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BY E-MAIL

September 10, 2012

Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

Dear Ms. Walli:

**Re: Hydro Ottawa Limited
2013 IRM Distribution Rate Application
Board Staff Interrogatories
Board File No. EB-2012-0138**

In accordance with the Notice of Application and Hearing, please find attached Board Staff interrogatories in the above proceeding. Please forward the following to Hydro Ottawa Limited and to all other registered parties to this proceeding.

In addition please advise Hydro Ottawa Limited that responses to interrogatories are due by September 26, 2012.

Yours truly,

Original Signed By

Suresh Advani

Encl.

**Hydro Ottawa Limited
2013 Electricity Distribution Rates
EB-2012-0138
Board Staff Interrogatories**

1. Account 1590 – Recovery of Regulatory Asset Balances

Ref: Rate Generator Model

A portion of Sheet “5-2013 Continuity Schedule” from the Rate Generator Model is reproduced below.

Account Descriptions	Account Number	2012				Projected Interest on Dec-31-11 Balances		2.1.7 RRR	Variance RRR vs. 2011 Balance (Principal + Interest)
		Principal Disposition during 2012 - instructed by Board	Interest Disposition during 2012 - instructed by Board	Closing Principal Balances as of Dec 31-11 Adjusted for Dispositions during 2012	Closing Interest Balances as of Dec 31-11 Adjusted for Dispositions during 2012	Projected Interest from Jan 1, 2012 to December 31, 2012 on Dec 31-11 balance adjusted for disposition during 2012 ¹	Projected Interest from January 1, 2013 to April 30, 2013 on Dec 31-11 balance adjusted for disposition during 2012 ²	Total Claim As of Dec 31-11	
Group 1 Accounts									
LV Variance Account	1550			(1,024,964)	(5,919)	(15,067)		(1,045,941)	(1,031,774)
RSVA - Wholesale Market Service Charge	1580			(7,769,681)	(63,056)	(114,214)		(7,946,950)	(7,832,736)
RSVA - Retail Transmission Network Charge	1584			776,426	6,260	11,413		794,099	782,686
RSVA - Retail Transmission Connection Charge	1586			(1,220,099)	(11,903)	(17,935)		(1,249,937)	(1,232,002)
RSVA - Power (including Global Adjustment)	1588			(7,489,997)	(243,364)	(110,103)		(7,743,732)	(7,546,634)
RSVA - Power - Sub-account - Global Adjustment	1588			(5,192,002)	(22,896)	(76,322)		(5,291,131)	(5,214,809)
Recovery of Regulatory Asset Balances	1590			(405,064)	(3,621)	(5,954)		(414,640)	(408,687)
Disposition and Recovery/Refund of Regulatory Balances (2008) ³	1595			0	1	0		1	0
Disposition and Recovery/Refund of Regulatory Balances (2009) ³	1595			0	0	0		0	0
Disposition and Recovery/Refund of Regulatory Balances (2010) ³	1595			0	0	0		0	0
Group 1 Sub-Total (including Account 1588 - Global Adjustment)		0	0	(22,325,382)	141,429	(328,183)	0	(22,512,136)	(22,183,956)
Group 1 Sub-Total (excluding Account 1588 - Global Adjustment)		0	0	(17,133,380)	164,236	(251,861)	0	(17,221,005)	(16,969,147)
RSVA - Power - Sub-account - Global Adjustment	1588	0	0	(5,192,002)	(22,896)	(76,322)	0	(5,291,131)	(5,214,809)
Deferred Payments in Lieu of Taxes	1562			0	0	0	0	0	0
Total of Group 1 and Account 1562		0	0	(22,325,382)	141,429	(328,183)	0	(22,512,136)	(22,183,956)
Special Purpose Charge Assessment Variance Account ⁴	1521			(172)	0	(3)	(8)	(175)	(172)
LRAM Variance Account	1568			0	0	0	0	0	0
Total including Accounts 1562, 1521 and 1568		0	0	(22,325,554)	141,429	(328,186)	(8)	(22,512,311)	(22,184,128)

Board staff notes that the amount provided for “Recovery of Regulatory Asset Balances” (account 1590) in the “2.1.7 RRR” column is (\$408,687).

Board staff also notes that the corresponding amount reported by Hydro Ottawa in the audited 2.1.7 trial balance is (\$10,016,771).

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

2. Loss Factor and Loss Adjusted Billed kWh

Ref: RTSR Model

Ref: Rate Generator Model

A portion of Sheet “4. RRR Data” from the RTSR Model is reproduced below.

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	2,234,649,169		1.0344		2,311,521,100	-
General Service Less Than 50 kW	kWh	739,010,962		1.0344		764,432,939	-
General Service 50 to 1,499 kW	kW	3,048,894,932	7,265,547		57.52%	3,048,894,932	7,265,547
General Service 1,500 to 4,999 kW	kW	858,201,114	1,827,188		64.38%	858,201,114	1,827,188
Large Use	kW	662,045,474	1,182,395		76.74%	662,045,474	1,182,395
Unmetered Scattered Load	kWh	18,044,101		1.0344		18,664,818	-
Sentinel Lighting	kW	64,267	179		49.21%	64,267	179
Street Lighting	kW	43,718,587	121,360		49.37%	43,718,587	121,360

A portion of Sheet “10. Other Charges & LF” from the Rate Generator Model is reproduced below.

LOSS FACTORS	
If the distributor is not capable of prorating changed loss factors jointly with distribution rates, the revised loss factors will be implemented upon the first subsequent billing for each billing cycle.	
Total Loss Factor – Secondary Metered Customer < 5,000 kW	1.0358
Total Loss Factor – Secondary Metered Customer > 5,000 kW	1.0170
Total Loss Factor – Primary Metered Customer < 5,000 kW	1.0254
Total Loss Factor – Primary Metered Customer > 5,000 kW	1.0069

Board staff notes that the applicable loss factor provided in the former is 1.0344, whereas the latter indicates the “Total Loss Factor – Secondary Metered Customer < 5,000 kW” as 1.0358.

- Please indicate if the 1.0344 input is an error and if so, Board staff will make the necessary correction.

- b) Please indicate whether the billing determinants (kWh) reported by Hydro Ottawa in the 2.1.5 RRR are Metered kWh or Billed kWh.

3. Sharing of Tax Changes

Ref: Manager's Summary (Section 6.0)

Board staff notes that the Manager's Summary states that the Tax Savings Work Form has been partially completed because "Total Tax Related Amounts in 2013 will be higher than 2012 and therefore no tax sharing is required".

Board staff further notes that the filing requirements¹ state that the amounts resulting from the calculated annual tax changes "will be collected from or refunded to customers each year".

- a. Please explain how Hydro Ottawa's position is consistent with the Board's filing requirements.

1

http://www.ontarioenergyboard.ca/OEB/Documents/Regulatory/Filing_Requirements_Tx_Dx_Applications_20120628.pdf

Chapter 3, Section 2.5

4. Shared Tax Savings Model

Ref: Shared Tax Savings Model

Ref: Rate Generator Model

A portion of Sheet “3. Re-Based Bill Det & Rates” from the Shared Tax Savings Model is reproduced below.

Last COS Re-based Year was in 2012

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						
GSLT50	General Service Less Than 50 kW	Customer	kWh						
GSGT50	General Service 50 to 999 kW	Customer	kW						
LU	Large Use > 5000 kW	Customer	kW						
SL	Street Lighting	Connection	kW						
NA	Rate Class 6	NA	NA						
NA	Rate Class 7	NA	NA						
NA	Rate Class 8	NA	NA						

A portion of Sheet “3. Rate Class Selection” from the Rate Generator Model is reproduced below.

Rate Class Classification	
1	Residential
2	General Service Less Than 50 kW
3	General Service 50 to 1,499 kW
4	General Service 1,500 to 4,999 kW
5	Large Use
6	Unmetered Scattered Load
7	Standby Power - APPROVED ON AN INTERIM BASIS
8	Sentinel Lighting
9	Street Lighting
10	MicroFit

Board staff notes that the rate class list provided in the former contains fewer rate classes as compared to the list provided in the latter.

- a. Please confirm that some rate classes are missing in the former.
- b. Board staff requests Hydro Ottawa to submit a revised Shared Tax Savings Model with the following revisions:
 - i. Rate Class column appended with the missing rate classes.
 - ii. Columns A through F populated.

5. Taxable Capital and Regulatory Taxable Income

Ref: Shared Tax Savings Model

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

Summary - Sharing of Tax Change Forecast Amounts

For the 2012 year, enter any Tax Credits from the Cost of Service Tax Calculation (Positive #)

220000

1. Tax Related Amounts Forecast from Capital Tax Rate Changes

2012

2013

Taxable Capital

\$ -

\$ -

Deduction from taxable capital up to \$15,000,000

\$ -

\$ -

Net Taxable Capital

\$ -

\$ -

Rate

0.000%

0.000%

Ontario Capital Tax (Deductible, not grossed-up)

\$ -

\$ -

2. Tax Related Amounts Forecast from Income Tax Rate Changes

2012

2013

Regulatory Taxable Income

\$ 17,875,516

\$ 17,875,516

Corporate Tax Rate

26.06%

26.50%

Tax Impact

\$ 4,438,573

\$ 4,517,012

Grossed-up Tax Amount

\$ 6,003,036

\$ 6,145,594

Tax Related Amounts Forecast from Capital Tax Rate Changes

\$ -

\$ -

Tax Related Amounts Forecast from Income Tax Rate Changes

\$ 6,003,036

\$ 6,145,594

Total Tax Related Amounts

\$ 6,003,036

\$ 6,145,594

Incremental Tax Savings

\$ 142,558

Sharing of Tax Savings (50%)

\$ 71,279

Board staff notes that the “Regulatory Taxable Income” provided in the 2012 column is \$17,875,516 whereas the amount provided in Hydro Ottawa’s rate order² related to its 2012 cost-of-service rate application is \$17,874,948.

² <http://www.rds.ontarioenergyboard.ca/webdrawer/webdrawer.dll/webdrawer/rec/317562/view/Taxes/PILs, Line No.3>

- a. If this is an error, Board staff requests Hydro Ottawa to make the necessary correction in the revised Shared Tax Savings Model mentioned in interrogatory #4.
- b. If applicable, Board staff will input the resulting Shared Tax Savings rate riders in the Rate Generator Model.