

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

Response:

- a) Centre Wellington Hydro applied the 2006 EDR LV costs against Hydro One LV costs and Centre Wellington Hydro also confirms the balance shown in the Deferral and Variance Account Workform are net of the LV allocation and are correct.

Additionally, Centre Wellington Hydro received direction from the Board in its 2009 COS decision to dispose of a 1550 account 2007 year end

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balance of \$106,720.74 which included a principal balance of \$99,515.41 and an interest balance of 7,205.33.

The 2006 and 2007 credit balances in the DVAWF chart provided in IR #1 represents a total of \$99,515 which represents the principal amount in the previous sentence.

b) Not applicable.

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.

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?

Response:

- a) The final volumetric rates in the 2009 COS application included an amount for LV charges of \$89,392. The rates by customer class derived from the use of the 2009 forecasted billing determinants are provided in the table below and reference the table provided in the interrogatory:

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Customer Classes	Approved LV Charges 2009 Cost of Service	2009 Normalized kWh	Approved LV Volumetric Rates 2009
Residential	\$ 28,835	45,046,630	\$ 0.00064
General Service Less Than 50 kW	\$ 12,443	21,809,071	\$ 0.00057
General Service 50 to 2,999 kW	\$ 36,125	166,526	\$ 0.21693
General Service 3,000 to 4,999 kW	\$ 11,226	43,874	\$ 0.25586
Unmetered Scattered Load	\$ 228	400,443	\$ 0.00057
Sentinel Lighting	\$ 21	122	\$ 0.17121
Street Lighting	\$ 514	3,066	\$ 0.16771
Low Voltage Rev Requirement F4	<u>\$ 89,392</u>		

Customer Classes	Approved Volumetric Rates (Including LV Rates)	Approved Volumetric Rates Excluding LV Rates	Approved LV Volumetric Rates 2009
Residential	\$0.0135	\$0.01286	\$ 0.00064
General Service Less Than 50 kW	\$0.0167	\$0.01613	\$ 0.00057
General Service 50 to 2,999 kW	\$3.4778	\$3.26087	\$ 0.21693
General Service 3,000 to 4,999 kW	\$2.7166	\$2.46074	\$ 0.25586
Unmetered Scattered Load	\$0.0269	\$0.02633	\$ 0.00057
Sentinel Lighting	\$7.3719	\$7.20069	\$ 0.17121
Street Lighting	\$11.5745	\$11.40679	\$ 0.16771

- b) Centre Wellington Hydro did address the credit balance in the 1550 account in its 2009 Cost of Service application and made an adjustment to the LV volumetric billing rates in the 2009 COS application by reducing the total LV charged to its customers to \$89,392.

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?

Response:

- a) Centre Wellington Hydro has reviewed the Regulatory Audit & Accounting Bulletin 200901 dated October 15, 2009 and has reviewed and adjusted the balance in the 1588 sub-account Global Adjustment based on the Bulletin. Centre Wellington Hydro has also updated the RRR reporting to the period ending September 30, 2009.
- b) Centre Wellington Hydro has made adjustments to the 2010 IRM Deferral and Variance Account Workform and will submit the revised Workform with the completion and submission of the Interrogatory Process as directed in the December 07, 2009 letter from the Board.

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 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?

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- 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?

Response:

- a) Centre Wellington Hydro believes further discussion is required in this area to ensure the disposition of account 1588 Global Adjustment is directed to the appropriate customers. Intuitively, it would appear the disposition of any 1588 sub-account Global Adjustment balance should apply to Non-RPP customers only since those are the customers who directly contributed to the variance.

However, if the RPP price contains a Global Adjustment component would it be valid to expect that any variance in the GA sub-account could affect both RPP and Non-RPP customers?

The OEB should consider the use of either the preliminary or final global adjustment rate for LDCs to calculate the provincial benefit for billing customers rather than a completely different rate for billing purposes. This would likely reduce the difference between the paid Global Adjustment and the billed Provincial Benefit.

- b) In preliminary discussions with Centre Wellington Hydro's billing system programmer, Centre Wellington Hydro understands that the billing system would be capable of billing Non-RPP customers the separate rate rider. However, the system has not been tested to ensure that everything would bill properly. Centre Wellington Hydro does not see any complications with this rate rider provided it is set as an annual rider and not changed any more frequently than on an annual basis.
- c) Not applicable.

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

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

Response:

- The values in the table for IR #5 represent 2008 year end loss adjusted values.

Centre Wellington Hydro has updated the billing determinants on sheet B1.3 of the revised Workform with 2009 Normalized data unadjusted for losses as submitted with the 2009 COS application.

The following table is a worksheet from the 2009 COS application showing the 2009 Normalized data unadjusted for losses (highlighted in green) in the far right column.

C1 Load Data and Forecast

Enter historical volume data and projections for 2008-2009

CUSTOMERS (CONNECTIONS)							
Customer Class Name	2006 EDR Approved	2006 <input type="checkbox"/> Actual	2007 <input type="checkbox"/> Actual	2007 <input type="checkbox"/> Normalized	2008 <input type="checkbox"/> Normalized	2008 <input type="checkbox"/> Estimated	2009 <input type="checkbox"/> Normalized
Residential	5,319	5,466	5,510	5,494	5,601	5,522	5,710
General Service Less Than 50 kW	627	639	671	662	674	673	687
General Service 50 to 2,999 kW	55	52	55	53	53	56	53
General Service 3,000 to 4,999 kW	1	1	1	1	1	1	1
Unmetered Scattered Load		2	2	2	2	2	2
Sentinel Lighting	33	25	33	35	35	35	35
Street Lighting	1,568	1,557	1,654	1,658	1,658	1,658	1,658
TOTAL	7,603	7,742	7,926	7,905	8,024	7,947	8,146

METERED KILOWATT-HOURS (kWh)							
Customer Class Name	2006 EDR Approved	2006 <input type="checkbox"/> Actual	2007 <input type="checkbox"/> Actual	2007 <input type="checkbox"/> Normalized	2008 <input type="checkbox"/> Normalized	2008 <input type="checkbox"/> Estimated	2009 <input type="checkbox"/> Normalized
Residential	44,667,222	44,088,207	44,472,195	44,678,018	44,886,175	44,547,272	45,046,630
General Service Less Than 50 kW	21,764,491	21,783,627	21,593,159	21,690,859	21,758,916	21,271,948	21,809,071
General Service 50 to 2,999 kW	60,099,753	63,960,748	63,421,042	63,421,042	63,991,831	64,829,029	64,439,774
General Service 3,000 to 4,999 kW	20,715,955	19,020,065	20,647,752	20,647,752	20,833,582	21,330,447	20,979,417
Unmetered Scattered Load		377,657	400,443	400,443	400,443	403,818	400,443
Sentinel Lighting	56,769	46,931	45,574	45,574	44,655	45,974	43,755
Street Lighting	1,095,671	1,130,200	1,121,884	1,121,884	1,117,298	1,139,942	1,112,732
TOTAL	148,399,861	150,407,435	151,702,049	152,005,572	153,032,900	153,568,431	153,831,822

KILOWATTS (kW)							
Customer Class Name	2006 EDR Approved	2006 <input type="checkbox"/> Actual	2007 <input type="checkbox"/> Actual	2007 <input type="checkbox"/> Normalized	2008 <input type="checkbox"/> Normalized	2008 <input type="checkbox"/> Estimated	2009 <input type="checkbox"/> Normalized
Residential							
General Service Less Than 50 kW							
General Service 50 to 2,999 kW	178,990	164,033	163,893	163,893	165,368	168,573	166,526
General Service 3,000 to 4,999 kW	44,060	40,351	43,181	43,181	43,569	44,426	43,874
Unmetered Scattered Load							0
Sentinel Lighting	157	130	127	127	124	128	122
Street Lighting	3,156	3,118	3,092	3,092	3,079	3,143	3,066
TOTAL	226,363	207,632	210,293	210,293	212,140	216,270	213,588

Customer Class Name	Loss Factor
Residential	1.0449
General Service Less Than 50 kW	1.0449
General Service 50 to 2,999 kW	1.0449
General Service 3,000 to 4,999 kW	1.0449
Unmetered Scattered Load	1.0449
Sentinel Lighting	1.0449
Street Lighting	1.0449

WHOLESALE kWh's ¹		
2008 <input type="checkbox"/> Normalized	2008 <input type="checkbox"/> Estimated	2009 <input type="checkbox"/> Normalized
46,901,564	46,547,445	47,069,224
22,735,891	22,227,058	22,788,298
66,865,064	67,739,852	67,333,120
21,769,010	22,288,184	21,921,393
418,423	421,950	418,423
46,660	48,038	45,720
1,167,465	1,191,125	1,162,694

¹ Metered kWh's multiplied by Loss Factor

b) Not applicable based on the response to 5 a).

c) Not applicable based on the response to 5 a).

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
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

- Please identify if these values are estimated or actual values and specify the applicable period.
- If the above values are estimated please explain why Centre Wellington is unable to determine the actual values.
- 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.
- 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?

Response:

- a) The Non-RPP kWh provided in the table to IR#6 represent actual loss adjusted kWh's for the 2008 year. The right hand column of the table below reflects billed kWh unadjusted for losses for Non-RPP customers to be consistent with the Billing determinants provided in response to IR#5. These unadjusted for losses kWhs have been reflected in the updated D&VA Workform file.

Rate Class	2008 Billed kWh for Non-RPP customers (Loss adjusted)	2008 Billed kWh for Non-RPP customers (Not Loss adjusted)
Residential	7,230,793	6,904,883
General Service Less Than 50 kW	3,711,196	3,543,923
General Service 50 to 2,999 kW	66,144,260	63,162,968
General Service 3,000 to 4,999 kW	22,828,034	21,799,116
Unmetered Scattered Load	-	-
Sentinel Lighting	2,918	2,786
Street Lighting	-	-

- b) Not applicable.
- c) Centre Wellington Hydro would support using the updated unadjusted kWh's provided in response to IR#6a) taking into consideration Centre Wellington Hydro's response to IR#4a).
- d) If the final decision were to dispose of the 1588 sub-account GA to Non-RPP customers only, Centre Wellington Hydro believes any MUSH customers who opted out of the RPP should also be included in the disposition group.

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?

Response:

- a) Centre Wellington Hydro has taken the opportunity to revise the D&VA Workform based on the direction in the OEB letter dated December 7, 2009 asking LDCs to submit an updated Workform in conjunction with the responses to the IRs. The following table provides a summary of the final amounts for disposition compared to the values in the original 2010 IRM rate application submission.

Account Description	Account Number	Total Claim 2010 IRM Deferral Variance Oct	Revised Total Claim January
		21, 2009 Filing	6, 2010 Filing
LV Variance Account	1550	(66,079)	(66,079)
RSVA-Wholesale Market Service Charge	1580	(96,538)	(96,539)
RSVA-Retail Transmission Network Charge	1584	39,836	39,863
RSVA-Retail Transmission Connection Charge	1586	(363,839)	(363,839)
RSVA-Power (Excluding Global Adjustment)	1588	66,355	38,901
RSVA-Power (Global Adjustment Sub-account)	1588-Sub	(64,596)	(14,330)
Recovery of Regulatory Asset Balances	1590	(12,915)	(9,891)
Disposition and recovery of Regulatory Balance Account	1595	-	-
Total Claim		(497,776)	(471,915)

- b) The amounts included in the D&VA Workform for 2008 year end reconcile to the 2008 RRR filing. Any adjustments required have been made to the RRR and re-filed with the board prior to this submission.
- c) Centre Wellington Hydro confirms it has complied with the Boards accounting policy and procedures for calculation of the final disposition balance.
- d) Centre Wellington Hydro confirms it has used the simple interest calculation using the Boards prescribed interest rates.
- e) Centre Wellington Hydro confirms recoveries have been applied to the principal first which is reflected in the continuity schedules of the D&VA Workform.

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	<u>\$ 737,868</u>	

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.

Response:

- a) The reason for the confusion and differences between the proportional shares on sheets B1.2 and B1.3 is based on the ambiguous direction provided within the model. For example, Sheet B1.2 of the model specifically asked for values taken from Row 29 Sheet "2. Rate Rider Calculation" of the 2006 regulatory asset model while sheet B1.3 included the following direction, "Residual Account balance to be allocated to rate classes in proportion to the recovery share as established when rate riders were implemented." This direction provided on sheet B1.3 appeared to require a proportionate share different than the clear direction provided on Sheet 2. Centre Wellington Hydro interpreted the B1.3 direction to use the values from Row 53 Sheet 2 of the 2006 regulatory asset model since that was the residual balance allocated to rate classes when the rate riders were implemented.

In discussion with Board staff, Centre Wellington Hydro has updated sheet B1.3 of the D&VA Workform using the same proportionate shares as those on sheet B1.2 which represent sheet "2. Rate Rider Calculation Row 29".

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
	275,655

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

Response:

- a) The Informational Filing Revenue Offsets were taken from Sheet O1 Row 19 of the Cost Allocation Informational Filing. The Revenue offsets of \$335,443 requested in the 2009 Cost of Service application was the projected revenue offsets for 2009. Therefore, there is no reference to the 2009 Cost of Service application for the Revenue offsets of \$275,655. The revenue offsets in the 2009 Cost of Service application were never allocated to the customer classes. The revenue offsets were calculated and then used to reduce the Service Revenue Requirement resulting in a Base Revenue Requirement which was then allocated to the customer classes. The top portion of Sheet O1 from the Cost allocation Informational filing provides the Revenue Offsets or Miscellaneous Revenues and is included below for reference purposes.

Sheet 01 Revenue to Cost Summary Worksheet - Second Run

Revenue, Cost Analysis, and Return on Rate Base

	Total	1 Residential	2 GS <50	3 GS>50-Regular	5 GS >50- Intermediate	7 Street Light	8 Sentinel	9 Unmetered Scattered Load
Distribution Revenue (sale)	\$2,368,471	\$1,392,176	\$430,881	\$472,288	\$55,311	\$5,165	\$400	\$12,250
Miscellaneous Revenue (mi)	\$275,655	\$179,342	\$45,371	\$31,479	\$6,119	\$11,544	\$273	\$1,527
Total Revenue	\$2,644,126	\$1,571,518	\$476,252	\$503,767	\$61,430	\$16,709	\$673	\$13,777
Expenses								
Distribution Costs (di)	\$379,080	\$186,146	\$60,660	\$77,215	\$19,711	\$33,393	\$738	\$1,215
Customer Related Costs (cu)	\$367,152	\$268,737	\$63,177	\$30,066	\$1,923	\$994	\$43	\$2,213
General and Administration (ad)	\$609,944	\$367,568	\$100,941	\$89,602	\$18,436	\$29,984	\$678	\$2,735
Depreciation and Amortization (dep)	\$510,349	\$262,280	\$80,944	\$93,022	\$22,550	\$48,946	\$1,068	\$1,538
PLs (INPUT)	\$54,544	\$27,637	\$8,692	\$10,396	\$2,583	\$4,965	\$109	\$162
Interest	\$322,594	\$163,456	\$51,411	\$61,487	\$15,275	\$29,366	\$643	\$958
Total Expenses	\$2,243,663	\$1,275,824	\$365,825	\$361,790	\$80,478	\$147,647	\$3,278	\$8,821
Direct Allocation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Allocated Net Income (NI)	\$400,462	\$202,910	\$63,820	\$76,329	\$18,962	\$36,454	\$798	\$1,189
Revenue Requirement (includes NI)	\$2,644,125	\$1,478,735	\$429,645	\$438,119	\$99,440	\$184,101	\$4,076	\$10,009
Revenue Requirement Input equals Output								

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?

Response:

- a) Centre Wellington Hydro does not agree to capture the alleged reduction in OM&A and Capital in a variance account. Centre Wellington Hydro feels there is much more discussion required around the impact of the introduction of the HST on July 1, 2010. This change is just one of the many changes experienced by LDCs on a regular basis. For example, unforeseen double digit increases in expenditures such as insurance costs, a 4% increase in EDA dues, as well as increased pressures resulting from the GEGEA all have significant impacts on Centre Wellington Hydro.

In addition LDCs will not recover enough PILs in their rates now that PST will not be considered an expense. Increased wages, especially where union contracts are involved are also considerably higher than what the IRM process provides for an increase in distribution rates.

Some other issues to be considered are:

- a.
 - a. Complications in deriving the information from our accounting system will increase costs should the Board decide to require this calculation.
 - b. PILS will need to be taken into consideration if the Board requires this allocation.
 - c. 2010 will represent only one half year change.
 - d. Many expenses in the past did not include PST, therefore, to track PST charges and assume they would all represent a reduction in OM&A or Capital costs is false.
- b) Centre Wellington Hydro is not aware of alternatives to reflect reductions in OM&A and Capital expenditures as a result of the implementation of the HST.