

# Board Staff Interrogatories

## 2011 IRM3 Electricity Distribution Rates Hydro Ottawa Limited (“Hydro Ottawa”) EB-2010-0326

### 1. Ref: Manager’s Summary, Page 4 of 11

Hydro Ottawa includes a tax sharing rate rider based on 8 months (May 2011 to December 2011).

a) Please calculate a scenario where the tax sharing change rate rider is based on 12 months of billing determinants.

### 2. Ref: Manager’s Summary, Page 2 of 11

In the Manager’s Summary, Exhibit B1/Tab 1/Schedule 1/page 2/line 31, Hydro Ottawa is proposing a Smart Meter adder for 8 months (May 2011 to December 2011). Board staff notes that in the Smart Meters section, Exhibit B/Tab 1/Schedule 2/page 5/line 3, Hydro Ottawa states a funding adder of \$2.13 per month per metered customer over 8 months (May 2011 to April 2012).

a) Please confirm which recovery period is correct:

May 2011 to December 2011

Or

May 2011 to April 2012?

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

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

Last COS Re-based Year				2008							
Last COS OEB Application Number				EB-2007-0713							
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	Rate ReBal Base Distribution Volumetric Rate kWh E	Rate ReBal Base Distribution Volumetric Rate kW F		
RES	Residential	Customer	kWh	264,080	2,261,678,461		8.52	0.0207			
GSLT50	General Service Less Than 50 kW	Customer	kWh	23,051	774,937,986		14.73	0.0185			
GSGT50	General Service 50 to 1,499 kW	Customer	kW	3,296	3,120,930,871	7,373,411	250.76			3.0325	
GSGT50	General Service 1,500 to 4,999 kW	Customer	kW	81	837,604,031	1,757,833	4,032.07			2.8962	
LU	Large Use	Customer	kW	11	649,903,952	1,167,396	14,643.46			2.7725	
USL	Unmetered Scattered Load	Connection	kWh	3,115	20,244,150		4.03	0.0200			
SB	Standby Power General Service 50 to 1,499 kW	Connection	kW	3		15,000	107.83			1.4390	
SB	Standby Power General Service 1,500 to 4,999 kW	Connection	kW	5		144,960	107.83			1.3200	
SB	Standby - Large Use	Connection	kW	1		4,800	107.83			1.4668	
Sen	Sentinel Lighting	Connection	kW	95	92,512	257		1.89		7.2304	
SL	Street Lighting	Connection	kW	47,219	40,114,500	107,223	0.49			3.4501	

-2-

- a) Please confirm that the correct Rate ReBal Base Distribution Volumetric Rate kW in Column F for Stand-By – Large Use is 1.4648. If necessary, Board staff will correct the model.

**4. 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	Distribution Volumetric Rate kWh Rate Rider F = C / D	Distribution Volumetric Rate kW Rate Rider G = C / E
Residential	\$73,816,283.3441	52.68%	-\$898,182	-\$0.0004	
General Service Less Than 50 kW	\$18,410,848	13.14%	-\$224,020	-\$0.0003	
General Service 50 to 1,499 kW	\$32,277,929	23.04%	-\$392,751		-\$0.0533
General Service 1,500 to 4,999 kW	\$9,010,208	6.43%	-\$109,634		-\$0.0624
Large Use	\$5,169,542	3.69%	-\$62,902		-\$0.0539
Unmetered Scattered Load	\$555,524	0.40%	-\$6,760	-\$0.0003	
Standby Power General Service 50 to 1,499 kW	\$25,467	0.02%	-\$310		-\$0.0207
Standby Power General Service 1,500 to 4,999 kW	\$197,817	0.14%	-\$2,407		-\$0.0166
Standby - Large Use	\$8,335	0.01%	-\$101		-\$0.0211
Sentinel Lighting	\$4,013	0.00%	-\$49		-\$0.1900
Street Lighting	\$647,578	0.46%	-\$7,880		-\$0.0735
	<u>\$140,123,544</u>	<u>100.00%</u>	<u>-\$1,704,996</u>		

- 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-

**5. Ref: 2011 Tax Sharing Model Workform**  
F1.1 Z-Factor Tax Changes is reproduced below.

**Summary - Sharing of Tax Change Forecast Amounts**

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

	2008	2009	2010	2011
Taxable Capital	\$565,504,431	\$565,504,431	\$565,504,431	\$565,504,431
Deduction from taxable capital up to \$15,000,000	\$ 15,000,000	\$ 15,000,000	\$ 15,000,000	\$ 15,000,000
Net Taxable Capital	\$550,504,431	\$550,504,431	\$550,504,431	\$550,504,431
Rate	0.225%	0.225%	0.150%	0.000%
Ontario Capital Tax (Deductible, not grossed-up)	\$ 1,238,635	\$ 1,238,635	\$ 409,485	\$ -

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

	2008	2009	2010	2011
Regulatory Taxable Income	\$ 19,727,043	\$ 19,727,043	\$ 19,727,043	\$ 19,727,043
Corporate Tax Rate	33.50%	33.00%	30.99%	28.25%
Tax Impact	\$ 6,608,559	\$ 6,509,924	\$ 6,113,805	\$ 5,572,495
<b>Grossed-up Tax Amount</b>	<b>\$ 9,937,683</b>	<b>\$ 9,716,305</b>	<b>\$ 8,859,560</b>	<b>\$ 7,766,327</b>

Tax Related Amounts Forecast from Capital Tax Rate Changes	\$ 1,238,635	\$ 1,238,635	\$ 409,485	\$ -
Tax Related Amounts Forecast from Income Tax Rate Changes	\$ 9,937,683	\$ 9,716,305	\$ 8,859,560	\$ 7,766,327
<b>Total Tax Related Amounts</b>	<b>\$ 11,176,318</b>	<b>\$ 10,954,940</b>	<b>\$ 9,269,045</b>	<b>\$ 7,766,327</b>
Incremental Tax Savings		-\$ 221,379	-\$ 1,907,273	-\$ 3,409,991
Sharing of Tax Savings (50%)		-\$ 110,689	-\$ 953,637	-\$ 1,704,996

- a) Please explain why “Taxable Capital” is not identical with “Total Rate Base” per the Revenue Requirement Work Form from the Board Decision in EB-2007-0713.
- b) Please explain why “Regulatory Taxable Income” is not identical with “Taxable Income” per the Revenue Requirement Work Form from the Board Decision in EB-2007-0713.
- c) If the data provided is correct, please provide evidence supporting the data entered for a), b) and c). If the data is incorrect, please re-file F1.1 with the correct data and staff will make the necessary changes to the model

-4-

**6. Ref: 2011 Deferral and Variance Account Adjustment Workform**

A portion of Sheet B1.3 Rate Class and Bill Determinants is reproduced below.

2009 Audited RRR						Billed kWh for Non-RPP customers
Rate Group	Rate Class	Fixed Metric	Vol Metric	Metered kWh	Metered kW	
RES	Residential	Customer	kWh	2,356,651,780		241,700,881
GSLT50	General Service Less Than 50 kW	Customer	kWh	735,437,347		114,571,003
GSGT50	General Service 50 to 1,499 kW	Customer	kW	3,062,134,213	7,406,559	2,740,733,986
GSGT50	General Service 1,500 to 4,999 kW	Customer	kW	830,405,164	1,757,288	809,792,476
LU	Large Use	Customer	kW	677,760,341	1,224,772	685,587,196
USL	Unmetered Scattered Load	Connection	kWh	17,602,226		
SL	Street Lighting	Connection	kW	42,516,992	119,394	6,959,333

- a) Please explain why the billing determinants for the Metered kWh and Metered kW (Columns J & K) are not identical with the values reported in the 2009 RRR filings.
- b) If the data provided is correct, please provide evidence supporting the data. If the data is incorrect, please re-file sheet B1.3 with the correct data and staff will make the necessary changes to the model.

-5-

## 7. Ref: 2011 Transmission Service Rates (“RTSR”) Adjustment Workform

A portion of Sheet B1.2 – 2009 Distribution Billing Determinants is reproduced below.

### 2009 Distributor Billing Determinants

Enter the most recently reported RRR billing determinants

Loss Adjusted Metered kWh No

Loss Adjusted Metered kW No

Rate Class	Vol Metric	Metered kWh A	Metered kW B	Applicable Loss Factor C	Load Factor 730)
Residential	kWh	2,256,567,858	0	0.0000	
General Service Less Than 50 kW	kWh	731,102,854	0	0.0000	
General Service 50 to 1,499 kW	kW	3,026,785,829	7,235,346	0.0000	57.34%
General Service 1,500 to 4,999 kW	kW	850,115,403	1,765,293	0.0000	66.00%
Large Use	kW	633,982,714	1,150,430	0.0000	75.53%
Unmetered Scattered Load	kWh	19,879,033	0	0.0000	
Sentinel Lighting	kW	0	221	0.0000	0.00%
Street Lighting	kW	38,843,816	113,406	0.0000	46.95%
Total		7,557,277,506	10,264,696		

- a) Board staff notes that the applicable loss factors used for the various rate classes captured in column C do not align with the corresponding loss factors in the current tariff sheet. If this is an error, Board staff will make the relevant corrections.

**8. Ref: 2011 Transmission Service Rates (“RTSR”) Adjustment Workform**

Sheet F1.1 – IRM RTSR Adjustment Calculation – Network

Sheet F1.2 – IRM RTSR Adjustment Calculation – Connection

- a) Board staff notes that Hydro Ottawa did not file sheets F1.1 and F1.2. Below, staff provides the data for the RTSR Adjustment - Network and Connection. Please confirm whether the data provided is correct.

	<b>Sheet F1.1 RTSR Adjustment - Network</b>	<b>Sheet F1.2 RTSR Adjustment - Connection</b>
Residential	-0.000379636	-0.000503111
General Service Less Than 50 kW	-0.000344592	-0.000468808
General Service 50 to 1,499 kW	-0.142538601	-0.190999292
General Service 1,500 to 4,999 kW	-0.148011196	-0.204114485
Large Use	-0.164072706	-0.229864629
Unmetered Scattered Load	-0.000344592	-0.000468808
Sentinel Lighting	-0.105760663	0.144850277
Street Lighting	-0.105223333	-0.141888782