



VECC  
c/o PIAC  
ONE Nicholas St, Suite 1204  
OTTAWA, ON K1N 7B7

January 15, 2013

**Attention: Micheal Janigan**

**Re: Kenora Hydro Electric Corporation Ltd. (EB-2012-0141) 2013 IRM Application - Interrogatories**

Dear Mr. Janigan:

Attached please find Kenora Hydro's responses to the VECC Interrogatories as received by e-mail on January 14, 2013.

An electronic copy of the reply has been uploaded to the OEB Portal January 15, 2013.

Should you require additional information, please do not hesitate to contact us.

Sincerely,

A handwritten signature in blue ink, appearing to read "Janice Robertson", is written above the typed name.

Janice Robertson  
Manager of Finance & Regulatory Affairs  
Kenora Hydro Electric Corporation Ltd.  
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LRAM Variance Account # 1568

**VECC Question # 1**

**Reference:** Application, Page 4

**Preamble:** The Board Guidelines for Electricity Distributor Conservation and Demand Management EB-2012-0003 dated April 26, 2012 include the following:

**13.4 Disposition of the LRAMVA**

At a minimum, distributors must apply for disposition of the balance in the LRAMVA the time of their Cost of Service rate applications. Distributors may apply for the disposition of the balance in the LRAMVA on an annual basis as part of their Incentive Regulation Mechanism rate applications, if the balance is deemed significant by the applicant. The LRAMVA shall not be included in the pre-set disposition threshold calculation in determining materiality for disposition for Group 1 accounts as per the July 31, 2009 Report of the Board: *Electricity Distributors' Deferral and Variance Account Initiative* (EB-2008-0046).

- a) Please explain why Kenora deems the balance in the LRAMVA as significant for disposition.

**RESPONSE:**

Kenora Hydro would agree that the proposed LRAM repayment of \$(2,780) is not significant, and would remove the balance if the OEB directs Kenora to do so. It was included for disposal in attempt to preserve the link between customers impacted by the 2011 COS and the repayment of the variance balance.

- b) Please confirm Kenora did not include the LRAMVA in the pre-set disposition threshold calculation in determining materiality for disposition for Group 1 accounts.

**RESPONSE:**

The LRAM balance of \$(2,780) was included in the threshold calculation for disposition. Removing the balance does not impact the resulting threshold and will still require disposition of the remaining Group 1 Accounts.

## VECC Question # 2

**Reference:** Appendix E, LRAM Calculation and OPA Documents  
**Preamble:** The LRAM variance calculation provides the LRAM variance in \$ by customer class.

- a) Please provide the calculation for the residential class used to arrive at an LRAM of (\$1,363).

## **RESPONSE:**

The calculation of the LRAM refund by class was provided in the original documents, Appendix E, and has been reproduced below.

<b>OPA - CDM Program Results</b>											
<b>LRAM Variance Account Calculation</b>											
<b>2011</b>											
Difference Between:											
Results of actual verified impacts of authorized CDM activities undertaken											
Level of CDM programs activities included in the load forecast (embedded in rates)											
Carrying Charges at 1.47% per OEB											
	2011 COS kWh	2011 COS kW	OPA CDM	Variance	Volumetric	Volumetric		LRAM	Allocated	Total Per	
	Reduced	Reduced	kWh or kW Results	in kWh/kW	Jan - June '11	July - Dec '11		\$	Carrying Chgs	Tab 6	
Residential	189,540	0	74,081	(115,459)	0.0099	0.0137	kWh	(1,363)	(20)	(1,383)	
Under 50 kW	114,771	0	4,550	(110,221)	0.004	0.0057	kWh	(534)	(8)	(542)	
USL	697	0	0	(697)	0.0041	0.0049	kWh	(3)	(0)	(3)	
GK Over 50 kW	208,285	535	0	(535)	1.2372	1.6224	kW	(765)	(11)	(776)	
Streetlight	8,707	27	0	(27)	2.3277	3.2343	kW	(75)	(1)	(76)	
	522,000	562	78,631	(226,939)				(2,740)	(40)	(2,780)	

Please also see Kenora Hydro's reply to OEB Staff interrogatory # 4.

- b) Please confirm how Kenora has calculated the applicable carrying charges.

## **RESPONSE:**

Kenora Hydro applied simple interest on the principal at a rate of 1.47% for the year.