

**Espanola Regional Hydro Distribution Corporation (ERHDC)
2012 Cost of Service (EB-2011-0319)**

Board Staff Comments on Draft Rate Order

On September 27, 2012, the Board issued its Decision on ERHDC's rate application. The Decision required ERHDC to submit its draft Rate Order (DRO) within fourteen days of the issuance of the Decision. ERHDC submitted its DRO and supporting documentation on October 11, 2012. The following are Board staff's comments regarding the DRO.

Loss Factors

In accordance with the Board's Decision, ERHDC applied a Distribution Loss Factor (DLF) of 5% to recalculate its Total Loss Factor (TLF). ERHDC provides the TLF (for secondary metered customer < 5,000 kW) of 1.0687. Board staff has no concerns with the updated TLF for secondary metered customer < 5,000 kW; however staff submits that ERHDC should also provide the updated TLF for the primary metered customer < 5,000 kW.

Rate Mitigation

In the Rate Mitigation section of the DRO, ERHDC provides the details of the bill impacts calculation for its rate classes. Board staff notes that the presentation format is not entirely correct for the loss factors for both "Current Board-Approved" and "Proposed" columns. The loss factors should be 5.43% and 6.87% respectively instead of 1.0543% and 1.0687%. Staff also notices that the Debt Retirement Charge is missing from the bill impact calculation. Staff submits that ERHDC should correct the format of the loss factors and include the Debt Retirement Charge to re-calculate its bill impacts for its rate classes.