

**Ontario Energy  
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**BY E-MAIL**

January 6<sup>th</sup>, 2011

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

Dear Ms. Walli:

**Re: Kitchener-Wilmot Hydro Inc.  
2011 IRM3 Distribution Rate Application  
Board Staff Interrogatories  
Board File No. EB-2010-0094**

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 Kitchener-Wilmot Hydro Inc. and to all other registered parties to this proceeding.

In addition please advise Kitchener-Wilmot Inc. that responses to interrogatories are due by January 21<sup>st</sup>, 2011.

Yours truly,

*Original Signed By*

Kelli Dobson  
Analyst – Applications & Regulatory Audit

Encl.

# Kitchener-Wilmot Hydro Inc. 2011 EDR 3<sup>rd</sup> Generation IRM EB-2010-0094 Board staff Interrogatories

## 1. Ref: Tax Sharing Model – B1.1 Re-Based Bill Det & Rates

### Rate Class and Re-Based Billing Determinants & Rates

Last COB Revised Year				2010							
Last COB OER Application Number				S18-2009-0287							
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 ReBil Base Service Charge D	Rate ReBil Base Distribution Volumetric Rate kWh E	Rate ReBil Base Distribution Volumetric Rate kW F		
RGS	Residential	Customer	kWh	79,139	650,038,341		9.57	0.0189			
GSGT50	General Service Less Than 50 kW	Customer	kWh	7,484	235,481,808		25.22	0.0122			
GSGT50	General Service 50 to 4,999 kW	Customer	kW	1,003		2,221,348	233.13			3.4609	
LLI	Large User	Customer	kW	2		140,908	14,221.38			1.3553	
ULS	Unmetered Scattered Load	Connection	kWh	820	3,287,380		8.36	0.0182			
SL	Street Lighting	Connection	kW	23,296		48,815	0.78			5.2353	
EMM	Embedded Distributor	Connection	kW	1		49,918				1.1300	
EMM	Embedded Distributor	Connection	kW	1		49,918				0.1400	
NA	Rate Class 9	NA	NA								
NA	Rate Class 10	NA	NA								
NA	Rate Class 11	NA	NA								

- 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.
- If Kitchener-Wilmot is of the view that the data included in the application is more appropriate to use, please explain why. If not, please re-file the referenced sheet with the correct rates and staff will make the necessary adjustments to the Tax Sharing model.

## 2. Ref: Tax Sharing Model – F1.1 Z-Factor Tax Changes

### Summary - Sharing of Tax Change Forecast Amounts

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

	2010	2011
Taxable Capital	\$ 161,616,283	\$ 161,616,283
Deduction from taxable capital up to \$15,000,000	\$ 15,000,000	\$ 15,000,000
Net Taxable Capital	\$ 146,616,283	\$ 146,616,283
Rate	0.150%	0.000%
Ontario Capital Tax (Deductible, not grossed-up)	\$ 109,958	\$ -

#### 2. Tax Related Amounts Forecast from Income Tax Rate Changes

	2010	2011
Regulatory Taxable Income	\$ 10,954,417	\$ 10,954,417
Corporate Tax Rate	30.99%	26.25%
Tax Impact	\$ 3,394,263	\$ 3,094,404
Grossed-up Tax Amount	\$ 4,819,709	\$ 4,312,638
Tax Related Amounts Forecast from Capital Tax Rate Changes	\$ 109,958	\$ -
Tax Related Amounts Forecast from Income Tax Rate Changes	\$ 4,819,709	\$ 4,312,638
Total Tax Related Amounts	\$ 5,028,768	\$ 4,312,638
Incremental Tax Savings		-\$ 716,130
Sharing of Tax Savings (50%)		-\$ 358,065

- a) Please explain why Regulatory Taxable income is not identical with Taxable Income per the Revenue Requirement Work Form from the Board decision in EB-2009-0267.
- b) If the data provided is correct, please provide evidence supporting the data entered. If the data is incorrect, please re-file the referenced sheet with the correct amounts and staff will make the necessary adjustments to the Tax Sharing model.

### 3. Ref: Rate Generator – J2.7 Tax Change Rate Rider

Rate Rider	Tax Change
Sunset Date	30/04/2012 COMPLETED
Metric Applied To	All Customers
Method of Application	Distinct Volumetric

Rate Class	Applied to Class	Fixed Amount	Fixed Metric	Vol Amount	Vol Metric
Residential	Yes	0.000000	Customer per 30 days	-0.000300	kWh
General Service Less Than 50 kW	Yes	0.000000	Customer per 30 days	-0.000200	kWh
General Service 50 to 4,999 kW	Yes	0.000000	Customer per 30 days	-0.049400	kW
Large Use	Yes	0.000000	NA	0.035600	NA
Standby Power – INTERIM APPROVAL	No	0.000000	NA	0.000000	NA
Unmetered Scattered Load	Yes	0.000000	Connection -12 per year	-0.000400	kWh
Street Lighting	Yes	0.000000	Connection -12 per year	-0.093300	kW
Embedded Distributor	Yes	0.000000	NA	0.010700	kW
Embedded Distributor	No	0.000000	NA	0.000000	kW

- a) Please confirm that rate classes' large use and embedded distributor vol amounts should be negative and staff will make the necessary changes to the rate generator model.

4. Ref: Rate Generator – B1.1 Curr&Appl Rt Class General

Current and Applied For Rate Classes

Rate Group	Rate Class	Fixed Metric	Vol Metric
RES	Residential	Customer per 30 days	kWh
GSLT50	General Service Less Than 50 kW	Customer per 30 days	kWh
GSGT50	General Service 50 to 4,999 kW	Customer per 30 days	kW
LU	Large Use	NA	NA
SB	Standby Power – INTERIM APPROVAL	NA	NA
USL	Unmetered Scattered Load	Connection -12 per year	kWh
SL	Street Lighting	Connection -12 per year	kW
EMB	Embedded Distributor	NA	kW
EMB	Embedded Distributor	NA	kW

- a) Please select a fixed metric and vol metric for the large use rate class in the rate generator model on tab B1.1 Curr&Appl Rt Class General.