

November 22, 2012

Ms. Kirstin Walli Board Secretary Ontario Energy Board P.O. Box 2319 2300 Yonge Street, 27th Floor Toronto, ON M4P 1E4 Re: Draft Rate Order

Dear Ms. Walli:

Hydro 2000 acknowledges receipt of VECC's IRs dated October 25, 2012 and thus submits its responses.

Rene C. Beaulne Manager, Hydro 2000 Inc.

cc.: Michael Janigan, Counsel for VECC Suresh Advani, Ontario Energy Board Manuela Ris-Schofield, Tandem Energy Services Inc.

ONTARIO ENERGY BOARD

IN THE MATTER OF

the Ontario Energy Board Act, 1998, S.O. 1998, c. 15 (Schedule B), as amended;

AND IN THE MATTER OF an Application by

Hydro 2000 Inc. for an order or orders approving or fixing just and reasonable distribution rates to be effective May 1, 2013.

Information Requests of the Vulnerable Energy Consumers Coalition (VECC)

Revenue-to-Cost Ratio Adjustments

VECC Question # 1

Reference 1: Revenue to Cost Ratio Adjustment Workform, V2, 20121018, Sheet 7 Revenue Offsets Allocation

Reference 2: Board Decision EB-2011-0326, Page 6

<u>Preamble:</u> On Page 6 of the Board's Decision in EB-2011-0326, the Board approved a revenue offset of \$23,303 for the purpose of setting 2012 rates.

 a) Please provide the reference in EB-2011-0326 that confirms the revenue offsets by customer class totaling \$23,304 as shown on Sheet 7 of Hydro 2000's Revenue to Cost Ratio Adjustment Workform.

Response: Please find below a print screen from the RateMaker model, specifically sheet F3 which shows the allocation of revenue requirement, submitted as part of the amended draft rate order (EB-2012-0326) on August 8th 2012.

A second print screen shows sheet 7 of the Revenue to Cost Ratio Adjustment model filed on October 18, 2012.

RateMaker 2011 release 1.0 © Elenchus Research Associates Hydro 2000 (ED-2002-0542)

2012 EDR Application (EB-2011-0326) version: 10 October 10, 2011

F3 Revenue Requirement Allocation

Enter allocation of Base Revenue Requirement and RC ratio ranges by customer class

	Base Re	evenue Require	ment %	Base Revenue Requirement \$ ³			
Customer Class Name	Cost	Existing	Rate		Existing	Rate	
	Allocation ¹	Rates ²	Application	Cost Allocation	Rates	Application	
Residential	80.03%	62.63%	68.35%	412,562	322,870	352,362	
General Service < 50 kW	12.85%	25.48%	20.85%	66,248	131,369	107,490	
General Service > 50 to 4999 kW	4.46%	9.29%	8.17%	23,017	47,903	42,137	
Unmetered Scattered Load	0.35%	0.33%	0.35%	1,824	1,704	1,824	
Street Lighting	2.30%	2.26%	2.27%	11,863	11,669	11,702	
TOTAL	100.00%	100.00%	100.00%	515,515	515,515	515,515	
			OK			OK	

1 from sheet F2 2 from sheet C3 3 Base Revenue Requirement (from sheet F1), multiplied by Base Revenue Requirement %

Customer Class Name	R evenue Offsets 4		Base Revenue Requirement \$			Service R evenue Requirement \$ 5		
	%	\$	Cost	Existing	Rate	Cost	Existing	Rate
			Allocation	Rates	Application	Allocation	Rates	Application
Residential	77.16%	17,981	412,562	322,870	352,362	430,543	340,851	370,343
General Service < 50 kW	12.65%	2,948	66,248	131,369	107,490	69,196	134,317	110,438
General Service > 50 to 4999 kW	4.21%	982	23,017	47,903	42,137	23,999	48,885	43,119
Unmetered Scattered Load	0.23%	54	1,824	1,704	1,824	1,878	1,758	1,878
Street Lighting	5.74%	1,338	11,863	11,669	11,702	13,201	13,007	13,040
TOTAL	100.00%	23,303	515,515	515,515	515,515	538,818	538,818	538,818

⁴ %s from sheet F2; total \$ from sheet F1

⁵ Revenue Offsets plus Base Revenue Requirement

	Service	Revenue Requi	rement	Cost Allocation		Target Range	
Customer Class Name	Rate	Cost	Revenue to	Revenue to	Variance	Floor	Celiling
	Application	Allocation	Cost Ratio ⁸	Cost Ratio 7			
Residential	370,343	430,543	0.86	0.79	0.07	0.85	1.15
General Service < 50 kW	110,438	69,196	1.60	1.94	-0.35	0.80	1.20
General Service > 50 to 4999 kW	43,119	23,999	1.80	2.04	-0.24	0.80	1.20
Unmetered Scattered Load	1,878	1,878	1.00	0.94	0.06	0.70	1.20
Street Lighting	13,040	13,201	1.00	0.98	0.02	0.70	1.20
TOTAL	538,818	538,818	1.00	1.00			

⁶ Rate Application value divided by Cost Allocation value

⁷ from sheet F2



The purpose of this sheet is to allocate the Revenue Offsets (miscellaneous revenue, cell F47) found in the last COS to the various rate classes in proportion to the allocation from the Cost Allocation informational filing.

Rate Class	Informational Filing Revenue Offsets A	Percentage Split C=A/B	Allocated Revenue Offsets E = D * C
Residential	17,982	77.16%	17,981
General Service Less Than 50 kW	2,948	12.65%	2,948
General Service 50 to 4,999 kW	982	4.21%	982
Unmetered Scattered Load	54	0.23%	54
Street Lighting	1,338	5.74%	1,338
	23,304	100.00%	23,303
	В		D