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BY E-MAIL

November 8, 2011

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

Dear Ms. Walli:

**Re: Chatham-Kent Hydro Inc.
2012 IRM3 Distribution Rate Application
Board Staff Interrogatories
Board File No. EB-2011-0163**

In accordance with the Notice of Application and Hearing, please find attached Board Staff Interrogatories in the above proceeding. Please forward the following to Chatham-Kent Hydro Inc. and to all other registered parties to this proceeding.

In addition please advise Chatham-Kent Hydro Inc. that responses to interrogatories are due by November 17, 2011.

Yours truly,

Original signed by

Daniel Kim
Analyst – Applications & Regulatory Audit

Encl.

Board Staff Interrogatories

2012 IRM3 Electricity Distribution Rates Chatham-Kent Hydro Inc. EB-2011-0163

2012 Shared Tax Savings Workform

1. Ref: Sheet “5. Z-Factor Tax Changes” of the workform is reproduced below.

Summary - Sharing of Tax Change Forecast Amounts		
For the 2010 year, enter any Tax Credits from the Cost of Service Tax Calculation (Positive #)	\$	45,450
1. Tax Related Amounts Forecast from Capital Tax Rate Changes	2010	2012
Taxable Capital	\$ 56,630,166	\$ 56,630,166
Deduction from taxable capital up to \$15,000,000	\$ 15,000,000	\$ 15,000,000
Net Taxable Capital	\$ 41,630,166	\$ 41,630,166
Rate	0.150%	0.000%
Ontario Capital Tax (Deductible, not grossed-up)	\$ 30,966	\$ -
2. Tax Related Amounts Forecast from Income Tax Rate Changes	2010	2012
Regulatory Taxable Income	\$ 2,459,987	\$ 2,459,987
Corporate Tax Rate	31.00%	24.88%
Tax Impact	\$ 717,146	\$ 566,522
Grossed-up Tax Amount	\$ 1,039,342	\$ 754,126
Tax Related Amounts Forecast from Capital Tax Rate Changes	\$ 30,966	\$ -
Tax Related Amounts Forecast from Income Tax Rate Changes	\$ 1,039,342	\$ 754,126
Total Tax Related Amounts	\$ 1,070,308	\$ 754,126
Incremental Tax Savings		-\$ 316,182
Sharing of Tax Savings (50%)		-\$ 158,091

Board staff has been unable to verify the amounts entered into the taxable capital, regulatory taxable income, and grossed-up tax amounts with Chatham-Kent's 2010 Settlement Agreement, dated March 2, 2010. Please provide evidence supporting these amounts.

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2012 IRM3 Rate Generator

2. Ref: A portion of Sheet “9. 2012 Cont. Sched. Def_Var” of the generator is reproduced below.

		2011				Projected Interest on Dec-31-10 Balances			2.1.7 RRR	
Account Descriptions	Account Number	Principal Disposition during 2011 - instructed by Board	Interest Disposition during 2011 - instructed by Board	Closing Principal Balances as of Dec 31-10 Adjusted for Dispositions during 2011	Closing Interest Balances as of Dec 31-10 Adjusted during 2011 Disposition	Projected Interest from Jan. 1, 2011 to December 31, 2011 on Dec 31-10 balance adjusted for disposition during 2011 ⁵	Projected Interest from January 1, 2012 to April 30, 2012 on Dec 31-10 balance adjusted for disposition during 2011 ^{6, 7}	Total Claim	As of Dec 31-10 ⁸	
Group 1 Accounts										
LV Variance Account	1550			\$ 265,520	\$ 2,808	\$ 3,903	\$ 1,283	\$ 273,515	\$ 268,328	
RSVA - Wholesale Market Service Charge	1580			\$ 947,225	\$ 4,607	\$ 13,924	\$ 4,578	\$ 970,334	\$ 951,832	
RSVA - Retail Transmission Network Charge	1584			\$ 255,307	\$ 1,189	\$ 3,753	\$ 1,234	\$ 261,483	\$ 256,406	
RSVA - Retail Transmission Connection Charge	1586			\$ 250,110	\$ 2,309	\$ 3,677	\$ 1,209	\$ 257,304	\$ 252,419	
RSVA - Power (excluding Global Adjustment)	1588			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
RSVA - Power - Sub-Account - Global Adjustment	1588			\$ 579,294	\$ 1,184	\$ 8,516	\$ 2,800	\$ 589,425	\$ 578,110	
Recovery of Regulatory Asset Balances	1590			\$ -	\$ -			\$ -	\$ -	
Disposition and Recovery of Regulatory Balances (2008) ⁷	1595			\$ -	\$ -			\$ -	\$ -	
Disposition and Recovery of Regulatory Balances (2009) ⁷	1595			\$ -	\$ -			\$ -	\$ -	

Chatham-Kent has reported in their 2.1.7 RRR report that the December 31, 2010 balance in account 1588 is -\$578,110. Chatham-Kent has input this amount into the RSVA – Power – Sub-Account – Global Adjustment (row 29) line of the worksheet.

- Please confirm that the -\$578,110 is the net balance in account 1588, which *includes* the global adjustment sub-account balance.
- If confirmed, please provide the breakdown of account 1588 by separating out the global adjustment sub-account balance.

Account 1521 – Special Purpose Charge

3. Ref: Manager’s Summary, Page 4

Chatham-Kent indicated that version 1.3 of the Rate Generator model does not permit input of amounts collected beyond December 31, 2010, and that Chatham-Kent continued to collect the Special Purpose Charge from January 1, 2011 until April 30, 2011. The total amount collected in 2011 was \$89,175.

- Please confirm Chatham-Kent’s SPC assessment amount and provide a copy of the original SPC invoice.
- Please complete the following table related to the SPC.

SPC Assessment (Principal balance)	Amount recovered from customers in 2010	Carrying Charges for 2010	December 31, 2010 Year End Principal Balance	December 31, 2010 Year End Carrying Charges Balance	Amount recovered from customers in 2011	Forecasted December 31, 2011 Year End Principal Balance	Forecasted December 31, 2011 Carrying Charges Balance	Total for Disposition (Principal & Carrying Charges)

Lost Revenue Adjustment Mechanism (LRAM)

4. Ref: IndEco Third Party Review, Page 3

IndEco notes that its review examined the measures, energy savings, and equipment specifications for programs run under contract to the OPA in 2009 and 2010. It also notes that lost revenues associated with these programs are estimated from January 1 of the program launch year through April 30, 2012.

- a) Please confirm that Chatham-Kent is requesting recovery of lost revenues estimated to April 30, 2012 for programs undertaken in 2009 and 2010.
 - i. If confirmed, please discuss the rationale for requesting recovery of estimated lost revenues until April 30, 2012 in the absence of verified program results for both the 2011 program year and January 1, 2012 to April 30, 2012.
 - ii. If confirmed, please provide an updated LRAM amount exclusive of estimated lost revenues past December 31, 2010.