

Board Staff Interrogatories

2011 IRM3 Electricity Distribution Rates Renfrew Hydro Incorporated (“Renfrew”) EB-2010-0112

2011 IRM3 Rate Generator Model

1. Ref: Sheet “C3.2 Current Rate Rider for Global Adjustment Sub-Account Disposition – Electricity Component” of the model is reproduced below.

Current Rate Rider for Global Adjustment Sub-Account Disposition- Electricity Component						
Rate Rider	GA Sub-Acct - Electricity					
Sunset Date	April 30, 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	
Residential	Yes	0.000000	Customer per 30 days	0.001700	kWh	
General Service Less Than 50 kW	Yes	0.000000	Customer per 30 days	0.001700	kWh	
General Service 50 to 4,999 kW	Yes	0.000000	Customer per 30 days	0.001700	kWh	
Unmetered Scattered Load	Yes	0.000000	Customer per 30 days	0.001700	kWh	
Street Lighting	Yes	0.000000	Connection -12 per year	0.001700	kWh	

- a) According to Renfrew’s Tariff of Rates and Charges effective December 1, 2010, the rate rider for Global Adjustment Sub-Account Disposition is an element of the delivery component. Please confirm that this is correct and Board staff will update the rate generator to remove this sheet.

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2. Ref: Sheet “L2.1 Applied for RTSR – Connection” of the model is reproduced below.

Applied For RTSR - Connection						
Method of Application		Distinct Dollar				
Rate Class		Applied to Class				
Residential		Yes				
Rate Description		Vol Metric	Current Amount	% Adjustment	\$ Adjustment	Final Amount
Retail Transmission Rate – Line and Transformation Connection Service Rate		\$/kWh	0.002800	0.000%	-0.000026	0.002774
Rate Class		Applied to Class				
General Service Less Than 50 kW		Yes				
Rate Description		Vol Metric	Current Amount	% Adjustment	\$ Adjustment	Final Amount
Retail Transmission Rate – Line and Transformation Connection Service Rate		\$/kWh	0.001300	0.000%	-0.000024	0.001276
Rate Class		Applied to Class				
General Service 50 to 4,999 kW		Yes				
Rate Description		Vol Metric	Current Amount	% Adjustment	\$ Adjustment	Final Amount
Retail Transmission Rate – Line and Transformation Connection Service Rate		\$/kW	1.006000	0.000%	-0.009426	0.996574
Rate Class		Applied to Class				
Unmetered Scattered Load		Yes				
Rate Description		Vol Metric	Current Amount	% Adjustment	\$ Adjustment	Final Amount
Retail Transmission Rate – Line and Transformation Connection Service Rate		\$/kWh	0.002600	0.000%	-0.000024	0.002576
Rate Class		Applied to Class				
Street Lighting		Yes				
Rate Description		Vol Metric	Current Amount	% Adjustment	\$ Adjustment	Final Amount
Retail Transmission Rate – Line and Transformation Connection Service Rate		\$/kW	0.777600	0.000%	-0.007286	0.770314

- a) According to Renfrew’s Tariff of Rates and Charges effective December 1, 2010, the Retail Transmission Rate – Line and Transformation Connection Service Rate is \$0.0026 per kWh for the General Service Less Than 50 kW rate class. However, the model indicates that the rate is \$0.0013 per kWh. Please confirm the correct rate and Board staff will update the model.

2011 RTSR Adjustment Workform

3. 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	Yes	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)	Loss Adjusted Billed kWh E = A * C
Residential	kWh	30,643,470	0	1.0810		33,125,591
General Service 50 to 499 kW	kWh	12,859,915	0	1.0810		13,901,568
General Service 50 to 4,999 kW	kW	52,230,300	141,729	1.0810	50.51%	56,460,954
Unmetered Scattered Load	kWh	140,485	0	1.0810		151,864
Street Lighting	kW	1,114,732	3,092	1.0810	49.41%	1,205,025
Total		96,988,902	144,821			104,845,003

- a) Please explain, and if necessary reconcile, why metered kWh and kW in columns A and B are not consistent with what is reported in Renfrew's 2009 RRR 2.1.5 customer, demand and revenue section.
- b) Please confirm that the data entered in column A (metered kWh) is metered data (i.e. no loss factor applied). If a loss factor has been applied to the data in column A, Board staff will make the relevant corrections to the workform.


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2011 IRM3 Shared Tax Savings Workform

4. 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	2010	2011
Taxable Capital	\$ 6,016,657	\$ 6,016,657
Deduction from taxable capital up to \$15,000,000	\$ 15,000,000	\$ 15,000,000
Net Taxable Capital	-\$ 8,983,343	-\$ 8,983,343
Rate	0.150%	0.000%
Ontario Capital Tax (Deductible, not grossed-up)	\$ -	\$ -
2. Tax Related Amounts Forecast from Income Tax Rate Changes	2010	2011
Regulatory Taxable Income	\$ 300,071	\$ 300,071
Corporate Tax Rate	16.00%	15.50%
Tax Impact	\$ 48,011	\$ 46,511
Grossed-up Tax Amount	\$ 57,156	\$ 55,043
Tax Related Amounts Forecast from Capital Tax Rate Changes	\$ -	\$ -
Tax Related Amounts Forecast from Income Tax Rate Changes	\$ 57,156	\$ 55,043
Total Tax Related Amounts	\$ 57,156	\$ 55,043
Incremental Tax Savings		-\$ 2,114
Sharing of Tax Savings (50%)		-\$ 1,057

Ref: Sheet "3. Taxes/PILs" of Renfrew's 2010 Revenue Requirement Workform is reproduced below.

 REVENUE REQUIREMENT WORK FORM Name of LDC: Renfrew Hydro Inc. File Number: EB-2009-0146 Rate Year: 2010			
Taxes/PILs			
Line No.	Particulars	Application	Per Board Decision
<u>Determination of Taxable Income</u>			
1	Utility net income	\$237,056	\$237,056
2	Adjustments required to arrive at taxable utility income	\$63,014	\$63,014
3	Taxable income	\$300,071	\$300,071
<u>Calculation of Utility Income Taxes</u>			
4	Income taxes	\$48,011	\$48,011
5	Capital taxes	(\$14,500) a	(\$14,500)
6	Total taxes	\$33,511	\$33,511
7	Gross-up of Income Taxes	\$9,145	\$9,145
8	Grossed-up Income Taxes	\$57,156	\$57,156
9	PILs / tax Allowance (Grossed-up Income taxes + Capital taxes)	\$42,656	\$42,656
10	Other tax Credits	\$ -	\$ -
<u>Tax Rates</u>			
11	Federal tax (%)	11.00%	11.00%
12	Provincial tax (%)	5.00%	5.00%
13	Total tax rate (%)	16.00%	16.00%

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- a) Please confirm that the capital tax of (\$14,500) from Renfrew's 2010 Revenue Requirement Workform should be included in IRM Shared Tax Savings Workform. If necessary, Board staff will manually update the workform.

2011 Revenue Cost Ratio Adjustment Workform

5. Ref: Sheet "B1.1 Rate Class Selection, Re-Based Billing Determinants & Current Tariff Rates" of the workform is reproduced below.

Rate Class Selection, Re-Based Billing Determinants & Current Tariff Rates										
The purpose of this sheet is to set up the rate classes, enter the re-based billing determinants from your last cost of service application and enter the current service charge and volumetric distribution rates as found on your May 1, 2010 (or subsequent) Tariff of rates and charges.										
Last COS Re-based Year					2010					
Last COS OEB Application Number					EB-2009-0146					
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	Current Tariff Service Charge D	Current Tariff Distribution Volumetric Rate kWh E	Current Tariff Distribution Volumetric Rate kW F	
RES	Residential	Customer	kWh	3,635	34,438,358		14.49	0.0149		
GSLT50	General Service Less Than 50 kW	Customer	kWh	474	13,997,976		29.96	0.0132		
GSGT50	General Service 50 to 4,999 kW	Customer	kW	64	56,836,638	154,229				2.1683
USL	Unmetered Scattered Load	Customer	kWh	30	154,282		32.83	0.0074		
SL	Street Lighting	Connection	kW	1,173	1,211,057	3,359	1.49			3.6732

- a) Board staff is unable to reconcile the date entered into column B "Re-based Billed kWh" and column C "Re-based Billed kW". Please provide evidence supporting this data.
6. Ref: Sheet "C1.1 Decision – Cost Revenue Adjustments by Rate Class" of the workform is reproduced below.

Decision - Cost Revenue Adjustments by Rate Class

The purpose of this sheet is to input the Revenue Cost Ratios as determined from column G on Sheet "C1.5 Proposed R C Ratio Adj" of the applicants 2010 IRM3 Supplemental Filing Module or 2010 COS Decision and Order.

Under Direction the applicant can choose "No Change" - no change in that rate class ratio, "Change" - Board ordered change from COS decision, or Rebalance to apply offset adjustments to Decision prescribed rate classes.

Update Group

Rate Class	Direction	Current Year	Transition	Transition	Transition	Transition	Transition
		2010	Year 1 2011	Year 2 2012	Year 3 2013	Year 4 2014	Year 5 2015
Residential	Rebalance	117.00%	tbd	tbd	tbd	tbd	tbd
General Service Less Than 50 kW	No Change	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
General Service 50 to 4,999 kW	Change	80.00%	84.00%	87.00%	90.00%	0.00%	0.00%
Unmetered Scattered Load	Change	58.00%	64.00%	69.00%	75.00%	0.00%	0.00%
Street Lighting	Change	39.00%	50.00%	60.00%	70.00%	0.00%	0.00%

- a) According to the Board's decision in Renfrew's 2010 cost of service proceeding (EB-2009-0146), the revenue-to-cost ratios for the GS<50 kW, Unmetered Scattered Load, and Street Lighting rate classes were approved as proposed by Renfrew as shown in Table 7 in that decision. Please confirm that the starting point (i.e. Current Year 2010) revenue-to-cost ratio for the Unmetered Scattered Load rate class should be 64%, instead of 58%, which Renfrew has entered into the workform. If necessary, Board staff will update the workform and the rate generator model.

December 31, 2009 Group 1 Deferral and Variance Accounts

7. In Renfrew's 2010 cost of service proceeding (EB-2009-0146), the Board approved and directed Renfrew to transfer to Account 1595 the Group 1 account balances approved for disposition as soon as possible but no later than December 31, 2010, so that the Reporting and Record-keeping Requirements data reported in the fourth quarter of 2010 reflect these adjustments.
 - a. Please confirm that Renfrew has transferred its December 31, 2009 Group 1 account balances, including interest up to April 30, 2010, into Account 1595.