

Board Staff Supplemental Interrogatories- Update 20100616
Whitby Hydro Electric Corp.
2010 Electricity Distribution Rates
EB-2009-0274

35. Service Revenue Requirement (UPDATE)

Ref: IRR Board staff # 30 and VECC # 40

The response provided an update of the revenue requirement that was consistent with responses to interrogatories as well as more recent information.

Upon completion of responses to all supplemental interrogatories, please provide any further adjustments to ensure consistency with the responses, so that the combined response will show all adjustments that Whitby Hydro would now propose to make relative to the original application.

Response:

Whitby Hydro identified several updates that it proposed to make to the original application in Board Staff's IRR#30. The following items were identified:

- Cost of Capital Parameters
- Commodity Cost of Power
- Secondary Services
- Transmission and Low Voltage Costs

The specific impacts of the updates were provided for all items identified with the exception of the Transmission and Low Voltage Costs which were identified as a placeholder until HONI received final approvals for their transmission and LV rates. The impact of the recently approved HONI rates has been provided in IRR# 33 and 34.

Additional updates/corrections were acknowledged in Energy Probe supplemental IRR#61(a) and Energy Probe technical conference IRR#8. These can be summarized as follows:

EP#61(a) Secondary Services – Correction of 2010 CCA
EP#TC8 Income Taxes – Correction for small business deduction

Updated Revenue Requirement Control Logs (part 1 & 2) and a Revenue Requirement Work Form have been provided which include the updates identified in Board Staff IRR #30 and incorporate the recently approved HONI

transmission and LV rates as well as the new corrections noted for Secondary Services 2010 CCA and the taxes for small business deduction. Part 1 of the Revenue Requirement Control Log (Individual Changes) lists all of the updates and each of their individual impacts separately to the components affecting rate base and service revenue requirement. Those items identified as “round 1” tie back to the control log provided in Board Staff IRR #30. The transmission and LV updates are identified as “round 2”. The updates for the Secondary Services 2010 CCA correction and the Income Tax correction for small business deduction are identified as “technical conference”.

Whitby Hydro Electric Corp.
EB-2009-0274
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REVENUE REQUIREMENT CONTROL LOG: PART 1 (INDIVIDUAL CHANGES)

6/16/2010

Change	Average Net Fixed Assets (A)	Expenses For Working Capital (B)	Working Capital Allowance (C)	Rate Base A+C	Debt Interest (D)	Equity (E)	OMA (F)	Depreciation (G)	PILS (H)	Service Revenue Requirement D+E+F+G+H
<u>Commodity-Round 1</u>										
Initial Request	64,117,056	77,882,537	11,682,381	75,799,437	3,274,839	2,428,614	8,919,421	4,929,391	1,194,925	20,747,190
Impact		7,238,968	1,085,845	1,085,845	46,913	34,790			16,445	98,148
	64,117,056	85,121,505	12,768,226	76,885,282	3,321,752	2,463,404	8,919,421	4,929,391	1,211,370	20,845,338
<u>Secondary Services- Round 1</u>										
Initial Request	64,117,056	77,882,537	11,682,381	75,799,437	3,274,839	2,428,614	8,919,421	4,929,391	1,194,925	20,747,190
Impact		199,591		199,591	8,623	6,395		-9,283	3,022	8,757
	64,316,647	77,882,537	11,682,381	75,999,028	3,283,462	2,435,009	8,919,421	4,920,108	1,197,947	20,755,947
<u>Cost of Capital- Round 1</u>										
Initial Request	64,117,056	77,882,537	11,682,381	75,799,437	3,274,839	2,428,614	8,919,421	4,929,391	1,194,925	20,747,190
Impact					-379,807	557,884			250,643	428,720
	64,117,056	77,882,537	11,682,381	75,799,437	2,895,032	2,986,498	8,919,421	4,929,391	1,445,568	21,175,910
<u>Transmission Costs-Round 2</u>										
Initial Request	64,117,056	77,882,537	11,682,381	75,799,437	3,274,839	2,428,614	8,919,421	4,929,391	1,194,925	20,747,190
Impact		631,166	94,675	94,675	4,091	3,033			1,433	8,557
	64,117,056	78,513,703	11,777,056	75,894,112	3,278,930	2,431,647	8,919,421	4,929,391	1,196,358	20,755,747
<u>LV Updates-Round 2</u>										
Initial Request	64,117,056	77,882,537	11,682,381	75,799,437	3,274,839	2,428,614	8,919,421	4,929,391	1,194,925	20,747,190
Impact		25,941	3,891	3,891	168	125			58	351
	64,117,056	77,908,478	11,686,272	75,803,328	3,275,007	2,428,739	8,919,421	4,929,391	1,194,983	20,747,541
<u>Secondary Service CCA -Technical Conference</u>										
Initial Request	64,117,056	77,882,537	11,682,381	75,799,437	3,274,839	2,428,614	8,919,421	4,929,391	1,194,925	20,747,190
Impact									12,184	12,184
	64,117,056	77,882,537	11,682,381	75,799,437	3,274,839	2,428,614	8,919,421	4,929,391	1,207,109	20,759,374
<u>PILS-Small Business Deduction- Technical Conference</u>										
Initial Request	64,117,056	77,882,537	11,682,381	75,799,437	3,274,839	2,428,614	8,919,421	4,929,391	1,194,925	20,747,190
Impact									-8,424	-8,424
	64,117,056	77,882,537	11,682,381	75,799,437	3,274,839	2,428,614	8,919,421	4,929,391	1,186,501	20,738,766
Total Changes	199,591	7,896,075	1,184,411	1,384,002	-320,012	602,227	0	-9,283	275,361	548,293

Part 2 of the Revenue Requirement Control Log (Total Impact), similarly lists the seven updates identified by Whitby Hydro, but calculates the impacts of each to rate base, OMA and depreciation. The cumulative changes to rate base are then applied against the updated cost of capital parameters to arrive at a total impact of all updates to the Service Revenue Requirement.

REVENUE REQUIREMENT CONTROL LOG: PART 2 (TOTAL IMPACT)										
	Average Net Fixed Assets (A)	Expenses For Working Capital (B)	Working Capital Allowance (C)	Rate Base A+C	Debt Interest (D)	Equity (E)	OMA (F)	Depreciation (G)	PILS (H)	Service Revenue Requirement D+E+F+G+H
Initial Request	64,117,056	77,882,537	11,682,381	75,799,437	3,274,839	2,428,614	8,919,421	4,929,391	1,194,925	20,747,190
Change										
Commodity-Round 1		7,238,968	1,085,845	1,085,845						0
	64,117,056	85,121,505	12,768,226	76,885,282	3,274,839	2,428,614	8,919,421	4,929,391	1,194,925	20,747,190
Secondary Services-Round 1	199,591			199,591				-9,283		-9,283
	64,316,647	85,121,505	12,768,226	77,084,873	3,274,839	2,428,614	8,919,421	4,920,108	1,194,925	20,737,907
Transmission Costs-Round 2		631,166	94,675	94,675						0
	64,316,647	86,409,778	12,961,467	77,278,114	3,274,839	3,041,028	8,919,421	4,920,108	1,474,865	21,303,313
LV Updates-Round 2		25,941	3,891	3,891						0
	64,316,647	86,435,719	12,965,358	77,282,005	3,274,839	3,041,028	8,919,421	4,920,108	1,474,865	21,303,313
Secondary Service CCA -Tech Conf			0	0					12,184	12,184
	64,316,647	86,435,719	12,965,358	77,282,005	3,274,839	3,041,028	8,919,421	4,920,108	1,487,049	21,315,497
PILS-Small Business Deduction- Tech Conf			0	0					-8,424	-8,424
	64,316,647	86,435,719	12,965,358	77,282,005	3,274,839	3,041,028	8,919,421	4,920,108	1,478,625	21,307,073
Total Changes (pre cost of capital)	199,591	7,896,075	1,184,411	1,384,002	0	0	0	-9,283	3,760	-5,523
Cost of Capital- Round 1 parameters					-326,948	612,414			276,180	561,646
Total Impact	64,316,647	85,778,612	12,866,792	77,183,439	2,947,891	3,041,028	8,919,421	4,920,108	1,474,865	21,303,313

Rate Base Column: Initial Requested Rate Base	75,799,437
+ Total Changes (part 1)	1,384,002
= Total Impact (part 2)	77,183,439



REVENUE REQUIREMENT WORK FORM

Name of LDC: Whitby Hydro Electric Corporation

File Number: EB-2009-0274

Rate Year: 2010

Revenue Requirement			
Line No.	Particulars	Application	Per Board Decision
1	OM&A Expenses	\$8,919,421	\$8,919,421
2	Amortization/Depreciation	\$4,929,391	\$4,920,108
3	Property Taxes	\$ -	\$ -
4	Capital Taxes	\$45,600	\$46,638
5	Income Taxes (Grossed up)	\$1,149,325	\$1,428,228
6	Other Expenses	\$ -	\$ -
7	Return		
	Deemed Interest Expense	\$3,274,839	\$2,947,892
	Return on Deemed Equity	\$2,428,614	\$3,041,028
8	Distribution Revenue Requirement before Revenues	\$20,747,189	\$21,303,314
9	Distribution revenue	\$19,856,446	\$20,412,570
10	Other revenue	\$890,743	\$890,743
11	Total revenue	\$20,747,189	\$21,303,313
12	Difference (Total Revenue Less Distribution Revenue Requirement before Revenues)	(\$0) (1)	(\$1) (1)

Notes

(1) Line 11 - Line 8

Reflects updates as of June 16, 2010 (per Board Staff IRR #30, #35) - See note on Sheet A. Data Input Sheet for a summary.