

**Board Staff Interrogatories
Erie Thames Powerlines Corporation
2012 Electricity Distribution Rates
EB-2012-0121**

EXHIBIT 1- ADMINISTRATIVE DOCUMENTS

Ref: E1

- a) Please confirm whether there are audited financial statements for the year ended December 31, 2011 available.
- ***Audited Financial statements are available and are provided as Appendix A in this response.***
- b) If so please provide a copy and update the following tables/appendices with the actuals for 2011.
- Rate Base Summary Table (E2-T1-S2) ***Provided in this response.***
 - Appendix 2B (E2-T2-S1) ***Provided in this response.***
 - Gross Asset Table (E2-T2-S2) ***Provided in this response.***
 - Summary of Operating Revenue Table (E3-T1-S3) ***Provided in this response.***
 - Distribution Revenue Data p.3 (E3-T3-S4) ***Provided in this response.***
 - OM&A Costs Table Combined Entity (E4-T2-S1) ***See appendix 2F included in this response.***
 - Appendix 2J (E4-T2-S2) ***Provided in this response***
 - Appendix 2K (E4-T2-S4) ***Provided in this response***
 - The 2011 year end balances for the accounts that appear in the Deferral and Variance Account Continuity Schedule (E9-T1-S4) ***The EDVAR schedules are accurate and up to date as required. The 2011 balances are combined while the 2010 spreadsheets are for the three separate entities.***

2) Ref: E1-T1-S3

The Notice of Application indicates that the proposed rates are to be effective September 1, 2012.

a) Please clarify whether Erie Thames will be seeking the recovery of any foregone revenue for the period between September 1, 2012 and the date that the new rates are implemented.

- ***At this time, Erie Thames does not plan to recover any of the foregone revenue for the above noted period. However, if there is unforeseen delay in this proceeding for which Erie Thames is not responsible it may reconsider in respect of the unforeseen delay.***
- ***See response to Energy Probe 2.***
- ***See response to SEC 2.***

b) If Erie Thames will seek the recovery of foregone revenue, will Erie Thames be requesting that the Board declare its existing rates interim?

- ***As noted above, Erie Thames is not seeking recovery of foregone revenue and so Erie Thames is not requesting interim rates.***

3) Ref: E1-T1-S17

- a) Please identify any rates and charges that are included in the applicant's conditions of service, but do not appear on the Board-approved tariff sheet, and provide an explanation for the nature of the costs being recovered.
 - ***There are no rates and charges that are included in ETPL's conditions of service that do not appear on the Board approved tariff sheet.***
- b) Please provide a schedule outlining the revenues recovered from these rates and charges from 2006 to 2009 and the revenue forecasted for the 2012 bridge and 2013 test years.
 - ***Not applicable.***
- c) Please explain whether in the applicant's view, these rates and charges should be included on the applicant's tariff sheet.
 - ***Not applicable***

4) Ref: E1-T2-S1 p.1

Erie Thames states that during the fall of 2011, the OEB Auditors completed an audit of the deferral and variance accounts for West Perth Power, with lessons learned being applied to Clinton Power and Erie Thames.

- a) Have the D/V accounts for Clinton Power and Erie Thames been audited by the OEB since 2008? If so, when were they audited?
 - ***DV accounts for Erie Thames were audited in 2009, while Clinton Power DV accounts have not been audited at all.***
- b) Please describe the lessons learned that are being applied to Clinton Power and Erie Thames.
 - ***The lessons learned that were applied to Clinton and Erie Thames DV balances were largely with respect to the treatment of specific IESO and Hydro One charge types that had been applied to an incorrect RSVA account. These corrections were made that did not impact the balance of the RSVA accounts in total, but simply shifted the balances from one RSVA to another.***

5) Ref: E1

Upon completing all interrogatories from Board staff and intervenors, please provide an updated RRWF with any corrections or adjustments that the applicant wishes to make to the amounts in the previous version of the RRWF included in the middle column. Please include documentation of the corrections and adjustments, such as a reference to an interrogatory response or an explanatory note.

- ***ETPL is still in the process of answering some IR's and will update and file the RRWF when complete.***

6) Ref: E1-T2-S1 p.2 and E1-T3-S1

Erie Thames states at E1-T2-S1 p.2 that its capitalization policy has been IFRS compliant since its retrenchment of staff in 2009.

- a) Does this mean that when Erie Thames adopts IFRS in 2013, all else being equal, there will be no change in the amount of operating costs that will be capitalized?
 - ***Erie Thames does expect that there will be no change in the amount of operating costs that will be capitalized when IFRS is adopted as ETPL's current practice is not to capitalize indirect operating costs that are disallowed under IFRS.***
- b) Is Erie Thames' capitalization policy as described in E1-T3-S1 par. 3.10 consistent with what would be described as IFRS compliant?
 - ***Erie Thames capitalization policy is consistent with what would be described as IFRS compliant.***

7) Ref. E1-T2-S5

Please complete the table below.

	Including Loss of Supply			
Service Quality Indicators	2008 Actual	2009 Actual	2010 Actual	2011 Actual
Erie Thames				
SAIDI	6.08	1.91	11.21	4.45
SAIFI	1.63	0.62	4.83	2.02
CAIDI	3.73	3.09	2.32	2.18
West Perth				
SAIDI	28.11	10.83	1.11	
SAIFI	5.36	4.55	0.64	
CAIDI	5.25	2.38	1.75	
Clinton				
SAIDI	1.2	0.34	0.39	
SAIFI	1.88	1.99	0.72	
CAIDI	0.64	0.17	0.54	
	Excluding Loss of Supply			
Service Quality Indicators	2008 Actual	2009 Actual	2010 Actual	2011 Actual
Erie Thames				
SAIDI	1.34	0.74	0.92	1.53
SAIFI	0.21	0.23	0.48	0.75
CAIDI	6.36	3.21	1.93	2.04
West Perth				
SAIDI	0.46	3.23	1.11	
SAIFI	0.36	1.46	0.64	
CAIDI	1.27	2.21	1.75	
Clinton				
SAIDI	0.45	0.14	0.39	
SAIFI	0.13	0.99	0.72	
CAIDI	3.46	0.14	0.54	

EXHIBIT 2 - RATE BASE

8) Ref: E2-T1-S1

Erie Thames notes that it is focussing more on capital spending to reduce future OM&A costs and that this should assist in improving its O&M efficiency rating.

- a) Please provide an estimate of the reduction in O&M costs for 2013, 2014, 2015 and 2016 that Erie Thames expects to realize as a result of the focus on capital spending.
- ***ETPL recognizes that the significant increase in capital spending will have an impact going forward to reduce O&M costs. However, it is difficult to quantify an amount in the first years of a long-term program as the projected capital spend to replace fully amortized assets is extended beyond ten years.***
 - ***With ETPL's large amount of aging infrastructure we expect the O&M costs reductions to be modest in the near term and increase in the longer term as the infrastructure is replaced.***

9) Ref: E2-T3-S1Table 2-xx

Table 2-xx from E2-T3-S1 provides a summary of additions to Net Fixed Assets.

- a) Please clarify what is meant by the term “net fixed assets” as used by Erie Thames i.e. is it gross plant less accumulated depreciation or is it gross plant?
 - ***The additions in the above noted table are gross plant additions.***
- b) Erie Thames indicates that amounts in Table 2-xx include the transfer of certain assets into Erie Thames from the former affiliate.

Please complete the table below and include a short description of the nature of the asset being transferred.

Summary of Additions to Net Fixed Assets						
	2008 Actual	2009 Actual	2010 Actual	2011 Bridge	2012 Test	Ave. 2008 to 2011
Amount from table 2-xx	\$2,490,833	\$1,942,235	\$3,617,615	\$2,433,918	\$2,840,000	\$ 2,664,920
Transfer from Affiliates			\$1,576,862			
Amount Excluding Transfers	\$2,490,833	\$1,942,235	\$2,040,753	\$2,433,918	\$2,840,000	\$ 2,349,548

- c) Please confirm that the “amounts from Table 2-xx” are the amalgamated (consolidated) amounts for Erie Thames, West Perth Power and Clinton Power.
 - ***The amounts from table 2-xx are the amalgamated amounts of ETPL, WPPI and CPC.***
- d) Does Erie Thames interpret the “Amount excluding transfers” as representative of Erie Thames’ Capital Expenditures for the indicated years? If not, please provide the amounts that Erie Thames views as representative of its pre-amalgamation capital expenditures.
 - ***ETPL does interpret the amount excluding transfers as indicative of its historical years. However, given the fact that historically WPPI and CPC had under spent on its distribution system and the subsequent results of the condition assessment study ETPL argues that the average spend was too low to sustain its system properly.***

10) Ref: E2-T3-S1

Please complete the table below.

Capital Expenditures	2008 Board Approved	2008 Actual	2009 Actual	2010 Board Approved	2010 Actual	2011 Bridge	2012 Test
West Perth Power		\$ 180,411	\$ 266,037	\$ 216,252	\$ 494,107		
Clinton Power		\$ 190,026	\$ 215,068	\$ 251,804	\$ 340,697		
Sub Total		\$ 370,437	\$ 481,105	\$ 468,056	\$ 834,804		
Erie Thames Stand Alone	\$1,026,406	\$1,819,528	\$1,794,153		\$1,467,617		
Total Consolidated		\$2,189,965	\$2,275,258		\$2,302,421	\$3,334,935	\$2,840,000

11) Ref. E2-T1-S2 and E2-T3-S3

Board staff prepared the following table based on the evidence found in E2-T1-S2 with the understanding that all years, except for 2008 Board approved, reflect the amalgamated entity.

Rate Base	2008 Board Approved (only Erie Thames)	2008 Actual	2009 Actual	2010 Actual	2011 Bridge	2012 Test
Gross Plant	\$ 21,923,880	\$ 29,811,592	\$ 31,753,827	\$ 35,371,442	\$ 37,805,360	\$ 39,225,360
Accumulated Dep'n.	\$ 5,366,284	\$ 9,029,842	\$ 10,330,451	\$ 11,847,726	\$ 13,680,808	\$ 14,687,643
Net Plant	\$ 16,557,596	\$ 20,781,750	\$ 21,423,376	\$ 23,523,716	\$ 24,124,552	\$ 24,537,717
Working Capital Allow.	\$ 5,689,178	\$ 5,985,951	\$ 6,402,183	\$ 6,892,145	\$ 6,869,459	\$ 6,402,308
RATE BASE	\$ 22,246,774	\$ 26,767,701	\$ 27,825,559	\$ 30,415,861	\$ 30,994,011	\$ 30,940,025

a) If this table is inaccurate please indicate any necessary corrections.

- ***The table as presented is accurate.***

b) At E2-T3-S3 Erie Thames states that:

The large variance between 2008 Board Approved and 2008 Actual is simply related to the fact that the Board Approved amounts represents Erie Thames stand-alone approved 2008 gross assets, while the 2008 actual amounts include the gross assets of West Perth Power Corporation and Clinton Power Corporation. When you remove the Gross Asset cost of WPPI of \$5,193,244 and \$1,593,049 for CPC the remaining total change for Erie Thames is \$539,938 which is related to (i) \$215,000 for the capitalization of transformers in inventory at year end for financial statement purposes which was not included as part of the 2008 Cost of Service application; and (ii) the remainder is attributable to spending for each entity not included in rate base during the Cost of Service process.

Referencing the numbers in the table, please provide the calculation which results in "the remaining total change for Erie Thames is \$539,938".

- ***ETPL had performed a preliminary analysis to calculate the \$539,938. To respond to this IR, ETPL has performed a detailed calculation of the difference and has excluded the impacts of CPC and WPPI. The "total remaining change for Erie Thames" is \$924.00 as shown in the table below.***

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		Combined				
ETPL Stand Alone	Approve ETPL	2008 Actual	Difference	WPPI	CPC	New Diff
Gross Plant	\$ 21,923,880	\$ 29,811,592	\$ 7,887,712	\$ 5,193,244	\$ 1,593,049	\$ 1,101,419
Accumulated Dep'n	\$ 5,366,284	\$ 9,029,842	\$ 3,663,558	\$ 3,480,800	\$ 409,924	\$ (227,166)
Net Plant	\$ 16,557,596	\$ 20,781,750	\$ 4,224,154	\$ 8,674,044	\$ 2,002,973	\$ 874,253
Working Capital Allow.	\$ 5,689,178	\$ 5,985,951	\$ 296,773	\$ 766,865	\$ 403,237	\$ (873,329)
Rate Base	\$ 22,246,774	\$ 26,767,701	\$ 4,520,927	\$ 7,907,179	\$ 1,599,736	\$ 924
Working Capital Calc						
Cost of Power				\$ 4,461,302	\$ 2,184,360	
Controllable Expenses				\$ 651,130	\$ 503,886	
Sub Total				\$ 5,112,432	\$ 2,688,246	
15%				\$ 766,865	\$ 403,237	

12) Ref. E2-T3-S1

Erie Thames indicates that it has budgeted \$150,000 for pole replacement and that the project is completed in the first quarter of every year.

- a) Which months comprise the first quarter?
- ***January February and March.***

13) Ref. E2-T3-S3 and E2-T2-S1

Erie Thames attributes \$1,750,000 of the \$3,617,000 increase in Gross Assets between 2010 and 2009 as due to the repatriation of vehicles, from the affiliate to the utility. Transportation Equipment Gross Plant c/b (#1930) increased from \$224,426 to \$2,095,762. Board staff notes that the increase in Transportation Equipment accumulated depreciation c/b increased from \$48,772 to \$196,103.

- a) Please explain why accumulated depreciation increases by a factor of about 4 while gross plant , and net plant, increases by a factor of about 9.
 - ***The vehicles were moved into ETPL's chart of accounts at Net Book Value. This resulted in an increase in the fixed asset amount and no change to the accumulated amortization other than one year's worth of amortization on the existing vehicles.***
- b) On what basis did Erie Thames set the value or price of the Transportation Equipment that was transferred from the affiliate to the utility? Did the price take the remaining tax value (UCC) into account?
 - ***ETPL set the value of the vehicles at Net Book Value and did not take the remaining UCC into account.***

14) Ref. E2-T3-S1 par. 6.1 and E2-T2-S1 Appendix 2-B

In paragraph 6.1 the 2012 Capital Program totals \$3,325,000 and in E2-T2-S1 (Appendix 2-B Fixed Asset Continuity Schedule) 2012 additions total \$2,840,000.

- a) Please explain the difference. Is it due to Capital Contributions and Grants in the amount of \$485,000 which are reflected in the \$2,850,000?
- ***Contributed Capital is the reason for the difference that is in question.***

15) Ref: E2-T3-S1 par. 6.2.2

Erie Thames 2012 Capital program shows \$285,000 for New Service Connections and Upgrades while Residential and GS < 50kw customer numbers are to increase by 84.

- a) Please break-out the \$285,000 between new service connections and upgrades.
- ***This estimate is based on historic expenditure during prior years as indicated below: All amounts are for servicing new customers.***

	2008	2009	2010
Annual Expenditure for system extensions and regulatory obligations	\$305,932	\$155,828	\$267,698

16) Ref: E2-T5-S1 (Asset Condition Assessment & Asset Management Plan p. 157) and E2-T3-S1 par. 6.2.21

At p. 157 Erie Thames states, regarding the Smart Grid studies and technologies, that "As these costs are unknown at this time, Erie Thames proposes that any future qualifying expenditure would be recorded in the Board approved Deferral Accounts and recovered at the more opport (sic). "

- a) Please indicate if any of the \$200,000 in the 2012 Capital Plan for SCADA and Smart Grid is for Smart Grid studies and technologies.
 - ***The \$200,000 for SCADA in the Capital Plan is not for Smart Grid or Smart Grid studies. The SCADA system is only for system monitoring purposes to allow ETPL to better respond and anticipate issues within its distribution system.***

- 17) Ref: (i) *Filing Requirements* (Distribution System Plans-Filing under Deemed Conditions of Licence, EB-2009-0397, May 17, 2012 revision) *Section 4.2.2.2, bullet 6* and (ii) E2-T5-S2 p.154 Table 3.0 (ii) E2-T5-S2 p153 (iii) E2-T5-S2 p. 155 Table 4.0 and *Filing Requirements, Section 3.2.2, Information Exchange with Affected Distributors and Transmitters*

Reference (i) points to the need to file the OPA letter of comment.

At reference (ii) a table displays the renewable generation proposed to be connected to Erie Thames' municipal stations.

At reference (iii) relative to the current state of the distribution system, Erie Thames indicates that it "is unable to confirm [that there are no constraints] for the D/S's due to the lack of available information from the Hydro One Capacity Tables".

- a) In accordance with the *Filing Requirements*, please file the OPA letter of comment.
 - ***OPA Letter of Comment is included in this response.***
- b) Column 3 of the table should indicate kW values, please revise and file.
 - ***The table has been revised and the amended GEA Filing has been included in this response.***
- c) In accordance with the Filing requirements, please indicate whether Erie Thames provided HONI with a forecast of renewable generation and planned system investments to accommodate the projected distributed generation.
 - ***YES. AT THE ONSET OF EACH FIT PROJECT, A CIA IS REQUESTED FROM H1, THERE-BY INFORMING THEM OF THE PROJECT.***
- d) If warranted please, please update reference (iii) table 4.0.
 - ***Not warranted.***

- 18) Ref: (i) E2-T5-S2 p. 156-157 Development of Smart Grid Studies and Technology Projects (ii) E2-T5-S2 p.133-134 Asset Management Plan/Section 5.6 and p.130-132 Smart Grid Initiative (iii) Filing Requirements, Section 7.2, Smart Grid Development Deferral Account

With respect to smart grid, the GEA plan mentions at reference (i) the potential benefits of smart grid studies and/or developmental technology pilot projects and points out that because “costs are unknown [at this time], Erie Thames proposes that any future qualifying expenditure would be recorded in the Board approved Deferral Accounts”.

At reference (ii), Erie Thames specifies in the Asset management Plan that in 2013 it will conduct a small smart grid pilot project and provides some cost figure, stating in part that “capital budget of approximately \$200,000 year over year will be required to procure equipment and implement the proposed smart grid pilot project.”

The smart grid pilot initiative at reference (ii) is not included in the GEA plan but is currently incorporated in Erie Thames’ asset management plan, even though smart grid pilot projects are considered eligible activities under the Filing Requirements.

- ***\$200,000 is not for smart grid, it is for SCADA which is for infrastructure purposes, and was not directed at a smart grid initiative.***

- a) Prior to the roll-out of the smart grid pilot, have any studies in connection with this initiative been undertaken?

- ***No studies have been undertaken.***

- b) If so, please indicate the accounting treatment of those expenditures.

- c) Has the implementation of smart grid activities increased Erie Thames’ labour requirements?

- ***No change in Labour.***

- d) Are any follow-up studies, monitoring costs projected in connection with the smart grid pilot?

- ***No.***

- e) Please summarize CAPEX and OM&A related to smart grid activities in Erie Thames’ forecasts over the 2012-2016 timeline.

- ***Nothing is planned at this time for this timeline.***

- f) Would Erie Thames be recording the expenditures associated with the pilot project initiative alongside planned studies in the designated deferral accounts at reference (iii), or would they be booked under a

different account? Please explain, and cross reference where applicable.

- ***Not Applicable.***

g) In accordance with the Filing Requirements, please indicate whether and how Erie Thames plans to share and circulate the result of its pilot with other utilities.

- ***No Pilot is planned.***

19) Ref: (i) Filing Requirements Section 4.2.2.2, bullet 4 (ii) E2-T5-S2 p.156
Planned Development of Erie Thames System

Reference (i) pertains to: “the method and criteria that will be used to prioritize expenditures in accordance with the planned development of the system”. At reference (ii), Erie Thames indicates that there are potentially 13 micro-FIT and 8 FIT projects in its service territory. Reference (ii) also left a placeholder for “FIT Project Requiring Capital Expansion”

a) In accordance with the Filing Requirements at reference (i), please provide the Board with Erie Thames’ general strategy and prioritization methodology for connecting renewable generation.

- ***First Come First Serve basis and working with developers based upon their needs, project requirements and regulatory requirements. Virtually all renewable generation is being developed pursuant to the Ontario Power Authority’s FIT or MicroFIT program. There are specific timelines for such projects to achieve commercial operation and there are specific permitting requirements for the generation facility and potentially the infrastructure to be installed by Erie Thames.***

b) If further data is available, please file information regarding “FIT Project Requiring Capital Expansion”.

- ***No further data is available.***

c) Please specify which renewable generation projects Erie Thames anticipates will be connected over the 2012-2016 timeframe. Using table below as a guide, please indicate the work Erie Thames will be undertaking, and the feeder associated with it.

- ***None is planned or required.***

PROJECT X	FEEDER	EXPECTED ONLINE DATE	ACTIVITY	COST ESTIMATE
			SYSTEM EXPANSION ACTIVITIES	
			Building a new line to serve the connecting customer	
			Rebuilding a single-phase line to three-phase to serve the connecting customer	
			Rebuilding an existing line with a larger size conductor to serve the connecting customer	
			Rebuilding or overbuilding an existing line to provide an additional circuit to serve the connecting customer	
			Converting a lower voltage line to operate at higher voltage	
			Replacing a transformer to a large MVA size	

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			Upgrading a voltage regulating transformer or station to a larger MVA size	
			Adding or upgrading capacitor banks to accommodate the connection of the connecting customer	
			RENEWABLE ENABLING IMPROVEMENTS ACTIVITIES	
			Modifications to, or the addition of, electrical protection equipment	
			Modifications to, or the addition of, voltage regulating transformer controls or station controls	
			The provision of protection against islanding (transfer trip or equivalent)	
			Bidirectional reclosers	
			Tap-changer controls or relays	
			Replacing breaker protection relays	
			SCADA system design, construction and connection	
			Any other modifications or additions to allow for and accommodate 2-way electrical flows or reverse flows	
			Communication systems to facilitate the connection of renewable energy generation facilities	

20) Ref: (i) E2-T5-S2 p. 156 Planned Development of Erie Thames System (ii) Filing Requirements, Section 7.0, Capital and OM&A Deferral Accounts for Renewable Generation Connection or Smart Grid Development (iii) Filing Requirements, Section 2.4, Direct Benefits

At reference (i), Erie Thames provides a brief summary of activities it plans to undertake relating to the connection of renewable generation. The reference however does not include any OM&A costs associated with the processing of microFit and FIT applications and/or other works associated with the connection of renewable generation. At reference (i), Erie Thames indicates that it will book the cost of smart grid studies in the appropriate deferral accounts but does not indicate how it plans to recover costs associated with the implementation of the rest of the GEA plan. Reference (ii) points to the deferral accounts twinned with the GEA plan. Reference (iii) recognizes two distinct types of work related to the connection of renewable generation, namely Expansion and Renewable Enabling Improvements (REI) that give rise to specific cost recovery treatment from the distributor's ratepayers.

- a) Please confirm that no additional human resources will be required to implement the GEA Plan.
 - **Confirmed.**
- b) Please indicate what OM&A expenditures, if any, will be associated with renewable generation capital expenditures.
 - **None.**
- c) In accordance with reference (ii), please outline Erie Thames' proposal for recovery of capital and initial OM&A costs associated with the connection of renewable generation.
 - **None.**
- d) Please indicate what percentage of expenditures will be deemed Expansion versus REI.
 - **Not applicable.**
- e) In accordance with the Direct Benefits methodology outlined at reference (iii), please provide an estimate of the direct benefits accruing to Erie Thames' ratepayers.
 - **Not applicable.**

EXHIBIT 3 - OPERATING REVENUE

21) E3- T2- S1 Section 1-12 – Load Forecast & CDM Guidelines for Electricity Distributors (EB-2012-0003), Section 13.2

The Board's CDM Guidelines state at Section 13.2 that:

“Distributors will generally be expected to include a CDM component in their load forecast in cost of service proceedings to ensure that its customers are realizing the true effects of conservation at the earliest date possible and to mitigate the variance between forecasted revenue losses and actual revenue losses.”

- a) Please confirm that Erie Thames has assumed the responsibility to achieve the CDM targets of both Clinton Power (0.320 MW and 1.380 GWh) and West Perth (0.620 MW and 2.990 GWh).
 - ***Erie Thames confirms that it has assumed responsibility for the CDM targets of both Clinton and West Perth respectively.***
- b) Does Erie Thames agree that the CDM targets apply to the 2011 to 2014 period?
 - ***Erie Thames agrees that the CDM targets apply to the 2011 to 2014 period as follows:***
 - ***2012. 10%***
 - ***2013. 20%***
 - ***2014. 30%***
 - ***2015. 40%***
- c) Has Erie Thames included a CDM component in their proposed load forecast? If so please indicate the level or amount of target reflected in the load forecast and differentiate between the MW and GWh targets.
 - ***The impact of the CDM was included in the 2012 Load Forecast. The 2012 CDM target was 10% of the 2011-2014 CDM target. The table below shows the 2012 Load Forecast and the included CDM component. The Street Light and Sentinel Lighting forecast have been revised (see answers 7a and 8a for the VECC questions).***

	2012	2012	2012 CDM Target		CDM target % of load	
	kW	kW/11	kW	kWh	kW	kWh
Residential actual		147,767,075		730,586		0.5%
General Service <50		50,460,667		249,486		0.5%
GS <50	143,211	44,453,178	133	219,784	0.1%	0.5%
GI > 60	84,710	35,395,845	79	165,115	0.1%	0.5%
General Service 1000-2999	96,900	56,000,000	90	291,706	0.1%	0.5%
General Service 3000-4999	16,704	10,200,000	25	50,431	0.1%	0.5%
Large user	160,146	97,146,700	143	400,211	0.1%	0.5%
Unmetered & scattered load		618,341				
Sentinel	757	274,492	1	1,357	0.1%	0.5%
Streetlights	10,818	3,920,893	10	19,386	0.1%	0.5%
Embedded Distribution	19,284	17,350,000	36	85,781	0.1%	0.5%
Total	562,529	464,587,273	522	2,297,000	0.1%	0.5%

- d) If Erie Thames has not included a CDM component in their proposed load forecast, please discuss why this has been omitted and reconcile with the above excerpt from the Board's CDM Guidelines.
- ***The impact has been included.***
- e) If applicable, please update the proposed load forecast with a CDM component that takes into account Erie Thames' cumulative peak demand (5.220 MW) and energy consumption (22.970 GWh) for the CDM targets that includes both Clinton Power and West Perth's former targets.
- ***Not applicable.***

22) Ref: E3-T2-S1 and E3-T2-S2 p.4

a) The 2012 total kWhs in the Load Summary shown in E3-T2-S1 is 465,565,406 while in E3-T2-S2 p.4 it appears as 464,736,166.

	2012 S1	2012 S2 -4	
	2012	2012	Variance
Residential	147,767,075	147,767,075	
General Service <60	50,460,667	50,460,667	
GS>60 to 999 kW	77,849,023	77,849,023	
General Service 1000 to 4,999 kW	69,200,000	69,200,000	
Large user	97,146,783	97,146,783	
Unmetered scattered load	618,341	618,341	
Sentinel	284,787	54,410	230,377
Streetlights	4,979,730	4,289,868	689,862
Embedded Distributors	17,350,000	17,350,000	
Total	465,656,406	464,736,166	920,240

b) Please explain the difference.

- The difference was due to two different versions of 2012 load forecasting for the Sentinel & Streetlights Classes. For the Cost of Service Application 464,736,166 kWh was used.*

23) Ref: E3-T3-S4 p.5 and E3-T2-S1

a) Please confirm that the consumption amounts shown in the table below (sourced from E3-T3-S4 p.5) are the consumption levels i.e. charge detriments used to calculate the proposed distribution rates for 2012.

- ***The consumption amounts shown below are the billing determinants used to calculate the proposed distribution rates.***

b) If they are not, please populate the table with the charge determinants.

	2012 Test Using Proposed Rates			Unit Revenues \$/kWh
	Customers (Year-End)	Consumption (kWh / KW)	Distribution Revenues (\$)	
Residential	13,250	147,767,075	\$5,105,794	\$0.0346
GS<50	1,396	50,460,667	\$1,234,833	\$0.0245
GS>50 to 999 kW	138	139,988	\$1,182,361	\$8.4462
Greater than 1,000 to 4,999 kW	7	81,947	\$442,385	\$5.3984
Large Use	1	160,146	\$288,569	\$1.8019
Unmetered Scattered Load	105	618,341	\$87,106	\$0.1409
Sentinel Lighting	256	206	\$31,077	\$150.8495
Street Lighting	2,956	2,962	\$379,194	\$128.0232
Embedded Distributor	3	23,768	\$169,394	\$7.1268
TOTAL	18,113	199,281,804	\$8,920,713.67	

c) Is Erie Thames' consumption forecast for 2012 presented in the table above based on the 2012 Load Forecast prepared by Stratadyne Group Inc. found at E3-T2-S1 of the evidence? If not, please identify the relevant evidence.

- ***The consumption forecast presented above is based on the load forecast prepared by Stratadyne Group.***

d) For other than the Residential, GS< 50, Large Use and Unmetered Scattered Load classes, please explain why the consumption amounts that appear in the table above differ from the Loads shown in the Stratadyne Group Inc.'s forecast (reproduced below).

Table 2 – 2012 Load Forecast Summary

Consumption	2012	2012	2010	2010
	KW	KWH	KW	KWH
Residential		147,767,075		148,114,381
General Service <50		50,460,667		50,456,016
GS > 50	143,211	44,453,178	139,928	43,335,594
GI > 50	84,710	33,395,845	82,948	32,698,642
General Service 1000-2999	96,900	59,000,000	93,487	57,741,953
General Service 3000-4999	26,704	10,200,000	29,135	11,691,664
Large user	160,146	97,146,783	152,704	92,434,594
Unmetered scattered load		618,341		605,495
Sentinel	772	284,787	772	284,787
Streetlights	13,507	4,979,730	10,754	3,964,612
Embedded Distributors	39,284	17,350,000	39,665	17,518,323
Total	565,234	465,656,406	549,394	458,846,062
Changes from 2010	2.9%	1.5%		

- ***The demand data utilized by Stratadyne to develop the above table was adjusted and the table above was not updated as required.***

24) Ref: E3-T2-S1 Section 12a and E3-T2-S2 p.4

Section 12a provides an explanation of the load forecasting methodology for the Residential and GS < 50kw customer classes. The evidence notes that the same forecast methodology was used for the forecast of the Residential and General Service < 50kW classes for West Perth Power and Clinton Power.

- a) Please provide a copy of the Residential and GS < 50kw customer classes load forecasts that were prepared for Clinton and West Perth.

• **Residential and GS < 50 kW Load Forecast**

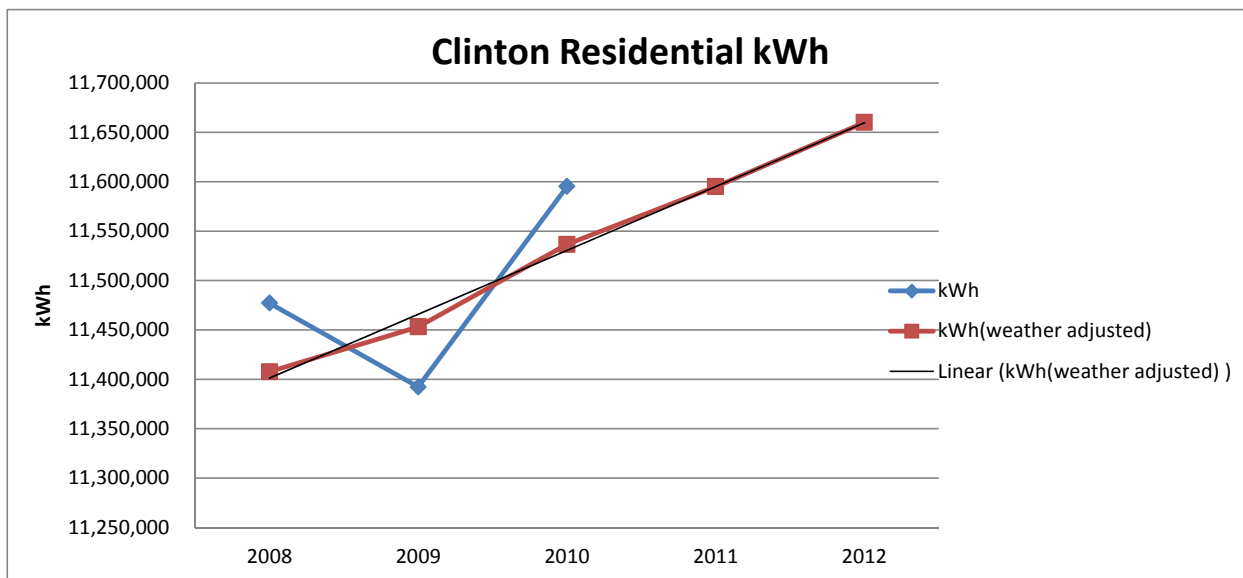
The 2012 forecast for the residential and GS < 50 classes involved the following steps.

1. Collect historic kWh and customer counts for each of the supply areas of Erie Thames, Clinton and West Perth.
2. Collect Net System Load Shape data for each supply area and perform weather adjustment for each year. The calculation steps are shown in the answer to Energy Probe's question #18b).
3. Project the weather adjusted kWh per year per supply area using trending and extrapolation.
4. Project the customer counts per supply area using trending and extrapolation.
5. Calculate weather adjusted kWh/customer/month and check for trending and consistency.

Clinton Residential Forecast

The summary of the residential forecast and the data for the weather adjusted calculations are shown in the tables below.

Residential Customers	2007	2008	2009	2010	2011	2012
Annual kWh (Actual)	12,523,015	11,477,044	11,392,233	11,595,218	-	-
Annual kWh (Weather adjusted)	12,487,198	11,407,595	11,453,131	11,536,648	11,595,000	11,660,000
Number of customers	1,764	1,769	1,786	1,797	1,808	1,820
kWh/customer/month (actual)	592	541	532	538		
kWh/customer/month (weather adj.)	590	537	534	535	534	534



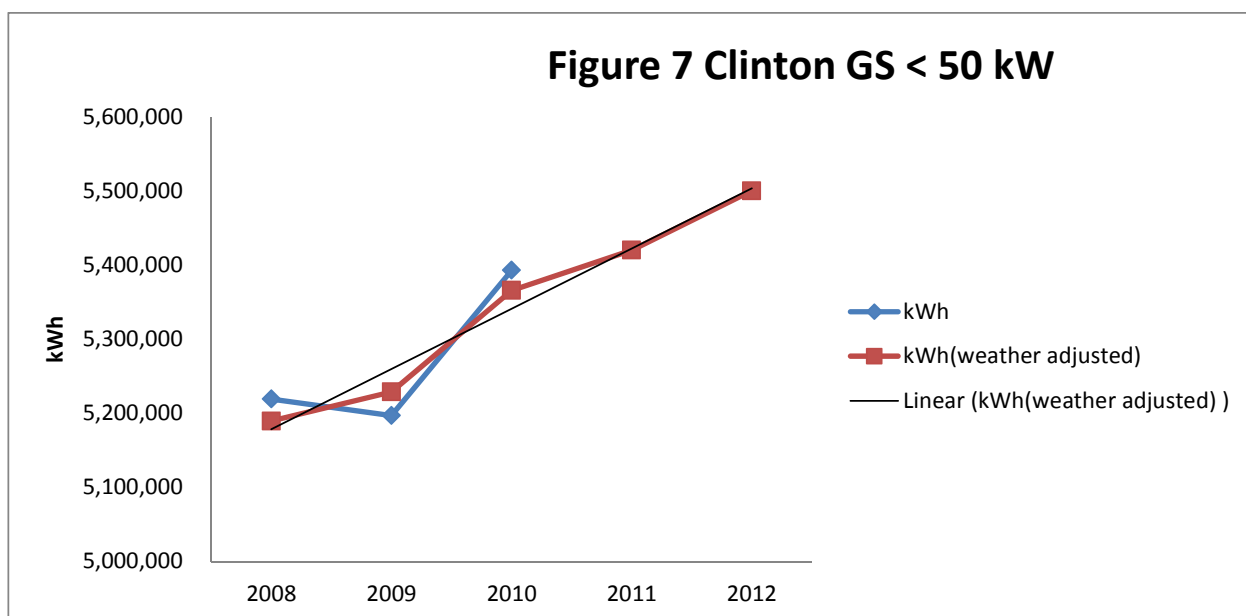
Erie Thames Powerlines Corporation (EB-2012-0121)
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Clinton Residential Class	2007	2008	2009	2010
	kWh	kWh	kWh	kWh
Jan	1,674,427	1,240,388	1,262,351	1,167,869
Feb	1,568,872	1,200,951	1,075,867	1,036,656
Mar	1,137,623	1,016,903	1,287,519	1,004,695
Apr	961,160	962,253	1,079,806	855,875
May	755,915	937,688	797,306	866,824
Jun	857,512	780,716	733,741	871,261
Jul	970,422	880,544	971,068	1,000,619
Aug	1,043,671	922,021	735,388	1,001,949
Sep	831,286	853,878	936,658	868,325
Oct	843,266	877,290	703,287	873,304
Nov	938,395	863,618	821,304	941,411
Dec	940,466	940,794	987,938	1,106,430
Annual	12,523,015	11,477,044	11,392,233	11,595,218
Heating Degree Days	3,709	3,877	3,782	3,614
Five Year Average HDD	3,686	3,686	3,686	3,686
Average minus Actual HDD	(23)	(191)	(96)	72
Average Daily kWh (excluding Summer)	32,308	29,450	29,360	28,766
% daily kWh/HDD	1.51%	1.51%	1.51%	1.51%
kWh HDD adjustment	(11,221)	(84,937)	(42,561)	31,274
Summer Cooling Degree Days	256	222	137	309
Five Year Average CDD	236	236	236	236
Average minus Actual CDD	(20)	14	99	(73)
Average Summer Daily kWh	31,213	28,079	26,524	31,237
% daily kWh/CDD	3.94%	3.94%	3.94%	3.94%
kWh CDD adjustment	(24,596)	15,488	103,459	(89,845)
Annual (Weather adjusted)	12,487,198	11,407,595	11,453,131	11,536,648
% of actual	99.7%	99.4%	100.5%	99.5%
Number of customers	1764	1769	1,786	1,797.0
kWh/customer/month	590	537	534	535

Clinton GS < 50 Forecast

The summary of the GS < 50 forecast and the data for the weather adjusted calculations are shown in the tables below.

Clinton General Services < 50 kW	2007	2008	2009	2010	2011	2012
Actual kWh	6,002,124	5,219,160	5,196,841	5,392,837		
Weather adjusted kWh	5,984,939	5,189,387	5,228,685	5,365,596	5,420,000	5,500,000
Number of Customers	235	239	241	243	247	250
kWh/customer/month (weather adjusted)	2,122	1,809	1,808	1,840	1,829	1,833



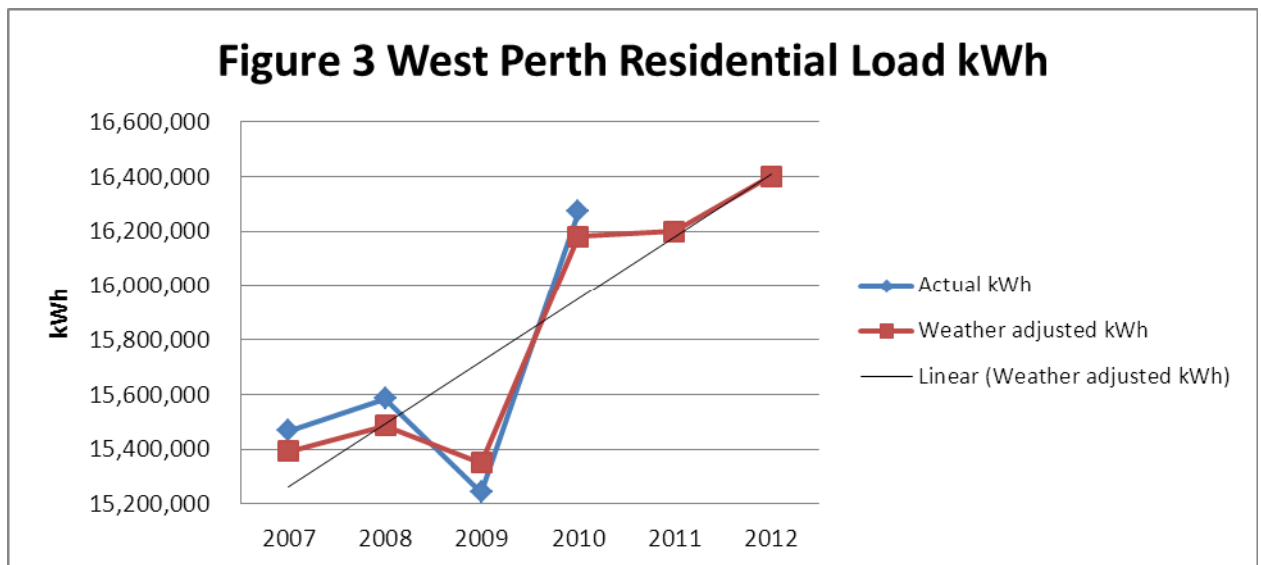
Erie Thames Powerlines Corporation (EB-2012-0121)
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Clinton GS < 50	2007	2008	2009	2010
	kWh	kWh	kWh	kWh
Jan	1,014,347	508,795	533,296	543,166
Feb	664,389	406,153	538,346	482,140
Mar	471,442	472,332	462,093	467,275
Apr	376,223	549,308	561,613	398,060
May	397,907	376,537	343,763	403,153
Jun	390,025	377,608	364,835	405,216
Jul	457,552	439,501	457,714	465,379
Aug	526,172	438,551	366,439	465,998
Sep	369,440	432,694	511,348	403,850
Oct	427,193	338,088	294,460	406,166
Nov	474,948	434,114	317,357	437,842
Dec	432,486	445,479	445,577	514,591
Annual	6,002,124	5,219,160	5,196,841	5,392,837
Heating Degree Days	3,709	3,877	3,782	3,614
Five Year Average HDD	3,686	3,686	3,686	3,686
Average minus Actual HDD	(23)	(191)	(96)	72
Average Daily kWh (excluding Summer months)	15,600	12,933	12,808	13,379
% daily kWh/HDD	1.51%	1.51%	1.51%	1.51%
kWh HDD adjustment	(5,418)	(37,301)	(18,566)	14,545
Summer Cooling Degree Days	256	222	137	309
Five Year Average CDD	236	236	236	236
Average minus Actual CDD	(20)	14	99	(73)
Average Summer Daily kWh	14,932	13,648	12,924	14,528
% daily kWh/CDD	3.94%	3.94%	3.94%	3.94%
kWh CDD adjustment	(11,766)	7,529	50,411	(41,786)
Annual (Weather adjusted)	5,984,939	5,189,387	5,228,685	5,365,596

West Perth Residential Forecast

The summary of the residential forecast and the data for the weather adjusted calculations are shown in the tables below.

West Perth Residential Customers	2007	2008	2009	2010	2011	2012
Annual kWh (Actual)	15,466,784	15,585,731	15,243,552	16,271,614		
Annual kWh (Weather adjusted)	15,391,783	15,485,313	15,351,455	16,181,193	16,200,000	16,400,000
Number of customers	1,764	1,769	1,786	1,797	1,828	1,845
kWh/customer/month (actual)	731	734	711	755		
kWh/customer/month (weather adj.)	727	729	716	750	739	741



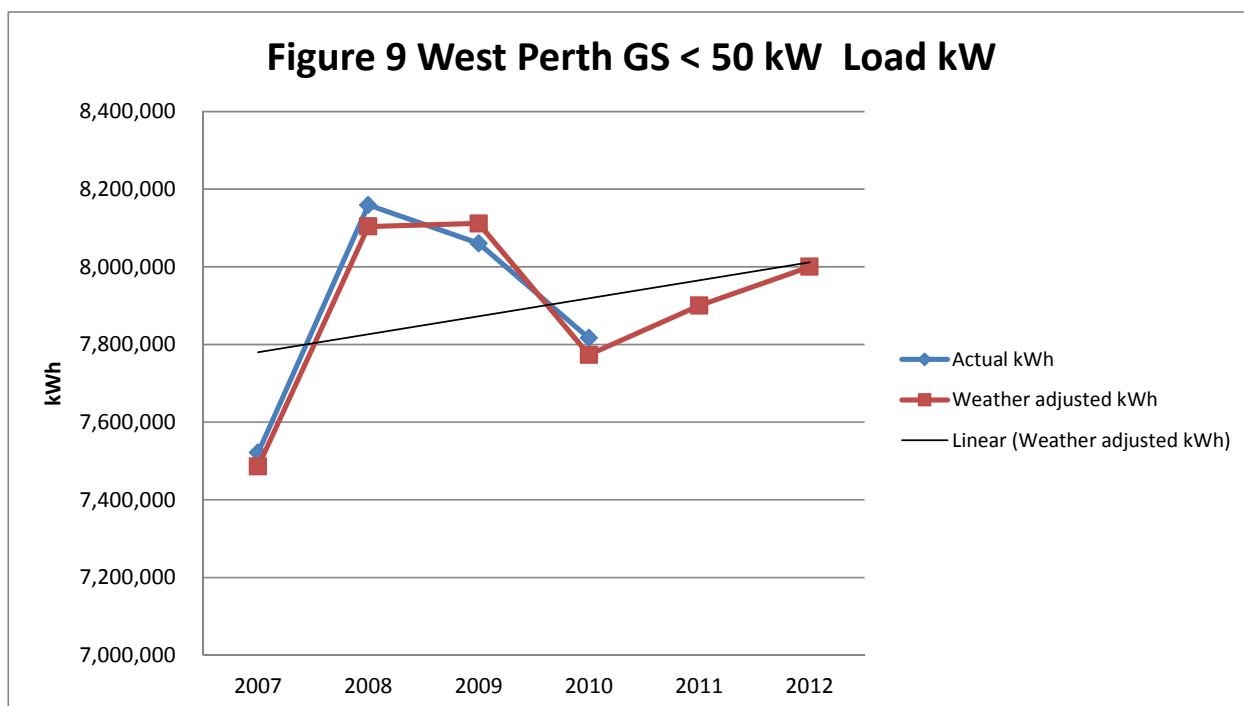
Erie Thames Powerlines Corporation (EB-2012-0121)
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West Perth Residential Customers	2007	2008	2009	2010
	kWh	kWh	kWh	kWh
Jan	1,340,369	1,458,677	1,384,096	1,610,267
Feb	1,501,506	1,742,826	1,683,122	1,407,798
Mar	1,649,206	1,578,304	1,636,930	1,377,573
Apr	1,612,839	1,329,015	1,358,848	1,179,673
May	1,092,102	1,200,925	1,303,827	1,226,265
Jun	984,381	1,196,658	1,105,215	1,241,970
Jul	1,162,832	1,060,503	962,322	1,419,418
Aug	1,281,213	1,182,128	1,320,135	1,401,812
Sep	1,285,105	1,320,031	1,339,331	1,204,195
Oct	1,134,884	1,149,144	1,234,971	1,277,001
Nov	1,128,249	1,215,803	914,237	1,338,900
Dec	1,294,098	1,151,717	1,000,518	1,586,741
Annual	15,466,784	15,585,731	15,243,552	16,271,614
Heating Degree Days	3,652	3,817	3,712	3,526
Five Year Average HDD	3,611	3,611	3,611	3,611
Average minus Actual HDD	(41)	(206)	(101)	85
Average Daily kWh (excluding Summer)	44,252	44,553	43,278	45,285
% daily kWh/HDD	1.30%	1.30%	1.30%	1.30%
kWh HDD adjustment	(23,616)	(119,162)	(56,884)	50,122
Summer Cooling Degree Days	290	244	150	338
Five Year Average CDD	256	256	256	256
Average minus Actual CDD	(33)	12	106	(81)
Average Summer Daily kWh	38,636	39,011	38,746	43,175
% daily kWh/CDD	4.00%	4.00%	4.00%	4.00%
kWh CDD adjustment	(51,385)	18,745	164,786	(140,543)
Annual (Weather adjusted)	15,391,783	15,485,313	15,351,455	16,181,193

West Perth GS < 50 Forecast

The summary of the GS < 50 forecast and the data for the weather adjusted calculations are shown in the tables below.

West Perth GS<50 kW	2007	2008	2009	2010	2011	2012
Actual kWh	7,521,417	8,159,292	8,060,447	7,816,746		
Weather adjusted kWh	7,485,674	8,104,001	8,111,473	7,773,309	7,900,000	8,000,000
# of Customers	235	239	241	243	245	247
kWh/customer/month (Weather Adjusted)	2,654	2,826	2,805	2,666	2,687	2,699



G < 50 kW (kWh)	2007	2008	2009	2010
Jan	592,898	760,382	758,503	773,558
Feb	606,648	880,990	1,023,670	676,294
Mar	862,383	785,626	777,469	661,774
Apr	642,904	776,308	802,736	566,705
May	792,533	789,157	709,359	589,087
Jun	391,430	530,787	443,238	596,632
Jul	699,915	522,174	499,324	681,877
Aug	531,685	640,547	724,273	673,419
Sep	585,328	615,965	682,936	578,485
Oct	596,586	612,725	526,790	613,461
Nov	502,556	632,181	462,847	643,196
Dec	716,551	612,450	649,302	762,257
Annual	7,521,417	8,159,292	8,060,447	7,816,746
	-	-	-	
Heating Degree Days	3,652	3,817	3,712	3,526
Five Year Average HDD	3,611	3,611	3,611	3,611
Average minus Actual HDD	(41)	(206)	(101)	85
Average Daily kWh (excluding Summer months)	21,864	24,073	23,501	21,754
% daily kWh/HDD	1.3%	1.3%	1.3%	1.3%
kWh HDD adjustment	(11,668)	(64,387)	(30,889)	24,078
	-	-	-	
Summer Cooling Degree Days	290	244	150	338
Five Year Average CDD	256	256	256	256
Average minus Actual CDD	(33)	12	106	(81)
Average Summer Daily kWh	18,101	18,930	19,260	20,741
% daily kWh/CDD	4.0%	4.0%	4.0%	4.0%
kWh CDD adjustment	(24,075)	9,096	81,915	(67,516)
Annual (Weather adjusted)	7,485,674	8,104,001	8,111,473	7,773,309

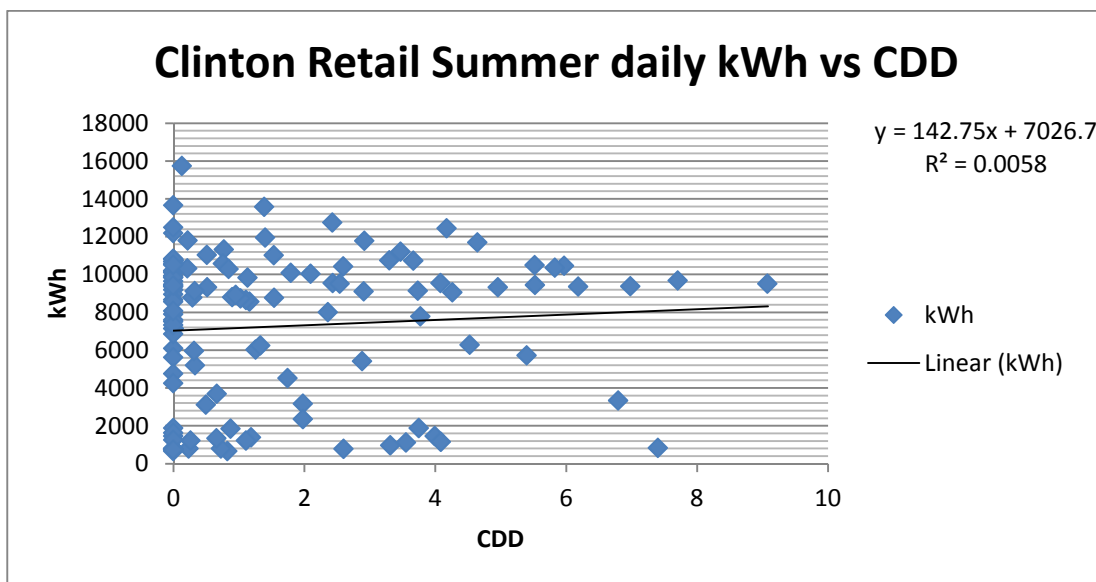
- b) The load forecast methodology presented in Section 12b-g does not indicate whether the numbers presented include or exclude Clinton Power and West Perth Power. Please confirm whether they do or do not.
- ***The methodology was the same for Erie Thames, Clinton & West Perth. The numbers presented was based on Erie Thames only.***
- c) If they do not, where applicable, please provide a copy of the load forecast calculations for West Perth Power and Clinton Power.
- **GS > 50**

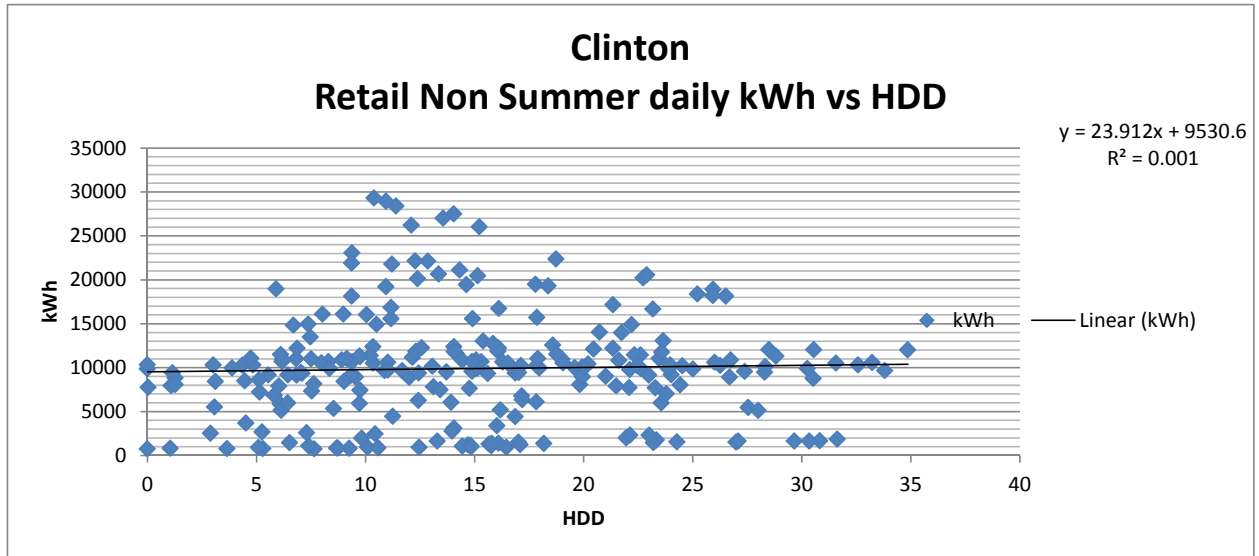
- ***The 2012 forecast for the GS > 50 classes involved the following steps.***

- 1. Collect historic kWh and customer counts for each of the supply areas of Erie Thames, Clinton and West Perth.***
- 2. Collect hourly kWh data of the Total Grid Delivery and subtract the Net System Load Shape hourly kWh data to create the hourly load profile for this class and test for weather dependency.***
- 3. Project the weather adjusted kWh per year if applicable per supply area using trending and extrapolation.***
- 4. Project the customer counts per supply area using trending and extrapolation.***
- 5. Calculate weather adjusted (if applicable) kWh/customer/month and check for trending and consistency.***

Clinton GS > 50

No weather adjustment was applied to this class. The calculations follow the same steps outlined in the answer to 4d of the VECC's IR.

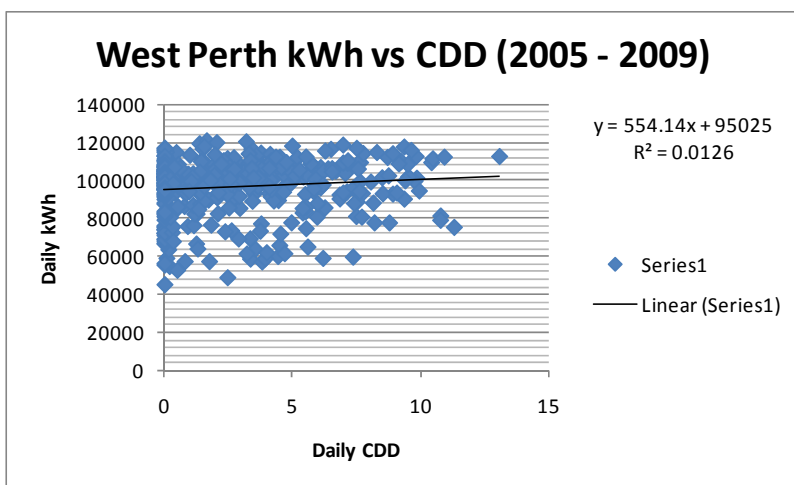
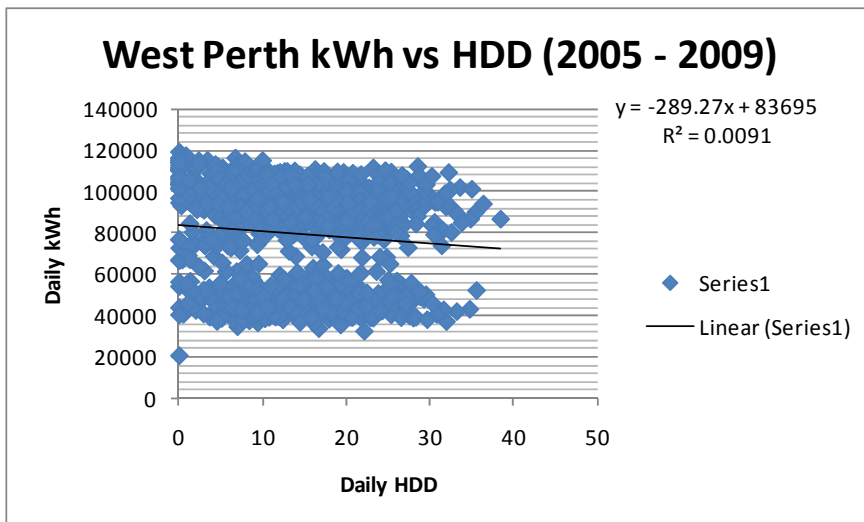




- The 2012 forecast details are shown in section 5a of E3-T2-S1.

West Perth GS > 50

No weather adjustment was applied to this class. The calculations follow the same steps outlined in the answer to 4d of the VECC's IR.



The 2012 forecast details are shown in section 5a of E3-T2-S1.

Street Lights, Sentinel Lights and Unmetered Loads

These loads are not sensitive to weather or economic conditions. The 2012 forecast details are shown in sections 8 to 10 of E3-T2-S1.

25) Ref: E3-T2-S1 Section 12.

- a) What type of load measure is utilized in the load forecasting methodology described in Section 12 i.e. is it Purchased Energy or is it Consumption (billed) load?
- ***The type of load measure utilized in the load forecasting methodology is Consumption (billed) load.***

26) Ref: E3-T2-S1

Erie Thames shows the Annual Coincident Peak kW as always corresponding to the Coincident Peak demand for the month of December in the year.

- a) Please explain why the annual Coincident Peak in the year is in December, even if there is a higher Coincident Peak demand in another month and day of the year.
 - ***In the load forecast report, twelve monthly coincident peaks for each customer class were calculated. The annual Coincident Peak of each class was selected on the same month as the annual system peak. In 2010, the total system peak (Erie Thames, West Perth and Clinton combined) occurred on December 13 hr 18.***
- b) Please confirm that any error in the calculation of the Coincident Peak demand in the 2012 test year does not affect the determination of proposed 2012 rates.
 - ***Confirmed.***

27) Ref: E3-T2-S2

In tables shown in this exhibit, Erie Thames shows a historical and projected number of streetlighting “customers” of 4283.

- a) Please confirm that these are connections for individual streetlights.
 - ***The streetlighting number of customers is for connections for individual streetlights.***
- b) A number of Ontario distributors have confirmed that streetlighting is often arranged in a “daisy chain”, where there is a physical connection or demarcation point to a streetlight, which is then connected to a number of other streetlights in series. The streetlights and the conductor connecting them are owned by and the responsibility of the customer, typically the municipality or other government agency responsible for the road.

Does Erie Thames employ daisy chains of streetlights within its service territory, or are all streetlights individually connected to Erie Thames’ distribution infrastructure?

- ***Erie Thames does not employ daisy chains of streetlights within its service territory, therefore all streetlights are individually connected to Erie Thames distribution infrastructure.***
- c) If Erie Thames does employ daisy chained streetlighting arrays, what is the actual number of “connections”?
 - ***Not applicable.***

28) Ref. E3-T2-S1

- a) For each class, please provide a brief description of each step, including the trail of numbers, that was used to generate the load forecast (billed/charge determinant volumes) for 2012.

Residential and GS < 50 kW Load Forecast

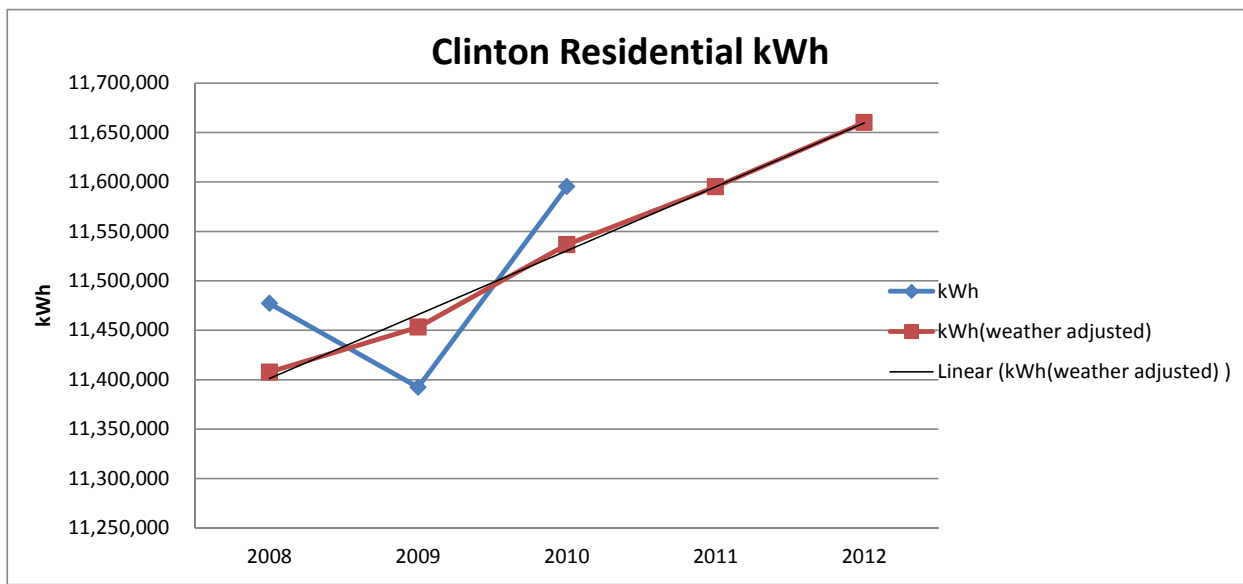
The 2012 forecast for the residential and GS < 50 classes involved the following steps.

1. Collect historic kWh and customer counts for each of the supply areas of Erie Thames, Clinton and West Perth.
2. Collect Net System Load Shape data for each supply area and perform weather adjustment for each year. The calculation steps are shown in the answer to Energy Probe's question #18b).
3. Project the weather adjusted kWh per year per supply area using trending and extrapolation.
4. Project the customer counts per supply area using trending and extrapolation.
5. Calculate weather adjusted kWh/customer/month and check for trending and consistency.

Clinton Residential Forecast

The summary of the residential forecast and the data for the weather adjusted calculations are shown in the tables below.

Residential Customers	2007	2008	2009	2010	2011	2012
Annual kWh (Actual)	12,523,015	11,477,044	11,392,233	11,595,218	-	-
Annual kWh (Weather adjusted)	12,487,198	11,407,595	11,453,131	11,536,648	11,595,000	11,660,000
Number of customers	1,764	1,769	1,786	1,797	1,808	1,820
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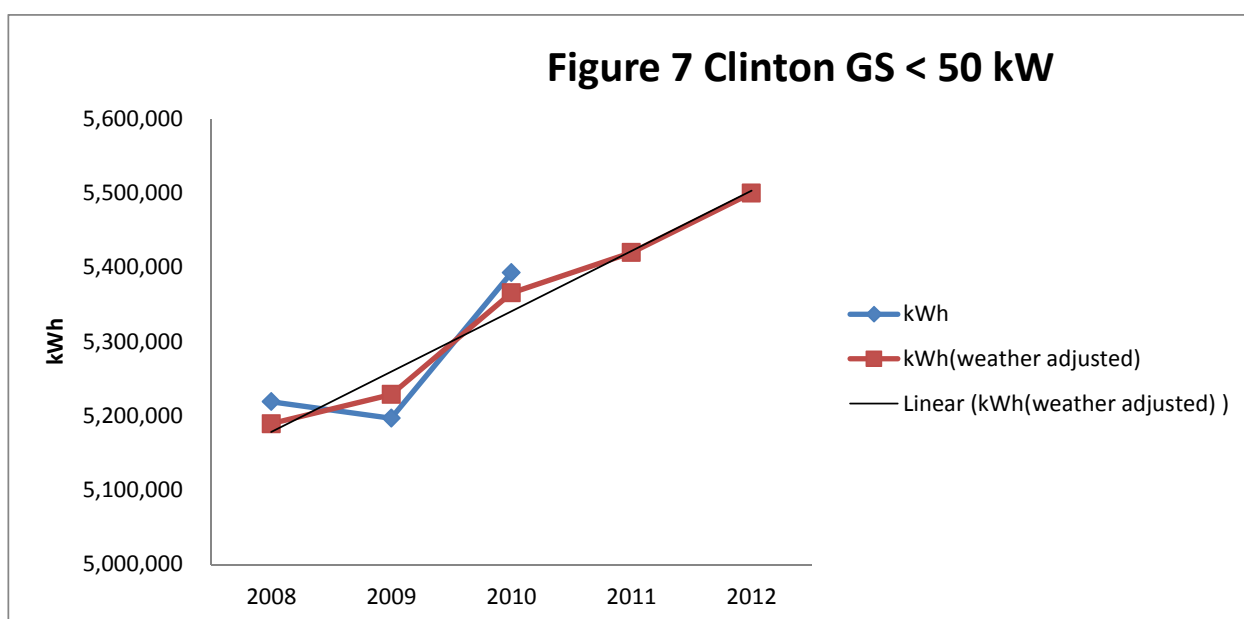
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Clinton Residential Class	2007	2008	2009	2010
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% daily kWh/CDD	3.94%	3.94%	3.94%	3.94%
kWh CDD adjustment	(24,596)	15,488	103,459	(89,845)
Annual (Weather adjusted)	12,487,198	11,407,595	11,453,131	11,536,648
% of actual	99.7%	99.4%	100.5%	99.5%
Number of customers	1764	1769	1,786	1,797.0
kWh/customer/month	590	537	534	535

Clinton GS < 50 Forecast

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kWh/customer/month (weather adjusted)	2,122	1,809	1,808	1,840	1,829	1,833



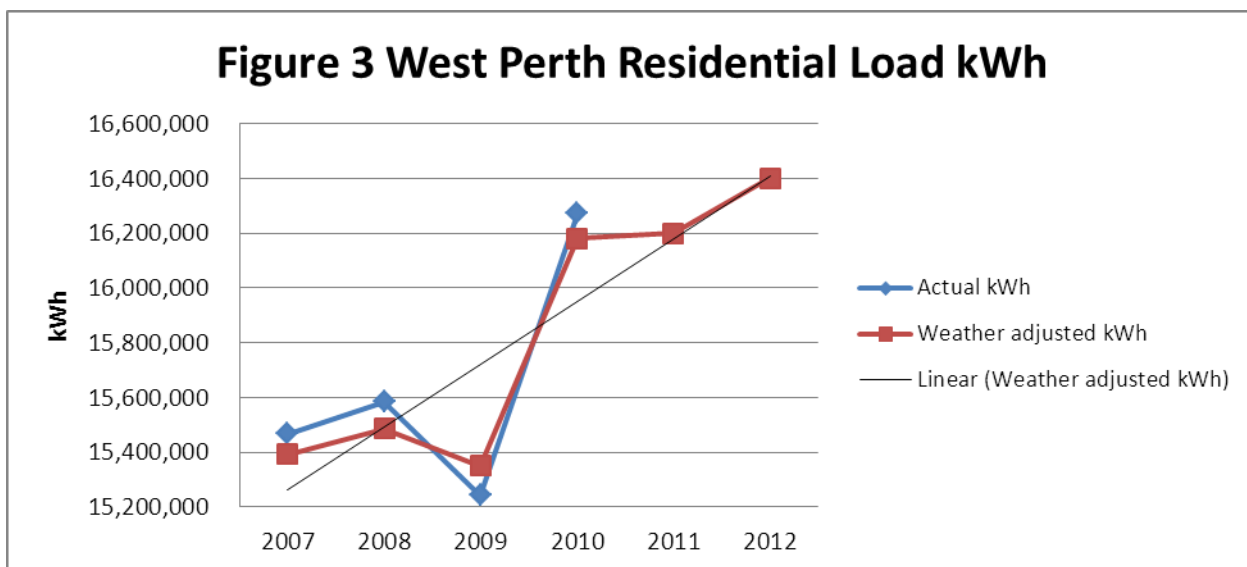
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Clinton GS < 50	2007	2008	2009	2010
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Aug	526,172	438,551	366,439	465,998
Sep	369,440	432,694	511,348	403,850
Oct	427,193	338,088	294,460	406,166
Nov	474,948	434,114	317,357	437,842
Dec	432,486	445,479	445,577	514,591
Annual	6,002,124	5,219,160	5,196,841	5,392,837
Heating Degree Days	3,709	3,877	3,782	3,614
Five Year Average HDD	3,686	3,686	3,686	3,686
Average minus Actual HDD	(23)	(191)	(96)	72
Average Daily kWh (excluding Summer months)	15,600	12,933	12,808	13,379
% daily kWh/HDD	1.51%	1.51%	1.51%	1.51%
kWh HDD adjustment	(5,418)	(37,301)	(18,566)	14,545
Summer Cooling Degree Days	256	222	137	309
Five Year Average CDD	236	236	236	236
Average minus Actual CDD	(20)	14	99	(73)
Average Summer Daily kWh	14,932	13,648	12,924	14,528
% daily kWh/CDD	3.94%	3.94%	3.94%	3.94%
kWh CDD adjustment	(11,766)	7,529	50,411	(41,786)
Annual (Weather adjusted)	5,984,939	5,189,387	5,228,685	5,365,596

West Perth Residential Forecast

The summary of the residential forecast and the data for the weather adjusted calculations are shown in the tables below.

West Perth Residential Customers	2007	2008	2009	2010	2011	2012
Annual kWh (Actual)	15,466,784	15,585,731	15,243,552	16,271,614		
Annual kWh (Weather adjusted)	15,391,783	15,485,313	15,351,455	16,181,193	16,200,000	16,400,000
Number of customers	1,764	1,769	1,786	1,797	1,828	1,845
kWh/customer/month (actual)	731	734	711	755		
kWh/customer/month (weather adj.)	727	729	716	750	739	741



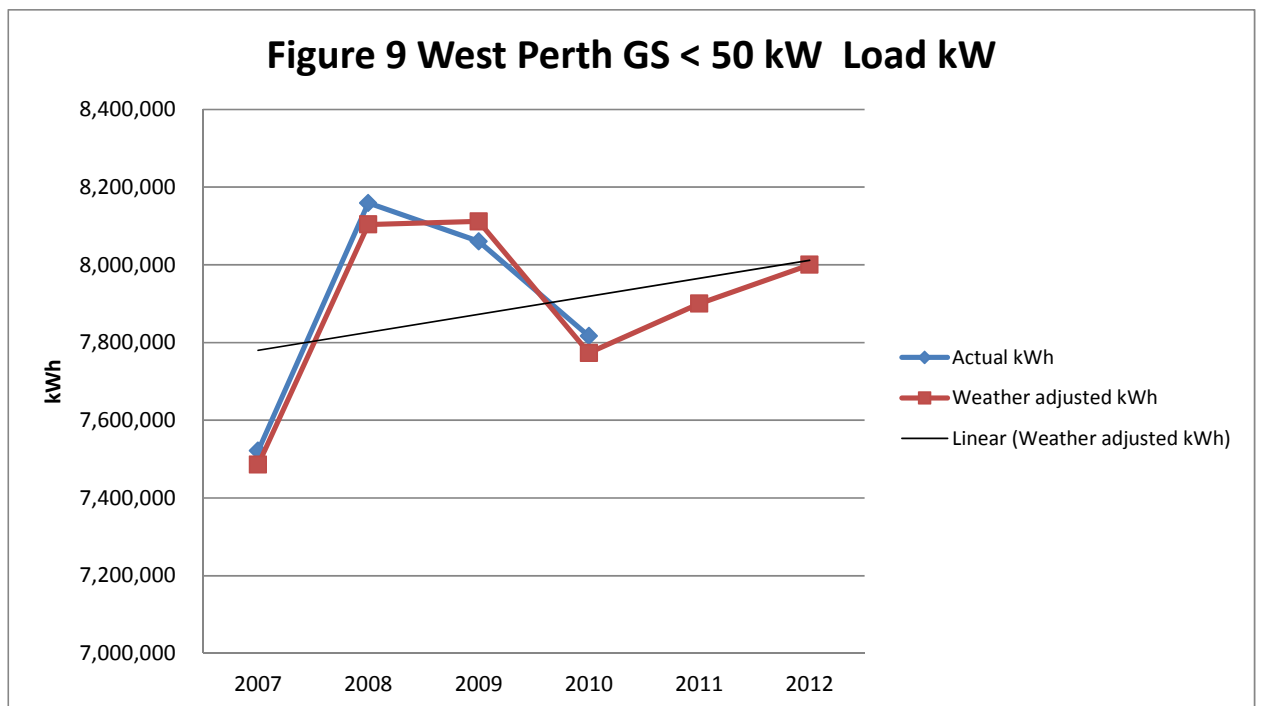
Erie Thames Powerlines Corporation (EB-2012-0121)
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West Perth Residential Customers	2007	2008	2009	2010
	kWh	kWh	kWh	kWh
Jan	1,340,369	1,458,677	1,384,096	1,610,267
Feb	1,501,506	1,742,826	1,683,122	1,407,798
Mar	1,649,206	1,578,304	1,636,930	1,377,573
Apr	1,612,839	1,329,015	1,358,848	1,179,673
May	1,092,102	1,200,925	1,303,827	1,226,265
Jun	984,381	1,196,658	1,105,215	1,241,970
Jul	1,162,832	1,060,503	962,322	1,419,418
Aug	1,281,213	1,182,128	1,320,135	1,401,812
Sep	1,285,105	1,320,031	1,339,331	1,204,195
Oct	1,134,884	1,149,144	1,234,971	1,277,001
Nov	1,128,249	1,215,803	914,237	1,338,900
Dec	1,294,098	1,151,717	1,000,518	1,586,741
Annual	15,466,784	15,585,731	15,243,552	16,271,614
Heating Degree Days	3,652	3,817	3,712	3,526
Five Year Average HDD	3,611	3,611	3,611	3,611
Average minus Actual HDD	(41)	(206)	(101)	85
Average Daily kWh (excluding Summer)	44,252	44,553	43,278	45,285
% daily kWh/HDD	1.30%	1.30%	1.30%	1.30%
kWh HDD adjustment	(23,616)	(119,162)	(56,884)	50,122
Summer Cooling Degree Days	290	244	150	338
Five Year Average CDD	256	256	256	256
Average minus Actual CDD	(33)	12	106	(81)
Average Summer Daily kWh	38,636	39,011	38,746	43,175
% daily kWh/CDD	4.00%	4.00%	4.00%	4.00%
kWh CDD adjustment	(51,385)	18,745	164,786	(140,543)
Annual (Weather adjusted)	15,391,783	15,485,313	15,351,455	16,181,193

West Perth GS < 50 Forecast

The summary of the GS < 50 forecast and the data for the weather adjusted calculations are shown in the tables below.

West Perth GS<50 kW	2007	2008	2009	2010	2011	2012
Actual kWh	7,521,417	8,159,292	8,060,447	7,816,746		
Weather adjusted kWh	7,485,674	8,104,001	8,111,473	7,773,309	7,900,000	8,000,000
# of Customers	235	239	241	243	245	247
kWh/customer/month (Weather Adjusted)	2,654	2,826	2,805	2,666	2,687	2,699



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G < 50 kW (kWh)	2007	2008	2009	2010
Jan	592,898	760,382	758,503	773,558
Feb	606,648	880,990	1,023,670	676,294
Mar	862,383	785,626	777,469	661,774
Apr	642,904	776,308	802,736	566,705
May	792,533	789,157	709,359	589,087
Jun	391,430	530,787	443,238	596,632
Jul	699,915	522,174	499,324	681,877
Aug	531,685	640,547	724,273	673,419
Sep	585,328	615,965	682,936	578,485
Oct	596,586	612,725	526,790	613,461
Nov	502,556	632,181	462,847	643,196
Dec	716,551	612,450	649,302	762,257
Annual	7,521,417	8,159,292	8,060,447	7,816,746
	-	-	-	
Heating Degree Days	3,652	3,817	3,712	3,526
Five Year Average HDD	3,611	3,611	3,611	3,611
Average minus Actual HDD	(41)	(206)	(101)	85
Average Daily kWh (excluding Summer months)	21,864	24,073	23,501	21,754
% daily kWh/HDD	1.3%	1.3%	1.3%	1.3%
kWh HDD adjustment	(11,668)	(64,387)	(30,889)	24,078
	-	-	-	
Summer Cooling Degree Days	290	244	150	338
Five Year Average CDD	256	256	256	256
Average minus Actual CDD	(33)	12	106	(81)
Average Summer Daily kWh	18,101	18,930	19,260	20,741
% daily kWh/CDD	4.0%	4.0%	4.0%	4.0%
kWh CDD adjustment	(24,075)	9,096	81,915	(67,516)
Annual (Weather adjusted)	7,485,674	8,104,001	8,111,473	7,773,309

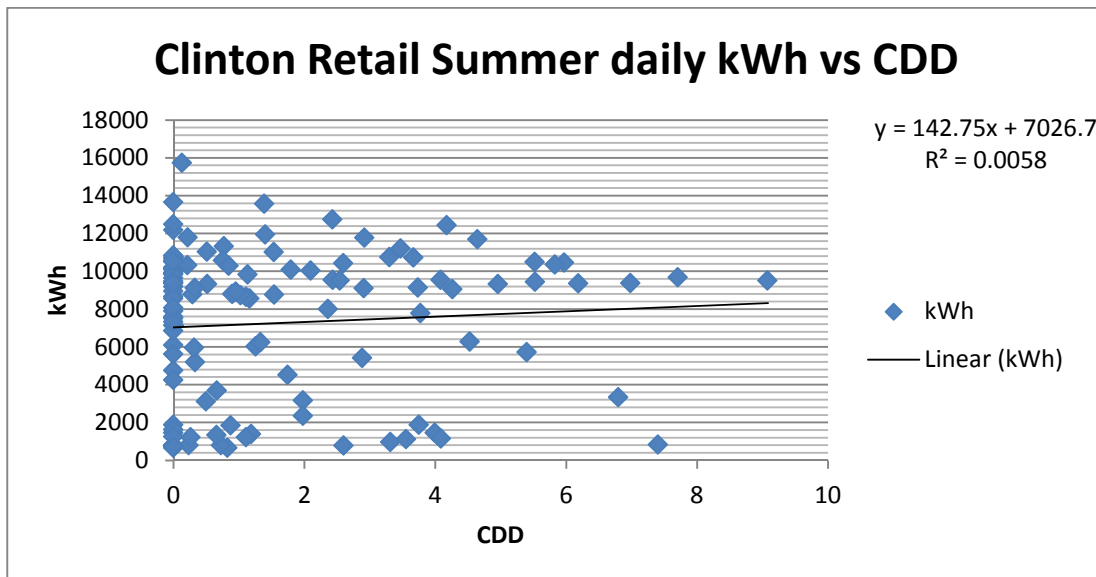
GS > 50

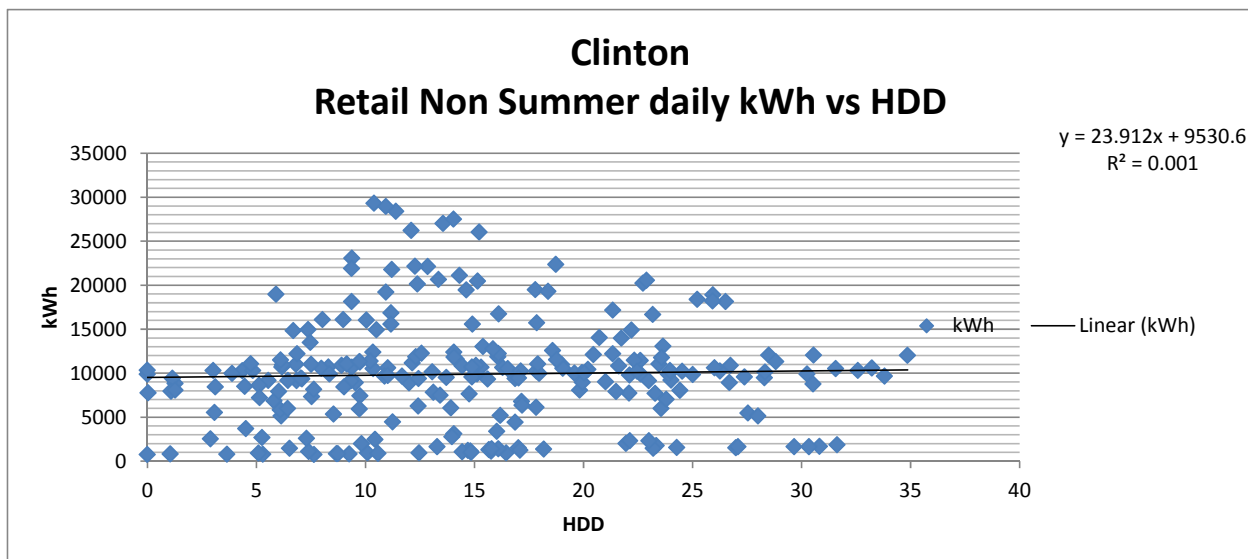
The 2012 forecast for the GS > 50 classes involved the following steps.

1. Collect historic kWh and customer counts for each of the supply areas of Erie Thames, Clinton and West Perth.
2. Collect hourly kWh data of the Total Grid Delivery and subtract the Net System Load Shape hourly kWh data to create the hourly load profile for this class and test for weather dependency.
3. Project the weather adjusted kWh per year if applicable per supply area using trending and extrapolation.
4. Project the customer counts per supply area using trending and extrapolation.
5. Calculate weather adjusted (if applicable) kWh/customer/month and check for trending and consistency.

Clinton GS > 50

No weather adjustment was applied to this class. The calculations follow the same steps outlined in the answer to 4d of the VECC's IR.

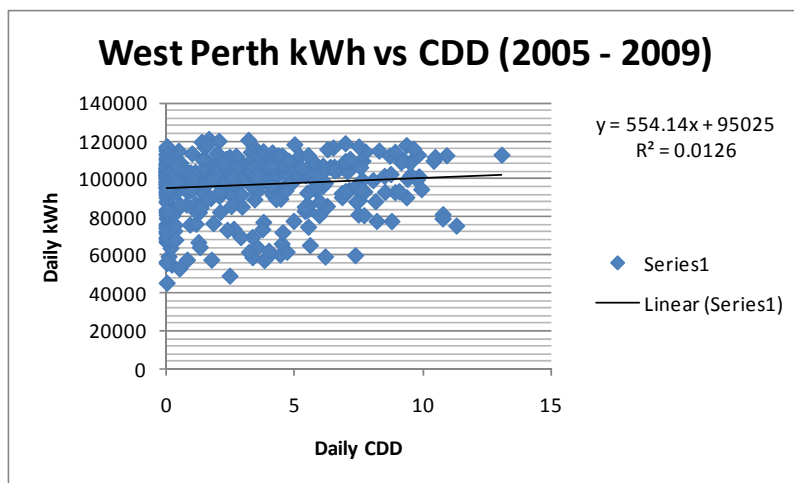
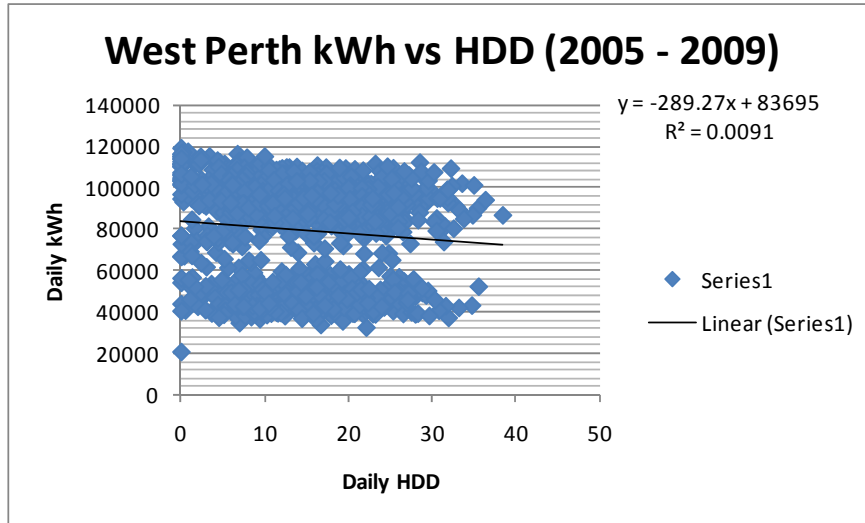




The 2012 forecast details are shown in section 5a of E3-T2-S1.

West Perth GS > 50

No weather adjustment was applied to this class. The calculations follow the same steps outlined in the answer to 4d of the VECC's IR.



The 2012 forecast details are shown in section 5a of E3-T2-S1.

Street Lights, Sentinel Lights and Unmetered Loads

These loads are not sensitive to weather or economic conditions. The 2012 forecast details are shown in sections 8 to 10 of E3-T2-S1.

GS>50 class

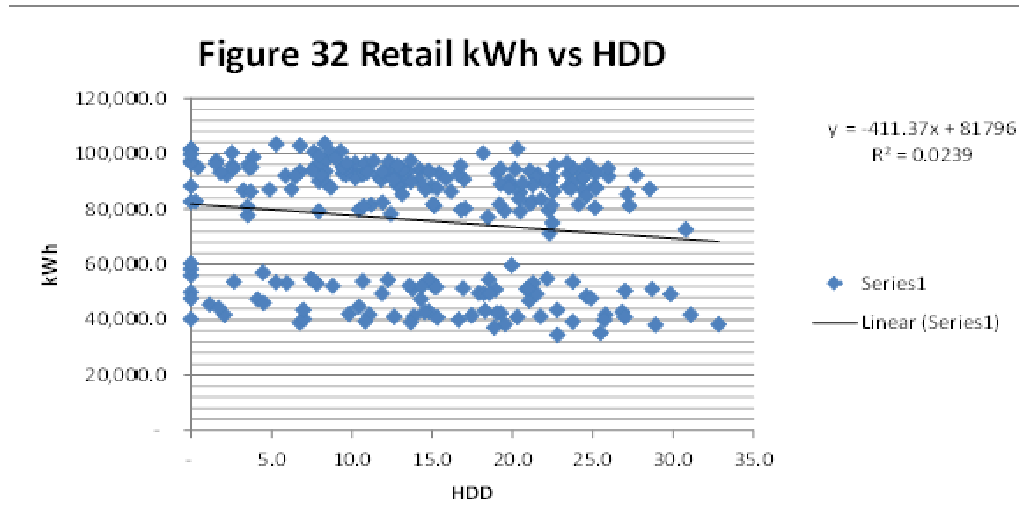
The forecast involved the following steps:

1. Collect historical data (annual kW demand, annual kWh and number of customers) from 2006 to 2010 for Erie Thames, Clinton and West Perth.
2. Collect 2010 hourly kWh data of the Total Grid Delivery and subtract the Net System Load Shape hourly kWh data and the hourly kWh data of the interval meter accounts larger than 1000 kW to create the hourly load profile for this class. Use this process for Erie Thames, Clinton and West Perth to create three sets of 2010 hourly kWh data sets.
3. Collect hourly temperature data from Environment Canada for 2010. Calculate the average temperature for each day. Calculate the Heating Degree Days "HDD" and Cooling Degree Days "CDD" using the following formula:

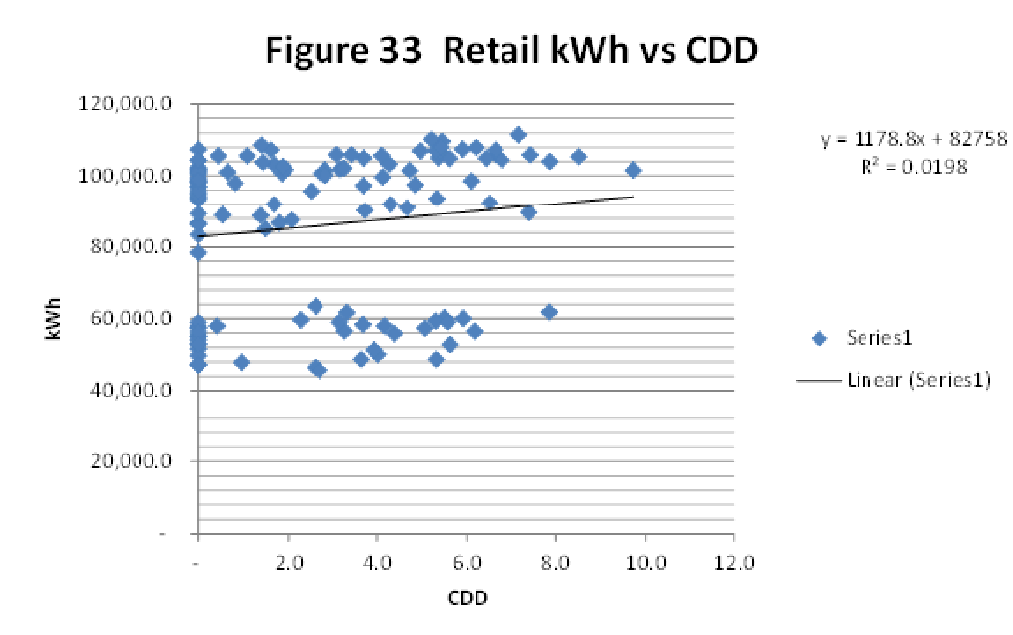
HDD = 18°C minus average temperature of the day. If the value calculated is less than or equal to zero, that day has zero HDD. But if the value is positive, that number represents the number of HDD on that day.

CDD = Average temperature of the day minus 18°C . If the value calculated is less than or equal to zero, that day has zero CDD. But if the value is positive, that number represents the number of CDD on that day.

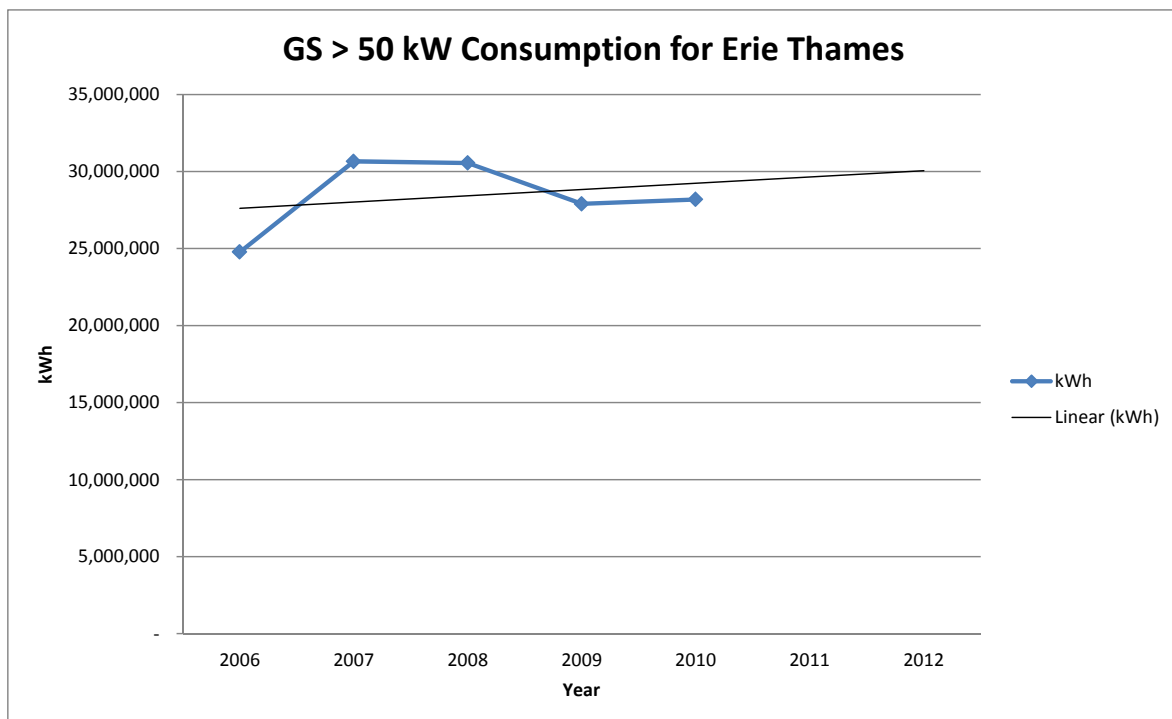
4. Plot the daily kWh of this class against the HDD from January to May and from October to December. Insert a linear trend line for this plot to test the relationship between daily kWh and HDD. As shown in Figure 32 of Load Forecast report (Exhibit 3, Tab 2, Schedule 1), there was no meaningful correlation between HDD and kWh for this class of customer for Erie Thames. The same process was repeated for Clinton and West Perth separately. The same conclusion was found.



5. Plot the daily kWh of this class against the CDD from June to September. Insert a linear trend line for this plot to test the relationship between daily kWh and CDD. As shown in Figure 33 of the Load Forecast report there was no meaningful correlation between CDD and kWh.



6. After determining that there was no weather correction for this class, the kWh from 2006 to 2010 were plotted and a trend line was inserted to estimate the demand in 2011 and 2012. The trend line showed the 2011 and 2012 extrapolated values were around 29,000,000 kWh and 30,000,000 kWh respectively.



7. At the time the analysis was made, the most recent IESO's 18 month outlook (May 2011) was used as a reference. According to the IESO report, the Ontario energy consumption was expected to grow by 0.5% in 2011 and 1.9% in 2012. The report mentioned that economic and population growth would promote higher electricity demand but conservation programs would act to reduce the demand. The economic assumptions used in the IESO's forecast included the Ontario Employment, Ontario Housing Starts and Ontario Growth Index. A copy of the table from the IESO's 18 month outlook was shown below.

IESO_REP_0692v1.0 May 24, 2011

Year	Ontario Employment		Ontario Housing Starts		Ontario Growth Index	
	Thousands	Annual Growth (%)	Thousands	Annual Growth (%)	Index	Annual Growth (%)
1995	5,098	2.0	31.9	-23.3	1.025	1.42
1996	5,161	1.2	39.5	23.9	1.036	1.05
1997	5,277	2.3	50.0	26.5	1.054	1.69
1998	5,440	3.1	50.1	0.2	1.077	2.18
1999	5,621	3.3	62.9	25.6	1.102	2.34
2000	5,801	3.2	67.4	7.1	1.128	2.39
2001	5,924	2.1	70.3	4.2	1.150	1.88
2002	6,014	1.5	79.6	13.3	1.169	1.65
2003	6,203	3.1	80.9	1.7	1.198	2.49
2004	6,310	1.7	79.9	-1.3	1.219	1.78
2005	6,390	1.3	73.2	-8.4	1.237	1.49
2006	6,485	1.5	67.8	-7.4	1.256	1.53
2007	6,585	1.6	62.8	-7.4	1.275	1.47
2008	6,686	1.5	71.9	14.6	1.294	1.50
2009	6,535	-2.3	47.9	-33.3	1.286	-0.63
2010	6,632	1.5	57.8	20.5	1.303	1.34
2011 (f)	6,731	1.5	52.1	-9.7	1.320	1.29
2012 (f)	6,826	1.4	51.6	-1.0	1.336	1.23

8. IESO's energy growth estimates for 2011 (0.5%) and 2012 (1.9%) were used to test the validity of the growth rate for this class. The difference of the 2011 and 2012 forecast using the extrapolated historical trending values and the IESO's growth rate is shown in the table below. In 2012, using IESO's growth rate, the forecast value was 1,129,903 kWh lower than the historical trending value. The 2012 CDM target for this class (consolidated) is 219,280 kWh (see response to the Board Staff IR question 1C). The IESO's growth rate was considered reasonable for this class and the impact of the CDM was already included in the forecast.

Erie Thames kWh forecast	2011	2012
Extrapolated values using historical data	29,000,000	30,000,000
Using IESO's estimated growth rate	28,331,793	28,870,097
Difference	668,207	1,129,903

	2006	2007	2008	2009	2010	2011	2012
kWh	24,776,038	30,653,353	30,553,013	27,896,587	28,190,839	28,331,793	28,870,097
% change		23.7%	-0.3%	-8.7%	1.1%	0.5%	1.9%

Large Use

This class consisted of only one large industrial customer in the automotive manufacturing sector. The electricity demand was mainly affected by the economy of the auto industry. No weather adjustment was applied for this class since no correlation between weather and electricity demand was observed (Exhibit 3, Tab 2, Schedule 1, section 12.5).

As shown in the table below, there were wide swings of electricity demand. All values shown in the table with the exception of those cells highlighted in yellow were actual values. From 2007 to 2009, the demand dropped every year and in 2010, the demand rebounded strongly.

	2006	2007	2008	2009	2010	2011	2012
kWh	91,130,718	83,755,976	74,125,314	69,719,263	92,434,591	95,335,410	97,146,783
kWh(Jan to May)	36,632,192	33,694,998	34,406,450	22,754,607	37,494,179	39,833,551	40,590,388
% change kWh		-8.1%	-11.5%	-5.9%	32.6%	3.1%	1.9%
% change kWh(Jan to May)		-8.0%	2.1%	-33.9%	64.8%	6.2%	1.9%

At the time when the 2011 forecast was made, the first five month's actual kWh values were used to estimate the 3.1% growth rate for 2011 (6.2% x 32.6%/64.8%). For 2012, the IESO's 1.9% growth rate was used.

Weather Normalizing Process

The steps for adjusting the actual kWh are shown below.

1. Collect hourly temperature data from Environment Canada from 2006 to 2010.
2. Calculate the average temperature for each day from 2006 to 2010.
3. Calculate HDD and CDD for each day from 2006 to 2010 using the following formula:

HDD = 18°C minus average temperature of the day. If the value calculated is less than or equal to zero, that day has zero HDD. But if the value is positive, that number represents the number of HDD on that day.

CDD = Average temperature of the day minus 18°C . If the value calculated is less than or equal to zero, that day has zero CDD. But if the value is positive, that number represents the number of CDD on that day.

4. Calculate the annual HDD from 2006 to 2010. The HDD for the year is calculated by summing the daily HDD from January to May and from October to December.
5. Calculate the annual CDD from 2006 to 2010. The CDD for the year is calculated by summing the daily CDD from January to May and from October to December.

For easy reference, the Annual HDD and CDD from 2006 to 2010 are shown below.

	2006	2007	2008	2009	2010	5 yr average
HDD	3,445	3,709	3,877	3,782	3,614	3,686
CDD	256	256	222	137	309	236

6. Collect Daily kWh of the NSLS of Erie Thames from 2006 to 2010.
7. Plot the daily kWh of the NSLS against the daily HDD for the months from January to May and from October to December for the years from 2006 to 2010. Insert a trend line. The plot is shown below. The slope is 5399.7 kWh/HDD. The 5 year average daily kWh is 329,429. The relationship between the daily kWh and HDD is 1.6% daily kWh demand per HDD.

The results of the weather adjusted residential forecast are shown below.

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Erie Thames

Residential Customers	2006	2007	2008	2009	2010	2011	2012
Annual kWh (Actual)	121,153,509	120,726,508	118,713,119	118,385,417	120,247,549		
Annual kWh (Weather adjusted)	122,104,570	120,288,713	117,912,670	119,471,078	119,400,372	119,558,371	119,707,075
Number of customers	12206	12328	12451	12116	12847	12864	12880
kWh/customer/month (actual)	827	816	795	814	780		
kWh/customer/month (weather adj.)	834	813	789	822	775	775	775

Clinton

Residential Customers	2007	2008	2009	2010	2011	2012
Annual kWh (Actual)	12,523,015	11,477,044	11,392,233	11,595,218	-	-
Annual kWh (Weather adjusted)	12,487,198	11,407,595	11,453,131	11,536,648	11,595,000	11,660,000
Number of customers	1,764	1,769	1,786	1,797	1,808	1,820
kWh/customer/month (actual)	592	541	532	538		
kWh/customer/month (weather adj.)	590	537	534	535	534	534

West Perth

Residential Customers	2007	2008	2009	2010	2011	2012
Annual kWh (Actual)	15,466,784	15,585,731	15,243,552	16,271,614		
Annual kWh (Weather adjusted)	15,391,783	15,485,313	15,351,455	16,181,193	16,200,000	16,400,000
Number of customers	1,764	1,769	1,786	1,797	1,828	1,845
kWh/customer/month (actual)	731	734	711	755		
kWh/customer/month (weather adj.)	727	729	716	750	739	741

Aggregated Total

Residential Customers	2007	2008	2009	2010	2011	2012
Annual kWh (Actual)	148,716,307	145,775,894	145,021,202	148,114,381	-	-
Annual kWh (Weather adjusted)	148,167,694	144,805,579	146,275,664	147,118,213	147,353,371	147,767,075
Number of customers	15,856	15,989	15,688	16,441	16,500	16,545
kWh/customer/month (actual)	782	760	770	751		
kWh/customer/month (weather adj.)	779	755	777	746	744	744

EXHIBIT 4 - OPERATING COSTS

29) Ref: E4-T1-S1

a) What projected rate of inflation is reflected in the proposed 2012 Test Year budget?

- ***A 3% inflation rate was used in the proposed 2012 Test Year budget.***

b) What sources did Erie Thames use for the projection?

- ***ETPL utilized its agreement with its bargaining unit staff coupled with the fact that its costs for materials and consumables has increase by at minimum the same factor. Therefore by applying the same 3% increase on all other costs for material and consumables ETPL felt it was being conservative with respect to its inflation figures.***

30) Ref: E4-T2-S4

Erie Thames indicates that it has a labour contract which expires on December 31, 2012.

- a) What is the term of the contract and what is the timing and % increase (s) provided for in the contract?
 - ***The term of the contract is January 1st, 2009 to December 31st, 2012. 3% increases per annum were provided in the contract.***
- b) Please provide the corresponding salary increases for non-union staff.
 - ***The corresponding increases for non unionized staff was 3% as well.***

31) Ref: E4-T2-S3

OMERS has announced a three-year contribution rate increase for its members and employers for the years 2011, 2012, and 2013.

- a) Please state whether or not the applicant's proposed pension costs include this increase.
 - ***The increase in OMERS contribution rates was not included in the proposed pension costs.***
- b) If so, please provide the forecasted increase by years and the documentation to support the increases.
 - ***Not applicable***
- c) If not, please state how the applicant proposes to deal with this increase.
 - ***Erie Thames will meet its OMERS contribution requirements as part of its carrying on of business.***
 - ***In 2012 the increase in OMERS is expected to be \$4,378.64 and a further \$3,980.18 in 2013. The 2011 increase has been included in the costs presented in the application.***

32) Ref: E4-T2-S3

- a) Please identify whether or not the applicant has included any charitable or political donations as part of its forecast OM&A expense for the Test Year. If yes, please identify the amounts and the account in which the donations are recorded, and whether the amounts are compliant with Section 2.7.2.5 of the Filing Requirements.
- ***No charitable or political donations have been included in the forecast OM&A expense.***

33) Ref: E4-T2-S3

- a) Please provide details of employee benefit programs, including pensions and other costs charged to OM&A for the last Board-approved rebasing application, Historical, Bridge and Test Years.

	2008	2009	2010	2011	2012
Health Benefits	\$ 9,038.40	\$ 35,731.65	\$ 103,399.40	\$ 169,162.91	\$ 174,237.80
Mearie Coverage	\$ 800.35	\$ 3,076.92	\$ 25,356.09	\$ 36,911.10	\$ 38,018.43
Omers	\$ 25,948.64	\$ 106,446.48	\$ 324,396.78	\$ 482,552.32	\$ 497,028.89

- b) Please identify post-retirement benefit costs separately from current benefit costs.

- **2008 \$0**
- **2009 \$2,000**
- **2010 \$8,402**
- **2011 \$37,497**
- **2012 \$38,621**

- c) Please provide the most recent actuarial report(s).

- ***A copy of the most recent actuarial report is included as part of this response.***
- ***The actuarial report was completed on behalf of ERTH Corporation as a whole and any information not pertaining to ETPL and its employees has been blacked out to maintain the confidentiality of affiliates.***

34) Ref: E4-T2-S3

Please identify the increases (decreases) in OM&A expense for the test year, arising from other than from a decrease (increase) in capitalized overhead.

- ***ETPL has forecast decreases to its OM&A for the test year with respect to its audit fees after merging ETPL, CPC and WPPI into one and realizing savings from being subject to one audit as opposed to three. The cost savings forecast is \$25,000.***
- ***ETPL has also forecast a decrease in OM&A due outside services consulting decreasing year over year due to the inclusion of the COS rate application costs being input into the test year at one fourth of the projected cost versus consulting costs expensed in 2011 at the actual levels for the RSVA audit and COS application prep, this reduction is estimated at approximately \$150,000.***
- ***ETPL has included a 3% increase on ongoing costs reflected throughout the test year.***

35) Ref. E4-T2-S5

- a) Please provide a copy of the signed Service Agreements which underpin the service transactions identified in the table below.
- ***ETPL has provided its service agreement with Ecaliber that underpins the transaction below.***
 - ***All ERTH corp costs are based on allocations of actual costs incurred by the parent on ETPL's behalf. Section B below details how the amounts are determined.***

Name of Company		Service Offered	Pricing Methodology	Cost for the Service
From	To			
ERTH Corp	Erie Thames Powerlines	Executive Management	Allocated Cost	\$ 658,824.87
ERTH Corp	Erie Thames Powerlines	Human Resources	Allocated Cost	\$ 103,143.79
ERTH Corp	Erie Thames Powerlines	Legal Service	Time and Materials	\$ 63,750.00
ERTH Corp	Erie Thames Powerlines	IT Services	Time and Materials	\$ 69,252.11
ERTH Corp	Erie Thames Powerlines	Rent	Cost Per Square Foot	\$ 250,000.00
Ecaliber	Erie Thames Powerlines	Billing Service provider	Cost per bill	\$ 108,375.65

- b) Does Erie Thames have the underlying calculations which were used to generate the service costs shown in the above table? If so, please provide a copy.
- ***Rent – determined based on actual costs for property taxes, interest, amortization and insurance ect. Allocations based on square footage of the building in which the entity resides.***
 - ***IT and infrastructure – based on actual costs incurred related to IT internal and external support and asset costs as well as infrastructure maintenance costs that benefit all companies. These costs include items such as software licences, phone infrastructure, software support services, software maintenance fees, network infrastructure etc. Costs are allocated based on the number of users in each company.***
 - ***Legal – based on actual invoicing from third parties. Costs allocated based on which entities utilized those legal services. These costs include general corporate governance, union activates, legal correspondence with third parties including customers, various labour relations issues, etc.***
 - ***Audit – costs based on KPMG billings. Costs relate to the preparation of the tax returns and any extra billings by KPMG directly related to Erie Thames Powerlines.***

- ***HR – Relates to costs incurred for HR time related to oversight of labour relations issues (including union grievances where applicable), training (i.e. Bill 168), corporate policies, WMIS audit and training materials and other internal and external recourses as required. Costs are allocated based on the number of employees in each company.***
- ***Management Fees – Time sheet analysis performed on billable employees and time was billed accordingly. For non-billable staff, allocations based on oversight time required to assist each entities operations during the year. This information was obtained from the employees themselves and where possible the time entry system. For the assistants of key personal the assistant's time allocation was recorded to reflect the time allocation of their direct supervisor as it was assumed and confirmed that they would be spending the same time allocations on similar tasks.***

36) Ref. E4-T2-S5 and E1-T2-S1 p.1

Erie Thames notes at E1-T2-S1 p.1 that it continues to rely on its affiliate Excaliber for its corporate/IT/HR services and at E4-T2-S5 Erie Thames indicates that all but Billing Services are provided by ERTH Corporation.

a) Please confirm which services are provided by Excaliber and which are provided by ERTH Corporation.

- ***Excaliber provides Billing services and ERTH corporation provide Corporate/Human Resources/Information Technology and Legal Services.***

37) Ref: E4-T2-S1

Do any of the amounts shown in the Summary of Operating Costs table include Property Taxes? If so, please identify the line, account number and amount.

- ***Property Taxes are not included in any account that makes up the summary of operating costs table.***

38) Ref: E4-T2-S1

Board staff prepared the table below using the information provided in E4-T2-S1-3.

OM&A	2008 Board Approved	2010 Board Approved	2010 Actual	2011 Bridge	2012 Test Year
Erie Thames	\$ 4,222,000		\$ 4,437,008		
Clinton Power		\$ 515,263	\$ 560,534		
West Perth Power		\$ 522,410	\$ 969,800		
TOTAL			\$ 5,967,342	\$ 5,733,118	\$ 5,730,237

a) Does Erie Thames agree with the numbers presented in the table? If Erie Thames does not agree, please indicate which numbers need to be revised.

- ***Erie Thames agrees with the numbers for the most part presented in this table with the exception of the 2010 Board Approved amounts for Clinton Power and West Perth Power.***
- ***CPC and WPPI were settled during a Settlement Conference in which the parties agreed, and The Board approved a 33.3% increase in rates for CPC and a 10% increase to rates for WPPI.***
- ***This increase in rates was not based upon any approval of OM&A costs and should not be represented in that manner in this table. The settlement acknowledged that both WPPI and CPC were in need of financial relief and reinvestment in its infrastructure and provided increases to help in this end and should not be taken as definitive decision on costs. Further, there was an explicit recognition that even with the additional revenue CPC may not be able to earn its rate of return. The Settlement Agreement filed for CPC acknowledged the particular circumstances for CPC in the following:***

“The Parties came to this agreement through a process of recognizing a need for additional revenue for CPC to provide safe, reliable service yet balancing the impact of such costs on the ratepayers. The Parties acknowledge that CPC may not actually earn its deemed return on equity, and that its PILs provision has been reduced to zero by the application of loss carry forwards. However, the Parties view this as a reasonable approach given the particular circumstances.”

39) Ref: E4-T2-S1

- a) Please state whether or not the applicant has included an amount in its 2012 Test year revenue requirement for the emergency financial assistance component of the Low Income Energy Assistance Program.
 - ***ETPL has not included amounts in its 2012 Test Year Revenue Requirement for LEAP funds.***
- b) If yes, please identify the amount included for LEAP emergency financial assistance, and identify the percentage of total distribution rates.
 - ***Not applicable.***
- c) If no, please provide the following calculation: 0.12% of the total distribution revenue proposed by the applicant for the 2012 Test Year.
 - ***9,853,772 * 0.0012 = \$11,824.53.***
- d) Please state whether or not the applicant has included an amount in its 2012 Test year revenue requirement for any legacy program(s), such as Winter Warmth. If so, please identify the amount and provide a breakdown identifying the cost of each program along with a description of each program.
 - ***No amounts have been included in the 2012 Test Year Revenue Requirement for any legacy programs such as winter warmth.***

40) Ref: E4-T2-S3

- a) Please revise the table titled "OM&A Cost per Customer and per FTEE" and reflect the following:
- o Do not include "connections" in the customer numbers;
 - o For comparability, please use "proxy FTE numbers i.e assume the repatriated employees were always employed by the utility and:
 - o In that the Test Year amounts represent the amalgamated utility, for comparability, ensure that the other years are presented on that basis as well.

OM&A Cost per Customer and per FTEE						
	LRV - Board Approved	2008	2009	2010	Bridge Year	Test Year
Number of Customers	17,950	17,950	18,239	18,388	18,723	18,808
Total OM&A from Appendix 2-G	\$ 4,193,808	\$ 5,881,291	\$ 5,669,841	\$ 5,967,342	\$ 5,782,518	\$ 5,730,237
OM&A cost per customer	\$ 242.43	\$ 339.98	\$ 337.23	\$ 337.27	\$ 250.01	\$ 246.86
Number of FTEs	45	45	45	45	45	45
Customers/FTEs	8,649.50	8,649.50	1,120.86	520.38	513.98	515.84
OM&A Cost per FTEE	\$2,096,904.00	\$2,940,645.42	\$ 377,989.37	\$ 175,510.06	\$ 128,500.40	\$ 127,338.60

41) Ref: E4-T2-S3 OM&A Cost Driver Table

Please update the Cost Driver Table such that the Opening Balance for any year is the Closing Balance of the previous year.

- ***The cost driver table Erie Thames provided in E4-T2-S3 has been completed such that the opening balance for each year is equal to the closing balance of the previous year.***

42) Ref: E4-T2-S4 (Appendix 2-K) and E1-T2-S1 p.2

The table below is an excerpt from Appendix 2-K and the % of Compensation Capitalized is a Board staff calculation.

	2009 Actual	2010 Actual	2011 Bridge	2012 Test Year
Total Compensation	\$ 1,247,816	\$ 3,519,863	\$ 4,779,991	\$ 4,959,005
Total Compensation Charged to OM&A	\$ 1,247,816	\$ 2,863,761	\$ 3,889,001	\$ 3,662,535
Total Compensation Capitalized	\$ -	\$ 656,102	\$ 890,990	\$ 1,296,470
% of Compensation Capitalized	0%	18.6%	19%	26%

At E1-T2-S1 p.2 Erie Thames states that its capitalization policy has been IFRS compliant since its retrench of staff in 2009.

- a) Please indicate what proportion of the % of Compensation Capitalized is due (i) to staff retrenchment and (ii) IFRS reporting compliance.
 - **100% of the % of compensation capitalized is due to staff retrenchment and the increase in the test year is due to the change in capital spend based on the asset condition assessment.**
- b) Please explain the increase in the % of Compensation Capitalized between 2012 Test Year as compared to 2011 Bridge.
 - **The increase between the 2011 bridge and 2012 test is simply due to the increase in spending on Erie Thames capital plan as detailed in Exhibit 2.**

43) Ref: E4-T2-S7

- a) Do the “actuals” in the Loss Adjustment Calculation reflect the amalgamated Erie Thames?
 - ***The actual in the Loss Adjusted calculation do reflect the amalgamated Erie Thames.***
- b) If they do not, please revise on an amalgamated basis.
 - ***Not required.***

44) Ref. E4-T3-S1-4 and E-9-T1-S1

Please provide the following PILs information as indicated in the table below.

	2001	2002	2003	2004	2005	Jan. 1 to April 30, 2006	May 1, 2006 to April 30, 2012
Excel Board-approved PILs proxy model (active)	x	x			x		
Signed Board decision		x		x	x		
Excel RAM model (active)		x		x	x		
Excel Continuity schedule (active) for 2001 to 2012 including true-up adjustments, PILs recoveries and interest carrying charge calculations	X						
Excel PILs Recoveries (active) - Worksheet showing PILs rate slivers from RAM multiplied by billing determinants (customer count, billed kW/kWh)	X						
T2 and CT23 Tax returns	x	x	x	x	x		
Notice of assessment	x	x	x	x	x		
Notice of reassessment and Statement of adjustments	x	x	x	x	x		
Financial statements submitted with tax returns	x	x	x	x	x		
Excel SIMPIL model with TAXREC3 (active)	x	x	x	x	x		

- i. Excel 2001, 2002 and 2005 Board-approved PILs proxy models (active) that were filed with the respective applications.
 - **Provided with this response.**
- ii. 2001, 2002 and 2005 signed Board decisions.
 - **The available decisions have been included.**
- iii. Excel 2001/2002, 2004 and 2005 rate applications (RAM) (active).
 - **Provided with this response.**

- iv. Excel continuity schedule for 2001 to 2012 including variance adjustments calculated from the 2001 to 2005 SIMPIL models and interest carrying charge calculations (active). The model filed in evidence contains major errors.
 - ***ETPL is continuing to work on the model to correct errors as noted. ETPL will provide the working excel model once complete***
- v. Excel PILs recoveries worksheet that shows the PILs rate slivers from RAM multiplied by billing determinants (customer count, billed kW/kWh) (active).
 - ***ETPL is working on this information in conjunction with section iv above.***
- vi. 2001 to 2005 Federal T2 Tax returns.
 - ***Provided as Income Tax Package 1 through 4.***
- vii. 2001 to 2005 Ontario CT23 Tax returns.
 - ***Provided as Income Tax Package 1 through 4.***
- viii. Notices of assessment and notices of reassessment and statements of adjustments for 2001 to 2005.
 - ***Provided as Income Tax Package 1 through 4.***
- ix. Financial statements submitted with tax returns for 2001 to 2005.
 - ***Financial statements have been included in this response.***
- x. Excel 2001 to 2005 updated SIMPIL models with sheet TAXREC3 (active). The 2004 and 2005 SIMPIL model filed by Erie Thames did not include the sheet TAXREC3. Please see the updated SIMPIL models filed in PowerStream's 2012 IRM rate application EB-2012-0191 as examples. Sheet TAXREC3 is used to enter regulatory assets and liabilities, non-deductible items for tax purposes, non-utility business activities, pre-October 1, 2001 income and expenses, tax items denied by auditors for the tax authorities, depreciation adjustments, capital cost allowance adjustments, Ontario capital tax, accounting and tax gains and losses on fixed assets, donations and many other items.
 - ***See response to iv and v above.***
- xi. Income tax rates must be based on Erie Thames' unique tax evidence as supported by its tax returns filed with the Ontario Ministry of Finance Corporation Tax Branch. Please refer to the tax tables contained in the Board's decision in the combined proceeding EB-2008-0381. Erie Thames 2002 rate base was \$16,104,265. The tax rate to be used in the SIMPIL models should be more than the minimum income tax rates but will be less than the maximum income tax rates. Erie Thames must **input** the correct tax rates (i.e. over-ride the formulas) based on its specific tax facts

in the cells in SIMPIL sheet TAXCALC. Please refer to the many decisions on Account 1562 deferred PILs that have been issued by the Board since December 2011.

- ***See response to iv and v above.***

45) Ref. E4-T3-S1-4

When the actual interest expense, as reflected in the financial statements and tax returns, exceeds the maximum deemed interest amount approved by the Board, the excess amount is subject to a claw-back penalty and is shown in sheet TAXCALC as an extra deduction in the true-up calculations.

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

	Debt	Rate	Cost
Town of Aylmer	\$ 1,394,863.00	7.25%	\$ 101,127.57
Central Elgin	\$ 806,436.00	7.25%	\$ 58,466.61
East Zorra Tavistock	\$ 569,073.00	7.25%	\$ 41,257.79
Ingersoll	\$ 3,402,080.00	7.25%	\$ 246,650.80
Norwich	\$ 763,755.00	7.25%	\$ 55,372.24
Southwest Oxford	\$ 192,062.00	7.25%	\$ 13,924.50
Zorra	\$ 610,255.00	7.25%	\$ 44,243.49
			\$ 561,042.99

- b) Did Erie Thames have interest expense related to other than debt that is disclosed as interest expense in its financial statements?
- **ETPL did not have interest expense related to other than debt that is disclosed in its financial statements.**
- c) Did Erie Thames 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.
- **ETPL did not net interest income against interest expense.**
- d) Did Erie Thames include interest expense on customer security deposits in interest expense?
- **ETPL did not include interest on customer security in interest expense.**
- e) Did Erie Thames include interest income on customer security deposits in interest expense?
- **ETPL did include interest income on customer security deposits.**
- f) Did Erie Thames include interest expense on IESO prudentials in interest expense? Please provide the dollar amount of IESO or other prudential expense by year whether disclosed as interest, admin, or other type of expense category.

- ***ETPL did not include interest expense on IESO prudentials in interest expense.***
- ***ETPL's prudential expense is static annually at \$22,466.67 and is included in administration expenses.***

- g) Did Erie Thames include interest carrying charges on regulatory assets or liabilities in interest expense?
- ***ETPL did not include interest carrying charges on regulatory assets or liabilities in interest expense.***
- h) Did Erie Thames include the amortization of debt issue costs, debt discounts or debt premiums in interest expense?
- ***ETPL did not include the amortization of debt issue costs etc. in interest expense.***
- i) Did Erie Thames deduct capitalized interest in deriving the interest expense disclosed in its financial statements?
- ***ETPL incurred no capitalized interest and therefore it has not been deducted.***

EXHIBIT 5 - COST OF CAPITAL AND RATE OF RETURN

46) Ref: E5-T1-S3 and RRWF p. 6

The RRWF at p.6 indicates 56% of 2012 rate base is deemed to be capitalized by Long Term Debt, totaling \$17,326,414 with a cost rate of 4.41%. At E5-T1-S3 Erie Thames states that Long Term Debt is comprised of unrelated and related debt and long term capital leases. Related Long Term Debt is described as totalling \$8,038,524 and mention is made of the capital lease obligations of five bucket trucks and a backhoe that were assumed by Erie Thames from CRU solutions.

a) Please confirm that the Related Long Term Debt and the Capital Leases total to about \$8.6 M.

- **Confirmed.**

b) If so, please provide the particulars for the balance (i.e. \$17.3 M less \$8.6M) of Long Term Debt.

- ***ETPL's actual Long Term Debt does not match the deemed amount, ERTH Corporation holds all third party debt for the organization and allocates interest expense to ETPL based on ETPL meeting the deemed debt structure.***

EXHIBIT 7- COST ALLOCATION

47) Ref: E6-S1-T2 and Cost Allocation Model Sheet I6.1

Please explain why the Cost Allocation Model uses a Revenue Deficiency of \$753,265 while the Revenue Deficiency shown in E6-S1-T2 is \$416,031.

- ***The cost allocation model calculates revenue at current rates using one set of rates while the calculation of revenue deficiency utilizes the load forecast applied to the current rates of each separate service territory.***

48) Ref: Cost Allocation Model Sheet I6.1

Erie Thames appears to have used the default weighting factors for account 1855 and for billing and collecting.

a) On what grounds did Erie Thames conclude the default factors accurately reflect their circumstances?

- ***ETPL utilized its affiliate's billing services until 2011 and as a result did not have the history to determine its utility specific factors and determined that it would utilize the default factors in lieu of better information.***

49) Ref: Cost Allocation Model Sheet I7.2

- a) Please confirm whether the old default values for meter reading weights have been retained in the model.
 - ***The old default values for meter reading weights have been retained in the model.***
- b) Assuming that $GS < 50kW$ and $GS > 50kW$ customers can be read remotely with the introduction of Smart Meters, please explain why it is appropriate to use the old default values.
 - ***The current third party costs to remotely read the meter is not materially different than the old default values.***

50) Ref: E1-T1-S13 and Cost Allocation Model Sheet I8

Please confirm the number of supply points with Hydro One as an embedded customer and the respective voltages (primary or secondary).

- ***Hydro One has 4 supply points that are embedded within ETPL's service territory and they are all connected at primary voltage.***

51) Ref: E7-T1-S1

Please explain why Erie Thames utilizes Revenue to Cost ratio ranges which Erie Thames identifies as sourced from a Board staff discussion paper dated November 28, 2007.

- ***ETPL should have updated the ranges as appropriate.***

Erie Thames Powerlines Corporation (EB-2012-0121)
Board Staff Interrogatories
August 17, 2012

52) Ref: E7-T1-S1

Please explain why Erie Thames includes 2 rate design revenue to cost ratios spreadsheets in E7-T1-S1 which appear to be exactly the same.

- ***ETPL inadvertently posted the identical revenue to cost ratio spreadsheets. The following two spreadsheets are the two separate tables that should have been included.***

Erie Thames Powerlines										
Rate Design - Revenue to Cost Ratios Existing Rate Classes										
Monday, September 10, 2012										
Version 1										
	Residential	GS < 50	GS>50 to 999 kW	GS>1000 to 2999 kW	GS>3000 kW to 4999 kW	Large Use	Sentinel Lighting	Street Light	Embedded	Unmetered
2012 CA Revenue to Cost %	105.49%	93.69%	85.72%	103.85%	92.93%	119.13%	74.44%	104.03%	69.99%	28.74%
Board Staff Min RC%	85.00%	80.00%	80.00%	80.00%	80.00%	80.00%	70.00%	70.00%	70.00%	80.00%
Board Staff Max RC%	115.00%	120.00%	180.00%	180.00%	180.00%	180.00%	120.00%	120.00%	180.00%	120.00%
2012 DRR Current Rates	4,868,699	1,016,184	926,213	444,668	43,490	349,473	20,837	385,197	114,965	13,889
2012 Misc. Revenue	597,067	130,812	98,451	35,404	3,355	17,262	2,742	31,623	4,399	11,941
2012 Total Revenue Current Rates	5,465,766	1,146,996	1,024,664	480,072	46,845	366,735	23,579	416,820	119,364	25,830
	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	51.26%
Minimum Adjustment										
Current RC%	105.49%	93.69%	85.72%	103.85%	92.93%	119.13%	74.44%	104.03%	69.99%	28.74%
Min RC%	85.00%	80.00%	80.00%	80.00%	80.00%	80.00%	70.00%	70.00%	70.00%	80.00%
Max RC%	115.00%	120.00%	180.00%	180.00%	180.00%	180.00%	120.00%	120.00%	180.00%	120.00%
2006 Total Revenue	5,465,766	1,146,996	1,024,664	480,072	46,845	366,735	23,579	416,820	119,364	25,830
Min Adjustment	-	-	-	-	-	-	-	-	-	82,010
2006 Min Adjusted Total Revenue	5,465,766	1,146,996	1,024,664	480,072	46,845	366,735	23,579	416,820	119,364	107,840
Allocation of Balance	(49,308)	(10,347)	(9,244)	(4,331)	(423)	(3,308)	(213)	(3,760)	(1,077)	
2006 Adjusted Total Revenue	5,416,458	1,136,649	1,015,420	475,741	46,422	363,427	23,366	413,060	118,287	107,840
2006 Total Revenue %	59.41%	12.47%	11.14%	5.22%	0.51%	3.99%	0.26%	4.53%	1.30%	1.18%
2012 Total Revenue	6,004,868	1,260,127	1,125,729	527,423	51,465	402,907	25,905	457,932	131,137	119,556
less: 2009 Misc. Rev. Projection	554,353	116,331	103,924	48,690	4,751	37,195	2,391	42,275	12,106	11,037
2009 Min Adjustment BRR	5,450,515	1,143,796	1,021,805	478,732	46,714	365,712	23,513	415,657	119,031	108,519
New BRR%	59.41%	12.47%	11.14%	5.22%	0.51%	3.99%	0.26%	4.53%	1.30%	1.18%
100% DRR Adjustment										
2012 Total Revenue Current Rates	5,465,766.00	1,146,996.00	1,024,664.00	480,072.00	46,845.00	366,735.00	23,579.00	416,820.00	119,364.00	25,830.00
2012 Total Revenue @ 100% RC	5,181,480.44	1,224,292.90	1,195,309.61	462,292.91	50,410.25	307,835.18	31,677.07	400,669.91	170,536.39	89,867.04
2012 Current Rates Total Revenue %	56.85%	13.43%	13.11%	5.07%	0.55%	3.38%	0.35%	4.40%	1.87%	0.99%
2012 Total Revenue	5,745,813	1,357,635	1,325,495	512,643	55,901	341,363	35,127	444,308	189,110	99,655
less: 2009 Misc. Rev. Projection	554,353	116,331	103,924	48,690	4,751	37,195	2,391	42,275	12,106	11,037
2012 100% RC BRR	5,191,460	1,241,303	1,221,571	463,953	51,149	304,167	32,736	402,033	177,004	88,618
New BRR %	56.59%	13.53%	13.32%	5.06%	0.56%	3.32%	0.36%	4.38%	1.93%	0.97%
Actual Applied for RC Ratio	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Erie Thames Powerlines Corporation (EB-2012-0121)
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Erie Thames Powerlines									
Rate Design - Revenue to Cost Ratios Updated Classes									
Monday, September 10, 2012									
Version 1									
	Residential	GS < 50	GS>50 to 999 kW	GS>1000 to 4999 kW	Large Use	Sentinel Lighting	Street Light	Embedded	Unmetered
2012 CA Revenue to Cost %	105.56%	93.77%	85.45%	85.45%	103.38%	74.36%	103.85%	69.57%	28.70%
Board Staff Min RC%	85.00%	80.00%	80.00%	80.00%	80.00%	70.00%	70.00%	70.00%	80.00%
Board Staff Max RC%	115.00%	120.00%	180.00%	180.00%	180.00%	120.00%	120.00%	180.00%	120.00%
2012 DRR Current Rates	4,868,699	1,016,184	926,213	444,668	349,473	20,837	385,197	114,965	13,889
2012 Misc. Revenue	597,067	130,812	98,451	35,404	17,262	2,742	31,623	4,399	11,941
2012 Total Revenue Current Rates	5,465,766	1,146,996	1,024,664	480,072	366,735	23,579	416,820	119,364	25,830
	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	51.30%
Minimum Adjustment									
Current RC%	105.56%	93.77%	85.45%	85.45%	103.38%	74.36%	103.85%	69.57%	28.70%
Min RC%	85.00%	80.00%	80.00%	80.00%	80.00%	70.00%	70.00%	70.00%	80.00%
Max RC%	115.00%	120.00%	180.00%	180.00%	180.00%	120.00%	120.00%	180.00%	120.00%
2006 Total Revenue	5,465,766	1,146,996	1,024,664	480,072	366,735	23,579	416,820	119,364	25,830
Min Adjustment	-	-	-	-	-	-	-	-	82,184
2006 Min Adjusted Total Revenue	5,465,766	1,146,996	1,024,664	480,072	366,735	23,579	416,820	119,364	108,014
Allocation of Balance	(49,668)	(10,423)	(9,311)	(4,362)	(3,333)	(214)	(3,788)	(1,085)	
2006 Adjusted Total Revenue	5,416,098	1,136,573	1,015,353	475,710	363,402	23,365	413,032	118,279	108,014
2006 Total Revenue %	59.72%	12.53%	11.19%	5.24%	4.01%	0.26%	4.55%	1.30%	1.19%
2012 Total Revenue	6,035,482	1,266,551	1,131,468	530,112	404,961	26,037	460,267	131,806	120,366
less: 2009 Misc. Rev. Projection	557,181	116,925	104,454	48,939	37,385	2,404	42,491	12,168	11,112
2009 Min Adjustment BRR	5,478,301	1,149,626	1,027,014	481,173	367,576	23,633	417,776	119,638	109,254
New BRR%	59.72%	12.53%	11.19%	5.24%	4.01%	0.26%	4.55%	1.30%	1.19%
100% DRR Adjustment									
2012 Total Revenue Current Rates	5,465,766.00	1,146,996.00	1,024,664.00	480,072.00	366,735.00	23,579.00	416,820.00	119,364.00	25,830.00
2012 Total Revenue @ 100% RC	5,177,777.09	1,223,205.75	1,199,071.84	561,784.95	354,730.01	31,708.07	401,349.36	171,584.96	90,011.34
2012 Current Rates Total Revenue %	56.21%	13.28%	13.02%	6.10%	3.85%	0.34%	4.36%	1.86%	0.98%
2012 Total Revenue	5,681,335	1,342,167	1,315,686	616,421	389,229	34,792	440,382	188,272	98,765
less: 2009 Misc. Rev. Projection	557,181	116,925	104,454	48,939	37,385	2,404	42,491	12,168	11,112
2012 100% RC BRR	5,124,154	1,225,242	1,211,232	567,482	351,844	32,388	397,891	176,104	87,653
New BRR %	55.86%	13.36%	13.20%	6.19%	3.84%	0.35%	4.34%	1.92%	0.96%
Actual Applied for RC Ratio									
Actual Applied for RC Ratio	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

53) Ref: E7-T1-S2

Please complete the table below.

Revenue to Cost Ratios				
	Previously Approved Ratios	Status Quo Ratios	Proposed Ratios	Policy Range
Residential	101%	101%	100%	85-115
GS<50	101%	101%	100%	80-120
GS >50-999	101%	101%	100%	80-121
GS>1000-4999	101%	101%	100%	80-122
Large Use	101%	101%	100%	85-115
Unmetered Scattered Load	101%	101%	100%	80-120
Sentinel	101%	101%	100%	80-120
Street Lighting	70%	70%	100%	70-120
Embedded Distributor	101%	101%	100%	

54) Ref: E1-T1-S13 'Host and Embedded Utilities'

Please explain the implication of Hydro One having deregistered meters with the IESO, including:

- a) Is Erie Thames now required to provide meters that were previously provided by Hydro One?
 - ***Yes ETPL is now required to provide metering that were previously provided by Hydro One.***
- b) Does Erie Thames have a larger requirement for working capital because it incurs additional commodity cost for load delivered through the deregistered meters?
 - ***ETPL does have a larger commodity cost for the load delivered to Hydro One service territory and in turn has a larger requirement for working capital.***

55) Ref: E3-T2-S2 p.3 'Customer Forecast'; Cost Allocation Model Updated
Classes, worksheet I 6.2 'Customer Data'

- a) Please confirm that Erie Thames has 121 customers in the Unmetered Scattered Load class, equal to the number of connections shown in the cost allocation model, as distinct from a lower number of customers with 121 connections (i.e. more than one connection per customer).
 - ***121 customer is equal to the number of connections.***
- b) If this is not the case, please provide the number of customers together with the number of bills issued annually by Erie Thames to the customers in this class.
 - ***Not applicable.***

56) Ref: E1-T2-S1 'Embedded Distributor'; Cost Allocation Model Updated
Classes, worksheet O 2 'Fixed Charge'

- a) Please confirm that the ceiling value calculated in the cost allocation model for the Embedded Distributor class in the referenced version is \$100.75, and that this is typical of other versions of the cost allocation model.
- ***The ceiling value calculated in the Cost Allocaiton model is \$100.75 and it is typical for the other versions of the model.***
- b) Is the Embedded Distributor proposed Service Charge \$2,219.86?
- ***The proposed service charge is \$2,219,86.***
- c) If so, please explain the statement in Exhibit 1 that the proposed Service Charge is well within the floor and ceiling rates.
- ***The statement is in error. However the proposed service charge is the same as existing.***

57) Ref: Cost Allocation Model Updated Classes, worksheet I 8 'Demand Data'
and worksheet O 1 'Revenue to Cost'

Erie Thames has input 15,131 kW as the Embedded Distributor's value of LTNC4, i.e. the embedded customer load on line transformers provided by Erie Thames (and not including wholesale meters and not including line transformers belonging to the embedded distributor). This is the same input as for primary voltage lines.

- a) Please confirm whether approximately 20% of the Embedded Distributor class' revenue requirement is caused by the allocation of line transformer costs (in other words, if LTNC4 were input as 0 kW, the class revenue requirement would be decreased by approximately 20%).
 - ***ETPL confirms that approximately 20% of the embedded distributor class' revenue requirement is caused by this input.***
- b) Please confirm that Erie Thames has input an appropriate value for the embedded distributor's load on Erie Thames' line transformers. If not confirmed, please provide information on the proportion of the embedded distributor's load that is carried by line transformers provided by Erie Thames.
 - ***ETPL should not have input this value at LTNC4, the value should be nil.***

58) Ref: Cost Allocation Model Updated Classes, worksheet I 8 'Demand Data'
and worksheet O 1 'Revenue to Cost'

Erie Thames has input that 15,131 kW as the Embedded Distributor's value of SNCP4, i.e. the embedded customer load on lines at secondary voltage.

- a) Please confirm that approximately 30% of the Embedded Distributor class revenue requirement is caused by the allocation of secondary line costs (in other words, if SNCP4 were input as 0 kW, the class revenue requirement would be decreased by approximately 30%).
 - ***ETPL confirms that 30% of the embedded distributor's class revenue requirement is caused by this allocation.***
- b) Please confirm that Erie Thames has input an appropriate value for the embedded distributor's load on Erie Thames' secondary voltage lines. If not confirmed, please provide information on the proportion of the embedded distributor's load that is carried Erie Thames' secondary voltage lines.
 - ***ETPL should not have input this value at SNCP4, the value should be nil.***

59) Ref: Cost Allocation Model Updated Classes

Please provide an updated run of the cost allocation model if the responses to IRs 55 and/or 57 and/or 58 cause a material change to the class revenue requirement of the USL class and /or the Embedded Distributor class,

- ***Please see excel model Board Staff IR#59***

EXHIBIT 8 - RATE DESIGN

60) Ref: E8-T1-S7 and Appendix 2-U

Please explain why the dollar amounts in the revenue reconciliation in E8-T1-S7 differ from those shown in Appendix 2-U.

- ***The amounts shown in Appendix 2-U are calculated excluded Low Voltage rates, while the revenue reconciliation in E8-T1-S7 includes LV rates.***

61) Ref: E8-T1-S1 and Cost Allocation Model Worksheet O.2

Please explain the rationale for increasing the fixed charge for the GS 1000-4999 kW and Large Use classes even though the existing rate is 10 times to 20 times the ceiling as presented in Worksheet O.2.

- ***The Large Use and Threshold class fixed rates billed by Erie Thames to these two classes remains calculated at the same fixed variable split as it has been historically and given the significantly low number of customers in each class this approach helps to protect Erie Thames should a customer stop production which could drastically impact Erie Thames.***

EXHIBIT 9 - DEFERRAL AND VARIANCE ACCOUNTS

62) Ref: E9-T1-S3 & Clinton DVA Continuity Schedule, Account 1588

Based on the December 31, 2010 RRR 2.1.7 filed with the Board, Clinton Power reported \$603,665 for Account 1588. Based on the DVA continuity schedule Clinton Power submitted as part of the evidence for the 2012 CoS application on June 1, the 2.1.7 RRR balance for Account 1588 is \$630,765 (\$999,866 for Account 1588 Power, excluding GA and -\$369,101 for 1588 GA). This generates a discrepancy of \$27,100.

- a) Please reconcile the two RRR balances for Account 1588 and explain the nature of the discrepancy.
- ***The discrepancy of \$27,100 relates to amounts identified in the regulatory asset audit of West Perth Power with lessons learned applied to Clinton Power. Clinton had not filed its historical 1598 True Up filing with the IESO. These filings were completed in December of 2011 and applied retroactively to the balances of Clinton Power's 1588 DVAD. In further discussions after filing The Application Erie Thames has agreed to remove these amounts on a retroactive basis and has included an updated DVAD Model that balances to the RRR balance for account 1588.***

63) Ref: E9-T1-S3, Account 1521

The Board letter of April 23, 2010 regarding the Special Purpose Charge states:

In accordance with section 9 of the SPC Regulation, recovery of your SPC assessment is to be spread over a one-year period, starting from the date on which you begin billing to recover your assessment. The request for disposition of the balance in "Sub-account 2010 SPC Variance" and "Sub-account 2010 SPC Assessment Carrying Charges" should be made after that one-year period has come to an end, and all bills that include amounts on account of that assessment have come due for payment.

- a) Please provide the timing of the completion of the recovery period for Erie Thames, Clinton Power and West Perth Power.
 - ***ETPL, CPC and WPPI completed the recovery of the SPC in June of 2011.***
- b) Please explain why in E9-T1-S3 the principal balance as of Dec 31, 2010 is \$0. Please provide the most recent balance in account 1521, "Sub-account 2010 SPC Variance" for Erie Thames, Clinton Power and West Perth Power.
 - ***ETPL is not requesting disposition of these amounts and therefore did not include it in the application.***
- c) Please explain why in E9-T1-S3 the Interest Amount to Dec 31, 2010 is \$0. Please provide the forecasted carrying charges in "Sub-account 2010 SPC Assessment Carrying Charges" as of April 30, 2012.
 - ***ETPL is not requesting disposition of these amounts and therefore did not include it in the application.***

64) Ref: E9-T1-S3. Account 1592

- a) The Board expects distributors to file for the disposition of account 1592 in their cost of service applications. Please complete and file Appendix 2-T from Chapter 2 of the Filing Requirements published on June 22, 2011 in support of the request to dispose of account 1592 for Erie Thames, Clinton Power and West Perth Power.

- ***Appendix 2-T was filed in the application and applies to each of ETPL, WPPI and CPC.***

- b) Please confirm that the Applicant has followed the December 2010 FAQs accounting guidance regarding Account 1592 sub-account HST/OVAT ITCs. If this is not the case, please explain why it hasn't.

- ***ETPL has not followed the December 2010 FAQ. ETPL has been undergone significant corporate structure, internal systems and staffing changes since its 2009 work interruption and as a result of this volatile period within the corporation ETPL did not track these amounts as required.***

- c) Please confirm that entries have been made to record variances in the sub-account of Account 1592 to cover the period starting from July 1, 2010 until the last month before the new rates take effective, since the new rate would include the HST impacts going forward. If this is not the case, please explain why.

- ***See response to question B above.***

- d) Please confirm that zero amounts will be recorded in Account 1592, sub-account HST/OVAT ITCs for the start of the rate year and forward. If this is not the case, please explain why.

- ***Confirmed.***

- e) Please confirm that only the balance in Account 1592 "Sub-account HST / OVAT ITCs" is requested for disposition, and not the contra account Account 1592 "HST/OVAT Contra Account", which is used only for RRR reporting purposes. If this is not the case, please explain.

- ***Confirmed.***

65) Ref: E9-T1-S3, Method of Disposition

a) Please explain why the determinant for Account 1588 GA disposition rate rider is not based on Non RPP kWh/kW. Please update the GA rate rider calculation based on Non RPP kWh/kW, if applicable.

- ***ETPL allocated the GA disposition utilizing the Non RPP kWh and utilized the wrong billing determinant in error.***

Global Adjustment Disposition			Reg Asset Amnt	Determinant	Rate Rider	
Residential	12.36%	\$	119,275.91	31,616,674	\$ 0.0038	kWh
GS < 50 kW	5.18%	\$	49,999.05	13,253,336	\$ 0.0038	kWh
GS>50 to 999 kW	11.02%	\$	106,351.73	39,648	\$ 2.6824	kW
GS>1000 kW to 4999 kW	27.14%	\$	261,942.74	123,604	\$ 2.1192	kW
Large Use	36.13%	\$	348,715.38	160,146	\$ 2.1775	kW
Sentinel Lighting	0.00%	\$	-	-	\$ -	kW
Street Lights	1.30%	\$	12,539.11	10,730	\$ 1.1686	kW
Embedded	6.85%	\$	66,088.99	23,768	\$ 2.7806	kW
Unmetered	0.03%	\$	295.24	78,260	\$ 0.0038	kWh
Total	100.00%	\$	965,208.15			

66) Ref: E9-T1-S5 – Smart Meters

- a) Please confirm that Erie Thames is seeking approval for its smart meter costs in this application and is proposing to recover smart meter costs through a Smart Meter Disposition Rider (“SMDR”) and Smart Meter Incremental Revenue Requirement Rate Rider.

- ***Confirmed. However ETPL recognizes that the SMIRR needs to be removed from the calculation.***

- b) Does Erie Thames believe that it has, in addition to Guideline G-2008-0002: Smart Meter Funding and Cost Recovery, issued October 22, 2008, complied with the updated guideline, Guideline G-2011-0001: Smart Meter Funding and Cost Recovery – Final Disposition (“Guideline G-2011-0001”), issued on December 15, 2012. Guideline G-2011-0001 sets out the Board’s expectations with respect to applications seeking approval for disposition and recovery of capital and operating costs incurred for smart meter deployment in accordance with Government Regulations. If it has not complied, please explain why it hasn’t.

- ***ETPL believes it has complied with the appropriate government regulations with respect to the deployment of its smart meters.***

- c) Please provide a copy of the letter of attestation from the Fair Commissioner referenced in E9-T1-S5.

- ***Provided as part of this response.***

- d) Please provide a summary of contractual arrangements between Erie Thames and outside suppliers or vendors related to the procurement, deployment, and operating of smart meters and related systems (e.g. for meter reading, Time-of-Use (“TOU”) data management, web presentment, etc.). These contracts may be either completed or ongoing.

- ***Elster was the vendor of choice for procurement.***
- ***Olameter was the vendor of choice for deployment.***
- ***Utilismart was the vendor of choice for operating with respect to meter reading and TOU data management.***
- ***ERTH was the vendor of choice with respect to web presentment through the Harris Application Service Provider model, Testing, System Readiness, MDMR cutover, Business process re-engineering and training.***
- ***A copy of all contracts are included in this response.***

- e) Please indicate if any of these contract arrangements are with affiliated parties. If yes, identify, and also identify the procurement process used and the basis for pricing of such affiliated contracts.

- ***ERTH is the only affiliate utilized to complete the smart metering process and was chosen for its segments based upon the merits of its proposal.***
 - ***A copy of the contract is included in this response.***
- f) Please provide a breakdown of costs for minimum functionality, as defined in O.Reg. 425/06 and in Guideline G-2011-0001 and costs beyond minimum functionality.
- g) Please confirm that at least 90% of the costs related to smart meter deployment and operation for which Erie Thames is seeking recovery in this application have been audited. In the alternative, please explain.
- ***Confirmed.***
- h) For costs beyond minimum functionality, please provide a breakout, with explanation of the need for and reasonableness of these costs beyond minimum functionality, in the three categories of “beyond minimum functionality” costs, as defined in section 3.4 of Guideline G-2011-0001:
- i. Costs for technical capabilities in the smart meters or related communications infrastructure that exceed those specified in O.Reg. 425/06;
 - ii. Costs for deployment of smart meters to customers other than residential and small general service (i.e. Residential and GS < 50 kW customers); and
 - iii. Costs for TOU rate implementation, CIS system upgrades, web presentation, integration with the MDM/R, etc.
- ***ETPL is in the process of reviewing this information and will file it as soon as it becomes available.***

67) Ref: E9-T1-S5 – SMDR

Erie Thames has proposed a uniform SMDR. Per Guideline G-2011-0001 the Board expects that the applicant distributor should address the allocation of costs and propose class-specific SMDRs where suitable data is available.

- a) Please confirm the classes to which Erie Thames is proposing the uniform SMDR would apply.
 - ***The uniform SMDR would apply to the Metered classes of Residential, and GS<50***
- b) A common approach for cost allocation is to do the following:
 - OM&A expenses have been allocated on the basis of the number of meters installed for each class.
 - The Return and Amortization have been allocated on the basis of the capital costs of the meters installed for each class.
 - PILs have been allocated based on the revenue requirement derived for each class before PILs.
 - SMFA revenues and interest on the principal first calculated directly for the Residential and GS < 50 kW classes, with then the residual SMFA revenues and interest collected from other metered customer classes (i.e., GS 50-4999 kW and Large Use) allocated 50:50 to the Residential and GS < 50 kW classes. This approach has been used and approved in some recent cost of service applications, including that for Guelph Hydro's 2012 rates application [EB-2011-0123].

Using the attached spreadsheet taken from Guelph Hydro's draft Rate Order filing, please provide calculations for class-specific SMDRs using a more direct allocation of SMFA revenues. If smart meter deployment is for more than the residential and GS < 50 kW classes, Erie Thames should use a variation of this spreadsheet to account for the fact the smart meter costs and hence an SMDR apply to the GS > 50 kW class in addition to the Residential and GS < 50 kW customer classes. It will also mean that residential SMFA revenues and associated interest are allocated evenly to the three classes. Erie Thames' response should also reflect any and all revisions to Smart Meter Model, Version 2.17 made as a result of Erie Thames' responses to interrogatories.

- ***Please find attached ETPL's response with the completed spreadsheet as Board Staff IR #67.***

68) Ref: E9-T1-S5 – SMIRR

Erie Thames is proposing a uniform SMIRR of \$1.47 per month.

- a) Please explain why Erie Thames is proposing to establish a SMIRR in a cost of service application. Table 2 on pages 10-11 of Guideline G-2011-0001 provides the following description of the SMIRR:

Title	Acronym	Description
Smart Meter Incremental Revenue Requirement Rate Rider	SMIRR	- When smart meter disposition occurs in a stand-alone application, a SMIRR is calculated as the proxy for the incremental change in the distribution rates that would have occurred if the assets and operating expenses were incorporated into the rate base and the revenue requirement. - The SMIRR is calculated as the annualized revenue requirement for the test year for the capital and operating costs for smart meters. - The SMIRR should be calculated as a fixed monthly charge, similar to the SMDR. - The allocation for the SMIRR should generally be the same as for the SMDR. - The SMIRR ceases at the time of the utility's next cost of service application when smart meter capital and operating costs are explicitly incorporated into the rate base and revenue requirement.

- ETPL completed the Smart Meter model with SMIRR in error and an updated model has been included as Board Staff IR#68.***

- b) Does Erie Thames' proposed revenue requirement for the 2012 Test Year include any operating and capital expenditures associated with the installation and operation of Smart Meters? If it does, please state the amounts and identify the expenditure or cost categories in which they are budgeted.

- ETPL's proposed 2012 Test Year revenue requirement does not include any operating or capital expenditures associated with the installation and operation of Smart Meters.***

69) Ref. E1-T2-S4 and E9-T1-S5

Erie Thames states at E1-T2-S4 that additional requirements related to Smart Meters are a contributing factor to the increase in revenue requirement. At E9-T1-S5 Erie Thames proposes to recover Smart Meter costs by way of rate riders.

- a) Are the Smart Meter costs outlined in E9-T1-S5 included in Erie Thames' revenue requirement proposed for 2012?
 - **No costs for smart meters are included in ETPL's revenue requirement proposal for 2012.**
 - **This needs to be corrected as ETPL should have included the smart meter capital costs in the calculation of revenue requirement.**
 - **This adjustment needs to be completed through the course of the application.**
- b) If so, how do they differ from the costs being recovered by way of rate riders?
 - **Not applicable.**
- c) If they are not, please describe what other Smart Meter costs Erie Thames is referring to in E1-T2-S4.
- d) Please specify the classes to which Erie Thames is proposing the uniform SMIRR would apply.
 - **ETPL proposed a SMIRR in error and does not expect that it will be approved as part of rates.**

70) Ref: E9-T1-S1 – Stranded Meters

In E9-T1-S1, Erie Thames states:

In addition to the above deferral and variance accounts requested for disposition, Erie Thames Powerlines is requesting disposition of the balances in the 1555 – Smart Meter Capital (excluding Subaccount- Stranded Meter Cost) and 1556 - Smart Meter OM&A accounts, and inclusion in the rate base. Erie Thames is proposing to defer recovery of stranded meter costs (1555- subaccount Stranded Meter Costs) to a future rate proceeding.

Per sections 3.5 and 4.7 of Guideline G-2001-0001, the expectation is that a distributor will propose a stranded meter rate rider to recover the net book value of conventional meters “stranded” by replacement by conventional meters.

- a) In E9-T1-S5, Erie Thames states that it completed its smart meter deployment by May 1, 2011. Given that stranded meters have been fully replaced and are no longer “used and useful”, what are Erie Thames’ reasons for not proposing a stranded meter rate rider in this cost of service application?
- ***Given that ETPL is attempting to harmonize the rates of ETPL, CPC and WPPI it was decided that as a way to mitigate the impact to the customers that the recovery of the stranded meter costs could be deferred until a later date.***
- b) Please state the audited net book value of stranded meters as of December 31, 2011. If available, please provide this by customer class.
- ***The Audited net book value of the stranded assets is \$813,649.89.***
 - ***A breakdown by customer class is not available.***
- c) Please confirm that stranded meters are not in Erie Thames’ 2012 rate base and are removed from the 2012 Cost Allocation study. In the alternative, please explain Erie Thames’ approach and the reasons for including stranded meters.
- ***Stranded meters are included in 2012 rate base and the 2012, however the stranded meters are not included in the cost allocation study.***
- d) Please provide a proposal for (a) stranded meter rate rider(s), by customer class, to recover the net book value of stranded meters. Please describe the cost allocation methodology employed. Please state the proposed recovery period for the SMRR, taking into account the impacts on the bills of affected customers. Where possible, provide

the supporting derivations and calculations in working Microsoft Excel spreadsheets.

- ***Please see excel model Board Staff IR #71.***

NBV of Stranded Meters	\$813,649.89					
	Customers	Percentage	Allocation \$	Cost Per Customer	2 Year Recovery	
Residential	16,461	89%	\$ 724,129.04	\$ 43.99	\$ 1.83	
GS<50 kW	1,860	10%	\$ 81,822.49	\$ 43.99	\$ 1.83	
GS>50 to 999 kW	175	1%	\$ 7,698.35	\$ 43.99	\$ 1.83	
	18,496	100%	\$813,649.89			
Allocation of the NBV of the Stranded Meters is based on customer counts given the NBV was not tracked by customer class ETPL is proposing to recover the stranded amounts over 2 years.						

71) Ref: Smart Meter Model Version 2.17

On Sheet "2. Smart_Meter_Costs", Erie Thames shows \$8,076 for 2006 and \$73,227 for 2007 for capital costs on row 54, "1.2.1 Collectors" which Erie Thames classifies under the asset class "Tools and Equipment". Erie Thames did not become authorized until at least mid-2008 for discretionary metering activities.

- a) Please explain what these costs in 2006 and 2007 were, and how they are justified as part of Erie Thames' smart meter deployment program.
 - ***The costs for all Smart Meter expenditures were booked in lump sums into account 1555.***
 - ***ETPL is working with its meter department to get a better understanding of all costs with respect to its smart meter project and will provide such analysis once completed.***
- b) Please explain why these costs are classified under "Tools and Equipment".
 - ***See response to A above.***

72) Ref: Smart Meter Model Version 2.17

On Sheet "2. Smart_Meter_Costs", Erie Thames shows \$23,206 for 2008 and (forecasted) \$150,000 for 2012 for capital costs on row 64, "1.3.1 Computer Hardware" for the Advanced Metering Control Computer.

- a) Please explain the costs of \$23,206 in 2008.
 - ***Please see the response to question 71 A above.***
- b) Please explain the costs of \$150,000 forecasted for 2012.
 - ***ETPL has experience significant issues with respect to obtaining information from its third party service provider that maintains the MAS on ETPL's behalf.***
 - ***ETPL has determined the need to purchase a MAS in order to get better control of its meter data to avoid delays in billing and variance between reads.***

73) Ref: Smart Meter Model Version 2.17

On Sheet "2. Smart_Meter_Costs", Erie Thames shows \$155,000 for 2011 for capital costs on row 105 "1.6.3 Costs for TOU rate implementation, CIS system upgrades, web presentation, integration with the MDM/R, etc.".

- a) Please provide a complete description of the costs incurred.
 - ***Please see response to question 71 A above.***
- b) Provide a breakdown of these costs by the categories listed in the description.
 - ***Please see response to question 71 A above.***

74) Ref: Smart Meter Model Version 2.17

On Sheet "2. Smart_Meter_Costs", Erie Thames shows \$221,351 for total OM&A costs on row 148 "2.5.1 Business Process Redesign". This includes an amount of \$185,751 for 2010 alone.

- a) Please provide a full description and justification for the activities undertaken or services received under business process redesign, and how these were necessary and prudent as part of Erie Thames' smart meter program.

- ***Please see response to question 71 A above.***

75) Ref: Smart Meter Model Version 2.17

On Sheet "2. Smart_Meter_Costs", Erie Thames shows \$224,880 for 2010 and \$35,415 for Maintenance costs on row 114 "2.1.1 Maintenance (may include meter reverification costs, etc.)" related to the Advanced Metering Communication Device.

- a) Please provide a full description of the activities undertaken or services received to which these operating and maintenance costs relate.
- ***Please see response to question 71 A above.***

76) Ref: Smart Meter Model, Version 2.17 – Cost of Capital Parameters

Erie Thames has input the following Cost of Capital Parameters on sheet 3 of the Smart Meter Model:

Year	2006	2007	2008	2009	2010	2011	2012 and beyond
Deemed Short-term Debt Rate			4.47%	1.33%	2.07%	2.43%	2.08%
Long-term debt rate	6.25%	6.25%	5.92%	7.62%	5.87%	5.48%	4.41%
Return on Equity (ROE)	9.88%	9.88%	8.57%	8.01%	9.85%	9.66%	9.12%
Return on Preferred Shares							

Board staff observes that these parameters appear generally to correspond with the deemed Cost of Capital parameters issued by the Board for rates set through cost of service applications with rates effective May 1 in each year.

The standard policy and practice is that the Board-approved cost of capital parameters from a cost of service application apply in that year and subsequently until the distributor next rebases its rates through a cost of service application.

Board staff observes:

- In its 2006 EDR application (RP-2005-0020/EB-2005-0361), Erie Thames was approved a deemed debt rate of 7.25% and an ROE of 9.00%; and
 - Erie Thames rebased its rates for the 2008 rate year (EB-2007-0928), with the Board approving the following Cost of Capital parameters:
 - o Short-term debt of 4% of capital structure @ 4.47%
 - o Weighted average long-term debt rate of 5.92%
 - o Return on Equity of 8.57%.
 - West Perth and Clinton, as separate utilities for licensing and rate regulation, rebased their rates in 2010 (EB-2009-0262 for Clinton Power and EB-2009-0121 for West Perth Power), with the following approved:
 - o Short-term debt of 4% of capital structure @ 2.07%
 - o Long-term debt of 56% of capital structure @ 5.87%
 - o Return on Equity of 40% of capital structure @ 9.85%.
- a) Please explain the cost of capital parameters chosen by Erie Thames for each year.

- ***ETPL input the Board approved structure and rates in each year following the 2008 approved amounts.***
- ***ETPL will update the model to incorporate the weighted average in question B below.***

b) In the alternative, please update Erie Thames' Smart Meter Model, and the derived SMDRs and SMIRRs, to reflect the approved Cost of Capital parameters applicable to Erie Thames. For such a scenario, Board staff notes that Erie Thames may have to calculate weighted average rates for each cost of capital parameter to reflect the approved cost of capital parameters for each of Erie Thames' legacy service territory, Clinton and West Perth for each year. Erie Thames should document its methodology and calculations.

- ***ETPL has calculated a weighted average for the 2010 and 2011 cost of capital parameters for the combined Erie Thames Service area as follows below and updated the smart meter model as required.***

2008 ETPL Test Year			2010 CPC Test Year		2010 WPPI Test Year		Weighted Average	
	Deemed	Percentages	Deemed	Percentages	Deemed	Percentages	Deemed	Percentages
Rate Base	\$21,923,880		\$1,812,953		\$2,665,649		\$26,402,482	
Equity Portion	\$10,229,682	46.66%	\$845,924	46.66%	\$1,243,792	46.66%	\$12,319,398	46.66%
Debt Portion Long Term	\$10,817,242	49.34%	\$894,511	49.34%	\$1,315,231	49.34%	\$13,026,985	49.34%
Debt Portion Short Term	\$876,955	4.00%	\$72,518	4.00%	\$106,626	4.00%	\$1,056,099	4.00%
Equity Return	\$876,684	8.57%	\$83,324	9.85%	\$122,513	9.85%	\$1,082,521	8.79%
Debt Return Long Term	\$640,381	5.92%	\$52,508	5.87%	\$77,204	5.87%	\$770,093	5.91%
Debt Return Short Term	\$39,200	4.47%	\$1,501	2.07%	\$2,207	2.07%	\$42,908	4.06%
Proposed Return	\$1,556,264		\$137,332		\$201,925		\$1,895,522	

- 77) Ref: Excel Smart Meter Model, Version 2.17, Sheet 3 – Taxes/PILs Rates
Erie Thames has used the default maximum taxes/PILs rates input on sheet 3, row 40, for the years 2006, 2007, 2008, 2009, 2010, 2011 and 2012 and beyond. These are summarized in the following table:

Year	2006	2007	2008	2009	2010	2011	2012 and beyond
Aggregate Federal and provincial income tax rate	36.12%	36.12%	33.50%	33.00%	31.00%	28.25%	26.25%

- a) Please confirm that these are the tax rates corresponding to the taxes or PILs actually paid by Erie Thames in each of the historical years, and that Erie Thames will pay for 2012. For historical years to 2011, these would be the aggregate rate derived for calculating the taxes/PILs included in the revenue requirement in cost of service applications, or as calculated in taxes/PILs calculations as part of IRM applications for each pre-amalgamated service area. In the alternative, please explain the tax rates input and their derivation.
- ***The Tax rates input at Tab 3 Cost of Service Parameters are derived from Pils tax change workform submitted as part of an IRM proceeding.***
 -

78) Ref: Smart Meter Model Version 2.17, Sheet 3 and E4-T2-S6 –
Depreciation Rates

On sheet 3 of the Smart Meter Model, Erie Thames documents a useful life of 8 years (12.50% depreciation rate) for general equipment, including tools and equipment. On E4-T2-S6, Erie Thames' documents a useful life of 10 years (10% depreciation rate) for classes of equipment, which corresponds with the default useful life and depreciation rate for the general class of tools and equipment as documented in Appendix B of the 2006 Electricity Distribution Rate Handbook.

- a) Please explain Erie Thames' use of an 8 year depreciation rate for tools and equipment in the Smart Meter Model.
- ***ETPL has updated the depreciation rate to 10 years in the excel model Board Staff IR # 68.***

79) Ref: Smart Meter Model Version 2.17, Sheet 8

Please re-run the model zeroing out interest costs for May 2012 and beyond.

- ***ETPL has made the requested adjustment, please see the spreadsheet filed as Board Staff IR #68.***

80) Ref: Smart Meter Model Version 2.17, Sheet 8A

- a) Please explain why Erie Thames has not included the depreciation expense for all months in column L of this sheet, and this data should be available from the account entries for the sub-accounts of Account 1556.
 - ***ETPL has inadvertently left this information out of the model input amortization as interest in the model.***
- b) Please update the Smart Meter Model with the monthly data.
 - ***ETPL has updated the model for both amortization and interest expense and provided the response with the spreadsheet Board Staff IR #68.***

EXHIBIT 10 – LRAM/SSM

81) Ref: E10- T1-S2

Erie Thames has requested a total LRAM claim of \$333,514 for lost revenues from both OPA and Third Tranche CDM programs delivered in 2007, 2008, 2009, and 2010.

- a) Please provide a table that shows the LRAM amounts requested in this application by the year they are associated with and the year the lost revenues took place, divided by rate class within each year. Use the table below as an example and continue for all the years LRAM is requested. Please provide the total LRAM amount in one table, as well as subsequent tables that provides the LRAM amounts by year for Erie Thames, Clinton Power, and West Perth separately.

Table 1 Combined LRAM claims for the Residential rate class

Residential	Years that lost revenues took place								Total
	2005	2006	2007	2008	2009	2010	2011	2012	
2005	\$23	\$70	\$74	\$74	\$73	\$36	\$0	\$0	\$350
2006		\$19,129	\$20,187	\$20,178	\$19,754	\$3,781	\$3,716	\$1,380	\$88,124
2007			\$13,619	\$10,145	\$9,510	\$8,574	\$8,455	\$2,592	\$52,895
2008				\$16,211	\$15,874	\$14,370	\$14,175	\$4,232	\$64,861
2009					\$7,497	\$6,931	\$6,838	\$2,076	\$23,342
2010						\$5,116	\$5,045	\$1,586	\$11,747
Total	\$23	\$19,199	\$33,880	\$46,608	\$52,708	\$38,808	\$38,228	\$11,865	\$241,319

Table 2 Combined LRAM claims for the GS < 50 kW rate class

GS < 50 kW	Years that lost revenues took place								Total
	2005	2006	2007	2008	2009	2010	2011	2012	
2005	\$193	\$530	\$580	\$364	\$357	\$298	\$295	\$234	\$2,850
2006		\$643	\$1,348	\$1,014	\$995	\$995	\$897	\$573	\$6,464
2007			\$536	\$670	\$658	\$549	\$543	\$388	\$3,344
2008				\$2,168	\$2,122	\$1,867	\$1,864	\$550	\$8,571
2009					\$18,026	\$16,551	\$16,542	\$4,856	\$55,975
2010						\$5,519	\$5,490	\$1,670	\$12,678
Total	\$193	\$1,173	\$2,465	\$4,215	\$22,158	\$25,778	\$25,631	\$8,270	\$89,882

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Table 1 Combined LRAM claims for the GS 50 - 999 kW rate class

GS 50 - 999 kW	Years that lost revenues took place								Total
	2005	2006	2007	2008	2009	2010	2011	2012	
2005	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2006		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2007			\$1	\$1	\$1	\$1	\$1	\$0	\$5
2008				\$108	\$106	\$68	\$67	\$22	\$371
2009					\$239	\$154	\$152	\$50	\$596
2010						\$51	\$51	\$17	\$118
Total	\$0	\$0	\$1	\$109	\$346	\$274	\$271	\$89	\$1,090

Table 2 Combined LRAM claims for the unmetered scattered load rate class

Unmetered scattered load	Years that lost revenues took place								Total
	2005	2006	2007	2008	2009	2010	2011	2012	
2005	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2006		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2007			\$0	\$0	\$0	\$0	\$0	\$0	\$0
2008				\$0	\$0	\$454	\$449	\$319	\$1,222
2009					\$0	\$0	\$0	\$0	\$0
2010						\$0	\$0	\$0	\$0
Total	\$0	\$0	\$0	\$0	\$0	\$454	\$449	\$319	\$1,222

Table 3 Former Erie Thames LRAM claims for the Residential rate class

Residential	Years that lost revenues took place								Total
	2005	2006	2007	2008	2009	2010	2011	2012	
2005	\$23	\$70	\$74	\$74	\$73	\$36	\$0	\$0	\$350
2006		\$15,606	\$16,452	\$16,567	\$16,225	\$2,479	\$2,436	\$730	\$70,494
2007			\$11,879	\$8,681	\$8,106	\$7,041	\$6,960	\$2,232	\$44,899
2008				\$13,599	\$13,296	\$11,550	\$11,424	\$3,559	\$53,428
2009					\$5,533	\$4,730	\$4,679	\$1,542	\$16,484
2010						\$4,113	\$4,068	\$1,344	\$9,525
Total	\$23	\$15,676	\$28,405	\$38,922	\$43,233	\$29,950	\$29,567	\$9,406	\$195,181

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Table 1 Former Erie Thames LRAM claims for the GS < 50 kW rate class

GS < 50 kW	Years that lost revenues took place								Total
	2005	2006	2007	2008	2009	2010	2011	2012	
2005	\$193	\$530	\$580	\$364	\$357	\$298	\$295	\$234	\$2,850
2006		\$386	\$851	\$533	\$524	\$437	\$346	\$181	\$3,258
2007			\$536	\$670	\$658	\$549	\$543	\$388	\$3,344
2008				\$1,325	\$1,301	\$1,081	\$1,070	\$353	\$5,130
2009					\$11,108	\$9,276	\$9,174	\$3,030	\$32,589
2010						\$3,791	\$3,749	\$1,238	\$8,779
Total	\$193	\$916	\$1,968	\$2,892	\$13,947	\$15,432	\$15,177	\$5,425	\$55,950

Table 2 Former Erie Thames LRAM claims for the GS 50 - 999 kW rate class

GS 50 - 999 kW	Years that lost revenues took place								Total
	2005	2006	2007	2008	2009	2010	2011	2012	
2005	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2006		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2007			\$1	\$1	\$1	\$1	\$1	\$0	\$5
2008				\$108	\$106	\$68	\$67	\$22	\$371
2009					\$239	\$154	\$152	\$50	\$596
2010						\$51	\$51	\$17	\$118
Total	\$0	\$0	\$1	\$109	\$346	\$274	\$271	\$89	\$1,090

Table 3 Former West Perth LRAM claims for the Residential rate class

Residential	Years that lost revenues took place								Total
	2005	2006	2007	2008	2009	2010	2011	2012	
2005	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2006		\$1,641	\$1,591	\$1,539	\$1,497	\$261	\$250	\$57	\$6,836
2007			\$770	\$738	\$718	\$720	\$691	\$166	\$3,802
2008				\$1,295	\$1,288	\$1,291	\$1,239	\$317	\$5,430
2009					\$593	\$586	\$563	\$139	\$1,882
2010						\$529	\$507	\$126	\$1,161
Total	\$0	\$1,641	\$2,361	\$3,572	\$4,096	\$3,386	\$3,250	\$805	\$19,110

Erie Thames Powerlines Corporation (EB-2012-0121)
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Table 1 Former West Perth LRAM claims for the GS < 50 kW rate class

GS < 50 kW	Years that lost revenues took place								Total
	2005	2006	2007	2008	2009	2010	2011	2012	
2005	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2006		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2007			\$0	\$0	\$0	\$0	\$0	\$0	\$0
2008				\$611	\$594	\$516	\$529	\$131	\$2,381
2009					\$4,956	\$4,955	\$5,073	\$1,257	\$16,241
2010						\$895	\$917	\$227	\$2,039
Total	\$0	\$0	\$0	\$611	\$5,550	\$6,367	\$6,519	\$1,615	\$20,661

Table 2 Former West Perth LRAM claims for the unmetered scattered load rate class

Unmetered scattered load	Years that lost revenues took place								Total
	2005	2006	2007	2008	2009	2010	2011	2012	
2005	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2006		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2007			\$0	\$0	\$0	\$0	\$0	\$0	\$0
2008				\$0	\$0	\$454	\$449	\$319	\$1,222
2009					\$0	\$0	\$0	\$0	\$0
2010						\$0	\$0	\$0	\$0
Total	\$0	\$0	\$0	\$0	\$0	\$454	\$449	\$319	\$1,222

Table 3 Former Clinton LRAM claims for the Residential rate class

Residential	Years that lost revenues took place								Total
	2005	2006	2007	2008	2009	2010	2011	2012	
2005	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2006		\$1,882	\$2,144	\$2,072	\$2,033	\$1,041	\$1,030	\$594	\$10,795
2007			\$970	\$726	\$687	\$813	\$804	\$194	\$4,194
2008				\$1,317	\$1,291	\$1,528	\$1,512	\$356	\$6,004
2009					\$1,370	\$1,614	\$1,597	\$395	\$4,976
2010						\$474	\$469	\$116	\$1,060
Total	\$0	\$1,882	\$3,114	\$4,115	\$5,380	\$5,471	\$5,411	\$1,655	\$27,028

Table 1 Former Clinton LRAM claims for the GS < 50 kW rate class

GS < 50 kW	Years that lost revenues took place								Total
	2005	2006	2007	2008	2009	2010	2011	2012	
2005	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2006		\$257	\$497	\$480	\$471	\$557	\$551	\$391	\$3,206
2007			\$0	\$0	\$0	\$0	\$0	\$0	\$0
2008				\$231	\$227	\$269	\$266	\$66	\$1,059
2009					\$1,962	\$2,320	\$2,295	\$569	\$7,146
2010						\$833	\$824	\$204	\$1,860
Total	\$0	\$257	\$497	\$712	\$2,661	\$3,979	\$3,935	\$1,230	\$13,271

- b) Please discuss if Erie Thames is requesting carrying charges.
- ***ETPL is requesting carrying charges on its LRAM claims, but not on its SSM claims.***
- c) If Erie Thames is requesting carrying charges, please provide a table that shows the monthly LRAM balances, the Board-approved carrying charge rate and the total carrying charges by month for the duration of this LRAM request to support your request for carrying charges. Use the table below as an example:

Table 1. Breakdown of carrying charges

Year	Quarter	Quarterly lost revenue	Closing Balance	Quarterly board-approved carrying charge rate	Carrying charges \$
2005	Q1	\$11	\$11	1.56%	\$0.17
2005	Q2	\$34	\$45	1.56%	\$0.70
2005	Q3	\$56	\$101	1.56%	\$1.57
2005	Q4	\$78	\$179	1.56%	\$2.79
2006	Q1	\$4,245	\$4,424	1.56%	\$69
2006	Q2	\$4,355	\$8,779	1.04%	\$91
2006	Q3	\$4,465	\$13,244	1.15%	\$152
2006	Q4	\$4,576	\$17,820	1.15%	\$204
2007	Q1	\$8,106	\$25,926	1.15%	\$298
2007	Q2	\$8,166	\$34,092	1.15%	\$391
2007	Q3	\$8,225	\$42,317	1.15%	\$486
2007	Q4	\$8,285	\$50,602	1.29%	\$650
2008	Q1	\$11,985	\$62,587	1.29%	\$804
2008	Q2	\$11,989	\$74,576	1.02%	\$761
2008	Q3	\$11,992	\$86,568	0.84%	\$725
2008	Q4	\$11,996	\$98,564	0.84%	\$825
2009	Q1	\$18,207	\$116,771	0.61%	\$715
2009	Q2	\$18,207	\$134,978	0.25%	\$337
2009	Q3	\$18,207	\$153,184	0.14%	\$211
2009	Q4	\$18,207	\$171,391	0.14%	\$236
2010	Q1	\$15,926	\$187,316	0.14%	\$258
2010	Q2	\$15,926	\$203,242	0.14%	\$279
2010	Q3	\$15,926	\$219,168	0.22%	\$488
2010	Q4	\$15,926	\$235,093	0.30%	\$705
2011	Q1	\$15,920	\$251,013	0.37%	\$922
2011	Q2	\$15,920	\$266,934	0.37%	\$981
2011	Q3	\$15,920	\$282,854	0.37%	\$1,039
2011	Q4	\$15,920	\$298,775	0.37%	\$1,098
2012	Q1	\$20,449	\$319,223	0.49%	\$1,564
Total		\$319,223			\$14,290

- d) Please confirm that the programs contributing to the SSM amount all received approval from the Board through the Third Tranche CDM period. If any OPA or unapproved programs have been included in the calculation, please provide an updated SSM amount that does not include these programs.

- ***ETPC is claiming SSM on all Third Tranche programs that were included in its Board-approved CDM plan filed***

November 29, 2004. Among these programs was the Residential Co-branded Mass Market Program, which included measures addressed by Every Kilowatt Counts. As reported in the 2006 Third Tranche Funding Program Annual Report, The Every Kilowatt Counts (EKC) spring and fall coupon programs were an excellent opportunity for ETPC to partner with other LDCs and the OPA to deliver a consistent program to almost every electricity user in the province of Ontario. This program in 2006 and 2007 pre-dates the introduction of specific OPA programs, funded and incented by the OPA, and ETPC costs associated with this program were paid from third-tranche funds, and results of the program were reported in the CDM Third Tranche Funding Annual Report.

- ***ETPC and the former West Perth and Clinton's corporate names and logos were prominently featured on all EKC communications with customers. At the time of these programs, OPA was an unknown entity to most customers, whereas these LDCs were well known and respected. Studies of customer responses to conservation initiatives have demonstrated the importance of customer recognition and trust of the agency seeking their involvement – no doubt that is why OPA sought out LDCs as partners, and made use of their name recognition.***
- ***ETPC's participation in the program was thus central to the effective implementation of the program within ETPC's service area. ETPC is therefore entitled to claim an SSM for the program. This is consistent with the advice in the 2008 Guidelines which state (p.vii) that: "In most cases, the attribution rate will be 1.0, indicating that the distributor should claim in its TRC calculation all of the benefits associated with the CDM program."***
- ***The program design was changed in 2008 and ETPC's participation was not integral to the program, and therefore no SSM is claimed on net benefits from the 2008 program and onwards.***
- ***SSM claims for 2006 and 2007 EKC programs have been requested and approved for other LDCs, including but not limited to Burlington Hydro Inc. (EB-2009-0259), Hydro One Brampton (EB-2010-0132), and Peterborough Distribution Inc. (EB-2011-0194) for the same reasons articulated above.***

82) Ref: E10- T1- S2 & Conservation and Demand Management ("CDM")
Guidelines for Electricity Distributors (EB-2012-0003), Section 13.4

The Board's CDM Guidelines note at Section 13.4 on page 13 that:

"At a minimum, distributors must apply for disposition of the balance in the LRAMVA at the time of their Cost of Service rate applications. Distributors may apply for the disposition of the balance in the LRAMVA on an annual basis, as part of their Incentive Regulation Mechanism rate application, if the balance is deemed significant by the applicant."

Board staff acknowledges that the final, verified results for Erie Thames' 2011 OPA-Contracted Province-Wide CDM programs are not currently available.

- a) Does Erie Thames plan to update its evidence to identify and/or seek disposition of variances between the final results of its 2011 CDM programs and the CDM savings reflected in Erie Thames' 2008 load forecast for the 2011 rate year in this proceeding after it has received the final results from the OPA?

- ***ETPL does not plan to update the evidence to seek disposition of variances between the final results of its 2011 CDM programs and the savings reflected 2008 load forecast.***

- b) What is Erie Thames' plan for disposing of its LRAMVA in future applications?

- ***ETPL has not made a decision for disposing of its LRAMVA in future applications. Depending upon the amount of the variance ETPL may seek disposition in a future application in accordance with Board guidelines.***

EXHIBIT 11- MITIGATION PLAN

83) Ref: E11-T1-S3

Are there any General Service > 50 -999kW Use customers in the former Clinton service area who will be impacted by the increase from \$42.44 to \$226.60 in the monthly service charge?

- ***17 customers will be impacted by this increase***

84) Ref: E11-T1-S2

Please explain why Erie Thames used a fixed monthly charge (applied to other-than-Clinton Power customers) rather than a variable rate (kW or kWh) charge or combination of the two in its mitigation plan

- ***ETPL chose a fixed monthly charge rather than a variable rate for simplicity of calculation and implementation, however ETPL is willing to calculate any rate to mitigate impacts to Clinton customers on a variable basis at the final rate order stage.***