Response to Board Staff Interrogatories

2012 IRM3 Electricity Distribution Rate Application

PowerStream Inc. ("PowerStream") EB-2011-0005

Board Staff Interrogatory No. 1

Board staff has attempted to reconcile the consumption (i.e. billed kWh, billed kW, etc.) data entered in the submitted models to information filed by PowerStream in RRR 2.1.5.

a) Please confirm whether the data filed by PowerStream as part of RRR 2.1.5 represents metered (i.e. non-loss adjusted) or billed consumption data.

Response:

a) PowerStream confirms that the data filed as part of RRR 2.1.5 represents metered consumption before any loss adjustment. The table below shows the rate zones and the combined totals which agree with the RRR 2.1.5 Customer Demand and Revenue data filed for 2010.

PS South		kWh	kW
Residential	kWh	2,169,865,735	
General Service Less Than 50 kW	kWh	831,650,006	
General Service 50 to 4,999 kW	kW	3,738,061,143	10,027,702
Large Use	kW	27,609,737	80,806
Unmetered Scattered Load	kWh	9,210,589	
Sentinel Lighting	kW	466,537	1,252
Street Lighting	kW	46,215,876	128,504
	Total	6,823,079,624	10,238,265
PS North (Barrie)		**kWh**	**kW**
Residential	kWh	557,231,193	
General Service Less Than 50 kW	kWh	202,602,530	
General Service 50 to 4,999 kW	kW	736,523,520	1,905,489
Large Use	kW	-	-
Unmetered Scattered Load	kWh	3,189,288	
General Service 50 to 4,999 kW – TOU	kW	-	-
Street Lighting	kW	12,151,305	33,639
	Total	1,511,697,836	1,939,128
PS Combined		**kWh**	**kW**
Residential	kWh	2,727,096,928	
General Service Less Than 50 kW	kWh	1,034,252,535	
General Service 50 to 4,999 kW	kW	4,474,584,664	11,933,191
Large Use	kW	27,609,737	80,806
Unmetered Scattered Load	kWh	12,399,878	
Sentinel Lighting	kW	466,537	1,252
Street Lighting	kW	58,367,181	162,144
	Total	8,334,777,460	12,177,393

2012 Shared Tax Savings Work Form – Barrie Rate Zone

Board Staff Interrogatory No. 2

Ref: 2012 Shared Tax Savings Work Form – Sheet 5 "Z-Factor Tax Changes"

A section of Sheet 5 "Z-Factor Tax Changes" of the 2012 Shared Tax Savings Work Form for the South rate zone is reproduced below.

Summary - Sharing of Tax Change Forecast Amounts

For the 2008 year, enter any Tax Credits from the Cost of Service Tax Calculation (Positive #)	$ -	
1. Tax Related Amounts Forecast from Capital Tax Rate Changes	**2008**	**2012**
Taxable Capital	$ 149,853,574	$ 149,853,574
Deduction from taxable capital up to $15,000,000	$ 15,000,000	$ 15,000,000
Net Taxable Capital	$ 134,853,574	$ 134,853,574
Rate	0.225%	0.000%
Ontario Capital Tax (Deductible, not grossed-up)	**$ 303,421**	**$ -**
2. Tax Related Amounts Forecast from Income Tax Rate Changes	**2008**	**2012**
Regulatory Taxable Income	$ 5,134,969	$ 5,134,969
Corporate Tax Rate	33.50%	25.59%
Tax Impact	$ 1,720,215	$ 1,314,128
Grossed-up Tax Amount	**$ 2,586,789**	**$ 1,766,105**
Tax Related Amounts Forecast from Capital Tax Rate Changes	$ 303,421	$ -
Tax Related Amounts Forecast from Income Tax Rate Changes	$ 2,586,789	$ 1,766,105
Total Tax Related Amounts	**$ 2,890,210**	**$ 1,766,105**
Incremental Tax Savings		**-$ 1,124,105**
Sharing of Tax Savings (50%)		**-$ 562,052**

Board staff was unable to reconcile the Rate, Ontario Capital Tax and Total Tax Related Amounts variables shown in the Shared Tax Savings Work Form with the data filed by PowerStream in the draft Rate Order, filed on April 7, 2008 from Barrie Hydro's last rebasing application (EB-2007-0746).

a) Please provide evidence in support of the values in the Shared Tax Savings Work Form for the Barrie rate zone. Please indicate if there are any errors and Board staff will make the appropriate changes to the model.

Response:

a) PowerStream notes that the amounts reproduced above are the same amounts used to calculate approved tax change rate riders in the 2009, 2010 and 2011 IRM applications for the Barrie rate zone. As explained below the amounts are correct and no changes are required.

These amounts were revised by the Board during the 2009 IRM (EB-2008-0160) to reflect 2008 tax changes enacted after the Decision on the 2008 cost of service rate application. This was explained in the Board's Decision, as follows:

> *The Board's Decision in EB-2007-0746, Barrie's 2008 cost of service application ("2008 CoS"), was issued on March 25, 2008, prior to Bill 44 being enacted. Accordingly, Barrie's revenue requirement was calculated on the tax rates that existed prior to the enactment of Bill 44.*
>
> *Board staff noted that some 2008 CoS proceedings required more time to process than others. As a result, some applications that were filed with the Board at around the same time as Barrie had filed its 2008 CoS application had their Decisions issued after May 24, 2008, with their resulting electricity distribution rates reflecting the lower tax rates. Board staff submitted that for consistency and fairness across electricity distributors, the difference in PILs Barrie is collecting in its distribution rates as a result of its 2008 CoS Decision having been issued before May 24, 2008, should be removed as of May 1, 2009. Board staff also submitted that the additional amounts Barrie collected in the 2008 rate year should remain with Barrie, as it appropriately reflected the Board Decision (EB-2007-0746) for that rate year. Board staff further submitted that Barrie's distribution rates should be adjusted to reduce the revenues collected by $80,912.*
>
> *Barrie agreed with Board Staff's submission and the calculated amount.*
>
> *The Board finds the Board Staff's proposed adjustment appropriate and has reflected these changes in the attached draft Tariff of Rates and Charges (Appendix A).*

2012 Shared Tax Savings Work Form – South Rate Zone

Staff Interrogatory No. 3

Ref: 2012 Shared Tax Savings Work Form – Sheet 3 "Re-based Bill Det & Rates"

A section of Sheet 3 "Re-based Bill Det & Rates" of the 2012 Shared Tax Savings Work Form for the South rate zone is reproduced below.

Board staff has been unable to reconcile the data in columns B and C with the data provided in

Last COS Re-based Year was in 2009

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	Rate ReBal Base Service Charge D	Rate ReBal Base Distribution Volumetric Rate kWh E	Rate ReBal Base Distribution Volumetric Rate kW F
RES	Residential	Customer	kWh	218,157	2,034,450,648		11.89	0.0134	
GSLT50	General Service Less Than 50 kW	Customer	kWh	23,700	803,126,540		28.39	0.0115	
GSGT50	General Service 50 to 4,999 kW	Customer	kW	3,902	3,909,095,504	10,189,730	83.71		3.4730
LU	Large Use	Customer	kW	1	31,414,814	82,809	2,154.67		1.0393
USL	Unmetered Scattered Load	Connection	kWh	2,121	8,195,169		14.20	0.0086	
Sen	Sentinel Lighting	Connection	kW	142	682,931	1,750	1.98		9.3098
SL	Street Lighting	Connection	kW	63,805	42,341,705	126,683	0.83		4.8192

Exhibit C1/Tab 1/Schedule 4/Table 4 of PowerStream's last cost of service application (EB-2008-0244).

a) Please provide evidence in support of the Board approved demand and consumption forecasts from PowerStream's prior rebasing application entered in columns B and C. Please indicate if there are any errors and Board staff will make the appropriate changes to the model.

Response:

a) The amounts shown above are correct and represent the final approved amounts from the 2009 cost of service application (EB-2008-0244).

Please refer to the attached Appendix A: "Schedule D, Rate Design – Validation", filed as part of the Draft Rate Order that was approved by the Board.

Board Staff Interrogatory No. 4

Ref: 2012 Shared Tax Savings Work Form – Sheet 5 “Z-Factor Tax Changes”

A section of Sheet 5 “Z-Factor Tax Changes” of the 2012 Shared Tax Savings Work Form for the South rate zone is reproduced below.

Summary - Sharing of Tax Change Forecast Amounts		
For the 2009 year, enter any Tax Credits from the Cost of Service Tax Calculation (Positive #)	$ 152,000	
1. Tax Related Amounts Forecast from Capital Tax Rate Changes	**2009**	
Taxable Capital	$ 600,117,757	$
Deduction from taxable capital up to $15,000,000	$ 15,000,000	$
Net Taxable Capital	$ 585,117,757	$
Rate	0.225%	
Ontario Capital Tax (Deductible, not grossed-up)	**$ 1,316,515**	**$**
2. Tax Related Amounts Forecast from Income Tax Rate Changes	**2009**	
Regulatory Taxable Income	$ 12,260,855	$
Corporate Tax Rate	33.00%	
Tax Impact	$ 3,894,082	$
Grossed-up Tax Amount	**$ 5,812,063**	**$**
Tax Related Amounts Forecast from Capital Tax Rate Changes	$ 1,316,515	$
Tax Related Amounts Forecast from Income Tax Rate Changes	$ 5,812,063	$
Total Tax Related Amounts	**$ 7,128,578**	**$**
Incremental Tax Savings		**-$**
Sharing of Tax Savings (50%)		**-$**

Board staff has been unable to reconcile the Taxable Capital and Tax Credit values provided with the data in Schedule B of the Settlement Agreement in PowerStream’s last rebasing application (EB-2008-0224).

a) Please provide Board approved evidence in support of the Taxable Capital and Tax Credit values from PowerStream’s prior rebasing application. Please indicate if there are any errors and Board staff will make the appropriate changes to the model.

Response:

a) The 2009 taxable capital and regulatory taxable income amounts in the 2012 IRM application are the same as in PowerStream South’s approved 2010 IRM and 2011 IRM rate applications “Z-Factor Tax Changes” sheet. These amounts are correct and no change is required.

These amounts originate from PowerStream's approved 2009 Cost of Service application (EB-2008-0244). The regulatory taxable income can be found on the "Taxes/PILs" sheet of the OEB's Revenue Requirement Work Form (RRWF) which has been reproduced below.

Ontario

REVENUE REQUIREMENT WORK FORM

Name of LDC: PowerStream
File Number: EB-2008-0244
Rate Year: 2009

Taxes/PILs

Line No.	Particulars	Application	Per Board Decision
	Determination of Taxable Income		
1	Utility net income	$17,936,770	$16,879,126
2	Adjustments required to arrive at taxable utility income	($2,327,266)	($4,618,271)
3	Taxable income	$15,609,504	$12,260,855
	Calculation of Utility income Taxes		
4	Income taxes	$5,076,136	$3,894,082
5	Capital taxes	$1,321,920	$1,316,515
6	Total taxes	$6,398,056	$5,210,597
7	Gross-up of Income Taxes	$2,500,187	$1,917,981
8	Grossed-up Income Taxes	$7,576,323	$5,812,063
9	PILs / tax Allowance (Grossed-up Income taxes + Capital taxes)	$8,898,243	$7,128,578
10	Other tax Credits	$75,000	$152,000
	Tax Rates		
11	Federal tax (%)	19.00%	19.00%
12	Provincial tax (%)	14.00%	14.00%
13	Total tax rate (%)	33.00%	33.00%

The RRWF was filed as schedule B of the Draft Rate Order and subsequently approved by the Board. Approved capital taxes of $1,316,515 can be found on the same sheet of the RRWF; based on the 2009 capital tax rate of 0.225%, this corresponds to taxable capital of $585,117,757 as shown above. PowerStream did not use the simplified rate base capital tax estimate provided in the Tax model provided by a third party that formed Schedule B of the Settlement Proposal. The model was used only to determine the amount of income tax. The taxable capital amount originates from the detailed capital tax calculation sheet filed in EB-2008-0244 and reproduced below:

POWERSTREAM - Future Test Year Tax model

Ontario Capital Tax
2009 - Test Year

ONTARIO CAPITAL TAX
(From Ontario CT23)
PAID-UP CAPITAL

	2009 Estimated	Non-Distribution Elimination	Wires Only
Paid-up capital stock	149,433,000	164,376	149,268,624
Retained earnings (if deficit, use negative sign)	66,300,000	72,930	66,227,070
Capital and other surplus excluding appraisal surplus	14,324,000	15,756	14,308,244
			0
Loans and advances	310,700,000	341,770	310,358,230
Bank loans	70,000,000	77,000	69,923,000
Bankers acceptances			0
Bonds and debentures payable			0
Mortgages payable			0
Lien notes payable			0
Deferred credits			0
Contingent, investment, inventory and similar reserves			0
Other reserves not allowed as deductions	11,405,000	12,546	11,392,455
Share of partnership(s), joint venture(s) paid-up capital	53,500	53,500	0
Sub-total	622,215,500	737,878	621,477,622
Subtract:			
Amounts deducted for income tax purposes in excess of amounts booked	21,383,387	23,522	21,359,865
Deductible R&D expenditures and ONTTI costs deferred for income tax			0
Total (Net) Paid-up Capital	600,832,113	714,356	600,117,757

ELIGIBLE INVESTMENTS

Bonds, lien notes, interest coupons			0
Mortgages due from other corporations			0
Shares in other corporations			0
Loans and advances to unrelated corporations			0
Eligible loans and advances to related corporations			0
Share of partnership(s) or joint venture(s) eligible investments	41,300	41,300	0
			0
Total Eligible Investments	41,300	41,300	0

TOTAL ASSETS

	2009 Estimated	Non-Distribution Elimination	Wires Only
Total assets per balance sheet	729,900,000		729,900,000
Mortgages or other liabilities deducted from assets			0
Share of partnership(s)/ joint venture(s) total assets	55,400	55,400	0
Deduct			
Investment in partnership(s)/joint venture(s)			0
Total assets as adjusted	729,955,400	55,400	729,900,000
Add: (if deducted from assets)			
Contingent, investment, inventory and similar reserves			0
Other reserves not allowed as deductions			0
Deduct			
Amounts deducted for income tax purposes in excess of amounts booked	21,383,387		21,383,387
Deductible R&D expenditures and ONTTI costs deferred for income tax			0
Deduct			
Appraisal surplus if booked			0
Other adjustments (if deducting, use negative sign)			0
Total Assets	708,572,013	55,400	708,516,613
Investment Allowance	35,020	41,300	0

Taxable Capital

Net paid-up capital	600,832,113	714,356	600,117,757
Investment Allowance	35,020	41,300	0
Taxable Capital	600,797,093	673,056	600,117,757

Capital Tax Calculation

Deduction from taxable capital	15,000,000		15,000,000
Net Taxable Capital			585,117,757
Rate			0.225%
Ontario Capital Tax (Deductible, not grossed-up)			1,316,515

2012 IRM3 Rate Generator – Barrie Rate Zone
Board Staff Interrogatory No. 5

Ref: 2012 IRM3 Rate Generator – Sheet 4 “Current MFC”

A section of Sheet 4 “Current MFC” from the 2012 IRM3 Rate Generator filed for the Barrie rate zone is reproduced below.

22	Rate Description	Unit	Amount	Effective Until Date
187				
188				
409	General Service 50 to 4,999 kW			
410	Service Charge	$	392.23	
411	Rate Rider for Recovery of Late Payment Penalty Litigation Costs	$	5.38	April 30, 2012
412				
413				
414				
415				
416				
417				
418				
419				
431	General Service 50 to 4,999 kW - Time of Use			
432	Service Charge	$	392.23	
433	Rate Rider for Recovery of Late Payment Penalty Litigation Costs	$	5.38	April 30, 2012
434				

Board staff has been unable to reconcile the service charge entered for the GS 50 to 4,999kW classes with PowerStream’s most recent tariff of rates and charges.

a) PowerStream’s tariff indicates a service charge of $393.23 for the GS 50 to 4,999kW classes. Please indicate if $392.23 was entered into the rate generator in error and Board staff will make the necessary corrections. Otherwise, provide evidence in support of the entered values.

Response:

a) This was a typographical error. Please change to the correct monthly service charge of $393.23.

Account 1521 – Special Purpose Charge (SPC)

Board Staff Interrogatory No. 6

Ref: Application, page 11 – Manager's Summary – South rate zone Ref:
Application, page 19 – Manger's Summary – Barrie rate zone

On the pages referenced above, PowerStream has stated that it has not tracked amounts for account 1521 separately by rate zone.

a) Please confirm PowerStream's SPC assessment amount for both rate zones and provide a copy of the original SPC invoice.

Response:

a) PowerStream received two invoices from the Ministry of Energy and Infrastructure (MEI), one for the legacy PowerStream service territory and one for the former Barrie Hydro Distribution Inc. service territory. These are summarized in the table below.

MEI SPC Invoices	**Amount**
PowerStream Inc	$ 2,604,063
Barrie Hydro Distribution Inc.	$ 605,863
Total	**$ 3,209,926**

Copies of these invoices are attached as Appendix B.

POWERSTREAM - 2009 Rate Application

Rates Design - Validation

Customer Class	Proceeds from distribution rates					Revenue requirements				Validation			
	Fixed rate (w/o SM adder)	Volume	Variable rate	volume	Total proceeds	Distribution revenue	Low voltage charges	Transf. allowance recoveries	Total	Difference	Revenue re-allocation	Other difference	Due to rounding
Residential	$ 11.85	218,157	$ 0.0135	2,034,450,648	$ 58,487,047.12	$ 58,226,202	271,286	$ -	$ 58,497,488	(10,440)	-	(10,440)	YES
GS Less Than 50 kW	$ 28.29	23,700	$ 0.0116	803,126,540	$ 17,361,972.15	$ 17,288,227	97,781	$ -	$ 17,386,008	(24,036)	-	(24,036)	YES
GS 50 to 4,999 kW	$ 83.41	3,902	$ 3.5078	10,160,712	$ 39,547,378.56	$ 37,292,703	481,320	$ 1,779,742	$ 39,553,765	(6,387)	-	(6,387)	YES
GS 50 to 4,999 kW TOU	$ -	-	$ -	29,018	$ -	$ -	-	$ -	$ -	-	-	-	
Large Use	$ 2,146.94	1	$ 1.0913	82,809	$ 116,132.41	$ 205,714	4,623	$ 49,685	$ 260,022	(143,890)	(143,884)	(6)	YES
USL	$ 14.14	2,121	$ 0.0087	8,195,169	$ 431,104.41	$ 458,552	1,093	$ -	$ 459,645	(28,540)	(27,940)	(600)	YES
Sentinel Lighting	$ 1.98	142	$ 9.3165	1,750	$ 19,673.29	$ 11,603	70	$ -	$ 11,673	8,000	8,000	0	YES
Street Lighting	$ 0.83	63,805	$ 4.8386	126,683	$ 1,248,462.04	$ 1,079,985	4,653	$ -	$ 1,084,638	163,824	163,824	(0)	YES
Total					**$ 117,211,769.98**	**$ 114,562,987**	**$ 860,825**	**$ 1,829,428**	**$ 117,253,239**	**(41,469)**	**0**	**(41,469)**	

Revised Invoice

Ministry of Energy and Infrastructure
Conservation and Renewable Energy Program Costs

To: PowerStream Inc.
161 Cityview Blvd.
Vaughan, ON L4H 0A9
Attn: Christine Dade, Manager, Reg & Govt Affairs

Customer No./No du client **246185**
Customer Site No./ **N° d'emplacement du client** 1061024
Invoice Date/Date de la facture **April 16, 2010**
Invoice No./ N° de la facture **50061**
Due Date/ Date d'échéance **July 30, 2010**
Payment Amount/ Montant remis **CAD $ 2,604,063**

Item Description:

Assessment for Ministry of Energy and Infrastructure Conservation and Renewable Energy Program Costs.
Quote-part pour les coûts des programme de conservation et d'énergie renouvelable du ministère de l'Énergie et de l'Infrastructure.

Questions related to the remittance should be directed to the Non-Tax Revenue Management Branch Contact Centre at 1-877-535-0554 or Fax (416) 326-5177. Les questions concernant la remise doivent être posées à l'InfoCentre de la Direction de la gestion des revenus non fiscaux au 1 877 535-0554 ou par télécopieur au 416 326-5177.

This assessment was calculated by the Ontario Energy Board, 2300 Yonge St. 27th Floor, P.O. Box 2319, Toronto, ON M4P 1E4. Questions related to the invoice should be directed to the Market Operations Hotline 416-440 -7604. La présente quote-part a été fixée par la Commission de l'énergie de l'Ontario, 2300, rue Yonge, 27e étage, case postale 2319, Toronto (Ontario) M4P 1E4. Les questions relatives à la facture doivent être posées au service de téléassistance du service Activités du marché : 416 440-7604.

Payments are to be made to the Minister of Finance not the Ontario Energy Board.
Les paiements doivent être faits au ministre des Finances et non à la Commission de l'énergie de l'Ontario.

Detach here/ Détacher ici

Ontario

Ministry of Finance/Ministère des Finances
Payment Processing Centre/Centre de traitement des paiements
33 King St. West/33 rue King Ouest
PO Box 647/CP 647
Oshawa, ON L1H 8X3

Customer No. / N° du client 246185
Customer Site No./ N° d'emplacement du client 1061024
Invoice No./ N° de la facture **50061**
Payment Amount / Montant remis **CAD $** .

Please detach and return this portion with your payment in the enclosed envelope. Make your cheque or money order payable to the Minister of Finance. Veuillez détacher et retourner cette partie avec votre remise dans l'enveloppe ci-jointe. Libellez votre chèque ou votre mandat à l'ordre du ministre des Finances.

PowerStream Inc.
161 Cityview Blvd.
Vaughan, ON L4H 0A9
Attn: Christine Dade, Manager, Reg & Govt Affairs

45 AR 50061

Revised Invoice

Ministry of Energy and Infrastructure
Conservation and Renewable Energy Program Costs

To: Barrie Hydro Distribution Inc.
161 Cityview Blvd.
Vaughan, ON L4H 0A9
Attn:

Customer No./No du client	**2969**
Customer Site No./ N° d'emplacement du client	1060842
Invoice Date/Date de la facture	**April 16, 2010**
Invoice No./ N° de la facture	**50003**
Due Date/ Date d'échéance	**July 30, 2010**
Payment Amount/ Montant remis	**CAD $ 605,863**

Item Description:

Assessment for Ministry of Energy and Infrastructure Conservation and Renewable Energy Program Costs.
Quote-part pour les coûts des programme de conservation et d'énergie renouvelable du ministère de l'Énergie et de l'Infrastructure.

Questions related to the remittance should be directed to the Non-Tax Revenue Management Branch Contact Centre at 1-877-535-0554 or Fax (416) 326-5177. Les questions concernant la remise doivent être posées à l'InfoCentre de la Direction de la gestion des revenus non fiscaux au 1 877 535-0554 ou par télécopieur au 416 326-5177.

This assessment was calculated by the Ontario Energy Board, 2300 Yonge St. 27th Floor, P.O. Box 2319, Toronto, ON M4P 1E4. Questions related to the invoice should be directed to the Market Operations Hotline 416-440 -7604. La présente quote-part a été fixée par la Commission de l'énergie de l'Ontario, 2300, rue Yonge, 27e étage, case postale 2319, Toronto (Ontario) M4P 1E4. Les questions relatives à la facture doivent être posées au service de téléassistance du service Activités du marché : 416 440-7604.

Payments are to be made to the Minister of Finance not the Ontario Energy Board.
Les paiements doivent être faits au ministre des Finances et non à la Commission de l'énergie de l'Ontario.

Detach here/ Détacher ici

Ontario

Ministry of Finance/Ministère des Finances
Payment Processing Centre/Centre de traitement des paiements
33 King St. West/33 rue King Ouest
PO Box 647/CP 647
Oshawa, ON L1H 8X3

Customer No. / N° du client	2969
Customer Site No./ N° d'emplacement du client	1060842
Invoice No./ N° de la facture	50003
Payment Amount / Montant remis	**CAD $.**

Please detach and return this portion with your payment in the enclosed envelope. Make your cheque or money order payable to the Minister of Finance. Veuillez détacher et retourner cette partie avec votre remise dans l'enveloppe ci-jointe. Libellez votre chèque ou votre mandat à l'ordre du ministre des Finances.

Barrie Hydro Distribution Inc.
161 Cityview Blvd.
Vaughan, ON L4H 0A9
Attn:

45 AR 50003