



February 4, 2008

**BY E-MAIL**

The Ontario Energy Board  
P.O. Box 2319  
27<sup>th</sup> Floor  
2300 Yonge Street  
Toronto, Ontario M4P 1E4

Attention: Ms. Kirsten Walli, Board Secretary

Dear Ms. Walli:

**Re: Cambridge and North Dumfries Hydro Inc.  
2008 Incentive Regulation Mechanism Rate Application  
Board File Number EB-2007-0900**

In response to the queries raised in the Ontario Energy Board "Staff Submission", dated January 24, 2008, Cambridge and North Dumfries Hydro Inc. respectfully provide the following response to:

**1. Embedded Distributer Rates – Low Voltage Wheeling**

- (i) **Schedule "A"**, compares the methodology presented by Cambridge and North Dumfries Hydro Inc. with the comments in the OEB's Staff Submission.

Embedded Distributor – Waterloo North Hydro	= \$0.90 / kW
Embedded Distributor – Hydro One Networks	= \$2.60 / kW

- (ii) On December 20, 2007, the Ontario Energy Board Staff Interrogatories requested a copy of the excel spreadsheet supporting the Embedded Low Voltage Charges for Waterloo North Hydro and Hydro One Networks. On December 21, 2007, Cambridge and North Dumfries Hydro Inc. complied with this request, only to inadvertently included as part of the excel spreadsheet, a Tab "2005 Control Room" containing 2005 Wheeling Volumes. The Tab "Control Room 2005" should be ignored and replaced with the attached **Schedule "B"**, reflecting the 2004 Wheeling volumes supporting the proposed embedded distributor rates.
- (iii) The current cost allocation is based on "Low Voltage Line Length" and does not take into consideration share of the connection capacity. The low voltage line length for Waterloo North is 8.4 kilometers and for Hydro One is 8.6

kilometers. Total low voltage line length is 727 kilometers. The annual amounts to be recovered from each embedded distributor, Waterloo North Hydro \$68,476.72 and Hydro One Networks \$70,106.69.

This is consistent with the methodology followed in Schedule 10-7 of the 2006 Electricity Distribution Rate Handbook, whereby the option for shared facilities is based on Total Line Length.

- (iv) In accordance with the Board's Letter of Direction, dated November 15, 2007, Cambridge and North Dumfries Hydro Inc., as a host distributor, served a copy of the Notice directly to Waterloo North Hydro and Hydro One Networks, dated November 21, 2007.

Cambridge and North Dumfries Hydro Inc. recognizes that the correction to the Low Voltage Wheeling rates represent a significant increase with the likelihood that this increase may not have been factored into the embedded distributors' review of the variance account balances.

The impact of this error has resulted in the fact that Cambridge and North Dumfries Hydro Inc. is not collecting the full amount of the "revenue offset" from the embedded distributors as per "sheet 5-3 Other Regulated Charges, row 23, of the 2006 EDR Model.

Response to January 24, 2008 Staff Submission

Schedule "A"

**Wheeling to Waterloo North**

	<b>ORIGINAL FILING</b>			<b>CORRECTED FILING</b>			<b>OEB's Comments</b>	
(i) Box 10 "2004 Cumulative Monthly Peak Demand" (kW)	27,005	(Note 1)		76,261				
<b>ALTERNATIVE</b> Box 10 "Average 2004 Monthly Peak Demand" (kW)	N/A			N/A			6,355	
(ii) Box 15 Annualized Costs (\$)	\$ 64,034.72			\$ 68,476.72			\$ 68,476.72	
(iii) Box 16 Rate per kW	\$ 0.20	(Note 2)		\$ 0.90	(Note 3)		\$ 10.78	This rate should be divided by 12
<b>Based on ALTERNATIVE</b> , Box 16 must be divided by 12							\$ 0.90	(Note 3)

**Note 1:** Error value was inadvertently interchanged. The correct value is 76,261 kW

**Note 2:** (\$64,034.72 / 27,005) = \$ 2.37; The ERROR is dividing \$2.37 by 12 = \$0.20.

**Note 3:** The correct kW rate is \$0.90

**Wheeling to Hydro One**

	<b>ORIGINAL FILING</b>			<b>CORRECTED FILING</b>			<b>OEB's Comments</b>	
(i) Box 10 "2004 Cumulative Monthly Peak Demand" (kW)	76,261	(Note 4)		27,005				
<b>ALTERNATIVE</b> Box 10 "Average 2004 Monthly Peak Demand" (kW)	N/A			N/A			2,250	
(ii) Box 15 Annualized Costs (\$)	\$ 65,559.69			\$ 70,106.69			\$ 70,106.69	
(iii) Box 16 Rate per kW	\$ 0.07	(Note 5)		\$ 2.60	(Note 6)		\$ 31.15	This rate should be divided by 12
<b>Based on ALTERNATIVE</b> , Box 16 must be divided by 12							\$ 2.60	(Note 6)

**Note 4:** Error value was inadvertently interchanged. The correct value is 27,005 kW

**Note 5:** (\$65,559.69 / 76,261) = \$ 0.86; The ERROR is dividing \$0.86 by 12 = \$0.07.

**Note 6:** The correct kW rate is \$2.60

# SCHEDULE "B"

## 2004 Wheeling Charges - Info received from Control Room

	<u>Galt TS</u>		
	Sheffield	%	
65M12	F1	Wheeled	
Peak kW	Peak kW		

	<u>Preston TS</u>		
	Fountain St	%	
21M28	PME	Wheeled	
Peak kW	Peak kW		

Assume Voltage is **16 KV**

Assume Power Factor is **90%**

Convert amps to KW -Average of amps x 3xx the voltage times the power factor

Jan	11880.0	2842.6	23.9	9748.8	6795.6	69.7
Feb	11160.0	2579.5	23.1	9532.8	6577.2	69.0
Mar	10771.2	2496.0	23.2	9432.0	6552.0	69.5
Apr	9921.6	2145.1	21.6	9216.0	6194.2	67.2
May	10728.0	2024.2	18.9	9691.2	6016.1	62.1
Jun	11923.2	1873.4	15.7	10742.4	6431.0	59.9
Jul	12715.2	2097.1	16.5	10958.4	6355.4	58.0
Aug	11419.2	2001.1	17.5	10497.6	6069.8	57.8
Sep	10612.8	1885.4	17.8	10468.8	6261.4	59.8
Oct	8899.2	1844.2	20.7	9806.4	5980.8	61.0
Nov	10281.6	2282.9	22.2	10296.0	6258.0	60.8
Dec	12556.8	2933.8	23.4	11145.6	6770.4	60.7
	132868.8	<b>27005.3</b>	244.5	121536.0	<b>76261.9</b>	

**Sheffield DS Total Loads****Station Peak****Total****F1 - Peak**

Jan	3,504.28	2,842.56
Feb	3,528.20	2,579.52
Mar	3,214.48	2,496.00
Apr	2,742.52	2,145.12
May	3,123.40	2,024.16
Jun	3,107.76	1,873.44
Jul	3,550.28	2,097.12
Aug	2,913.64	2,001.12
Sep	2,839.12	1,885.44
Oct	2,845.56	1,844.16
Nov	2,666.16	2,282.88
Dec	3,504.28	2,933.76
	<b>37,539.68</b>	27005.3

**Fountain Street****Station****Peak Total**

January	6,795.6
February	6,577.2
March	6,552.0
April	6,194.2
May	6,016.1
June	6,431.0
July	6,355.4
August	6,069.8
September	6,261.4
October	5,980.8
November	6,258.0
December	6,770.4
	<b>76,261.92</b>

**Total Kilometers of installed circuit:**

	Overhead	Under ground	Total
2004	<b>727</b>	355	1082
2003	<b>717</b>	332	1049
2002	<b>717</b>	332	1049
2001	<b>654</b>	307	961

## 2. Retail Transmission Service Rates Adjustment

In the Board's decision EB-2007-0759, the new wholesale transmission rates are expected to decrease by an average of approximately 12.0% for the period of November 1, 2007 to December 31, 2008. It is our understanding that the wholesale transmission rates may increase after December 31, 2008.

In the Board's letter dated October 29, 2007, the Board directed each distributor to propose an adjustment to their retail transmission rates and disposition of the associated variance accounts. After giving consideration to the OEB's Staff Submission (January 24, 2008), Cambridge and North Dumfries Hydro Inc. withdraws its recommendation to support the disposition of the variance accounts 1586 and 1584 in this application, and recommends adjusting the retail transmission rates only to reflect the new wholesale transmission rates in accordance with the Ontario Uniform Transmission Rate Order, EB-2007-0759. The variance is therefore proposed to be dealt with at a later date associated with a rebasing process.

The resulting proposed summary of Retail Transmission Rates by customer class:

<b>Proposed Retail Transmission Rates</b>						
		<u>Network</u>	% Change		<u>Connection</u>	% Change
Residential	<b>\$/kWh</b>	0.0039	-18.333%		0.0036	-6.923%
General Service Less Than 50 kW	<b>\$/kWh</b>	0.0035	-18.372%		0.0033	-6.857%
General Service 50 to 999 kW	<b>\$/kW</b>	2.2461	-18.375%		2.0589	-6.917%
General Service 1,000 to 4,999 kW	<b>\$/kW</b>	1.7060	-18.375%		1.6159	-6.917%
Large Use (> 5000 kW)	<b>\$/kW</b>	1.6164	-18.380%		1.6449	-6.917%
Unmetered Scattered Load	<b>\$/kWh</b>	0.0035	-18.372%		0.0033	-6.857%
Street Lighting	<b>\$/kW</b>	1.1286	-18.375%		1.0348	-6.908%

Yours truly,

*Original signed by*

John Grotheer,  
President & CEO