Board Staff Interrogatories
2010 Electricity Distribution Rates
Essex Powerlines Corporation ("Essex")
EB-2009-0143

Capital Expenditures

40. Ref: Board Staff IR #2

In the response to part (d) of the above reference, Essex provided the explanation to the variances between Table 1 & Table 2.

For 2009, the explanation for the $120,255 variance was "Change to 2009 project forecast not carried forward to continuity schedule."

a) Please clarify whether this was simply an error or if not, explain why the 2009 project forecast was not carried forward to the continuity schedule.
b) Please clarify whether the variance is related to work-in-progress.

For 2010, the explanation for the $34,011 variance was "Change to 2010 forecast not carried forward to continuity schedule."

c) Please clarify whether this was simply an error or if not, explain why the 2010 forecast was not carried forward to the continuity schedule.
d) Please clarify whether the variance is related to work-in-progress.

Operating Revenue

41. Ref: Board Staff IR # 5

In the response to part (d) of the above reference, Essex explained that the assets to Howard (Intermediate), West.-Texas, and Can.-Detroit (both GS>50 kW) embedded delivery points are owned and operated by Hydro One.

a) Please provide the revenue that has been collected through the above three points for the years 2006, 2007 and 2008.
b) Please provide the rates that were used to generate the revenue listed in (a).
c) Please explain at what basis the rates provided in (b) were determined.
d) Please identify the retail transmission service and Low Voltage rates that Essex is currently charging for electricity delivered through these three embedded delivery points.
e) Please provide the forecasted revenue at the above three points for the years 2009 and 2010.

f) Please provide the detailed calculations of the forecasted revenues listed in (e).

Other Revenues

42. Ref: Exhibit 3 / Tab 3 / Sch. 3 – Interest and Dividend Income
Ref: Board Staff IR # 7

In Exhibit 3 / Tab 3/ Sch. 3/ Page 2, Essex forecasted the bank deposit interest of $34,840 and $35,493 for 2009 and 2010 respectively. However in response to Board staff interrogatory # 7, Essex provided the calculation for 2009 with the amount of $25,241 and 2010 with the amount of $21,300. Please reconcile these amounts and explain the reason(s) for the variances.

Cost Allocation

43. Ref: Exhibit 7 / Tab 1/ Sch. 1 / Attachment 1 – 2010 Cost Allocation study – page 11-13 – 2010 Essex CA Model
Ref: Board staff IR # 25

In the response to Board staff IR #25, Essex provided a Cost Allocation model under file name EPL-2010-OEB25. This model provides a Cost allocation study in which all data for Embedded distribution delivery points are included as a separate class and in Row 80 of sheet O1 of the model presents the overall revenue-to-cost ratio of 100%. Staff replicates the revenue to cost ratio in Table 3.

Table 3

Class	**Revenue to Cost Ratio**	
	EPL-2010-OEB25 Row 80 of Sheet O1	**2006 EDR** Exhibit 7/ Tab 2 /Sch. 2
Residential	100.78%	104.24%
GS < 50 kW	49.03%	46.36%
GS > 50 kW	163.78%	146.05%
Intermediate	254.38%	163.42%
Street Lights	31.09%	32.2%
Sentinel Lights	36.93%	40.16%
USL	134.60%	143.06%
Embedded Distribution	106.91%	N/A

a) Please confirm that Essex agrees that the figures presented in Table 3 are the ratios that result from its Cost Allocation studies. If Essex does not agree with any figures in the table, please provide corrected tables.
b) In reference to Table 3, the revenue to cost ratio for GS > 50 KW Class increased from 146.05% (2006 EDR) to 163.78% (EPL-2010-OEB25). Please explain the cause for the increase in particular whether the earlier result is because the Embedded Distributor delivery points are included in this class.
c) In reference to Table 3, the revenue to cost ratio for Intermediate Class increased from 163.42% (2006 EDR) to 254.38% (EPL-2010-OEB25). Please explain the cause for the increase, and in particular, whether the earlier result is because the Embedded Distributor delivery points are included in this class.
d) In reference to Table 3, the revenue to cost ratio for USL Class was reduced from 143.06% (2006 EDR) to 134.60% (EPL-2010-OEB25). Please explain the cause for the reduction.

e) In response to Board staff IR #25 (b), Essex submitted that it would not propose a distinct rate class for Embedded Distribution. However, Essex did not provide the rationale for such a position. Please provide the reason for not proposing a distinct rate class for Embedded Distribution.

f) In response to Board staff IR #25 (b), Essex also stated that if the Board determined an additional rate class should be introduced, the revenue to cost ratios for each class should be derived in a manner consistent with the approach described in Exhibit 7/ Tab 2/ Schedule 2. Please provide 2010 proposed Revenue to Cost ratios for each class if the Board determined that an additional rate class (Embedded Distribution) should be introduced.

Low Voltage Charges

44. Ref: Exhibit 8 / Tab 3/ Sch. 2 – Low Voltage

a) In the Attachment 1 / Page 1 of the above reference, the Hydro One Charges for the month of December 2007 and May 2009 had negative charges. Please explain the reason for the negative sign.

b) Please confirm whether the Hydro One charges listed in the Attachment 1 / Page 1 include the power flows that will in turn be delivered to Hydro One through the Embedded delivery points.

Retail Transmission Service Rates (RTSR)

45. Ref: Exhibit 8 / Tab 3/ Sch. 1 – RTSR

a) In the Attachment 1 / Page 1 & 2 of the above reference, the Hydro One Charges for the month of May 2007 and May 2009 had negative charges. Please explain the reason for the negative sign.

b) Please confirm whether the Hydro One charges listed in the Attachment 1 / Page 1 & 2 include the power flows that will in turn be delivered to Hydro One through the Embedded delivery points.

Rate Design

46. Ref: Exhibit 8 / Tab 4/ Sch. 1 – Fixed and Variable Charges

In the Attachment 1 / Page 1 of the above reference, Essex included the amounts for Transformer Allowance of $78,810 and Low Voltage Charges of $984,152 to the total Base Revenue Requirement.

a) Please advise whether the Transformer Allowance and Low Voltage Charges are included in the Fixed Charges.
b) If the answer to (a) is affirmative, please recalculate the Fixed and Variable Charges, since the Transformer Allowance and Low Voltage Charges were charged based on variable rate only.
c) Please provide the Low Voltage Charges calculated in (b) and compare them to the Low Voltage Charges shown in Exhibit 8/ Tab 3/ Schedule 2 / Attachment 1/ Page 2. If the charges are different, please reconcile the variance.

Deferral and Variance Accounts

47. Ref: Exhibit 9 / Tab 2 / Sch. 2 – Calculation of Rate Rider
Ref: Board Staff IR # 31, 32, 34, 35, 36

a) In response to Board staff IR # 31, 34 and 36, Essex indicated that errors were found in the application. Please provide an updated schedule listed under Exhibit 9/ Tab 2/ Schedule 2 /Attachment 1 to reflect all the corrections.

b) Please calculate the proposed rate riders to dispose of the December 31, 2008 balances plus carrying charges to April 30, 2010 over a <u>four-year period</u>, for deferral and variance accounts excluding the Global Adjustment sub-account of Account 1588.

c) Please calculate the proposed rate riders to dispose of the December 31, 2008 balance plus carrying charges to April 30, 2010 over a <u>four-year</u>

period, for the Global Adjustment sub-account of Account 1588 based on non-RPP customers load.

d) If Essex were to establish a separate rate rider to dispose of the balance of the Global Adjustment sub-account of Account 1588, please provide Essex's view as to whether this rate rider would be applicable to MUSH ("Municipalities, Universities, Schools and Hospitals") sector customers.

e) If the answer to d) is in the negative, does Essex have the capability in its billing system to exclude MUSH sector customers to which the separate rate rider for the disposition of the account 1588 Global Adjustment sub-account balance would apply?

48. Ref: Exhibit 9 – Wholesale Market Participant (WMP)

Board staff understands that a WMP customer is billed directly by the IESO for energy commodity and WMSR/RRRP. The questions below are with respect to the disposition of deferral and variance account balances as it relates to WMPs.

a) Do you have any WMPs in your service area who are billed for commodity and related charges directly by the IESO?

b) If the answer to (a) is affirmative, please advise whether the WMPs in your service area are connected to your distribution assets.

c) If the answer to (b) is affirmative, please explain the nature of the services provided to the WMPs in your service area.

d) If the answer to (b) is affirmative, please provide Essex's view as to whether the WMPs should share in the disposition of 1580, 1582 and 1588 (i.e. the difference between the actual and approved energy loss) account balances.

e) If the answer to (b) is affirmative, please advise whether the annual kWh used for the allocation of balances in accounts 1580, 1582 and 1588 include the WMPs' kWh.

Harmonized Sales Tax

49. Ref: Response to Interrogatory from Energy Probe #1

The Harmonized Sales Tax will be effective July 1, 2010 pursuant to Bill 218 which received Royal Assent on December 15, 2009. Unlike the GST, the PST is included as an OM&A expense and is also included in capital expenditures. When the GST and PST are harmonized, corporations would see a reduction in OM&A expenses and capital expenditures.

a) Does Essex see any reason why the reductions in OM&A and capital expenditures could not be captured in a variance account?

General

50. Ref: Exhibit 1 / Tab 4 / Sch. 9 – Revenue Requirement Work Form

a) Based on the responses to the first and second round interrogatories from all parties, please submit an updated Microsoft Excel file containing the revenue requirement work form.
b) Please provide a listing of all changes made to Essex' original application (by exhibit), including an updated derivation of its revenue requirement, PILs calculation, base rates, rate adders/riders, and bill impacts.