

**Response to Board Staff Interrogatories  
2011 IRM3 Electricity Distribution Rates  
Norfolk Power Distribution Inc.  
EB-2011-0049**

**1. Board Staff Interrogatory**

**Ref: Manager's Summary – Page 1**

**On page 1 of the Manager's Summary Norfolk Power requested that, in the event of this application not being approved prior to May 1, 2011, its existing rates be declared interim as of May 1, 2011.**

**Question/ Request:**

**Were the Board to deny May 1, 2001 as the effective date for the rate changes, please provide the foregone revenue rate riders for the following scenarios assuming that the rate riders would be in place from the effective date of the rate change to April 30, 2012.**

- a. Effective date of June 1, 2011.**
- b. Effective date of July 1, 2011.**

Assuming an implementation date of June 1, 2011 and July 1, 2011, Norfolk has calculated the following rate riders for foregone distribution revenue. The riders have been calculated assuming the loss of 1/12 for an implementation date June 1<sup>st</sup> and 2/12 for an implementation date of July 1<sup>st</sup>, for both the customer monthly charge and variable consumption. Table 2 provides the distribution revenue from the 2011 IRM applied for rates assuming May 1<sup>st</sup> implementation compared to a June 1<sup>st</sup> and July 1<sup>st</sup> implementation using the respective Foregone Revenue Rate Riders.

**Table 1: Foregone Revenue Rate Riders**

|                          | Current Rates |               | Applied for Rates |               | Variance   |               | June 1 Rate Rider |               | July 1 Rate Rider |               |
|--------------------------|---------------|---------------|-------------------|---------------|------------|---------------|-------------------|---------------|-------------------|---------------|
|                          | Fixed (\$)    | Variable (\$) | Fixed (\$)        | Variable (\$) | Fixed (\$) | Variable (\$) | Fixed (\$)        | Variable (\$) | Fixed (\$)        | Variable (\$) |
| Residential              | 20.73         | 0.0190        | 20.77             | 0.0190        | 0.0400     | 0.0000        | 0.00              | 0.0000        | 0.01              | 0.0000        |
| GS < 50 kWh              | 49.65         | 0.0139        | 49.74             | 0.0139        | 0.0900     | 0.0000        | 0.01              | 0.0000        | 0.02              | 0.0000        |
| GS > 50 kWh              | 243.94        | 3.6220        | 244.38            | 3.6285        | 0.4400     | 0.0065        | 0.04              | 0.0006        | 0.09              | 0.0013        |
| Sentinel Lights          | 6.14          | 18.2587       | 6.15              | 18.2916       | 0.0100     | 0.0329        | 0.00              | 0.0030        | 0.00              | 0.0066        |
| Street Lighting          | 1.85          | 6.9781        | 1.85              | 6.9907        | 0.0000     | 0.0126        | 0.00              | 0.0011        | 0.00              | 0.0025        |
| Unmetered Scattered Load | 26.50         | 0.0149        | 26.55             | 0.0149        | 0.0500     | 0.0000        | 0.00              | 0.0000        | 0.01              | 0.0000        |

**Table 2: Distribution Revenue Comparison**

|                          | 2008 Billing Determinants |             | Revenue with Applied For Rates |                 | Revenue with June 1 Rate Rider |                 | Revenue with July 1 Rate Rider |                 |
|--------------------------|---------------------------|-------------|--------------------------------|-----------------|--------------------------------|-----------------|--------------------------------|-----------------|
|                          | Customer                  | kWh/kW      | Fixed (\$)                     | Volumetric (\$) | Fixed (\$)                     | Volumetric (\$) | Fixed (\$)                     | Volumetric (\$) |
| Residential              | 16,607                    | 147,447,515 | 4,139,129                      | 2,801,503       | 4,139,129                      | 2,801,503       | 4,139,926                      | 2,801,503       |
| GS < 50 kWh              | 2,058                     | 64,081,972  | 1,228,379                      | 890,739         | 1,228,379                      | 890,739         | 1,228,601                      | 890,739         |
| GS > 50 kWh              | 166                       | 403,334     | 486,805                        | 1,463,497       | 486,805                        | 1,463,497       | 486,893                        | 1,463,760       |
| Sentinel Lights          | 400                       | 345         | 29,520                         | 6,311           | 29,520                         | 6,311           | 29,525                         | 6,312           |
| Street Lighting          | 3,091                     | 9,478       | 68,620                         | 66,258          | 68,620                         | 66,258          | 68,620                         | 66,270          |
| Unmetered Scattered Load | 51                        | 406,396     | 16,249                         | 6,055           | 16,249                         | 6,055           | 16,252                         | 6,055           |
| Total                    |                           |             | \$5,968,701                    | \$5,234,363     | \$5,968,701                    | \$5,234,363     | \$5,969,816                    | \$5,234,639     |

If rates are implemented at a date later than May 1<sup>st</sup> 2011, Norfolk requests that the LRAM/SSM rates also be adjusted to reflect the shortened period, allowing full recovery to occur by April 30, 2012. The LRAM/SSM rates applied for in the original application are summarized in Table 3, with comparable rates for a June 1<sup>st</sup> and July 1<sup>st</sup> implementation.

**Table 3: LRAM / SSM Rate Riders**

| LRAM / SSM  | 2008 Billing Determinants | Applied for May 1st Rate | 11/12 of 2008 Billing Determinants | June 1st Implementati on Rate | 10/12 of 2008 Billing Determinants | July 1st Implementati on Rate |
|-------------|---------------------------|--------------------------|------------------------------------|-------------------------------|------------------------------------|-------------------------------|
| Residential | 147,447,515               | 0.002285                 | 135,160,222                        | 0.002493                      | 122,872,929                        | 0.002742                      |
| GS < 50 kWh | 64,081,972                | 0.000703                 | 58,741,808                         | 0.000767                      | 53,401,643                         | 0.000844                      |
| GS > 50 kWh | 403,334                   | 0.108952                 | 369,723                            | 0.118857                      | 336,112                            | 0.130742                      |

## 2. Board Staff Interrogatory

**Ref: 2011 IRM3 Tax Module**

**Sheet “B1.1 Re-Based Bill Det & Rates” of the 2011 IRM3 Tax Module is reproduced below.**

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

| Last COS Re-based Year          |                                 |              |            | 2008   |                          |                         |  |  |   |
|---------------------------------|---------------------------------|--------------|------------|--|--------------------------|-------------------------|--|--|---|
| Last COS OEB Application Number |                                 |              |            | EB-2007-0753                                     |                          |                         |  |  |   |
| Rate Group                      | Rate Class                      | Fixed Metric | Vol Metric | Re-based Billed Customers<br>or Connections<br>A | Re-based Billed kWh<br>B | Re-based Billed kW<br>C | Rate ReBal Base<br>Service Charge<br>D | Rate ReBal Base Distribution<br>Volumetric Rate kWh<br>E | Rate ReBal Base Distribution<br>Volumetric Rate kW<br>F |
| RES                             | Residential                     | Customer     | kWh        | 16,607   | 147,447,515              |                         | 20.91                                  | 0.0198   |   |
| GSLT50                          | General Service Less Than 50 kW | Customer     | kWh        | 2,058  | 64,081,972               |                         | 49.33                                  | 0.0145   |   |
| GSGT50                          | General Service 50 to 499 kW    | Customer     | kW         | 166  | 189,745,291              | 403,334                 | 242.37                                 |  | 3.8907  |
| Sen                             | Sentinel Lighting               | Connection   | kW         | 400  | 342,469                  | 345                     | 4.90                                   |  | 12.2817   |
| SL                              | Street Lighting                 | Connection   | kW         | 3,091  | 3,101,236                | 9,478                   | 1.60                                   |  | 5.6166  |
| USL                             | Unmetered Scattered Load        | Connection   | kWh        | 51   | 406,396                  |                         | 26.33                                  | 0.0155   |   |

### Question/ Request:

**Board staff has been unable to verify the data provided in columns A, B and C. Please provide supporting evidence.**

The data above in columns A, B and C is taken from the Test Year Normalized Forecast for 2008 data found in Norfolk’s 2008 rate application (EB-2007-0753). For convenience a copy of Exhibit 3, Tab 2, Schedule 1, Page 5 of that application, which summarizes the data in question, has been attached to this response as Appendix A.

**Please explain why rates in columns D, E and F are not consistent with rates from Sheet “E1.1 Rate Reb Base Dist Rts Gen” of the 2011 IRM3 Rate Generator. If this is an error, Board staff will make the necessary adjustments to the Tax Sharing model.**

The rates in column D, E and F in sheet B1.1 of the IRM3 Tax Module are incorrect. These rates were from the 2008 COS. The correct rates are the ones found in tab E1.1 of the 2011 IRM3 Rate Generator.

### 3. Board Staff Interrogatory

#### Ref: Rate Generator Model

Sheet “C2.3 Def Var Disp 2010” of the 2011 IRM3 Rate Generator is reproduced below.

|                       |                              |
|-----------------------|------------------------------|
| Rate Rider            | Def Var Disp 2010            |
| Sunset Date           | April 30, 2011<br>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 Regular             | Yes              | 0.000000     | Customer per 30 days    | -0.001500  | kWh        |
| General Service Less Than 50 kW | Yes              | 0.000000     | Customer per 30 days    | -0.001500  | kWh        |
| General Service 50 to 4,999 kW  | Yes              | 0.000000     | Customer per 30 days    | -0.719520  | kW         |
| Unmetered Scattered Load        | Yes              | 0.000000     | Customer per 30 days    | -0.001700  | kWh        |
| Sentinel Lighting               | Yes              | 0.000000     | Connection -12 per year | -0.416200  | kW         |
| Street Lighting                 | Yes              | 0.000000     | Connection -12 per year | -0.509200  | kW         |

#### Question/ Request:

**Please explain why the rate rider for the GS >50 customer class in the amount of -0.719520 differs from Norfolk’s current tariff of rates and charges. If this is an error, Board staff will make the necessary adjustments to the Rate Generator.**

The rate of -0.719520 for the GS>50 customer class as listed above is an error. The correct rate from the Norfolk’s current tariff of rates and charges is -0.71920.

Appendix A: Billing Determinants  
2008 Cost of Service Application  
EB-2007-0753, Exhibit 3, Tab 2, Schedule 1, Page 5

Norfolk Power Distribution Inc.

| <u>Norfolk Power</u>               |                   | Historical<br>Actual | Historical<br>Board<br>Approved | Historical<br>Actual<br>Normalized | Bridge Year<br>-Est. | Bridge Year<br>Estimate<br>Normalized | Test Year<br>Normalized<br>Forecast |
|------------------------------------|-------------------|----------------------|---------------------------------|------------------------------------|----------------------|---------------------------------------|-------------------------------------|
| Year                               |                   | 2006                 | 2004                            | 2006                               | 2007                 | 2007                                  | 2008                                |
| Customer Class                     |                   |                      |                                 |                                    |                      |                                       |                                     |
| Residential                        | Customers         | 16,123               | 15,686                          | 16,123                             | 16,363               | 16,363                                | 16,607                              |
|                                    | Consumption - kWh | 139,960,236          | 138,382,016                     | 143,150,695                        | 142,045,233          | 145,283,221                           | 147,447,515                         |
| General Service<br>Less Than 50 kW | Customers         | 2,098                | 2,069                           | 2,098                              | 2,078                | 2,078                                 | 2,058                               |
|                                    | Consumption - kWh | 63,242,003           | 64,089,807                      | 65,337,266                         | 62,631,537           | 64,706,575                            | 64,081,972                          |
| General Service 50<br>to 4,999 kW  | Customers         | 163                  | 161                             | 163                                | 165                  | 165                                   | 166                                 |
|                                    | Consumption - kWh | 174,720,116          | 146,755,138                     | 175,461,587                        | 176,683,010          | 177,431,400                           | 189,745,291                         |
|                                    | Demand - KW       | 371,396              | 434,026                         | 372,972                            | 374,862              | 377,159                               | 403,334                             |
| Sentinel Lights                    | Connections       | 400                  | 400                             | 400                                | 400                  | 400                                   | 400                                 |
|                                    | Consumption - kWh | 342,469              | 314,278                         | 342,469                            | 342,469              | 342,469                               | 342,469                             |
|                                    | Demand - KW       | 345                  | 1,034                           | 345                                | 345                  | 345                                   | 345                                 |
| Street Lighting                    | Connections       | 3,050                | 3,800                           | 3,050                              | 3,070                | 3,070                                 | 3,091                               |
|                                    | Consumption - kWh | 3,060,430            | 3,279,050                       | 3,060,430                          | 3,080,765            | 3,080,765                             | 3,101,236                           |
|                                    | Demand - KW       | 9,353                | 10,789                          | 9,353                              | 9,415                | 9,415                                 | 9,478                               |
| Unmetered<br>Scattered Load        | Customers         | 51                   | 51                              | 51                                 | 51                   | 51                                    | 51                                  |
|                                    | Consumption - kWh | 406,396              | 371,668                         | 406,396                            | 406,396              | 406,396                               | 406,396                             |