

**Enersource Hydro Mississauga Inc.
Board Staff Interrogatories
EB-2011-0266**

Interrogatory #1

Ref: Deferral and Variance Account Work Form, Tab 3, Schedule 3, Page 7

Board staff notes that interest for the 2011 year does not appear to have been entered into the Deferral and Variance Account Work Form.

(A) If Enersource has inadvertently omitted 2011 interest figures, please re-file the Deferral and Variance Account Work Form with interest up to October 31, 2011 on tab 3, schedule 3, page 6 under “adjustments during 2010.”

(B) If Enersource believes that the original filing is correct, please provide an explanation.

Interrogatory #2

Ref: Manager’s Summary, Tab 2, Page 4

Ref: Deferral and Variance Account Work Form, Tab 3, Schedule 3, Page 7

Account	Description	Balance at Dec-31-10	Interest to Oct-31-11	Total
1550	Low Voltage	2,000,049	36,108	2,036,157
1580	RSVA Wholesale Market Service Charge	(10,401,473)	(193,111)	(10,594,584)
1584	RSVA Retail Transmission Network Charges	(6,212,255)	(117,585)	(6,329,840)
1586	RSVA Retail Transmission Connection Charges	(5,293,496)	(101,195)	(5,394,691)
1588	RSVA Power (Excluding Global Adjustment)	3,755,373	63,179	3,818,552
1588	RSVA Power (Global Adjustment Sub-account)	(22,821,333)	(392,615)	(23,213,948)
1595	Recovery of Regulatory Asset Balances	(203,108)	(79,822)	(282,930)
	Total Net Refund	(39,176,243)	(785,041)	(39,961,284)

Board staff has been unable to reconcile the figures in columns “Interest to Oct-31-11” and “Total” in the above table to those reported in Enersource’s Deferral and Variance Account Work Form. Board staff notes, as per the previous IR, that interest for 2011 has not been entered in the Deferral and Variance Account Work Form and consequently the above figures are not identical to Enersource’s Work Form (i.e. Total amount identified in the Deferral and Variance Account

Work Form, Tab 3, Schedule 3, Page 7 differs from total amount recorded in the Manager's Summary).

(A) Please re-file the Deferral and Variance Account Work Form correcting for interest for 2011 if applicable, and to confirm the total amounts sought for disposition.

Interrogatory #3

Ref: Manager's Summary, Page 2

Ref: Reconciliation of Audited Financial Statements, Tab 6, Sch. 2, Page 1

<u>Account 1588</u>	
GL Balance	\$ (19,661)
Retailer True-up LDC Billing	\$ (3,306)
Rebates Payable Adjustment	\$ 155
Energy True-up	\$ 1,943
GA True-up Adjustment	\$ 1,708
	\$ 499
Net Postings	
Revised 1588 Balance	\$ (19,162)

Board staff notes that the regulatory trial balances in the OEB RRR Filing for 2.1.7 for December 31, 2010 differs from the December 31, 2010 Audited Financial Statements for Account 1588.

According to Enersource, "the difference of approximately \$499,000 represents the impact of the completion of the comprehensive review¹," which commenced subsequent to the filing of its 2011 IRM Application, and in order to ensure that its treatment of accounts was in accordance with the provisions of the Board's Accounting Procedures Handbook. Enersource also claims that pursuant to the CICA Handbook Section 1506, the December 31, 2010 audited financial statements are not required to be adjusted for immaterial amounts, and Enersource's external auditor has concurred that this difference is immaterial.

Board staff notes that Enersource's current application (EB-2011-0266) does not provide the external auditor report or any evidence validating this claim, nor how the external auditors determine materiality. Board staff also notes that while this

¹ EB-2011-0266 Application, Tab 2, Page 2

difference is only approximately 0.04% of Enersource's total Board-approved revenue requirement from its 2008 Cost of Service Application, it is approximately 2% of the total balance of Account 1588 (including Global Adjustment).

(A) Please provide a reconciliation of this balance identifying the factors which contributed to this difference.

Interrogatory #4

Ref: Manager's Summary, Page 5

Although the EDDVAR Report states that the default disposition period should be one year, Enersource proposes that disposition of Group 1 balances of \$39,961,284 be refunded to customers over a four-year period. Enersource notes that refunding this balance over a four-year period would "dampen the potential for material volatility and assist in mitigating future bill impacts²." Furthermore, Enersource suggests that refunding this balance over a shorter time frame may have a financial impact on the company and could impose a significant strain on its cash flows.

(A) Please provide alternative calculations of rate riders and bill impacts representing a disposition period of: 1 year, 2 years and 3 years.

Interrogatory #5

Ref: 2010 Deferral and Variance Account Application (EB-2009-0405)

In Enersource's 2010 DVA Application (EB-2009-0405), the Board approved Enersource's request to include the global adjustment (GA) sub-account rate rider as part of the Provincial Benefit (commodity) line on the customer's bill.

Board staff notes that this was approved partly because of additional time that Enersource required to alter billing capabilities. Board staff also notes that the decisions on most 2011 IRM Applications directed that the GA sub-account rate rider be included in the delivery line of the bill.

² EB-2011-0266 Application, Tab 2, Page 5

- (A) Please confirm whether or not Enersource is requesting to continue to include the GA sub-account rate rider, if approved by the Board, as part of the commodity line of a customer's bill.
- (B) If Enersource intends to continue to include the GA-sub account rate rider as part of the commodity line, please provide an explanation as to why.
- (C) Please confirm whether or not Enersource's billing capabilities have been upgraded to facilitate the inclusion of the GA sub account rate rider in the delivery line of the bill.
- (D) If the answer to part C) is no, please provide the status of Enersource's CIS system and if applicable, a tentative timeline of when it will be upgraded.

Interrogatory #6

Ref: Application, Page 1

Enersource has applied to the Board for "interim order or orders approving interim rates, rate riders, or other charges and accounting orders as may be necessary or appropriate³".

Board staff notes that based on the filing date for this application, dated August 17, 2011, the Board's standard timelines for processing applications would typically result in a decision and rate order being rendered after the November 1 implementation date as requested by Enersource.

- (A) Please confirm that Enersource is seeking interim rates beginning November 1, 2011, if necessary.
- (B) Please provide any implications of a later effective date, taking into account the end date of the current rate rider for the global adjustment sub-account of January 31, 2012.

³ EB-2011-0266 Application, Tab 1, Page 1