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BY E-MAIL

April 4, 2012

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

Dear Ms. Walli:

**Re: Centre Wellington Hydro Ltd.
2012 IRM3 Distribution Rate Application
Comments on Draft Rate Order
Board File No. EB-2011-0160**

In accordance with Decision and Order, please find attached Board Staff comments in the above proceeding. Please forward the following to Centre Wellington Hydro Ltd. and to all other registered parties to this proceeding.

Yours truly,

Original Signed By

Stephen Vetsis
Analyst – Applications & Regulatory Audit

Encl.

**Centre Wellington Hydro Ltd. (“Centre Wellington”)
2012 IRM Application for Distribution Rates (EB-2011-0160)**

Board Staff Comments on Draft Rate Order

On March 22, 2012, the Board issued its Decision and Order on Centre Wellington’s IRM application. The Decision required Centre Wellington to submit a draft Rate Order by March 29, 2012. Centre Wellington submitted its draft Rate Order and supporting documentation on March 29, 2012. Board staff submits that Centre Wellington has appropriately reflected the Board’s findings in all areas except for the areas noted below.

Retail Transmission Service Rates (“RTSR”)

Centre Wellington submitted that the Uniform Transmission Rates (“UTR”) proposed by the Board in the Decision and Order do not apply to Centre Wellington. As a result, Centre Wellington did not propose any adjustments to the RTSRs filed in its draft Rate Order.

As Centre Wellington is an embedded distributor, Board staff agrees that the change in UTRs will not have an impact on Centre Wellington’s RTSR rates, as originally proposed in the application. Board staff does note that Sheet 5 of the RTSR Adjustment Workform filing module includes charges for the Hydro One Sub-Transmission Rate Rider 6A in 2012. As per the Board’s Decision and Order in Hydro One’s 2010 Distribution rate application (EB-2009-0096), the Hydro One Sub-Transmission Rate Rider 6A was scheduled to expire on December 31, 2011. As such, no charges should be included for 2012 on Sheet 5 of the RTSR filing module. Board staff has made the correction to Centre Wellington’s RTSR filing module, the resulting RTSRs are summarized in the table below. Board staff requests that Centre Wellington verify these calculations in its reply comments.

Class	Unit	Proposed RTSR Network	Proposed RTSR Connection
Residential	kWh	\$ 0.0053	\$ 0.0044
General Service Less Than 50 kW	kWh	\$ 0.0049	\$ 0.0039
General Service 50 to 2,999 kW	kW	\$ 1.9796	\$ 1.5571
General Service 3,000 to 4,999 kW	kW	\$ 2.2140	\$ 1.8365
Unmetered Scattered Load	kWh	\$ 0.0049	\$ 0.0039
Sentinel Lighting	kW	\$ 1.5006	\$ 1.2290
Street Lighting	kW	\$ 1.4929	\$ 1.2038

Incremental Capital Module (“ICM”) Eligible Capital Amount

On Sheet E3.1 of the ICM Workform filed in Centre Wellington's draft Rate Order, Centre Wellington provided an incremental capital amount of \$1,231,662 for the ICM. While Centre Wellington has correctly calculated \$1,231,662 as the maximum eligible capital amount, Board staff notes that the incremental capital expenditures approved by the Board total \$1,199,400 for the rehabilitation of the Fergus MS-2 substation. As the proposed ICM budget is less than the maximum eligible capital amount, Board staff submits that the approved ICM budget of \$1,199,400 represents the correct amount on which the incremental revenue requirement calculation should be based. Board staff has made the proposed change to the ICM Workform. The resulting rate riders are shown in the table below. Board staff requests that Centre Wellington verify these calculations in its reply comments.

Class	Unit	Proposed ICM Rate Rider
Residential	kWh	\$ 0.0014
General Service Less Than 50 kW	kWh	\$ 0.0009
General Service 50 to 2,999 kW	kW	\$ 0.1367
General Service 3,000 to 4,999 kW	kW	\$ 0.1053
Unmetered Scattered Load	kWh	\$ 0.0010
Sentinel Lighting	kW	\$ 1.0862
Street Lighting	kW	\$ 2.0300