

# Board Staff Interrogatories

## 2010 IRM3 Electricity Distribution Rates Oshawa PUC Networks Inc. ("Oshawa PUC") EB-2009-0240

### 1. Ref: 2010 IRM Deferral Variance Account WorkForm

Extracted below is the 2006 Regulatory Asset Proportional Share as found on sheet "B1.2 2006 Reg Ass Prop Shr" in the workform against the entry from that should have been input from the 2006 Regulatory Asset model.

<b>DEFVAR</b>			<b>2006 Reg Asset Model</b>		
<b>B1.2 2006 Reg Ass Prop Shr</b>			<b>2. Rate Riders Calculation</b>		
Rate Class			Residential		
Residential	\$ 911,933	61.5%	Residential	\$ 2,137,560	48.2%
GS < 50 KW	\$ 190,593	12.9%	GS < 50 KW	\$ 549,802	12.4%
GS > 50 Non TOU	\$ 374,229	25.2%	GS > 50 Non TOU	\$ 1,198,920	27.1%
GS > 50 TOU	\$ 587	0.0%	GS > 50 TOU	\$ 134,623	3.0%
Intermediate	\$ 57	0.0%	Intermediate	\$ 151,017	3.4%
Large Users	\$ 16	0.0%	Large Users	\$ 223,758	5.0%
Small Scattered Load	\$ 5,565	0.4%	Small Scattered Load	\$ 12,593	0.3%
Sentinel Lighting	\$ -	0.0%	Sentinel Lighting	\$ -	0.0%
Street Lighting	\$ 8	0.0%	Street Lighting	\$ 22,601	0.5%
<b>Total</b>	<b><u>\$ 1,482,988</u></b>		<b>Total</b>	<b><u>\$ 4,430,874</u></b>	

a. Can Oshawa PUC explain why these entries are different?

### 2. Ref: 2010 IRM Deferral Variance Account WorkForm

Extracted below is the 2006 Regulatory Asset Proportional Share as found on sheet "B1.2 2006 Reg Ass Prop Shr" in the workform against the entry from sheet "B1.3 Rate Class and Bill Det"

<b>DEFVAR</b>			<b>B1.3 Rate Class And Bill Det</b>	
<b>B1.2 2006 Reg Ass Prop Shr</b>			Rate Class	
Rate Class		0	Residential	42.1%
Residential	\$ 911,933	61.5%	General Service Less Than 50 kW	11.8%
GS < 50 KW	\$ 190,593	12.9%	General Service 50 to 999 kW	27.2%
GS > 50 Non TOU	\$ 374,229	25.2%	General Service 1,000 to 4,999 kW	9.8%
GS > 50 TOU	\$ 587	0.0%	Large Use > 5000 kW	8.2%
Intermediate	\$ 57	0.0%	Unmetered Scattered Load	0.3%
Large Users	\$ 16	0.0%	Street Lighting	0.7%
Small Scattered Load	\$ 5,565	0.4%	Sentinel Lighting	0.0%
Sentinel Lighting	\$ -	0.0%	Rate Class 9	0.0%
Street Lighting	\$ 8	0.0%	Rate Class 10	0.0%
<b>Total</b>	<b><u>\$ 1,482,988</u></b>			

a. Can Oshawa PUC explain why these entries are different?

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

The 2008 ending balances reported in the 2010 IRM Deferral Variance Account workform prepared by Oshawa PUC 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.

**Regulatory Assets - Continuity Schedule Final**

Account Description	Account Number	Total Claim
		<b>I = C + D+ E + F + G + H</b>
RSVA - Power (Excluding Global Adjustment)	1588	3,309,791
RSVA - Power (Global Adjustment Sub-account)		0

- a) Has Oshawa PUC 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 Oshawa PUC 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 workform was modeled 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."*

While Enersource's response to the Board staff's submission is still pending Board staff would like to poll Oshawa PUC 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 Oshawa PUC agree that this proposal would be fair to all customers? Why or why not?
- b) If the Board were to order Oshawa PUC to provide such a rate rider, would Oshawa PUC's billing system be capable of billing non-RPP the separate rate rider? What complications, if any, would Oshawa PUC see with this rate rider?
- c) If Oshawa PUC were to be unable to bill in this fashion what would Oshawa PUC consider proposing in the alternative?

**5. 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 D
Residential General Service Less Than 50 kW General Service 50 to 999 kW General Service 1,000 to 4,999 kW Large Use > 5000 kW Unmetered Scattered Load Street Lighting Sentinel Lighting	

- 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 Oshawa PUC is unable to determine actual.
- c) As discussed in question 12 above Board staff have proposed a non-RPP customer rate rider for disposition of the 1588 – Global adjustment. If accepted would Oshawa PUC support using the numbers above as the most reasonable denominator to be used for rate determination.
- d) If Oshawa PUC were to establish a separate rate rider to dispose of the balance of the 1588 – Global adjustment sub-account, does Oshawa PUC believe that the rider be applied to customers in the MUSH sector? If not, would Oshawa PUC 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?

**6. Ref: 2010 IRM Deferral Variance Total Claim**

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

**Regulatory Assets - Continuity Schedule Final**

Account Description	Account Number	Total Claim
		<b>I = C + D+ E + F + G + H</b>
LV Variance Account	1550	0
RSVA - Wholesale Market Service Charge	1580	(2,508,165 )
RSVA - Retail Transmission Network Charge	1584	4,681,261
RSVA - Retail Transmission Connection Charge	1586	(3,078,775 )
RSVA - Power (Excluding Global Adjustment)	1588	3,309,791
RSVA - Power (Global Adjustment Sub-account)		0
Recovery of Regulatory Asset Balances	1590	619,598
Disposition and recovery of Regulatory Balances Account	1595	0
Total		3,023,711

- 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 Oshawa PUC has complied with and applied correctly the Boards accounting policy and procedures for calculation of the final

disposition balance. If Oshawa PUC has used other practices in the calculation please explain where in the filing and why.

- e) Please confirm that Oshawa PUC has used the simple interest calculation as required by the Board using the Boards prescribed interest rates. If Oshawa PUC has used other calculations please explain where in the filing and why.
- f) Please confirm that Oshawa PUC 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 Oshawa PUC has not complied with this requirement please explain why not?

**7. Ref: Supplemental Module – Revenue Cost Ratio**

Extracted below are the entries in the Supplemental Module Sheet “C1.10 Adjust To Proposed Rates” which should be carried over to the Rate Generator Sheet “D1.2 Revenue Cost Ratio Adj”.

**Supplemental Module Sheet “C1.10 Adjust To Proposed Rates”  
Adjustment required to Proposed Rates**

Rate Class	Adjustment	Adjustment Required	Adjustment
	Required Base Service Charge	Base Distribution Volumetric Rate kWh	Required Base Distribution Volumetric Rate kW
	G = A - D	H = B - E	I = C - F
Residential	\$ 0.01	\$ 0.0001	\$ -
General Service Less Than 50 kW	-\$ 0.37	-\$ 0.0007	\$ -
General Service 50 to 999 kW	-\$ 0.14	\$ -	-\$ 0.0125
General Service 1,000 to 4,999 kW	-\$ 75.04	\$ -	-\$ 0.1667
Large Use > 5000 kW	\$ 259.89	\$ -	\$ 0.0717
Unmetered Scattered Load	-\$ 0.71	-\$ 0.0030	\$ -
Sentinel Lighting	\$ 0.76	\$ -	\$ 1.7291
Street Lighting	\$ 0.24	\$ -	\$ 3.7352

## Rate Generator Sheet “D1.2 Revenue Cost Ratio Adj”

### Monthly Service Charge

Class	Base Rate	\$ Adjustment	Adj To Base
Residential	8.430000	0.210000	0.210000
General Service Less Than 50 kW	8.750000	- 0.170000	0.170000
General Service 50 to 999 kW	43.180000	- 0.250000	0.250000
General Service 1,000 to 4,999 kW	1264.760000	- 85.230000	85.230000
Large Use	7792.710000	190.270000	190.270000
Unmetered Scattered Load	4.030000	- 0.740000	0.740000
Sentinel Lighting	3.450000	0.730000	0.730000
Street Lighting	0.900000	0.230000	0.230000

### Volumetric Distribution Charge

Class	Base Rate	\$ Adjustment	Adj To Base
Residential	0.012300	- 0.000100	0.000100
General Service Less Than 50 kW	0.017900	- 0.000900	0.000900
General Service 50 to 999 kW	3.761800	- 0.045500	0.045500
General Service 1,000 to 4,999 kW	2.809200	- 0.190000	0.190000
Large Use	2.142500	- 0.052200	0.052200
Unmetered Scattered Load	0.016800	- 0.003100	0.003100
Sentinel Lighting	7.809300	1.645100	1.645100
Street Lighting	14.150300	3.577800	3.577800

- a. Can Oshawa PUC explain why these entries are different?

## 8. Ref: Supplemental Module - Z-Factor Tax Changes

Sheet “F1.1 Z-Factor Tax Changes” of the supplemental module shows Grossed-Up Tax Amount as \$1,599,660 while the 2009 RRWF sheet “3.Taxes\_PILs” shows Grossed-Up Income Taxes as \$1,635,595.

- a) Please review and advise of the correct amount.

## HST Interrogatory

### 9. Harmonized Sales Tax

It is possible that the PST and GST may be harmonized effective July 1, 2010.

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

- Would the Applicant agree to the establishment of a variance account to capture 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?

## **LRAM/SSM**

### **10. Ref: Manager's Summary, Page 9-11**

Oshawa is applying for recovery of an LRAM amount of \$53,839.66 to recover revenue lost from programs implemented in 2008. In the LRAM/SSM Recovery Rate Adder section of the Manager's Summary, Oshawa made no mention of having a third party review conducted on the programs it is seeking recovery for. In the Board's Guidelines for Electricity Distributor Conservation and Demand Management (the "Guidelines") issued on March 28, 2008, section 9.2 outlines the information that is required when filing an application for LRAM. Please explain why the following has not been included in the application:

- a. An Evaluation Report, in accordance with the guidelines set out in section 7.4;
- b. An independent third party review, in accordance with the guidelines set out in section 7.5; and,
- c. If the above reports and reviews have been completed, but simply not included in the application, please include them in your response to this interrogatory and discuss why they were not included in the original application. If no third party review has been conducted, please discuss the rationale for not doing so.

### **11. Ref: Manager's Summary, Page 10**

It appears that Oshawa has used the OEB Assumptions list when calculating its LRAM claim. On January 27, 2009, by way of letter to all licensed electricity distributors, the Board indicated that it would be adopting the OPA's Measures and Assumptions list for use by distributors for the purposes of applications for new distribution rate-funded CDM programs, LRAM and SSM. Further, in the Board's decision on LRAM to Horizon Utilities (EB-2009-0192/EB-2009-0158), dated October 8, 2009, the Board noted in its findings that "what is clear is the underlying principle of LRAM, which is that distributors are to be kept whole for revenue that they have forgone as a direct consequence of implementing CDM programs." The Board goes on to state that "utilities should always use the most current input assumptions which have been adopted by the Board when preparing their applications because these assumptions represent the best estimate of the impact of the programs."

- a) Please provide the rationale for why Oshawa has not used the most recently published OPA Measure and Assumption list when calculating its LRAM claim.



- b) Please provide a revised LRAM claim using the most recently published OPA Measures and Assumptions List.

**12. Ref: Manager's Summary, Page 9-11**

On March 15, 2005, Oshawa received approval from the Board for its Conservation and Demand Management ("CDM") plan and accompanying budget of \$1,476,737.

- a) Please confirm that the total approved CDM plan budget of \$1,476,737 has been completely expended on the components of the plan.
- b) If the CDM budget has not been spent according to the plan, please indicate what of the plan remains, the related amounts, and discuss why the funding has not been exhausted. Also, please discuss how Oshawa proposes to dispose of the approved funding.