

**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

December 8, 2010

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

Dear Ms. Walli:

**Re: PowerStream Inc. – South (“PowerStream – South”)
2011 IRM3 Distribution Rate Application
Board Staff Interrogatories
Board File No. EB-2010-0110**

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 PowerStream – South and to all other registered parties to this proceeding.

In addition please advise PowerStream – South that responses to interrogatories are due by December 23, 2010.

Yours truly,

Original Signed By

Daniel Kim
Analyst – Applications & Regulatory Audit

Encl.

Board Staff Interrogatories

2011 IRM3 Electricity Distribution Rates PowerStream Inc. – South (“PowerStream – South”) EB-2010-0110

2011 Retail Transmission Service Rates (“RTSR”) Adjustment Workform

1. Ref: Sheet “B1.2 – 2009 Distributor Billing Determinants” of the workform is reproduced below.

2009 Distributor Billing Determinants					
Enter the most recently reported RRR billing determinants					
Loss Adjusted Metered kWh	No	Update Sheet			
Loss Adjusted Metered kW	No				
Rate Class	Vol Metric	Metered kWh	Metered kW	Applicable Loss Factor	Load Factor
		A	B	C	D = A / (B * 730)
Residential	kWh	2,057,489,337	0	0.0000	
General Service Less Than 50 kW	kWh	790,178,373	0	0.0000	
General Service 50 to 4,999 kW	kW	3,596,421,041	9,747,386	0.0000	50.57%
Large Use	kW	27,205,480	83,090	0.0000	44.88%
Unmetered Scattered Load	kWh	9,392,805	0	0.0000	
Sentinel Lighting	kW	476,366	1,218	0.0000	53.61%
Street Lighting	kW	45,223,336	123,725	0.0000	50.10%
Total		6,526,386,738	9,955,419		

- a) Please confirm that 2009 RRR Billing Determinants have been entered on the above referenced sheet. If not, please provide the relevant data and Board staff will make the corrections to the workform.
- b) Please explain why no loss factor has been applied to the data entered in Column A.

2011 IRM Deferral and Variance Account Workform

2. Ref: Sheet “D1.6 – Deferral Variance – Continuity Schedule Final” of the workform is reproduced below.

Deferral Variance - Continuity Schedule Final											
Account Description	Account Number	Opening Principal Amounts as of Jan-1-10 A	Adjustments - Please explain B	Principal Amounts to be disposed C = A + B	Opening Interest Amounts as of Jan-1-10 D	Interest on Board-approved 2008 amounts prior to transfer Jan-1, 2010 to Date of Transfer E	Adjustments - Please explain F	Projected Interest on Dec 31-09 balance from Jan 1, 2010 to Dec 31, 2010 G	Projected Interest on Dec 31-09 balance from Jan 1, 2011 to April 30, 2011 H	Interest Amounts to be disposed I = D + E + F + G + H	Total Claim J = C + I
LV Variance Account	1500	(498,528)		(498,528)	(4,597)			(3,096)	(1,459)	(9,652)	(508,180)
RSVA - Wholesale Market Service Charge	1580	(4,874,780)		(4,874,780)	(128,022)			(35,167)	(14,264)	(177,452)	(5,052,232)
RSVA - Retail Transmission Network Charge	1584	(2,802,278)		(2,802,278)	(141,045)			(20,216)	(8,200)	(169,460)	(2,971,738)
RSVA - Retail Transmission Connection Charge	1586	(2,820,954)		(2,820,954)	(92,371)			(20,350)	(8,254)	(120,975)	(2,941,929)
RSVA - Power (Excluding Global Adjustment)	1588	2,461,511		2,461,511	350,848			17,757	7,202	375,808	2,837,319
RSVA - Power (Global Adjustment Sub-account)		11,883,945		11,883,945	328,946			85,730	34,773	449,449	12,333,394
Recovery of Regulatory Asset Balances	1590	3,257		3,257	3,249			23	10	3,282	6,539
Residual Balance Disposition and recovery of DefVar Balances Account (2008)	1595	0		0	0			0	0	0	0
Total		3,352,173	0	3,352,173	317,008	0	0	24,182	9,609	350,995	3,703,172

Account 1584 currently has a credit balance of \$2,971,738, which would imply that PowerStream – South has been overcharging the retail transmission network charge. However, according to PowerStream – South’s RTSR Adjustment Workform, an increase to the retail transmission network charge has been calculated, which would imply that PowerStream – South has been undercharging customers.

- a) Please explain why there appears to be a difference.

2011 IRM3 Shared Tax Savings Workform

3. 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	\$ 600,117,757	\$ 600,117,757	\$ 600,117,757
Deduction from taxable capital up to \$15,000,000	\$ 15,000,000	\$ 15,000,000	\$ 15,000,000
Net Taxable Capital	\$ 585,117,757	\$ 585,117,757	\$ 585,117,757
Rate	0.225%	0.150%	0.000%
Ontario Capital Tax (Deductible, not grossed-up)	\$ 1,316,515	\$ 435,231	\$ -
2. Tax Related Amounts Forecast from Income Tax Rate Changes			
	2009	2010	2011
Regulatory Taxable Income	\$ 12,260,855	\$ 12,260,855	\$ 12,260,855
Corporate Tax Rate	33.00%	30.99%	28.25%
Tax Impact	\$ 4,046,082	\$ 3,799,884	\$ 3,463,446
Grossed-up Tax Amount	\$ 6,038,929	\$ 5,506,440	\$ 4,826,968
Tax Related Amounts Forecast from Capital Tax Rate Changes	\$ 1,316,515	\$ 435,231	\$ -
Tax Related Amounts Forecast from Income Tax Rate Changes	\$ 6,038,929	\$ 5,506,440	\$ 4,826,968
Total Tax Related Amounts	\$ 7,355,444	\$ 5,941,672	\$ 4,826,968
Incremental Tax Savings		-\$ 1,413,772	-\$ 2,528,475
Sharing of Tax Savings (50%)		-\$ 706,886	-\$ 1,264,238

Board Staff has been unable to verify the 2009 taxable capital and regulatory taxable income.

- a) Please provide evidence supporting these amounts.

2011 IRM3 Rate Generator

4. Ref: Sheet “C1.1 Current Smart Meter Funding Adder”, “C2.7 Smart Meter Disposition Rate Rider (2010)” and “C2.8 Smart Meter Proxy Rate Rider (2010)”.

- a) Please confirm that the amounts and sunset dates for the rate adder and the two disposition rate riders are reflective of the Board’s decision in proceeding EB-2010-0209. If necessary, Board staff will update the model.

Shared Savings Mechanism (“SSM”)

5. Ref: SSM Application, Page 12 of 18

PowerStream – South states that when calculating its SSM claim, it used the most current OPA input assumptions. Section 7.3 of the Board’s *Guidelines for Electricity Distributor Conservation and Demand Management* (“CDM Guidelines”), issued on March 28, 2008, states regarding SSM claims that “assumptions used from the beginning of any year will be those assumptions in existence in the immediately prior year”.

- a) Please provide the rationale for using the most current OPA assumptions and measures list when calculating the SSM claim rather than the assumptions that were in place in the immediately prior year as directed in the CDM Guidelines.