

Board Staff Interrogatories

2012 IRM3 Electricity Distribution Rates Parry Sound Power Corporation EB-2011-0193

2012 Shared Tax Savings Workform

1. Ref: A portion of Sheet “3. Re-Based Bill Det & Rates” of the workform is reproduced below.

| Last COS Re-based Year was in 2011 | | | | | | |
|------------------------------------|---------------------------------|--------------|------------|--|-----------------------------|----------------------------|
| Rate Group | Rate Class | Fixed Metric | Vol Metric | Re-based Billed Customers or Connections A | Re-based Billed kWh B | Re-based Billed kW C |
| RES | Residential | Customer | kWh | 2,812 | 33,427,924 | |
| GSLT50 | General Service Less Than 50 kW | Customer | kWh | 493 | 16,733,379 | |
| GSGT50 | General Service 50 to 4,999 kW | Customer | kW | 68 | 37,802,659 | 97,727 |
| USL | Unmetered Scattered Load | Customer | kWh | 18 | 58,750 | |
| Sen | Sentinel Lighting | Connection | kW | 12 | 12,745 | 36 |
| SL | Street Lighting | Connection | kW | 1,004 | 867,846 | 2,421 |

Board staff is unable to reconcile the re-based billed kW for the General Service 50 to 4,999 kW rate class with Parry Sound’s 2011 cost of service decision. Please provide evidence supporting this figure. If necessary, Board staff will make the corrections.

2. Ref: Sheet “5. Z-Factor Tax Change” of the workform is reproduced below.

| Summary - Sharing of Tax Change Forecast Amounts | | |
|--|------------------|------------------|
| For the 2011 year, enter any Tax Credits from the Cost of Service Tax Calculation (Positive #) | \$ | - |
| 1. Tax Related Amounts Forecast from Capital Tax Rate Changes | | |
| | 2011 | 2012 |
| Taxable Capital | \$ 7,997,461 | \$ 7,997,461 |
| Deduction from taxable capital up to \$15,000,000 | \$ 15,000,000 | \$ 15,000,000 |
| Net Taxable Capital | -\$ 7,002,539 | -\$ 7,002,539 |
| Rate | 0.000% | 0.000% |
| Ontario Capital Tax (Deductible, not grossed-up) | \$ - | \$ - |
| 2. Tax Related Amounts Forecast from Income Tax Rate Changes | | |
| | 2011 | 2012 |
| Regulatory Taxable Income | \$ 325,263 | \$ 325,263 |
| Corporate Tax Rate | 15.25% | 15.50% |
| Tax Impact | \$ 49,603 | \$ 50,416 |
| Grossed-up Tax Amount | \$ 58,528 | \$ 59,664 |
| Tax Related Amounts Forecast from Capital Tax Rate Changes | \$ - | \$ - |
| Tax Related Amounts Forecast from Income Tax Rate Changes | \$ 58,528 | \$ 59,664 |
| Total Tax Related Amounts | \$ 58,528 | \$ 59,664 |
| Incremental Tax Savings | | \$ 1,135 |
| Sharing of Tax Savings (50%) | | \$ 568 |

Board staff is unable to reconcile the amounts entered into the taxable capital, regulatory taxable income, and grossed-up tax amounts with Parry Sound’s 2011 Revenue Requirement Workform. Please provide evidence supporting these amounts. If necessary, Board staff will make the corrections.

2012 RTSR Adjustment Workform

3. Ref: Sheet “4. RRR Data” of the workform is reproduced below.

| Rate Class | Unit | Non-Loss Adjusted Metered kWh | Non-Loss Adjusted Metered kW | Applicable Loss Factor | Load Factor | Loss Adjusted Billed kWh | Billed kW |
|---|------|-------------------------------|------------------------------|------------------------|-------------|--------------------------|-----------|
| Residential | kWh | 32,389,316 | - | 1.0586 | | 34,287,330 | - |
| General Service Less Than 50 kW | kWh | 15,833,269 | - | 1.0586 | | 16,761,099 | - |
| General Service 50 to 4,999 kW | kW | | 40,832 | | 0.00% | - | 40,832 |
| General Service 50 to 4,999 kW – Interval Metered | kW | | 49,466 | | 0.00% | - | 49,466 |
| Unmetered Scattered Load | kWh | 56,466 | - | 1.0586 | | 59,775 | - |
| Sentinel Lighting | kW | | 36 | | 0.00% | - | 36 |
| Street Lighting | kW | | 2,424 | | 0.00% | - | 2,424 |

- a) Board staff is unable to reconcile the non-loss adjusted metered kWh for the General Services Less Than 50 kW, Sentinel Lighting, and Street Lighting rate classes with Parry Sound’s 2.1.5 RRR report. Please provide evidence supporting these amounts. If necessary, Board staff will make the corrections.
- b) Board staff is also unable to reconcile the applicable loss factor with Parry Sound’s 2011 tariff of rates and charges. Please provide evidence supporting this figure. If necessary, Board staff will make the correction.

2012 Revenue-to-Cost Ratio Adjustment Workform

4. Ref: A portion of Sheet “3. Re-Based Bill Det & Rates” of the workform is reproduced below.

| Rate Group | Rate Class | Fixed Metric | Vol Metric | Re-based Billed Customers or Connections A | Re-based Billed kWh B | Re-based Billed kW C |
|------------|---------------------------------|--------------|------------|---|--------------------------|-------------------------|
| RES | Residential | Customer | kWh | 2,812 | 33,427,924 | |
| GSLT50 | General Service Less Than 50 kW | Customer | kWh | 493 | 16,733,379 | |
| GSGT50 | General Service 50 to 4,999 kW | Customer | kW | 68 | 37,802,659 | 97,727 |
| USL | Unmetered Scattered Load | Customer | kWh | 18 | 58,750 | |
| Sen | Sentinel Lighting | Connection | kW | 12 | 12,745 | 36 |
| SL | Street Lighting | Connection | kW | 1,004 | 867,846 | 2,421 |

Board staff is unable to reconcile the 97,727 re-based billed kW for the General Service 50 to 4,999 kW rate class with Parry Sound’s 2011 cost of service decision (also in question 10). Please provide evidence supporting this figure. If necessary, Board staff will make the correction.

5. Ref: Sheet “7. Revenue Offsets Allocation” of the workform is reproduced below.

| Rate Class | Informational Filing Revenue Offsets A | Percentage Split C= A / B | Allocated Revenue Offsets E = D * C |
|---------------------------------|---|------------------------------|--|
| Residential | 64,951 | 61.98% | 64,951 |
| General Service Less Than 50 kW | 20,561 | 19.62% | 20,561 |
| General Service 50 to 4,999 kW | 14,542 | 13.88% | 14,542 |
| Unmetered Scattered Load | 1,045 | 1.00% | 1,045 |
| Sentinel Lighting | 43 | 0.04% | 43 |
| Street Lighting | 3,644 | 3.48% | 3,644 |
| | 104,786 | 100.00% | 104,786 |

Board staff is unable to reconcile the amounts input into column A with Parry Sound’s 2006 Cost Allocation model, which was filed as part of Parry Sound’s 2011 cost of service application. Please provide evidence supporting these amounts. If necessary, Board staff will make the corrections.

6. Ref: Sheet “8. Transformer Allowance” of the workform is reproduced below.

| Rate Class | Transformer Allowance In Rate | Transformer Allowance A | Transformer Allowance kW's C | Transformer Allowance Rate E | Volumetric Distribution Rate F | Billed kW's G | Adjusted Volumetric Distribution Rate I=(F*(G-C)+(F-B)*C)/G |
|---------------------------------|-------------------------------|----------------------------|---------------------------------|---------------------------------|-----------------------------------|------------------|--|
| Residential | No | | | | | | |
| General Service Less Than 50 kW | No | | | | | | |
| General Service 50 to 4,999 kW | Yes | (14,046) | 23,410 | (0.6000) | 4.0776 | 97,727 | 4.2213 |
| Unmetered Scattered Load | No | | | | | | |
| Sentinel Lighting | No | | | | | | |
| Street Lighting | No | | | | | | |
| | | 14,046 | 23,410 | | | 97,727 | |

The purpose of this worksheet is to remove the transformer ownership allowance discount from the rates, where appropriate. However, the results shown above yield higher (instead of lower) volumetric distribution rates for the General Service 50 to 4,999 kW rate class. This appears to be due to the transformer ownership allowance being input as a negative value. Please confirm and Board staff will revise, if necessary.

2012 IRM3 Rate Generator

7. Ref: A portion of Sheet "6. Current Rate_Riders" of the model is reproduced below.

| Rate Description | Unit | Amount | Effective Until Date |
|---|--------|-----------|----------------------|
| Residential | | | |
| Low Voltage Service Rate | \$/kWh | 0.00110 | December 31, 2012 |
| Rate Rider for Foregone Incremental Revenue | \$/kWh | 0.00050 | December 31, 2012 |
| Rate Rider for Lost Revenue Adjustment Mechanism (LRAM) Recovery / Shared Savings Mechanism (SSM) Recovery (2011) | \$/kWh | 0.00070 | December 31, 2012 |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| Rate Mitigation Rate Rider (2011) | \$/kWh | (0.00260) | December 31, 2011 |
| | | | |
| | | | |
| General Service Less Than 50 kW | | | |
| Low Voltage Service Rate | \$/kWh | 0.00080 | December 31, 2012 |
| Rate Rider for Foregone Incremental Revenue | \$/kWh | 0.00030 | December 31, 2012 |
| Rate Rider for Lost Revenue Adjustment Mechanism (LRAM) Recovery / Shared Savings Mechanism (SSM) Recovery (2011) | \$/kWh | 0.00040 | December 31, 2012 |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| Rate Mitigation Rate Rider (2011) | \$/kWh | (0.00040) | December 31, 2011 |
| | | | |
| | | | |
| | | | |

Parry Sound has input sunset dates for the low voltage service rate (for all rate classes) and the rate mitigation rate rider (for the Residential and General Service Less Than 50 kW rate classes). According to the final Rate Order in Parry Sound’s 2011 cost of service proceeding, “the rate mitigation rate riders shall be in effect until such time that the deferred revenue is authorized for inclusion in Parry Sound Power’s distribution rates or as directed by the Board”.

- a) Please provide evidence that supports the sunset date on the low voltage service rates for all rate classes.
- b) Please provide evidence that supports the sunset date for the rate mitigation rate rider for the Residential and General Service Less Than 50 kW rate classes.

8. Ref: A portion of Sheet “9. 2012 Cont. Sched. Def_Var” of the model is reproduced below.

| Account Descriptions | Account Number | 2009 | | | | | | | | | |
|---|----------------|--|--|--|--|---|---|-----------------------------|--|--|--|
| | | Opening Principal Amounts as of Jan-1-09 | Transactions Debit/ (Credit) during 2009 excluding interest and adjustments ¹ | Board-Approved Disposition during 2009 | Adjustments during 2009 - other ¹ | Closing Principal Balance as of Dec-31-09 | Opening Interest Amounts as of Jan-1-09 | Interest Jan-1 to Dec-31-09 | Board-Approved Disposition during 2009 | Adjustments during 2009 - other ¹ | Closing Interest Amounts as of Dec-31-09 |
| Group 1 Accounts | | | | | | | | | | | |
| LV Variance Account | 1550 | \$ 178,499 | \$ 1,312 | | | \$ 177,186 | \$ 11,215 | \$ 2,024 | | | \$ 13,239 |
| RSVA - Wholesale Market Service Charge | 1590 | \$ 322,935 | \$ 35,472 | | | \$ 358,407 | \$ 16,065 | \$ 3,740 | | | \$ 19,805 |
| RSVA - Retail Transmission Network Charge | 1594 | \$ 143,340 | \$ 16,533 | | | \$ 164,863 | \$ 16,562 | \$ 1,801 | | | \$ 18,363 |
| RSVA - Retail Transmission Connection Charge | 1586 | \$ 144,472 | \$ 36,063 | | | \$ 180,534 | \$ 2,002 | \$ 1,885 | | | \$ 118 |
| RSVA - Power (excluding Global Adjustment) | 1588 | \$ 665,535 | \$ 866,078 | | | \$ 200,543 | \$ 105,274 | \$ 5,912 | | | \$ 111,196 |
| RSVA - Power - Sub-Account - Global Adjustment | 1588 | \$ 820,145 | \$ 218,765 | | | \$ 601,380 | \$ 38,220 | \$ 6,777 | | | \$ 44,997 |
| Recovery of Regulatory Asset Balances | 1590 | \$ 51,382 | \$ 20 | | | \$ 51,402 | \$ 9,779 | \$ 585 | | | \$ 9,194 |
| Disposition and Recovery of Regulatory Balances (2008) ² | 1595 | \$ - | | | | \$ - | \$ - | | | | \$ - |
| Disposition and Recovery of Regulatory Balances (2009) ² | 1595 | \$ - | | | | \$ - | \$ - | | | | \$ - |

Board staff is unable to reconcile the inputted December 31, 2009 Group 1 account balances (including interest) with the balances provided by Parry Sound in its 2011 cost of service application (EB-2010-0140). Please provide an explanation for the changes and reconcile the differences. If necessary, Board staff will make the corrections.

9. Ref: A portion of Sheet “10. Billing Det. for Def_Var” of the model is reproduced below.

| Rate Class | Unit | Metered kWh | Metered kW | Billed kWh for Non-RPP Customers | Estimated kW for Non-RPP Customers | Distribution Revenue ¹ |
|---------------------------------|--------|-------------------|----------------|----------------------------------|------------------------------------|-----------------------------------|
| Residential | \$/kWh | 33,427,924 | | 4,753,534 | - | 1,448,593 |
| General Service Less Than 50 kW | \$/kWh | 16,733,379 | | 2,442,007 | - | 462,189 |
| General Service 50 to 4,999 kW | \$/kW | 37,802,659 | 97,727 | 32,577,429 | 84,219 | 643,861 |
| Unmetered Scattered Load | \$/kWh | 58,750 | | 16,008 | - | 13,438 |
| Sentinel Lighting | \$/kW | 12,745 | 36 | - | - | 1,399 |
| Street Lighting | \$/kW | 867,846 | 2,421 | 938,016 | 2,617 | 47,243 |
| Total | | 88,903,303 | 100,184 | 40,726,994 | 86,836 | 2,616,723 |

Board staff is unable to verify the metered kW for the General Service 50 to 4,999 kW rate class with Parry Sound’s 2011 cost of service decision. Also, Board staff is unable to verify the distribution revenue inputted in for each rate class with the Board’s approved distribution revenue from Parry Sound’s 2011 cost of service application. Please provide evidence supporting these amounts. If necessary, Board staff will make the corrections.

Account 1521 – Special Purpose Charge (“SPC”)

10.Ref: Manager’s Summary, Page 4

Parry Sound Power indicated a receivable balance in account 1521 of \$18,668.60 at December 31, 2010. Parry Sound Power has not completed its recoveries of the SPC and is therefore not requesting disposition in this rate application. Parry Sound Power has noted that any balance in account 1521 will require disposition in Parry Sound Power’s next rate application.

According to the Board letter addressed to all licensed electricity distributors, dated April 23, 2010,

“In accordance with section 8 of the SPC Regulation, you are required to apply to the Board no later than April 15, 2012 for an order authorizing you to clear any debit or credit balance in “Sub-account 2010 SPC Variance”. The Board expects that requests for disposition of the balance in “Sub-account 2010 SPC Variance” and “Sub-account 2010 SPC Assessment Carrying Charges” will be addressed as part of the proceedings to set rates for the 2012 rate year, except in cases where this approach would result in non-compliance with the timeline set out in section 8 of the SPC Regulation.”

- a) Please confirm Parry Sound Power’s SPC assessment amount and provide a copy of the original SPC invoice.
- b) If granted approval not to dispose of account 1521, when does Parry Sound Power expect to file an application to address the disposition of account 1521?
- c) Please complete the following table related to the SPC.

| SPC Assessment (Principal balance) | Amount recovered from customers in 2010 | Carrying Charges for 2010 | December 31, 2010 Year End Principal Balance | December 31, 2010 Year End Carrying Charges Balance | Amount recovered from customers in 2011 | Carrying Charges for 2011 | Forecasted December 31, 2011 Year End Principal Balance | Forecasted December 31, 2011 Carrying Charges Balance | Total for Disposition (Principal and Interest) |
|------------------------------------|---|---------------------------|--|---|---|---------------------------|---|---|--|
| | | | | | | | | | |

Lost Revenue Adjustment Mechanism (“LRAM”) and/or Shared Savings Mechanism (“SSM”)

11. Please confirm that Parry Sound Power is not requesting LRAM and/or SSM recoveries for 2010 CDM related activities.