

2012 3rd Generation Incentive Rate Mechanism

Board File No. EB-2011-0193

Further to Parry Sound Power's (PSP) 2012 IRM submission Of September 29, 2012, PSP would like to submit the Account 1562- Payment in Lieu of Taxes (PILs) submission. The section below was included in PSP's manager's summary filed September 29, 2011

Account 1562 – Payment in Lieu of Taxes (PILs)

PSP is not requesting approval to dispose of account 1562 in this rate application. A third party has been acquired to review PSP's PILs account for the period October 2001 through April 30, 2006. Based on the fact that the PILs proceeding for three applicants took approximately three years to complete, there appears to be few experts in this industry with the required knowledge to complete the PILs filing by following the Decision and Order EB-2008-0381 dated June 24, 2011 as recommended by the Board. The third party acquired by PSP to assist with the PILs filing is also assisting several other LDCs with similar filings. PSP is aware of major swings in the PILs account other LDCs are experiencing when following the process similar to EB-2008-0381. For the reasons explained above PSP is requesting to defer the PILs April 30, 2006 principal balance and the interest which has been accumulating since that date until its next rate application to ensure the customers of PSP are treated correctly.

PSP submits the Report and Evidence Package as presented by Hopeson Financial Inc. (HFI.) The report and evidence package is in the following documents. In summary the disposition total of \$120,735 is proposed to be returned to the customers over a two year period using the last approved load forecast from the 2011 Cost of Service and using the approved Distribution Revenue Requirement by class has allocated the 1562 balance as follows:

Rate Class	2011 Approved DDR	Allocation %	1562 Pils Allocation
Residential	\$1,304,445	55.65%	(67,189)
General Service < 50 kW	\$413,922	17.66%	(21,322)
General Service > 50 kW	\$564,456	24.08%	(29,073)
Sentinel Lights	\$1,180	0.05%	(60)
Street Lights	\$47,584	2.03%	(2,451)
Unmetered Loads	\$12,458	0.53%	(640)
	\$2,344,045	100%	(120,735)

Based on the allocation outlined above PSP has calculated a rate rider by class and is set out in the following table.

Rate Class	1562 Pils Allocation	Recovery Period Years	Annual Recover Amount	2011 Approved Load Forecast kW	Proposed Rate Rider
Residential	(67,189)	2	(33,594)	33,572,049	(0.0010) per kWh
General Service < 50 kW	(21,322)	2	(10,661)	16,873,256	(0.0006) per kWh
General Service > 50 kW	(29,073)	2	(14,536)	97,877	(0.1485) per kW
Sentinel Lights	(60)	2	(30)	36	(0.8385) per kW
Street Lights	(2,451)	2	(1,225)	2,421	(0.5062) per kW
Unmetered Loads	(640)	2	(320)	58,750	(0.0054) per kWh
	(120,735)				

PSP is requesting a two year rate rider to help manage the impact to cash flow. In addition to the two year rate rider to dispose of the 1562 balance PSP is also requesting a sunset date for the rate mitigation rider used to mitigate the bill impacts from the 2011 Cost of Service. The 1562 rate rider effective date and the end date for the mitigation rider should align.

PSP respectfully submits the Board approve the rates with an effective date of January 1, 2012 to keep the utility and the customers of PSP whole.

All of which is respectfully submitted this 30th day of April 2012.



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