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December 10, 2010

Ontario Energy Board
P.O. Box 2319
2300 Yonge Street
26th Floor
Toronto, Ontario

Attn: Ms. Kirsten Walli, Board Secretary

Dear Ms. Walli

Re: Innisfil Hydro Distribution Systems Limited 2011 Incentive Regulation Mechanism (IRM) Rate Application OEB File No. EB-2010-0093

Innisfil Hydro Distribution Systems Limited is submitting via the OEB RESS filing system its Interrogatory Responses from the OEB Staff referring IRM filing EB-2010-0093.

An electronic copy of our responses will be submitted through the OEB RESS filing system. Two hard copies of the responses are being sent by courier.

Please contact the undersigned if you require any further assistance.

Yours respectfully,

A handwritten signature in black ink that reads "Brenda L Pinke".

Brenda L Pinke
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.cc
Michael Buonaguro, Counsel for VECC
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**Innisfil Hydro Distribution Systems Limited
2011 Electricity Distribution Rates
EB-2010-0093
Interrogatory Response
December 10, 2010**

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.

Innisfil's Response

Innisfil Hydro elected the proposed change to the electricity component of the bill for the recovery of the GA sub-account balance to provide consistency amongst all customer rate classes.

- 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.

Innisfil's Response

If the GA rate rider was to be included in the electricity component of the bill the kWh would be adjusted by the loss factor.

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	Vol Metric	Current Amount	% Adjustment	\$ Adjustment	Final Amount
General Service 50 to 4,999 kW	Yes					
Retail Transmission Rate - Network Service Rate		\$/kW	2.040700	0.000%	0.223070	2.263770
Retail Transmission Rate - Network Service Rate - Interval metered		\$/kW	1.978500	0.000%	0.000000	1.978500

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	1.9785	2	0.216051822
Sentinel Lighting	kW	1.5488	2	0.169081183
Street Lighting	kW	1.5390	2	0.168228563
Unmetered Scattered Load	kWh	0.0050	0	0.000546552

- 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.

Innisfil’s Response

The adjustment value for the RTSR – Network for the General Service 50 to 4,999 kW – interval metered customer class within sheet L1.1 from the Rate Generator Model should be 0.2161 and was inadvertently not updated in error. Innisfil Hydro is requesting the Board staff make the relevant correction to sheet L1.1 within the Rate Generator Model for the General Service 50 to 4,999 kW – interval metered customer class.

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.

Innisfil’s Response

The discrepancies for customer classes General Service less than 50 kW, General Service 50 to 4,999 kW, Sentinel Lighting and Street Lighting on sheet B1.1 column D from the Tax Model and sheet E1.1 from the Rate Generator Model was inadvertently not updated in error. Innisfil Hydro is requesting the Board staff make the relevant correction to Sheet B1.1 column D for the above noted customer classes.

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

	2009
1. Tax Related Amounts Forecast from Capital Tax Rate Changes	
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	
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.

Innisfil's Response

The 2009 Taxable Capital of \$24,516,277 and Regulatory Taxable Income of \$999,403 were obtained from the 2010 IRM3 Supplemental model returned to Innisfil Hydro from the Board staff. The 2010 IRM3 Supplemental originally filed by Innisfil Hydro showed 2009 Taxable Capital of \$22,869,990 and Regulatory Taxable Income of \$999,403. The \$22,869,990 2009 Taxable Capital and \$999,403 Regulatory Taxable Income reflect the Rate Order decision made on August 25, 2009 by the Ontario Energy Board and the revised 2009 Rev Reqt Work Form filed with the Board staff within sheets 1.Rate_Base and 3.Taxes_PILS respectively.

Innisfil Hydro did not notice the change to the 2009 Taxable Capital of \$24,516,277 by the Board staff from the \$22,869,990 originally submitted within the 2010 IRM filing. The 2009 Taxable Capital should be \$22,869,990 per the Rate Order decision dated August 25, 2009.

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 No

Loss Adjusted Metered kW Yes 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		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	0.00%	0
General Service 50 to 4,999 kW – Interval Metered	kW	0	74,964	1.0746	0.00%	0
Sentinel Lighting	kW	0	357	1.0746	0.00%	0
Street Lighting	kW	0	4,606	1.0746	0.00%	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.

Innisfil's Response

The kWh volumes in sheet B1.2 column A are loss adjusted i.e. losses are included in these volumes. The Loss Adjusted Metered kWh option currently showing Yes should be changed to No.

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	Loss Adjusted Billed kWh	Billed kW	Billed Amount	Billed Amount %	Current Wholesale Billing
		(A) Column H Sheet B1.1	(B) Column O Sheet B1.2	(C) Column I Sheet B1.2	(D) = (A) * (B) or (A) * (C)	(F) = (D) / (E)	(H) = (G) * (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	74,364	\$ 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.

Innisfil's Response

Within the Deferral/Variance Account Model Sheet D1.6 account 1584 reflects an over-recovery as of December 31, 2009. This is based on the historical Hydro One network

charges reflected in RTSR Adjustment Model Sheet C1.1 of \$1,145,011 to the network rates charged to all customer classes reflected in Sheet D1.1 column E of \$1,394,234. Within the Deferral/Variance Account Model Sheet D1.1 Column H amount of \$1,546,638 is the forecasted wholesale charges estimated from Hydro One based on a rate of \$2.697 per kW compared to a historical wholesale average rate of \$2.00 per Sheet C1.1 Historical Wholesale totaling \$1,145,011. The amount estimated that will be collected from our customers is \$1,394,234 per Sheet D1.1 column D compared to the estimated wholesale charges from Hydro One of \$1,546,638 which would result in an under recovery if the network rates to customers remained at the 2010 levels.

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	
GSGT50	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	Metered kW
		A	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.

Innisfil's Response

The Metered kWh and Metered kW numbers reflected in the portion of Sheet B1.3 from the Deferral/Variance Account Model reflect metered data without losses.

The Metered kWh and Metered kW numbers reflected in Sheet B1.2 from the RTSR Model reflect metered data with losses as these kWh and kW numbers reflect billing determinants. Therefore Innisfil Hydro does not feel that reconciliation is applicable in this circumstance.

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	1530		(1,562)
Residual Balance Disposition and recovery of Defi	1535		
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.

Innisfil’s Response

The amounts in Column E within the Deferral Variance – Continuity Schedule Final are the projected interest calculated from the 2010 Deferral and Variance Account WorkformV4 sheet C1.5 Reg Assets – Con Sch Final columns J and K.

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.

- a. Please provide the supporting documentation underpinning the allocation of account 1590.

Innisfil's Response

The supporting documentation for the allocation of account 1590 is from the 2006 regulatory asset recovery worksheet and how the amounts were originally recovered by customer class.

- b. 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.

Innisfil's Response

The allocation of account 1590 reflects the same allocation factors when the rate rider was originally implemented.

- c. If not, please provide an allocation of this amount in accordance to the EDDVAR Report.

Innisfil's Response

N/A

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