July 11, 2011

Ontario Energy Board

26th Floor

2300 Yonge Street

Toronto, Ontario

M4P 1E4

ATT: Ms. Kirsten Walli, Board Secretary

Dear Ms. Walli,

**EB – 2010-0140**

**Parry Sound Power Corporation 2011 Rates**

Please find Parry Sound Power’s reply to Vulnerable Energy Consumers Coalition (VECC) July 5, 2011 questions.

1. **OM&A Level**: Page 2 of the Revenue Requirement Work Form (RRWF) shows the approved amount to be $1,525,589 while page 17 of the Board’s Decision shows these to be $1,524,745. Please reconcile this difference.

PSP Response:

This item is explained in PSP’s manager summary dated June 24th as item 12 and item 19, see below:

**ADJUSTMENT TO ACHIEVE BOARD OM&A LEVEL**

**12.0** Board directed OMA amount of $1,524,745, therefore, PSP removed $2,133 to achieve Board’s OMA level. Please note in item 19 below, OM&A was increased by $844 to reflect an approved change to the LEAP Expense.

**REVISION TO LEAP**

**19.0** Revision of the LEAP cost sees an increase in OMA of $844 calculated using the updated Service Revenue Requirement of $2,440,302.00

LEAP 0.12%

REVISED LEAP $2,928.36

Original amount calculated 2,084.75

2. **Depreciation/Amortization Adjustment**: Please explain how the $2,000 downward adjustment shown on page 2 of the RRWF was calculated.

PSP Response:

PSP submitted a “Summary of changes” file outlining each change along with the June 24th manager’s summary. Item 13 outlines the OEB’s mandated Capital reduction of $100,000 and the resulting half year $2,000 depreciation

Miles Thompson

Vice President /General Manager

Parry Sound Power Corporation