



Oakville Hydro  
Electricity Distribution Inc.  
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December 19, 2011

Kirsten Walli  
Board Secretary  
Ontario Energy Board,  
2300 Yonge St.  
Suite 2700, P.O. Box 2319  
Toronto, Ontario  
M4P 1E4

Dear Ms. Walli:

**Re: OEB File No. EB-2011-0189  
Oakville Hydro Electricity Distribution Inc.  
2012 Distribution Rate Adjustment Application**

Please find enclosed, Oakville Hydro Electricity Distribution Inc.'s responses to Board Staff's interrogatories in the above noted proceeding.

Should there be any questions, please do not hesitate to contact me.

Respectfully submitted,

Maryanne Wilson  
Manager, Regulatory Affairs  
Oakville Hydro Electricity Distribution Inc.  
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**IN THE MATTER** of the *Ontario Energy Board Act 1998*,  
Schedule B to the *Energy Competition Act*, 1998, S.O.  
1998, c.15;

AND IN THE MATTER OF an Application by Oakville  
Hydro Electricity Distribution Inc. for an Order or Orders  
approving just and reasonable rates and other service  
charges for the distribution of electricity, effective on May  
1, 2012.

Oakville Hydro Electricity Distribution Inc. (OHEDI)

Responses to Interrogatories

Ontario Energy Board Staff (Board Staff)

EB-2011-0189

Filed: December 19, 2011

## **Contents**

Responses to Board Staff Interrogatories

Attachment 1 – Special Purpose Charge Assessment

## Oakville Hydro Electricity Distribution Inc. EB-2011-0189

### Board Staff Interrogatories

#### RTSR WORKFORM

#### Interrogatory #1

Ref: RTSR Workform, Tab 4

Rate Class	Unit	Non-Loss Adjusted Metered kWh	Non-Loss Adjusted Metered kW	Applicable Loss Factor	Load Factor	Loss Adjusted Billed kWh	Billed kW
Residential	kWh	603,151,270		1.0377		625,890,073	-
General Service Less Than 50 kW	kWh	171,974,894		1.0377		178,458,348	-
General Service 50 to 999 kW	kW	240,404,267	607,253		54.26%	240,404,267	607,253
General Service 50 to 999 kW - Interval Metered	kW	388,111,768	988,626		53.81%	388,111,768	988,626
General Service Greater Than 1,000 kW	kW	160,353,727	370,035		59.40%	160,353,727	370,035
Unmetered Scattered Load	kWh	3,862,956		1.0377		4,008,589	-
Sentinel Lighting	kW	96,356	366		36.08%	96,356	366
Street Lighting	kW	11,861,899	31,713		51.27%	11,861,899	31,713

Board staff has been unable to reconcile the figures in the column “Non-Loss Adjusted Metered kWh” and “Non-Loss Adjusted Metered kW” to those reported in Oakville Hydro’s RRR 2.1.5 filings.

- (A) If Oakville Hydro agrees that the data provided in RRR filing 2.1.5 should be used, please confirm and Board staff will make the necessary adjustments to the workform.

#### **RESPONSE:**

Oakville Hydro filed billed kWh as per its 2.1.3 filings (adjusted for accruals) in its RRR Filing 2.1.5. Oakville Hydro will request that Board staff allow it to correct its 2.1.5 filing for the year 2010. Oakville Hydro has entered non-uplifted kWh into tab 4 of the RTSR Workform and has submitted the updated Workform along with its responses to Board staff interrogatories.

(B) If Oakville Hydro believes the above figures are correct, please provide evidence supporting these figures.

**RESPONSE:**

See response to part (A) of this interrogatory.

(C) Please confirm whether or not Oakville Hydro's RRR 2.1.5 filings are non-loss adjusted.

**RESPONSE:**

See response to part (A) of this interrogatory.

**Interrogatory #2**  
**Ref: RTSR Workform, Tab 6**

For Hydro One Sub-transmission Rates, if you are charged a *combined* Line and Transformer connection rate, please ensure that both the line connection and transformer connection columns are completed.

IESO				Network			Line Connection			Transformation Connection			Total Line
Month	Units Billed	Rate	Amount	Units Billed	Rate	Amount	Units Billed	Rate	Amount	Amount			
January	235,379	\$2.57	\$ 604,924	245,810	\$0.70	\$ 172,067	248,803	\$1.62	\$ 403,061	\$			\$ 575,128
February	222,446	\$2.57	\$ 571,686	212,616	\$0.70	\$ 148,831	215,205	\$1.62	\$ 348,631	\$			\$ 497,462
March	197,335	\$2.57	\$ 507,151	193,516	\$0.70	\$ 135,461	195,872	\$1.62	\$ 317,313	\$			\$ 452,774
April	184,081	\$2.57	\$ 473,088	188,267	\$0.70	\$ 131,787	190,559	\$1.62	\$ 308,706	\$			\$ 440,493
May	259,577	\$2.57	\$ 667,112	251,976	\$0.70	\$ 176,383	255,044	\$1.62	\$ 413,172	\$			\$ 589,555
June	247,975	\$2.57	\$ 637,297	235,975	\$0.70	\$ 165,182	238,848	\$1.62	\$ 386,934	\$			\$ 552,116
July	292,804	\$2.57	\$ 752,506	283,355	\$0.70	\$ 198,348	286,805	\$1.62	\$ 464,624	\$			\$ 662,972
August	294,829	\$2.57	\$ 757,709	286,357	\$0.70	\$ 200,450	289,844	\$1.62	\$ 469,547	\$			\$ 669,997
September	284,315	\$2.57	\$ 730,688	267,609	\$0.70	\$ 187,326	270,867	\$1.62	\$ 438,805	\$			\$ 626,131
October	160,183	\$2.97	\$ 475,744	173,418	\$0.73	\$ 126,595	173,418	\$1.71	\$ 296,545	\$			\$ 423,140
November	183,883	\$2.97	\$ 546,133	203,697	\$0.73	\$ 148,699	203,697	\$1.71	\$ 348,322	\$			\$ 497,021
December	216,322	\$2.97	\$ 642,476	231,623	\$0.73	\$ 169,085	231,623	\$1.71	\$ 396,075	\$			\$ 565,160
<b>Total</b>	2,779,128	\$ 2.65	\$ 7,366,515	2,774,217	\$ 0.71	\$ 1,960,214	2,800,585	\$ 1.64	\$ 4,591,735	\$			\$ 6,551,949

  

HYDRO ONE				Network			Line Connection			Transformation Connection			Total Line
Month	Units Billed	Rate	Amount	Units Billed	Rate	Amount	Units Billed	Rate	Amount	Amount			
January	58,077	\$2.24	\$ 130,092	58,077	\$1.39	\$ 80,727		\$0.00		\$			\$ 80,727
February	73,929	\$2.24	\$ 165,601	73,929	\$1.39	\$ 102,761		\$0.00		\$			\$ 102,761
March	65,463	\$2.24	\$ 146,637	65,463	\$1.39	\$ 90,994		\$0.00		\$			\$ 90,994
April	60,349	\$2.34	\$ 141,154	63,062	\$1.42	\$ 89,331		\$0.00		\$			\$ 89,331
May	82,939	\$2.65	\$ 219,788	82,939	\$1.50	\$ 124,409		\$0.00		\$			\$ 124,409
June	99,449	\$2.65	\$ 263,540	99,449	\$1.50	\$ 149,174		\$0.00		\$			\$ 149,174
July	94,501	\$2.65	\$ 250,428	94,501	\$1.50	\$ 141,752		\$0.00		\$			\$ 141,752
August	96,071	\$2.65	\$ 254,588	96,071	\$1.50	\$ 144,107		\$0.00		\$			\$ 144,107
September	57,404	\$2.65	\$ 152,121	57,404	\$1.50	\$ 86,106		\$0.00		\$			\$ 86,106
October	44,837	\$2.65	\$ 118,818	45,578	\$1.50	\$ 68,367		\$0.00		\$			\$ 68,367
November	56,782	\$2.65	\$ 150,472	56,782	\$1.50	\$ 85,173		\$0.00		\$			\$ 85,173
December	73,146	\$2.65	\$ 193,837	73,146	\$1.50	\$ 109,719		\$0.00		\$			\$ 109,719
<b>Total</b>	862,947	\$ 2.53	\$ 2,187,077	866,401	\$ 1.47	\$ 1,272,617	-	\$ -	\$ -	\$			\$ 1,272,617

(A) Please confirm that Oakville Hydro was billed by the IESO, Uniform Transmission Rates (UTR's) effective January 1, 2010, beginning in October as opposed to January for network, line connection and transformation connection.

**RESPONSE:**

Oakville Hydro has confirmed that it was billed Uniform Transmission Rates (UTR's) effective January 1, 2010 and not October 2010. Oakville Hydro had calculated the units billed by dividing the billed amount by the UTR. Oakville Hydro has corrected the number of units billed to reflect the UTR rates as of January 2010. There is no change to the amount billed.

- (B) If the answer to (A) is no, please re-file the RTSR Workform with the appropriate UTR's effective in the month in which the IESO began billing Oakville Hydro.

**RESPONSE:**

Oakville Hydro will re-file the RTSR Workform with the appropriate UTR's effective January 2010.

## **TAX-SHARING WORKFORM**

### **Interrogatory #3**

**Ref: A portion of the Tax Savings Workform, Tab 3**

**Ref: A portion of the Revenue-to-Cost Ratio Model, Tab 3**

**Last COS Re-based Year was in 2010**

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
RES	Residential	Customer	kWh	58,617	557,127,208	
GSLT50	General Service Less Than 50 kW	Customer	kWh	5,109	173,390,609	
GSGT50	General Service 50 to 999 kW	Customer	kW	833	594,844,951	1,670,520
GSGT50	General Service 1,000 to 4,999 kW	Customer	kW	17	147,132,426	353,675
USL	Unmetered Scattered Load	Connection	kWh	696	3,881,044	
Sen	Sentinel Lighting	Connection	kW	227	135,511	389
SL	Street Lighting	Connection	kW	16,783	11,730,313	33,349

Board staff has been unable to reconcile the data for Re-based Billed Customers or Connections (column A) in both the Tax Savings Workform and the Revenue-to-Cost Ratio Model to Oakville Hydro's previous CoS Application (EB-2009-0271) Updated Rate Design table.

(A) If Oakville Hydro believes the above figures are correct, please confirm and provide evidence for the numbers reported above.

### **RESPONSE:**

Oakville Hydro confirms that the above figures are correct. Oakville Hydro's updated rate design table is provided on page 48 of the Board's Decision and Rate Order, EB-2009-0271 and is reproduced below for Board staff's convenience. The annualized number of customers and connections used in the rate design table are calculated by multiplying the approved number of customers and the number of connections by twelve.

The number of customers and connections is also provided in Exhibit 13, Tab 2, Schedule 1, page 48. This table has been reproduced below for Board staff's convenience.

Customer Counts and Connections		
Rate Classification	Annualized - 2010 COS Filing	Approved - 2010 COS Filing
Residential	703,399	58,617
GS < 50 kW	61,306	5,109
GS 50 to 999 kW	9,997	833
GS > 1000 kW	204	17
Sentinel Lights	2,720	227
Street Lighting	201,399	16,783
USL	8,349	696



**Forecast Class Billing Determinants for 2010 Test Year Based on Existing Class Revenue Proportions  
Revenue At Existing Rates**

Class	Annual kWh	Annual kW For Dx	Annualized Customers	Annualized Connections	Fixed Distribution Revenue	Variable Distribution Revenue	Dist. Rev. Including Transformer	Transformer Allowance	Dist. Rev. Excluding Transformer	Dist Rev At Existing Rates %
Residential	557,127,208		703,399		9,650,631	8,356,908	18,007,539		18,007,539	62.54%
GS < 50 kW	173,390,609		61,306		1,844,686	2,271,417	4,116,103		4,116,103	14.30%
GS 50 to 999 kW	594,844,951	1,670,520	9,997		1,986,453	3,234,963	5,221,416	113,555	5,107,861	17.74%
GS > 1000 kW	147,132,426	353,675	204		644,616	610,408	1,255,024	0	1,255,024	4.36%
Large Use	0	0	0		0	0	0	0	0	0.00%
Sentinel Lights	135,511	389		2,720	109	262	371		371	0.00%
Street Lighting	11,730,313	33,349		201,399	62,434	63,266	125,700		125,700	0.44%
USL	3,881,044			8,349	125,657	54,335	179,991		179,991	0.63%
	<b>1,488,242,062</b>	<b>2,057,934</b>	<b>774,905</b>	<b>212,468</b>	<b>14,314,585</b>	<b>14,591,560</b>	<b>28,906,145</b>	<b>113,555</b>	<b>28,792,590</b>	<b>100%</b>

**Forecast Class Billing Determinants for 2010 Test Year Based on Existing Class Revenue Proportions  
Revenue At Proposed Rates**

Class	Annual kWh	Annual kW For Dx	Annualized Customers	Annualized Connections	Fixed Distribution Revenue	Variable Distribution Revenue	Dist. Rev. Including Transformer	Transformer Allowance	Dist. Rev. Excluding Transformer	Dist Rev At Existing Rates %
Residential	557,127,208	0	703,399	0	9,204,139	7,970,271	17,174,410		17,174,410	55.16%
GS < 50 kW	173,390,609	0	61,306	0	1,994,866	2,456,337	4,451,203		4,451,203	14.30%
GS 50 to 999 kW	594,844,951	1,670,520	9,997	0	1,166,020	6,208,580	7,374,600	113,555	7,261,045	23.32%
GS > 1000 kW	147,132,426	353,675	204	0	697,095	660,103	1,357,198		1,357,198	4.36%
Sentinel Lights	135,511	389	0	2,720	5,220	12,589	17,809		17,809	0.06%
Street Lighting	11,730,313	33,349	0	201,399	366,925	371,819	738,744		738,744	2.37%
USL	3,881,044	0	0	8,349	95,114	41,128	136,242		136,242	0.44%
	<b>1,488,242,062</b>	<b>2,057,934</b>	<b>774,905</b>	<b>212,468</b>	<b>13,529,379</b>	<b>17,720,826</b>	<b>31,250,204</b>	<b>113,555</b>	<b>31,136,649</b>	<b>100.00%</b>

	2006 Board Approved	2006 Actual	2007 Actual	2008 Actual	2009 Weather Normal	2010 Weather Normal
Actual kWh Purchases		1,631,254,509	1,680,733,814	1,633,985,478		
Predicted kWh Purchases		1,630,926,815	1,683,315,573	1,636,307,303	1,550,882,204	1,551,397,426
% Difference		-0.02%	0.15%	0.14%	0.00%	0.00%
Billed kWh		1,574,874,020	1,615,917,148	1,572,154,627	1,494,122,042	1,494,618,407
Billed kWh without market participant LU	1,415,399,369	1,500,642,970	1,538,669,235	1,511,917,900	1,494,122,042	1,494,618,407
<b>By Class</b>						
<b>Residential</b>						
Customers	49,016	51,485	52,971	54,636	56,591	58,617
kWh	543,155,845	542,940,999	562,649,413	558,977,574	548,162,206	545,392,460
<b>General Service &lt; 50 kW</b>						
Customers	4,472	4,614	4,701	4,809	4,957	5,109
kWh	161,537,187	169,655,838	172,399,611	175,790,478	176,114,438	179,011,079
<b>General Service &gt; 50 to 999</b>						
Customers	762	774	781	813	823	833
kWh	493,973,193	567,826,826	583,487,424	591,943,410	592,010,598	598,985,219
kW	1,300,538	1,518,283	1,564,120	1,614,129	1,644,102	1,663,431
<b>General Service &gt; 1000 kW</b>						
Customers	17	17	17	17	17	17
kWh	201,579,847	205,099,577	204,865,140	170,191,555	162,160,013	154,845,682
kW	456,149	467,246	461,503	411,997	367,999	351,400
<b>Large Use &gt;5000 kW</b>						
Customers	1	1	1	1	0	0
kWh						
kW	128,403	121,434	118,921	106,448	0	0
<b>Streetlights</b>						
Connections	15,062	15,571	15,890	16,025	16,400	16,783
kWh	10,520,415	10,704,660	10,847,899	10,963,488	11,689,344	12,463,256
kW	26,375	29,890	30,296	30,509	31,278	33,349
<b>Sentinel Lights</b>						
Connections	237	241	240	237	232	227
kWh	151,833	143,489	148,167	135,737	137,932	140,163
kW	1,014	399	409	377	383	389
<b>Unmetered Loads</b>						
Connections	646	661	669	675	685	696
kWh	4,481,048	4,271,581	4,271,581	3,915,659	3,847,511	3,780,548
<b>Total</b>						
Customer/Con nections	70,213	73,364	75,270	77,212	79,704	82,281
kWh	1,415,399,369	1,500,642,970	1,538,669,235	1,511,917,900	1,494,122,042	1,494,618,407
kW from applicable classes	1,912,479	2,015,817	2,056,328	2,057,013	2,043,762	2,048,570

(B) If the answer to (A) is no, please confirm and Board staff will make the necessary adjustments using data from the final Rate Design table in Oakville's previous cost of service application.

**RESPONSE:**

Oakville Hydro confirms that no adjustments are necessary.

## Interrogatory #4

### Ref: A portion of the Tax Savings Workform, Tab 5

#### 2. Tax Related Amounts Forecast from Income Tax Rate Changes

	2010	2012
Regulatory Taxable Income	\$ 6,821,882	\$ 6,821,882
Corporate Tax Rate	31.00%	25.75%
Tax Impact	\$ 1,899,098	\$ 1,541,241
Grossed-up Tax Amount	\$ 2,752,317	\$ 2,075,865

Board staff has been unable to verify the figure reported for 2010 Regulatory Taxable Income to Oakville Hydro's 2010 RRWF in EB-2009-0271.

- (A) Please provide evidence for this figure or alternatively, please re-file tab 5 of the workform with the corrected figure.

#### **RESPONSE:**

Oakville Hydro has provided Table 2, Revenue Deficiency from page 26 of the Board's Decision and Rate Order, EB-2009-0271 as evidence of the approved regulatory taxable income of \$6,821,882 and Tax Impact of \$1,899,098.

### Tax Calculations

<b>Determination of Taxable Income</b>	Updated Application 18-Feb-10	Updated Application *OEB #55	Settlement Agreement
Utility Income Before Taxes	<b>7,612,086</b>	<b>7,675,767</b>	<b>7,055,445</b>
<b>Additions to Accounting Income:</b>			
Amortization of tangible assets	10,265,490	10,265,490	9,807,682
Non-deductible meals and entertainment expense	25,362	25,362	25,362
Tax reserves beginning of year	324,511	324,511	324,511
Reserves from financial statements- balance at end of year	7,949,000	7,949,000	7,949,000
Interest Expensed on Capital Leases	636,121	636,121	636,121
Other Additions	0	0	40,000
<b>Total Additions</b>	<b>19,200,484</b>	<b>19,200,484</b>	<b>18,782,676</b>
<b>Deductions from Accounting Income:</b>			
Capital cost allowance from Schedule 8	9,843,529	9,855,779	9,846,508
Tax reserves end of year	324,511	324,511	324,511
Reserves from financial statements - balance at beginning of year	7,693,000	7,693,000	7,693,000
Capital Lease Payments	1,152,221	1,152,221	1,152,221
<b>Total Deductions</b>	<b>19,013,261</b>	<b>19,025,511</b>	<b>19,016,239</b>
<b>Regulatory Taxable Income</b>	<b>7,799,309</b>	<b>7,850,740</b>	<b>6,821,882</b>
PILS/Tax Provision Calculations			
Taxable Income	7,799,309	7,850,740	6,821,882
Federal Tax Rate	18.0%	18.0%	18.0%
Provincial Tax Rate	13.0%	13.0%	13.0%
Combined Tax Rate	31.0%	31.0%	31.0%
<b>Income Tax</b>	<b>2,417,786</b>	<b>2,433,729</b>	<b>2,114,783</b>
Less Small Business Deduction			18,750
Total Income Taxes	2,417,786	2,433,729	2,096,033
<b>Tax Credits</b>			
Ontario Apprenticeship Tax Credit			40,000
Federal Investment Tax Credit from Apprenticeship Job Creation expenditures			2,000
Federal Investment Tax Credits			37,385
Co-operative Education Tax Credit			30,000
SR&ED Tax Credit			87,550
Total Tax Credits			196,935
Income Tax Provision	2,417,786	2,433,729	1,899,098
Effective Tax Rate	31.00%	31.00%	27.84%
Ontario Capital Tax (Not Grossed Up)	88,640	88,535	86,904
PILS/Tax Provision for Year	2,506,426	2,522,264	1,986,002

\* As per Oakville Hydro's response to Board Staff Interrogatory #55

**Interrogatory #5**  
**Ref: Tax Savings Workform, Tab 6**  
**Ref: Rate Generator, Tab 14**

Board staff notes that most of the figures entered by Oakville on tab 14 of the Rate Generator do not match those figures generated for the tax sharing rate riders on tab 6 of that respective workform.

- (A) If Oakville agrees, please confirm, and Board staff will make the necessary adjustments to the Rate Generator at tab 14.

**RESPONSE:**

Oakville Hydro agrees and asks that Board staff make the necessary adjustments to the Rate Generator at tab 14.

- (B) If the answer to (A) is no, please confirm, and explain why Oakville believes the figures entered into the Rate Generator are correct.

**RESPONSE:**

Please see response to part (A).

## **REVENUE-TO-COST RATIO MODEL**

### **Interrogatory #6**

#### **Ref: Revenue-to-Cost Ratio Model, Tab 4**

Rate Class	Informational Filing Revenue Offsets A	Percentage Split C= A / B	Allocated Revenue Offsets E = D * C
Residential	1,116,720	54.13%	1,116,720
General Service Less Than 50 kW	332,724	16.13%	332,724
General Service 50 to 999 kW	462,500	22.42%	462,500
General Service Greater Than 1,000 kW	52,291	2.53%	52,291
Unmetered Scattered Load	24,169	1.17%	24,169
Sentinel Lighting	1,028	0.05%	1,028
Street Lighting	73,730	3.57%	73,730
	2,063,163	100.00%	2,063,163

Board staff has been unable to reconcile the figures entered for each rate class in column A to Oakville's previous CoS application (EB-2009-0271).

(A) Please provide evidence supporting these figures.

### **RESPONSE:**

Oakville Hydro filed the table below as Exhibit 8, Tab 1, Schedule 2, Page 2 of its updated 2010 CoS application. In that application Oakville Hydro requested approval for other operating revenues of \$1,889,155. During the settlement conference, the parties involved agreed to other operating revenues of \$2,063,163. Oakville Hydro has allocated the revised other operating revenues in the same proportion as in its 2010 CoS application. Oakville Hydro believes that this is an appropriate method of allocation.

### Cost Allocation Based Calculations

Rate Classification	Distribution Revenue @ Existing Rate %	2010 Serv Rev Requirement Excl Transformer Allowance	2010 EDR Miscellaneous Rev Allocation - Cost Allocation	Miscellaneous Revenue %	Miscellaneous Revenue	2010 Revenue Requirement by Rate Class	Revenue to Cost Ratios Per C.A. Study	Rev Requirement by Rate Class @ 100% Rev Cost Ratio	Proposed Revenue to Cost Ratios	Board Target Low	Board Target High	Proposed Rev Requirement by Rate Class @ proposed revenue to cost ratios	Miscellaneous Revenue	2010 Serv Rev Requirement Excl Transformer Allowance and Miscellaneous Revenue	Proposed Proportion of Distribution Revenue @ 2010 proposed rates
Residential	62.55%	\$21,991,094	\$1,022,535	54.13%	\$1,022,535	\$23,013,629	122.80%	\$18,741,065	109.28%	85%	115%	\$20,481,023	\$1,022,535	\$19,458,488	55.35%
GS < 50 kW	14.70%	\$5,167,074	\$304,662	16.13%	\$304,662	\$5,471,736	112.98%	\$4,843,102	112.98%	80%	120%	\$5,471,736	\$304,662	\$5,167,074	14.70%
GS 50 to 999 kW	17.81%	\$6,262,519	\$423,493	22.42%	\$423,493	\$6,686,012	65.88%	\$10,148,773	85.00%	80%	180%	\$8,626,457	\$423,493	\$8,202,964	23.33%
GS > 1000 kW	3.87%	\$1,359,732	\$47,881	2.53%	\$47,881	\$1,407,613	145.47%	\$967,631	145.47%	80%	180%	\$1,407,613	\$47,881	\$1,359,732	3.87%
Sentinel Lights	0.001%	\$458	\$941	0.05%	\$941	\$1,399	2.76%	\$50,678	36.38%	70%	120%	\$18,437	\$941	\$17,496	0.0498%
Street Lighting	0.44%	\$155,023	\$67,512	3.57%	\$67,512	\$222,535	10.37%	\$2,145,946	40.19%	70%	120%	\$862,348	\$67,512	\$794,836	2.26%
USL	0.63%	\$220,243	\$22,131	1.17%	\$22,131	\$242,374	163.69%	\$148,069	120.00%	80%	120%	\$177,683	\$22,131	\$155,552	0.44%
<b>TOTAL</b>	<b>100.00%</b>	<b>\$35,156,142</b>	<b>\$1,889,155</b>	<b>100.00%</b>	<b>\$1,889,155</b>	<b>\$37,045,297</b>		<b>\$37,045,264</b>				<b>\$37,045,297</b>	<b>\$1,889,155</b>	<b>\$35,156,142</b>	<b>100.00%</b>



<b>Miscellaneous Revenue Allocation</b>			
<b>Rate Classification</b>	<b>2010 COS Filing</b>	<b>% of Total Revenue</b>	<b>2010 Settlement Agreement</b>
Residential	1,022,535	54.1%	1,116,720
GS < 50 kW	304,662	16.1%	332,724
GS 50 to 999 kW	423,493	22.4%	462,500
GS > 1000 kW	47,881	2.5%	52,291
Large Use	-	0.0%	-
Sentinel Lights	941	0.0%	1,028
Street Lighting	67,512	3.6%	73,730
USL	22,131	1.2%	24,169
<b>TOTAL</b>	<b>1,889,155</b>	<b>100.0%</b>	<b>2,063,163</b>

## **RATE GENERATOR**

### **Interrogatory #7**

#### **Ref: A portion of the Rate Generator, Tab 6**

<b>Residential</b>			
Low Voltage Service Rate	\$/kWh	0.00020	April 30, 2013
Rate Rider for Global Adjustment Sub-Account (2011) – Applicable only for Non-RPP Customers	\$/kWh	0.00250	April 30, 2012
Rate Rider for Deferral/Variance Account Disposition (2010)	\$/kWh	(0.00150)	April 30, 2013
Rate Rider for Deferral/Variance Account Disposition (2011)	\$/kWh	(0.00380)	April 30, 2012
Rate Rider for Tax Change	\$/kWh	(0.00020)	April 30, 2012
Rate Rider for Recovery of Incremental Capital Costs	\$/kWh	0.00180	April 30, 2013
Rate Rider for Global Adjustment Sub-Account (2010) – Applicable only for Non-RPP Customers	\$/kWh	(0.00010)	April 30, 2013
Lost Revenue Adjustment Mechanism (LRAM) Recovery/Shared Savings Mechanism (SSM) Recovery Rate Rider (2011)	\$/kWh	0.00030	April 30, 2014

Board staff notes that for all rate classes, a sunset date of April 30, 2013 has been entered for the Low Voltage Service Rate. On Oakville's current Tariff of Rates and Charges, the Low Voltage Service Rate is a standard on-going charge which does not have a sunset date.

- (A) Please provide evidence which supports the low voltage service rate sunset date of April 30, 2013 for all rate classes.

### **RESPONSE:**

Oakville Hydro input a sunset date of April 30, 2013 to ensure that the rate rider appeared on the Tariff of Rates and Charges. Oakville Hydro would appreciate it if Board staff would remove the sunset date from the final Tariff of Rates and Charges.

**Interrogatory #8**  
**Ref: A portion of the Rate Generator, Tab 10**

Rate Class	Unit	Metered kWh	Metered kW	Billed kWh for Non-RPP Customers	Estimated kW for Non-RPP Customers	Distribution Revenue <sup>1</sup>
Residential	\$/kWh	557,127,208	-	48,287,499	-	17,174,410
General Service Less Than 50 kW	\$/kWh	173,390,609	-	28,967,814	-	4,451,203
General Service 50 to 999 kW	\$/kW	594,844,951	1,670,520	513,729,320	1,442,721	7,261,045
General Service Greater Than 1,000 kW	\$/kW	147,132,426	353,675	152,654,485	366,949	1,357,198
Unmetered Scattered Load	\$/kWh	3,881,044	-	30,249	-	136,242
Sentinel Lighting	\$/kW	135,511	389	140,597	404	17,809
Street Lighting	\$/kW	11,730,313	33,349	-	-	738,744
Total		1,488,242,062	2,057,933	743,809,964	1,810,073	31,136,651

Board staff has been unable to reconcile the figures entered for each rate class in the column “Distribution Revenue” to Oakville’s previous CoS draft Rate Order (EB-2009-0271).

(A) Please provide evidence supporting these figures or alternatively, Board staff will make the necessary changes using Oakville’s most recent COS draft Rate Order.

**RESPONSE:**

Oakville Hydro has provided the *Forecast Class Billing Determinants for 2010 Test Year Based on Existing Class Revenue Proportions Revenue at Proposed Rates* Table in response to interrogatory number 3(A). This table was included on page 26 of the Board’s Decision and Rate Order on Oakville Hydro’s CoS Application.

The Distribution Revenue figures entered into Tab 10 of the rate generator are from the “Dist. Rev. Excluding Transformer” column of the spreadsheet.

**ACCOUNT 1521 – SPECIAL PURPOSE CHARGE**

**Interrogatory #9**

**Ref: EB-2011-0189 Manager's Summary, Page 15**

- (A) Please confirm what amount Oakville paid in regards to the SPC Assessment and provide a copy of the original invoice.

**RESPONSE:**

Oakville Hydro paid the SPC Assessment amount of \$608,587. Oakville Hydro has provided a copy of the original invoice as attachment 1.

- (B) Please confirm Oakville's beginning and ending billing dates to customers for the SPC Assessment.

**RESPONSE:**

Oakville Hydro began applying the SPC Assessment to consumption beginning May 1, 2010 and ending on April 30, 2011. However, due to billing cycles, Oakville Hydro continued to issue bills that included the SPC Assessment until August 2011.

- (C) Please complete the following table related to the SPC.

**RESPONSE:**

In completing its response to this interrogatory Oakville Hydro corrected a minor error in the calculation of the amount for disposition. Oakville Hydro has revised its request for disposition from \$14,727 to \$14,639.

	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	Carrying Charges for 2012 (Jan 1 to April 30)	Total for Disposition (Principal & Interest)
<b>Filed</b>	608,587	339,230	1,782	269,357	1,782	257,627	1,157	11,730	2,939	57	14,727
<b>Revised</b>	608,587	339,295	1,781	269,292	1,781	257,648	1,156	11,644	2,938	57	14,639

**Lost Revenue Adjustment Mechanism ("LRAM")**

**Interrogatory #10**

**Ref: Manager's Summary, pg. 5-13**

Oakville has requested recovery of \$233,341, which includes \$4,031 in carrying charges, related to lost revenues from OPA CDM Programs delivered in 2009 and 2010.

- (A) Please confirm that the LRAM amounts Oakville has requested recovery of is only from programs delivered in 2009 and 2010.

**RESPONSE:**

Oakville Hydro confirms that the LRAM amount that it has requested recovery of is only from programs delivered in 2009 and 2010.

- (B) If the requested LRAM amount includes lost revenues persisting from previous program years into 2009 and 2010, please provide a table that shows both the persisting lost revenues and new lost revenues, by year, for each program Oakville delivered.

**RESPONSE:**

The requested LRAM amount does not include lost revenues persisting from previous program years into 2009 and 2010.

- (C) Please confirm when Oakville's last load forecast was approved by the Board.

**RESPONSE:**

Oakville Hydro's load forecast was approved by the Board in its 2010 Cost of Service application, EB-2009-0271.

- (D) Please identify the CDM savings that were included in Oakville's last Board approved load forecast for CDM programs deployed from 2006 to 2010 inclusive.

**RESPONSE:**

In its 2010 Cost of Service Application, Oakville Hydro described its load forecast methodology in Exhibit 3, Tab 2, Schedule 1, Page 3.

“Oakville Hydro’s weather normalized load forecast is developed in a three-step process. First, a total system weather normalized purchased energy forecast is developed based on a multifactor regression model that incorporates historical load, weather, and economic data. Second, the weather normalized purchased energy forecast is adjusted by a historical loss factor to produce a weather normalized billed energy forecast. Finally, the forecast of billed energy by rate class is developed based on a forecast of customer numbers and historical usage patterns per customer”. Oakville Hydro did not include CDM savings in its load forecast.

**Interrogatory #11**

**Ref: CDM Guidelines, March 28, 2008, Section 5.2**

Section 5.2 of the CDM Guidelines state:

Lost revenues are only accruable until new rates (based on a new revenue requirement and load forecast) are set by the Board, as the savings would be assumed to be incorporated in the load forecast at that time.

- (A) Please reconcile your response to 1(b) with the excerpt from section 5.2 of the CDM Guidelines noted above.

**RESPONSE:**

Section 5.0 of the CDM Guidelines, March 28, 2008 states that:

“LRAM is a retrospective adjustment, which is designed to recover revenues lost from distributor supported CDM activities in a prior year. It is designed to compensate a distributor only for unforecasted lost revenues associated with CDM activities undertaken by the distributor within its licensed service area”.

Oakville Hydro submitted its 2010 Cost of Service application on August 28, 2009. At that time, Oakville Hydro would not have had verified program results on which it could base an adjustment to its load forecast for CDM activities that were planned for 2009 and 2010.

Based on the concept of retrospective adjustments, if Oakville Hydro had determined that it was appropriate to adjust its load forecast to reflect the impact of its CDM activities, it would have adjusted the load forecast for CDM activities for the period 2006 to 2008. If Oakville Hydro's interpretation of the CDM Guidelines is incorrect, Oakville Hydro would appreciate further direction from the Board.



**Interrogatory #12**

**Ref: Manager's Summary, pg. 5**

Oakville notes that section 3.4.2 of the Filing Requirements stated that if a distributor does not file for the recovery of LRAM or SSM amounts in its 2012 rate application, it will forgo the opportunity to recover LRAM or SSM for this legacy period of CDM activity.

Oakville goes on to state that it is its understanding that it will have an opportunity to submit a LRAM claim for lost revenues related to its 2009 and 2010 CDM activities in future applications.

- (A) Please reference the Board document that Oakville has relied upon in basing its decision to not file for LRAM or SSM recovery past 2010 and the rationale for this decision.

**RESPONSE:**

In preparing its Application, Oakville Hydro sought direction from Board staff in regards to the process for the recovery of lost revenues resulting from CDM activity in 2009 and 2010 beyond the year 2010.

On September 23, 2011 Oakville Hydro submitted the following question to the Ontario Energy Board's Market Operations staff.

Section 3.4.2 of the Filing Requirements for Transmission and Distribution Applications dated June 22, 2011 states that distributors that do not file for recovery of CDM Programs funded by the OPA between 2005 and 2010 shall do so as part of their 2012 rate application filings. If a distributor does not file for the recovery of LRAM or SSM amounts in its 2012 rate application, it will forego the opportunity to recover LRAM or SSM for this legacy period of CDM activity.

Oakville Hydro plans to file a LRAM claim for CDM programs funded by the OPA in the years 2009 and 2010. CDM activity undertaken in 2009 and 2010 will continue to result in lost revenue until Oakville Hydro files

its cost of service application for rates effective May 1, 2014. Please clarify whether Oakville Hydro's 2012 LRAM claim should estimate the impact of the 2009 and 2010 CDM programs until its next rebasing (until April 30, 2013).

Market Operations assigned the request reference number MPE-2011-0572. On October 6, 2011, a member of Board staff responded to Oakville Hydro enquiry as follows:

"You raise a good issue regarding the treatment of LRAM. The Board is currently working on guidance for the years 2011 to 2014 and this issue will be addressed in that guidance. Please make sure you apply for recovery for all LRAM amounts up to 2010 in your 2012 rate application in accordance with the Board's filing requirements. From staff's perspective it is not appropriate to include estimates of losses dating past 2010".

Oakville Hydro based its decision not to file for recovery of lost revenues on the response that it received from Board staff which indicated that the Board would be providing further guidance on this issue.

(B) Please provide an updated LRAM amount that includes 2009 and 2010 program savings that persist until the effective date of Oakville's next cost of service rate order.

**RESPONSE:**

Oakville Hydro estimates the LRAM amount that includes 2009 and 2010 programs that persist until the effective date of Oakville Hydro's next cost of service rate order is \$583,697 plus carrying charges of \$26,037 for a total of \$609,734.

Oakville Hydro Electricity Distribution Inc. Lost Revenue Adjustment Mechanism Lost Volumes and Revenues for 2009 and 2010 CDM Activity							
Rate Class	2009 Lost Revenues	2010 Lost Revenues	2011 Lost Revenues	2012 Lost Revenues	2013 Lost Revenues	Total Lost Revenues	Carrying Charges
<b><u>OPA-Funded Programs</u></b>							
Residential	\$ 21,444	\$ 50,984	\$ 51,962	\$ 52,451	\$ 17,484	\$ 194,324	\$ 8,520
GS <50 kW	\$ 55,284	\$ 83,735	\$ 85,341	\$ 86,145	\$ 28,715	\$ 339,220	\$ 15,334
GS >50 kW	\$ 5,184	\$ 10,840	\$ 12,846	\$ 12,830	\$ 4,277	\$ 45,977	\$ 1,990
GS > 1000 kW	\$ 860	\$ 979	\$ 998	\$ 1,004	\$ 335	\$ 4,177	\$ 193
<b>Total for OPA-Funded Programs</b>	<b>\$ 82,772</b>	<b>\$ 146,538</b>	<b>\$ 151,147</b>	<b>\$ 152,430</b>	<b>\$ 50,810</b>	<b>\$ 583,697</b>	<b>\$ 26,037</b>

**Payments in Lieu of Taxes – PILS 1562**

**Interrogatory #13  
Ref: 2001 SIMPIL**

Oakville has recorded the write down of a capital property of \$81,672 on sheet TAXREC2. This amount trues up to ratepayers.

(A) What asset was written down?

**RESPONSE:**

In 2001, Oakville Hydro wrote-off its limited partnership with EnerConnect. The write-off is disclosed in note 14 to Oakville Hydro's financial statements, Interest in Limited Partnership. The write-off was not clearly identified in Oakville Hydro's 2001 tax return as an investment in a limited partnership.

(B) Was the asset included in rate base?

**RESPONSE:**

The asset was classified as an investment in Oakville Hydro's financial statements and, as such, would not have been included in the rate base.

(C) Did Oakville continue earning a return on the related asset amount that was originally included in rate base until April 30, 2006?

**RESPONSE:**

See response to interrogatory number 13(B).

(D) Please explain why this tax item should true up to the ratepayer and not to the shareholder. Shareholder items are recorded on sheet TAXREC3.

**RESPONSE:**

After further consideration, Oakville Hydro believes that the write-down of Oakville Hydro's investment in a limited partnership with EnerConnect should true up to the shareholder and be recorded on sheet TAXREC3 in cell C28, Loss on disposal of non-utility assets.

Oakville Hydro has filed a revised SIMPIL model for 2001 along with its responses to these interrogatories.

## **Interrogatory #14**

### **Ref: 2003 SIMPIL**

In sheet Tax Reserves, Oakville has recorded an Energy Reserve – Contingent of \$100,000 and a Contingent Liability – PIL payment of \$1,500,000.

(A) Please describe the nature of the energy reserve.

#### **RESPONSE:**

Energy Reserve – Contingent Reserve: This reserve relates to an allowance for doubtful accounts not deducted for tax purposes.

Contingent Liability – PIL payment: This reserve relates to Oakville Hydro's estimate of the amount that it had over recovered from its rate payers in PILs payments as at December 31, 2003.

(B) Is the energy reserve a regulatory liability that should be shown on TAXREC3?

#### **RESPONSE:**

It is Oakville Hydro's opinion that Energy Reserve should be treated in the same way as an allowance for doubtful accounts on TAXREC2.

(C) The contingent liability for PIL payment appears to be a regulatory liability and should be recorded on TAXREC3. Please explain why Oakville recorded the amount of \$1,500,000 on sheet TAXREC2 which trues up to ratepayers.

#### **RESPONSE:**

After further consideration, it is Oakville Hydro's opinion that the contingent liability for the PIL payment should be recorded on TAXREC3. In its Decision and Order in the Combined Proceeding to determine the accuracy of the final account balances with respect to Account 1562 Deferred Payments in Lieu of Taxes, EB-2008-0381 (the "Combined Proceeding"), the Board stated that it would determine what the methodology was and what the appropriate of

application of the methodology should have been. In recording the contingent liability, Oakville Hydro deviated from the methodology that was in place at that time and therefore the true up should be to the shareholder. In addition, the contingent liability is, as Board staff has suggested, a regulatory liability.

Oakville Hydro has filed a revised SIMPIL model for 2003 along with its responses to these interrogatories.

**Interrogatory #14**

**Ref: 2004 SIMPIL**

In sheet Tax Reserves, Oakville has recorded an increase in the Energy Reserve – Contingent to \$673,586. The Contingent Liability – PIL payment of \$1,500,000 at the end of 2003 has been reduced to zero.

(A) Please describe the nature of the energy reserve and the reason for the increase.

**RESPONSE:**

The Energy Reserve – Contingent Reserve: This reserve relates to an allowance for doubtful accounts not deducted for tax purposes. The reason that was cited for the increase in the reserve was that Oakville Hydro had hired additional staff in the summer of 2003 in an effort to collect outstanding amounts and that the 2003 reserve had been unusually low.

The Contingent Liability – PIL payment: As explained in response to interrogatory number 14(A) – 2004 SIMPIL, this reserve related to Oakville Hydro's estimate of the amount that it had over recovered from its rate payers in PILs payments as at December 31, 2003. This reserve was not supported by Oakville Hydro's auditors in 2004 and Oakville Hydro reduced the reserve to zero.

(B) Is the energy reserve a regulatory liability that should be shown on TAXREC3?

**RESPONSE:**

It is Oakville Hydro's opinion that Energy Reserve should be treated in the same way as an allowance for doubtful accounts on TAXREC2.

(C) The contingent liability for PIL payment appears to be a regulatory liability and should be recorded on TAXREC3. Please explain why Oakville recorded the amount of \$1,500,000 on sheet TAXREC2 which trues up to ratepayers.



**RESPONSE:**

Please refer to Oakville Hydro's response to interrogatory number 14(C), 2003 SIMPIL. Oakville Hydro has filed a revised SIMPIL model for 2004 and 2005 and a PILs continuity schedule along with its responses to these interrogatories. The 2005 SIMPIL model summarizes the true-ups for the period 2001 through 2005.

## **Interrogatory #15**

### **Ref: 2004 SIMPIL**

Oakville filed two applications in the 2002 rate year. The first rate order was effective on March 1, 2002 and the second rate order on November 1, 2002. In the current IRM3 application, Oakville has filed two SIMPIL models for the 2002 rate year to reflect the Board's decisions. In the second application, Oakville reduced the rate base which consequently changed the maximum deemed interest from \$4,286,825 to \$4,178,533.

In 2004 SIMPIL sheet TAXCALC in the interest true-up section cells E199-206, Oakville has recorded maximum deemed interest as \$4,286,825 rather than the amount of \$4,178,533.

(A) Please explain which deemed interest amount should be used in the 2004 SIMPIL true-up calculations.

### **RESPONSE:**

Oakville Hydro inadvertently used the maximum deemed interest of \$4,286,825 rather than the amount of \$4,178,533. Oakville Hydro has provided a correct 2004 SIMPIL along with its responses to these interrogatories.

**Interrogatory #16**

**Ref: Excel workbook PILs Recoveries**

- (A) Please explain how the number of customers for each class for 2002 through 2006 was calculated. The customer count changes significantly from month to month. Is it the number of customers who were billed in the month?

**RESPONSE:**

The number of customers for each class for 2002 through 2006 was calculated by multiplying the number of customers who were billed bi-monthly by two and adding the number of customers who were billed monthly.

- (B) The charge kWhs in the residential class for the month of December 2003 are less than half of the volumes in November 2003 and yet the customer count appears to be consistent. The December 2003 volumes are significantly different than those shown for December 2002 and December 2004. The January 2004 volumes do not appear to be unreasonably high so as to explain a possible cut-off difference in December 2003. There are similar differences in other rate classes.

- i. Please identify and include a discussion of PILs related to the 2003 year-end unbilled revenue accrual.

**RESPONSE:**

Oakville Hydro calculates unbilled variable revenue for non-interval customers on a monthly basis. It has been Oakville Hydro's practice not to accrue fixed revenue on a monthly basis as it is estimated that the number of customers billed each month will be relatively the same. The calculation of unbilled revenue is based upon the actual number of days that are unbilled for each customer multiplied by that customer's average use for the previous 365 days. Oakville Hydro calculates unbilled revenue for interval customers monthly based upon their actual consumption.

As part of its year-end procedures, Oakville Hydro prepares a second accrual based on actual billings once the majority of customers have been billed for consumption in the previous year. This true-up increases the accuracy of the year-end accrual.

As shown in the following table, the unbilled process resulted in an over-accrual throughout the year 2003 which was corrected in December 2003.

Residential kWh				
	Per Billing	Current	Prior	
	Statistics	Accrual	Accrual	Monthly
<b>Month</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>A + B - C</b>
Jan-02	52,416,089	54,500,017	50,234,281	56,681,825
Feb-02	38,824,478	48,492,168	54,500,017	32,816,629
Mar-02	30,305,321	60,336,841	48,492,168	42,149,994
Apr-02	41,653,441	54,568,882	60,336,841	35,885,482
May-02	44,942,110	47,111,074	54,568,882	37,484,302
Jun-02	28,345,850	70,137,691	47,111,074	51,372,467
Jul-02	30,330,623	94,063,459	70,137,691	54,256,391
Aug-02	44,295,530	102,705,900	94,063,459	52,937,971
Sep-02	61,074,712	78,770,039	102,705,900	37,138,851
Oct-02	54,408,586	68,089,327	78,770,039	43,727,874
Nov-02	44,861,930	57,489,604	68,089,327	34,262,207
Dec-02	32,393,848	72,351,219	57,489,604	47,255,463
<b>Total</b>	<b>503,852,518</b>	<b>808,616,221</b>	<b>786,499,283</b>	<b>525,969,456</b>

Residential kWh				
	Per Billing	Current	Prior	
	Statistics	Accrual	Accrual	Monthly
<b>Month</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>A + B - C</b>
Jan-03	49,624,687	81,993,889	72,351,219	59,267,358
Feb-03	43,947,556	73,908,378	81,993,889	35,862,045
Mar-03	45,194,102	70,833,757	73,908,378	42,119,481
Apr-03	33,141,279	75,145,318	70,833,757	37,452,840
May-03	41,075,779	68,882,342	75,145,318	34,812,803
Jun-03	29,642,385	79,015,169	68,882,342	39,775,212
Jul-03	44,690,236	77,620,484	79,015,169	43,295,551
Aug-03	42,565,964	83,640,752	77,620,484	48,586,232
Sep-03	57,639,778	73,664,390	83,640,752	47,663,416
Oct-03	44,330,403	68,809,083	73,664,390	39,475,096
Nov-03	35,540,650	71,810,141	68,809,083	38,541,708
Dec-03	33,429,011	56,309,549	71,810,141	17,928,419
<b>Total</b>	<b>500,821,830</b>	<b>881,633,252</b>	<b>897,674,922</b>	<b>484,780,160</b>

(C) Please explain why the charge kW and volume charge for the GS <1000 kW and Large User rate classes was 0 for June 2003.

**RESPONSE:**

Due to a billing issue in June 2003, Oakville Hydro was unable to bill its customers in the GS <1000 kW and Large User rate classes. Oakville Hydro did not accrue the unbilled revenue in June 2003 as it is practice to bill interval customers on actual consumption. Oakville Hydro billed these customers in July 2003 for the month of June and July.

(D) The 2005 worksheet that calculates PILs recoveries is formatted in a different manner than the 2004 worksheet. There are multiple rows for each month with the words "Old" and "New" next to positive and negative numbers.

- i. Please identify and include a discussion of PILs related to the 2005 year-end unbilled revenue accrual.

**RESPONSE:**

In its Decision and Order on Oakville Hydro's application for an adjustment to its rates effective April 1, 2005, the Board approved new PILs rates. In 2005 Oakville Hydro continued to apply the old rate to consumption that related to periods prior to April 1, 2005 and the new rates to consumption that related to consumption on or after April 1, 2005. Oakville Hydro obtained the kWh billed at new rates from its billing system and subtracted the kWh billed at new rates from the total kWh billed and accrued to determine the kWh billed at the old rates.

Oakville Hydro accrued unbilled revenue, including PILs amounts, in the manner described in response to part (B) of this interrogatory, including the second true-up estimate of the accrual at year-end.

(E) Please explain how Oakville accounted for PILs related to the unbilled revenue accrual or to unbilled consumption at April 30, 2006.

**RESPONSE:**

Oakville Hydro accrued unbilled revenue, including PILs amounts, in the manner described in response to part (B) of this interrogatory. Oakville Hydro did not do a second true-up estimate of the accrual at the end of April 2006.

## **Interrogatory #17**

### **For the tax years 2001 to 2005:**

- (A) Did Oakville have interest expense, excluding debt, that is disclosed as interest expense in its financial statements?

**RESPONSE:**

Yes, Oakville Hydro included interest on capital Leases, customer deposits, miscellaneous interest and interest on a development charge fund. The development charge fund was set up to record the liability associated with funds collected for specific, future capital works. The account recognized that there was an obligation to complete the specific capital work for which the funds were collected.

- (B) Did Oakville net interest income against interest expense in deriving the amount it shows as interest expense? If yes, please provide details to what the interest income relates.

**RESPONSE:**

Prior to the year 2008, Oakville Hydro's practice was to net the interest expense and interest earned on regulatory assets. Oakville Hydro has not included interest carrying charges on regulatory assets or liabilities in interest expense.

- (C) Did Oakville include interest expense on customer security deposits in interest expense?

**RESPONSE:**

Yes, Oakville Hydro included interest expense on customer security deposits in interest expense. Please see Oakville Hydro's response to interrogatory number 17(J) for the amounts included for the years 2001 to 2005.

(D) Did Oakville Hydro include interest income on customer security deposits in interest expense?

**RESPONSE:**

No, Oakville Hydro did not include interest income on security deposits in interest expense.

(E) Did Oakville include interest expense on IESO prudentials in interest expense?

**RESPONSE:**

No, Oakville Hydro did not include interest expense on IESO prudentials in interest expense.

(F) Did Oakville include interest carrying charges on regulatory assets or liabilities in interest expense?

**RESPONSE:**

No, Oakville Hydro did not include interest carrying charges on regulatory assets or liabilities in interest expense.

(G) Did Oakville include the amortization of debt issue costs, debt discounts or debt premiums in interest expense?

**RESPONSE:**

No, Oakville Hydro did not incur debt issue costs, debt discounts or debt premiums.

(H) Did Oakville deduct capitalized interest in deriving the interest expense disclosed in its financial statements?

**RESPONSE:**

Oakville Hydro did not capitalize interest.



- (I) Please provide Oakville's views on which types of interest income and interest expense should be included in the excess interest true-up calculations.

**RESPONSE:**

It is Oakville Hydro's view that the actual interest expense excluding carrying charges on regulatory assets and liabilities should be recorded in the excess interest true-up.

- (J) Please provide a table for the years 2001 to 2005 that shows all of the components of Oakville's interest expense and the amount associated with each type of interest.

**RESPONSE:**

The following table provides the components of Oakville Hydro's interest expense and the amount associated with each component.

<b>Interest Components (\$000's)</b>					
<b>Interest Component</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>
Capital Leases	235	933	903	870	834
Customer Deposits		23	15	14	13
Development Charge Fund		10	3	-	-
Promissory Notes		2,425	3,351	4,586	4,756
Miscellaneous	-	-	2	23	26
<b>Total</b>	<b>235</b>	<b>3,391</b>	<b>4,274</b>	<b>5,493</b>	<b>5,629</b>

As explained in the notes to Oakville Hydro's 2003 financial statements, the development charge fund includes amounts collected prior to January 31, 2000 under the *Development Charges Act, 1997* or predecessor legislation for capital asset related to growth that will occur in the future.

Attachment 1 - SPC Assessment

**Ontario Energy  
Board**  
P.O. Box 2319  
26th. Floor  
2300 Yonge Street  
Toronto ON M4P 1E4  
Telephone: 416- 481-1967  
Facsimile: 416- 440-7656  
Toll free: 1-888-632-6273

**Commission de l'énergie  
de l'Ontario**  
C.P. 2319  
26e étage  
2300, rue Yonge  
Toronto ON M4P 1E4  
Téléphone: 416- 481-1967  
Télécopieur: 416- 440-7656  
Numéro sans frais: 1-888-632-6273



**VIA EMAIL AND MAIL**

April 16, 2010

**TO: Licensed Electricity Distributors**

**RE: Revised Invoice - "Special Purpose Charge" Assessment under Section 26.1 of the Ontario Energy Board Act, 1998 for Ministry of Energy and Infrastructure Conservation and Renewable Energy Program Costs**

The Ontario Energy Board recently sent distributors an invoice reflecting the assessment under Section 26.1 of the Ontario Energy Board Act. That invoice, dated April 15, 2010, is in error and should be disregarded. The attached invoice, dated April 16, 2010, is the correct version.

We apologize for any confusion caused by this error.

Any questions regarding the attached revised invoice, other than in relation to payment, should be directed to the Market Operations Hotline at 416-440-7604 or by e-mail at [market.operations@oeb.gov.on.ca](mailto:market.operations@oeb.gov.on.ca). The Board's toll free number is 1-888-632-6273.

Yours truly,

*Original signed by*

Kirsten Walli  
Board Secretary

Attachments: Revised Invoice - Assessment for Ministry of Energy and Infrastructure

**Revised Invoice**  
Ministry of Energy and Infrastructure  
Conservation and Renewable Energy Program Costs

**To:** Oakville Hydro Electricity Distribution Inc.  
861 Redwood Square  
Oakville, ON L6J 5E3  
Attn: Cristina Birceanu, Manager, Reg. Affairs

Customer No./No du client <b>3630</b>
Customer Site No./ N° d'emplacement du client <b>1061065</b>
Invoice Date/Date de la facture <b>April 16, 2010</b>
Invoice No./N° de la facture <b>50054</b>
Due Date/ Date d'échéance <b>July 30, 2010</b>
Payment Amount/ Montant remis <b>CAD \$ 608,587</b>

**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. 27<sup>th</sup> 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, 27<sup>e</sup> 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



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

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.

Oakville Hydro Electricity Distribution Inc.  
861 Redwood Square  
Oakville, ON L6J 5E3  
Attn: Cristina Birceanu, Manager, Reg. Affairs

Customer No. / N° du client <b>3630</b>
Customer Site No./ N° d'emplacement du client <b>1061065</b>
Invoice No./ N° de la facture <b>50054</b>
Payment Amount / Montant remis <b>CAD \$</b>

**Applying your payment to a specific invoice:** (Indicate the invoice number and amount to be applied)

Invoice Number	Amount
	\$ ↓
	\$ ↓
	\$ ↓
	\$ ↓

Invoice Number	Amount
	\$ ↓
	\$ ↓
	\$ ↓
	\$ ↓
	\$ ↓