

Ottawa River Power Corporation

Exhibit 8

Response to Interrogatories

Rate Design

8-Staff-1 Maximum Fixed Charge - Minimum System with PLCC Adjustment Ref: Cost Allocation Model, Tab O2 and Exhibit 8, p. 7, Table 8.2 and 8.3

On page 7 of Exhibit 8, Table 8.2 – Minimum and Maximum Fixed Charge as per the Cost Allocation Model shows the ceiling for the monthly fixed charge (MFC) for the GS>50kWh customer class at \$378.72.

- a) Please confirm that the ceiling amount for this class as per the cost allocation model is \$105.06.

Response:

Correct, (now revised to 104.65). However, as explained at Ex.8/Tab 1/Sch. the applicant's rate design model takes into consideration whether a distributor's current fixed charge is higher than the calculated ceiling. If so, there is no requirement to lower the fixed charge to the ceiling, nor are distributors expected to raise the fixed charge further above the ceiling.

- b) Please confirm that the \$378.72 is the current MFC for this class.

Response:

Correct and confirmed.

- c) Table 8.3 shows a proposed MFC of \$423.48. Tables 8.2 a - d show a MFC of \$378.72. Please confirm that ORPC proposes to maintain the current charge at \$378.72.

Response:

That is incorrect, table 8.3 shows a hypothetical rates at current fixed to variable split.

- d) IF yes to a) and c) please update the tables 8.2 and 8.3 and show the proposed F/V split.

Response:

N/A

8-Staff-2 Regulatory Charges
Ref: Decision and Order, EB-2015-0294

On November 19, 2015 the OEB issued a decision and order which established regulatory charges for the 2016 rate year. Please confirm that ORPC will update its application accordingly and provide updated bill impacts calculations.

Response:

ORPC has updated the Wholesale Market Service and Rural Protection Plan charges however, for the sake consistency in calculating bill impacts across all utilities, ORPC plans on using the bill impacts provided by the OEB.

8-Staff-3 Specific Service Charges

Ref: Exhibit 3, p. 58 of 71 and proposed tariff of rates and charges

On page 58 of 71, ORPC provided a table of current and proposed specific service charges. ORPC proposed the following change.

	Current	Proposed
Return Cheque charge (plus bank charges)	\$ 15	\$ 20
Meter dispute charge plus Measurement Canada fee (if meter found correct)	\$0	\$45

In the 2006 EDR Handbook, the OEB provided a rate of \$15 for the Return Cheque charge and \$30 for Meter Dispute Charge following the methodology below:

Specific Service Charge Description:		\$30 Specific Service Charge Calculation		
Used For:				
Account set up charge/change of occupancy charge (plus credit agency costs if applicable)				
Special meter reads				
Collection of account charge - no disconnection				
Meter dispute charge plus Measurement Canada fees (if meter found correct)				
Service call - customer-owned equipment				
	Rate/Amount	Hours/Units	O/T Factor	Calculated Cost
L Direct Labour (inside staff) Straight Time	23.00	0.5		\$11.50
A Direct Labour (inside staff) Overtime				
B Direct Labour (field staff) Straight Time	27.00	0.3		\$8.10
O Direct Labour (field staff) Overtime	27.00			
U Other Labour (Specify)				
R Payroll Burden %	30%			\$5.88
Total Labour Cost				\$25.48
O Small Vehicle Time	10.00	0.3		\$3.00
T Large Vehicle Time	42.00			
H Other: Material				
E Contract				
R Other	2.00			\$2.00
Total Other				\$5.00
Total Cost				\$30.48
Specific Service Charge Value Requested - Round to nearest \$5				\$30.00

- a) Please provide a breakdown of the requested charges in this level of detail shown in the table above.

Response:

The returned cheque fee was calculated as follows:

Direct Labour	.5 hours	\$12.62
Payroll Burden	.5	\$ 6.69
Total Cost		\$19.31

The meter dispute charge was calculated as follows:

Direct Labour	1.0 hrs	\$29.02
Payroll Burden	1.0 hrs	\$15.42
Total Cost		\$44.51

- b) Please state why the OEB should approve distributor specific special service charges given that a review of specific service charges (EB-2015-0304) is currently underway.

Response:

The review of specific service charges is still in the initial stages. Ottawa River Power wishes to update these by May 1, 2016.

8-Staff-4 Low Voltage Charges
Ref: Exhibit 8, p. 21, Table 8.11

ORPC shows the following historic and proposed LV charges:

Historic and Proposed LV charges

	2010	2011	2012	2013	2014	2015	2016
4075 - Billed LV	-189,060	-205,210	-202,887	-206,776	-202,825	-205,000	-205,000
4750 - Charges LV	0	0	0	65,791	167,195	205,000	205,000

- a) Please explain the \$0 charge booked in account 4570 for 2010, 2011 and 2012 and confirm that ORPC has been an embedded distributor to Hydro One Networks Inc. during this time.

Response:

Ottawa River Power confirms that it is and has been an embedded distributor.

Table 8.11 should be corrected as follows:

	2010	2011	2012	2013	2014	2015	2016
4075 - Billed LV	-189,060	-205,210	-202,887	-206,776	-167,195	-205,000	-205,000
4750 - Charges LV	189,060	205,210	202,887	206,776	167,195	205,000	205,000

Please note that this table reconciles to the trial balance filed in 2.1.7 each year.

- b) Please provide further justification for the amounts booked in 2013 and 2014 and explain the proposed charges for the bridge and test year.

Response:

N/A

8-Staff-5 Total Loss Factor
Ref: Exhibit 8, p. 23

ORPC is proposing a total loss factor of 1.0457 based on the historic average of the last five years. Please explain the increase and discuss how capital investments in the system renewal category will impact the line losses going forward. If ORPC does not expect any impact, please explain.

Response:

ORPC agrees that the historic average of the total loss factor proposed is 1.0457. It should be noted that the average loss factor in the Distributor's system is 1.0396 which is lower than in 2010.

It is the Supply facilities loss factor that has increased from 1.0018 to 1.0059.

While capital investment in the system renewal category could improve ORPC's loss factor this will not change the supply facilities loss factor.

8-Staff-6 Residential Rate Design
Ref: Exhibit 8, p. 4, Table 8.2 and Appendix 2-PA

In table 8.2, ORPC shows incremental changes in of \$3.00 in 2017, \$2.59 in 2018 and 2.63 in 2019. Appendix 2-PA shows a change in fixed rates of \$3.22.

a) Please provide table 8.2 to include the 2015 rate year.

Response: the utility should have relied on the Appendix 2-PA (see updated appendix below) rather than present the tables 8.2 at Ex.8/Tab 1/Sch.2. Adjustments for 2017-2020 will be calculated as part of IRM applications.

Appendix 2-PA

New Rate Design Policy For Residential Customers

Please complete the following tables.

A) Data Inputs

Test Year Billing Determinants for Residential Class	
Customers	9,463
kWh	81,190,920

Proposed Residential Class Specific Revenue Requirement ¹	\$ 2,957,740.84
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Residential Base Rates on Current Tariff	
Monthly Fixed Charge (\$)	10.99
Distribution Volumetric Rate (\$/kWh)	0.015

B) Current Fixed/Variable Split

	Base Rates	Billing Determinants	Revenue	% of Total Revenue
Fixed	10.99	9,463	\$ 1,248,013.13	50.61%
Variable	0.015	81,190,920	\$ 1,217,863.79	49.39%
TOTAL	-	-	\$ 2,465,876.92	-

C) Calculating Test Year Base Rates

Number of Required Rate Design Policy Transition Years ²	4
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	Test Year Revenue @ Current F/V Split	Test Year Base Rates @ Current F/V Split	Reconciliation - Test Year Base Rates @ Current F/V Split
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Fixed	\$ 1,496,952.01	13.18	\$ 1,496,707.28
Variable	\$ 1,460,788.84	0.018	\$ 1,461,436.55
TOTAL	\$ 2,957,740.84	-	\$ 2,958,143.84

	New F/V Split	Revenue @ new F/V Split	Final Adjusted Base Rates	Revenue Reconciliation @ Adjusted Rates
Fixed	62.96%	\$ 1,862,149.22	16.4	\$ 1,862,367.18
Variable	37.04%	\$ 1,095,591.63	0.0135	\$ 1,096,077.41
TOTAL	-	\$ 2,957,740.84	-	\$ 2,958,444.60

Checks ³	
Change in Fixed Rate	\$ 3.22
Difference Between Revenues @ Proposed Rates and Class Specific Revenue Requirement	\$ 703.75
	0.02%

- b) Please provide a further explanation how ORPC calculated these amounts and explain the deviation from \$3.22 shown in Appendix 2-PA.

Response:

Please see response to a)

8.0 –VECC – 41

Reference: E8/pages 4-8

- a) Table 8.2 a) and Appendix 2-W show a proposed 2016 fixed charge for Residential of \$18.05. However, Appendix 2-PA calculates the 2016 fixed rate as \$16.40. Please reconcile.

Response:

Please see response to a)

8.0 –VECC – 42

Reference: E8/page 15
EB-2015-0294

- a) Please update Schedule 6 to reflect the reduction in the WMS charge for 2016 per EB-2015-0294.

Response:

Please see response to 3-VECC-34

8.0 –VECC – 43

Reference: E8/page 30 and Appendix 2-W

- a) It is noted that for the bill impact calculations for the demand billed classes (e.g. GS>50), the commodity charges appear to be based on an allocation of the billing demand amount (as opposed to the associated kWh amount) to TOU period/RPP Tiers. Please review and correct the bill impact calculations for these classes as required.

Response:

The error has been corrected in the Bill Impact Workbook filed along with these responses.

- b) Please provide an updated version of Appendix 2-W reflecting not only the planned elimination of the Debt Retirement and OECEB charges for 2016 but also the new OESP charge to be implemented in 2016 and the reduction in the WMS charge for 2016 per EB-2015-0294.

Response:

As explained at our response to 8-Staff-2, for the sake consistency in calculating bill impacts across all utilities, ORPC plans on using the bill impacts provided by the OEB in the 2016_Filing_Requirements_Chapter2_Appendices. If VECC has concerns with the method in which the OEB calculates the Bill Impacts, it needs to address this issue with the regulator rather than ORPC.