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August 23, 2012

BY EMAIL & COURIER

Ms. Kirsten Walli  
Board Secretary  
Ontario Energy Board  
2300 Yonge St, Suite 2701  
Toronto ON M4P 1E4

Dear Ms. Walli:

**Board File No. EB-2012-0121**  
**Erie Thames Powerlines Corporation – 2012 Cost of Service Application**  
**Energy Probe – Interrogatories to Applicant**

Pursuant to Procedural Order No. 1 issued by the Board on August 8, 2012, please find attached the interrogatories of Energy Probe Research Foundation (Energy Probe) in respect of Erie Thames Powerlines Corporation in the EB-2012-0121 proceeding.

Should you require additional information, please do not hesitate to contact me.

Yours truly,

David S. MacIntosh  
Case Manager

cc: Chris White, Erie Thames Powerlines (By email)  
Graig Pettit, Erie Thames Powerlines (By email)  
Scott Stoll, Aird & Berlis LLP (By email)  
Randy Aiken, Consultant to Energy Probe (By email)  
Interested Parties (By email)

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**Ontario Energy Board**

**IN THE MATTER OF** the *Ontario Energy Board Act, 1998*,  
S.O. 1998, c. 15, (Schedule B);

**AND IN THE MATTER OF** an application by Erie Thames  
Powerlines Corporation for an order approving just and  
reasonable rates and other charges for electricity distribution to  
be effective September 1, 2012.

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**INTERROGATORIES OF  
ENERGY PROBE RESEARCH FOUNDATION  
("ENERGY PROBE")**

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**August 17, 2012**

**ERIE THAMES POWELINES CORPORATION  
2012 RATES REBASING CASE  
EB-2012-0121**

**ENERGY PROBE RESEARCH FOUNDATION  
INTERROGATORIES**

**Interrogatory #1**

**Ref: Exhibit 1, Tab 1, Schedule 3**

- a) Please explain why Erie Thames proposes to defer the amortization of the cost of meters included in rate base that have been replaced with Smart Meters until the next IRM filing.**
- b) What is the net book value associated with these stranded meters?**
- c) Are these stranded meters included in the test year rate base or are they included in account 1555 or elsewhere?**
- d) Have smart meters been included in the calculation of rate base in the test year? If not, why not?**

**Interrogatory #2**

**Ref: Exhibit 1, Tab 1, Schedule 6 & Notice of Application**

**Erie Thames indicates in Schedule 6 of Exhibit 1, Tab 1 that it is seeking approval to change rates effective May 1, 2012 with an implementation date to be determined but suggested September 1, 2012 or one month following the timing of the OEB's Decision. Please reconcile the effective date of May 1, 2012 with the effective date in the Notice of Application of September 1, 2012.**

**Interrogatory #3**

**Ref: Exhibit 1, Tab 1, Schedule 10**

**The evidence indicates that Erie Thames follows the main categories and accounting guidelines as stated in the Uniform System of Accounts. Please describe any non-compliance with the Uniform System of Accounts for other categories.**

#### **Interrogatory #4**

**Ref: Exhibit 1, Tab 1, Schedule 11**

**Please provide a map of Southwestern Ontario that shows each of the towns and townships served by Erie Thames.**

#### **Interrogatory #5**

**Ref: Exhibit 1, Tab 1, Schedule 14**

- a) Are any costs related to the Board of Directors of EARTH Corporation, EARTH Limited, EARTH Business Technologies Inc. and/or EARTH (Holdings) Inc. included in the test year revenue requirement for Erie Thames? If yes, please provide details, including the amount associated with each corporation.**
- b) What is the cost of the Board of Directors of Erie Thames Powerlines Corporation that has been included in the test year revenue requirement?**

#### **Interrogatory #6**

**Ref: Exhibit 1, Tab 1, Schedule 14 &  
Exhibit 1, Tab 2, Schedule 1**

- a) Please explain where Ecaliber, noted on the first page of the second reference, fits into the Corporate Chart shown in the first reference.**
- b) Please explain or rephrase the sentence on the first page of Exhibit 1, Tab 2, Schedule 1 that states: "Erie Thames does continue to rely upon its affiliate, Ecaliber, for billing services it shareholder for corporate/IT/HR services".**

#### **Interrogatory #7**

**Ref: Exhibit 1, Tab 2, Schedule 1**

**Did Erie Thames harmonize the specific service charges among the three utilities that merged in 2011? If so, for each charge that was harmonized, please show the original rate for each of the three utilities before harmonization and the corresponding rate after harmonization.**

### **Interrogatory #8**

**Ref: Exhibit 1, Tab 2, Schedule 2**

- a) For each of the revenue forecast, operating and maintenance expense and capital budget, please indicate whether the 2011 data provided in the evidence includes actual data to the end of 2011. If this is the case, please confirm whether or not the actual data for 2011 reflects actual audited data.**
- b) If the 2011 data is not all actual data, please indicate the last month of actual data included.**

### **Interrogatory #9**

**Ref: Exhibit 2, Tab 1, Schedule 2 &  
Exhibit 2, Tab 2, Schedule 1, Appendix 2-B**

**The data shown in the Rate Base Summary Table (Exhibit 2, Tab 1, Schedule 2) appears to reflect the year end asset values at cost shown in Appendix 2-B (Exhibit 2, Tab 2, Schedule 1) for 2009 through 2011. However, the accumulated depreciation numbers differ between the two sources.**

- a) Please explain the difference in the year-end accumulated depreciation numbers between the two sources of data and indicate which set is correct.**
- b) Please provide a corrected Rate Base Summary Table that reflects, if necessary, the response to part (a), along with the use of the average of the opening and closing of the net book value in the calculation of the rate base for 2008 through 2011. Please use the same approach for the 2012 test year (i.e. showing the year-end gross assets and accumulated depreciation and then calculating rate base based on the average of the opening and closing balance of the net book value for 2012).**
- c) Please update the Rate Base Summary Table to reflect actual audited data for 2011. If actual audited data for 2011 is not yet available, please update the table to reflect actual unaudited data for 2011.**

### **Interrogatory #10**

**Ref: Exhibit 2, Tab 2, Schedule 1**

- a) Please explain why there are no disposals for costs or accumulated depreciation shown for any of the years.**
- b) How does Erie Thames treat the disposal of assets that are removed from service before they are fully depreciated?**
- c) Please update Appendix 2-B for 2011 and 2012 to reflect actual data for 2011 and the resulting changes that flow through to 2012.**
- d) Do the figures shown in account 1860 - Meters shown include smart meters (account 1860 - Smart Meters do not include any figures)?**

### **Interrogatory #11**

**Ref: Exhibit 2, Tab 2, Schedule 2**

- a) Please update the second last page of Schedule 2 to reflect actual data for 2011.**
- b) Please explain what the \$380,000 shown in 2012 in account 1930 - Transportation Equipment is for. Please also indicate whether this is a replacement for an existing vehicle or vehicles or whether it is a net addition to the fleet.**
- c) Please explain what the \$200,000 capital expenditure in 2012 in account 1980 - System Supervisory Equipment is for.**
- d) Please explain the significant capital expenditure increase forecast for 2012 in account 1830 - Poles, Towers and Fixtures relative to the amounts shown for 2009 through 2011.**
- e) Please explain the significant capital expenditure increase forecast for 2012 in account 1840 - Underground Conduit relative to the amounts shown for 2009 through 2011. Please confirm that \$115,000 of the increases is related to the Belmont, Hazelwood Crescent Underground upgrade project. If this is confirmed, please explain the remainder of the increases for 2012.**

### **Interrogatory #12**

**Ref: Exhibit 2, Tab 3, Schedule 3**

- a) Please confirm that the vehicles transferred into the utility rate base in 2010 were at the original cost, along with the accumulated depreciation at the time of the transfer.**
- b) Please provide Erie Thames policy with respect to the replacement of vehicles.**
- c) Please provide a list of the vehicles current included in the test year rate base, showing the age of each vehicle.**

### **Interrogatory #13**

**Ref: Exhibit 2, Tab 3, Schedule 1**

**Please confirm that the 2011 figures shown in the Working Capital Summary table are actual figures and not forecast values.**

### **Interrogatory #14**

**Ref: Exhibit 2, Tab 4, Schedule 1**

- a) Please show the calculation of the cost of power of \$28,937,346.51 include the kWh forecast used and how it ties into the forecast provided in Exhibit 3. Please also show the cost of power rates used and provide the source of these rates.**
- b) Please confirm that Erie Thames has split the volumes into RPP and non-RPP volumes and applied the appropriate rate to each set of volumes. If this cannot be confirmed, please revise the cost of power to reflect this approach.**
- c) Please confirm that Erie Thames has used the RPP and non-RPP prices based on the April 2, 2012 Regulated Price Plan Price Report. If this cannot be confirmed, please revise the cost of power to reflect these prices.**
- d) Has Erie Thames used the current 2012 rates for the calculation of the amounts in accounts 4708, 4714, 4716 and 4730? If not, please update the costs to reflect current rates.**

- e) Which rate classes does Erie Thames bill on a monthly basis and which rate classes does Erie Thames bill on a bi-monthly basis? Does Erie Thames have any plans to change this?

**Interrogatory #15**

**Ref: Exhibit 2, Tab 5, Schedule 2**

- a) Are there any costs (capital, OM&A) associated with the Basic GEA Plan that are included in the test year revenue requirement? If yes, please identify and quantify these costs.
- b) On page 152 of 157, the evidence states that there are presently 59 micro-fit solar installations connected onto the ETPL distribution grid with generation of 545.8 kW. On the following page the evidence states that there are 48 micro-fit in-service connections generating 399.05 kW operating in the service territory of ETPL. Does this mean that there are 11 micro-fit connections that are connected to the ETPL system that are currently not generating into the system? If not, please reconcile the two sets of figures.

**Interrogatory #16**

**Ref: Exhibit 3, Tab 1, Schedules 2 and 3**

Please reconcile the figures in Schedule 3 for the 2012 test year and 2011 bridge year with the figures shown in summary table included in Schedule 2. For example, Schedule 3 states that the fiscal 2012 operating revenue forecast is \$10,075,517, while the figure in Schedule 2 is \$9,853,772. Similarly Schedule 3 states that the 2011 revenue is expected to be \$1,696,181 greater than the 2010 actual level, while the table in Schedule 2 shows a difference of \$1,479,566.

**Interrogatory #17**

**Ref: Exhibit 3, Tab 2, Schedule 1**

- a) Please expand Table 2 to include actual 2011 data.
- b) Please confirm that the 2010 data included in Table 2 and the requested 2011 data from part (a) above include customers of Clinton and West Perth. If this cannot be confirmed, please provide a version of Table 2 that includes data for all three utilities for 2010, 2011 and 2012.



- c) Please explain what Erie Thames means by "without loss adjustment" in reference to the figures shown in Table 2. In particular, do the figures shown in Table 2 represent energy purchases or billed energy?

#### **Interrogatory #18**

**Ref: Exhibit 3, Tab 2, Schedule 1**

- a) Please update Tables 3,4,5,8,9,10,13,14,15,18,19,22,25,30,49,50 and 51 to reflect actual data for 2011.
- b) Please show how the actual kWh's have been weather adjusted. Please show all calculations and explain where all the figures used come from using 2010 residential for Erie Thames (Table 5) data as an example.
- c) Please explain why there are no forecasts for the number of customers for 2011 and 2012 included in Table 3. Please revise the table to include this data for 2011 and 2012, along with the calculation of the kWh/customer/month.
- d) Please update all figures to reflect actual data for 2011.
- e) Please explain the decrease in the number of residential customers in 2009 shown in Table 5. Please reconcile this figure (12,116) with that shown in Exhibit 3, Tab 2, Schedule 2 (12,710).
- f) Please explain why the number of residential customers for 2007 through 2010 the same in Table 3 as they are in Table 4. If needed, please provide the corrected table(s).
- g) Table 8 does not appear to be complete in that there are no customer or kWh/customer/month figures provided. Please provide a complete Table 8.

#### **Interrogatory #19**

**Ref: Exhibit 3, Tab 2, Schedule 2**

- a) Please update the Customer Counts table on page 5 to reflect actual 2011 data.
- b) Are the customer figures shown in the table on page 5 average numbers for the year or year-end figures?

- c) Please provide a version of the Normalized Average Consumption table shown on page 4 that includes weather adjusted (or normalized) kWhs for 2008 through 2011 (with 2011 based on actual weather adjusted figures) and the forecast for 2012.
- d) Please reconcile the last sentence under the table on page 3 that stated "Secondly this customer class remains with 7 customers despite the addition of the Ethanol Plant due to the closure of Atlantic Packaging in Ingersoll Ontario" with the figures shown in the table.
- e) How has Erie Thames reflected the impact of CDM on the kWh and kW forecast for the test year?
- f) Please provide further explanation for the increase of only 82 residential customers in 2012 given the average of more than 250 per year over the 2009 to 2011 period.

#### **Interrogatory #20**

**Ref: Exhibit 3, Tab 2, Schedule 1, Section 12**

- a) Please provide the data used in each of the linear trendlines that was used to project the customer growth for 2012 for the residential and GS <50 classes.
- b) The evidence states that the 2012 forecast for the residential and GS<50 classes is based on the projected customer count and the weather adjusted kWh per customer per month. Please explain and show how the weather adjusted kWh per customer per month has been forecast for 2012 since it appears that only the former Erie Thames figures have been held constant at the 2010 levels (Tables 5 and 10), while for example, the kWh/customer/month figure for 2012 shown in Table 4 shows a decline from 2010 and the corresponding figure for 2012 shown in Table 9 shows an increase from 2010.

#### **Interrogatory #21**

**Ref: Exhibit 3, Tab 2, Schedule 4**

**For each rate class, please provide the number of customers in 2012 based on the most recent month available, along with the number of customers at the end of the corresponding month in 2011.**

## **Interrogatory #22**

**Ref: Exhibit 3, Tab 3, Schedule 1**

- a) Please update the table to reflect actual data for 2011.**
- b) Please provide the most recent year-to-date revenues available for 2012 in the same level of detail as shown in the table. Please also provide the year-to-date revenues for the same period in 2011.**
- c) Where are the SSS administration fees included in the table? What is the SSS related forecast for 2012?**
- d) Where are the micro-fit revenues included in the table? What is the micro-fit related forecast for 2012?**
- e) Where is interest income included in the table? Please provide the actual interest income for 2008 through 2011, along with the forecast for 2012.**

## **Interrogatory #23**

**Ref: Exhibit 3, Tab 3, Schedule 4 &  
Exhibit 6, Tab 2, Schedule 1**

**Please reconcile the 2012 Test total distribution revenues using existing rates shown in Exhibit 3, Tab 3, Schedule 4 of \$7,950,366 with the figure of \$8,403,654 shown in Exhibit 6, Tab 2, Schedule at current approved rates.**

## **Interrogatory #24**

**Ref: Exhibit 4, Tab 2, Schedule 1**

**With respect to the "Summary of Operating Costs Table", please provide the following:**

- a) Please indicate where property taxes are included in the table. Please show the actual property tax expenses for 2008 through 2011 and the forecast for 2012.**
- b) Please provide a version of the summary table that excludes amortization expenses and the cost of power and includes actual data for 2011.**

- c) Please provide the most recent-year-to-date actuals that are available for 2012 in the same level of detail as shown in the table, along with the corresponding figures for 2011 for the same year-to-date period.

**Interrogatory #25**

**Ref: Exhibit 4, Tab 2, Schedule 1**

- a) Please explain the significant drop in account 5310 (meter reading expense) in 2011 as compared to 2010 and 2012. Please also provide the actual expense recorded in account 5310 in 2011.
- b) Please explain the \$60,000 increase in account 5315 (customer billing) forecast for 2012. Please also provide the actual expense recorded in account 5315 in 2011.
- c) For both accounts 5310 and 5315, please provide the most recent year-to-date cost available for 2012, along with the cost for the corresponding period in 2011.
- d) Please explain why there is no property insurance costs (account 5635) shown for 2011 or 2012 and why there are injuries and damages (account 5640) forecast for 2011 and 2012 where previously there were no costs.
- e) Please explain what the costs shown in account 5670 (rent) are related to and explain how the forecast for 2011 and 2012 has been determined.
- f) Please explain why there are no bad debt expenses (account 5335) forecast for the test year.

**Interrogatory #26**

**Ref: Exhibit 4, Tab 2, Schedule 3**

**Please update the OM&A cost per customer table to reflect actual data for 2011.**

**Interrogatory #27**

**Ref: Exhibit 4, Tab 2, Schedule 4**

**Please update Appendix 2-K to reflect actual data for 2011.**

### **Interrogatory #28**

**Ref: Exhibit 4, Tab 2, Schedule 6 &  
Exhibit 2, Tab 2, Schedule 1, Appendix 2-B**

- a) Please confirm that Erie Thames has used the half year rule for depreciation for assets added in the current year in each of 2008 through 2011 in addition to the 2012 test year.**
- b) Please confirm that the 2008 rates for Erie Thames also reflect this use of the half year rule.**
- c) Please reconcile the depreciation expense of \$1,759,024.99 shown in Exhibit 4, Tab 2, Schedule 6 with the figure of \$1,930,321 shown in Appendix 2-B in Exhibit 2, Tab 2, Schedule 1 for 2012. Please also explain why the opening value of the gross assets between the two tables differs by more than \$1 million.**
- d) Please explain why the depreciation expense for each of 2009 through 2011 shown in Appendix 2-M does not match the depreciation expense shown in Appendix 2-B.**

### **Interrogatory #29**

**Ref: Exhibit 4, Tab 2, Schedule 7**

- a) Please confirm that 2011 figures used in calculation of the loss factors are actual figures. If this cannot be confirmed, please update the table to include actual 2011 data.**
- b) Please confirm that the 5 years of data includes losses for the three areas being merged. If this cannot be confirmed, please provide a version of the table that incorporates figures for all three areas.**
- c) The total loss factor for secondary metered customers is shown as 4.83%. Please reconcile this with the rate impact schedules shown in Exhibit 8, Tab 1, Schedule 8 that appear to use a loss factor of 4.21%.**

### **Interrogatory #30**

**Ref: Exhibit 4, Tab 3, Schedule 1**

- a) Please confirm that the 11.25% Ontario income tax rate is based on a rate 11.5% for the January through June, 2012 period and a rate of 11.0% for the July through December, 2012 period.**
- b) Please confirm that the Ontario government cancelled the July 1, 2012 scheduled reduction to 11.0%.**
- c) Please re-calculate the income tax using an 11.5% provincial tax rate.**
- d) Please show the derivation of the regulatory taxable income of \$1,429,847 including additions and deletions to utility net income before taxes of \$1,128,692 shown in the Revenue Requirement Workform, including such things as depreciation, CCA, CEC, etc. In particular, has Erie Thames reflected additions for depreciation and deductions for CCA and CEC for the three combined utilities?**

### **Interrogatory #31**

**Ref: Exhibit 4, Tab 3, Schedule 3**

**Please update the CCA schedule for 2011 and 2012 to reflect the actual CCA based on the 2011 tax filing.**

### **Interrogatory #32**

**Ref: Exhibit 4, Tab 3, Schedule 1**

- a) Does Erie Thames have any positions eligible for the Ontario Apprenticeship Tax Credit, the Federal Training Tax Credit or the Ontario Co-op Education Tax Credit? If yes, please provide details on the number of positions eligible for each tax credit.**
- b) Did Erie Thames claim any tax credits in the 2011 tax filing? If yes, please provide details.**

**Interrogatory #33**

**Ref: Exhibit 4, Tab 3, Schedule 4**

**Please file a copy of the 2011 tax return.**

**Interrogatory #34**

**Ref: Exhibit 5, Tab 1, Schedule 2**

- a) **Please confirm that Erie Thames has updated the cost of long term debt to 4.41% and the return on equity to 9.12% as per the Board's March 2, 2012 letter "Cost of Capital Parameter Updates for 2012 Cost of Service Applications for Rates Effective May 1, 2012" in place of the figures shown in Table 6-1. Please also confirm that the revenue deficiency has been calculated using the 4.41% long term debt rate and the 9.12% return on equity. If this cannot be confirmed, please update the calculation of the revenue deficiency to reflect these figures.**
- b) **In a number of places the evidence states that "It is recognized that this rate will be updated at the time of the rate decision to reflect the current rate in effect as per the calculations and terms outlined in the December 11, 2009 *"Report of the Board on the Cost of Capital for Ontario's Regulated Utilities"*". Is Erie Thames proposing that if the Board issues a letter establish the cost of capital parameter updates for 2013 cost of service applications for rates effective January 1, 2013 that those parameters would be used in place of those in the March 2, 2012 letter? Please explain.**

**Interrogatory #35**

**Ref: Exhibit 6, Tab 2, Schedule 1**

**Please explain why the distribution revenue line shown in the table is \$8,403,654 at current approved rates and \$8,504,682 at proposed rates. Is this difference related to the LV charges? If not, please explain why distribution revenues at current approved rates are different in the two columns.**

**Interrogatory #36**

**Ref: Exhibit 7, Tab 1, Schedule 1**

- a) Please confirm that the Board issued new ranges in the EB-2010-0219 Report of the Board dated March 31, 2011 that reduces the range for the GS > 50 to 4,999 kW classes to 80% to 120% and established a range for the Large Use class of 85% to 115%.**
- b) Do the above ranges impact on any of the Erie Thames proposal with respect to the revenue to cost ratios? Please explain fully.**

**Interrogatory #37**

**Ref: Exhibit 7, Tab 1, Schedule 2**

- a) Please provide a revised table that currently shows all revenue to cost ratios moved to 100% that incorporates the following:**
  - 1) If the 2012 revenue to cost ratio is within the Board approved range, then no change to that ratio is required;**
  - 2) If the 2012 revenue to cost ratio is above (below) the Board approved range, the ratio should be moved to the top (bottom) of the Board approved range; and,**
  - 3) Any changes required for (2) above should be reflected by moving those rate classes furthest from unity towards the next furthest ratio from unity, and moving both of those classes in lockstep to the next furthest from unity and so on as required.**

**In responding to this question, please assume that the Board approved range for the Embedded rate class is the same as the GS > 50 to 4,999 kW rate class of 80% to 120%.**

- b) Please provide the 3 tables under the heading "Summary of Results and Proposed Changes" that results from the response to part (a).**
- c) Based on the response provided in part (a), do any rate classes require mitigation as a result of moving their ratios to the bottom of the Board approved ranges?**



**Interrogatory #38**

**Ref: Exhibit 8, Tab 1, Schedule 1**

**For each rate class shown in the table on the first page, please provide the floor and ceiling values for the service charge that comes out of the model.**

**Interrogatory #39**

**Ref: Exhibit 8, Tab 1, Schedule 6**

**On the page titled "Summary of Proposed Rate Schedule", the evidence states that the increase in the monthly customer charge for a residential customer in the WPPI area is \$2.60. Please confirm that the increase is actually \$1.60.**