



January 23, 2012

Board Secretary  
Ontario Energy Board  
PO Box 2319  
2300 Yonge St  
26<sup>th</sup> Floor  
Toronto, Ontario M4P 1E4

**Re: Orangeville Hydro Limited ED-2002-0500  
2012 IRM3 Distribution Rate Application  
Board Staff Reply Submission  
Board File No. EB-2011-0190**

Dear Ms. Walli:

Please find enclosed Orangeville Hydro Limited's response to the Submission of Board Staff received January 13, 2012.

An electronic version of our response has been filed on the Ontario Energy Board's RESS Filing System and two (2) hard copies have been sent by courier to the Board office to the attention of the Board Secretary.

We hope that you find everything in order but if you do require further assistance or have any questions, please contact Jan Howard at [jhoward@orangevillehydro.on.ca](mailto:jhoward@orangevillehydro.on.ca) or by phoning 519-942-8000.

Yours truly,

ORANGEVILLE HYDRO LIMITED

Jan Howard  
Manger of Finance & Rates



Reply Submission  
Orangeville Hydro Limited  
2012 IRM3 Distribution Rate Application  
Board File No. EB-2011-0190

Orangeville Hydro Limited

Board Staff Reply Submission

2012 IRM3 Rate Application

EB-2011-0190

January 23, 2012

**ONTARIO ENERGY BOARD**

**IN THE MATTER OF the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15, Sch.B, as amended;**

**AND IN THE MATTER OF an Application by  
Orangeville Hydro Limited pursuant to  
section 78 of the *Ontario Energy Board Act*  
for an Order or Orders approving just and  
reasonable rates for electricity distribution  
to be effective May 1, 2012.**

**RESPONSE TO BOARD STAFF SUBMISSION**

Orangeville Hydro Limited (Orangeville) would like to respond to the submissions of Board Staff ("OEB") regarding EB-2011-0190 dated January 13, 2012.

**Revenue- to- Cost Ratios**

Orangeville agrees and submits with Board Staff that the adjustments of 49.62% to 59.46% for Street Lighting and 52.22% to 60.80% for Sentinel Lighting were agreed upon in the Settlement Proposal of Orangeville Hydro's 2010 COS proceeding (EB-2009-0272). Orangeville recognizes that Board Staff will make adjustments to the revenue to cost ratio.

**Shared Tax Savings**

Orangeville concurs with the Board Staff submission and submits that the amount of \$44,969 from Shared Tax Savings module should be refunded to our customers through 12-month rate riders for each rate class.

**Group 1 Deferral and Variance Accounts**

Orangeville agrees with the Board Submission and submits that the disposal of our 2010 Group 1 Deferral and Variance accounts amounting to a credit of \$294,804 should be refunded to our customers over a one-year period.

**1562 Payment in Lieu of Taxes**

As per the Board Staff submission, Orangeville submits and concurs that the debit balance of \$302,174 as included in the 2012 3<sup>rd</sup> Generation IRM model and this amount should be collected over a one-year period.

**Account 1521 – Special Purpose Charge Variance**

Orangeville is in agreement with the Board Staff's view that there is no need to await final 2011 audited results. Orangeville submits that disposal of the final credit balance of \$10,654 is appropriate and will refund to customers over a one-year period. Orangeville is aware that the Board staff will make the necessary changes to the 2012 3<sup>rd</sup> Generation IRM model.

**Lost Revenue Adjustment Mechanism**

Orangeville's 2010 load forecast assumed a reduction of 330,658 kWh representing the CDM savings from 2008 programs only. At the time the 2010 load forecast was prepared, Orangeville believed it took prudent steps to address CDM savings in the load forecast but was also under the understanding that any CDM savings achieved in 2010 beyond the reduction of 330,658 kWh would be recoverable through a LRAM claim.

Orangeville's 2010 load forecast was supported by a regression analysis that reviewed the actual monthly power purchased data from 1998 to 2008 to arrive at a prediction formula to forecast the load for 2010. Generally speaking, in the regression analysis each year from 1998 to 2008 influences the prediction formula in a similar manner. In other words, one year does not influence the prediction formula more than any other.

As a result, the CDM savings from the 2006 and 2007 programs will have minimal impact on the resulting prediction formula since these two years do not hold any more weight in the regression analysis than any other actual year. At best 2/11ths (i.e. 2 actual years out of 11 total actual years) of the CDM savings from 2006 and 2007 programs would influence the prediction formula and the resulting 2010 load forecast. In addition, CDM savings from 2009 and 2010 programs was not even considered in the prediction formula that supported the 2010 load forecast since information on 2009 and 2010 programs was not available at the time the 2010 load forecast was prepared.

Orangeville was not forecasting any CDM results for programs relating to 2009 and 2010 in the 2010 load forecast. Therefore for the 2012 LRAM claim, Orangeville reduced the LRAM claim both in 2010 and 2011 recognizing that the 2008 amount of the CDM savings of 330,658 kWh was already accounted for in the 2010 load forecast. However, any CDM savings above this amount was not accounted for in the 2010 load forecast and any lost revenue associated with the additional savings should be eligible for an LRAM claim in order to remove the disincentive associated with distributor induced lost revenues from CDM programs.

Consequently, Orangeville submits that the LRAM claim for \$38,736 be approved by the Board.

All of which is respectfully submitted.

Orangeville Hydro Limited

Jan Howard, Manager of Finance & Rates