

April 1, 2011

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

Dear Ms. Walli,

Renfrew Hydro Incorporated OEB File No. EB-2010-0112

Enclosed please find Renfrew Hydro Incorporated ("RHI")'s 3nd Generation Incentive Regulation Mechanism rate application reply to Board staff interrogatories. This reply is being filed pursuant to the Board's e-Filing Services.

Should you have any questions or require further information, please do not hesitate to contact Mr. Thomas Freemark at the number below.

Yours very truly,

J. Thomas Freemark President

J. Thomas Freemark

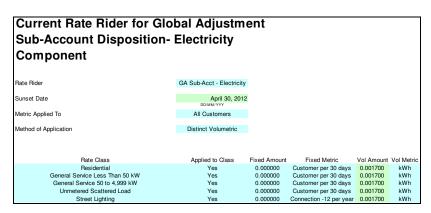
Renfrew Hydro Inc 613-432-4884

Reply to Board Staff Interrogatories

2011 IRM3 Electricity Distribution Rates Renfrew Hydro Incorporated ("Renfrew") EB-2010-0112

2011 IRM3 Rate Generator Model

1. Ref: Sheet "C3.2 Current Rate Rider for Global Adjustment Sub-Account Disposition – Electricity Component" of the model is reproduced below.

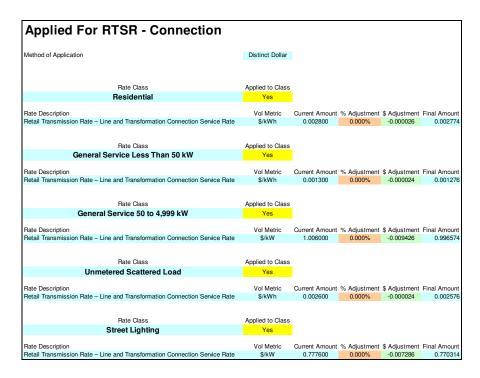


a) According to Renfrew's Tariff of Rates and Charges effective December 1, 2010, the rate rider for Global Adjustment Sub-Account Disposition is an element of the delivery component. Please confirm that this is correct and Board staff will update the rate generator to remove this sheet.

Renfrew's Reply

In the 2010 rate year applications the Board determined that the USoA 1588 Global Adjustment sub-account was to be separated out as an individual rate rider applicable to non-RPP customers. The Board proposed that because of distributor billing constraints two methodologies were applied to allocate the rate rider. The first methodology was to emulate the current distribution allocation by assigning to the individual rate classes in accordance to applying their similar volumetric billing determinants (i.e. kWh and kW). The second methodology was to allocate to total non-RPP kWh in similar fashion to electricity. In 2010 Renfrew applied the latter application methodology; electricity kWh. Renfrew confirms that the 2010 tariff sheet did designate the rate rider as a delivery component. Renfrew also notes that the Board's IRM3 Rate Generator model did not allow for all kWh application to the delivery component hence selected the electricity component. Renfrew hereby seeks the Boards clarification and direction on the appropriate tariff sheet presentation.

2. Ref: Sheet "L2.1 Applied for RTSR – Connection" of the model is reproduced below.



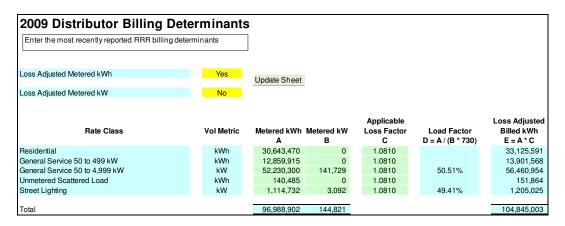
a) According to Renfrew's Tariff of Rates and Charges effective December 1, 2010, the Retail Transmission Rate – Line and Transformation Connection Service Rate is \$0.0026 per kWh for the General Service Less Than 50 kW rate class. However, the model indicates that the rate is \$0.0013 per kWh. Please confirm the correct rate and Board staff will update the model.

Renfrew's Reply

Renfrew concurs with this observation and hereby requests Board staff to update the model.

2011 RTSR Adjustment Workform

3. Ref: Sheet "B1.2 2009 Distributor Billing Determinants" of the workform is reproduced below.



a) Please explain, and if necessary reconcile, why metered kWh and kW in columns A and B are not consistent with what is reported in Renfrew's 2009 RRR 2.1.5 customer, demand and revenue section.

Renfrew's Reply

Renfrew confirms Residential kWh should be 30,635,928. Renfrew requests Board staff amend the model accordingly.

Renfrew confirms that it consolidated and reported the Unmetered Scattered Load billing determinants into General Service Less than 50 kW in the 2009 RRR 2.1.5. and separated the amounts to properly allocate the RTSR adjustments. Renfrew confirms that the 12,859,915 (General Service Less than 50 kW) plus the 140,485 (Unmetered Scattered Load) equals 13,000,400 as reported in the 2009 RRR 2.1.5.

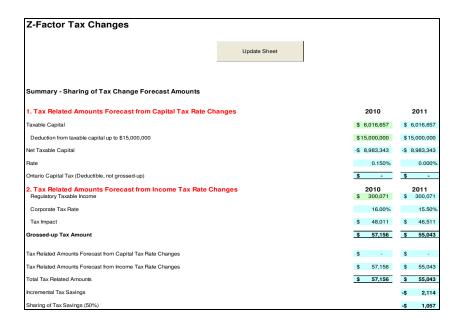
b) Please confirm that the data entered in column A (metered kWh) is metered data (i.e. no loss factor applied). If a loss factor has been applied to the data in column A, Board staff will make the relevant corrections to the workform.

Renfrew's Reply

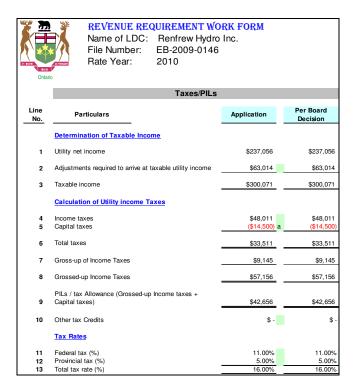
Renfrew confirms that the data entered in column A (metered kWh) is metered data (i.e. no loss factor applied).

2011 IRM3 Shared Tax Savings Workform

4. Ref: Sheet "F1.1 Z-Factor Tax Changes" of the workform is reproduced below.



Ref: Sheet "3. Taxes/PILs" of Renfrew's 2010 Revenue Requirement Workform is reproduced below.



a) Please confirm that the capital tax of (\$14,500) from Renfrew's 2010 Revenue Requirement Workform should be included in IRM Shared Tax Savings Workform. If necessary, Board staff will manually update the workform.

Renfrew's Reply

On page 26 of the November 25, 2010 decision Income and Capital Taxes

"As part of the interrogatory process, Renfrew acknowledged that it had failed to include certain tax credits related to apprentices; it re-filed its tax calculations to include a \$14,500 annual tax credit amount"

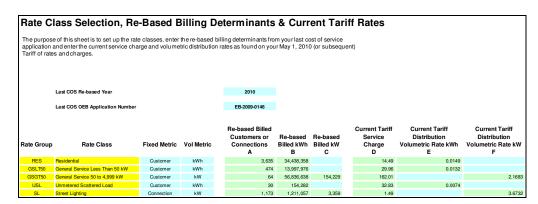
For ease of calculation this amount was included as a negative capital tax in the revenue requirement work form.

As shown below the impact of including this amount as a credit against income taxes, the resulting shared tax savings would be materially similar.

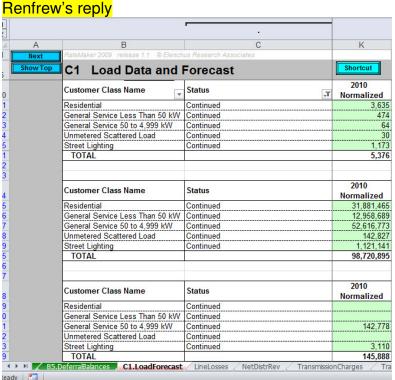
1. Tax Related Amounts Forecast from Capital Tax Rate Changes		2010		2011
Taxable Capital	\$	6,016,657	\$	6,016,657
Deduction from taxable capital up to \$15,000,000	\$	15,000,000	\$	15,000,000
Net Taxable Capital	-\$	8,983,343	-\$	8,983,343
Rate		0.150%		0.000%
Ontario Capital Tax (Deductible, not grossed-up)	\$	-	\$	-
2. Tax Related Amounts Forecast from Income Tax Rate Changes		2010		2011
Regulatory Taxable Income	\$	300,071	\$	300,071
Corporate Tax Rate		16.00%		15.50%
Income Taxes Before Tax Credit	\$	48,011	\$	46,511
Tax Credits Deducted from Income Taxes	-\$	14,500	-\$	14,500
Income Taxes Before Gross-up	\$	33,511	\$	32,011
Gross-up of Income Taxes	\$	9,145	\$	8,532
Grossed-up Tax Amount	\$	42,656	\$	40,543
Tax Related Amounts Forecast from Capital Tax Rate Changes	\$	-	\$	-
Tax Related Amounts Forecast from Income Tax Rate Changes	\$	42,656	\$	40,543
Total Tax Related Amounts	\$	42,656	\$	40,543
Incremental Tax Savings			-\$	2,114
Sharing of Tax Savings (50%)			-\$	1,057

2011 Revenue Cost Ratio Adjustment Workform

5. Ref: Sheet "B1.1 Rate Class Selection, Re-Based Billing Determinants & Current Tariff Rates" of the workform is reproduced below.



a) Board staff is unable to reconcile the date entered into column B "Rebased Billed kWh" and column C "Re-based Billed kW". Please provide evidence supporting this data.



Renfrew notes that the above values should have been input into Columns A,B & C and hereby requests Board staff to amend the Revenue Cost Ratio Adjustment workform to reflect the above noted values.

6. Ref: Sheet "C1.1 Decision – Cost Revenue Adjustments by Rate Class" of the workform is reproduced below.

Decision - Cost Revenue Adjustments by Rate Class The purpose of this sheet is to input the Revenue Cost Ratios as determined from column G on Sheet "C1.5 Proposed R C Ratio Adj" of the applicants 2010 IRM3 Supplemental Filing Module or 2010 COS Decision and Order. Under Direction the applicant can choose "No Change" - no change in that rate class ratio, "Change" - Board ordered change from COS decision, or Rebalance to apply offset Update Group adjustments to Decision prescribed rate classes. Current Year Transition Transition Transition Transition **Rate Class** Direction Year 2 Year 3 Year 4 Year 5 Year 1 2011 2010 2013 2014 2015 2012 Residential Rebalance 117.00% tbd tbd tbd tbd tbd General Service Less Than 50 kW No Change 100.00% 100.00% 100.00% 100.00% 100.00% 100.00% General Service 50 to 4.999 kW Change 80.00% 84.00% 87.00% 90.00% 0.00% 0.00% Unmetered Scattered Load Change 58.00% 64.00% 69.00% 75.00% 0.00% 0.00% Change Street Lighting 39.00% 60.00% 70.00% 50.00% 0.00% 0.00%

a) According to the Board's decision in Renfrew's 2010 cost of service proceeding (EB-2009-0146), the revenue-to-cost ratios for the GS<50 kW, Unmetered Scattered Load, and Street Lighting rate classes were approved as proposed by Renfrew as shown in Table 7 in that decision. Please confirm that the starting point (i.e. Current Year 2010) revenue-tocost ratio for the Unmetered Scattered Load rate class should be 64%, instead of 58%, which Renfrew has entered into the workform. If necessary, Board staff will update the workform and the rate generator model.

Renfrew's Reply

Renfrew concurs with Board staff that the Unmetered Scattered Load ratio should be 64% and accepts Board staff offer to amend model. Renfrew also requests Board staff to amend the Unmetered Scattered Load target for 2011 to 69% as per the decision EB-2010-0146.

December 31, 2009 Group 1 Deferral and Variance Accounts

- 7. In Renfrew's 2010 cost of service proceeding (EB-2009-0146), the Board approved and directed Renfrew to transfer to Account 1595 the Group 1 account balances approved for disposition as soon as possible but no later than December 31, 2010, so that the Reporting and Record-keeping Requirements data reported in the fourth quarter of 2010 reflect these adjustments.
 - a. Please confirm that Renfrew has transferred its December 31, 2009 Group 1 account balances, including interest up to April 30, 2010, into Account 1595.

Renfrew's Reply

Renfrew confirms transfer of its December 31, 2009 Group 1 account balances, including interest up to April 30, 2010, into Account 1595.