

Board Staff Interrogatories

2010 IRM3 Electricity Distribution Rates ENWIN Utilities Ltd. (“ENWIN”) EB-2009-0221

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

The 2008 ending balances reported in the 2010 IRM Deferral Variance Account workform prepared by ENWIN 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 1558 – Global Adjustment sub-account.

	Account Number	Total Claim
Account Description		
RSVA - Power (Excluding Global Adjustment)	1588	(1,387,335)
RSVA - Power (Global Adjustment Sub-account)		66,843

- a) Has ENWIN 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 ENWIN 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 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 modelled 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 ENWIN 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 ENWIN agree that this proposal would be fair to all customers? Why or why not?
- b) If the Board were to order ENWIN to provide such a rate rider, would ENWIN's billing system be capable of billing non-RPP the separate rate rider? What complications, if any, would ENWIN see with this rate rider?
- c) If ENWIN were to be unable to bill in this fashion what would ENWIN consider proposing in the alternative?

3. Ref: 2010 IRM Deferral Variance Billing Determinants

Below are the billing determinants identified on Sheet "B1.3 Rate Class And Bill Det" of the workform.

Rate Class	Billed Customers or Connections	Billed kWh	Billed kW
Residential	76,317	641,214,701	
General Service Less Than 50 kW	7,013	238,998,501	
General Service 50 to 4,999 kW	1,189	946,836,557	2,431,356
General Service 3,000 to 4,999 kW	3	55,374,071	141,807
Large Use - Regular	6	277,467,527	539,536
Large Use - 3TS	3	339,147,498	637,577
Large Use - Ford Annex	1	75,421,885	133,262
Unmetered Scattered Load	893	4,199,811	
Sentinel Lighting	748	964,529	2,586
Street Lighting	23,413	16,887,318	48,555
Standby Power - APPROVED ON AN INTERIM BASIS	0	0	0

- a) Please identify if these values are from the ENWIN 2009 Cost of Service Application or 2008 RRR reported values.
- b) If the above are from the 2009 CoS application please provide reference to location in the application.
- c) If the above are from the 2008 RRR reported values, please explain why ENWIN has not used the 2009 CoS values.

4. 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
Residential	112,982,030
General Service Less Than 50 kW	40,223,448
General Service 50 to 4,999 kW	773,470,783
General Service 3,000 to 4,999 kW	55,374,071
Large Use - Regular	277,467,527
Large Use - 3TS	339,147,498
Large Use - Ford Annex	75,421,885
Unmetered Scattered Load	2,118,805
Sentinel Lighting	55,846
Street Lighting	16,883,941
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 ENWIN is unable to determine actual.
- c) As discussed in question 2 above Board staff have proposed a non-RPP customer rate rider for disposition of the 1588 – Global adjustment. If accepted would ENWIN support using the numbers above as the most reasonable denominator to be used for rate determination.
- d) If ENWIN were to establish a separate rate rider to dispose of the balance of the 1588 – Global adjustment sub-account, does ENWIN believe that the rider be applied to customers in the MUSH sector? If not, would ENWIN 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?

5. Ref: 2010 IRM Deferral Variance Total Claim

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

Regulatory Assets – Final Continuity Schedule

	Account Number	Total Claim
Account Description		
LV Variance Account	1550	0
RSVA - Wholesale Market Service Charge	1580	(1,271,712)
RSVA - Retail Transmission Network Charge	1584	(1,136,327)
RSVA - Retail Transmission Connection Charge	1586	(372,641)
RSVA - Power (Excluding Global Adjustment)	1588	(1,387,335)
RSVA - Power (Global Adjustment Sub-account)		66,843
Recovery of Regulatory Asset Balances	1590	(449,300)
Disposition and recovery of Regulatory Balances Account	1595	0
Total		(4,550,472)

- 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 source and reasons for variances.
- d) Please confirm that ENWIN has complied with and applied correctly the Boards accounting policy and procedures for calculation of the final disposition balance. If ENWIN has used other practices in the calculation please explain where in the filing and why.
- e) Please confirm that ENWIN has used the simple interest calculation as required by the Board using the Boards prescribed interest rates. If ENWIN has used other calculations please explain where in the filing and why.
- f) Please confirm that ENWIN 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 ENWIN has not complied with this requirement please explain why not?
- g) Please provide an explanation as to why ENWIN has chosen a rate rider recovery period of one year.

6. Harmonized Sales Tax

It is possible that the PST and GST may be harmonized effective July 1, 2010. Unlike the GST, the PST is included as an OM&A expense and is also included in capital expenditures. If the GST and PST are harmonized, corporations would see a reduction in OM&A expenses and capital expenditures.

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

- a) Would ENWIN agree to capture in a variance account 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?

7. Ref: Manager's Summary

The following was extracted from the Manager's Summary

Fixed/Volumetric Split of Residential Rates

In EB-2008-0227, the Applicant entered into a Settlement Agreement that was accepted by the Board on February 19, 2009. Clause 8.1 of the agreement provided, in part, as follows:

“The Parties further agree that EWU shall not seek an increase to [the Residential] fixed monthly service charge for rates in 2010 and 2011, to the extent that it is within EWU’s discretion to do so. If EWU has the discretion to allocate the IRM adjustment or any portion thereof, relative to the Residential class, to the variable charge, it will exercise its discretion to do so.”

The purpose of this clause was to ensure that if the Applicant could hold the Residential monthly fixed charged constant from the 2009 through 2011 rate years, then it would do so.

Having carefully reviewed the 2010 IRM3 Models, the Applicant confirms that there is no opportunity in the models to apply any part of the IRM adjustment (e.g. Price Cap Adjustment) to only the volumetric distribution rate for Residential customers. These adjustments are applied in the protected inner workings of the models and appear to apply all distribution rate adjustments in a manner that preserves the fixed/volumetric split.

- a) Did ENWIN contact Board staff to resolve this issue? If not why not?