

**Responses to AMPCO Interrogatories  
2009 Electricity Distribution Rates  
ENWIN Utilities Ltd. ("EWU")  
EB-2008-0227**

**Cost Allocation and Rate Design (Exhibit 8)**

**Interrogatory #1**

**Issue 7.1      Is ENWIN's cost allocation appropriate?**  
**Ref:              Exhibit 8, Tab 1, Schedule 2, Page 1, Table 8-1-2 A**

**Preamble: For purposes of determining cost allocation and revenue to cost ratios, costs and revenues associated with non-utility operations and with non-recurring regulatory accounts that track deferrals and variances are to be excluded (RP-2005-0317).**

**a)              Please confirm that ENWIN's calculations of revenue to cost (R/C) ratios do not include costs and revenues associated with non-utility operations and with non-recurring regulatory accounts that track deferrals and variances.**

EWU's calculations of revenue to cost ratios do not include costs and revenues associated with non-utility operations, nor do they include non-recurring regulatory accounts that track deferrals and variances.

**b)              If ENWIN's R/C calculations do not follow the directions of RP-2005-0317, please provide a recalculation of Table 8-1-2 A with the subject costs and revenues excluded.**

In light of EWU's response to AMPCO question 1(a), this question is not applicable.

c) Please complete the following table and provide the proposed revenue requirement by customer class for the R/C ratios ENWIN proposes, as well as for R/C=1.0 for all customer classes.

**Proposed Revenue-to-Cost Ratio by Customer Class**

<b>Customer Class</b>	<b>Revenue Requirement</b>	<b>Proposed Revenue to Cost Ratio</b>	<b>Revenue Req. R/C = 1</b>
Residential	\$23,575,087	0.88	\$26,940,698
GS<50 kW	\$6,297,359	1.03	\$6,143,719
GS>50 kW	\$14,594,916	1.37	\$10,689,666
Intermediate	\$212,346	0.62	\$343,623
Large Use - Regular	\$1,564,111	1.42	\$1,100,262
Large Use - 3TS	\$2,770,859	1.18	\$2,357,912
Large Use – FA	\$1,289,615	0.95	\$1,362,307
Streetlight	\$1,201,569	0.47	\$2,578,212
Sentinel Light	\$109,799	0.64	\$171,762
USL	\$176,092	1.70	\$103,591
<b>TOTAL</b>	<b>\$51,791,751</b>	<b>1.00</b>	<b>\$51,791,753</b>

Note: Revenue Requirement figures reflect Base Revenue Requirement and do not include Miscellaneous Revenues.

## **Interrogatory #2**

**Issue 7.2      Are the proposed revenue to cost ratios appropriate?**

**Ref:              Exhibit 8, Tab 1, Schedule 2**

**Preamble: ENWIN is proposing to adjust its R/C ratios slowly, over a period of years. However, this application is for 2009 revenue and rates only.**

**Normally, cost allocation is not a contestable issue when an application is made to adjust rates under an incentive regulation mechanism (IRM).**

**a)      Is ENWIN proposing that it will return for a COS hearing for 2010 and 2011 rates in order to adjust its R/C ratios for these years?**

EWU is not proposing to file a COS rate application exclusively for the purpose of adjusting its revenue-to-cost ratios. EWU observes that in the 2008 COS proceedings, the Board made orders to bring R/C ratios to prescribed levels over prescribed periods. EWU understands that the Board's 3GIRM process can handle those adjustments in IRM years.

To the extent EWU files IRM rate applications during the period of adjustment prescribed by the Board, EWU intends to adjust the R/C ratios through that mechanism in those years.

To the extent EWU files COS rate applications during the period of adjustment prescribed by the Board, EWU intends to adjust the R/C ratios through that mechanism in those years in accordance with the methodology established by the Board in its disposition of this Application.

**b)      In the alternate, is ENWIN seeking the prior approval of the Board to open a subsequent IRM application for 2010 and/or 2011 to consideration of rate adjustments that would accommodate its proposed R/C ratios for these years?**

See the response to AMPCO question 2(a) for EWU's proposed approach to incorporating R/C ratios into rates.

### Interrogatory #3

**Issue 7.2 Are the proposed revenue to cost ratios appropriate?**  
**Ref: Exhibit 8, Tab 1, Schedule 2, Page 1, Table 8-1-2 A Revenue to Cost Ratios**

**The evidence states that by 2011 the revenue-to-cost ratio for the Intermediate class will be at 80% and the Large use-regular and large-use 3TS classes will be at 115%. Please explain why ENWIN is proposing that some rate classes be at the low end of the range and some be at the high end.**

EWU adopts the position of the Board as expressed, for example, in EB-2007-0928: “No point within any of the ranges should be considered to be any more reliable than any other point within the range.” (p27)

For rate classes with ratios currently below the Board’s ranges, EWU has universally proposed increases that, over 3 years, put the ratios within the ranges. For rate classes with ratios currently above the Board’s ranges, EWU has universally proposed decreases that, over 3 years, put the ratios within the ranges.

### Other Issues

### Interrogatory #4

**Please provide the data for the following table:**

Customer Size	# of Customers	Total Annual kWhs	Average Monthly Usage	Average Peak kW-monthly
50 kW – 250 kW	788	358,350,851	38,130	104
251 kW– 500 kW	129	210,721,579	135,487	344
501 kW – 1000 kW	39	137,760,557	296,681	683
1001kW – 3000 kW	30	255,888,593	739,968	1,643
3001 kW- 5000 kW	7	139,894,007	1,664,492	3,855

The above information is based on 2007 consumption data.

**Interrogatory #5**

**Ref: Exhibit 3, Tab 2, Schedule 1, Page 7**

**In the Comparison of Ontario Electricity Distributors Costs (EB-2006-0268), the 2007 data (June 24, 2008) found on the OEB website shows the number of customers in 2007 as follows:**

<b>Residential</b>	<b>76496</b>
<b>General service &lt; 50 kW</b>	<b>7057</b>
<b>General service &gt;= 50 kW</b>	<b>1194</b>
<b>Large use</b>	<b><u>10</u></b>
<b>Sub-Total</b>	<b>84757</b>
<b>Street Lighting</b>	<b>23354</b>
<b>Sentinel Lighting</b>	<b>799</b>

**This data differs from the data shown in Exhibit 3, Tab 2, Schedule 1, Page 7. Please indicate the correct data for 2007 to 2009.**

The 2007 data shown on the Board website within EB-2006-0268 Comparison of Ontario Electricity Distributors Costs is based on customer counts as at the end of 4<sup>th</sup> quarter, 2007 (December 31, 2007). The 2007 data shown within Exhibit 3- 2-1 p7 of the Application and Evidence reflects the average annual customer count for each rate class. The 2008 and 2009 data used in the EWU load forecast reflect the average annual customer counts for each rate class as listed in Exhibit 3- 2-1 p7.