

**Board Staff Interrogatories
2012 Electricity Distribution Rates
Northern Ontario Wires Inc. ("NOW")
EB-2011-0188**

Shared Tax Savings Rate Rider

1. Ref: 2012 IRM3 Shared Tax Savings Workform
Ref: Manager's Summary, page 1
Ref: Chapter 3 of the Filing Requirements for Transmission and Distribution Applications, Section 2.5

Board Staff notes that the Shared Tax Savings as calculated in the 2012 IRM Shared Tax Savings Workform result in volumetric rate riders of \$0.0000 for all three energy-based rate classes. Chapter 3 of the Filing Requirements states that, in these circumstances, the distributor may apply to record the amount to be recovered or refunded in Account 1595 for disposition in a future rate setting.

- a) Is NOW proposing to record the calculated balance of (\$1,441) in Account 1595 for disposition in a future rate setting?

Group 1 Deferral and Variance Accounts

2. Ref: 2012 IRM3 Rate Generator Sheet 9, 2012 Continuity Schedule
Ref: Manager's Summary pgs 2 – 4

Board Staff notes that NOW proposes to include the residual Account 1590 balance of \$166,367, which had been erroneously transferred to Account 1595, with its Group 1 account balances for disposition.

- a) Assuming the described transfer of the balance in Account 1590 to Account 1595 had not taken place, please complete the following table for Account 1590:

Account 1590 Transactions

Description	Principle	Interest
Opening Balance Approved for Recovery 2006		
Recovery through Rates 2006		
Carrying Charges 2006		
Year End Balance 2006		
Recovery through Rates 2007		
Carrying Charges 2007		
Year End Balance 2007		
Recovery through Rates 2008		
Carrying Charges 2008		

Year End Balance 2008		
Carrying Charges 2009		
Year End Balance 2009		
Carrying Charges 2010		
Year End Balance 2010		
Forecast Carrying Charges 2011		
Forecast Year End Balance 2011		
Total for Disposition (Principle and Interest)		

- b) Please provide a breakdown of individual account balances (principle and interest) included in the "Opening Balance Approved for Recovery" in part a), above.
 - c) Please explain any material variance in the total amount recovered through rates and the amount approved for recovery.
3. Ref: Manager's Summary pgs 2-4
Ref: IRM 3 Rate Generator, Sheets 12, 20
- a) Please confirm that NOW is proposing a one-year recovery period for the 2012 Deferral and Variance Account rate rider.

Special Purpose Charge Assessment Variance Account Rate Rider

- 4. Ref: Manager's Summary, page 5

Board Staff notes that recovery of the balance of this account through the Special Purpose Charge Rate Rider will continue until January 2012.

- a) Please provide a copy of the original SPC Assessment invoice.
- b) Please provide an update to the forecast information for October to December 2011 to include the latest month of actual information available as at January 13, 2012.

Loss Factors

- 5. Ref: RTSR Workform, Sheet 4 RRR Data
Ref: Final Tariff Sheets, 2011 and 2012

Board Staff notes that NOW's 2011 and 2012 Tariff Sheets contain loss factors of 1.0448 and 1.0344 for Secondary Metered Customers < 5,000 kW and Primary Metered Customers < 5,000 kW, respectively. Loss factors have not been entered on Sheet 4 of the RTSR Workform

- a) Please make the required adjustments to the RTSR Workform and IRM3 Rate Generator to incorporate loss factors.

Smart Meter Funding Adder

6. Ref: Manager's Summary, Page 2
Ref: NOW 2011 IRM Application (EB-2010-0103), Tab 3
Ref: IRM 3 Rate Generator Sheet 13, Proposed Fixed Charges

NOW has requested continuation of its Smart Meter Funding Adder of \$2.50 per customer per month, as approved in its 2011 IRM.

- a) Please confirm that NOW forecasted no further smart meter-related capital costs to be incurred beyond 2010 in its 2011 IRM application.
- b) Please provide an update of smart meter capital costs forecast in 2011 and 2012, if applicable.
- c) If NOW has completed smart meter deployment in its service area, when were audited costs for this program available?
- d) When does NOW anticipate filing its application for Smart Meter Cost Recovery?
- e) What expiry date does NOW propose for its continued Smart Meter Funding Adder?

LRAM Rate Rider

7. Ref: Tab 4, LRAM Support Document, October 17, 2011

NOW has requested approval of an LRAM amount of \$62,021.03 based on lost revenues from programs delivered from 2006-2011 through a one-year rate rider with a sunset date of April 30, 2013.

- a) Please identify if NOW has filed an LRAM claim in the past and include the details of that claim and any amounts recovered.
- b) Please discuss if NOW has received the final detailed 2010 evaluation results from the OPA that includes updated input assumptions.
- c) If NOW has received the final detailed 2010 evaluation results from the OPA, please update the LRAM amount accordingly.
- d) If NOW has not received the final detailed 2010 evaluation results from the OPA, please discuss when NOW expects to receive this document and how it proposes to update its LRAM amount.

- e) Please confirm when NOW's last load forecast was approved by the Board.
- f) Please identify the CDM savings that were included in NOW's last Board-approved load forecast for CDM programs deployed from 2006-2010 inclusive.
- g) Please confirm that NOW has not received any of the lost revenues requested in this application in the past. If NOW has collected lost revenues related to programs applied for in this application, please discuss the appropriateness of this request.
- h) Please show in a table, sorted by program year, the lost revenues that are being requested that have persisted past NOW's last Board-approved load forecast.
- i) Please provide an updated LRAM table that includes persisting lost revenues from 2010 CDM programs up until the date that NOW has new rates approved by the Board through a cost of service proceeding. In your response, please clearly show the amount of lost revenues that persist from 2010 CDM programs until NOW's next rebasing period.
- j) Please discuss if NOW has requested carrying charges on its LRAM amount.

Disposition of the Balance in Account 1562 Deferred PILs

8. Reference: Appendix 32 to 34 PILs Recovery worksheet

Unmetered scattered load (USL) is not listed as one of the components of the billing and recovery in PILs recovery worksheet, although the 2002, 2004, and 2005 Board decisions include USL as one of the rate categories. USL was billed using the GS<50kW rate which included PILs fixed and variable charge slivers.

- a) Please explain why the USL connections and energy (kWhs) and the associated rate slivers classified under GS<50kW rate class were not used in the calculation of PILs recoveries from ratepayers.
- b) Please explain why consumption from May 2002 to August 2002 for the PILs revenue calculation appears to be inconsistent with other months despite stable customer counts for the same time period.

Treatment of Regulatory Assets and Liabilities in the Tax Returns

9. Reference: Appendix 12 to 16 2001 to 2005 SIMPIL models

It appears from the evidence that Northern Ontario Wires retained regulatory assets and liabilities on the balance sheet and did not adjust the tax returns for the annual movements or changes in the balances of regulatory assets and liabilities.

- a) Please explain why the Ministry of Finance allowed this tax treatment for Northern Ontario Wires.

Interest Expense

10. Reference: Appendix 12 to 16 2001 to 2005 SIMPIL models

For the tax years 2001 to 2005:

- a) Did Northern Ontario Wires have interest expense related to liabilities other than debt that is disclosed as interest expense in its financial statements?
- b) Did Northern Ontario Wires net interest income against interest expense in deriving the amount it shows as interest expense in its financial statements and tax returns? If yes, please provide details to what the interest income relates.
- c) Did Northern Ontario Wires include interest expense on customer security deposits in interest expense for purposes of the interest true-up calculation?
- d) Did Northern Ontario Wires include interest income on customer security deposits in the disclosed amount of interest expense in its financial statements and tax returns?
- e) Did Northern Ontario Wires include interest expense on IESO prudentials in interest expense?
- f) Did Northern Ontario Wires include interest carrying charges on regulatory assets or liabilities in interest expense?
- g) Did Northern Ontario Wires include the amortization of debt issue costs, debt discounts or debt premiums in interest expense? If the answer is yes, did Northern Ontario Wires also include the difference between the accounting and tax amortization amounts in the interest true-up calculations? Please explain.
- h) Did Northern Ontario Wires deduct capitalized interest in deriving the interest expense disclosed in its financial statements? If the answer is

yes, did Northern Ontario Wires add back the capitalized interest to the actual interest expense amount for purposes of the interest true-up calculations? Please explain.

- i) Please provide Northern Ontario Wires' views on which types of interest income and interest expense should be included in the excess interest true-up calculations.
- j) Please provide a table for the years 2001 to 2005 that shows all of the components of Northern Ontario Wires' interest expense and the amount associated with each type of interest.