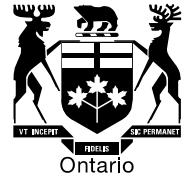


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BY E-MAIL

December 22, 2010

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

Dear Ms. Walli:

Re: Board Staff Interrogatories in EB-2010-0295 - Recovery of Costs and Damages for Late Payment Penalty Class Action

Pursuant to Procedural Order No. 1, please find attached Board Staff Interrogatories in relation to the evidence of the Electricity Distributors Association (EDA) and the Supplementary evidence of Toronto Hydro Electric System Limited (THESL) in the above proceeding. Please forward the enclosed to the EDA, THESL and to all other registered parties to this proceeding.

Yours truly,

Original Signed By

Rudra Mukherji
Case Manager

Encl.

Board staff Interrogatories to EDA
EB-2010-0295

Q1: Updates to Appendix A:

- (i) Barrie Hydro is listed as a separate distributor in Appendix A. Please clarify if Barrie Hydro should be listed under PowerStream Inc. If it should, please restate Appendix A.
- (ii) Appendix A includes distributors who have since received Board approval to withdraw from the proceeding. Please update Appendix A to exclude those distributors that are not seeking recovery of LPP Class Action costs. (The complete list of distributors who have withdrawn from the proceeding is available in Procedural Order No. 1)
- (iii) Please update Appendix A to reflect the adjusted amount that THESL is seeking to recover in this proceeding.

Please provide a copy of Appendix A in MS Excel format. Please use the updated spreadsheet requested in this interrogatory to complete staff interrogatory no. 6 and no. 8.

Q2: The cost arising from the settlement of the LPP Class Action that the Affected Distributors are seeking to recover is \$18,382,125 ("Allocated Amount"), as provided in paragraph 44. However, using the breakdown provided in paragraph 62 staff notes that the Allocated Amount appears to be \$18,419,625. Please reconcile the amounts provided in paragraph 44 and 62. Please also provide a breakdown of the Allocated Amount using the categories provided in paragraph 62.

Q3: Board staff notes that one of the reasons put forward by the Affected Distributors for seeking recovery from ratepayers of costs arising from the LPP Class Action is that "[LPP] revenues were used to mitigate the rates of all customers". In order to complete the record and to provide Board staff with a comprehensive understanding of how that may be the case, please expand on the above statement explaining in detail, how LPP revenues that were collected from various rate classes were used to mitigate the rates for all customers. In your response please explain the basis upon which the LPP revenues reduced the revenue requirement by rate class and whether the reduction applied to all rate classes or intended customers only.

Q4: Have any of the Affected Distributors received recovery of any costs arising from the LPP Class Action in a prior proceeding before the Board. If such costs have been recovered previously, please identify the distributor, the quantum of costs and indicate if costs that have already been recovered have been removed from the Allocated Amount.

Q5: In paragraph 62, the EDA provides a breakdown of the Allocated Amount. The EDA estimates the legal costs to be \$700,000 **“including this application”**. Please confirm if any Affected Distributor has sought recovery of legal costs in relation to the processing of this application in their Cost of Service application that is currently before the Board. If such a request has been made, please identify the distributor, provide the amount that has been sought for recovery and provide the rationale for requesting recovery of legal costs that are proposed to be recovered in this proceeding.

Q6: Please provide the following in relation to Appendix A:

- (i) A copy of Appendix A in MS Excel format, keeping all formula's that are used to prepare the worksheet active.
- (ii) Expand Appendix A to include three columns that provide the calculation of the rate rider as proposed in paragraph 70 – That is, a column that lists the total number of metered customers as per the most recent Yearbook of Electricity Distributors; A second column that provides the results of the division to calculate the per customer amount; And a third column that determines the monthly charge.
- (iii) In addition to the information requested above, please add additional columns to Appendix A and provide the bill impact of the EDA's proposed recovery proposal on a residential customer consuming 800 kWh and a General Service customer consuming 2000kWh per month and having a monthly demand of less than 50 kW. Please provide this information for all Affected Distributors in Appendix A.

Q7: In paragraph 70, the EDA states, “The LDCs propose that each LDC's portion of the Allocated Amount be divided by the LDCs total number of **metered customers** as set out in the Board's most recent Yearbook”.

- (i) Prior to 2001, was the Late Payment Penalty applied to and collected from all rate classes (i.e. metered and un-metered)?
- (ii) Is the current (i.e. post 2001) Late Payment Penalty applied to and collected from all rate classes (i.e. metered and un-metered)?
- (iii) Please provide the rationale for calculating the rate rider on the basis of only “metered customers”. In your response please explain why rate classes such as un-metered scattered load, street lighting and sentinel lights should be excluded from the calculation of the rate rider?
- (iv) Did the LDCs consider developing a rate rider on a rate class basis (such as the approach presented by THESL in its supplementary evidence)? – That is, by allocating to each rate class the Allocated Amount to be recovered and estimating the rate rider based on the customers in a specific rate class. If such an approach was considered please explain why it was not adopted. In

your response please also explain why the proposed method of recovery is better than estimating the rate rider on a rate class specific basis.

Q8: Please prepare the following scenarios by updating Appendix A. Please provide the response in MS Excel format.

- (i) Please calculate the rate rider for each Affected Distributor in Appendix A on a rate class basis as explained in Q7(iv). Please also provide the resultant bill impact on a residential customer consuming 800 kWh and a General Service customer consuming 2000kWh per month and having a monthly demand of less than 50 kW. For the purposes of completing the interrogatory please allocate the Allocated Amount to each rate class reflecting the historical proportions of Late Payment Revenue (similar to the approach used by THESL). If such an allocation cannot be undertaken, please explain why and propose an alternate method of allocation.

Q9: In paragraph 67 the EDA states that the Allocated Amount should be recovered through a monthly fixed charge on distribution rates over 12 months from January 1, 2011 to December 31, 2011 for LDCs with distribution rates effective January 1, 2011 and from May 1, 2011 to April 30, 2012 for all LDCs.

- (i) Please identify the Affected Distributors in each category.
- (ii) If the Board were to allow a recovery effective May 1, 2011 for both categories of distributors, please identify the EDA's concerns if any of such an approach.

Q10: In paragraph 69 the EDA states "A rate rider could be developed on a generic basis for all LDCs or each LDC could calculate the rate rider based upon a common methodology".

- (i) It appears to staff that the approach proposed by the EDA is the latter – that is, "each LDC calculates a rate rider based on a common methodology" Is staffs' understanding correct? If not, please clarify.
- (ii) Please clarify what is meant by "A rate rider could be developed on a generic basis for all LDCs". In your response please elaborate on how such an approach would be applied.

**Board staff Interrogatories to THESL
EB-2010-0295**

Q1: The EDA updated Appendix A to account for the administrative error in relation to the exclusion of Port Colborne Hydro Inc's amounts from Schedule G of the Minutes of Settlement. As a result of the revision, the amounts attributed to THESL have been reduced, from \$7,723,348 to \$7,711,217; And the amount THESL is proposing to recover from ratepayers (Recovery Amount) will also change.

- (i) Please update Table 2, found at page 4 of THESLs supplementary evidence to reflect the change in the Allocated amounts.
- (ii) The uniform rate rider applicable to all rate classes should the Board adopt a per-customer method of allocation and recovery is estimated to be \$0.88/per customer/30 days. Please update the as-filed estimate to reflect the change to the Recovery Amount.

Q2: The EDA has sought Board approval for a deferral account to track the recovery of the Allocated Amounts. Is that also THESLs proposal? If it is, please identify the deferral account that THESL is proposing to use for this purpose.