



## PARRY SOUND POWER

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Parry Sound  
Energy Services Corp.

Parry Sound  
PowerGen Corp.

April 13, 2011

Ms. Kirsten Walli  
Board Secretary  
Ontario Energy Board  
2300 Yonge Street, 27th Floor  
Toronto ON M4P 1E4 Attention:

Re: Parry Sound Power Cost of Service Rate Application EB-2010-0140 – Procedural  
Order # 3 – Argument-in-Chief

On October 15, 2010 Parry Sound Power (PSP) filed an application seeking approval for rates effective May 1, 2011. This application contained a revenue requirement of \$2,714,943. The service revenue requirement consisted of budget amounts for operations, maintenance and administration as well as a capital plan. The amounts used were results of an Asset Management Plan combined with management budget numbers for a reorganized well planned “wires only” business. PSP has used the application and subsequent interrogatory period as a gauge to ensure our forecasts offer the most cost effective method to deliver safe, reliable power to our customers. Throughout this process we have reviewed in detail our approach to load forecasts, OM&A and capital costs, and rate riders. PSP understands the Board’s approach to mitigating rate impacts to ensure customer impacts are less than 10%. To achieve this goal we have used the residential rate class with monthly consumption of 800 kWh as a target.

In response to OEB staff and VECC’s IRs PSP proposes to remove the congruency amount and correct the material components of projects, 5f, 6c, 6i, 6j and 6k from the Asset Management Plan. The value of these adjustments affects operations and maintenance by \$95,184.40, there is no effect on capital.

As questioned in VECC’s IR #3 PSP proposes to amend the operations budget by moving \$29,000 from operations to capital for services USOA 1855 in each of the 2010 Bridge and 2011 Test years.

PSP is also proposing to recover the DVA amounts over four years and the LRAM and SSM over two years versus the one year recovery including with the original application.



PSP proposes to amend the weather regression load model using 2010 actual data for three weather sensitive rate classes and a correction to the number of street light connections. These updates to the load data also include an adjustment to cost of power forecast which affects working capital.

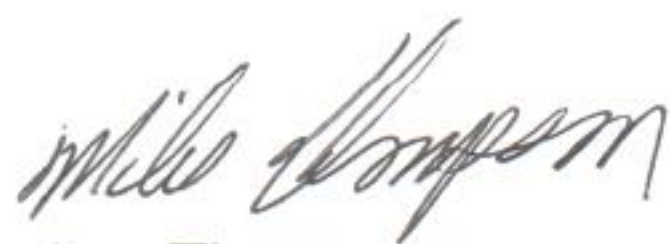
The proposed changes listed above will decrease PSP's service revenue requirement from \$2,714,942 to \$2,592,355. Should the Board agree to these changes the result is a total bill impact on a residential customer using 800 kWh per month of 9.67%.

In the event that the OEB is unable to provide a Decision and Order in this Application for implementation by the Applicant as of May 1, 2011, PSP requests that the OEB issue an Interim Rate Order declaring the current Distribution Rates and Specific Service Charges as interim until the decided implementation date of the approved 2011 distribution rates.

Should the effective date not coincide with the Board's decided implementation date for 2011 distribution rates and charges, PSP requests the recovery of the incremental revenue from May 1, 2011 until a decision and order is issued and effective.

In accordance with Decision and Order of February 22, 2011 PSP filed to recover the \$12,414.74 allocated to Parry Sound. PSP is proposing to recover the amount based on revenues per customer class and customer counts. PSP is seeking a decision and order to proceed with the recovery.

Should you have any questions or require further data please contact the writer.



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