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BY E-MAIL

January 5, 2011

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

Dear Ms. Walli:

**Re: Rideau St. Lawrence Distribution Inc.
2011 IRM3 Distribution Rate Application
Board Staff Interrogatories
Board File No. EB-2010-0113**

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 Rideau St. Lawrence Distribution Inc. and to all other registered parties to this proceeding.

In addition please advise Rideau St. Lawrence Distribution Inc. that responses to interrogatories are due by January 20, 2011.

Yours truly,

Original Signed By

Christiane Wong
Analyst – Applications & Regulatory Audit

Encl.

Board Staff Interrogatories

2011 IRM3 Electricity Distribution Rates Rideau St. Lawrence Distribution Inc. ("Rideau St. Lawrence") EB-2010-0113

1. Ref: 2011 IRM 3 Rate Generator Model

A portion of Sheet C4.1 Current Rates & Charges General is reproduced below.

Monthly Rates and Charges - Delivery Component

Service Charge	\$	10.26
Service Charge Smart Meters	\$	2.00
Distribution Volumetric Rate	\$/kWh	0.0117
Low Voltage Volumetric Rate	\$/kWh	0.0016
Distribution Volumetric Def Var Disp 2010 – effective until Saturday, April 30, 2011	\$/kWh	(0.0002)
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0061
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0049

The descriptions for all rate classes for the two rates identified below are different from the versions on Rideau St. Lawrence's current Tariff sheet:

Service Charge Smart Meters

Distribution Volumetric Def Var Disp 2010 – effective until April 30, 2011

- a) If the above descriptions 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 Board staff will make the necessary changes to the model.

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2. Ref: 2011 IRM Tax Sharing Workform

A portion of Sheet F1.3 – Calculate Tax Change Rate Rider Volumetric is reproduced below.

Calculate Tax Change Rate Rider Volumetric

Rate Class	Total Revenue \$ by Rate Class A	Total Revenue % by Rate Class B = A / \$H	Total Z-Factor Tax Change\$ by Rate Class C = \$I * B	Billed kWh D	Billed kW E	Distribution Volumetric Rate kWh Rate Rider F = C / D	Distribution Volumetric Rate kW Rate Rider G = C / E
Residential	\$1,143,094,2291	56.44%	-\$509	45,379,623	0	\$0.0000	
General Service Less Than 50 kW	\$405,096	20.00%	-\$180	24,085,319	0	\$0.0000	
General Service 50 to 4,999 kW	\$380,197	18.77%	-\$169	47,522,972	132,103		-\$0.0013
Unmetered Scattered Load	\$14,585	0.72%	-\$6	304,493	0	\$0.0000	
Sentinel Lighting	\$3,032	0.15%	-\$1	100,826	279		-\$0.0048
Street Lighting	\$79,228	3.91%	-\$35	1,366,231	3,875		-\$0.0091
	\$2,025,233	100.00%	-\$902				

- a) Board staff has been unable to verify the figures in columns “F “and “G” (Distribution Volumetric Rate kWh Rate Rider and Distribution Volumetric Rate kW Rate Rider) for the various rate classes as Sheet J2.7 in the Rate Generator Workform has not been filed. Please provide the information supporting these figures or alternatively please file Sheet J2.7.

3. Ref: Deferral and Variance Account Rate Riders

Ref: Deferral and Variance Account

Ref: Manager's Summary, page 8 of 32

Sheet E.1.1 Threshold Test is reproduced below

Threshold Test

Rate Class	Billed kWh B
Residential	45,271,935
General Service Less Than 50 kW	20,399,815
General Service 50 to 4,999 kW	43,072,665
Unmetered Scattered Load	348,019
Sentinel Lighting	108,556
Street Lighting	1,412,527
	<u>110,613,517</u>
Total Claim	34,900
Total Claim per kWh	0.000316

Board Staff notes that Rideau St. Lawrence has requested final disposition of the balances in the Group 1 variance accounts that have accumulated in 2009 even though the balances do not exceed the preset disposition threshold of \$.001 per kWh (debit or credit). Rideau St. Lawrence claims that within the Group 1 accounts there are individual balances that do exceed the threshold.

- a) Please identify which Group 1 variance accounts exceed the threshold on an individual basis.
- b) Please provide the threshold calculation excluding the \$409,069 amount from Account 1588 (RSVA – Power (Global Adjustment Sub-Account)).
- c) Please provide the threshold calculation for only Account 1588 (RSVA – Power (Global Adjustment Sub-Account)).

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4. Ref: Smart Meter Rate Adder

Ref: Smart Meter Model

Ref: Manager's Summary, page 5 of 32

A portion of Sheet J.1.1 Smart Meter Funding Adder from the Rate Generator Workform is reproduced below.

Applied For Smart Meter Funding Adder

Rate Adder	Smart Meters					
Tariff Sheet Disclosure	Yes					
Metric Applied To	Metered Customers					
Method of Application	Uniform Service Charge					
Uniform Service Charge Amount	3.00					
	Rate Class	Applied to Class	Fixed Amount	Fixed Metric	Vol Amount	Vol Metric
	Residential	Yes	3.000000	Customer - 12 per year	0.000000	kWh
	General Service Less Than 50 kW	Yes	3.000000	Customer - 12 per year	0.000000	kWh
	General Service 50 to 4,999 kW	Yes	3.000000	Customer - 12 per year	0.000000	kW

A portion of Sheet 8 from the Smart Meter Model is reproduced below.

Sheet 8 Applied for Smart Meter Rate Adder

Description	Amount
Revenue Requirement - 2006	\$ 737.17
Revenue Requirement - 2007	\$ 2,515.92
Revenue Requirement - 2008	\$ 8,931.50
Revenue Requirement - 2009	\$ 89,064.62
Revenue Requirement - 2010	\$ 166,377.68
Revenue Requirement - 2011	\$ 242,003.95
Total Revenue Requirement	<u>\$ 509,630.84</u>
Smart Meter Rate Adder Collected	-\$ 249,398.68
Carrying Cost / Interest	-\$ 4,870.89
Proposed Smart Meter Recovery	<u>\$ 255,361.27</u>
2011 Expected Metered Customers	5857
Proposed Smart Meter Rate Adder	\$ 3.63

Sheet 8 from the Smart Meter Model indicates a Proposed Smart Meter Rate Adder of \$3.63, whereas pages 4 and 5 of the Manager's Summary state that Rideau St. Lawrence is proposing to increase the Smart Meter Rate Adder to \$3.00 per month per metered customer. Rideau St. Lawrence is also showing a \$3.00 per month

Smart Meter Funding Adder for applicable customer classes in its proposed Tariff of Rates and Charges on pages 27-29 of the Manager's Summary.

- a) Please confirm the smart meter funding adder that Rideau St. Lawrence is proposing for 2011.
- b) If Rideau St. Lawrence is proposing a Smart Meter Funding Adder of \$3.00 per month per metered customer, please explain why it is proposing an amount different from what is calculated in the Smart Meter Model.

2. Ref: Smart Meter Model

On Sheet 2 – Smart Meter Data, Rideau St. Lawrence shows a capital cost of \$78,736 in 2011 for Computer Software under 1.3 Advanced Metering Control Computer (AMCC).

- a) Please provide a description of the purpose of this computer software.
- b) Please identify whether this computer software meets minimum functionality per O.Reg. 425/06 and as adopted by the Board in Decision with Reasons EB-2007-0063, issued August 8, 2007.

3. Ref: Smart Meter Model

On Sheet 2 – Smart Meter Data, Rideau St. Lawrence shows operating expenses of under section 2.5 – Other OM&A Costs related to Minimum Functionality. Specifically, Rideau St. Lawrence shows costs of \$12,341 for each of 2011 and later under Customer Communications, \$14,726 in 2011 under Change Management and \$22,680 for 2011 and later under Other AMI Costs. For each of these categories:

- a) Please provide a description of the OM&A expenses forecasted for 2011 and, if applicable, beyond 2011; and
- b) Please identify how each of these expenses is related to smart meter deployment and meets minimum functionality per O.Reg. 425/06 and as adopted by the Board in Decision with Reasons EB-2007-0063, issued August 8, 2007.

4. Ref: Smart Meter Model

Rideau St. Lawrence lasted rebased its distribution rates for May 1, 2008, as approved by the Board in its Decision EB-2007-0762. In that Decision, the Board approved a deemed capital structure that included a deemed short-term debt capitalization of 4% and a deemed short-term debt rate of 4.47%.

- a) On Sheet 3 – LDC Assumptions and Data, in cells F18, G18, H18, and I 18, Rideau St. Lawrence shows a deemed Short-term Debt Rate of 1.13% for 2009 and later. Please explain the source of the 1.13% deemed short-term debt rate.
- b) Board staff has observed that, on Sheet 4 – Smart Meter Rev Reqt, the deemed short-term debt capitalization and short-term debt rate was not calculated in the revenue requirement for the years 2008, 2009, 2010 and 2011. Board staff has prepared an alternative version that accounts for Rideau St. Lawrence's Board-approved capital structure from its last rebasing application. This version results in an estimated Smart Meter Funding Adder of \$3.69 per month per metered customer. Please provide Rideau St. Lawrence's views as to whether this alternative model is more accurate.