

## **Exhibit 7 – Cost Allocation**

### **7-Staff-29**

#### **MicroFIT Charges**

##### **Ref: Table 7.7 Calculation of microFIT Charges**

Rideau St. Lawrence Distribution has proposed to change the microFIT meter reading expense to \$10.00 as this will reflect the monthly fee per microFIT meter point incurred from Utilismart.

- a) What is the difference between a MicroFIT meter read and a normal meter read that requires higher costs?

Response:

The work provided by Utilismart is more than a meter reading. Besides getting the readings, Utilismart manually enters the data into forms for the purpose of daily settlement values and Net System Load Shape (“NSLS”).

- b) Has Rideau St. Lawrence Distribution done a business case or competitive bidding for microFIT settlement? If so, please provide the details.

Response:

No, RSL has not done a business case or competitive bidding for MicroFIT settlement. The cost of this settlement has been reduced from \$49 per month per meter to the current rate of \$10 per month per meter. This function is part of our overall settlement process, and a necessary component of our NSLS. It would be impractical to have a separate settlement process for microFIT. It should be noted that MicroFIT is a small but regulated part of our settlement.

### **7-VECC-38**

#### **Reference: Exhibit 7, Cost Allocation Model**

- a) Please confirm (per Sheet I6.2) that each Street Lighting device is a separate connection.

Response: RSL confirms that each street lighting device is a separate connection.

- b) Please confirm (per Sheets I7.1 and I7.2) that each GS>50 customer only has one meter.

Response:

RSL confirms that each GS>50 customer has only one meter.

## **7-VECC-39**

### **Reference: Exhibit 7, page 9**

- a) With respect to Table 7.7, does Utilismart only provide meter reading services and does Rideau itself provide all of the other services/activities listed in the Table?

Response:

Utilismart provides settlement calculation and validation activities for RSL. Other suppliers provide the meter reading, and RSL provides the other functions listed in the Table. RSL does not record other specific costs related to MicroFIT meters separately.

- b) Why was the meter count for the calculation increased to 5073 (from 5066) when the costs for all of the other services are based on an allocation that used a Residential customer count of 5066?

Response:

RSL agrees that residential customer count is used in this calculation. Below is the updated calculation.

Table 7.7: Calculation of MicroFIT Charge

<b>Description</b>	<b>Residential</b>	<b>Monthly Unit Cost</b>	<b>Adjusted Monthly Unit Cos</b>	
			<b>Adjust Number of Customers</b>	<b>Adjust Meter Reading Expenses</b>
Customer Premises - Operations Labour (5070)	\$ 13,821.89	\$ 0.23	\$ 0.23	\$ 0.23
Customer Premises - Materials and Expenses (5075)	\$ -	\$ -	\$ -	\$ -
Meter Expenses (5065)	\$ -	\$ -	\$ -	\$ -
Maintenance of Meters (5175)	\$ 7,265.59	\$ 0.12	\$ 0.12	\$ 0.12
Meter Reading Expenses (5310)	\$ 32,802.11	\$ 0.54	\$ 0.54	\$ 10.00
Customer Billing (5315)	\$ 298,762.63	\$ 4.91	\$ 4.91	\$ 4.91
Amortization Expense - General Plant Assigned to Meters	\$ 22,348.15	\$ 0.37	\$ 0.37	\$ 0.37
Admin and General Expenses allocated to O&M expenses for meters	\$ 126,322.31	\$ 2.08	\$ 2.08	\$ 2.08
				\$ -
Allocated PILS (general plant assigned to meters)	\$ 174.95	\$ 0.00	\$ 0.00	\$ 0.00
Interest Expense	\$ 1,184.96	\$ 0.02	\$ 0.02	\$ 0.02
Income Expenses	\$ 2,236.56	\$ 0.04	\$ 0.04	\$ 0.04
<b>Total Cost</b>	<b>\$ 504,919.15</b>	<b>\$ 8.31</b>	<b>\$ 8.31</b>	<b>\$ 17.77</b>
<b>Number of Residential Customers</b>	<b>5066</b>		<b>5066</b>	

## 7-VECC-40

### Reference: Exhibit 7, page 14

- a) With respect to Table 7.12, why was the proposed R/C ratio for Sentinel Lighting not increased further (i.e., higher than 80%) before any increase was made to the Residential ratio whose status quo value is 91.81%?

Response:

It is an industry common methodology to not change classes that are within the policy ranges unless the purpose is to recover the shortfall of classes that are outside the ranges and to bring classes that fall outside of the ranges to the lower or upper limits. This approach is consistent with Board policy (EB-2010-0219). In previous applications, distributors who proposed to increase revenue to cost ratios outside the ranges closer to 1 rather than the bottom range were not supported and requested to bring those ratios to the lower ends only during the interrogatory process. Please refer to the applications of Wellington North Power Inc. (EB-2015-0110) and Milton Hydro Distribution Inc. (EB-2015-0089).

- b) By how much could the Sentinel Lighting ratio be increased while still maintaining a total bill impact of less than 10%?

Response:

The Sentinel Lights ratio could be increased to 92.52% or its revenue increased by \$1,345 while maintaining a total bill impact of less than 10%.