

December 10, 2012

Kirsten Walli
Board Secretary
Ontario Energy Board,
2300 Yonge St.
Suite 2700, P.O. Box 2319
Toronto, Ontario
M4P 1E4
Canada

Dear Ms. Walli:

**Re: EB-2012-0128 - Board-approved 2013 Tariff of Rates and Charges –
Confirmation of completeness and accuracy**

On December 6, 2012, the Ontario Energy Board (the “Board”) issued its Decision and Order on Guelph Hydro 2013 electricity distribution rates effective January 1, 2013. Guelph Hydro is confirming the completeness and accuracy of the Tariff of Rates and Charges, pending the feedback of the following two items:

1. In its Decision on Guelph Hydro’s 2012 electricity distribution rates, file number EB-2011-0123, the Board approved the Green Energy Act (GEA) Plan Funding Adder for four years: 2012 to 2015. Guelph Hydro has presented in Attachment A an extract from its Draft Rate Order filed on February 29, 2012 – Appendix G, page 2. Therefore, in accordance with the Board’s Decision on file number EB-2011-0123, the 2013 GEA Plan Funding Adder of \$0.10 is effective until March 31, 2013, and it will be changed to \$0.14 on April 1, 2013 effective until March 31, 2014.
2. On December 6, 2012, Guelph Hydro filed a letter regarding the *Board Determination of Stretch Factor Rankings for 2013 3rd Generation Incentive Regulation Applications (IRM3)*, and asked the Board to review Guelph Hydro’s Stretch Factor calculation taking into consideration the IFRS impact. If this review results in a change to Guelph Hydro’s Stretch Factor, the 2013 IRM Price Cap Index and Guelph Hydro’s 2013 electricity distribution rates need to be updated to reflect the change.



Should there be any questions, please contact me at the number below.

Respectfully Submitted,

A handwritten signature in blue ink, appearing to read "Cristina Birceanu", with a long horizontal flourish extending to the right.

Cristina Birceanu

Director of Regulatory Affairs
Guelph Hydro Electric Systems Inc.

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ATTACHMENT A
EXTRACT FROM DRO (EB-2011-0123) – APPENDIX G – GEA PLAN FUNDING ADDER

EB-2011-0123
 Guelph Hydro Electric Systems Inc.
 Draft Rate Order
 Filed: February 29, 2012
 Appendix G
 Page 2 of 3

GEA Renewable Connections - Funding Rate Adder Calculation

	2011	2012	2013	2014	2015
Net Fixed Assets	\$ -	\$ -	\$ -	\$ 245,000	\$ 504,500
OM&A	\$ -	\$ 65,250	\$ 87,000	\$ 87,000	\$ 87,000
WCA	15.0%	15.0%	15.0%	15.0%	15.0%
Rate Base	\$ -	\$ 9,788	\$ 258,050	\$ 517,550	\$ 532,500
Deemed ST Debt	4%	4%	4%	4%	4%
Deemed LT Debt	56%	56%	56%	56%	56%
Deemed Equity	40%	40%	40%	40%	40%
ST Interest	2.08%	2.46%	2.08%	2.08%	2.08%
LT Interest	5.26%	5.26%	5.26%	5.26%	5.26%
ROE	9.42%	9.58%	9.42%	9.42%	9.42%
	\$ -	\$ 673	\$ 17,545	\$ 35,188	\$ 37,092
OM&A		\$ 65,250	\$ 87,000	\$ 87,000	\$ 87,000
Amortization		\$ -	\$ 10,000	\$ 21,000	\$ 23,000
Grossed-up PILs		\$ 133	-\$ 95	-\$ 6,966	\$ 13,852
Revenue Requirement	\$ -	\$ 66,057	\$ 114,450	\$ 136,222	\$ 160,944
Direct Benefit	2011	2012	2013	2014	2015
OM&A	\$ -	\$ 65,250	2011 + 2012	\$ 87,000	\$ 87,000
Capital	\$ -	\$ 807	\$ 87,000	\$ 27,450	\$ 49,222
Direct Benefit % on capital	0.00%	6.00%	6.00%	6.00%	6.00%
Direct Benefit on capital	\$ -	\$ 48	\$ 1,647	\$ 2,953	\$ 4,437
Total GEA Recovery	\$ -	\$ 65,298	\$ 65,298	\$ 88,647	\$ 89,953
Total # of Customers (excl connections)	52,253	52,253	52,253	52,253	52,253
GEA Rate Adder	\$ -	\$ 0.10	\$ 0.10	\$ 0.14	\$ 0.15
Provincial Rate Protection	\$ -	\$ 758	\$ 758	\$ 25,803	\$ 46,269
Monthly Adder Amount Paid by IESO	\$ -	\$ 63	\$ 63.19	\$ 2,150	\$ 3,856

For example, based on the provisionally approved methodology and allocation (i.e., dollar amounts) proposed by Hydro One as part of its 2010 and 2011 distribution rates application, those dollar amounts represent 6% for REI investments and 17% for Expansion investments. (pg 15)

	2012	2013	2014	2015
Proposed GEA Funding Rate Adder- Renewable Generation	\$ 0.10	\$ 0.14	\$ 0.14	\$ 0.15