



October 28, 2014

Ontario Energy Board  
P.O. Box 2319  
27th Floor  
2300 Yonge Street  
Toronto ON M4P 1E4  
Kirsten.Walli@ontarioenergyboard.ca

Attention: Ms. Kirsten Walli, Board Secretary

Dear Ms. Walli:

**Re: Guelph Hydro Electric Systems Inc.  
2015 IRM Distribution Rate Application - Board File No. EB-2014-0077  
Guelph Hydro Reply Submission**

In accordance with Procedural Order No.1, please find attached Guelph Hydro's Reply Submission to Board Staff and VECC submissions received on October 24, 2014.

Guelph Hydro has also provided an updated 2015 IRM Rate Generator in Excel version. As Board Staff requested, Guelph Hydro has corrected the formula for Global Adjustment Account balance disposition in tab 29.

For the purposes of analyzing the bill impact, Guelph Hydro has corrected Hydro One's Sub-Transmission Rates on tab 15 of the Rate Generator Model and updated tab 30 and tab 31 ("Guelph Bill Impacts" and "Guelph Proposed Rates"). All corrections and related changes of the 2015 IRM Rate Generator Model are highlighted in purple.

Should there be any questions, please contact me.

Respectfully Submitted,

A handwritten signature in blue ink, appearing to read "Cristina Birceanu", is written over a light blue horizontal line.

Cristina Birceanu

Director of Regulatory Affairs  
Guelph Hydro Electric Systems Inc.

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# 2015 ELECTRICITY DISTRIBUTION RATES

Guelph Hydro Electric Systems Inc.

Reply Submission

EB-2014-0077

**October 28, 2014**

**Guelph Hydro's Reply Submission  
2015 IRM Rate Application  
EB-2014-0077**

**Introduction**

Guelph Hydro Electric Systems Inc. ("Guelph Hydro") filed an application (the "Application") with the Ontario Energy Board (the "Board") on August 13, 2014, seeking approval for changes to the distribution rates that Guelph Hydro charges for electricity distribution, to be effective January 1, 2015. The Application is based on the 2015 Price Cap IR option.

In accordance with the Procedural Order No. 1, Board Staff and VECC made their submission on October 24, 2014.

In the interrogatory phase, Board staff noted that Guelph Hydro entered the incorrect Hydro One Sub-Transmission Rates in the input cells on tab 15 of the Rate Generator Model. For the purposes of analyzing the bill impact, Guelph Hydro has corrected the input on tab 15 to reflect January 1, 2014 Sub- Transmission Rates.

Guelph Hydro's reply submission relates to the following:

- Allocation and Disposition of Deferral and Variance Accounts as per the *Electricity Distributors' Deferral and Variance Account Review Report* (the "EDDVAR Report"); and
- Green Energy Act Plan Funding Adder.

**Allocation and Disposition of Deferral and Variance Accounts as per the  
*Electricity Distributors' Deferral and Variance Account Review Report* (the  
"EDDVAR Report")**

- In its submission, Board staff noted that for the General Service rate classes between 50 kW and 4,999 kW, the bill impacts appear substantial, although below the 10% threshold requiring a mitigation plan. Board staff calculated the following based on a one-year recovery period:

Total bill impacts for the GS 50 to 999 kW class:

- 100 kW consumption: 8.53%
- 500 kW consumption: 8.73%
- 1,000 kW consumption: 8.76%

Total bill impacts for the GS 1,000 to 4,999 kW class:

- 1,000 kW consumption: 7.63%
- 2,500 kW consumption: 7.67%
- 4,999 kW consumption: 7.68%

Board staff noted that a two-year recovery period may help mitigate these impacts for both of these general service classes and that Guelph Hydro may wish to comment on a two year disposition in its reply submission.

**Guelph Hydro's reply:**

Guelph Hydro corrected Hydro One Sub-Transmission Rates in tab 15, and formula in tab 29, and diligently analyzed the bill impact for all classes. All bill impacts are below 10% threshold requiring a mitigation plan.

Guelph Hydro's next cost of service proceeding is scheduled for 2016 rates. A two-year disposition period of the deferral and variance accounts in question would overlap the 2016 rates changes, and could lead to high rate impacts for these classes in 2016. Conversely, a one year disposition period for the deferral and variance accounts proposed to be disposed in this application could help to mitigate the 2016 bill impacts.

For these reasons, Guelph Hydro believes that a one-year disposition of the variance and deferral accounts is appropriate.

- With respect to Guelph Hydro's filing of tab 29, Board staff noted that column X (i.e. Global Adjustment Rate Rider) currently divides the total RSVAs excluding Account 1589 – Global Adjustment Account by the metered kWh or metered kW amounts (contingent on the rate class). Board staff noted that in order to determine the Global Adjustment Rate Rider amounts, the total RSVAs should be divided by column F or G (i.e. billed kWh for Non-RPP customers or estimated kW for Non-RPP customers, respectively).

**Guelph Hydro's reply:**

Guelph Hydro has updated tab 29 with the correct formula.

For the purposes of analyzing the bill impact, Guelph Hydro has also corrected Hydro One Sub-Transmission Rates on tab 15 of the Rate Generator Model and updated tab 30 and tab 31 ("Guelph Bill Impacts" and "Guelph Proposed Rates").

Guelph Hydro has provided an updated 2015 IRM Rate Generator Model in Excel version. All corrections and related changes are highlighted in purple.

Tab. 9 Guelph RSVA Model

Rate Class	Unit	Metered kWh	Metered kW	Billed kWh for Non-RPP Customers	Estimated kW for Non-RPP Customers	No of Customers with Smart Meters (as per 2012 Year Book - IESO 9980 charge is calculated based on these numbers)	1590 Recovery Share Proportion*	1595 Recovery Share Proportion (2008) <sup>1</sup>	1595 Recovery Share Proportion (2009) <sup>1</sup>	1595 Recovery Share Proportion (2010) <sup>1</sup>	1595 Recovery Share Proportion (2011) <sup>1</sup>	1595 Recovery Share Proportion (2012) <sup>1</sup>	1568 LRAM Variance Account Class Allocation (\$ amounts)
RESIDENTIAL	\$/kWh	378,871,008		49,400,334	0	47,157		38.08%		38.08%		38.08%	
GENERAL SERVICE LESS THAN 50 KW	\$/kWh	148,787,703		22,271,950	0	3,778		10.15%		10.15%		10.15%	
GENERAL SERVICE 50 TO 999 KW	\$/kW	392,460,715	1,028,835	392,460,715	1,028,835			26.48%		26.48%		26.48%	
GENERAL SERVICE 50 TO 999 KW - Wholesale Market Participant	\$/kW	7,201,235	13,157	7,201,235	13,157			0.34%		0.34%		0.34%	
GENERAL SERVICE 1,000 TO 4,999 KW	\$/kW	465,120,498	1,015,196	465,120,498	1,015,196			14.35%		14.35%		14.35%	
LARGE USE - Class A	\$/kW	271,481,475	490,512	271,481,475	490,512			10.01%		10.01%		10.01%	
UNMETERED SCATTERED LOAD	\$/kWh	2,229,301		2,229,301	0			0.21%		0.21%		0.21%	
SENTINEL LIGHTING	\$/kW	88,740	251	336	1			0.02%		0.02%		0.02%	
STREET LIGHTING	\$/kW	9,777,748	27,447	9,503,967	26,678			0.37%		0.37%		0.37%	
<b>Total</b>		<b>1,676,018,424</b>	<b>2,575,397</b>	<b>1,219,669,810</b>	<b>2,574,379</b>	50,935	<b>0.00%</b>	<b>100.00%</b>	<b>0.00%</b>	<b>100.00%</b>	<b>0.00%</b>	<b>100.00%</b>	<b>0</b>
Total excluding WMP		1,668,817,189											
Total excluding WMP and Class A		1,397,335,714		940,987,101									

**Allocation of Group 1 Accounts (including Account 1568)**

Rate Class	% of Total kWh	% of Total non-RPP kWh	1550	1551	1580	1584	1586	1588	1589	1590	1595 (2008)	1595 (2009)	1595 (2010)	1595 (2011)	1595 (2012)	1568	Total RSVAs excluding 1589 GA		Deferral/Variance Account Rate Rider	Global Adjustment Rate Rider
																	1589 GA	1589 GA		
RESIDENTIAL	22.6%	4.1%	3,991	59,086	(216,896)	114,336	(27,329)	195,183	258,152	0	(443)	0	(351)	0	639,645	0	\$767,221	\$258,152	\$0.0020	0.0052
GENERAL SERVICE LESS THAN 50 KW	8.9%	1.8%	1,567	4,734	(85,178)	44,901	(10,732)	76,651	116,387	0	(118)	0	(93)	0	170,481	0	\$202,212	\$116,387	\$0.0014	0.0052
GENERAL SERVICE 50 TO 999 KW	23.4%	32.3%	4,134		(224,676)	118,437	(28,309)	202,184	2,050,887	0	(308)	0	(244)	0	444,826	0	\$516,043	\$2,050,887	\$0.5016	\$1.9934
GENERAL SERVICE 50 TO 999 KW - Wholesale Market Participant	0.4%	0.5%	76			2,173	(519)				(4)		(3)		5,712		\$7,434		\$0.5650	\$0.0000
GENERAL SERVICE 1,000 TO 4,999 KW	27.8%	38.1%	4,900		(266,272)	140,364	(33,550)	239,616	2,430,586	0	(167)	0	(132)	0	241,062	0	\$325,819	\$2,430,586	\$0.3209	\$2.3942
LARGE USE - Class A	16.2%	22.3%	2,860		(155,418)	81,928	(19,583)	139,859		0	(116)	0	(92)	0	168,153	0	\$217,591		\$0.4436	\$0.0000
UNMETERED SCATTERED LOAD	0.1%	0.2%	23		(1,276)	673	(161)	1,148	11,650	0	(2)	0	(2)	0	3,518	0	\$3,921	\$11,650	\$0.0018	0.0052
SENTINEL LIGHTING	0.0%	0.0%	1		(51)	27	(6)	46	2	0	(0)	0	(0)	0	275	0	\$291	\$2	\$1.1599	\$1.8498
STREET LIGHTING	0.6%	0.8%	103		(5,598)	2,951	(705)	5,037	49,665	0	(4)	0	(3)	0	6,239	0	\$8,019	\$49,665	\$0.2922	\$1.8616
<b>0</b>	<b>100.0%</b>	<b>100.0%</b>	<b>17,656</b>	<b>63,820</b>	<b>(955,366)</b>	<b>505,789</b>	<b>(120,896)</b>	<b>859,723</b>	<b>4,917,328</b>	<b>0</b>	<b>(1,164)</b>	<b>0</b>	<b>(921)</b>	<b>0</b>	<b>1,679,910</b>	<b>0</b>	<b>\$2,048,552</b>	<b>\$4,917,328</b>		

## **Green Energy Act Plan Funding Adder**

Board Staff and VECC agreed that the amount of \$4,702.75 is immaterial and proposed that the over-collected amount be trued-up at the time of Guelph Hydro's next cost of service rates proceeding, scheduled for 2016 rates.

Guelph Hydro agrees to continue to apply the GEA Funding Adder that was approved in its previous cost of service (i.e. \$0.15) until March 31, 2015. Guelph Hydro also agrees that the over-collected amount will be trued-up at the time of its next cost of service proceeding, scheduled for 2016 rates.

Guelph Hydro has changed the GEA Funding Adder to \$0.15 in the 2015 IRM Rate Generator tab 30 and 31.

All of which is respectfully submitted