

Board Staff Supplementary Interrogatories
Rideau St. Lawrence Distribution Inc.
EB-2011-0274

51.

Capacity for Renewable Generation

References:

- IRR Board Staff # 10
- Exhibit 2 / Appendix A / p. 7 / section 3.2 “Capacity Assessment Methodology”;
- Exhibit 2 / Appendix A / p. 4 / Table 2 “Renewable Generation Capacity by Station/Feeder”
- TECHNICAL REVIEW OF HYDRO ONE’S ANTI-ISLANDING CRITERIA FOR MICROFIT PV GENERATORS, November 22, 2011

Preamble:

- (i) In the first reference RSL indicated that based on current information and industry practice, RSL has adopted a limit of 7% of the minimum feeder load for RSL owned 4.16kV and 8.32kV feeders – the results of implementing that criterion is shown in Table 2 at the second reference. This is founded on the fact that most problems with reverse power flow will occur under light loading conditions. The relatively light load on most RSL feeders generates a limit of potential RG load of 20kW to 50kW per feeder.
- (ii) Board staff in its preamble to its interrogatory No. 10 indicated that Hydro One Networks (“HONI”) has a criterion for establishing the FIT capacity which is the lesser of: 7% of peak load or 33% of minimum load, provided that the ratio of minimum load for any feeder to its peak load is at least 20%. Board staff further indicated that this criterion is more reflective of many jurisdictions in the U.S. and of some other distributors in Ontario. It is also Board staff’s understanding that the shorter the distribution feeder, the more suitable is that feeder for application of the noted criterion to establish the FIT Capacity.
- (iii) In response to Question c) of Board staff interrogatory No.10, RSL [shown at the third reference - IRR 10. c)], that it is reluctant to consider the lesser of the two new columns at this time.

RSL further indicated that its consultant has not seen any conclusive evidence for revising the position on RE connection guidelines, based on review of a Kinectrics’ report on HONI procedures shown in the fourth reference. RSL also indicated that they participate on several relevant CSA committees, and that at the present time, they note that Kinectrics’ has questioned the foundation for any RE connection guidelines specifically Section 4.2 of the noted report.

- (iv) Upon review of the RSL’s cited report in the fourth reference, Board staff notes that:

- RSL is correct in that Section 4.2 of the report indicates that more studies are needed to determine conclusively the criterion for establishing the FIT capacity level for any feeder.
- However, Section 4.2 of that report reviewed two standards (the IEEE 1547 standard used by Hydro One, and the FERC SGIP standard which is more permissive) and concludes by stating:

Hydro One's adoption of the one-third anti-islanding limit found in IEEE 1547 is acceptable for the time being, in light of the fact that it is an industry-accepted standard and specifically related to anti-islanding. Further study of the relationship between DG penetration and anti-islanding should lead to the development of a new penetration limit that is acceptable for Hydro One's system.

- The report in its Executive Summary stated in part:

Based on the results of this study, Kinectrics Inc. has found that Hydro One's current position is reasonable, given the information that is available.

Questions:

- (a) For the record in this application, please file a copy of the report cited by RSL (listed as the fourth reference of this interrogatory).
- (b) Does RSL agree that its proposed approach is more restrictive than the Hydro One criterion, and that it might have a negative impact on the renewable energy generation industry in the future? (This can occur if the RSL's proposed criterion would result in microFIT or FIT facilities being required by RSL to incur extra cost of connection to a higher voltage feeder.)
- (c) If a proposed microFIT or FIT facility exceeded RSL's criterion for connection, would RSL be willing to consider applications on a case by case basis and perhaps if feasible, consulting with staff of Hydro One Distribution to examine key aspects such as:
 - adequacy and type of the anti-islanding protection scheme(UOFV) proposed by microFIT or FIT proponent, as discussed in section 4.5, page 18 of the fourth reference.
 - characteristic of the feeder such as its length, and the ratio of the total capacity of microFIT plus FIT installations, including the proposed project, to the minimum load on that feeder?
- (d) Please comment on the view that:

Notwithstanding that there is no conclusive criterion established for Fit capacity on a feeder, there is no justification for RSL in the meantime to delay in applying the noted Hydro One criterion and instead to continue applying a criterion that is too limiting and not supported by any standard. This could have negative impacts on renewable generation in RSL's service area because it would increase the cost of connection of MicroFIT and FIT generation facilities to a higher distribution voltage system costs more.

Corporate Cost Allocation / Purchases from Affiliates

52.

References: IRR Board Staff # 13; Exhibit 4 / 4 / p. 18

- a) What are the principal skills and knowledge base required for the Regulatory Analyst position?
- b) Has the Applicant discussed with its affiliates whether they might be able to benefit from these skills, with the possibility that some of the cost of this new position might be on a shared basis with affiliates rather than borne completely by the Applicant?

53.

References: IRR VECC # 22(a); IRR Board Staff # 12

The interrogatory responses do provide much assistance toward understanding Table 4-9 and Appendix 2-L in the Application, and in particular how the information affects the 2012 revenue requirement of the Applicant.

- a) With respect to Meter Reading, please explain more fully which affiliate of RSL is expected to incur a meter reading cost of \$46,840 in 2012, and how much of that cost is included in the revenue requirement in this application? How does the amount of \$2,342 relate to the previous sentence?
- b) In light of the investment in Smart Meters by the regulated distributor and the resulting decrease in meter reading costs described in IRR BS # 12, why is there no decrease in the aggregate meter reading cost for 2012 (shown in Appendix 2-L in the Application)?
- c) In light of the Smart Meter investment, should there be a reduction in the "Percentage Allocation" in Appendix 2-L?

54.

References: IRR Board Staff # 15(c); Exhibit 4 / Appendix 4A

- a) Does the evidence show the Net Book Value of the corporate assets that determine the Applicant's cost of shared services? If not, what is the Net Book Value of the assets that are shared?
- b) With respect to the deliverables (a) – (x) that are listed in section 1.91 of the Master Service Agreement, please describe briefly the assets involved and how they are used in providing the contracted services to the Applicant.

55.

Reference: IRR SEC # 6

- a) Was the review of cost sharing performed by RSL-affiliated staff or by a third party?
- b) Was a written report prepared? If so, please file a copy for the record.

56.

Reference: IRR Board Staff # 15(b)

Does the Applicant expect that its affiliate will require it to cover the cost of Post-Employment Benefits in the future? When, or why not?

Global Adjustment

57.

Reference: IRR Board staff # 25(a) – (c)

Under IRR 25(a), the proration of non-RPP and RPP for December for charge type 146 shown on page 40 is as follows:

GA prorated to RPP portion	\$201,496
GA prorated to non-RPP customers	\$167,678
Total	\$369,174

- a) How is the proration calculation performed for prorating charge type 146 to RPP and non-RPP customers?
- b) Board staff noted that the above proration was not applied to the journal entries provided under IRR 25(b) and 25(c) on pages 42-43. The entries

provided on pages 42-43 show that the amount booked into account 1588, sub-account GA was arrived at by subtracting total GA billed to non-RPP customers from **all** GA cost invoiced by IESO (i.e. \$369,174.08), and not the amount prorated as shown under IRR 25(a). Please provide an explanation.

58.

Reference: IRR Board staff # 25(d)

In IRR 25 (d), RSL stated:

"While preparing this response, an error was discovered in our December 2010 submission for 1598.

An excess amount of \$118,489.87 was claimed in our December 2010 submission on Form 1598. The amount settled on line 142 of the IESO Power bill was a credit of \$134,360.29, based on RSL's submission. The amount that should have been submitted is a credit of \$15,870.42 – an over claimed amount of \$118,489.87.

This amount should be reduced in RSL's Deferral and Variance disposition request of 2010 Audited balances."

- a) Has RSL adjusted its balances for disposition for this amount?
- b) Has RSL consulted third parties for advice on the accounting matters related to regulatory accounting?

59.

Reference: IRR Board staff # 28 – Table 9.10R

Account 1588 – Power and sub-account 1588 – GA amounts for disposition have been changed by RSL as follows:

Account	Prefiled Balance Exh 9 / 8 / Table 9.10	New Balance IRR #28 / p. 46	Difference
1588 – excl GA	-\$94,604	\$141,196	\$235,800
1588 – GA	-\$155,896	-\$391,695	-\$235,799

Please provide an explanation for the changes in the balances for disposition.

Deferral and Variance Account Continuity Schedule

60.

Reference: IRR Board staff # 30 (b), pages 53-54

The entries shown on these two pages appear to be correcting the error in account 1595. However, the debit side of the entry indicates that the accounts were originally credited to commodity sales.

Please provide the original entry that is being corrected by the entries provided on pages 53-54.

PILs - Tax Rates used for True-up Calculations

61.

Reference: IRR Board staff # 35 / p. 62

RSL's auditors agreed with the income tax rates that appeared in the PILs tax notes contained in RSL's audited financial statements for the years 2001 through 2005. Board staff provided these income tax rates directly from RSL's financial statements in the table which appears on page 62 of RSL's responses to OEB staff interrogatories.

- a) Why did RSL not use these tax rates that were audited by RSL's external auditors in determining the recalculated balance in PILs account 1562?
- b) RSL prepared and released its audited financial statements using these audited income tax rates. Why should these audited income tax rates not be regarded by RSL as more correct than the revised tax rates (which have not been audited by RSL's auditors) that were used in the revised SIMPIL models?

PILs - Continuity Schedule

62.

Reference: IRR Board Staff # 39

Please file an updated EDDVAR model that shows the **credit** balance of \$156,173 in PILs account 1562, to be refunded to customers.

PILs - Interest Expenses

63.

References: IRR Board Staff # 40(j); SIMPIL TAXCALC sheets

In the SIMPIL TAXCALC sheets for 2001, 2002 and 2003, the interest expense used in the true-up calculations does not agree with Exhibit 40J, page 73, of the responses to OEB staff interrogatories.

- a) Please confirm that there should not be any discrepancies between these two references.
- b) If necessary, please provide a revised Exhibit 40J.
- c) If necessary please correct the SIMPIL models for 2001-2003.