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BY E-MAIL

May 1, 2012

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

Dear Ms. Walli:

**Re: Greater Sudbury Hydro Inc.
2012 IRM3 Distribution Rate Application
Comments on Draft Rate Order
Board File No. EB-2011-0169**

In accordance with Decision and Order, please find attached Board Staff comments related to the draft Rate Order filed in the above proceeding.

Yours truly,

Stephen Vetsis
Analyst – Applications & Regulatory Audit

Encl.

**Greater Sudbury Hydro Inc. (“GSHI”)
2012 IRM Application for Distribution Rates (EB-2011-0160)**

Board Staff Comments on Draft Rate Order

On April 19, 2012, the Board issued its Decision and Order on GSHI’s IRM application. The Decision required GSHI to submit a draft Rate Order by April 26, 2012. GSHI filed its proposed Tariff of Rates and Charge and revised models on April 24, 2012. On April 26, 2012 GSHI submitted a revised Lost Revenue Adjustment Mechanism (“LRAM”) claim to support its calculation of LRAM recoveries reflecting the Board’s Decision. Board staff submits that GSHI has appropriately reflected the Board’s findings in all areas except for the areas noted below.

Deferral/Variance Account Disposition Rate Riders

In the Decision and Order, the Board approved the disposition of balances in accounts 1562 and 1521 over a one-year period, provided that the resulting rate riders were material for all rate classes. Board staff notes that GSHI has correctly calculated the Deferral/Variance Account Disposition rate riders and that the resulting rate riders are material. Board staff notes that the Deferral/Variance Account Disposition rate rider on the draft Tariff of Rates and Charges for the Street Lighting class, when rounded to four decimal places, should show a credit rider of 0.1939 \$/kW, as opposed to the 0.01938 \$/kW provided by GSHI. Additionally, the Deferral/Variance Account Disposition rate riders for all classes on the proposed Tariff of Rates and Charges do not show the expiry date of the rate riders. Board staff notes that the Board has approved a one-year period of disposition for the balances in account 1562 and 1521 and that the rate riders on the Tariff of Rates and Charges should state “Effective Until April 30, 2013” to reflect the findings.

Low Voltage Service Rate Riders

In the draft Tariff of Rates and Charges, provided by GSHI, the Low Voltage Service rate riders show an expiry date of April 30, 2013 for all applicable classes. Board staff notes that Low Voltage Service Rates are, typically, subject to review in a cost of service rate application and do not change during IRM periods. Board staff suggests that the draft Tariff of Rates and Charges be updated to remove the “Effective Until April 30, 2013” statement from each Low Voltage Service rate rider.

Distribution Volumetric Rate Sentinel Lighting Service Classification

In the draft Tariff of Rates and Charges, GSHI has shown a Distribution Volumetric Rate charge of 11.8705 \$/kW for the Sentinel Lighting class. Board

staff notes that when rounding to four decimal places, the Distribution Volumetric Rate charge for the Sentinel Light class should show a charge of 11.8706 \$/kW.