

Board Staff Interrogatories

2010 IRM3 Electricity Distribution Rates Centre Wellington Hydro Ltd. ("Centre Wellington") EB-2009-0218

1. Ref: 2010 IRM Deferral Variance Account 2006 EDR LV

In its 2006 EDR application Centre Wellington included \$152,520 in Low Voltage ("LV") Allocation as a Rate Adder. In 2007 and 2008 the price cap adjustment (GDP-IPI – X) was 0.9% and 1.1% respectively. This would have increased the 2007 and 2008 LV Allocation to \$153,892 and \$155,585 respectively. In the 2010 IRM Deferral Variance Account Workform ("DVAWF"), Centre Wellington has reported \$38,233, \$61,282 and \$65,134 for 2006, 2007 and 2008 reductions to USoA 1550 LV Variance account.

DVAWF			2006 EDR	
	Transactions (additions) during 2006/7/8, excluding interest and adjustments	Transactions (reductions) during 2006/7/8, excluding interest and adjustments	7-2 ALLOCATION - LV-Wheeling Cell L120	(GDP-IPI) - X
2006	\$ -	-\$ 38,233	\$ 152,520	0.0%
2007	\$ -	-\$ 61,282	\$ 153,892	0.9%
2008	\$ -	-\$ 65,134	\$ 155,585	1.1%

- a) Please confirm that Centre Wellington has applied the 2006 EDR LV Allocation against Hydro One LV costs and that the balance shown in the Deferral Variance Account workform are net of the LV allocation and correct.
- b) If the LV Allocation were not applied or the amounts in account 1550 are not correct, please provide an explanation in respect to the accounting for the LV

2. Ref: 2010 IRM3Rate Generator – LV and 2010 IRM Deferral Variance Account

Sheet "C3.1 Curr Low Voltage Vol Rt" of the 2010 IRM3Rate Generator are shown as below under the caption Rate Generator. The 2006 LV Allocation rate adder are shown in comparison from Sheet "8-2 RATES - LV-Wheeling" of the 2006 EDR.

-2-

Rate Generator	
Rate Class	Current LV
Residential	0.000640
General Service Less Than 50 kW	0.000570
General Service 50 to 2,999 kW	0.216930
General Service 3,000 to 4,999 kW	0.255860
Unmetered Scattered Load	0.000570
Sentinel Lighting	0.171210
Street Lighting	0.167710

2006 EDR	
Rate Class	LV Rate
Residential - Regular	0.0011
General Service Less than 50 kW	0.0009
General Service Greater than 50 kW (to 3000 kW)	0.3462
General Service Intermediate Use (3000 - 5000 kW)	0.4939
Sentinel Lighting	0.2581
Street Lighting	0.2832

- a) Please provide reference to the 2009 Cost of Service application that identifies the rate adders as shown under the Rate Generator.
- b) If the credit balances shown above in question 1 are correct then it would appear that Centre Wellington was over recovering LV charges. This is an observation only based on the comparison with 2006 EDR LV rate adders. Did Centre Wellington address or see this as an issue in the 2009 Cost of Service Application?

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

The 2008 ending balances reported in the 2010 IRM Deferral Variance Account workform prepared by Centre Wellington 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 Description	Account Number	Total Claim
RSVA – Power (Excluding Global Adjustment)	1588	\$66,355
RSVA – Power (Global Adjustment Sub-Account)		(64,596)

- a) Has Centre Wellington 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 Centre Wellington made adjustments subsequent to filing the 2010 IRM3 application and need to re-file an updated 2010 IRM Deferral Variance Account workform?

4. 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 workflow 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 Centre Wellington 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 Centre Wellington agree that this proposal would be fair to all customers? Why or why not?

- b) If the Board were to order Centre Wellington to provide such a rate rider, would Centre Wellington's billing system be capable of billing non-RPP the separate rate rider? What complications, if any, would Centre Wellington see with this rate rider?
- c) If Centre Wellington were to be unable to bill in this fashion what would Centre Wellington consider proposing in the alternative?

5. 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	5,562	46,455,491	
General Service Less Than 50 kW	685	21,539,598	
General Service 50 to 2,999 kW	59	69,476,965	172,676
General Service 3,000 to 4,999 kW	1	22,828,034	46,155
Unmetered Scattered Load	2	420,344	
Sentinel Lighting	33	47,990	128
Street Lighting	1,660	1,198,279	3,144

- a) Please identify if these values are from the Centre Wellington 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 Centre Wellington has not used the 2009 CoS values.

6. 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
------------	----------------------------------

-5-

Residential	7,230,793
General Service Less Than 50 kW	3,711,196
General Service 50 to 2,999 kW	66,144,260
General Service 3,000 to 4,999 kW	22,828,034
Unmetered Scattered Load	0
Sentinel Lighting	2,918
Street Lighting	0

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

7. 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
LV Variance Account	1550	(66,079)
RSVA - Wholesale Market Service Charge	1580	(96,538)
RSVA - Retail Transmission Network Charge	1584	39,863
RSVA - Retail Transmission Connection Charge	1586	(363,839)
RSVA - Power (Excluding Global Adjustment)	1588	66,355
RSVA - Power (Global Adjustment Sub-account)		(64,596)

Recovery of Regulatory Asset Balances	1590	(12,915)
Disposition and recovery of Regulatory Balances Account	1595	0
Total Claim		(497,748)

- a) 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.
- b) 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.
- c) Please confirm that Centre Wellington has complied with and applied correctly the Boards accounting policy and procedures for calculation of the final disposition balance. If Centre Wellington has used other practices in the calculation please explain where in the filing and why.
- d) Please confirm that Centre Wellington has used the simple interest calculation as required by the Board using the Boards prescribed interest rates. If Centre Wellington has used other calculations please explain where in the filing and why.
- e) Please confirm that Centre Wellington 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 Centre Wellington has not complied with this requirement please explain why not?

8. Ref: 2006 Regulatory Asset Proportional Share

The values for the proportional shares shown on sheet B1.2 do not match the values shown of sheet B1.3.

DEFVAR

B1.2 2006 Reg Ass Prop Shr

Rate Class		0
Residential	\$ 341,003	46.2%
GS < 50 kW	\$ 122,047	16.5%
GS > 50 Non TOU	\$ 298,271	40.4%
GS > 50 TOU	\$ -	0.0%
Intermediate	-\$ 22,690	-3.1%
Large Users	\$ -	0.0%
Small Scattered Load	\$ -	0.0%
Sentinel Lighting	\$ 168	0.0%
Street Lighting	-\$ 931	-0.1%
Total	\$ 737,868	

B1.3 Rate Class And Bill Det

Rate Class	
Residential	28.7%
General Service Less Than 50 kW	13.3%
General Service 50 to 2,999 kW	64.1%
General Service 3,000 to 4,999 kW	-5.9%
Unmetered Scattered Load	0.0%
Sentinel Lighting	0.0%
Street Lighting	-0.2%
Rate Class 8	0.0%
Rate Class 9	0.0%
Rate Class 10	0.0%

- a. Please provide an explanation for the differences.

9. Ref: Supplemental Module - Revenue Offsets Allocation

Sheet "C1.2 Revenue Offsets Allocation" of the supplemental module shows Informational Filing Revenue Offsets

Rate Class	Informational Filing Revenue Offsets A
Residential	179,342
General Service Less Than 50 kW	45,371
General Service 50 to 2,999 kW	31,479
General Service 3,000 to 4,999 kW	6,119
Unmetered Scattered Load	1,527
Sentinel Lighting	273
Street Lighting	11,544
	<u>275,655</u>

- a) Please provide reference to the 2009 Cost of Service application that identifies the above Informational Filing Revenue Offsets.

10. 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:

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