

**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.

Response:

This was simply an error – the change was made in the capital forecast but not included when completing the continuity schedule.

- b) Please clarify whether the variance is related to work-in-progress.

Response:

The variance is not 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.

Response:

This was simply an error – the change was made in the capital forecast but not included when completing the continuity schedule.

- d) Please clarify whether the variance is related to work-in-progress.

Response:

The variance is not 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.

Response:

Delivery Charges (Fixed Charges Only)				
Usage	GS>50		Intermediate	Total
Month	West-Texas	Can-Detroit	Howard	
2006	\$ 297.41	\$ -	\$ 3,526.10	\$ 3,823.51
2007	\$ 4,104.96	\$ -	\$48,671.72	\$52,776.68
2008	\$ 4,111.68	\$3,768.58	\$48,751.72	\$56,631.98

- b) Please provide the rates that were used to generate the revenue listed in (a).

Response:

Rates used to generate the revenue listed above were the monthly fixed service charges in force for the period for General Service 50 to 2,999 kW for West-Texas and Can-Detroit and for General Service 3,000 to 4,999 kW for Howard.

Rates Used		
Period	General Service 50 to 2,999 kW	General Service 3,000 to 4,999 kW
Jan'09 - Apr'09	342.41	4,059.93
May-09 - Apr'10	344.51	4,077.03
May'10 - Dec'10	342.13	2,113.87

- c) Please explain at what basis the rates provided in (b) were determined.

Response:

The rates used for the three Hydro One delivery points were agreed upon between Essex and Hydro One and were categorized in the customer class based on consumption where the delivery points would best fit the classifications.

- 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.

Response:

Essex does not charge retail transmission service or low voltage to these three embedded delivery points.

- e) Please provide the forecasted revenue at the above three points for the years 2009 and 2010.

Response:

Delivery Charges (Fixed Charges Only)				
Usage Month	GS>50		Intermediate	Total
	West-Texas	Can-Detroit	Howard	
2009	\$ 4,125.72	\$4,125.72	\$48,855.96	\$57,107.40
2010	\$ 4,115.08	\$4,115.08	\$33,219.08	\$41,449.24

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

Response:

Actual year-to-date revenues were used for January – December 2009. Current fixed rates for the associated rate class were used for January – April, 2010 and the proposed rates from the rate filing were used for May – December, 2010.

Delivery Charges (Fixed Charges Only)			
Usage Month	General Service 50 - 2,999 kW		General Service 3,000 to 4,999 kW
	Western-Texas	Canard-Detroit	Howard
Jan-09	\$ 342.41	\$ 342.41	\$ 4,059.93
Feb-09	\$ 342.41	\$ 342.41	\$ 4,059.93
Mar-09	\$ 342.41	\$ 342.41	\$ 4,059.93
Apr-09	\$ 342.41	\$ 342.41	\$ 4,059.93
May-09	\$ 344.51	\$ 344.51	\$ 4,077.03

Jun-09	\$ 344.51	\$ 344.51	\$ 4,077.03	
Jul-09	\$ 344.51	\$ 344.51	\$ 4,077.03	
Aug-09	\$ 344.51	\$ 344.51	\$ 4,077.03	
Sep-09	\$ 344.51	\$ 344.51	\$ 4,077.03	
Oct-09	\$ 344.51	\$ 344.51	\$ 4,077.03	
Nov-09	\$ 344.51	\$ 344.51	\$ 4,077.03	
Dec-09	\$ 344.51	\$ 344.51	\$ 4,077.03	
2009	\$ 4,125.72	\$ 4,125.72	\$48,855.96	\$57,107.40
Jan-10	\$ 344.51	\$ 344.51	\$ 4,077.03	
Feb-10	\$ 344.51	\$ 344.51	\$ 4,077.03	
Mar-10	\$ 344.51	\$ 344.51	\$ 4,077.03	
Apr-10	\$ 344.51	\$ 344.51	\$ 4,077.03	
May-10	\$ 342.13	\$ 342.13	\$ 2,113.87	
Jun-10	\$ 342.13	\$ 342.13	\$ 2,113.87	
Jul-10	\$ 342.13	\$ 342.13	\$ 2,113.87	
Aug-10	\$ 342.13	\$ 342.13	\$ 2,113.87	
Sep-10	\$ 342.13	\$ 342.13	\$ 2,113.87	
Oct-10	\$ 342.13	\$ 342.13	\$ 2,113.87	
Nov-10	\$ 342.13	\$ 342.13	\$ 2,113.87	
Dec-10	\$ 342.13	\$ 342.13	\$ 2,113.87	
2010	\$ 4,115.08	\$ 4,115.08	\$33,219.08	\$41,449.24

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.

Response:

The response Essex gave to Board Staff Interrogatory #7 was the calculation for the interest on the main bank account balances only. The amount stated in Exhibit 3 / Tab 3/ Sch. 3/ Page 2 also includes interest received on outstanding accounts receivable invoices, the customer deposit account and other miscellaneous interest receivables as per the table below.

Year	Actual Interest Income	Estimated Interest Income	Deposit Account Interest	Interest on A/R Invoicing	Misc.	Total

2009	\$14,516	\$ 10,725	\$ 5,083	\$ 4,143	\$ 374	\$34,840
2010	-	\$ 21,300	\$ 5,365	\$ 7,028	\$ 1,800	\$35,493

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.

Response:

Essex agrees with the figures in Table 3.

- 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.

Response:

There are no Embedded Distributor (“ED”) delivery points in this class in either Cost Allocation model. The 2006 EDR model was based on 2004 historical data at which time there were no ED delivery points. The EPL-2010-OEB25 model was specifically prepared to remove all ED delivery points from the existing rate classes in order to present ED as a distinct rate class.

This class’ share of revenue increased slightly while its share of costs declined. This reflects changes in spending and load patterns, as well as the impact of introducing additional load in an ED class in the EPL-2010-OEB25 model.

- 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.

Response:

See the first paragraph in the answer to part (b).

In both models, the Intermediate class has a single customer with a highly irregular demand profile. This demand has decreased, and become concentrated in fewer hours. There has been a much more significant decline in coincident peak demand than in overall demand. Coupled with a substantial fixed charge, the costs allocated to this class have declined more significantly than the projected revenue.

- 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.

Response:

See the first paragraph in the answer to part (b).

The change in the USL ratio is primarily due to the higher level of customer-related expenses as a proportion of total costs in 2010, compared to the 2006 EDR data. The model allocators for these types of expenses shift more costs onto the USL class relative to its overall revenue growth, thus causing a decrease in its revenue to cost ratio.

- 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.

Response:

Essex only began to serve Embedded Distribution points in 2006, and has experienced continuous changes in related connections and load during that time. Essex submits that a more normalized view, based on a stable historical experience, is needed before applying a Cost Allocation that would be representative of expectations for such a rate class over the entire rebasing period of the next four years.

- 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.

Response:

Class	Revenue to Cost Ratio		
	2006 EDR	2010 EDR	Target (2013)
Residential	1.04	1.04	1.00
GS < 50 kW	0.46	0.63	0.80
GS > 50 kW	1.46	1.28	1.28
Intermediate	1.63	1.28	1.28
Street Lights	0.32	0.42	0.70
Sentinel Lights	0.40	0.48	0.70
USL	1.43	1.20	1.20
Embedded Distribution	N/A	1.28	1.28

The proposed ratios for Embedded Distribution connections would be the same as those in the GS > 50kW and Intermediate classes, since these connections are currently classified within either of those classes. Essex notes that there are no Board-prescribed ratio ranges for Embedded Distribution, and thus submits that the applicable range should align with other customers with similar demand i.e. General Service greater than 50 kW, which has an acceptable range of 0.80 – 1.80.

The proposed ratios for all other classes would remain the same as those shown in Table 4 of Exhibit 7 / Tab 2 / Schedule 2.

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.

Response:

The negative amounts found in December 2007 and May 2009 were as a result of adjustments which occurred due to estimating billings not yet received and subsequently the actual charges were lower than the estimates creating a negative amount.

- 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.

Response:

The power flows are in turn delivered to Hydro One but the charges from Hydro One are solely for EPL.

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.

Response:

The negative amounts found in May 2007 and May 2009 were as a result of adjustments which occurred due to estimating billings not yet received and subsequently the actual charges were lower than the estimates creating a negative amount.

- 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.

Response:

The power flows are in turn delivered to Hydro One but the charges from Hydro One are solely for EPL.

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.

Response:

Low Voltage charges and Transformer Allowance recoveries were included in a Gross Revenue Requirement which was then subject to the fixed/variable split comparison with existing rates; however these charges would be implemented as rate adders to the variable charge only.

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.

Response:

Essex submits that the proposed Fixed and Variable Charges are appropriate, as the Transformer Allowance and Low Voltage charges will be implemented as rate adders to the variable charge only, as stated in part (a). The split between fixed and variable was based on maintaining the existing split between fixed and variable charges from the customer's perspective, which is insensitive as to the individual components embedded within the variable rate.

Based on maintaining the proposed variable charges and the implementing the Low Voltage charge and Transformation Allowance recoveries solely on the variable charge, the disaggregated variable charges would be as follows:

		Volume (A)	LV Charges (B)	LV Rate (C)	TA Recoveries (D)	TA Rate (E)
Residential	kWh	271,379,498	522,067	0.0019		0.0000
General Service Less Than 50 kW	kWh	72,012,960	130,223	0.0018		0.0000
General Service 50 to 2,999 kW	kW	467,092	304,174	0.6512	78,810	0.1687
General Service 3,000 to 4,999 kW	kW	19,537	14,856	0.7604		0.0000
Unmetered Scattered Load	kWh	1,605,371	2,903	0.0018		0.0000
Sentinel Lighting	kW	1,076	563	0.5230		0.0000
Street Lighting	kW	18,024	9,367	0.5197		0.0000
TOTAL			984,152		78,810	

(A) per RateMaker sheet C4

(B) per RateMaker sheet F4

(C) = (B) / (A)

(D) per RateMaker sheet F4

(E) = (D) / (A)

		Var. Rate (F)	LV Rate (G)	TA Rate (H)	Distr. Rate (I)
Residential	kWh	0.0181	0.0019	0.0000	0.0162
General Service Less Than 50 kW	kWh	0.0086	0.0018	0.0000	0.0068
General Service 50 to 2,999 kW	kW	2.7445	0.6512	0.1687	1.9246
General Service 3,000 to 4,999 kW	kW	2.2355	0.7604	0.0000	1.4751
Unmetered Scattered Load	kWh	0.0307	0.0018	0.0000	0.0289
Sentinel Lighting	kW	6.8996	0.5230	0.0000	6.3766
Street Lighting	kW	5.4817	0.5197	0.0000	4.9620

(F) per RateMaker sheet F5

(G) per column (C)

(H) per column (E)

(I) = (F) - (G) - (H)

- 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.

Response:

The low voltage rates calculated in part (b) above differ from those indicated on page 2 of Exhibit 8 / Tab 3 / Schedule 2 / Attachment 1. Essex wishes to amend its evidence to reflect the approach used in sheet F4 of its RateMaker model, which allocates LV charges to individual rate classes in proportion to projected Transmission – Connection revenues, and to reflect the approach in part (b) above to determine the LV rate adder for each class.

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.

Response:

C6 Proposed Deferral /Variance Account Balance Recoveries

Deferral / Variance Account	Recover Balance as at?	Add'l Interest to 30 Apr/10?	Balance for Recovery	Additional Interest for Recovery	Total Recovery Amount	31 Dec/09 Projected Balance	31 Dec/10 Projected Balance	2009 Projected Interest	2010 Projected Interest
1518-RCVARetail	31 Dec/08	YES	6,657	39	6,696	6,686	19	(29)	(29)
1525-Miscellaneous Deferred Debits	No Recovery	NO	0	0	0	2,175,088	2,175,088	0	0
1548-RCVASTR	31 Dec/08	YES	(6,684)	(46)	(6,730)	(6,719)	(23)	34	34
1550-LV Variance Account	31 Dec/08	YES	108,978	758	109,736	109,546	379	(568)	(568)
1555-Smart Meters Capital Variance Account	No Recovery		0	0	0	90,099	90,592	(493)	(493)

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1556-Smart Meters OM&A Variance Account	No Recovery		0	0	0	6,122	6,155	(33)	(33)
1562-Deferred Payments in Lieu of Taxes	No Recovery		0	0	0	157,940	158,450	(510)	(510)
1565-Conservation and Demand Management Expenditures and Recoveries	No Recovery		0	0	0	23,834	23,834	0	0
1566-CDM Contra Account	No Recovery		0	0	0	(23,834)	(23,834)	0	0
1572-Extraordinary Event Costs	31 Dec/08	YES	48,251	588	48,839	48,692	294	(441)	(441)
1580-RSVAWMS	31 Dec/08	YES	(3,014,205)	(20,204)	(3,034,410)	(3,029,359)	(10,102)	15,153	15,153
1584-RSVANW	31 Dec/08	YES	(1,240,167)	(8,313)	(1,248,480)	(1,246,402)	(4,157)	6,235	6,235
1586-RSVACN	31 Dec/08	YES	(809,425)	(5,593)	(815,018)	(813,620)	(2,797)	4,195	4,195
1588-RSVAPOWER	31 Dec/08	YES	3,381,701	21,007	3,402,708	3,397,456	10,504	(15,755)	(15,755)
Sub-Total for Recovery					(1,536,661)	895,529	2,424,402	7,788	7,788
1590-Recovery of Regulatory Asset Balances (residual)	31-Dec/08	YES	(328,928)	(2,412)	(331,340)	(330,740)	(1,557,888)	1,811	1,821
Total Recoveries Required					(1,868,001)				(856)
Annual Recovery Amounts # years:	4				(467,000)				
							Interest Totals:	9,599	8,753

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

Response:

C7 Rate Riders

Allocate recoveries of deferral / variance account balances

Deferral / Variance Account	Total Recovery Amount	Allocation Basis	Residential	General Service Less Than 50 kW	General Service 50 to 2,999 kW	General Service 3,000 to 4,999 kW	Unmetered Scattered Load	Sentinel Lighting	Street Lighting
1518-RCVARetail	6,696	Number of Customers	6,185	442	53	0	4	10	1
1548-RCVASTR	(6,730)	Number of Customers	(6,216)	(444)	(53)	(0)	(4)	(10)	(1)
1550-LV Variance Account	109,736	Transmission Connection Revenue	58,212	14,520	33,916	1,656	324	63	1,044
1572-Extraordinary Event Costs	48,839	Distribution Revenue (existing rates)	34,197	2,929	10,059	877	301	35	441
1580-RSVAWMS	(3,034,410)	kWh's	(1,408,417)	(373,736)	(1,019,216)	(191,905)	(8,332)	(2,029)	(30,775)
1584-RSVANW	(1,248,480)	kWh's	(579,480)	(153,770)	(419,347)	(78,958)	(3,428)	(835)	(12,662)
1586-RSVACN	(815,018)	kWh's	(378,289)	(100,382)	(273,753)	(51,544)	(2,238)	(545)	(8,266)
1588-RSVAPOWER	(2,481,916)	kWh's	(1,151,978)	(305,688)	(833,641)	(156,964)	(6,815)	(1,660)	(25,172)
Sub-Total for recovery	(7,421,284)		(3,425,787)	(916,130)	(2,501,983)	(476,837)	(20,187)	(4,970)	(75,390)
1590-Recovery of Regulatory Asset Balances (residual)	(331,340)	Per 2006 Reg Asset rate rider calculation	(268,446)	(33,755)	(33,428)	2,780	(1,048)	(296)	2,853
Total Recoveries Required (4 years)	(7,752,625)		(3,694,233)	(949,885)	(2,535,411)	(474,057)	(21,235)	(5,267)	(72,537)
Annual Recovery Amounts	(1,938,156)		(923,558)	(237,471)	(633,853)	(118,514)	(5,309)	(1,317)	(18,134)
Annual Volume			271,379,498	72,012,960	467,092	19,537	1,605,371	1,076	18,024
Proposed Rate Rider per			(\$0.0034) kWh	(\$0.0033) kWh	(\$1.3570) kW	(\$6.0661) kW	(\$0.0033) kWh	(\$1.2236) kW	(\$1.0061) kW

- c) Please calculate the proposed rate riders to dispose of the December 31, 2008 balance plus carrying charges to April 30, 2010 over a four-year period, for the Global Adjustment sub-account of Account 1588 based on non-RPP customers load.

Response:

C7 Rate Riders

Allocate recoveries of deferral / variance account balances

Deferral / Variance Account	Total Recovery Amount	Allocation Basis	Residential	General Service Less Than 50 kW	General Service 50 to 2,999 kW	General Service 3,000 to 4,999 kW	Unmetered Scattered Load	Sentinel Lighting	Street Lighting
1588-RSVAPOWER	6,650,963	Non-RPP Customer kWhrs	5,321,061	1,268,083	22,788	1,848	36,224	55	904
Total Recoveries Required (4 years)	6,650,963		5,321,061	1,268,083	22,788	1,848	36,224	55	904
Annual Recovery Amounts	1,662,741		1,330,265	317,021	5,697	462	9,056	14	226
Annual Volume			271,379,498	72,012,960	467,092	19,537	1,605,371	1,076	18,024
Proposed Rate Rider per			\$0.0049 kWh	\$0.0044 kWh	\$0.0122 kW	\$0.0237 kW	\$0.0056 kWh	\$0.0128 kW	\$0.0125 kW

- 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.

Response:

Essex feels that if a separate rate rider to dispose of the balance of the Global Adjustment sub-account of Account 1588 was established the rate rider should be applicable to MUSH sector customers. These customers contributed to the balance in Account 1588 the same as any other customer and therefore should be charged the appropriate amount to recover this balance.

- 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?

Response: N/A

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?

Response:

There are 4 WMPs in our service area but they are distributed generators that put into the grid for power produced only on an occasional basis. They are not billed commodity 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.

Response:

Yes.

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

Response:

They generate power out into our system.

- 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.

Response:

It is our view that they would not share in the disposition of these accounts as they are generators.

- 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.

Response:

N/A

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?

Response:

Please refer to Essex's response to Energy Probe interrogatory # 49 c).

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.

Response:

A revised revenue requirement work form based on the responses to the first and second round of interrogatories from all parties will be filed by January 28.

- 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.

Response:

A revised rate model based on the responses to the first and second round of interrogatories from all parties will be filed by January 28 and a summary of all changes made to Essex' original application will be submitted at that time.