

Exhibit 8 – Rate Design

8-Staff-30

Fixed Floor and Ceiling

Ref: Table 8.7: 2016 Customer Unit Cost per Month per Cost Allocation Model

Ref: Table 8.8: 2016 Fixed Charge Boundary Values

Rideau St. Lawrence Distribution provided a summary table of the floor and ceiling for fixed charge per rate class. The values in Table 8.7 and Table 8.8 should reflect the same number.

- a) Please explain the discrepancy between the values in Table 8.7 and 8.8

Response:

RSL agrees that the two tables should reflect the same number. The corrected tables with original amounts are shown below.

Updated Table 8.7: 2016 Customer Unit Cost per Month per Cost Allocation Study

Customer Class	Avoided Cost	Directly Related	Minimum System with PLCC
Residential	\$7.43	\$12.80	\$21.74
GS < 50 kW	\$8.53	\$14.54	\$24.95
GS >50 to 4999 kW	\$46.75	\$83.86	\$159.04
Street Lighting	\$0.45	\$0.82	\$4.24
Sentinel Lighting	\$2.13	\$3.78	\$11.79
Unmetered Scattered Load	\$4.31	\$7.72	\$15.07

Table 8.8: 2016 Fixed Charge Boundary Values					
Customer Class	Cost Allocation		Existing Rate	Boundary Values	
	Low	High		Minimum	Maximum
Residential	\$7.43	\$21.74	\$13.19	\$7.43	\$21.74
GS < 50 kW	\$8.53	\$24.95	\$30.52	\$8.53	\$30.52
GS >50 to 4999 kW	\$46.75	\$159.04	\$290.85	\$46.75	\$290.85
Street Lighting	\$0.45	\$4.24	\$3.44	\$0.45	\$4.24
Sentinel Lighting	\$2.13	\$11.79	\$2.13	\$2.13	\$11.79
Unmetered Scattered Load	\$4.31	\$15.07	\$3.99	\$4.31	\$15.07

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Low Voltage Costs

Ref: Table 8.15: Low Voltage Costs Allocated by Customer Class

Rideau St. Lawrence Distribution stated that the proposed LV rates are allocated based on the proportion of the proposed retail transmission connection revenue collected from each class. The volumes used in Table 8.15 are forecasted volumes which is not the same volumes used in calculating the retail transmission connection rates.

- a) Please explain the choice of volumes and the discrepancy with the retail transmission connection revenue.

Response:

In the RTST Work Form RTSR rates are calculated by using 2014 actual billed volume. To keep revenue and costs neutral, RTST rates are applied to 2014 actual billed volume rather than forecasted volume in the calculation of cost of power in Exhibit 2. However, 2016 LV revenues for rate classes are based on forecasted volumes, it is appropriate to use forecasted volumes in the LV cost allocation. This approach is consistent with the applications of Waterloo North Hydro Inc (EB-2015-0108) and Orangeville Hydro Limited (EB-2013-0160).

8-Staff-32

Loss Adjustment Factors

Ref: Table 8.17 Calculation of Proposed Loss Factor

Rideau St. Lawrence Distribution's total loss factor calculated in Table 8.17 has increased to 1.0830 from 1.0797 since the last cost of service.

- a) Does Rideau St. Lawrence Distribution have any strategic plans to reduce the total loss factor?

Response:

Based on analyses conducted by consulting engineering services, the RSL distribution systems are relatively lightly loaded. Line losses would not be significantly reduced by a system reconductoring program. Small conductors are being removed from the RSL system over the planned period, which may have a slight positive impact on reducing system losses.

Projects involving a mature area rebuild are being designed to reduce the number and size of transformers, based on historical loading data. RSL anticipates this will provide a slight reduction of system losses.

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Foregone Revenue

Rideau St. Lawrence Distribution has requested that foregone revenue be considered in the Final Rate Decision and Order

- a) What effective date does Rideau St. Lawrence Distribution propose to be taken into consideration for foregone revenue?

Response:

RSL proposes an effective date of January 1, 2017 to be taken into consideration for foregone revenue.

8-VECC-41

Reference: Exhibit 8, page 19

- a) What were the actual 2016 billing quantities and charges by Hydro One for LV Service?

Response:

- a) The actual 2016 billing quantities and charges for LV are provided as follows:

2016 Actual LV Charges				
January, 2016				
Hydro One LV Charges	Rate	Per	Unit Billed	2016 Low Voltage Expense
Monthly Service Charge	\$433.07	Account	11	\$4,764
Monthly Fixed Rate Riders	\$16.60	Account	11	\$183
Common ST Lines	\$1.022	kW	18,968	\$19,385
Volumetric Rate Rider	\$0.4723	kW	18,968	\$8,959
Shared LVDS	\$2.0182	kW	2,583	\$5,214
Total				\$38,504
February to December, 2016				
Hydro One LV Charges	Rate	Per	Unit Billed	2016 Low Voltage Expense
Monthly Service Charge	\$481.41	Account	121	\$58,251
Monthly Fixed Rate Riders	\$59.18	Account	121	\$7,161
Common ST Lines	\$1.174	kW	193,042	\$226,631
Volumetric Rate Rider	\$0.3151	kW	193,042	\$60,828
Shared LVDS	\$1.5966	kW	20,445	\$32,642
Total				\$385,513
Total				\$424,017

- b) It is noted that Rideau proposes to base its RTSRs on the 2017 UTRs (page 10). Why is Rideau not proposing to base the LV Service Rates on Hydro One's 2017 rates once they are known?

Response:

In page 10 of Exhibit 8, RSL indicated that Hydro One Networks had filed an application for an increase in transmission rates. RSL stated that we acknowledge that the Uniform Transmission Rates and Sub-transmission rates used in the RTSR model are subject to change.

It is RSL's preference to have the most recent Hydro One transmission rates in our rate order.