

**Niagara Peninsula Energy
2012 Electricity Distribution Rates
EB-2011-0185
Board Staff Interrogatories**

1. Taxable Capital

Ref: Shared Tax Savings Model

A portion of Sheet "5. Z-Factor Tax Changes" from the Shared Tax Savings Model is reproduced below.

1. Tax Related Amounts Forecast from Capital Tax Rate Changes		2011	2012
Taxable Capital		\$ 119,144,943	\$ 119,144,943
Deduction from taxable capital up to \$15,000,000		\$ 15,000,000	\$ 15,000,000
Net Taxable Capital		\$ 104,144,943	\$ 104,144,943
Rate		0.000%	0.000%
Ontario Capital Tax (Deductible, not grossed-up)		\$ -	\$ -

- a) Board Staff notes that the 2011 Taxable Capital amount of \$119,144,943 is the amount provided in Niagara Peninsula's 2011 Cost-of-Service application (EB-2010-0138). Board Staff further notes that the corresponding amount per Board Decision is \$119,567,689.

If this is an error, Board staff will make the relevant corrections.

2. Revenue-to-Cost Ratios

Ref: Revenue-to-Cost Ratio Model

Ref: Manager's Summary

Ref Proposed Settlement Agreement (EB-2010-0138)

A portion of Sheet "6. Decision Cost Revenue Adj" from the Revenue-to-Cost Ratio Model is reproduced below.

Rate Class	Direction	Current Year	Transition	Transition	Transition	Transition	Transition
		2011	Year 1 2012	Year 2 2013	Year 3 2014	Year 4 2015	Year 5 2016
Residential	No Change	85.00%	85.00%	85.00%	85.00%	85.00%	85.00%
General Service Less Than 50 kW	No Change	109.10%	109.10%	109.10%	109.10%	109.10%	109.10%
General Service 50 to 4,999 kW	Change	147.98%	147.01%	146.02%	146.02%	146.02%	146.02%
Unmetered Scattered Load	No Change	101.50%	101.50%	101.50%	101.50%	101.50%	101.50%
Sentinel Lighting	Change	38.70%	54.10%	70.00%	70.00%	70.00%	70.00%
Street Lighting	Change	48.10%	58.90%	70.00%	70.00%	70.00%	70.00%

The Final Revenue to Cost Ratios table from p.17 of the Manager's Summary is reproduced below.

Final Revenue to Cost Ratios						
Class	2011 Cost Allocation Study	2011 Proposed Ratios	2012 Proposed Ratios	2013 Proposed Ratios	Board Targets Min to Max	
Residential	83.4%	85.0%	85.0%	85.0%	85.0%	115.0%
GS < 50	109.1%	109.1%	109.1%	109.1%	80.0%	120.0%
General Service 50 to 4999 kW	155.2%	148.0%	147.0%	146.0%	80.0%	180.0%
Streetlight	7.4%	48.1%	58.9%	70.0%	70.0%	120.0%
Sentinel Lights	26.3%	38.7%	54.1%	70.0%	70.0%	120.0%
Unmetered Scattered Load	101.5%	101.5%	101.5%	101.5%	80.0%	120.0%

The Updated Revenue to Cost Ratios table from p.81 of the Proposed Settlement Agreement related to Niagara Peninsula's 2011 Cost-of-Service application (EB-2010-0138) is reproduced below.

Updated Revenue to Cost Ratios						
Class	2011 Cost Allocation Study	2011 Proposed Ratios	2012 Proposed Ratios	2013 Proposed Ratios	Board Targets Min to Max	
Residential	83.4%	85.0%	85.0%	85.0%	85.0%	115.0%
GS < 50	109.3%	109.3%	109.3%	109.3%	80.0%	120.0%
General Service 50 to 4999 kW	154.8%	147.7%	146.7%	145.7%	80.0%	180.0%
Streetlight	7.3%	48.1%	58.9%	70.0%	70.0%	120.0%
Sentinel Lights	26.2%	38.7%	54.1%	70.0%	70.0%	120.0%
Unmetered Scattered Load	101.2%	101.2%	101.2%	101.2%	80.0%	120.0%

- a) Board Staff notes that the revenue-to-cost ratios for the years 2011, 2012 and 2013 are aligned between the Revenue-to-Cost Ratio Model and the Manager's Summary. Board staff further notes that the same revenue-to-cost ratios are not aligned with the table in the Proposed Settlement Agreement related to Niagara Peninsula's 2011 Cost-of-Service application (EB-2010-0138) for rate classes GS<50, GS 50 to 4999 and Unmetered Scattered Load.

Please provide an explanation for this apparent discrepancy.

3. Account 1521 – Special Purpose Charge (“SPC”)

Ref: Manager’s Summary, Table 6, Page 20 and Table 7, Page 21.

- a) Please confirm Niagara Peninsula’s SPC assessment amount and provide a copy of the original SPC invoice.
- b) 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	Carrying Charges for 2011	Forecasted December 31, 2011 Year End Principal Balance	Forecasted December 31, 2011 Year End Carrying Charges Balance	Forecasted Carrying Charges for 2012 (Jan.1 to Apr.30)	Total for Disposition (Principal & Interest)

4. Deferral and Variance Account Disposition Period

Ref: Manager’s Summary, p.19

Niagara Peninsula seeks disposition of deferral and variance account balances over a 4-year period.

Board Staff notes that the *Report of the Board on Electricity Distributors’ Deferral and Variance Account Review Report* (the “EDDVAR Report”) provides that, the default disposition period used to clear Account balances through a rate rider should be one year. The report further states that that a distributor could propose a different disposition period to mitigate rate impacts or address any other applicable considerations, where appropriate.

- a) Please provide the rationale to support the proposed 4-year disposition period rather than the default one year period.