

Board Staff Interrogatories

2011 IRM3 Electricity Distribution Rates Lakefront Utilities Inc. ("Lakefront")

EB-2010-0095

Dated November 23, 2010

1. Ref: Burman Energy Consultants Group Inc.'s Third Party Report, Page 2

In the introduction to the Burman report it states that results from OEB-approved CDM Programs (i.e. Third Tranche), OPA CDM Programs and Lakefront Utilities funded programs were included in the calculation of both LRAM and SSM. The contribution to both LRAM and SSM from Lakefront funded programs, that being the Street Lighting program, totals \$44,158.63; \$14,451.26 for LRAM and \$29,707.38 for SSM.

- a) Please provide the rationale for why Lakefront thinks it is appropriate to receive both LRAM and SSM for its Street Lighting program when it did not receive approval from the Board to initiate this program.
- b) Please provide further evidence of how Lakefront funded its Street Lighting program.

2. Ref: Tax Sharing Model – B1.1 Re-Based Bill Determinants & Rates

Rate Class and Re-Based Billing Determinants & Rates

Last COS Re-based Year				2000					
Last COS OEB Application Number				EB-2008-0193					
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	Rate ReBal Base Distribution Volumetric Rate kWh E	Rate ReBal Base Distribution Volumetric Rate kW F
RES	Residential	Customer	kWh	8,012	77,241,202		10.26	0.0146	
GSLTS0	General Service Less Than 50 kW	Customer	kWh	1,075	36,960,206		25.82	0.0103	
GSGTS0	General Service 50 to 2,999 kW	Customer	kW	127	117,291,948	270,520	201.54		4.2114
GSGTS0	General Service 3,000 to 4,999 kW	Customer	kW	2	55,719,421	123,329	1,763.11		1.5745
USL	Unmetered Scattered Load	Connection	kWh	79	620,588		11.19	0.0306	
San	Sentinel Lighting	Connection	kW	58	49,428	98	3.51		9.0386
SL	Street Lighting	Connection	kW	2,739	2,065,217	5,335	1.10		7.3229

- a) Please explain why rates in columns D, E and F are not identical with rates from Sheet “E1.1 Rate Reb Base Dist Rts Gen” of the 2011 IRM3 Rate Generator.
- b) If the data provided is correct, please provide evidence supporting the data entered for a). If the data is incorrect, please re-file B1.1 with the correct data and staff will make the necessary changes to the model.

3. 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

Loss Adjusted Metered kW No

Rate Class	Vol Metric	Metered kWh A	Metered kW B	Applicable Loss Factor C	Load Factor 730)	Loss Adjusted Billed kWh E = A * C
Residential	kWh	73,195,401	0	1.0541		77,155,272
General Service Less Than 50 kW	kWh	34,961,659	0	1.0541		36,853,085
General Service 50 to 2,999 kW	kW	116,293,690	290,143	1.0541	54.94%	122,585,179
General Service 3,000 to 4,999 kW - Intermediate Use	kW	20,730,102	51,168	1.0541	55.53%	21,851,601
Unmetered Scattered Load	kWh	749,638	0	1.0541		790,193
Sentinel Lighting	kW	46,151	98	1.0541	64.55%	48,648
Street Lighting	kW	1,388,839	3,736	1.0541	50.95%	1,463,975
Total		247,365,480	345,145			260,747,952

- a) Please explain why the billing determinants for the Metered kWh and Metered kW (Columns A & B) are not identical with the value reported in the 2009 RRR filings.
- b) If the data provided is correct, please provide evidence supporting the data. If the data is incorrect, please re-file sheet B1.2 with the correct data and staff will make the necessary changes to the model.

4. Ref: 2011 Deferral and Variance Account Adjustment Workform
Sheet B1.3 Rate Class and Bill Determinants

Rate Class and Billing Determinants

				2009 Audited RRR		Billed kWh for Non-RPP customers	1595 (2008 COS) Recovery Share Proportion ¹
Rate Group	Rate Class	Fixed Metric	Vol Metric	Metered kWh	Metered kW		
RES	Residential	Customer	kWh	73,195,401			27.1%
GSLT50	General Service Less Than 50 kW	Customer	kWh	34,961,659			13.1%
GSGT50	General Service 50 to 2,999 kW	Customer	kW	116,293,690	290,143	95,743,808	44.1%
GSGT50	General Service 3,000 to 4,999 kW - Intermediate Use	Customer	kW	20,730,102	51,168	21,819,729	15.0%
USL	Unmetered Scattered Load	Connection	kWh	749,638			0.0%
Sen	Sentinel Lighting	Connection	kW	46,151			0.0%
SL	Street Lighting	Connection	kW	1,388,839	3,736	1,463,973	0.7%

- a) Please explain why the billing determinants for the Metered kWh and Metered kW (Columns J & K) are not identical with the values reported in the 2009 RRR filings.
- b) If the data provided is correct, please provide evidence supporting the data. If the data is incorrect, please re-file sheet B1.3 with the correct data and staff will make the necessary changes to the model.

5. Ref: 2011 Revenue to Cost Ratio Adjustment Workform

Ref: 2011 IRM3 Rate Generator – Revenue Cost Ratio Adjustment

Ref: 2011 IRM3 Revenue Cost Ratio Adjustment Workform

Sheet “D1.2 - Revenue Cost Ratio Adjustment” of the 2011 IRM3 Rate Generator is reproduced below.

Rate Rebalancing Adjustment	Revenue Cost Ratio
Metric Applied To	All Customers
Method of Application	Both Distinct\$

Monthly Service Charge

Class	Metric	Base Rate	\$ Adjustment	Adj To Base
Residential	Customer - 12 per year	9.250000	0.000000	0.000000
General Service Less Than 50 kW	Customer - 12 per year	23.140000	- 0.830000	0.830000
General Service 50 to 2,999 kW	Customer - 12 per year	188.370000	- 6.010000	6.010000
General Service 3,000 to 4,999 kW - Intermediate Use	Customer - 12 per year	1760.210000	0.000000	0.000000
Unmetered Scattered Load	Connection -12 per year	11.180000	0.000000	0.000000
Sentinel Lighting	Connection - 12 per year	4.640000	0.000000	0.000000
Street Lighting	Connection - 12 per year	2.910000	0.920000	0.920000

Volumetric Distribution Charge

Class	Metric	Base Rate	\$ Adjustment	Adj To Base
Residential	kWh	0.013300	0.000000	0.000000
General Service Less Than 50 kW	kWh	0.008500	- 0.000300	0.000300
General Service 50 to 2,999 kW	kW	3.504400	- 0.111700	0.111700
General Service 3,000 to 4,999 kW - Intermediate Use	kW	1.022900	0.000000	0.000000
Unmetered Scattered Load	kWh	0.029200	0.000000	0.000000
Sentinel Lighting	kW	11.430300	0.000000	0.000000
Street Lighting	kW	18.423200	5.826100	5.826100

Sheet “C1.9 Adjustment Required to Proposed Rate” of the 2011 IRM3 Revenue Cost Ratio Adjustment Workform is reproduced below.

Adjustment required to Proposed Rates

Rate Class	Proposed Base Service Charge A	Proposed Base Distribution Volumetric Rate kWh B	Proposed Base Distribution Volumetric Rate kW C	Current Base Service Charge D	Current Base Distribution Volumetric Rate kWh E	Current Base Distribution Volumetric Rate kW F	Adjustment Required Base Service Charge G = A - D	Adjustment Required Base Distribution Volumetric Rate kWh H = B - E	Adjustment Required Base Distribution Volumetric Rate kW I = C - F
Residential	\$ 9.25	\$ 0.0133	\$ -	\$ 9.25	\$ 0.0133	\$ -	\$ -	\$ -	\$ -
General Service Less Than 50 kW	\$ 22.12	\$ 0.0081	\$ -	\$ 23.14	\$ 0.0085	\$ -	\$ -1.02	\$ 0.0004	\$ -
General Service 50 to 2,999 kW	\$ 183.15	\$ -	\$ 3.4072	\$ 188.37	\$ -	\$ 3.5044	\$ -5.22	\$ -	\$ 0.0972
General Service 3,000 to 4,999 kW - Inter	\$ 1,760.21	\$ -	\$ 1.0229	\$ 1,760.21	\$ -	\$ 1.0229	\$ -	\$ -	\$ -
Unmetered Scattered Load	\$ 11.18	\$ 0.0292	\$ -	\$ 11.18	\$ 0.0292	\$ -	\$ -	\$ -	\$ -
Sentinel Lighting	\$ 4.64	\$ -	\$ 11.4303	\$ 4.64	\$ -	\$ 11.4303	\$ -	\$ -	\$ -
Street Lighting	\$ 3.83	\$ -	\$ 24.2493	\$ 2.91	\$ -	\$ 18.4232	\$ 0.92	\$ -	\$ 5.8261

- a) Please explain the discrepancies between the adjustments recorded on Sheet D1.2 and those shown on Sheet C1.9. If there are errors, please confirm and Board staff will make the relevant corrections

6. Ref: 2011 IRM Smart Meter Rate Calculation Workform

Below is Sheet 5 of the Smart Meter Rate Calculation Workform:

Sheet 5. PILs

PILs Calculation

	2006	2007	2008	2009	2010	2011	Later
	Audited Actual	Audited Actual	Audited Actual	Audited Actual	Forecasted	Forecasted	Forecasted
INCOME TAX							
Net Income	\$ -	\$ -	\$ -	\$ 20,550.63	\$ 53,905.73	\$ -	\$ -
Amortization	\$ -	\$ -	\$ -	\$ 44,001.31	\$ 106,322.25	\$ -	\$ -
CCA - Smart Meters	\$ -	\$ -	\$ -	\$ 46,947.33	\$ 102,665.71	\$ 117,939.30	\$ -
CCA - Computers	\$ -	\$ -	\$ -	\$ 13,415.97	\$ 43,227.45	\$ 43,226.65	\$ -
CCA - Other Equipment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Change in taxable income	\$ -	\$ -	\$ -	\$ 4,188.64	\$ 14,334.82	\$ 161,165.95	\$ -
Tax Rate (3. LDC Assumptions and Data)	36.12%	36.12%	33.50%	33.00%	32.00%	30.50%	29.00%
Income Taxes Payable	\$ -	\$ -	\$ -	\$ 1,382.25	\$ 4,587.14	\$ 49,155.62	\$ -

- a) Please explain why there is no input under “2011 Forecasted” Net Income (Cell H8) and Amortization (Cell H9). If this is an omission, please confirm and Board staff will make the relevant corrections.

7. Ref: 2011 IRM Rate Generator Model, Manager's Summary, Page 2

Lakefront requests to submit its 2012 Cost of Service rate application and move to a calendar year in 2012 for the distribution rates, so that they mirror the fiscal year of January 1st to December 31st.

- a) In light of the fact that the current application is for the setting of 2011 rates, please clarify what specific approvals Lakefront is seeking from the Board.

8. Ref: 2011 IRM Rate Generator Model, Sheet C3.3 Global Adjustment Delivery, Manager's Summary, Page 7

Lakefront states that incorrect calculations were used in 2010's IRM Deferral and Variance Workform. Lakefront is proposing to cancel and re-bill the May and June invoices and request permission from the Board to issue an amended order rescinding the 2010 Global Adjustment Rate Rider and issuing a revised tariff sheet effective November 1, 2010.

- a) Please confirm which billing determinants were used incorrectly in the calculation of the 2010 global adjustment sub-account rate rider.
- b) Please confirm the total amount Lakefront has collected up to date from non-RPP customers.
- c) Please explain the incorrect calculations used in determining the Rate Rider.
- d) Please describe what actions, if any, were taken for subsequent months i.e. July 1 to October 31, 2010.
- e) Please confirm that Lakefront has used the correct billing determinants in the 2011 Deferral and Variance Account Workform.
- f) Please provide the amount that has already been collected, and the total that should have been collected, and the difference between the two.
- g) Please recalculate a new rate rider to collect or return to the customers, based on the amount calculated in f) above.

9. Ref: 2011 IRM Rate Generator Model, Sheet 4.1 Current Rates and Charges

CURRENT SPECIFIC SERVICE CHARGES

Customer Administration

Arrears certificate	\$	15.00
Statement of account	\$	15.00
Pulling post dated cheques	\$	15.00
Request for other billing information	\$	15.00
Easement letter	\$	15.00
Income tax letter	\$	15.00
Credit reference/credit check (plus credit agency costs)	\$	15.00
Returned cheque charge (plus bank charges)	\$	15.00
Legal letter charge	\$	15.00
Account set up charge/change of occupancy charge (plus credit agency costs if applicable)	\$	30.00
Special meter reads	\$	30.00
Meter dispute charge plus Measurement Canada fees (if meter found correct)	\$	30.00

Non-Payment of Account

Late Payment - per month	%	1.50
Late Payment - per annum	%	19.56
Collection of account charge - no disconnection	\$	30.00
Collection of account charge - no disconnection - after regular hours	\$	165.00
Disconnect/Reconnect at pole - during regular hours	\$	65.00
Disconnect/Reconnect at meter - during regular hours	\$	185.00
Disconnect/Reconnect at pole - during regular hours	\$	185.00
Disconnect/Reconnect at pole - after regular hours	\$	415.00

Sheet "C4.1 Curr Rates & Chgs General" of the Rate Generator", there are two items on the proposed Tariff sheet that are not identical to Lakefront's current Tariff sheet:

Non-Payment of Account

Disconnect/Reconnect at pole – during regular hours	\$65.00
Disconnect/Reconnect at meter – during regular hours	\$185.00

The current tariff sheet shows:

Non-Payment of Account

Disconnect/Reconnect at meter – during regular hours	\$65.00
Disconnect/Reconnect at meter – after regular hours	\$185.00

- a) If the descriptions provided are correct, please provide evidence supporting the new descriptions. If the descriptions are incorrect, please re-file sheet C4.1 with the correct descriptions and staff will make the necessary changes to the model.