

EB – 2010-0140

Parry Sound Power Corporation 2011 Rates

Parry Sound Power's reply to Board Staff supplemental submission.

In response to the Board Staff's supplemental submission of July 29, 2011 Parry Sound Power (PSP) would like to offer the following solution and comments. PSP filed the final revenue requirement work form, tariff sheet, LRAM/SSM 17 month rider and the RRWF on July 15, 2011. This filing was completed as directed by the Board. The subsequent July 29, 2011 supplemental submission speaks to Board staff concerns with respect to bill impacts. PSP has attached to this submission the RRWF included in the July 29, 2011 submission along with additional tabs to provide a solution to Board Staff concerns.

In the July 29, 2011 submission Board staff was concerned that once the global adjustment rider is removed the bill impact for a Residential customer at 800 kWh/month is 20.48% and for a GS < 50 kW customer at 2000 kWh/month is 18.02%. These impacts are shown in the attached RRWF under tabs: 7A. Bill Impacts- Residential and 7B. Bill Impacts - GS_LT_50kW.

As a result of the Board Decision dated June 17, 2011 the Board approved a revenue requirement of \$2,434,786 which included a revenue deficiency of \$504,035. This resulted in a 2011 distribution volumetric monthly service charge and rates which support the calculations shown in tabs: 7A. Bill Impacts- Residential and 7B. GS_LT_50 kwh of the attached RRWF.

As shown in Tabs - 7A. Bill Impacts - Resident – 2 and 7B. Bill Impacts - GS_LT_50k – 2 when the proposed 2011 monthly service charge and distribution volumetric rates are set equal to the 2010 values, the bill impact for a Residential customer at 800 kWh/month is 12.98% and for a GS < 50 kW customer at 2000 kWh/month is 12.81%. This suggests to PSP that there are a number of increases in the cost component of the total bill which are out of the control of PSP and are significantly contributing to total bill impacts that are above 10%. In addition, PSP is concerned that there is a risk that it may not be able to collect the approved revenue deficiency since bill impacts without a change to distribution rates are still above 10%.

As a solution PSP is offering the following:

1. 2011 Smart Meter Rate Adder be removed
2. 2011 Deferral and Variance Account Rate Rider including Global Adjustment Rider be postponed
3. 2011 RTSR's remain at 2010 rates
4. The use of the 2010 Cost of Energy be used as a comparator for the 2011 bill consistent with at least eight other approved 2011 cost of service applications.
5. Rate Mitigation Rider of \$-0.0026 per kWh for Residential and \$-0.0004 per kWh for GS<50,

Under the PSP solution, the total bill impacts would be 10% for a Residential customer at 800 kWh/month and 9.96% for a GS<50 customer at 2000 kWh/month. The RRWF included in this submission shows the proposed changes and bill impacts at tabs 7A. Bill Impacts - Resident – 3 and 7B. Bill Impacts - GS_LT_50k – 3

The proposed rate mitigation rider would be effective until December 31, 2011 and would result in an annual reduction in distribution revenue of \$86,913 for Residential and \$6,693 for GS<50 customers for a total of \$93,606. PSP would propose the amount from the rate mitigation rider be tracked into a deferral account to be disposed of during the next IRM process. PSP further submits that the DVA account balances can also be disposed of during the IRM process. PSP is mind full that the rate impacts during the IRM stage should also not exceed 10%.

PSP respectfully submits these solutions provide a resolution best suited for all parties.

Miles Thompson
Vice President /General Manager
Parry Sound Power Corporation