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BY E-MAIL

November 23, 2010

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

Dear Ms. Walli:

**Re: Innisfil Hydro Distribution Systems Limited
2011 IRM3 Distribution Rate Application
Board Staff Interrogatories
Board File No. EB-2010-0093**

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 Innisfil Hydro Distribution Systems Limited and to all other registered parties to this proceeding.

In addition please advise Innisfil Hydro Distribution Systems Limited that responses to interrogatories are due by December 10, 2010.

Yours truly,

Original Signed By

Suresh Advani

Encl.

Innisfil Hydro Distribution Systems Limited
2011 Electricity Distribution Rates
EB-2010-0093
Board Staff Interrogatories

1. Global Adjustment Recovery

Ref: Rate Generator Model

Ref: Deferral/Variance Account Model

Ref: Tariff of Rates and Charges Effective May 1, 2010

Both Sheet J3.21 from the Rate Generator Model and Sheet A1.1 from the Deferral/Variance Account Model indicate a proposed recovery of the Global Adjustment ("GA") sub-account balance through the electricity component of the bill. The Tariff of Rates and Charges Effective May 1, 2010 indicates that the rate rider for the GA sub-account was included in the delivery component of the bill.

- a. Please provide the rationale for the proposed change in the recovery of the GA sub-account balance from the delivery to the electricity component of the bill.
- b. Were the GA rate rider to be included in the electricity component of the bill, would it be adjusted by the loss factor? Please explain.

2. RTSR - Network

Ref: Rate Generator Model

Ref: RTSR Model

A portion of Sheet L1.1 from the Rate Generator Model is reproduced below.

Applied For RTSR - Network

| | | | | | |
|--|------------|------------------|--------------|---------------|-----------------|
| Method of Application | | | | | Distinct Dollar |
| Rate Class | | Applied to Class | | | |
| General Service 50 to 4,999 kW | | Yes | | | |
| Rate Description | Vol/Metric | Current Amount | % Adjustment | \$ Adjustment | Final Amount |
| Retail Transmission Rate – Network Service Rate | \$/kW | 2.040700 | 0.000% | 0.223070 | 2.263770 |
| Retail Transmission Rate – Network Service Rate – Interval metered | \$/kW | 1.976500 | 0.000% | 0.000000 | 1.976500 |

A portion of Sheet F1.1 from the RTSR Model is reproduced below.

IRM RTSR Adjustment Calculation - Network

The purpose of this sheet is to update re-aligned RTSR-Network rates to recover forecast wholesale Network costs.

| Rate Class | Vol Metric | Current RTSR - Network (A) Column H Sheet B1.1 | Proposed RTSR - Network (B) Column S Sheet E1.1 | RTSR - Network Adjustment C = B - A |
|---|------------|---|--|--|
| Residential | kWh | 0.0055 | 0.0061 | 0.000601207 |
| General Service Less Than 50 kW | kWh | 0.0050 | 0 | 0.000546552 |
| General Service 50 to 4,999 kW | kW | 2.0407 | 2 | 0.223069544 |
| General Service 50 to 4,999 kW – Interval Metered | kW | 1.9765 | 2 | 0.216051822 |
| Sentinel Lighting | kW | 1.5468 | 2 | 0.169081183 |
| Street Lighting | kW | 1.5390 | 2 | 0.168228563 |
| Unmetered Scattered Load | kWh | 0.0050 | 0 | 0.000546552 |

- a. The “\$ Adjustment” value for the General Service 50 to 4,999 kW – interval Metered rate class in the former is shown as zero, whereas the corresponding value in column C in the latter is shown as 0.216051822.

Please explain the difference. If this is an error, Board staff will make the relevant corrections.

3. Rate Re-Balance Base Service Charge

Ref: Tax Model

Ref: Rate Generator Model

A portion of Sheet B1.1 from the Tax Model is reproduced below.

| Last COS Re-based Year | | | | 2009 | | | |
|---------------------------------|---------------------------------|--------------|------------|---|--------------------------|-------------------------|-------------------------------------|
| Last COS OEB Application Number | | | | EB-2008-0233 | | | |
| Rate Group | Rate Class | Fixed Metric | Vol Metric | Re-based Billed Customers or Connections A | Re-based Billed kWh B | Re-based Billed kW C | Rate ReBal Base Service Charge D |
| RES | Residential | Customer | kWh | 13,512 | 155,528,870 | | 19.02 |
| GSLT50 | General Service Less Than 50 kW | Customer | kWh | 827 | 31,359,068 | | 30.88 |
| GSGT50 | General Service 50 to 4,999 kW | Customer | kW | 72 | 40,258,708 | 116,345 | 337.89 |
| Sen | Sentinel Lighting | Connection | kW | 193 | 123,512 | 344 | 6.01 |
| SL | Street Lighting | Connection | kW | 2,810 | 1,652,371 | 4,924 | 4.17 |
| USL | Unmetered Scattered Load | Connection | kWh | 85 | 562,039 | | 23.26 |

A portion of Sheet E1.1 from the Rate Generator Model is reproduced below.

Rate Rebalanced Base Distribution Rates

Monthly Service Charge

| Class | Metric | Base Rate | Revenue Cost Ratio | Rate ReBal Base |
|---------------------------------|--------------------------|------------|--------------------|-----------------|
| Residential | Customer - 12 per year | 19.020000 | 0.000000 | 19.020000 |
| General Service Less Than 50 kW | Customer - 12 per year | 30.880000 | -2.330000 | 28.550000 |
| General Service 50 to 4,999 kW | Customer - 12 per year | 337.890000 | -20.620000 | 317.270000 |
| Sentinel Lighting | Connection - 12 per year | 6.010000 | 1.550000 | 7.560000 |
| Street Lighting | Connection - 12 per year | 4.170000 | 1.160000 | 5.330000 |
| Unmetered Scattered Load | Connection -12 per year | 23.260000 | 0.000000 | 23.260000 |

- a. Please explain the discrepancies between the data in column D in the former and column "Rate ReBal Base" in the latter for the General Service Less Than 50 kW, General Service 50 to 4,999 kW, Sentinel Lighting and Street Lighting rate classes. If this is an error, Board staff will make the relevant corrections.

4. Z-Factor Tax Changes

Ref: Tax Model

A portion of Sheet F1.1 from the Tax Model is reproduced below.

Z-Factor Tax Changes

Update Sheet

Summary - Sharing of Tax Change Forecast Amounts

1. Tax Related Amounts Forecast from Capital Tax Rate Changes

| | 2009 |
|---|---------------|
| Taxable Capital | \$ 24,516,277 |
| Deduction from taxable capital up to \$15,000,000 | \$ 15,000,000 |
| Net Taxable Capital | \$ 9,516,277 |
| Rate | 0.225% |
| Ontario Capital Tax (Deductible, not grossed-up) | \$ 21,412 |

2. Tax Related Amounts Forecast from Income Tax Rate Changes

| | 2009 |
|---------------------------|------------|
| Regulatory Taxable Income | \$ 990,403 |

- a. Board Staff has been unable to verify the 2009 Taxable Capital and Regulatory Taxable Income to Innisfil Hydro's 2009 revenue requirement work form. Please provide evidence supporting these amounts.

5. Loss Adjusted Metered kWh

Ref: RTSR Model

A portion of Sheet B1.2 from the RTSR Model is reproduced below.

2009 Distributor Billing Determinants

Enter the most recently reported RRR billing determinants

| Loss Adjusted Metered kWh | Yes | <div>Update Sheet</div> | | | | |
|---|------------|-------------------------|-----------------|--------------------------------|----------------------------------|--|
| Loss Adjusted Metered kWh | 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 | 158,478,924 | 0 | 1.0746 | 0.00% 0.00% 0.00% 0.00% | 170,301,452 |
| General Service Less Than 50 kW | kWh | 29,628,747 | 0 | 1.0746 | | 31,839,052 |
| General Service 50 to 4,999 kW | kW | 0 | 68,495 | 1.0746 | | 0 |
| General Service 50 to 4,999 kW – Interval Metered | kW | 0 | 74,964 | 1.0746 | | 0 |
| Sentinel Lighting | kW | 0 | 357 | 1.0746 | | 0 |
| Street Lighting | kW | 0 | 4,606 | 1.0746 | | 0 |
| Unmetered Scattered Load | kWh | 520,289 | 0 | 1.0746 | | 559,103 |
| Total | | 188,627,960 | 148,422 | | | 202,699,606 |

- a. Please confirm that the kWh volumes in column A are not loss adjusted, i.e. losses are not included in these volumes.

6. Recovery of RTSR Network Charge

Ref: RTSR Model

Ref: Deferral/Variance Account Model.

A portion of Sheet D1.1 from the RTSR Model is reproduced below.

| Rate Class | Vol Metric | Current RTSR - Network (A) Column B Sheet D1.1 | Loss Adjusted Billed kWh (B) Column D Sheet D1.2 | Billed kW (C) Column E Sheet D1.2 | Billed Amount (D) = (A) * (B) or (A) * (C) | Billed Amount % (F) = (D) / (E) | Current Wholesale Billing (G) = (D) * (F) |
|---|------------|--|--|--------------------------------------|---|------------------------------------|---|
| Residential | kWh | \$ 0.0055 | 170,301,452 | 0 | \$ 936,658 | 67.18% | \$ 1,039,044 |
| General Service Less Than 50 kW | kWh | \$ 0.0050 | 31,839,052 | 0 | \$ 159,195 | 11.42% | \$ 176,597 |
| General Service 50 to 4,999 kW | kW | \$ 2.0407 | 0 | 68,495 | \$ 139,778 | 10.03% | \$ 155,057 |
| General Service 50 to 4,999 kW – Interval Metered | kW | \$ 1.9765 | 0 | 74,964 | \$ 148,166 | 10.63% | \$ 164,362 |
| Sentinel Lighting | kW | \$ 1.5468 | 0 | 357 | \$ 552 | 0.04% | \$ 613 |
| Street Lighting | kW | \$ 1.5390 | 0 | 4,606 | \$ 7,089 | 0.51% | \$ 7,863 |
| Unmetered Scattered Load | kWh | \$ 0.0050 | 559,103 | 0 | \$ 2,796 | 0.20% | \$ 3,101 |
| | | | 202,699,606 | 148,422 | \$ 1,394,234 | 100.00% | \$ 1,546,638 |
| | | | | | (E) | | (G) Cell G73 Sheet C1.2 |

A portion of Sheet D1.6 from the Deferral/Variance Account Model is reproduced below.

| Account Description | Account Number | Total Claim |
|--|----------------|------------------|
| | | J = C + I |
| LV Variance Account | 1550 | (161,945) |
| RSVA - Wholesale Market Service Charge | 1580 | (65,542) |
| RSVA - Retail Transmission Network Charge | 1584 | (104,672) |
| RSVA - Retail Transmission Connection Charge | 1586 | (42,073) |
| RSVA - Power (Excluding Global Adjustment) | 1588 | 31,985 |
| RSVA - Power (Global Adjustment Sub-account) | | 206,975 |
| Recovery of Regulatory Asset Balances | 1590 | (8,159) |
| Residual Balance Disposition and recovery of Def/Var Balances Account (2008) | 1595 | 0 |
| Total | | (143,431) |

- a. In the former, column D is less than column H which indicates an under-recovery of the RTSR Network charge. In the latter, Account 1584 shows an over-recovery as of December 31, 2009. Please explain this apparent discrepancy.

7. Fixed Assets

Ref: Deferral/Variance Account Model

Ref: RTSR Model

A portion of Sheet B1.3 from the Deferral/Variance Account Model is reproduced below.

| 2009 Audited RRR | | | | | |
|------------------|---------------------------------|--------------|------------|-------------|------------|
| Rate Group | Rate Class | Fixed Metric | Vol Metric | Metered kWh | Metered kW |
| RES | Residential | Customer | kWh | 151,622,579 | |
| GSLT50 | General Service Less Than 50 kW | Customer | kWh | 28,287,573 | |
| GSST50 | General Service 50 to 4,999 kW | Customer | kW | 47,554,569 | 136,122 |
| Sen | Sentinel Lighting | Connection | kW | 121,716 | 339 |
| SL | Street Lighting | Connection | kW | 1,577,160 | 4,370 |
| USL | Unmetered Scattered Load | Connection | kWh | 493,680 | |

A portion of Sheet B1.2 from the RTSR Model 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 |
|---|------------|------------------|-----------------|
| Residential | kWh | 158,478,924 | 0 |
| General Service Less Than 50 kW | kWh | 29,628,747 | 0 |
| General Service 50 to 4,999 kW | kW | 0 | 68,495 |
| General Service 50 to 4,999 kW – Interval Metered | kW | 0 | 74,964 |
| Sentinel Lighting | kW | 0 | 357 |
| Street Lighting | kW | 0 | 4,606 |
| Unmetered Scattered Load | kWh | 520,289 | 0 |

- a. The Metered kWh and Metered kW numbers in the former are different from the corresponding numbers in columns A and B in the latter. Please reconcile these discrepancies. If this is an error, Board staff will make the relevant corrections.

8. Deferral Variance – Continuity Schedule

Ref: Deferral/Variance Account Model

Ref: Manager's Summary

A portion of Sheet D1.6 from the Deferral/Variance Account Model is reproduced below.

Deferral Variance - Continuity Schedule Final

| Account Description | Account Number | Interest on Board-approved 2008 amounts prior to transfer Jan-1, 2010 to Date of Transfer | |
|---|----------------|--|--|
| | | E | |
| LV Variance Account | 1550 | (1,561) | |
| RSVA - Wholesale Market Service Charge | 1580 | 5,488 | |
| RSVA - Retail Transmission Network Charge | 1584 | 5,374 | |
| RSVA - Retail Transmission Connection Charge | 1586 | (8,042) | |
| RSVA - Power (Excluding Global Adjustment) | 1588 | (8,139) | |
| RSVA - Power (Global Adjustment Sub-account) | | (1,410) | |
| Recovery of Regulatory Asset Balances | 1590 | (1,562) | |
| Residual Balance Disposition and recovery of Defi | 1595 | | |
| Total | | (9,852) | |

- a. With respect to the costs provided in column E, Board Staff has been unable to find supporting evidence in the Manager's Summary. Please provide an explanatory note in support of these inputs.

9. Disposition of Account 1590

Ref: Deferral/Variance Account Model

Sheet G1.1a in the Deferral/Variance Account Model provides a calculation of the deferral and variance account recovery rate rider without the global adjustment sub-account. This calculation includes an amount of -\$8,159 for Account 1590.

- Please provide the supporting documentation underpinning the allocation of account 1590.
- Please confirm that account 1590 was allocated based on the original allocation factors when the rate rider was originally implemented in accordance with the EDDVAR¹ Report, page 21.
- If not, please provide an allocation of this amount in accordance to the EDDVAR Report.

¹ Report of the Board on Electricity Distributors' Deferral and Variance Account Review Initiative (EDDVAR), July 31, 2009, EB-2008-0046