

Question #1

Ref. 2009 Harmonization Managers Summary

Orangeville / Grand Valley is proposing to harmonize the distribution rates between the two utilities. Staff reviewed the resultant differences comparing billing determinants time's rates before and after harmonization. Staff noted that two rate classes in Grand Valley show significant reduction in the resultant rate revenue; General Service 50 to 4,999 kW and Street Lighting. Table One below shows that General Service 50 to 4,999 kW rate revenue is reduced by \$16,998 and Street Lighting by \$2,926.

Table One

GSGT50		Before Harmonization		Proposed Harmonization	
	Bill Det.	Rates	Billed	Rates	Billed
Cust/Conn kW	7	\$ 233.53	\$ 19,617	\$ 187.87	\$ 15,781
	6372	\$ 3.9430	\$ 25,125	\$ 1.8773	\$ 11,962
			<u>\$ 44,741</u>		<u>\$ 27,743</u>
					\$ 16,998
SL		Before Harmonization		Proposed Harmonization	
	Bill Det.	Rates	Billed	Rates	Billed
Cust/Conn kW	152	\$ 0.93	\$ 1,696	\$ 0.09	\$ 164
	286	\$ 5.8302	\$ 1,667	\$ 0.9580	\$ 274
			<u>\$ 3,364</u>		<u>\$ 438</u>
					\$ 2,926

In many of the 2008 Cost of Service rate application decisions the Board has applied the 2006 Cost Allocation informational filing study results to adjust Revenue / Cost Ratios for Street Lighting and other rate classes to target band widths.

a) Did Orangeville /Grand Valley take into consideration the impact of the changes to these two rate classes and the potential volatility of rates swings when the applicant comes in for a cost of service filing?

Grand Valley Revenue / Cost Ratio for GS GT 50 class is 134.88% and Orangeville is 91.73% therefore by harmonizing the rates it will bring them both closer to 100%. As with most other LDC's the Street Lighting Class is more complicated. The Revenue / Cost Ratio for Orangeville is well under at 4.42% and Grand Valley is at 55.21%. We will have to make a gradual move to 100%

commencing with the 2010 cost of service rate application to move the rates upward because there will be volatility to both Grand Valley and Orangeville's Street Lighting rate class. We understand that for the small number of street lights in Grand Valley there will be some movement downward in 2009 resulting from harmonization and then most likely upward again in 2010 reflecting a cost of service rate application. However, setting the harmonized streetlight rate higher than the proposed rate at this time would mean the revenue within the Street Lighting class would not be revenue neutral and adjustments to revenues in other class would need to be made. It is our view, in order to simplify the harmonization process it is best to maintain revenue neutrality within the class.

Question #2

Ref. Orangeville Hydro Tariff of Rates and Charges Effective May 1, 2008

Page 2 of 4 of the above referenced Tariff includes a General Service 50 to 4,999 kW – Time of Use rate class. The 2GIRM Rate Generator does not include this rate class. The Orangeville Hydro Inc. Managers Summary has not addressed the exclusion of this rate class. The 2009 Harmonization Managers summary, page 1, identifies that the "data" was included in the General Service 50 to 4,999 kW rate class.

a) Is Orangeville / Grand Valley proposing to discontinue this rate class?

Yes, Orangeville / Grand Valley is proposing to discontinue this rate class.

b) Has Orangeville / Grand Valley made any previous applications to remove this rate class to the Board? If so please provide documentation, and a brief summary of the resulting decision.

No, Orangeville / Grand Valley has not made any previous applications to remove this rate class to the Board

c) If Orangeville / Grand Valley is proposing to discontinue this rate class please provide a detailed explanation why the Board should consider this proposal?

The Time of Use rate classification is a legacy rate classification that consists of only 3 customers. We wanted to take the opportunity to smooth out the rates not only for the GS GT50 but to also harmonize the GS GT50 – Time of Use. We felt including the GS GT50 Time of Use into the harmonization and producing one GS GT50 class would be more aligned with our Cost Allocation study to be used in our 2010 Cost of Service application. Having one harmonized GS GT50 class will resolve an issue now that would otherwise need to be addressed in our 2010 Cost of Service application

d) If Orangeville / Grand Valley is proposing to discontinue this rate class has the applicant adjusted the rates of any other rate class to compensate?

No, this harmonization does not affect any other rate class.

Question #3

Ref. MADD's Decision and Order EB-2008-0053 (July 14, 2008)

The following has been extracted from page 4 of the referenced decision

OHL and GVEI indicated that the amalgamated company will retain the rate schedules for customers in each of the service areas, and will apply for harmonized rates for 2010.

a) Please explain why the applicant has accelerated the harmonization of rates.

We didn't want to complicate the 2010 cost of service application and felt that there would be less rate shock to both Grand Valley and Orangeville. It will also assist us in smoothing out the Revenue / Cost ratios during rate design in our cost of service application.

b) Would there be any parties affected by the harmonization who would object to the accelerated approval of harmonized rates, and if so have they been notified by the applicant.

We received no responses from the Notice of Application published in the Grand Valley Vedette and the Orangeville Banner that notified the customers of Grand Valley and Orangeville of the rate harmonization. There are no known parties that would object to the accelerated approval of harmonized rates.

Question #4

Ref. Rural or Remote Electricity Rate Protection ("RRRP")

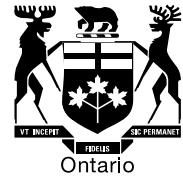
By letter dated December 17, 2008, the Board informed the electricity distributors of the approval it has given to the IESO regarding the level of charge the IESO may apply to its Market Participants for the Rural or Remote Electricity Rate Protection (RRRP) program. In that letter, the Board stated: "Distributors that currently have a rate application before the Board shall file this letter as an update to their evidence along with a request that the RRRP charge in their tariff sheet be revised to 0.13 cents per kilowatt-hour effective May 1, 2009."

a) If Orangeville / Grand Valley has not done so, please file the required addition to the evidence as outlined in the December 17th letter.

Orangeville / Grand Valley would like to request that the RRRP charge in our tariff sheet be revised to 0.13 cents per kilo-watt-hour effective May 1, 2009. The December 17, 2008 letter from the Board is filed as evidence to our 2009 IRM application.

Ontario Energy Board
P.O. Box 2319
27th. Floor
2300 Yonge Street
Toronto ON M4P 1E4
Telephone: 416- 481-1967
Facsimile: 416- 440-7656
Toll free: 1-888-632-6273

Commission de l'Énergie de l'Ontario
C.P. 2319
27e étage
2300, rue Yonge
Toronto ON M4P 1E4
Téléphone: 416- 481-1967
Télécopieur: 416- 440-7656
Numéro sans frais: 1-888-632-6273



December 17, 2008

To: All Licensed Electricity Distributors and Retailers

Re: Rural or Remote Electricity Rate Protection

Ontario Regulation 442/01, Rural or Remote Electricity Rate Protection ("RRRP") (made under the *Ontario Energy Board Act, 1998*) requires the Ontario Energy Board (the "Board") to calculate the amount to be charged by the Independent Electricity System Operator ("IESO") with respect to the RRRP for each kilowatt-hour of electricity that is withdrawn from the IESO-controlled grid.

Amount to be charged by the IESO for RRRP

Based on the demand forecast provided by the IESO, the Board has determined that the amount to be charged by the IESO with respect to the RRRP shall remain at the current level of 0.1 cents per kilowatt-hour effective January 1, 2009. Effective May 1, 2009, the IESO's RRRP charge shall be 0.13 cents per kilowatt-hour.

Amount to be Charged by Distributors and Retailers for RRRP

Effective January 1, 2009, the RRRP charge shall remain at the current level of 0.1 cents per kilowatt-hour.

Effective May 1, 2009, the RRRP charge shall be 0.13 cents per kilowatt-hour.

After May 1, 2009 the RRRP charge shall remain at 0.13 cents per kilowatt-hour until such time as the Board revises it.

Distributors that currently have a rate application before the Board shall file this letter as an update to their evidence along with a request that the RRRP charge in their tariff sheet be revised to 0.13 cents per kilowatt-hour effective May 1, 2009.

Where a distributor does not have a rate application before the Board, the distributor shall make an application to the Board to alter the RRRP charge in its tariff sheet effective May 1, 2009 to 0.13 cents per kilowatt-hour.

In the collection of this amount from customers, the customer's metered energy consumption shall be adjusted by the Total Loss Factor as approved by the Board.

The Board wishes to remind all distributors and retailers that in accordance with subsection 5(6) of the Regulation:

A distributor or retailer who bills a consumer for electricity shall aggregate the amount that the consumer is required to contribute to the compensation required by subsection 79(3) of the Act with the wholesale market service rate described in the Electricity Distribution Rate Handbook issued by the Board, as it read on October 31, 2001.

Yours Truly,

Original Signed By

Kirsten Walli
Board Secretary