS<50kW	kWh	0.0007	1,136,496	$ 796	1,128,642	$ 790	1,175,051	$ 823	1,101,009	$ 771	1,134,984	$ 794	1,242,295	$ 870	16,519,274	$ 11,563
GS>50kW	kW	0.3710	7,542	$ 2,798	7,502	$ 2,783	7,397	$ 2,744	7,412	$ 2,750	6,947	$ 2,577	6,884	$ 2,554	94,156	$ 34,932
Unmetered Scattered Load	kWh	0.0009	4,930	$ 4	4,930	$ 4	4,930	$ 4	4,930	$ 4	4,930	$ 4	4,930	$ 4	59,160	$ 53
Total				$ 5,542		$ 5,289		$ 5,385		$ 5,388		$ 5,803		$ 6,266		$ 82,010

QUESTION #10

Reference: Exhibit 8/Tab 1/Schedule 6, page 18

a) Please provide the derivation of the $4.745/kW rate for GS>50.

Response:

Variable revenue *$449,666*

Trf Allowance *14,046*

Total *$463,713*

kW *97,727 (includes 250kW CDM Target reduction)*

Rate / kW *$ 4.7450*

QUESTION #11

Reference: Exhibit 8/Tab 1/Schedule 6, Appendix A

a) Please confirm that the total bill impact for a residential customer using 250 kWh/month is 25.43%.

Response: *A formula error was found in the calculation of the bill Impacts subsequent to the filing. A correction of that error results in a total bill impact for a residential customer using 250 kWh/month of 23.48 %.*

See OEB IR#2

b) Please confirm that the total bill impact for a residential customer using 1,000 kWh/month is 19.96%.

Response: *A formula error was found in the calculation of the bill Impacts subsequent to the filing. A correction of that error results in a total bill impact for a residential customer using 1,000 kWh/month of 15.21%.*

See OEB IR#2

c) Based on the most recent 12 months of billing data, how many of Parry Sound's residential customers fall into the following usage categories:
   - 250 kWh/month or less
   - >250-500 kWh/month
   - >500-1,000 kWh/month
   - >1,000-1,500 kWh per month
   - More than 1,500 kWh per month

Response:

<250	*278*
250-500	*471*

500-1000 966

1000-1500 526

>1500 513

d) What initiatives is Parry Sound proposing to help mitigate the bill impact for Residential customers?

Response: *As a result of the denial to the application for exemption to the ARC, PSP has developed this application based on a stand-alone LDC. As a result, costs that were previously shared amongst PSP affiliates are no longer shared. For PSP to be successful full recovery of the costs beginning in year one of the reorganization is necessary. To defer any of the costs and subsequent bill impacts would see PSP operating with a revenue deficiency that would not allow the LDC to operate in a safe and reliable manner.*

DEFERRAL AND VARIANCE ACCOUNTS

QUESTION #12

Reference: Exhibit 9/Tab 1/Schedule 2, page 2
OEB June 2010 Filing Requirements, Section 2.10.2

a) Please explain why Parry Sound hasn't established a separate rate adder for the Power Sub-Account-Global adjustment as required by the Board's June 2010 filing requirements.

Response**:** *Although PSP did not calculate a specific rate rider for GA, PSP did take into consideration the Non-RPP kWh as a basis of the allocation of the GA. Exhibit 9 Tab 1 Schedule 2 page 2 provides the methods of allocation for each of the Deferral and Variance accounts including the Power subaccount Global Adjustment which used the 2009 Non-RPP kWh as the basis for the allocator.*

b) Please calculate the rate-riders assuming the refund/recovery occurs over 2 years and re-calculate the total bill impacts as set out in Exhibit 8/Tab 1/Schedule 6, Appendix A.

Response: *PSP has recalculated the rate riders submitted in the rate application assuming the refund/recovery occurs over 2 years.*

The following table provides the rate rider by rate class followed by the rate impact tables.

Customer Class	Deferral and Variance Account Rate Riders ($) per kWh	Deferral and Variance Account Rate Riders ($) per kW
Residential	0.0051	
GS < 50 kW	0.0050	
GS >50		(0.3376)
Sentinel Lights		2.0018
Street Lighting		(0.1002)
USL	0.0019	

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RESIDENTIAL

Consumption 100 kWh	2010 BILL Volume	2010 BILL RATE $	2010 BILL CHARGE $	2011 BILL Volume	2011 BILL RATE $	2011 BILL CHARGE $	IMPACT Change $	IMPACT Change %	IMPACT % of Total Bill
Monthly Service Charge			16.79			23.97	7.18	42.76%	54.93%
Distribution (kWh)	100	0.0134	1.34	100	0.0191	1.91	0.57	42.54%	4.38%
Low Voltage Rider (kWh)	100	0.0010	0.10	100	0.0010	0.10	0.00	0.00%	0.23%
Smart Meter Rider (per month)			1.00			1.71	0.71	71.19%	3.92%
LRAM & SSM Rider (kWh)	100	0.0000	0.00	100	0.0010	0.10	0.10	#DIV/0!	0.23%
Deferrral & Variance Acct (kWh)	100	0.0052	0.52	100	0.0102	1.02	0.50	96.21%	2.34%
Distribution Sub-Total			**19.75**			**28.81**	**9.06**	**45.88%**	**66.02%**
Retail Transmisssion (kWh)	106	0.0101	1.07	108	0.009015	0.97	(0.09)	(8.87%)	2.23%
Delivery Sub-Total			**20.82**			**29.79**	**8.97**	**43.07%**	**68.25%**
Other Charges (kWh)	106	0.0130	1.38	108	0.0130	1.41	0.03	2.10%	3.22%
Cost of Power Commodity (kWh)	106	0.0687	7.28	108	0.0687	7.43	0.15	2.10%	17.02%
Total Bill Before Taxes			**29.47**			**38.62**	**9.15**	**31.05%**	**88.50%**
GST		13.00%	3.83		13.00%	5.02	1.19	31.05%	11.50%
Total Bill			**33.30**			**43.64**	**10.34**	**31.05%**	**100.00%**

RESIDENTIAL

Consumption 250 kWh	2010 BILL Volume	2010 BILL RATE $	2010 BILL CHARGE $	2011 BILL Volume	2011 BILL RATE $	2011 BILL CHARGE $	IMPACT Change $	IMPACT Change %	IMPACT % of Total Bill
Monthly Service Charge			16.79			23.97	7.18	42.76%	36.56%
Distribution (kWh)	250	0.0134	3.35	250	0.0191	4.78	1.43	42.54%	7.28%
Low Voltage Rider (kWh)	250	0.0010	0.25	250	0.0010	0.25	0.00	0.00%	0.38%
Smart Meter Rider (per month)			1.00			1.71	0.71	71.19%	2.61%
LRAM & SSM Rider (kWh)	250		0.00	250	0.0010	0.25	0.25	#DIV/0!	0.38%
Deferrral & Variance Acct (kWh)	250	0.0052	1.30	250	0.0102	2.55	1.25	96.21%	3.89%
Distribution Sub-Total			**22.69**			**33.51**	**10.82**	**47.68%**	**51.10%**
Retail Transmisssion (kWh)	265	0.0101	2.67	270	0.009015	2.44	(0.24)	(8.87%)	3.71%
Delivery Sub-Total			**25.36**			**35.94**	**10.58**	**41.72%**	**54.82%**
Other Charges (kWh)	265	0.0130	3.44	270	0.0130	3.51	0.07	2.10%	5.36%
Cost of Power Commodity (kWh)	265	0.0687	18.19	270	0.0687	18.57	0.38	2.10%	28.32%
Total Bill Before Taxes			**46.99**			**58.03**	**11.04**	**23.48%**	**88.50%**
GST		13.00%	6.11		13.00%	7.54	1.43	23.48%	11.50%
Total Bill			**53.10**			**65.57**	**12.47**	**23.48%**	**100.00%**

RESIDENTIAL

Consumption 500 kWh	2010 BILL Volume	2010 BILL RATE $	2010 BILL CHARGE $	2011 BILL Volume	2011 BILL RATE $	2011 BILL CHARGE $	IMPACT Change $	IMPACT Change %	IMPACT % of Total Bill
Monthly Service Charge			16.79			23.97	7.18	42.76%	23.47%
Distribution (kWh)	500	0.0134	6.70	500	0.0191	9.55	2.85	42.54%	9.35%
Low Voltage Rider (kWh)	500	0.0010	0.50	500	0.0010	0.50	0.00	0.00%	0.49%
Smart Meter Rider (per month)			1.00			1.71	0.71	71.19%	1.68%
LRAM & SSM Rider (kWh)	500		0.00	500	0.0010	0.50	0.50	#DIV/0!	0.49%
Deferrral & Variance Acct (kWh)	500	0.0052	2.60	500	0.0102	5.10	2.50	96.21%	5.00%
Distribution Sub-Total			**27.59**			**41.33**	**13.74**	**49.81%**	**40.48%**
Retail Transmisssion (kWh)	529	0.0101	5.35	540	0.009015	4.87	(0.47)	(8.87%)	4.77%
Delivery Sub-Total			**32.94**			**46.21**	**13.27**	**40.29%**	**45.25%**
Other Charges (kWh)	529	0.0130	6.88	540	0.0130	7.03	0.14	2.10%	6.88%
Cost of Power Commodity (kWh)	529	0.0687	36.38	540	0.0687	37.14	0.76	2.10%	36.37%
Total Bill Before Taxes			**76.19**			**90.37**	**14.18**	**18.61%**	**88.50%**
GST		13.00%	9.91		13.00%	11.75	1.84	18.61%	11.50%
Total Bill			**86.10**			**102.12**	**16.02**	**18.61%**	**100.00%**

RESIDENTIAL

Consumption 750 kWh	2010 BILL Volume	2010 BILL RATE $	2010 BILL CHARGE $	2011 BILL Volume	2011 BILL RATE $	2011 BILL CHARGE $	IMPACT $	IMPACT %	% of Total Bill
Monthly Service Charge			16.79			23.97	7.18	42.76%	17.29%
Distribution (kWh)	750	0.0134	10.05	750	0.0191	14.33	4.28	42.54%	10.33%
Low Voltage Rider (kWh)	750	0.0010	0.75	750	0.0010	0.75	0.00	0.00%	0.54%
Smart Meter Rider (per month)			1.00			1.71	0.71	71.19%	1.23%
LRAM & SSM Rider (kWh)	750		0.00	750	0.0010	0.75	0.75	#DIV/0!	0.54%
Deferrral & Variance Acct (kWh)	750	0.0052	3.90	750	0.0102	7.65	3.75	96.21%	5.52%
Distribution Sub-Total			**32.49**			**49.16**	**16.67**	**51.31%**	**35.45%**
Retail Transmisssion (kWh)	794	0.0101	8.02	811	0.009015	7.31	(0.71)	(8.87%)	5.27%
Delivery Sub-Total			**40.51**			**56.47**	**15.96**	**39.39%**	**40.72%**
Other Charges (kWh)	794	0.0130	10.32	811	0.0130	10.54	0.22	2.10%	7.60%
Cost of Power Commodity (kWh)	600	0.0687	41.24	600	0.0687	41.24	0.00	0.00%	29.74%
Cost of Power Commodity (kWh)	194	0.0687	13.33	211	0.0687	14.48	1.15	8.61%	10.44%
Total Bill Before Taxes			**105.39**			**122.72**	**17.32**	**16.44%**	**88.50%**
GST		13.00%	13.70		13.00%	15.95	2.25	16.44%	11.50%
Total Bill			**119.10**			**138.67**	**19.57**	**16.44%**	**100.00%**

RESIDENTIAL

Consumption 800 kWh	2010 BILL Volume	2010 BILL RATE $	2010 BILL CHARGE $	2011 BILL Volume	2011 BILL RATE $	2011 BILL CHARGE $	IMPACT $	IMPACT %	% of Total Bill
Monthly Service Charge			16.79			23.97	7.18	42.76%	16.42%
Distribution (kWh)	800	0.0134	10.72	800	0.0191	15.28	4.56	42.54%	10.47%
Low Voltage Rider (kWh)	800	0.0010	0.80	800	0.0010	0.80	0.00	0.00%	0.55%
Smart Meter Rider (per month)			1.00			1.71	0.71	71.19%	1.17%
LRAM & SSM Rider (kWh)	800		0.00	800	0.0010	0.80	0.80	#DIV/0!	0.55%
Deferrral & Variance Acct (kWh)	800	0.0052	4.16	800	0.0102	8.16	4.00	96.21%	5.59%
Distribution Sub-Total			**33.47**			**50.72**	**17.25**	**51.55%**	**34.75%**
Retail Transmisssion (kWh)	847	0.0101	8.55	865	0.009015	7.79	(0.76)	(8.87%)	5.34%
Delivery Sub-Total			**42.02**			**58.52**	**16.50**	**39.25%**	**40.09%**
Other Charges (kWh)	847	0.0130	11.01	865	0.0130	11.24	0.23	2.10%	7.70%
Cost of Power Commodity (kWh)	600	0.0687	41.24	600	0.0687	41.24	0.00	0.00%	28.25%
Cost of Power Commodity (kWh)	247	0.0687	16.97	265	0.0687	18.19	1.22	7.21%	12.46%
Total Bill Before Taxes			**111.23**			**129.19**	**17.95**	**16.14%**	**88.50%**
GST		13.00%	14.46		13.00%	16.79	2.33	16.14%	11.50%
Total Bill			**125.70**			**145.98**	**20.28**	**16.14%**	**100.00%**

RESIDENTIAL

Consumption 1,000 kWh	2010 BILL Volume	2010 BILL RATE $	2010 BILL CHARGE $	2011 BILL Volume	2011 BILL RATE $	2011 BILL CHARGE $	IMPACT $	IMPACT %	% of Total Bill
Monthly Service Charge			16.79			23.97	7.18	42.76%	13.68%
Distribution (kWh)	1,000	0.0134	13.40	1,000	0.0191	19.10	5.70	42.54%	10.90%
Low Voltage Rider (kWh)	1,000	0.0010	1.00	1,000	0.0010	1.00	0.00	0.00%	0.57%
Smart Meter Rider (per month)			1.00			1.71	0.71	71.19%	0.98%
LRAM & SSM Rider (kWh)	1,000		0.00	1,000	0.0010	1.00	1.00	#DIV/0!	0.57%
Deferrral & Variance Acct (kWh)	1,000	0.0052	5.20	1,000	0.0102	10.20	5.00	96.21%	5.82%
Distribution Sub-Total			**37.39**			**56.98**	**19.59**	**52.41%**	**32.52%**
Retail Transmisssion (kWh)	1,059	0.0101	10.69	1,081	0.009015	9.74	(0.95)	(8.87%)	5.56%
Delivery Sub-Total			**48.08**			**66.73**	**18.65**	**38.78%**	**38.08%**
Other Charges (kWh)	1,059	0.0130	13.76	1,081	0.0130	14.05	0.29	2.10%	8.02%
Cost of Power Commodity (kWh)	600	0.0687	41.24	600	0.0687	41.24	0.00	0.00%	23.53%
Cost of Power Commodity (kWh)	459	0.0687	31.52	481	0.0687	33.05	1.53	4.85%	18.86%
Total Bill Before Taxes			**134.60**			**155.06**	**20.47**	**15.21%**	**88.50%**
GST		13.00%	17.50		13.00%	20.16	2.66	15.21%	11.50%
Total Bill			**152.09**			**175.22**	**23.13**	**15.21%**	**100.00%**

RESIDENTIAL

Consumption 1,500 kWh	2010 BILL			2011 BILL			IMPACT		
	Volume	RATE $	CHARGE $	Volume	RATE $	CHARGE $	$	%	% of Total Bill
Monthly Service Charge			16.79			23.97	7.18	42.76%	9.65%
Distribution (kWh)	1,500	0.0134	20.10	1,500	0.0191	28.65	8.55	42.54%	11.54%
Low Voltage Rider (kWh)	1,500	0.0010	1.50	1,500	0.0010	1.50	0.00	0.00%	0.60%
Smart Meter Rider (per month)			1.00			1.71	0.71	71.19%	0.69%
LRAM & SSM Rider (kWh)	1,500		0.00	1,500	0.0010	1.50	1.50	#DIV/0!	0.60%
Deferrral & Variance Acct (kWh)	1,500	0.0052	7.80	1,500	0.0102	15.30	7.50	96.21%	6.16%
Distribution Sub-Total			**47.19**			**72.64**	**25.45**	**53.92%**	**29.25%**
Retail Transmisssion (kWh)	1,588	0.0101	16.04	1,621	0.009015	14.62	(1.42)	(8.87%)	5.89%
Delivery Sub-Total			**63.23**			**87.25**	**24.02**	**38.00%**	**35.14%**
Other Charges (kWh)	1,588	0.0130	20.64	1,621	0.0130	21.08	0.43	2.10%	8.49%
Cost of Power Commodity (kWh)	600	0.0687	41.24	600	0.0687	41.24	0.00	0.00%	16.61%
Cost of Power Commodity (kWh)	988	0.0687	67.89	1,021	0.0687	70.19	2.29	3.38%	28.27%
Total Bill Before Taxes			**193.00**			**219.75**	**26.75**	**13.86%**	**88.50%**
GST		13.00%	25.09		13.00%	28.57	3.48	13.86%	11.50%
Total Bill			**218.09**			**248.32**	**30.23**	**13.86%**	**100.00%**

GENERAL SERVICE < 50 kW

Consumption 2,000 kWh	2010 BILL			2011 BILL			IMPACT		
	Volume	RATE $	CHARGE $	Volume	RATE $	CHARGE $	$	%	% of Total Bill
Monthly Service Charge			25.29			36.01	10.72	42.39%	11.21%
Distribution (kWh)	2,000	0.0104	20.80	2,000	0.0148	29.60	8.80	42.31%	9.21%
Low Voltage Rider (kWh)	2,000	0.0007	1.40	2,000	0.0007	1.40	0.00	0.00%	0.44%
Smart Meter Rider (per month)			1.00			1.71	0.71	71.19%	0.53%
LRAM & SSM Rider (kWh)	2,000		0.00	2,000	0.0006	1.20	1.20	#DIV/0!	0.37%
Deferrral & Variance Acct (kWh)	2,000	0.0052	10.40	2,000	0.0100	20.00	9.60	92.30%	6.23%
Distribution Sub-Total			**58.89**			**89.92**	**31.03**	**52.69%**	**27.99%**
Retail Transmisssion (kWh)	2,117	0.0092	19.48	2,162	0.00821	17.75	(1.73)	(8.89%)	5.52%
Delivery Sub-Total			**78.37**			**107.67**	**29.30**	**37.39%**	**33.51%**
Other Charges (kWh)	2,117	0.0130	27.52	2,162	0.0130	28.10	0.58	2.10%	8.75%
Cost of Power Commodity (kWh)	600	0.0687	41.23	600	0.0687	41.23	0.00	0.00%	12.83%
Cost of Power Commodity (kWh)	1,517	0.0687	104.25	1,562	0.0687	107.31	3.06	2.93%	33.40%
Total Bill Before Taxes			**251.37**			**284.30**	**$32.94**	**13.10%**	**88.50%**
GST		13.00%	32.68		13.00%	36.96	4.28	13.10%	11.50%
Total Bill			**284.04**			**321.26**	**$37.22**	**13.10%**	**100.00%**

GENERAL SERVICE < 50 kW

Consumption 4,000 kWh	2010 BILL			2011 BILL			IMPACT		
	Volume	RATE $	CHARGE $	Volume	RATE $	CHARGE $	$	%	% of Total Bill
Monthly Service Charge			25.29			36.01	10.72	42.39%	6.00%
Distribution (kWh)	4,000	0.0104	41.60	4,000	0.0148	59.20	17.60	42.31%	9.87%
Low Voltage Rider (kWh)	4,000	0.0007	2.80	4,000	0.0007	2.80	0.00	0.00%	0.47%
Smart Meter Rider (per month)			1.00			1.71	0.71	71.19%	0.29%
LRAM & SSM Rider (kWh)	4,000		0.00	4,000	0.0006	2.40	2.40	#DIV/0!	0.40%
Deferrral & Variance Acct (kWh)	4,000	0.0052	20.80	4,000	0.0100	40.00	19.20	92.30%	6.67%
Distribution Sub-Total			**91.49**			**142.12**	**50.63**	**55.34%**	**23.69%**
Retail Transmisssion (kWh)	4,234	0.0092	38.96	4,323	0.00821	35.49	(3.46)	(8.89%)	5.92%
Delivery Sub-Total			**130.45**			**177.61**	**47.17**	**36.16%**	**29.61%**
Other Charges (kWh)	4,234	0.0130	55.05	4,323	0.0130	56.20	1.16	2.10%	9.37%
Cost of Power Commodity (kWh)	600	0.0687	41.23	600	0.0687	41.23	0.00	0.00%	6.87%
Cost of Power Commodity (kWh)	3,634	0.0687	249.72	3,723	0.0687	255.84	6.12	2.45%	42.65%
Total Bill Before Taxes			**476.44**			**530.88**	**$54.44**	**11.43%**	**88.50%**
GST		13.00%	61.94		13.00%	69.01	7.08	11.43%	11.50%
Total Bill			**538.38**			**599.90**	**$61.52**	**11.43%**	**100.00%**

GENERAL SERVICE < 50 kW

Consumption 10,000 kWh	2010 BILL			2011 BILL			IMPACT		
	Volume	RATE $	CHARGE $	Volume	RATE $	CHARGE $	$	%	% of Total Bill
Monthly Service Charge			25.29			36.01	10.72	42.39%	2.51%
Distribution (kWh)	10,000	0.0104	104.00	10,000	0.0148	148.00	44.00	42.31%	10.31%
Low Voltage Rider (kWh)	10,000	0.0007	7.00	10,000	0.0007	7.00	0.00	0.00%	0.49%
Smart Meter Rider (per month)			1.00			1.71	0.71	71.19%	0.12%
LRAM & SSM Rider (kWh)	10,000		0.00	10,000	0.0006	6.00	6.00	#DIV/0!	0.42%
Deferrral & Variance Acct (kWh)	10,000	0.0052	52.00	10,000	0.0100	100.00	48.00	92.30%	6.96%
Distribution Sub-Total			**189.29**			**298.72**	**109.43**	**57.81%**	**20.80%**
Retail Transmisssion (kWh)	10,586	0.0092	97.39	10,809	0.00821	88.74	(8.66)	(8.89%)	6.18%
Delivery Sub-Total			**286.68**			**387.45**	**100.77**	**35.15%**	**26.99%**
Other Charges (kWh)	10,586	0.0130	137.62	10,809	0.0130	140.51	2.89	2.10%	9.79%
Cost of Power Commodity (kWh)	600	0.0687	41.23	600	0.0687	41.23	0.00	0.00%	2.87%
Cost of Power Commodity (kWh)	9,986	0.0687	686.14	10,209	0.0687	701.43	15.29	2.23%	48.85%
Total Bill Before Taxes			**1,151.67**			**1,270.63**	**$118.96**	**10.33%**	**88.50%**
GST		13.00%	149.72		13.00%	165.18	15.46	10.33%	11.50%
Total Bill			**1,301.39**			**1,435.81**	**$134.42**	**10.33%**	**100.00%**

GENERAL SERVICE < 50 kW

Consumption 12,500 kWh	2010 BILL			2011 BILL			IMPACT		
	Volume	RATE $	CHARGE $	Volume	RATE $	CHARGE $	$	%	% of Total Bill
Monthly Service Charge			25.29			36.01	10.72	42.39%	2.02%
Distribution (kWh)	12,500	0.0104	130.00	12,500	0.0148	185.00	55.00	42.31%	10.37%
Low Voltage Rider (kWh)	12,500	0.0007	8.75	12,500	0.0007	8.75	0.00	0.00%	0.49%
Smart Meter Rider (per month)			1.00			1.71	0.71	71.19%	0.10%
LRAM & SSM Rider (kWh)	12,500		0.00	12,500	0.0006	7.50	7.50	#DIV/0!	0.42%
Deferrral & Variance Acct (kWh)	12,500	0.0052	65.00	12,500	0.0100	124.99	59.99	92.30%	7.01%
Distribution Sub-Total			**230.04**			**363.97**	**133.93**	**58.22%**	**20.40%**
Retail Transmisssion (kWh)	13,233	0.0092	121.74	13,511	0.00821	110.92	(10.82)	(8.89%)	6.22%
Delivery Sub-Total			**351.78**			**474.89**	**123.11**	**35.00%**	**26.62%**
Other Charges (kWh)	13,233	0.0130	172.02	13,511	0.0130	175.64	3.62	2.10%	9.84%
Cost of Power Commodity (kWh)	600	0.0687	41.23	600	0.0687	41.23	0.00	0.00%	2.31%
Cost of Power Commodity (kWh)	12,633	0.0687	867.99	12,911	0.0687	887.10	19.11	2.20%	49.72%
Total Bill Before Taxes			**1,433.01**			**1,578.85**	**$145.84**	**10.18%**	**88.50%**
GST		13.00%	186.29		13.00%	205.25	18.96	10.18%	11.50%
Total Bill			**1,619.30**			**1,784.10**	**$164.80**	**10.18%**	**100.00%**

GENERAL SERVICE < 50 kW

Consumption 15,000 kWh	2010 BILL			2011 BILL			IMPACT		
	Volume	RATE $	CHARGE $	Volume	RATE $	CHARGE $	$	%	% of Total Bill
Monthly Service Charge			25.29			36.01	10.72	42.39%	1.69%
Distribution (kWh)	15,000	0.0104	156.00	15,000	0.0148	222.00	66.00	42.31%	10.41%
Low Voltage Rider (kWh)	15,000	0.0007	10.50	15,000	0.0007	10.50	0.00	0.00%	0.49%
Smart Meter Rider (per month)			1.00			1.71	0.71	71.19%	0.08%
LRAM & SSM Rider (kWh)	15,000		0.00	15,000	0.0006	9.00	9.00	#DIV/0!	0.42%
Deferrral & Variance Acct (kWh)	15,000	0.0052	78.00	15,000	0.0100	149.99	71.99	92.30%	7.03%
Distribution Sub-Total			**270.79**			**429.22**	**158.43**	**58.51%**	**20.13%**
Retail Transmisssion (kWh)	15,879	0.0092	146.09	16,213	0.00821	133.10	(12.98)	(8.89%)	6.24%
Delivery Sub-Total			**416.88**			**562.32**	**145.44**	**34.89%**	**26.37%**
Other Charges (kWh)	15,879	0.0130	206.43	16,213	0.0130	210.77	4.34	2.10%	9.88%
Cost of Power Commodity (kWh)	600	0.0687	41.23	600	0.0687	41.23	0.00	0.00%	1.93%
Cost of Power Commodity (kWh)	15,279	0.0687	1,049.83	15,613	0.0687	1,072.77	22.94	2.18%	50.31%
Total Bill Before Taxes			**1,714.36**			**1,887.08**	**$172.72**	**10.07%**	**88.50%**
GST		13.00%	222.87		13.00%	245.32	22.45	10.07%	11.50%
Total Bill			**1,937.22**			**2,132.40**	**$195.17**	**10.07%**	**100.00%**

GENERAL SERVICE > 50 kW

		2010 BILL			2011 BILL			IMPACT		
		Volume	RATE	CHARGE	Volume	RATE	CHARGE	Change	Change	% of Total Bill
Consumption	Monthly Service Charge			171.14			237.51	66.37	38.78%	5.82%
30,000 kWh	Distribution (kW)	100	3.4592	345.92	100	4.7450	474.50	128.58	37.17%	11.64%
100 kW	Low Voltage Rider (kW)	100	0.371	37.10	100	0.3710	37.10	0.00	0.00%	0.91%
	Smart Meter Rider (per month)			1.00			1.00	0.00	0.00%	0.02%
	LRAM & SSM Rider (kW)	100		0.00	100	0.5230	52.30	52.30	#DIV/0!	1.28%
	Deferrral & Variance Acct (kW)	100	2.1520	215.20	100	(0.6753)	(67.53)	(282.73)	(131.38%)	(1.66%)
	Distribution Sub-Total			770.36			734.88	(35.48)	(4.61%)	18.02%
	Retail Transmisssion (kW)	100	3.7011	370.11	100	3.305142	330.51	(39.60)	(10.70%)	8.11%
	Delivery Sub-Total			1,140.47			1,065.40	(75.07)	(6.58%)	26.13%
	Other Charges (kWh)	31,758	0.0130	412.85	32,426	0.0130	421.53	8.68	2.10%	10.34%
	Cost of Power Commodity (kWh)	31,758	0.0654	2,077.81	32,426	0.0654	2,121.50	43.68	2.10%	52.03%
	Total Bill Before Taxes			3,631.14			3,608.43	(22.71)	(0.63%)	88.50%
	GST		13.00%	472.05		13.00%	469.10	(2.95)	(0.63%)	11.50%
	Total Bill			4,103.19			4,077.52	(25.66)	(0.63%)	100.00%

GENERAL SERVICE > 50 kW

		2010 BILL			2011 BILL			IMPACT		
		Volume	RATE $	CHARGE $	Volume	RATE $	CHARGE $	Change $	Change %	% of Total Bill
Consumption	Monthly Service Charge			171.14			237.51	66.37	38.78%	2.43%
75,000 kWh	Distribution (kW)	250	3.4592	864.80	250	4.7450	1,186.25	321.45	37.17%	12.12%
250 kW	Low Voltage Rider (kW)	250	0.371	92.75	250	0.3710	92.75	0.00	0.00%	0.95%
	Smart Meter Rider (per month)			1.00			1.00	0.00	0.00%	0.01%
	LRAM & SSM Rider (kW)	250		0.00	250	0.5230	130.75	130.75	#DIV/0!	1.34%
	Deferrral & Variance Acct (kW)	250	2.1520	538.00	250	(0.6753)	(168.82)	(706.82)	(131.38%)	(1.72%)
	Distribution Sub-Total			1,667.69			1,479.44	(188.25)	(11.29%)	15.11%
	Retail Transmisssion (kW)	250	3.7011	925.28	250	3.305142	826.29	(98.99)	(10.70%)	8.44%
	Delivery Sub-Total			2,592.97			2,305.73	(287.24)	(11.08%)	23.55%
	Other Charges (kWh)	79,395	0.0130	1,032.14	81,064	0.0130	1,053.83	21.70	2.10%	10.76%
	Cost of Power Commodity (kWh)	79,395	0.0654	5,194.54	81,064	0.0654	5,303.74	109.21	2.10%	54.18%
	Total Bill Before Taxes			8,819.64			8,663.30	(156.33)	(1.77%)	88.50%
	GST		13.00%	1,146.55		13.00%	1,126.23	(20.32)	(1.77%)	11.50%
	Total Bill			9,966.19			9,789.53	(176.66)	(1.77%)	100.00%

GENERAL SERVICE > 50 kW

		2010 BILL			2011 BILL			IMPACT		
		Volume	RATE $	CHARGE $	Volume	RATE $	CHARGE $	Change $	Change %	% of Total Bill
Consumption	Monthly Service Charge			171.14			237.51	66.37	38.78%	0.99%
200,000 kWh	Distribution (kW)	500	3.4592	1,729.60	500	4.7450	2,372.50	642.90	37.17%	9.84%
500 kW	Low Voltage Rider (kW)	500	0.371	185.50	500	0.3710	185.50	0.00	0.00%	0.77%
	Smart Meter Rider (per month)			1.00			1.00	0.00	0.00%	0.00%
	LRAM & SSM Rider (kW)	500		0.00	500	0.5230	261.50	261.50	#DIV/0!	1.09%
	Deferrral & Variance Acct (kW)	500	2.1520	1,076.00	500	(0.6753)	(337.64)	(1,413.64)	(131.38%)	(1.40%)
	Distribution Sub-Total			3,163.24			2,720.37	(442.87)	(14.00%)	11.29%
	Retail Transmisssion (kW)	500	3.7011	1,850.55	500	3.305142	1,652.57	(197.98)	(10.70%)	6.86%
	Delivery Sub-Total			5,013.79			4,372.94	(640.85)	(12.78%)	18.15%
	Other Charges (kWh)	211,720	0.0130	2,752.36	216,171	0.0130	2,810.22	57.86	2.10%	11.66%
	Cost of Power Commodity (kWh)	211,720	0.0654	13,852.10	216,171	0.0654	14,143.31	291.21	2.10%	58.69%
	Total Bill Before Taxes			21,618.25			21,326.48	(291.77)	(1.35%)	88.50%
	GST		13.00%	2,810.37		13.00%	2,772.44	(37.93)	(1.35%)	11.50%
	Total Bill			24,428.62			24,098.92	(329.70)	(1.35%)	100.00%

GENERAL SERVICE > 50 kW

Consumption		2010 BILL			2011 BILL			IMPACT		
		Volume	RATE $	CHARGE $	Volume	RATE $	CHARGE $	Change $	Change %	% of Total Bill
800,000 kWh	Monthly Service Charge			171.14			237.51	66.37	38.78%	0.25%
2,000 kW	Distribution (kW)	2,000	3.4592	6,918.40	2,000	4.7450	9,490.00	2,571.60	37.17%	9.93%
	Low Voltage Rider (kW)	2,000	0.371	742.00	2,000	0.3710	742.00	0.00	0.00%	0.78%
	Smart Meter Rider (per month)			1.00			1.00	0.00	0.00%	0.00%
	LRAM & SSM Rider (kW)	2,000		0.00	2,000	0.5230	1,046.00	1,046.00	#DIV/0!	1.09%
	Deferrral & Variance Acct (kW)	2,000	2.1520	4,304.00	2,000	(0.6753)	(1,350.55)	(5,654.55)	(131.38%)	(1.41%)
	Distribution Sub-Total			**12,136.54**			**10,165.96**	**(1,970.58)**	**(16.24%)**	**10.64%**
	Retail Transmisssion (kW)	2,000	3.7011	7,402.20	2,000	3.305142	6,610.28	(791.92)	(10.70%)	6.92%
	Delivery Sub-Total			**19,538.74**			**16,776.24**	**(2,762.50)**	**(14.14%)**	**17.55%**
	Other Charges (kWh)	846,880	0.0130	11,009.44	864,684	0.0130	11,240.89	231.45	2.10%	11.76%
	Cost of Power Commodity (kWh)	846,880	0.0654	55,408.39	864,684	0.0654	56,573.25	1,164.86	2.10%	59.19%
	Total Bill Before Taxes			**85,956.57**			**84,590.39**	**(1,366.19)**	**(1.59%)**	**88.50%**
	GST		13.00%	11,174.35		13.00%	10,996.75	(177.60)	(1.59%)	11.50%
	Total Bill			**97,130.93**			**95,587.14**	**(1,543.79)**	**(1.59%)**	**100.00%**

GENERAL SERVICE > 50 kW

Consumption		2010 BILL			2011 BILL			IMPACT		
		Volume	RATE $	CHARGE $	Volume	RATE $	CHARGE $	Change $	Change %	% of Total Bill
1,600,000 kWh	Monthly Service Charge			171.14			237.51	66.37	38.78%	0.12%
4,000 kW	Distribution (kW)	4,000	3.4592	13,836.80	4,000	4.7450	18,980.00	5,143.20	37.17%	9.94%
	Low Voltage Rider (kW)	4,000	0.371	1,484.00	4,000	0.3710	1,484.00	0.00	0.00%	0.78%
	Smart Meter Rider (per month)			1.00			1.00	0.00	0.00%	0.00%
	LRAM & SSM Rider (kW)	4,000		0.00	4,000	0.5230	2,092.00	2,092.00	#DIV/0!	1.10%
	Deferrral & Variance Acct (kW)	4,000	2.1520	8,608.00	4,000	(0.6753)	(2,701.10)	(11,309.10)	(131.38%)	(1.41%)
	Distribution Sub-Total			**24,100.94**			**20,093.41**	**(4,007.53)**	**(16.63%)**	**10.53%**
	Retail Transmisssion (kW)	4,000	3.7011	14,804.40	4,000	3.305142	13,220.57	(1,583.83)	(10.70%)	6.93%
	Delivery Sub-Total			**38,905.34**			**33,313.97**	**(5,591.37)**	**(14.37%)**	**17.45%**
	Other Charges (kWh)	1,693,760	0.0130	22,018.88	1,729,368	0.0130	22,481.79	462.91	2.10%	11.78%
	Cost of Power Commodity (kWh)	1,693,760	0.0654	110,816.79	1,729,368	0.0654	113,146.50	2,329.72	2.10%	59.27%
	Total Bill Before Taxes			**171,741.01**			**168,942.26**	**(2,798.74)**	**(1.63%)**	**88.50%**
	GST		13.00%	22,326.33		13.00%	21,962.49	(363.84)	(1.63%)	11.50%
	Total Bill			**194,067.34**			**190,904.76**	**(3,162.58)**	**(1.63%)**	**100.00%**

GENERAL SERVICE > 50 kW

Consumption		2010 BILL			2011 BILL			IMPACT		
		Volume	RATE $	CHARGE $	Volume	RATE $	CHARGE $	Change $	Change %	% of Total Bill
2,400,000 kWh	Monthly Service Charge			171.14			237.51	66.37	38.78%	0.08%
5,400 kW	Distribution (kW)	5,400	3.4592	18,679.68	5,400	4.7450	25,623.00	6,943.32	37.17%	9.13%
	Low Voltage Rider (kW)	5,400	0.371	2,003.40	5,400	0.3710	2,003.40	0.00	0.00%	0.71%
	Smart Meter Rider (per month)			1.00			1.00	0.00	0.00%	0.00%
	LRAM & SSM Rider (kW)	5,400		0.00	5,400	0.5230	2,824.20	2,824.20	#DIV/0!	1.01%
	Deferrral & Variance Acct (kW)	5,400	2.1520	11,620.80	5,400	(0.6753)	(3,646.49)	(15,267.29)	(131.38%)	(1.30%)
	Distribution Sub-Total			**32,476.02**			**27,042.62**	**(5,433.40)**	**(16.73%)**	**9.64%**
	Retail Transmisssion (kW)	5,400	3.7011	19,985.94	5,400	3.305142	17,847.77	(2,138.17)	(10.70%)	6.36%
	Delivery Sub-Total			**52,461.96**			**44,890.39**	**(7,571.57)**	**(14.43%)**	**16.00%**
	Other Charges (kWh)	2,540,640	0.0130	33,028.32	2,594,052	0.0130	33,722.68	694.36	2.10%	12.02%
	Cost of Power Commodity (kWh)	2,540,640	0.0654	166,225.18	2,594,052	0.0654	169,719.76	3,494.57	2.10%	60.48%
	Total Bill Before Taxes			**251,715.46**			**248,332.82**	**(3,382.64)**	**(1.34%)**	**88.50%**
	GST		13.00%	32,723.01		13.00%	32,283.27	(439.74)	(1.34%)	11.50%
	Total Bill			**284,438.47**			**280,616.09**	**(3,822.38)**	**(1.34%)**	**100.00%**

Street Lighting

Billing Determinants
1,061 Connections
72,321 kWh
202 kW

	2010 BILL			2011 BILL			IMPACT		
	Volume	RATE $	CHARGE $	Volume	RATE $	CHARGE $	Change $	Change %	% of Total Bill
Monthly Service Charge	1,061	0.4100	435.01	1,061	1.2718	1,349.38	914.37	210.20%	11.36%
Distribution (kW)	202	4.1163	830.46	202	12.7683	2,576.00	1,745.54	210.19%	21.69%
Low Voltage Rider (kW)	202	0.3313	66.84	202	0.3313	66.84	0.00	0.00%	0.56%
LRAM & SSM Rider (kW)	202		0.00	202	0.0000	0.00	0.00	#DIV/0!	0.00%
Deferrral & Variance Acct (kW)	202	1.7788	358.87	202	(0.2003)	(40.42)	(399.29)	(111.26%)	(0.34%)
Distribution Sub-Total			1,691.19			3,951.81	2,260.62	133.67%	33.28%
Retail Transmisssion (kW)	202	2.8233	569.60	202	2.519689	508.35	(61.25)	(10.75%)	4.28%
Delivery Sub-Total			2,260.79			4,460.15	2,199.37	97.28%	37.56%
Other Charges (kWh)	76,558	0.0130	995.26	78,168	0.0130	1,016.18	20.92	2.10%	8.56%
Cost of Power Commodity (kWh)	76,558	0.0644	4,928.84	78,168	0.0644	5,032.45	103.62	2.10%	42.38%
Total Bill Before Taxes			8,184.88			10,508.79	2,323.91	28.39%	88.50%
GST		13.00%	1,064.03		13.00%	1,366.14	302.11	28.39%	11.50%
Total Bill			9,248.92			11,874.94	2,626.02	28.39%	100.00%

Sentinel Lighting

Billing Determinants
1 Connections
89 kWh
0.25 kW

	2010 BILL			2011 BILL			IMPACT		
	Volume	RATE $	CHARGE $	Volume	RATE $	CHARGE $	Change $	Change %	% of Total Bill
Monthly Service Charge	1	1.7400	1.74	1	4.9151	4.92	3.18	182.48%	22.55%
Distribution (kW)	0	6.7501	1.69	0	19.0674	4.77	3.08	182.48%	21.87%
Low Voltage Rider (kW)	0	0.3569	0.09	0	0.3569	0.09	0.00	0.00%	0.41%
LRAM & SSM Rider (kW)	0		0.00	0	0.0000	0.00	0.00	#DIV/0!	0.00%
Deferrral & Variance Acct (kW)	0	9.1802	2.30	0	4.0037	1.00	(1.29)	(56.39%)	4.59%
Distribution Sub-Total			5.81			10.77	4.96	85.35%	49.42%
Retail Transmisssion (kW)	0	2.8585	0.71	0	2.550106	0.64	(0.08)	(10.79%)	2.92%
Delivery Sub-Total			6.53			11.41	4.88	74.82%	52.34%
Other Charges (kWh)	94	0.0130	1.22	96	0.0130	1.24	0.03	2.10%	5.71%
Cost of Power Commodity (kWh)	94	0.0694	6.50	96	0.0694	6.64	0.14	2.10%	30.45%
Total Bill Before Taxes			14.24			19.29	5.05	35.42%	88.50%
GST		13.00%	1.85		13.00%	2.51	0.66	35.42%	11.50%
Total Bill			16.10			21.80	5.70	35.42%	100.00%

Unmetered Scattered

Consumption
272 kWh

	2010 BILL			2011 BILL			IMPACT		
	Volume	RATE $	CHARGE $	Volume	RATE $	CHARGE $	Change $	Change %	% of Total Bill
Monthly Service Charge			8.96			23.33	14.37	160.35%	19.13%
Distribution (kWh)	272	0.0523	14.23	272	0.1362	37.05	22.82	160.42%	30.38%
Low Voltage Rider (kWh)	272	0.0009	0.24	272	0.0009	0.24	0.00	0.00%	0.20%
LRAM & SSM Rider (kWh)	272		0.00	272	0.0773	21.02	21.02	#DIV/0!	17.24%
Deferrral & Variance Acct (kWh)	272	0.0095	2.58	272	0.0000	0.00	(2.58)	(100.00%)	0.00%
Distribution Sub-Total			26.01			81.64	55.63	213.84%	66.96%
Retail Transmisssion (kWh)	288	0.0092	2.65	294	0.00821	2.41	(0.24)	(8.89%)	1.98%
Delivery Sub-Total			28.66			84.06	55.39	193.26%	68.94%
Other Charges (kWh)	288	0.0130	3.74	294	0.0130	3.82	0.08	2.10%	3.13%
Cost of Power Commodity (kWh)	288	0.0681	19.61	294	0.0681	20.03	0.41	2.10%	16.42%
Total Bill Before Taxes			52.02			107.90	55.88	107.43%	88.50%
GST		13.00%	6.76		13.00%	14.03	7.26	107.43%	11.50%
Total Bill			58.78			121.93	63.15	107.43%	100.00%

SMART METER RATE ADDER

QUESTION #13

References: i) OEB Guideline G-2008-0002:
ii) OEB Filing Requirements for Smart Meter Investment Plans, October 26, 2006
iii) Exhibit 9 Tab 1 Schedule 3

a) Confirm that Guideline G-2008-0002 has not superseded the Filing Requirements for Smart Meter Investment Plans, October 26, 2006.

Response: *It is PSP's view these are two separate documents for two entirely different purposes. The 2006 document asked for an investment plan while the 2008 guideline is for smart meter funding and cost recovery.*

The Dec 15, 2006 filing was a plan prepared in the very early stages of the project with the available information at that time.

The Smart Meter Adder of this IRM application follows the Guideline – G-2008-0002 Smart Meter Funding and Cost Recovery dated October 22, 2008.

PSP believes it has followed the directions in accordance with the expectations of the Board.

b) Confirm that paragraph 7 of the Filing Requirements specifies that

> 7. Specifically, and in as much detail as possible, please provide the following
> information for your planned implementation of the SMIP:
> • the number of meters installed by class and by year, both in absolute terms and as a percentage of the class;
> • the capital expenditures and amortization by class and by year;
> • the operating expenses by class and by year;
> • the effect of the SMIP on the level of the allowance for PILs.

Response: *PSP confirms paragraph 7 of the Filing Requirements is exactly as specified by the Board and quoted in VECC IR 13 b) above.*

c) Did Parry Sound file its SMIP in accordance with the Filing Guidelines? Please elaborate

Response: *PSP filed its Smart Meter Investment Plan using the best information available at the time. The filing was a combined CHEC (Cornerstone Hydro Electric Concepts) filing, Board File Number EB-2006-0246, prepared with the assistance of Util-Assist Inc., a third party assisting many LDCs in the province.*

d) Has Parry Sound kept records by class as required by the Filing Guidelines and are accounts, 1556 and 1555 segregated by rate class? Please elaborate.

Response: *PSP does not have the customer class details as requested, however, it has followed the guidance included with Guideline – G-2008-0002 Smart Meter Funding and Cost Recovery dated October 22, 2008 and has recorded accounts 1555 and 1556 accordingly with no segregation by rate class.*

Additionally, the PowerStream Inc. Decision and Order EB-2010-0209 dated November 19, 2010 Board Findings indicate "the Board is concerned about distributors' ability to track all individual costs on a class specific basis at this point in the Smart Meter initiative, given that the instructions that have been issued by the Board in the recent past have not included this requirement."

QUESTION #14

References: i) Exhibit 9 Tab 1 Schedule 3
ii) OEB SM Adder Worksheets 7 & 8

Preamble: In its EB-2010-0209 Decision the Board Stated

> " the Board finds that PowerStream's original cost allocation methodology is reasonable and based on the principle of cost causality"

a) Provide a copy of the OEB Worksheets for calculating Smart Meter Rate Adders populated with the data to support the proposed $1.71/customer/mo rate adder.

Response: *PSP calculated the smart meter rate adder with the most current model from OEB staff received in June 2010. The model VECC is suggesting is a model prepared by Orangeville Hydro, January 2010. It is PSP's view this latest calculation provides a reasonable adder at $1.71 per customer per month. Other decisions by the OEB are approving Smart Meter Rate adders of up to $3.50 per metered customer per month.*

PSP expects the Board to approve the smart meter rate adder of $1.71 on the basis of the calculations provided by the June 2010 model.

b) Provide the *average unit capital costs* (procurement and installation) and total capital costs for each of residential and GS<50kW meters to the end of 2010

Response: *PSP has not kept records on a class specific basis for the Smart Meter program.*

In its Decision in Powerstream's application (EB-2010-0209) the Board staff submitted that "there should not be a requirement for class specific accounting of all such costs, as the added costs of tracking and reporting would, in board staff's view, outweigh the benefits, particularly as at least some costs would have to be allocated between customer classes. Therefore, Board staff also submits that any cost allocation methodology used for smart meters should not assume that a distributor can identify costs on a class specific basis for all cost components."

c) Provide an estimate of the SM rate adder revenue collected from <u>each</u> of the Residential and GS<50kw classes to the end of 2010. (average #customers * SM adder rate/metered customer/month). Prorate the carrying costs and reconcile to OEB Worksheet 7.

Response: *See response to part a) and b).*

d) Provide the estimated 2011/12 total capital costs (procurement and installation) for each of the Residential and GS<50 kW classes.

Response: *See response to part b).*

e) Calculate class-specific proxy 2011/12 rate adders using capital cost as the cost driver for allocating the 2011/12 Revenue Requirement.(Sheet 8). The class specific rate adders should add to the same total 2011/2012 SM revenue as that projected from the aggregate SM rate adder of $1.71/customer/mo (Worksheets 7 and 8)

Response: *See response to part a).*

LRAM/SSM

QUESTION #15

References: i) Exhibit 10 Tab 1 Schedule 2 Burman Report Page 7 and Attachments A and C.

Preamble: For all programs/projects, the OEB Total Resource Cost Guide, Section 5, Assumptions and Measures List September 8, 2005 were used in TRC calculations in accordance with OEB's direction letter, Conservation and Demand Management ("CDM") Input Assumptions Board File No.: EB-2008-0352, January 27, 2009.

a) When (year and date) did the OPA change its Input assumptions (unit savings and free ridership) for CFLs under the Every Kilowatt Counts Campaigns?

Response: *The unit savings (and free ridership) assumptions for CFLs embedded in the 2006 EKC Campaign calculator, although not explicitly identified, were imputed to be 104 kWh, consistent with the Conservation Bureau's December 2006 Residential Education and Coupon Incentive ("Every Kilowatt Counts") Program report. Changes to these assumptions were not published until the OPA issued the revised assumptions and measures list in April 2009. In accordance with the guideline above, assumptions and measures list published by the OPA in April, 2009 were used in LRAM calculations only. SSM calculations therefore accurately reflect the use of 2005 assumptions and measures, representing those in existence at the time TRC calculations were performed for 3rd tranche CFL program decisions.*

b) Provide a copy of the SeeLine EKC calculators before and after the change Confirm /Show how the EKC assumptions compare to the latest OPA Mass Market and CI Measures and Input Assumptions.

Response: *SeeLine's EKC calculator was not applied in the calculation of TRC results. Assumption changes are described in 15a)*

c) Provide a copy of the spreadsheet showing the SSM calculation as filed. Reconcile to Attachment C.

Response: *With reference to Question A – preamble. See APPENDIX A below.*

Appendix A

Net Present Value$_{TRC}$

Utility

Name of Utility:	Parry Sound Power
Number of years in study:	4

Project Description

Name of Project:	2005 Lighten Your Electricity Bill
Description:	15W CFL

(•) OEB Residential Table
( ) OEB Commercial Table
( ) OEB Industrial Table
( ) Direct Input

( ) k$
(•) $

User Inputs

Discount rate	8.13%	
Unit Annual Energy Savings	0	kW/unit
Number of Units Delivered	201	
Free Ridership Rate	10%	

Output

NPV ($)	4,172.17

LDC Avoided Costs		Present	2006	2007	2008	2009
Avoided Energy			1,316.89	1,305.86	1,357.85	1,300.12
Avoided Generation Capacity			-	-	-	-
Avoided Transmission Capacity			-	-	-	-
Avoided Distribution Capacity			-	-	-	-
Avoided Distribution Losses			-	-	-	-
Other Avoided Costs						
Other Benefits						
Total (undiscounted) Avoided Costs		-	1,316.89	1,305.86	1,357.85	1,300.12
LDC Program Costs						
LDC OM&A Costs						
LDC Capital Costs						
Incremental Equipment Costs	(361.8)	-361.80				
Participant Costs						
Total Program Costs		-361.80	-	-	-	-
Total Avoided Costs less Program Costs		-361.80	1,316.89	1,305.86	1,357.85	1,300.12

			2006	2007	2008	2009
Present value factor	8.1%	1.000	0.962	0.889	0.823	0.761
Present value of cash flows		-361.80	1,266.45	1,161.46	1,116.96	989.10
Accumulated present value of cash flows		-361.80	904.65	2,066.11	3,183.07	4,172.17

NPV TRC	4,172.17

Net Present Value$_{TRC}$

Utility

Name of Utility:	Parry Sound Power
Number of years in study:	4

Project Description

Name of Project:	2006 Light Bulb Giveaway
Description:	15W

- (•) OEB Residential Table
- ( ) OEB Commercial Table
- ( ) OEB Industrial Table
- ( ) Direct Input

- ( ) k$
- (•) $

User Inputs

Discount rate	8.13%	
Unit Annual Energy Savings	0	kW/unit
Number of Units Delivered	300	
Free Ridership Rate	10%	

Output

NPV ($)	6,224.23

LDC Avoided Costs		Present	2007	2008	2009	2010
Avoided Energy			1,949.04	2,026.64	1,940.47	1,959.95
Avoided Generation Capacity			-	-	-	-
Avoided Transmission Capacity			-	-	-	-
Avoided Distribution Capacity			-	-	-	-
Avoided Distribution Losses			-	-	-	-
Other Avoided Costs						
Other Benefits						
Total (undiscounted) Avoided Costs		-	1,949.04	2,026.64	1,940.47	1,959.95
LDC Program Costs						
LDC OM&A Costs						
LDC Capital Costs						
Incremental Equipment Costs	(540.0)	-540.00				
Participant Costs						
Total Program Costs		-540.00	-	-	-	-
Total Avoided Costs less Program Costs		-540.00	1,949.04	2,026.64	1,940.47	1,959.95

			2007	2008	2009	2010
Present value factor	8.1%	1.000	0.962	0.889	0.823	0.761
Present value of cash flows		-540.00	1,874.38	1,802.55	1,596.22	1,491.09
Accumulated present value of cash flows		-540.00	1,334.38	3,136.93	4,733.14	6,224.23

NPV TRC	6,224.23

d) Provide a calculation of the 3rd tranche SSM using the OPA EKC input assumptions for CFLs from January (2007?) following the change in input assumptions. Provide a revised version of Attachment C.

Response: *As per response in 15b), there would be no change to 3rd tranche SSM calculations since there was no change to input assumptions.*

QUESTION #16

References: Exhibit 10/Tab 1/Schedule 2, Burman Report, page 6 and Attachments A and E

Preamble: For all programs/projects, the most recently published OPA assumptions and measures list were used in LRAM calculations in accordance with OEB's direction letter, Conservation and Demand Management ("CDM") Input Assumptions Board File No.: EB-2008-0352, January 27, 2009 and consistent with recent Decision and Order

EB-2009-0192 for Horizon Utilities Corporation that directed LRAM calculations use the most current available input assumptions for all CDM programs.

a) Confirm the source and Input assumptions for the following 3rd tranche CDM programs (addition to Attachment E)

- **Lighten Your Electricity Bill 2005**
  - CFLs
  - SLEDs - 5W
  - SLEDs - Mini Lights
  - Programmable Thermostat - Space Heating
  - Programmable Thermostat - Space Cooling
  - Timer - Outdoor Light
  - Timer - Indoor Light
  - Ceiling Fan

–# units and unit kwh savings, operating hours, lifetime and free ridership for each year 2005-2009.

Reconcile to net **62,485 kWh and 3.81 kW peak** and to Attachment E.

Response:

CFLs	**2005**
# of Units:	201
Unit kWh Savings:	43.2 kWh
Summer kW savings:	0.001 kW
Operating Hours:	985.5
Lifetime Savings per unit kWh:	345.6 kWh

Free Ridership :	10%

kW and kWh Calculations:

kW 2005: 201 units * 0.001 kW = 0.201 kW – 10% = 0.1809 kW
kWh 2005: 201 units * 43.2 kWh = 8,683.2 kWh - 10% = 7,814.88 kWh

	2006		2007		2008		2009		Total
Total kWh Savings	7,814.88	+	7,814.88	+	7,814.88	+	7,814.88	=	31,259.52
Total kW Savings	0.1809	+	0.1809	+	0.1809	+	0.1809	=	0.7236

SLEDs - 5W	2005
# of Units:	40
Unit kWh Savings:	57 kWh
Summer kW savings:	0.0 kW
Operating Hours:	155
Lifetime Savings per unit kWh:	1,710 kWh
Free Ridership :	5%

kW and kWh Calculations:

kW 2005: 40 units * 0 kW = 0 kW
kWh 2005: 40 units * 57 kWh = 2,280 - 5% = 2,166 kWh

	2006		2007		2008		2009		Total
Total kWh Savings	2,166	+	2,166	+	2,166	+	2,166	=	8,664
Total kW Savings	0	+	0	+	0	+	0	=	0

SLEDs - Mini Lights	2005
# of Units:	39
Unit kWh Savings:	7.2168 kWh
Summer kW savings:	0 kW
Operating Hours:	155
Lifetime Savings per unit kWh:	216.504 kWh
Free Ridership :	5%

kW and kWh Calculations:

kW 2005: 39 units * 0 kW = 0 kW
kWh 2005: 39 units * 7.2168 kWh = 281.4552 kWh – 5% = 267.38244 kWh

	2006		2007		2008		2009		Total
Total kWh Savings	267.38244	+	267.38244	+	267.38244	+	267.38244	=	1,069.52976
Total kW Savings	0	+	0	+	0	+	0	=	0

Programmable Thermostat - Space Heating	**2005**
# of Units:	2
Unit kWh Savings:	2,063 kWh
Summer kW savings:	**0 kW**
Operating Hours:	-
Lifetime Savings per unit kWh:	30,945 kWh
Free Ridership :	0%

kW and kWh Calculations:

kW 2005:
kWh 2005: 2 units * 2,063 kWh = 4,126 kWh – 0% = 4,126 kWh

	2006		2007		2008		2009		Total
Total kWh Savings	4,126	+	4,126	+	4,126	+	4,126	=	16,504
Total kW Savings	0	+	0	+	0	+	0	=	0

Programmable Thermostat - Space Cooling	**2005**
# of Units:	5
Unit kWh Savings:	138
Summer kW savings:	0.151 kW
Operating Hours:	-
Lifetime Savings per unit kWh:	2,070 kWh
Free Ridership :	0%

kW and kWh Calculations:

kW 2005: 5 units * 0.151 kW = 0.755 – 0% = 0.755 kW
kWh 2005: 5 units * 138 kWh = 690 kWh – 0% = 690 kWh

	2006		2007		2008		2009		Total
Total kWh Savings	690	+	690	+	690	+	690	=	2,760
Total kW Savings	0.755	+	0.755	+	0.755	+	0.755	=	3.02

Timer - Outdoor Light	2005
# of Units:	1
Unit kWh Savings:	41.1 kWh
Summer kW savings:	0 kW
Operating Hours:	-
Lifetime Savings per unit kWh:	411 kWh
Free Ridership :	10%

kWh Calculations:

kW 2005: 1 unit * 0 kW = 0 kW
kWh 2005: 1 unit * 41.1 kWh = 41.1 kWh – 10% = 36.99 kWh

	2006		2007		2008		2009		Total
Total kWh Savings	36.99	+	36.99	+	36.99	+	36.99	=	147.96
Total kW Savings	0	+	0	+	0	+	0	=	0

Timer - Indoor Light	2005
# of Units:	1
Unit kWh Savings:	219 kWh
Summer kW savings:	0.007 kW
Operating Hours:	-
Lifetime Savings per unit kWh:	2,190 kWh
Free Ridership :	10%

kW and kWh Calculations:

kW 2005: 1 unit * 0.007 kW = 0.007 – 10% = 0.0063 kW
kWh 2005: 1 unit * 219 kWh = 219 kWh – 10% = 197.1 kWh

	2006		2007		2008		2009		Total
Total kWh Savings	197.1	+	197.1	+	197.1	+	197.1	=	788.4
Total kW Savings	0.0063	+	0.0063	+	0.0063	+	0.0063	=	0.0252

Ceiling Fan	2005
# of Units:	4
Unit kWh Savings:	89.9 kWh
Summer kW savings:	0.003 kW
Operating Hours:	-
Lifetime Savings per unit kWh:	899 kWh

Free Ridership :	10%

kW and kWh Calculations:

kW 2005: 4 units * 0.003 kW = 0.012 kW – 10% = 0.0108 kW
kWh 2005: 4 units * 89.9 kWh = 359.6 kWh – 10% = 323.64 kWh

	2006		2007		2008		2009		Total
Total kWh Savings	323.64	+	323.64	+	323.64	+	323.64	=	1,294.56
Total kW Savings	0.0108	+	0.0108	+	0.0108	+	0.0108	=	0.0432

Total kW and kWh from programs under Lighten Your Electricity Bill 2005:

Program Name	Total kW (As Filed)	Total kWh (As Filed)
CFLs	0.7236	31,260
SLEDs 5W	0	8,664
SLEDs – Mini lights	0	1070
Programmable Thermostat - Space Heating	0	16,503
Programmable Thermostat - Space Cooling	3.02	2,760
Timer - Outdoor Light	0	148
Timer - Indoor Light	0.0252	788
Ceiling Fan	0.0432	1,293
TOTAL	**3.812**	**62,486**

- **Light Bulb Giveaways 2006/2007**

  –# units and unit kwh savings, operating hours, lifetime and free ridership for each year 2005-2009.

Reconcile to net **61,430 kWh** and **1.42 kW peak** and to Attachment E

Response:

	2006	**2007**
# of Units:	300	340
Unit kWh Savings:	43.2 kWh	43.2 kWh
Summer kW savings:	0.001 kW	0.001 kW
Operating Hours:	985.5	985.5
Lifetime Savings per unit kWh:	345.6 kWh	345.6 kWh
Free Ridership :	10%	10%

kW and kWh Calculations:

kW 2006: 300 units * 0.001 kW = 0.3 kW – 10% = 0.27 kW
kWh 2006: 300 units * 43.2 kWh = 12,960 kWh – 10% = 11,664 kWh

kW 2007: 340 units * 0.001 kW = 0.34 kW – 10% = 0.306 kW
kWh 2007: 340 units * 43.2 kW = 14,688 kWh – 10% = 13,219.2 kWh

	2007		**2008**		**2009**		**Total**
Total kWh Savings	11,664	+	(11,664 + 13,219.2)	+	(11,664 + 13,219.2)	=	61,430.4
Total kW Savings	0.27	+	(0.27 + 0.306)	+	(0.27 + 0.306)	=	1.422

b) Explain why the free-ridership assumption for CFLs is maintained at 10%.

Response: *The CFL program was completed in 2005, 2006, and 2007 for the residential sector. At that time, 2005 OEB published assumptions and measures list tables were the source of the widely applied free ridership rate of 10%.*

c) If the lifetime for SLEDs and CFLs is less than the 5 years of kWh savings explain why free ridership should not be increased and/or a persistence factor applied.

Response: *Re free ridership, see answer to 16b*
Given the broad market acceptance of SLED's across all sectors, customers were reasonably expected to keep SLED's in place over the duration of the 2005-2010 period.

QUESTION #17

Reference: Exhibit 8/Tab 6/Schedule 1, Appendix A Burman Report, Results Table Page 5

a) Based on the response to Questions 15 and 16 provide a calculation of the revised LRAM/SSM schedules for 3rd tranche programs (including Carrying charges) and recalculate the rate riders

Response: *The following table provides the calculation of the LRAM/SSM customer class rate rider based on the response to IRs 15 and 16.*

	Amounts (Up to 2009)		Billing Units (2011)		Rate Riders		
	LRAM	SSM			LRAM	SSM	Total
Rate Class	$	$		Metrics	$/unit (kWh or kW)	$/unit (kWh or kW)	$/unit (kWh or kW)
Residential	45,040.01	2,328.22	33,427,924	kWh	0.0013	0.0001	0.0014
GS < 50 kW	7,180.73	521.91	16,733,379	kWh	0.0004	0.0000	0.0005
GS >50	51,856.81		97,727	kW	0.5306	0.0000	0.5306
Sentinel Lights			36	kW	0.0000	0.0000	0.0000
Street Lighting			2,421	kW	0.0000	0.0000	0.0000
USL	4,991.94	-450.71	58,750	kWh	0.0850	-0.0077	0.0773
Total	**109,069.49**	**2,399.42**					

QUESTION #18

Reference: Exhibit 10/Tab 1/Schedule 2, Burman Report, page 6 and Attachments A, B

Preamble: OPA sponsored programs also represent lost revenue through their successful implementation and are included in LRAM calculations.

The sum of all program LRAM calculations, including OPA sponsored programs is $563,469.27

a) Provide a copy of the audited OPA Results for Parry Sound.

Response: Excel file attached

Please see Parry Sound Power VECC IR Responses.xlsx

Tab: "VECC IR #18a - As Filed Prelims" - 2006-2008 + 2009 Preliminary Results

Tab: "VECC IR #18a - 2009 Finals" - are the updated finalized 2009 numbers

b) Provide details of the OPA EKC campaigns from 2006-2009 that add to the data shown in Attachments A, B- Residential line 4 and 12 -Every Kilowatt counts–

i. # units
ii. unit and total kwh savings,
iii. operating hours,
iv. lifetime and
v. free ridership

for each year 2006-2009

Response: Excel File attached

Please see Parry Sound Power Parry Sound Power VECC IR Responses.xlsx

Tab: "VECC IR #18b - As Filed Prelims" - 2006-2008 + 2009 Preliminary Results

Tab: "VECC IR #18b - 2009 Finals" - are the updated finalized 2009 numbers

c) Reconcile to the revenue for each year and the Total Revenue and to the OPA Results for Parry Sound.

Response:

As Filed: 2006-2008 + 2009 Preliminary

Net Energy Savings (kWh)								
#	Initiative Name	Program I	Program Year	Results Status	2006	2007	2008	2009
	Every Kilowatt Counts	Consumer	2006	Final	294,284	294,284	294,284	294,284
	Every Kilowatt Counts	Consumer	2007	Final	0	109,128	107,793	107,793
					0	0	0	0
	Every Kilowatt Counts Power Savings Event	Consumer	2008	Final	0	0	99,885	99,450
	Every Kilowatt Counts Power Savings Event	Consumer	2009	Preliminary	0	0	0	26,720

2006 EKC =(1/4)* 294,284 *0.0145+(3/4)* 294,284 * 0.0142 = $4,200.91

2007 EKC = (1/3)* (294,284 + 109,128) * 0.0142 +(2/3)* (294,284 + 109,128) * 0.0143 = $5,755.35

2008 EKC =(1/3)* (294,284 + 107,793) * 0.0143 +(2/3)* (294,284 + 107,793) * 0.0143 = $5,749.71

2009 EKC =(1/3)* (294,284 + 107,793) * 0.0143 +(2/3)* (294,284 + 107,793) * 0.0144 = $5,776.51

2008 EKC Power Savings Event: =(1/3)* 99,885*0.0143+(2/3)* 99,885*0.0143= $1,428.35

2009 EKC Power Savings Event: =(1/3)* (99,450 + 26,720) *0.0143+(2/3)* (99,450 + 26,720) *0.0144 = $1,812.64

Updated: 2006-2009 Final OPA Conservation Results

Net Energy Savings (kWh)								
#	Initiative Name	Program I	Program Year	Results Status	2006	2007	2008	2009
	Every Kilowatt Counts	Consumer	2006	Final	294,284	294,284	294,284	294,284
	Every Kilowatt Counts	Consumer	2007	Final	0	109,128	107,793	107,793
	Every Kilowatt Counts Power Savings Event	Consumer	2008	Final	0	0	99,885	99,450
	Every Kilowatt Counts Power Savings Event	Consumer	2009	Final	0	0	0	43,881

2006 EKC =(1/4)* 294,284 *0.0145+(3/4)* 294,284 * 0.0142 = $4,200.91
2007 EKC = (1/3)* (294,284 + 109,128) * 0.0142 +(2/3)* (294,284 + 109,128) * 0.0143 = $5,755.35
2008 EKC =(1/3)* (294,284 + 107,793) * 0.0143 +(2/3)* (294,284 + 107,793) * 0.0143 = $5,749.71

2009 EKC =(1/3)* (294,284 + 107,793) * 0.0143 +(2/3)* (294,284 + 107,793) * 0.0144 = $5,776.51

2008 EKC Power Savings Event: =(1/3)* 99,885*0.0143+(2/3)* 99,885*0.0143= $1,428.35

2009 EKC Power Savings Event: =(1/3)* (99,450 + 43,881) *0.0143+(2/3)* (99,450 + 43,881) *0.0144 = $2,059.19

RATE BASE/CAPITAL EXPENDITURES

QUESTION #19

Reference: Exhibit 2/Tab 4/Schedule 1, page 3

a) Please update the commodity cost for the prices as set out in the October 2010 RPP Report.

Response: *The updated commodity cost is $6,458,790 which represents an increase of $5,963 or .092% over the original submission.*

QUESTION #20

Reference: Exhibit 2/Tab 1/Schedule 1, page 5

a) Are the MS1 and MS2 metering stations fully depreciated? If not, please provide the NBV of these assets.

Response: *PSP currently has 5 stations. Stations MS1 and MS2 are fully depreciated.*

b) What is PSP's estimate of the scrap/salvage/sale/trade-in value of the associated plant and equipment value of MS1 and MS2?

Response: *Any scrap value may be offset by the cost of removing the assets from service. Therefore, PSP has not considered a residual value for either MS1 or MS2.*

c) How does PSP intend to record any amounts received for the MS1 and MS2 assets?

Response: *Any amounts received would be considered a gain on the disposition of fixed assets and would be recorded account 4355 as prescribed in the Accounting Procedures Handbook and offset by any removal costs.*

QUESTION #21

Reference: Exhibit 2/Tab 2/Schedule 1, pages 3-5, Tables 3-5

a) For each of the disposals shown in years 2008, 2009, and 2010, please indicate (i) the nature of the assets being disposed of, (ii) PSP's estimate of the scrap/salvage/sale/trade-in value of the assets being disposed of, and (iii) PSP's proposed treatment of the revenues from disposition of the assets.

Response: *2008 – A transformer was damaged by lightning in station MS#3. $180,000 was removed from fixed assets, $102,000 removed from Accumulated Depreciation, and a loss of $78,000 was recorded.*

2009 – PSP removed meters from the General Service > 50kW class and replaced them with meters to be used as part of the smart meter system. PSP recognizes these new meters are not currently included in the "Smart Meter Initiative", however, PSP saw an opportunity to have these meters replaced while resources were available to change out the meters at the same time as the Residential and General Service <50kW meters were changes. These GS>50kW meters were fully depreciated with no salvage value.

2010 – PSP recorded organization costs of $361,043 and is proposing to remove this asset from their records in 2010 offset by a reduction in accumulated depreciation (263,867) with the residual being recorded in an account to be recovered over the four year rebasing period.

QUESTION #22

Reference: Exhibit 2

a) Please provide the amount of PST paid by PSP on its capital expenditures for the full years 2007, 2008, and 2009 and the PST paid on capital expenditures in 2010 to July 1, 2010.

Response: *PSP has not separated PST from the expenditures for capital for the years in question. To respond to this question would be very labour intensive and its PSP's view that resources are unavailable to respond. Also, the recent FAQ released by the Board recognizes the onerous effort required to track PST costs and has proposed alternatives to the LDCs to minimize the cost associated with PST tracking. PSP will follow the Board's recommendation with respect to PST tracking.*

QUESTION #23

Reference: Exhibit 2/Tab 3/Schedule 1, page 1

a) Does PSP have a Board of Directors approved capital budget for 2010 and/or 2011? If so, please provide a copy of the budget(s) as approved by the Board of Directors and the date on which it/they were approved..

Response: *PSP's capital budget for 2010 and 2011 is based on the Asset Management Plan which is reflected in the rate application. A detailed description of the capital projects for both years is included in the application beginning at Exhibit2, Tab 2, Schedule 3, page 27 onward. The Asset Management Plan supports these projects and is found at Exhibit 2, Tab 3, Schedule 2, Appendix A.*

A copy of the approvals by PSP's Board of Directors for these capital Budgets is provided below:

W-10-03

RESOLUTION OF THE BOARD OF DIRECTORS

OF

PARRY SOUND POWER CORPORATION

RESOLVED that the Board approves the Assets Management Plan as submitted by Rodan.

The undersigned being the Board Members of the Corporation hereby sign the foregoing Resolution pursuant to the Business Corporations Act (Ontario) as of the 12th day of March, 2010

Moved By:

Seconded By:

Chair

QUESTION #24

Reference: Exhibit 2/Tab 1/Schedule 2, page 1, Table 1 and
Exhibit 4/Tab 2/Schedule 7, pages 3-8

a) Please indicate the accounting treatment used for capital additions was used in calculating the NBV of assets included in rate base for 2004 and 2006.

Response: *PSP used the full-year rule to the end of 2007 and then switched to the half-year rule.*

b) If the response to part (a) was "the full-year rule," please recalculate the rate bases and depreciation charges for 2007-2010 using the full-year rule and the rate base for 2011 using "the half-year rule."

Response: *PSP has recalculated depreciation expense for the years 2008-2010 using the full year rule and has provided the components of the revenue requirement in response to part c) of this question.*

c) Please provide the impacts of the calculation requested in part (b) on the Test Year rate base, depreciation expense, and revenue deficiency.

Response:

	As filed	Revised per VECC IR 24	Impact
Rate Base	$ 5,967,047	$ 5,836,693	-$ 130,354
Depreciation	$ 389,525	$ 428,273	$ 38,748
Revenue Deficiency	$ 791,616	$ 830,346	$ 38,730
Revenue Requirement	$ 2,714,943	2,753,672	$ 38,729

SERVICE QUALITY AND RELAIBILITY PERFORMANCE

QUESTION #25

Reference: Exhibit 2/Tab 3/Schedule 4, page 1

a) Are the underground cables and transformers responsible for the most frequent failures relatively old?

Response: *The narrative information provided in the reference quoted above needs to be corrected. The main contributors for the most frequent failures is defective porcelain switches and adverse weather.*

b) Please discuss any other reasons for the 2008 spike in reliability indices.

Response: *As noted in part a) above, the defective porcelain switches and adverse weather were the key contributors to the 2008 spike in reliability indices.*

CORPORATE STRUCTURE

QUESTION #26

Reference: Exhibit 1/Tab 1/Schedules 11 and 12

a) Please provide the amount included in PSP's 2011 revenue requirement for its own (PSP's) Board of Directors.

Response: *$5,665*

b) Please provide the amount allocated to PSP in 2011 for (i) its parent's (Holdco's) Board of Directors and (ii) its affiliates' Boards of Directors.

Response: *PSP does not receive any allocation of costs for Board's other than its own s provided in part a).*

c) Please describe the composition of the utility's Board of Directors.

Response:

1 – Chairperson

2 - Directors

QUESTION #27

Reference: Exhibit 1/Tab 1/Schedule 13, page 1

a) Please provide the analysis supporting the estimated $100K cost to achieve ARC compliance.

Response: *The proposed amount included in the revenue requirement is one quarter of $80,666. These include the costs for subject matter experts who assisted with the preparation, planning, advice, and enactment of the various stages bringing PSP to compliance.*

QUESTION #28

Reference: Exhibit 1/Tab 1/Schedule 13, page 1

Preamble: The evidence states that "[t]he final plans are not complete, however, Parry Sound Power's Board of Directors have mandated ARC compliance by January 1, 2011."

a) Is it the utility's Board of Directors that mandated compliance by January 1, 2011?

Response: *Yes.*

b) Does PSP expect to be ARC compliant on January 1, 2011?

Response: *PSP will be operating as a stand-alone LDC (fully compliant) very close to the January 1, 2011 target date.*

c) Please provide an update to the status of the efforts to become ARC compliant along with a breakdown of the compliance costs incurred to date.

Response: *The resources to operate the LDC as a stand-alone LDC have been transferred to Parry Sound Power (employees, vehicles, and equipment). The costs to date are $90K.*

OPERATING EXPENSES

QUESTION #29

Reference: Exhibit 4/Tab 1/Schedule 1, pages 2-3

a) Please explain why annual Billing and Collecting costs have been so volatile over the period 2006-2010.

Response: *Meter Reading cost increased every year until 2010. PSP's Smart Meter initiative has enabled PSP to read meters remotely, therefore, eliminating physical meter reading costs. The treatment of bad debts from year to year is a major contributor to the volatility in this account classification.*

b) Please explain how PSP has estimated these costs for 2011.

Response:

5300 · Billing and Collecting		
5310-50 · Labour		2,885.00
5310-51 · Truck Time		721.78
5310-63 · Contractors- URB		15,600.00
Total 5310 · Meter Reading Expense		19,206.78
5315 · Customer Billing		
5315-02 · Computer Software Mtce		32,311.55
5315-05 · Postage Meter Rent & Mail Mach		3,074.50
5315-06 · Postage		20,824.27
5315-13 · Cust Billing- Computers		64,245.34
5315-21 · Cust Billing - EBT		4,611.79
5315-50 · Labour		127,054.78
5315-63 · Contractors		9,563.59
5315-68 · Stationery		3,302.97
5315-70 · Bill Printing and Stuffing		6,491.10
Total 5315 · Customer Billing		271,479.91
5320 · Collecting		
5320-03 · Credit Bureau		639.94
5320-50 · Labour		96,941.75
5320-51 · Truck Time		1,453.87
Total 5320 · Collecting		99,035.56
5325 · Collecting - Cash Over/Short		100.00
5335 · Bad Debt Expense		5,200.00
Total 5300 · Billing and Collecting		**395,022.24**

QUESTION #30

Reference: Exhibit 4/Tab 1/Schedule 1, page 6

a) Please provide a copy of the 2011 operating budget as approved by the Board of Directors and also a copy of the 2010 operating budget as approved by the Board of Directors.

Response: *The operating budget for 2010 and 2011 is based on the Asset Management Plan also referred to in response to Question 23 above.*

A copy of the approval by PSP's Board of Directors for the Operating Budgets as well as the Load Data included in the 2011 rate application is provided below:

RESOLUTION OF THE BOARD OF DIRECTORS

OF

PARRY SOUND POWER CORPORATION

RESOLVED that the Board of directors approve the load data forecast and budget dollar amounts used to set rates for the 2011 Cost of Service Rate Application.

The undersigned being the Board Members of the Corporation hereby sign the foregoing Resolution pursuant to the Business Corporations Act (Ontario) as of the 4th day of October, 2010

Moved By: Paul Borneman

Seconded By: Al Downing

Chair

QUESTION #31

Reference: Exhibit 4

a) Please provide the amount of PST paid by PSP on its OM&A expenditures for the full years 2007, 2008, and 2009 and the PST paid on OM&A expenditures in 2010 to July 1, 2010.

Response: *PSP has not separated PST from the expenditures for OM&A for the years in question. To respond to this question would be very labour intensive and its PSP's view that resources are unavailable to respond. Also, the recent FAQ released by the Board recognizes the onerous effort required to track PST costs and has proposed alternatives to the LDCs to minimize the cost associated with PST tracking. PSP will follow the Board's recommendation with respect to PST tracking.*

QUESTION #32

Reference: Exhibit 4/Tab 2/Schedule 3, page 9

a) When was the asset management plan that PSP engaged Rodan to develop completed and provided to PSP?

Response: *The final document was provided to PSP on September 14, 2010.*

b) If the answer to part (a) was in either 2006 or 2007, please explain why the plan was only "started to be implemented in 2010."

Response: *N/A*