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BY E-MAIL

January 11, 2011

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

Dear Ms. Walli:

**Re: Erie Thames Powerlines Corporation
2011 IRM3 Distribution Rate Application
Board Staff Interrogatories
Board File No. EB-2010-0080**

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 Erie Thames Powerlines Corporation and to all other registered parties to this proceeding.

In addition please advise Erie Thames Powerlines Corporation that responses to interrogatories are due by January 28, 2011.

Yours truly,

Original Signed By

Daniel Kim
Analyst – Applications & Regulatory Audit

Encl.

Board Staff Interrogatories

**2011 IRM3 Electricity Distribution Rates
Erie Thames Powerlines Corporation (“Erie Thames”)
EB-2010-0080
Dated: January 11, 2011**

2011 IRM Retail Transmission Service Rates (“RTSR”) 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 A	Metered kW B	Applicable Loss Factor C	Load Factor D = A / (B * 730)
Residential	kWh	112,395,473	0	1.0427	
General Service Less Than 50 kW	kWh	33,991,973	0	1.0427	
General Service 50 to 999 kW	kW	88,113,463	262,519	1.0427	46.00%
General Service 1,000 to 2,999 kW	kW	69,529,869	135,587	1.0427	70.29%
General Service 3,000 to 4,999 kW	kW	29,624,668	83,687	1.0427	48.52%
Large Use	kW	95,312,532	181,443	1.0145	72.00%
Unmetered Scattered Load	kWh	516,445	0	1.0427	
Sentinel Lighting	kW	225,271	948	1.0427	32.57%
Street Lighting	kW	3,240,573	7,968	1.0427	55.74%
Embedded Distributor	kW	17,948,203	35,968	1.0427	68.39%
Total		450,898,470	708,120		

- a) Please confirm that the data entered in Column A (metered kWh) and B (metered kW) is metered data (i.e. no loss factor applied). If a loss factor has been applied to the data in Column A and B, please re-file the data for Column A and B and Board staff will make the relevant corrections to the RTSR Workform.
- b) Board staff has been unable to verify whether the billing determinants entered in for the General Service 50 to 999 kW, General Service 1,000 to 2,999 kW, and General Service 3,000 to 4,999 kW rate classes are correct. Please provide evidence supporting these billing determinants.

2011 IRM3 Shared Tax Savings Workform

2. Ref: Sheet "F1.1 Z-Factor Tax Changes" of the workform is reproduced below.

Z-Factor Tax Changes				
Update Sheet				
Summary - Sharing of Tax Change Forecast Amounts				
1. Tax Related Amounts Forecast from Capital Tax Rate Changes	2008	2009	2010	2011
Taxable Capital	\$ 21,923,880	\$ 21,923,880	\$ 21,923,880	\$ 21,923,880
Deduction from taxable capital up to \$15,000,000	\$ 15,000,000	\$ 15,000,000	\$ 15,000,000	\$ 15,000,000
Net Taxable Capital	\$ 6,923,880	\$ 6,923,880	\$ 6,923,880	\$ 6,923,880
Rate	0.225%	0.225%	0.150%	0.000%
Ontario Capital Tax (Deductible, not grossed-up)	\$ 15,579	\$ 15,579	\$ 5,150	\$ -
2. Tax Related Amounts Forecast from Income Tax Rate Changes	2008	2009	2010	2011
Regulatory Taxable Income	\$ 828,763	\$ 828,763	\$ 828,763	\$ 828,763
Corporate Tax Rate	30.06%	29.56%	27.01%	23.87%
Tax Impact	\$ 249,108	\$ 244,964	\$ 223,836	\$ 197,859
Grossed-up Tax Amount	\$ 356,163	\$ 347,752	\$ 306,661	\$ 259,910
Tax Related Amounts Forecast from Capital Tax Rate Changes	\$ 15,579	\$ 15,579	\$ 5,150	\$ -
Tax Related Amounts Forecast from Income Tax Rate Changes	\$ 356,163	\$ 347,752	\$ 306,661	\$ 259,910
Total Tax Related Amounts	\$ 371,742	\$ 363,331	\$ 311,811	\$ 259,910
Incremental Tax Savings		-\$ 8,411	-\$ 59,930	-\$ 111,832
Sharing of Tax Savings (50%)		-\$ 4,205	-\$ 29,965	-\$ 55,916

Board staff has been unable to verify the 2008 taxable capital and regulatory taxable income.

a) Please provide evidence supporting these amounts.

2011 IRM Deferral and Variance Account Workform

3. Ref: Sheet "B1.3 Rate Class and Billing Determinants" of the workform is reproduced below.

Rate Class and Billing Determinants								
2009 Audited RRR								
Rate Group	Rate Class	Fixed Metric	Vol Metric	Metered kWh	Metered kW	Billed kWh for Non-RPP customers	Recovery Share Proportion	Recovery Share (COS)
RES	Residential	Customer	kWh	112,395,473		22,317,452	44.5%	26.8%
GSLT50	General Service Less Than 50 kW	Customer	kWh	33,991,973		8,703,122	12.1%	8.9%
GS50	General Service 50 to 999 kW	Customer	kW	88,113,463	262,519	25,312,303	20.8%	19.1%
GS50	General Service 1,000 to 2,999 kW	Customer	kW	69,529,869	135,587	69,529,869	7.6%	15.1%
GS50	General Service 3,000 to 4,999 kW	Customer	kW	29,624,668	83,687	29,624,668	2.5%	6.4%
LU	Large Use	Customer	kW	95,312,532	181,443	95,312,532	11.7%	18.4%
USL	Unmetered Scattered Load	Connection	kWh	516,445		53,716	0.2%	0.1%
Sen	Sentinel Lighting	Connection	kW	225,271	948	0	0.1%	0.1%
SL	Street Lighting	Connection	kW	3,240,573	7,968	2,254,658	0.4%	0.7%
EMB	Embedded Distributor	Connection	kW	17,948,203	35,968	17,948,203	0.0%	4.5%

- a) Board staff has been unable to verify whether the billing determinants inputted in for the General Service 50 to 999 kW, General Service 1,000 to 2,999 kW, and General Service 3,000 to 4,999 kW rate classes are correct. Please provide evidence supporting these billing determinants.

4. 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	Adjustments - Please explain	Principal Amounts to be disposed	Opening Interest Amounts as of Jan-1-10	Interest on Board-approved 2008 amounts prior to transfer Jan-1, 2010 to Date of Transfer	Adjustments - Please explain	Projected Interest on Dec 31-09 balance from Jan 1, 2010 to Dec 31, 2010	Projected Interest on Dec 31-09 balance from Jan 1, 2011 to April 30, 2011	Interest Amounts to be disposed	Total Claim
		A	B	C = A + B	D	E	F	G	H	I = D + E + F + G + H	J = C + I
LV Variance Account	1550	58,251	(247,876)	(189,625)	25,279			(1,368)	(555)	27,367	(162,289)
RSVA - Wholesale Market Service Charge	1580	(746,390)	587,188	(159,202)	15,413			(1,148)	(466)	13,798	(145,404)
RSVA - Retail Transmission Network Charge	1584	(129,074)	840	(128,234)	13,441			(525)	(375)	12,141	(116,093)
RSVA - Retail Transmission Connection Charge	1586	(757,539)	518,879	(238,660)	(62,607)			(1,722)	(689)	(65,027)	(303,687)
RSVA - Power (Excluding Global Adjustment)	1588	2,605,725	(3,089,725)	(484,001)	448,046			(3,482)	(1,416)	444,138	(39,953)
RSVA - Power (Global Adjustment Sub-account)		1,123,059	(964,270)	158,789	(5,409)			5,474	2,220	2,254	155,634
Recovery of Regulatory Asset Balances	1590	(1,823,559)	717,724	(1,105,835)	1,362,231			(7,977)	(3,238)	1,351,016	245,181
Residual Balance Disposition and recovery of DefVar Balances Account (2008)	1595	62,994		62,994	27,995			454	184	28,634	91,629
Total		393,465	(1,877,241)	(1,483,776)	1,829,390	0	0	(10,704)	(4,342)	1,814,344	330,568

Account 1584 and 1586 currently have a credit balance of \$116,093 and \$303,687, respectively. This would imply that Erie Thames has been overcharging the retail transmission network charge and retail transmission connection charge. However, according to Erie Thames' RTSR Adjustment Workform an increase to both the retail transmission network charge and retail transmission connection charge has been calculated, which would imply that Erie Thames has been undercharging customers.

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

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5. Ref: Manager's Summary (Deferral and Variance Account Rate Riders) Ref: Sheet "E1.1 Threshold Test" of the workform is reproduced below.

Threshold Test	
Rate Class	Billed kWh
	B
Residential	112,395,473
General Service Less Than 50 kW	33,991,973
General Service 50 to 999 kW	88,113,463
General Service 1,000 to 2,999 kW	69,529,869
General Service 3,000 to 4,999 kW	29,624,668
Large Use	95,312,532
Unmetered Scattered Load	516,445
Sentinel Lighting	225,271
Street Lighting	3,240,573
Embedded Distributor	17,948,203
	450,898,470
Total Claim	330,569
Total Claim per kWh	0.000733

Erie Thames has indicated in its Manager's Summary that deferral and variance account rate riders have been calculated as a result of the Board's process for disposition of deferral and variance accounts that exceed a threshold of +/- \$0.0001/kWh. Erie Thames also indicated that the new proposed rate riders are all credits to ratepayers.

- a) Board staff notes that the preset disposition threshold included in the *Electricity Distributors' Deferral and Variance Account Review Report* (the "EDDVAR Report") is +/- \$0.001 per kWh, not +/- \$0.0001 per kWh. Please confirm that Erie Thames Group 1 Account balances did not exceed the preset disposition threshold.
- b) If confirmed, please justify Erie Thames request to dispose of its Group 1 Account balances.

2011 IRM3 Rate Generator Model

6. Ref: Sheet "C2.6 Tax Change Rate Rider".

The purpose of Sheet "C2.6 Tax Change Rate Rider" is to state the current Board approved tax change rate rider.

- a) Please confirm that Erie Thames currently has a Board approved tax change rate rider. If confirmed, please provide the details of the tax change rate rider for each applicable rate class and Board staff will update the model.

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7. Ref: Sheet “C3.3 Current Rate Rider for Global Adjustment Sub-Account Disposition – Delivery Component” of the model is reproduced below.

Current Rate Rider for Global Adjustment Sub-Account Disposition - Delivery Component					
Rate Rider	GA Sub-Acct - Delivery				
Sunset Date	30/04/2012 DD/MM/YYYY				
Metric Applied To	All Customers				
Method of Application	Distinct Volumetric				
Rate Class	Applied to Class	Fixed Amount	Fixed Metric	Vol Amount	Vol Metric
General Service Less Than 50 kW - Single Phase energy-billed [G1]	Yes	0.000000	Customer -12 per year	0.000800	kWh
Residential	Yes	0.000000	Customer -12 per year	0.000800	kWh
General Service 50 to 999 kW	Yes	0.000000	Customer -12 per year	0.190000	kW
General Service 1,000 to 2,999 kW	Yes	0.000000	Customer -12 per year	0.406200	kW
General Service 3,000 to 4,999 kW	Yes	0.000000	Customer -12 per year	0.817300	kW
Large Use	Yes	0.000000	Customer -12 per year	1.073200	kW
Unmetered Scattered Load	Yes	0.000000	Customer -12 per year	0.000800	kWh
Sentinel Lighting	No	0.000000	Customer -12 per year	0.000000	kW
Street Lighting	Yes	0.000000	Customer -12 per year	0.686200	kW
Embedded Distributor	Yes	0.000000	Customer -12 per year	0.164700	kW

- a) Please confirm the correct volumetric amount for the General Service 3,000 to 4,999 kW rate class is \$0.2804 per kW. If necessary, Board staff will correct the model.
- b) Please confirm the correct volumetric amount for the Large Use rate class is \$0.4047 per kW. If necessary, Board staff will correct the model.
- c) Please confirm the correct volumetric amount for the Street Lighting rate class is \$0.2617 per kW. If necessary, Board staff will correct the model.
8. Ref: A portion of Sheet “C4.1 Current Rates and Charges” of the model is reproduced below.

Current Rates and Charges		
<div>Current Tariff</div> <div>Proposed Tariff</div> <div>Current and Proposed</div>		
Rate Class		
Unmetered Scattered Load		
Rate Description	Metric	Rate
Service Charge (per Customer)	\$	7.74
Distribution Volumetric Rate	\$/kWh	0.0118
Low Voltage Volumetric Rate	\$/kWh	0.0017
Distribution Volumetric Def Var Disp 2010 – effective until April 30, 2012	\$/kWh	0.00130
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0045
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0048
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

- a) Please confirm the correct service charge for the Unmetered Scattered Load rate class is \$2.74. If necessary, Board staff will correct the model.