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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

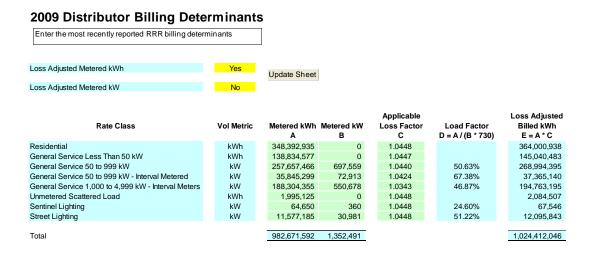
Encl.

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.



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. 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 Regulatory Taxable Income	2009 \$ 1,443,057	2010 \$ 1,443,057	2011 \$ 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

-3-

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.