

## Board Staff Interrogatories

### 2010 IRM2 Electricity Distribution Rates Kingston Hydro Corporation (“Kingston Hydro”) EB-2009-0201

**1. Ref: 2010 IRM Deferral Variance Account 1588 -Power**

The 2008 ending balances reported in the 2010 IRM Deferral Variance Account workform prepared by Kingston Hydro shows the split for account 1588 – Power and Global Adjustment. On October 15, 2009 the Board issued “Regulatory Audit and Accounting Bulletin 200901” which clarified the accounting rules for reporting the 1588 – Global Adjustment sub-account.

	Account Number	Total Claim
<b>Account Description</b>		<b>I = C + D+ E + F + G + H</b>
RSVA - Power (Excluding Global Adjustment)	1588	(296,479 )
RSVA - Power (Global Adjustment Sub-account)		1,132,744

- a) Has Kingston Hydro reviewed the Regulatory Audit & Accounting Bulletin 200901 dated October 15, 2009, and ensured that it has accounted for its account 1588 and sub-account Global Adjustment in accordance with this Bulletin?
  
- b) Has Kingston Hydro made adjustments subsequent to filing the 2010 IRM3 application and need to re-file an updated 2010 IRM Deferral Variance Account workform?

**2. Ref: 2010 IRM Deferral Variance Account 1588 – Global Adjustment**

On November 13, 2009 Board Staff prepared a submission in the Enersource EB-2009-0193 2010 IRM3 Application. The following is an excerpt from the submission in respect to Board staff concerns with the current proposal for handling the disposition of the USoA 1588 – Global Adjustment.

*The EDDVAR Report as well as the Board’s Decision in EB-2009-0113 adopted an allocation of the GA sub-account balance based on kWh for non RPP customers by rate class. Traditionally this allocation would then be combined with all other allocated variance account balances by rate class. The combined balance by rate class would then be divided by the volumetric billing determinants (kWh or kW) from the most recent audited year end or Board*

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*approved forecast, if available. This process hence spreads the recovery or refund of allocated account balances to all customers in the affected rate class.*

*This method was factored on two premises; a) that the recovery/refund of a variance unique to a subset of customers within a rate class would not be unfair to the rate class as a whole and b) that the distributors' billing systems would not be able to bill a subset of customers within a rate class, without placing a significant burden to the distributor.*

*For these reason the Board's original Deferral Variance Account workform was modeled on this basis. However based on Enersource's evidence, there could be material unfairness to RPP customers within the affected rate classes.*

*Therefore Board staff suggests that a separate rate rider be established to clear the GA sub-account balance to Non-RPP customers within rate classes.*

*What remains unclear to Board staff is whether Enersource's billing system could accommodate that change within a reasonable timeframe."*

Board staff would like to poll Kingston Hydro on the above issue.

- a) Board staff is proposing that a separate disposition rate rider be applied prospectively to Non-RPP customers for 1588 – Global Adjustment. Does Kingston Hydro agree that this proposal would be fair to all customers? Why or why not?
- b) If the Board were to order Kingston Hydro to provide such a rate rider, would Kingston Hydro's billing system be capable of billing non-RPP the separate rate rider? What complications, if any, would Kingston Hydro see with this rate rider?
- c) If Kingston Hydro were to be unable to bill in this fashion what would Kingston Hydro consider proposing in the alternative?

**3. Ref: 2010 IRM Deferral Variance Billing Determinants**

Below are the Billed kWh for Non-RPP customers identified on Sheet “B1.3 Rate Class And Bill Det” of the workform.

Rate Class	Billed kWh for Non-RPP customers D
Residential	20,400,474
General Service Less Than 50 kW	16,822,686
General Service 50 to 4,999 kW	179,073,872
Large Use	153,262,880
Unmetered Scattered Load	1,133,523
Street Lighting	0
Standby Power - APPROVED ON AN INTERIM BASIS	

- a) Please identify if these values estimated values or actual values and specify the applicable period.
- b) If the above values are estimated please explain why Kingston Hydro is unable to determine actual.
- c) As discussed in the question above Board staff have proposed a non-RPP customer rate rider for disposition of the 1588 – Global adjustment. If accepted would Kingston Hydro support using the numbers above as the most reasonable denominator to be used for rate determination.
- d) If Kingston Hydro were to establish a separate rate rider to dispose of the balance of the 1588 – Global adjustment sub-account, does Kingston Hydro believe that the rider be applied to customers in the MUSH sector? If not, would Kingston Hydro have the billing capability to exclude customers in the MUSH sector if a separate rate rider were to apply for the disposition of the 1588 – Global adjustment sub-account?

**4. Ref: 2010 IRM Deferral Variance Total Claim**

Below are the Total Claim values for the EDDVAR Group One Deferral Accounts.

Account Description	Account Number	Total Claim
		<b>I = C + D + E + F + G + H</b>
LV Variance Account	1550	1,013,195
RSVA - Wholesale Market Service Charge	1580	(2,060,470 )
RSVA - Retail Transmission Network Charge	1584	(814,758 )
RSVA - Retail Transmission Connection Charge	1586	(342,818 )
RSVA - Power (Excluding Global Adjustment)	1588	(296,479 )
RSVA - Power (Global Adjustment Sub-account)		1,132,744
Recovery of Regulatory Asset Balances	1590	(403,534 )
Disposition and recovery of Regulatory Balances Account	1595	0
	Total	(1,772,120 )

- a) Please complete the amended Deferral Variance Account Workform V4 as found on the Board's website under the 2010 Electricity Distribution Rates update December 7, 2009. Note that Board staff can assist in converting your most recent model (either the one filed with your application or a more recent version if available). Please contact your case manager to assist you if need be.
- b) Please confirm if these are the final balances for disposition. If not the final balances please provide amended workform to support final balances for disposition.
- c) Please reconcile final balance for disposition to the 2008 year end account balance reported in the RRR filing. Please identify the sources and reason for variances.
- d) Please confirm that Kingston Hydro has complied with and applied correctly the Boards accounting policy and procedures for calculation of the final disposition balance. If Kingston Hydro has used other practices in the calculation please explain where in the filing and why.

- e) Please confirm that Kingston Hydro has used the simple interest calculation as required by the Board using the Boards prescribed interest rates. If Kingston Hydro has used other calculations please explain where in the filing and why.
- f) Please confirm that Kingston Hydro has complied with the requirement to apply recoveries to principal first as outlined in the 2006 Regulatory Assets Transactions document issued September 4, 2009 (included in the Updated IRM Deferral and Variance Account Work Form zip file). If Kingston Hydro has not complied with this requirement please explain why not?

## **HST Interrogatory**

### **5. Harmonized Sales Tax**

It is possible that the PST and GST may be harmonized effective July 1, 2010.

In the event that PST and GST are harmonized effective July 1, 2010:

- a. Would the Applicant agree to the establishment of a variance account to capture the reductions in OM&A and capital expenditures?
- b. Are there other alternatives that the Board might consider to reflect the reductions in OM&A and capital expenditures if this bill is enacted?