

**Responses to Board Staff Interrogatories  
2009 Incentive Regulation Mechanism Rate Application  
PUC Distribution Inc.  
EB-2008-0208**

**Revenue Requirement**

Ref.: 2009 3<sup>rd</sup> Gen. IRM Supplementary Filing Module, Sheet B3.1

1. Question

Cell G75 shows that your 2008 revenue requirement was \$14,894,663.

The draft 2008 rate order filing (re: EB-2007-0931) on page 16 of 34 shows a 2008 revenue requirement of \$14,826,171. Staff understands that part of the difference between this number and the information provided in the IRM model may be due to the inclusion in the latter of the transformer allowance, but this does not account for the entire difference.

Please reconcile these two figures, providing a full explanation for any differences.

Response

In the draft rate order (EB-2007-0931) page 16 of 34 there is a revenue requirement of \$14,826,171 before the transformer allowance is included for \$86,864. The transformer allowance is included in the revenue requirement on page 18 of 34 in the draft rate order and included in the proposed volumetric charges. The total revenue requirement is the \$14,826,171 (page 16) + \$86,864 (page 19) = \$14,913,035 in the draft rate order.

In the Supplementary filing module sheet B3.1, Cell G75 the 2008 revenue requirement is \$14,894,663 (as indicated in the question above) compared to the draft rate order of \$14,913,035. The difference is \$18,372 (\$14,894,663 - \$14,913,035). In the Supplementary filing module sheet B3.1, Cell E60 is the capital tax and is a protected cell that is linked to sheet F1.1 Z Factor Tax Changes. In cell E60 the amount linked and protected in that Cell is \$68,894 coming from sheet F1.1. The capital tax amount is calculated on sheet F1.1 using a rate of 0.225% resulting in \$68,894 capital tax when in fact in the 2008 approved draft rate order the capital tax rate used was 0.285% (page 14 of 34) resulting in capital tax of \$87,265. The difference is \$18,372 (\$68,894 - \$87,265).

**Revenue to Cost Ratio Adjustment**

Ref.: 2009 3 Gen. IRM Supplementary Filing Module, Sheets C1.1, C2.1, C3.1, and Manager's Summary pg. 1-3.

2. Question

You have included on page 3 of 13 a table supporting your calculations for your proposed revenue to cost ratio adjustments for the 2009 rate year. Please submit a copy of these calculations in Microsoft Excel format.

Response

PUC Distribution has submitted the Microsoft Excel version of the cost ratio calculation as Appendix A included in the response to Board Staff Interrogatories. (PUCDistribution\_IRR\_BoardStaff\_AppendixA\_20090112).

**Retail Transmission Service Rates – Line and Transformer Connection Service Rate (RTSR – Connection)**

Ref.: 2009 Rate Generator Model, Sheet L2.1

3. Question

On October 22, 2008 the Board issued its Guidelines on *Electricity Distribution Retail Transmission Service Rates* (G-2008-0001). Page 4 of these guidelines state that “A distributor that has not yet filed its application for 2009 distribution rates is expected to include the RTSRs analysis and proposed adjustment in its application.”

- a) Please provide an explanation why no adjustment to the RTSR – Connection was proposed (i.e., cell D22 on sheet L2.1 was left blank).
- b) if it was an omission, please confirm what the proposed adjustment to your RTSR – Connection is and provide the supporting calculation.

Response

Consistent with prior years PUC distribution’s customers are not subject to the retail transmission service rates due to the fact that PUC receives power at 115kV and owns the transformation equipment to step down to distribution levels.

**Rural or Remote Electricity Rte Protection (“RRRP”)**

4. Question

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.”

If PUC Distribution Inc. has not done so please file the required addition to the evidence as outlined in the December 17<sup>th</sup> letter.

## Response

PUC Distribution requests that the RRRP charge in the tariff sheet be revised to 0.13 cents per kilowatt-hour effective May 1, 2009 as per the letter Dated December 17, 2008 from the OEB attached below.

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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.

Ontario Energy Board

-2-

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