

**Ontario Energy
Board**
P.O. Box 2319
27th. Floor
2300 Yonge Street
Toronto ON M4P 1E4
Telephone: 416- 481-1967
Facsimile: 416- 440-7656
Toll free: 1-888-632-6273

**Commission de l'énergie
de l'Ontario**
C.P. 2319
27e étage
2300, rue Yonge
Toronto ON M4P 1E4
Téléphone; 416- 481-1967
Télécopieur: 416- 440-7656
Numéro sans frais: 1-888-632-6273



BY E-MAIL

November 15, 2010

Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

Dear Ms. Walli:

**Re: Thunder Bay Hydro Electricity Distribution Inc.
2011 IRM3 Distribution Rate Application
Board Staff Interrogatories
Board File No. EB-2010-0115**

In accordance with the Notice of Application and Written Hearing, please find attached Board Staff Interrogatories in the above proceeding. Please forward the following to Thunder Bay Hydro Electricity Distribution Inc. and to all other registered parties to this proceeding.

In addition please advise Thunder Bay Hydro Electricity Distribution Inc. that responses to interrogatories are due by November 26, 2010.

Yours truly,

Original Signed By

Daniel Kim
Analyst – Applications & Regulatory Audit

Encl.

Board Staff Interrogatories

2011 IRM3 Electricity Distribution Rates Thunder Bay Hydro Electricity Distribution Inc. ("TBHEDI") EB-2010-0115

1. Ref: 2011 Retail Transmission Service Rates ("RTSR") Adjustment Workform

Sheet "B1.2 – 2009 Distributor Billing Determinants" workform is reproduced below.

2009 Distributor Billing Determinants

Enter the most recently reported RRR billing determinants

Loss Adjusted Metered kWh

Yes

Update Sheet

Loss Adjusted Metered kW

No

Rate Class	Vol Metric	Metered kWh A	Metered kW B	Applicable Loss Factor C	Load Factor D = A / (B * 730)	Loss Adjusted Billed kWh E = A * C
Residential	kWh	348,392,935	0	1.0448		364,000,938
General Service Less Than 50 kW	kWh	138,834,577	0	1.0447		145,040,483
General Service 50 to 999 kW	kW	257,657,466	697,559	1.0440	50.63%	268,994,395
General Service 50 to 999 kW - Interval Metered	kW	35,845,299	72,913	1.0424	67.38%	37,365,140
General Service 1,000 to 4,999 kW - Interval Meters	kW	188,304,355	550,678	1.0343	46.87%	194,763,195
Unmetered Scattered Load	kWh	1,995,125	0	1.0448		2,084,507
Sentinel Lighting	kW	64,650	360	1.0448	24.60%	67,546
Street Lighting	kW	11,577,185	30,981	1.0448	51.22%	12,095,843
Total		982,671,592	1,352,491			1,024,412,046

- a) Please confirm that the numbers input into columns "A" and "B", which are also reported in TBHEDI 2009 RRR filings, have not been loss adjusted. If numbers have been loss adjusted, Board staff will update the workform.

-2-

2. Ref: 2011 IRM3 Shared Tax Savings Workform

Sheet “F1.1 Z-Factor Tax Changes” of the workform is reproduced below.

Summary - Sharing of Tax Change Forecast Amounts

1. Tax Related Amounts Forecast from Capital Tax Rate Changes

	2009	2010	2011
Taxable Capital	\$90,681,904	\$90,681,904	\$90,681,904
Deduction from taxable capital up to \$15,000,000	\$15,000,000	\$15,000,000	\$15,000,000
Net Taxable Capital	\$75,681,904	\$75,681,904	\$75,681,904
Rate	0.225%	0.150%	0.000%
Ontario Capital Tax (Deductible, not grossed-up)	\$ 170,284	\$ 56,606	\$ -

2. Tax Related Amounts Forecast from Income Tax Rate Changes

	2009	2010	2011
Regulatory Taxable Income	\$ 1,443,057	\$ 1,443,057	\$ 1,443,057
Corporate Tax Rate	32.83%	29.61%	25.74%
Tax Impact	\$ 473,789	\$ 427,272	\$ 371,385
Grossed-up Tax Amount	\$ 705,382	\$ 606,997	\$ 500,087
Tax Related Amounts Forecast from Capital Tax Rate Changes	\$ 170,284	\$ 56,606	\$ -
Tax Related Amounts Forecast from Income Tax Rate Changes	\$ 705,382	\$ 606,997	\$ 500,087
Total Tax Related Amounts	\$ 875,666	\$ 663,603	\$ 500,087
Incremental Tax Savings		-\$ 212,063	-\$ 375,579
Sharing of Tax Savings (50%)		-\$ 106,032	-\$ 187,790

Board Staff has been unable to verify the 2009 taxable capital and regulatory taxable income to TBHEDI's 2009 revenue requirement workform.

a) Please provide evidence supporting these amounts.

3. Ref: Manager's Summary, Page 9

TBHEDI states that it is claiming lost revenues from 2005-2007 programs for the two years 2009 and 2010 for input into 2011 rate year.

a) Please provide a table similar to what was filed in TBHEDI's 2009 Cost of Service application at Exhibit 8, Tab 1, Schedule 10, page 10 of 16, Table 3. Please include both the kWh and kW savings for each program, their associated rate classes and the lost revenues for both 2009 and 2010.

4. Ref: Manager's Summary, Page 9

TBHEDI states that it is claiming lost revenues from 2005-2007 programs for the two years 2009 and 2010 for input into 2011 rate year. In the Board's Guidelines for Electricity Distributor Conservation and Demand Management issued on

March 28, 2008, it states at section 5.3 that when applying for LRAM, a distributor should ensure that sufficient time has passed to ensure that the information needed to support the application is available.

- b) Please provide the rationale for seeking recovery of lost revenues for 2010 when the year is not yet complete.

5. Ref: Manager's Summary, Page 9

TBHEDI notes that when calculating its lost revenues, it relied on the OEB's Inputs and Assumptions List for technology life verifications. On January 27, 2009 the Board adopted the OPA's Measures and Assumptions List.

- a) Please confirm that TBHEDI has used the most recently published OPA Measures and Assumptions List when calculating its lost revenues for 2009 and 2010. If TBHEDI has not used the most recently published OPA Measures and Assumptions list, please provide the rationale for not doing so, as well as an updated LRAM calculation using the OPA's Measures and Assumptions list.