



November 25, 2016

Ontario Energy Board
P.O. Box 2319 27th Floor
2300 Yonge Street Toronto,
Ontario M4P 1E4

Attention: Ms. Kirsten Walli, Board Secretary
Regarding: EB-2016-0166 - 2016 CoS Response to IRs 8-Staff-63

Dear Ms. Walli,

Please find enclosed Renfrew Hydro Inc. (RHI)'s response to 8-Staff-63 along with the four supporting Workform Models reflecting the bill impact scenarios as requested.

We apologize for the delay.

This response is being filed pursuant to the Board's e-Filing Services.

We would be pleased to provide any further information or details that you may require relative to this application.

Respectfully Submitted,

A handwritten signature in black ink that reads 'Bill Nippard'.

Bill Nippard
President Renfrew Hydro Inc
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Renfrew, Ontario
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8-Staff-63

Ref 1: Ex.8/Tab 1/Sch.15 – Rate Mitigation/Foregone Revenue

Ref 2: Ex.9/Tab 1/Sch.1 – Overview

Ref 3: EB-2012-0410 Board Policy: A New Distribution Rate Design for Residential Electricity Customers

Renfrew Hydro notes that in an effort to minimize rate impacts it has requested longer disposition periods for various proposed rates. The proposed disposition periods are listed below:

Description	Disposition Period
Accounts 1550,1551,1584,1586,1595	4
Accounts 1580,1588	4
Account 1589 Global Adjustment	4
Group 2 Accounts	4
Account 1576 (Depreciation)	4
Account 1568 LRAMVA	4
Stranded Meters	5
Smart Meters	4
Fixed Rate Design Transition	6

- (a) Please provide bill impact (total bill % and \$) scenarios using Appendix 2-W illustrating 1, 2 and 3 year disposition periods for the Group 1 and Group 2 DVAs, while keeping all else proposed in the application the same.

Response:

RHI has prepared bill impact scenarios using the new Tariff Schedule and Bill Impact model, illustrating 1, 2 and 3 year disposition periods for Group 1 and Group 2 DVAs. The models have been filed along with this response. A summary is provided below for your convenience.

1 YEAR									
RATE CLASSES / CATEGORIES (eg: Residential TOU, Residential Retailer)	Units	Sub-Total						Total	
		A		B		C		A + B + C	
		\$	%	\$	%	\$	%	\$	%
RESIDENTIAL SERVICE CLASSIFICATION - RPP	kWh	\$ 3.27	13.2%	\$ 3.87	11.7%	\$ 4.04	9.8%	\$ 3.83	2.6%
GENERAL SERVICE LESS THAN 50 kW SERVICE CLASSIFICATION - RPP	kWh	\$ 6.74	11.5%	\$ 8.34	10.5%	\$ 8.77	8.9%	\$ 7.96	2.0%
GENERAL SERVICE 50 TO 4,999 KW SERVICE CLASSIFICATION - Non-RPP (Other)	kW	\$ 13.58	2.3%	\$ 293.29	45.8%	\$ 302.81	25.5%	\$ 281.97	2.6%
UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION - Non-RPP (Other)	kWh	\$ (160.22)	-10.8%	\$ (158.41)	-10.6%	\$ (158.33)	-10.6%	\$ (179.30)	-10.3%
STREET LIGHTING SERVICE CLASSIFICATION - Non-RPP (Other)	kW	\$ (569.60)	-10.6%	\$ (155.99)	-2.9%	\$ (144.19)	-2.4%	\$ (251.13)	-1.2%
RESIDENTIAL SERVICE CLASSIFICATION - RPP	kWh	\$ 4.20	23.2%	\$ 4.43	20.3%	\$ 4.49	18.1%	\$ 4.80	7.2%
RESIDENTIAL SERVICE CLASSIFICATION - Non-RPP (Retailer)	kWh	\$ 3.27	13.2%	\$ 6.72	20.2%	\$ 6.89	16.7%	\$ 7.05	4.7%
RESIDENTIAL SERVICE CLASSIFICATION - Non-RPP (Retailer)	kWh	\$ 4.20	23.2%	\$ 5.52	25.3%	\$ 5.58	22.5%	\$ 6.03	9.0%
GENERAL SERVICE LESS THAN 50 kW SERVICE CLASSIFICATION - Non-RPP (Retailer)	kWh	\$ 6.74	11.5%	\$ 15.94	20.0%	\$ 16.37	16.5%	\$ 16.55	4.1%
2 YEAR									
RATE CLASSES / CATEGORIES (eg: Residential TOU, Residential Retailer)	Units	Sub-Total						Total	
		A		B		C		A + B + C	
		\$	%	\$	%	\$	%	\$	%
RESIDENTIAL SERVICE CLASSIFICATION - RPP	kWh	\$ 3.06	12.3%	\$ 3.36	10.1%	\$ 3.53	8.6%	\$ 3.25	2.2%
GENERAL SERVICE LESS THAN 50 kW SERVICE CLASSIFICATION - RPP	kWh	\$ 6.14	10.5%	\$ 6.94	8.7%	\$ 7.37	7.5%	\$ 6.38	1.6%
GENERAL SERVICE 50 TO 4,999 KW SERVICE CLASSIFICATION - Non-RPP (Other)	kW	\$ (5.00)	-0.9%	\$ 136.18	21.3%	\$ 145.70	12.2%	\$ 104.44	1.0%
UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION - Non-RPP (Other)	kWh	\$ (160.34)	-10.8%	\$ (159.43)	-10.7%	\$ (159.35)	-10.7%	\$ (180.45)	-10.3%
STREET LIGHTING SERVICE CLASSIFICATION - Non-RPP (Other)	kW	\$ (598.70)	-11.2%	\$ (390.27)	-7.2%	\$ (378.47)	-6.2%	\$ (515.86)	-2.5%
RESIDENTIAL SERVICE CLASSIFICATION - RPP	kWh	\$ 3.99	22.0%	\$ 4.11	18.8%	\$ 4.17	16.8%	\$ 4.43	6.6%
RESIDENTIAL SERVICE CLASSIFICATION - Non-RPP (Retailer)	kWh	\$ 3.06	12.3%	\$ 4.79	14.4%	\$ 4.95	12.0%	\$ 4.86	3.3%
RESIDENTIAL SERVICE CLASSIFICATION - Non-RPP (Retailer)	kWh	\$ 3.99	22.0%	\$ 4.65	21.3%	\$ 4.71	19.0%	\$ 5.05	7.5%
GENERAL SERVICE LESS THAN 50 kW SERVICE CLASSIFICATION - Non-RPP (Retailer)	kWh	\$ 6.14	10.5%	\$ 10.74	13.5%	\$ 11.17	11.3%	\$ 10.67	2.7%

3 YEAR									
RATE CLASSES / CATEGORIES (eg: Residential TOU, Residential Retailer)	Units	Sub-Total						Total	
		A		B		C		A + B + C	
		\$	%	\$	%	\$	%	\$	%
RESIDENTIAL SERVICE CLASSIFICATION - RPP	kWh	\$ 3.00	12.1%	\$ 3.23	9.7%	\$ 3.39	8.3%	\$ 3.10	2.1%
GENERAL SERVICE LESS THAN 50 kW SERVICE CLASSIFICATION - RPP	kWh	\$ 5.94	10.1%	\$ 6.54	8.2%	\$ 6.97	7.1%	\$ 5.92	1.5%
GENERAL SERVICE 50 TO 4,999 KW SERVICE CLASSIFICATION - Non-RPP (Other)	kW	\$ (11.19)	-1.9%	\$ 85.85	13.4%	\$ 95.37	8.0%	\$ 47.56	0.4%
UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION - Non-RPP (Other)	kWh	\$ (160.37)	-10.8%	\$ (159.75)	-10.7%	\$ (159.66)	-10.7%	\$ (180.80)	-10.4%
STREET LIGHTING SERVICE CLASSIFICATION - Non-RPP (Other)	kW	\$ (608.42)	-11.4%	\$ (465.37)	-8.6%	\$ (453.57)	-7.5%	\$ (600.73)	-2.9%
RESIDENTIAL SERVICE CLASSIFICATION - RPP	kWh	\$ 3.93	21.7%	\$ 4.02	18.4%	\$ 4.08	16.5%	\$ 4.33	6.5%
RESIDENTIAL SERVICE CLASSIFICATION - Non-RPP (Retailer)	kWh	\$ 3.00	12.1%	\$ 4.20	12.6%	\$ 4.37	10.6%	\$ 4.20	2.8%
RESIDENTIAL SERVICE CLASSIFICATION - Non-RPP (Retailer)	kWh	\$ 3.93	21.7%	\$ 4.39	20.1%	\$ 4.45	17.9%	\$ 4.75	7.1%
GENERAL SERVICE LESS THAN 50 kW SERVICE CLASSIFICATION - Non-RPP (Retailer)	kWh	\$ 5.94	10.1%	\$ 9.14	11.5%	\$ 9.57	9.7%	\$ 8.86	2.2%
4 YEAR									
RATE CLASSES / CATEGORIES (eg: Residential TOU, Residential Retailer)	Units	Sub-Total						Total	
		A		B		C		A + B + C	
		\$	%	\$	%	\$	%	\$	%
RESIDENTIAL SERVICE CLASSIFICATION - RPP	kWh	\$ 2.96	11.9%	\$ 3.04	9.1%	\$ 3.20	7.8%	\$ 2.89	2.0%
GENERAL SERVICE LESS THAN 50 kW SERVICE CLASSIFICATION - RPP	kWh	\$ 5.94	10.1%	\$ 6.14	7.7%	\$ 6.57	6.7%	\$ 5.47	1.4%
GENERAL SERVICE 50 TO 4,999 KW SERVICE CLASSIFICATION - Non-RPP (Other)	kW	\$ (14.28)	-2.4%	\$ 54.55	8.5%	\$ 64.06	5.4%	\$ 12.19	0.1%
UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION - Non-RPP (Other)	kWh	\$ (160.37)	-10.8%	\$ (159.98)	-10.7%	\$ (159.90)	-10.7%	\$ (181.07)	-10.4%
STREET LIGHTING SERVICE CLASSIFICATION - Non-RPP (Other)	kW	\$ (613.27)	-11.5%	\$ (511.92)	-9.4%	\$ (500.12)	-8.2%	\$ (653.33)	-3.1%
RESIDENTIAL SERVICE CLASSIFICATION - RPP	kWh	\$ 3.89	21.5%	\$ 3.92	18.0%	\$ 3.98	16.1%	\$ 4.22	6.3%
RESIDENTIAL SERVICE CLASSIFICATION - Non-RPP (Retailer)	kWh	\$ 2.96	11.9%	\$ 3.71	11.1%	\$ 3.88	9.4%	\$ 3.65	2.5%
RESIDENTIAL SERVICE CLASSIFICATION - Non-RPP (Retailer)	kWh	\$ 3.89	21.5%	\$ 4.18	19.1%	\$ 4.24	17.1%	\$ 4.51	6.7%
GENERAL SERVICE LESS THAN 50 kW SERVICE CLASSIFICATION - Non-RPP (Retailer)	kWh	\$ 5.94	10.1%	\$ 7.94	10.0%	\$ 8.37	8.5%	\$ 7.51	1.9%

With respect to Renfrew Hydro's request for a six-year transition for the Residential Rate Design, OEB staff notes that at reference 3, the OEB states that "while the OEB wants consistency in implementation, we will consider applications for exceptions to the four-year transition in two situations:

1. If the monthly fixed charge will need to rise by more than \$4 in each year of the transition.
2. If there are other rate changes being made as a result of other OEB decisions, which together with the policy change could result in unusually large bill impacts. Examples could include the clearance of deferral and variances accounts, increases resulting from a Custom IR or a re-basing application, or increases resulting from other rate design changes."

OEB staff calculates that a four-year transition period yields a monthly fixed charge change of \$2.63.

- (b) Please provide further rationale for Renfrew Hydro's request for a six-year transition period.

Response:

In RHI's original application the six-year transition period was requested for rate mitigation purposes. In order to keep the low volume residential customers under a 10% total bill impact, RHI requested the extended period. Changes have been made as a result of Interrogatory responses. The bill Impacts now reflect a 4-year transition period, as filed in the revised Chapter 2 appendices App.2-PA. The details are reproduced on the next page.

**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	3,835
kWh	28,929,112
Proposed Residential Class Specific Revenue Requirement¹	
	\$1,197,597.34
Residential Base Rates on Current Tariff	
Monthly Fixed Charge (\$)	\$13.97
Distribution Volumetric Rate (\$/kWh)	\$0.01

B) Current Fixed/Variable Split

	Base Rates	Billing Determinants	Revenue	% of Total Revenue
Fixed	\$13.97	\$3,834.99	\$642,897.32	60.52%
Variable	\$0.0145	\$28,929,112.49	\$419,472.13	39.48%
TOTAL	-	-	\$1,062,369.45	-

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
Fixed	\$724,731.04	\$15.75	\$724,812.66
Variable	\$472,866.29	\$0.0163	\$471,544.53
TOTAL	\$1,197,597.34	-	\$1,196,357.19

	New F/V Split	Revenue @ new F/V Split	Final Adjusted Base Rates	Revenue Reconciliation @ Adjusted Rates
Fixed	70.39%	\$842,947.62	\$18.32	\$843,083.68
Variable	29.61%	\$354,649.72	\$0.0123	\$355,828.08
TOTAL	-	\$1,197,597.34	-	\$1,198,911.76

Checks³	
Change in Fixed Rate	\$2.57
Difference Between Revenues @ Proposed Rates and Class Specific	\$1,314.42
	\$0.00

(c) Please provide a bill impact scenario with the change to fixed rates over a four-year period, keeping Renfrew Hydro's requests for longer DVA disposition periods the same.

Response:

See response (b)