

***Greater Sudbury Hydro Inc./
Hydro du Grand Sudbury Inc.***

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December 20, 2005

Ontario Energy Board
Mr. John Zych
Board Secretary
2300 Yonge Street
Suite 2700
Toronto, ON
M4P 1E4

VIA Fax and E-Mail

Dear Mr. Zych:

**Re: 2006 Electricity Distribution Rate Application
Generic Issues Proceeding – RP 2005-0020 EB 2005-0529
Greater Sudbury Hydro EB 2005-0370 RESPONSES to
Interrogatories of the Vulnerable Energy Consumers Coalition
(VECC) AS SUBMITTED BY PIAC**

Please find enclosed Greater Sudbury Hydro Inc.'s (EB 2005-0370) responses to the Interrogatories of the Vulnerable Energy Consumers Coalition (VECC).

We will also be directing a copy of the same to the Counsel for the intervenor.

Thank you.

Yours truly,



Stan Pawlowicz
Vice President – Corporate Services

Cc: Michael Janigan, Counsel for VECC.

**2006 Electricity Distribution Rate Application
Generic Issues Proceeding: RP-2005-0020/EB-2005-0529
Greater Sudbury Hydro: EB-2005-0370 responses to
VECC Interrogatories**

Generic Issue #2.1: Deferral Accounts – Regulatory Costs

Question #2.1.1

Reference: 2006 EDR Model Tab 2-2 and Tab ADJ3

- a) Please complete the following table with respect to the costs included in Regulatory Expenses (Account 5655)

| Expense Item | 2006 Application | 2004 Actual | 2003 Actual | 2002 Actual |
|--|-----------------------------|------------------------|------------------------|------------------------|
| Regulators' Fees/Charges | \$80,172.25 | \$80,172.25 | \$63,052.75 | \$78,070.00 |
| OEB Base Levy | | | | |
| Other OEB Charges | | | 2,005.04(1) | |
| Other Energy Regulatory Fees (specify) | | | | |
| Subtotal (1) | \$80,172.25 | \$80,172.25 | \$65,057.79 | \$78,070.00 |
| In House Costs | | | | |
| Staff Compensation | | | | |
| Other Costs | | | | |
| Subtotal (2) | | | | |
| Outsourced Services | | | | |
| Legal Services | | | | |
| Consultants | | | | |
| Other Costs (Specify)(2) | 49,371.08 | 49,371.08 | 50,748.89 | 55,926.86 |
| Subtotal (3) | \$49,371.08 | \$49,371.08 | \$50,748.89 | \$55,926.86 |
| | | | | |
| TOTAL Reg. Expense | \$129,543.33 | \$129,543.33 | \$115,806.68 | \$133,996.86 |
| | | | | |
| Total Customers | 43,246 | 43,246 | 43,253 | 43,557 |
| Total Energy Distributed | 877,229,566 | 877,229,566 | 878,806,876 | 839,781,989 |
| | | | | |
| Reg. Costs/Customer | \$2.99 | \$2.99 | \$2.67 | \$3.07 |
| Reg. Costs/kWh Distributed | 0.00014 | 0.00014 | 0.00013 | 0.00015 |

(1)Other OEB Charges - we charged the costs associated with advertising our Notice of Rate Application in our local newspaper to this account.

(2)Other Costs is the interest that we pay on the prudential required by the IESO.

- b) Please provide Explanatory Notes for all material increases/decreases from 2002-2006. N/A
- c) Provide a list of 2004 positions involved in regulatory matters regarding the OEB and other Energy Regulators.

| |
|--|
| Doug Reeves, President & Secretary |
| Stan Pawlowicz, Vice President - Corporate Services |
| Brian McMillan, Vice President – Elect. Distribution System |
| Nancy Whissell, Supervisor Accounting |
| Greg Field, Supervisor - Customer Service |
| Paula Tarini, Supervisor - Demand Side Management |
| Jodie Koski - Regulatory Affairs |
| Paulette Bean – Market Readiness/Meter Data Management |
| |

- d) Provide the number of FTEs for 2004 associated with the reported staff compensation (i.e., salaries and benefits) in the table. N/A
- e) Please indicate whether the reported in-house costs in Table 1 include any allocated overheads or staff-related costs other than direct compensation. If so, please explain how the amounts to be included were determined. N/A
- f) If the OEB were to establish a deferral account for Regulatory Costs and permit utilities to record their costs of consultants, legal counsel and direct incremental disbursements, does the Applicant record costs in any other USoA accounts that it considers would qualify. If so, please indicate the nature of such costs, where they would be reported, and the amounts the Applicant incurred in 2002-2004.

No

Generic Issue #2.2: Deferral Accounts – Revenue Losses Attributable to Unforecasted Distributed Generation

Question #2.2.1

Reference: Schedule 10.6

- a) Is the Applicant currently aware of any potential load displacement projects that could affect revenues for 2006?

No.

- b) How far in advance (i.e., months) of the actual installation of load displacement generation would the Applicant typically expect to become aware of such a project?

I would estimate anywhere between 6-9 months in advance.

Generic Issue #4.1: Other Deferral Accounts – Rate Mitigation Revenue Shortfalls

Question #4.1.1

Reference: Schedule 13.1

- a) Please confirm that the Applicant does not expect any short-fall in revenue for 2006 as a result of proposed Rate Impact Mitigation measures.

After consideration of various rate mitigation strategies and specific directives from the corporation's Board of Directors and the shareholder the rates as applied for will have the following bill impacts:

| | | | |
|-------------------------------|-----------------|------------------|---------------------------|
| Residential | 1000 kWh | +\$4.37 | 4.3% of total bill |
| General Service <50 | 2000 kWh | +\$9.64 | 4.6% of total bill |
| General Service >50 | 500 kW | +\$608.83 | 5.0% of total bill |

There should not be any short-fall in revenues if the rates are approved as submitted.

- b) If this is not the case, please explain why and quantify the anticipated impact.

Generic Issue #4.2: Other Deferral Accounts: Low Voltage Charge Variations

Question #4.2.1

Reference: EDR 2006 Model – Tab 5.1, Tab 7.2 and Tab 8.5

- a) Please confirm that the Applicant is an Embedded Distributor – but is not a Host Distributor.

Greater Sudbury Hydro is an embedded distributor.

- b) Please provide a schedule that indicates what the LV Wheeling charges included in the Application are as a percentage of:
- Total Distribution Revenue Requirement (per Tab 5.1)
 - Total Rate Base

$$\text{\$85,042/19,853,272} = 0.428\%$$

$$\text{\$85,042/72,186,375} = 0.117\%$$

- c) If the OEB were to establish deferral accounts for LV Wheeling cost incurred by Embedded Distributors, would it be appropriate to credit to the account the revenues received from customers based on the LV cost adders per Tab 8.5? If not, why not?

We currently record the LV Wheeling costs in a deferral account and we offset the revenues accordingly.

- d) Would it be more appropriate to consider the account a variance account similar to RSVA's?

See (c) above.

- e) If the Applicant is a Host Distributor, please complete and provide Schedule 10.7

N/A

Generic Issue #4.3: Other Deferral Accounts – Material Bad Debt

Question #4.3.1

Reference: EDR Model – Tab ADJ5 (Specific Distribution Expense)
EDR Schedule 6-2 (Bad Debt Expense)

- a) Over the three years (2002-2004), how many individual bad debt occurrences did the Applicant experience that met the materiality threshold as defined by the Rate Handbook (page 46)? **None**
- b) With respect to the response to part (a), please provide a schedule that for each of the three years lists the individual occurrences of material bad debt, the rate class the customer belonged to, the value of the bad debt and the total for the year.
(Note: The actual name of the customer is not required)

Question #4.3.2

Reference: EDR Schedule 6-2 (Bad Debt Expense)

- a) Does the Applicant have an approved “Bad Debt Policy” that defines when overdue accounts are turned over to 3rd parties for collection, when overdue accounts are written off as bad debt, how are security deposits used to reduce the bad debt expense, the treatment of any subsequent recoveries, etc.? If so, please provide. **No.**
- b) If not, please outline what the Applicant’s practice is.

Our practice is as follows:

- **Deposits are applied against the final bill balance.**
- **7 days after the final bill due date the customer receives a “reminder to pay” letter.**
- **14 days after the “reminder to pay” notice, the customer receives a letter stating that the balance will be transferred to a collection agency if not paid**
- **39 days after the second letter above, the account is flagged as “Pending Collection Agency” and the Customer Service Representative responsible for this cycle will list the account with the collection agency.**
- **Accounts finalled and uncollected in a fiscal year are considered for write-off in the first quarter of the second year following.**

- c) What was the Applicant's experience over 2002-2004 with actually recovering all/portion of a bad debt after it had been written off?

Recoveries of accounts in write-off status were nominal.

Question #4.3.3

Reference: EDR Schedule 6-2 (Bad Debt Expense)

- a) Does the Applicant agree that if the OEB were to create a deferral account for material bad debt and allow for recovery in future rates this would reduce the Applicant's business risk? If not, why not? **YES**
- b) Based on the data in the Applicant's filing, please provide a schedule setting out the impact that an individual material bad debt (per the Handbook Definition) would have on the Applicant's after-tax Return on Equity?

The impact would not be material.

*****End of Document*****