

## Board Staff Interrogatories

### 2010 IRM2 Electricity Distribution Rates Hydro One Brampton Networks Inc. ("Hydro One Brampton") EB-2009-0199

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

In the 2006 EDR application Hydro One Brampton included \$94,500 in 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 \$95,351 and \$96,399 respectively. In the 2010 IRM Deferral Variance Account Workform Hydro One Brampton has reported \$103,743, \$153,543 and \$74,609 for 2006, 2007 and 2008 additions for USoA 1550 LV Variance account.

DVAWF		2006 EDR	
Transaction s (additions) during 2006/7/8, excluding interest and adjustments	Transaction s (reductions ) during 2006/7/8, excluding interest and adjustment s	7-2 ALLOCATION - LV- Wheeling Cell L120	(GDP-IPI) - X
2006 \$ 103,743	\$ -	\$ 94,500	0.0%
2007 \$ 153,543	\$ -	\$ 95,351	0.9%
2008 \$ 74,609	\$ -	\$ 96,399	1.1%

- a) Please confirm that Hydro One Brampton 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 LV Allocation not applied or Account 1550 not correct please provide an explanation in respect to the accounting for the LV

**2. Ref: 2010 IRM2 Rate Generator – LV and 2010 IRM Deferral Variance Account**

Sheet “C3.1 Curr Low Voltage Vol Rt” of the 2010 IRM2 Rate 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.

Rate Generator		2006 EDR		
	Rebased LV	Rate Group	Rate Class	LVRate
Residential	\$ -	RES	Regular	\$0.00003
General Service Less Than 50 kW	\$ -	GSLT50kW	Less than 50 kW	\$0.00003
General Service 50 to 699 kW	\$ -	GSGT50kW	Other > 50 kW (specify) . 50 kW to 699 kW	\$0.01041
General Service 700 to 4,999 kW	\$ -	GSGT50kW	Other > 50 kW (specify) .700 kW to 4999 kW	\$0.01209
Large Use > 5000 kW	\$ -	LU	Large Use (> 5000 kW)	\$0.01448
Unmetered Scattered Load	\$ -	SENTINEL	Sentinel Lighting	\$0.00875
Sentinel Lighting	\$ -	SL	Street Lighting	\$0.00886
Street Lighting	\$ -			

- a) Please explain why Hydro One Brampton has not entered the LV rates on Sheet “C3.1 Curr Low Voltage Vol Rt” of the 2010 IRM2 Rate Generator.

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

The 2008 ending balances reported in the 2010 IRM Deferral Variance Account workform prepared by Hydro One Brampton 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
		<b>I = C + D+ E + F + G + H</b>
RSVA - Power (Excluding Global Adjustment)	1588	(732,062 )
RSVA - Power (Global Adjustment Sub-account)		1,527,455

- a) Has Hydro One Brampton 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 Hydro One Brampton 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 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 Hydro One Brampton 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 Hydro One Brampton agree that this proposal would be fair to all customers? Why or why not?

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

<b>Rate Class</b>	<b>Billed kWh for Non-RPP customers D</b>
Residential	253,244,096
General Service Less Than 50 kW	55,208,357
General Service 50 to 699 kW	913,515,599
General Service 700 to 4,999 kW	897,628,635
Large Use > 5000 kW	367,588,279
Sentinel Lighting	
Street Lighting	16,608,099

- Please identify if these values estimated values or actual values and specify the applicable period.
- If the above values are estimated please explain why Hydro One Brampton is unable to determine actual.
- 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 Hydro One Brampton support using the numbers above as the most reasonable denominator to be used for rate determination.
- If Hydro One Brampton were to establish a separate rate rider to dispose of the balance of the 1588 – Global adjustment sub-account, does Hydro One Brampton believe that the rider be applied to customers in the MUSH sector? If not, would Hydro One Brampton 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.

	Account Number	Total Claim
Account Description		I = C + D+ E + F + G + H
LV Variance Account	1550	357,009
RSVA - Wholesale Market Service Charge	1580	(10,927,992 )
RSVA - Retail Transmission Network Charge	1584	(504,430 )
RSVA - Retail Transmission Connection Charge	1586	(1,419,701 )
RSVA - Power (Excluding Global Adjustment)	1588	(732,062 )
RSVA - Power (Global Adjustment Sub-account)		1,527,455
Recovery of Regulatory Asset Balances	1590	(666,164 )
Disposition and recovery of Regulatory Balances Account	1595	0
Total		(12,365,884 )

- 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.
- 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.
- Please reconcile final balance for disposition to the 2008 year end account balance reported in the RRR filing. Please identify the source and reason for variances.
- Please confirm that Hydro One Brampton has complied with and applied correctly the Boards accounting policy and procedures for calculation of

the final disposition balance. If Hydro One Brampton has used other practices in the calculation please explain where in the filing and why.

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

**7. Ref: Rate Generator Sheet “C1.1 Smart Meter Funding Adder”**

Sheet “C1.1 Smart Meter Funding Adder” of the Rate Generator shows the smart meter rate adder as \$1.00 while the 2009 Rate generator showed the amount of \$1.12.

As per Rate Gen		Last Years Final Model	
\$	1.00	\$	1.12

- a) Please confirm correct amount to be used in this entry.



**8. Ref: Rate Generator Sheet “C4.1 Curr Rates & Chgs General”**

Sheet “C4.1 Curr Rates & Chgs General” of the Rate Generator does not show the Embedded Distributor Distribution Wheeling Service rate as found on Hydro One Brampton’s current Tariff sheet.

Rate Class

**Embedded Distributor**

Rate Description	Metric	Rate
Service Charge (per connection)	\$	0.00
Distribution Volumetric Rate	\$/kW	0.0000
Distribution Wheeling Service Rate	\$/kW	0.0612

- a) Please confirm if this rate should be included in the 2010 IRM2 Rate Generator.

**9. Ref: Rate Generator Sheet “C4.1 Curr Rates & Chgs General”**

Sheet “C4.1 Curr Rates & Chgs General” of the Rate Generator does not show the Standby Charge rate as found on Hydro One Brampton’s current Tariff sheet.

Rate Class

**Standby Power - APPROVED ON AN INTERIM BASIS**

Rate Description	Metric	Rate
Service Charge	\$	0.00
Distribution Volumetric Rate	\$/kW	0.0000
Standby Charge – for a month where standby power is not provided. The charge is applied to the contracted amount (e.g. nameplate rating of generation facility).	\$/kW	1.5047

- a) Please confirm if this rate should be included in the 2010 IRM2 Rate Generator.

**10. Ref: Regulatory Asset Recovery Rate Rider**

Sheet “J2.1 DeferralAccount Rate Rider” of the Rate Generator shows the sunset date to be May 1, 2012. “Sheet F1.1 Deferral and Variance Account workform cell C16” shows April 30, 2012.

- a) Please confirm whether April 30, 2012 is the correct sunset date. If not, please provide explanation.

**11. Ref: Rate Generator Sheet "D3.1 OCT Adjustment WS"**

	Rate Generator	2009 IRM Model
Section A		
Rate Base ("Test Year OCT, LCT")	\$ 249,223,804	\$ 249,223,804
Less: Exemption	\$ 224,929	\$ 244,929

Sheet "D3.1 OCT Adjustment WS" in the Rate Generator shows the value of \$224,929 as the exemption while sheet "Test Year OCT, LCT" of the 2006 PIL's Model showed the value of \$244,929 as the exemption amount.

- b) Please confirm correct amount to be used in this calculation.

**HST Interrogatory**

**12. 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:

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