

Hydro Ottawa Limited  
3025 Albion Road North, PO Box 8700  
Ottawa, Ontario K1G 3S4  
Tel.: (613) 738-6400  
Fax: (613) 738-6403  
www.hydroottawa.com

Hydro Ottawa limitée  
3025, chemin Albion Nord, C.P. 8700  
Ottawa (Ontario) K1G 3S4  
Tél. : (613) 738-6400  
Télec. : (613) 738-6403  
www.hydroottawa.com



September 17, 2012

Kirsten Walli, Board Secretary  
Ontario Energy Board  
P.O. Box 2319  
2300 Yonge Street, 27<sup>th</sup> Floor  
Toronto ON M4P 1E4

Dear Ms. Walli,

Re: EB-2012-0138 - Hydro Ottawa Limited 2013 IRM Rate Application

Please find enclosed two (2) copies of Hydro Ottawa Limited's Responses to Board Staff's Interrogatories related to the 2013 IRM Rate Application (EB-2012-0138).

Should you have any questions, please contact the undersigned at (613) 738-5499 ext 7499 or via email at [janescott@hydroottawa.com](mailto:janescott@hydroottawa.com).

Yours truly,

*Original signed by*

Jane Scott  
Manager, Rates and Revenue



## Interrogatory

### 1. Account 1590 – Recovery of Regulatory Asset Balances

Ref: Rate Generator Model

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

Account Descriptions	Account Number	2012				Projected Interest on Dec-31-11 Balances		2.1.7 RRR	Variance 2011 vs. 2012 Balance (Principal + Interest)
		Principal Disposition during 2012 - instructed by Board	Interest Disposition during 2012 - instructed by Board	Closing Principal Balances as of Dec 31-11 Adjusted for Dispositions during 2012	Closing Interest Balances as of Dec 31-11 Adjusted for Dispositions during 2012	Projected Interest from Jan 1, 2012 to December 31, 2012 on Dec 31-11 balance adjusted for disposition during 2012 <sup>1</sup>	Projected Interest from January 1, 2013 to April 30, 2013 on Dec 31-11 balance adjusted for disposition during 2012 <sup>1</sup>		
<b>Group 1 Accounts</b>									
LV Variance Account	1550			(1,026,964)	(5,819)	(15,067)		(1,046,841)	(1,831,771)
RSVA - Wholesale Market Service Charge	1580			(7,789,681)	(63,054)	(114,214)		(7,946,950)	(7,832,736)
RSVA - Retail Transmission Network Charge	1584			776,426	6,260	11,413		794,099	782,686
RSVA - Retail Transmission Connection Charge	1586			(1,220,009)	(11,903)	(17,555)		(1,245,919)	(1,232,902)
RSVA - Power - (excluding Global Adjustment)	1588			(7,489,597)	243,354	(110,103)		(7,356,737)	(7,245,034)
RSVA - Power - Sub-account - Global Adjustment	1588			(5,192,002)	(22,806)	(76,322)		(5,291,131)	(5,214,809)
Recovery of Regulatory Asset Balances	1590			(405,064)	(3,621)	(5,954)		(414,640)	(408,637)
Disposition and Recovery/Refund of Regulatory Balances (2008) <sup>2</sup>	1595			0	0	0		0	0
Disposition and Recovery/Refund of Regulatory Balances (2009) <sup>3</sup>	1595			0	0	0		0	0
Disposition and Recovery/Refund of Regulatory Balances (2010) <sup>4</sup>	1595			0	0	0		0	0
Group 1 Sub-Total (including Account 1588 - Global Adjustment)		0	0	(22,325,362)	141,429	(328,183)	0	(22,512,116)	(22,183,956)
Group 1 Sub-Total (excluding Account 1588 - Global Adjustment)		0	0	(17,133,360)	164,236	(251,961)	0	(17,221,085)	(16,969,147)
RSVA - Power - Sub-account - Global Adjustment	1588	0	0	(5,192,002)	(22,806)	(76,322)	0	(5,291,131)	(5,214,809)
Deferred Payments in Lieu of Taxes	1562			0	0	0	0	0	0
<b>Total of Group 1 and Account 1562</b>		0	0	(22,325,362)	141,429	(328,183)	0	(22,512,116)	(22,183,956)
<b>Special Purpose Charge Assessment Variance Account<sup>5</sup></b>	1521			(172)	0	(3)	(6)	(175)	(172)
<b>LRAM Variance Account</b>	1568			0	0	0	0	0	0
<b>Total including Accounts 1562, 1521 and 1568</b>		0	0	(22,325,534)	141,429	(328,186)	(6)	(22,512,311)	(22,184,128)

Board staff notes that the amount provided for “Recovery of Regulatory Asset Balances” (account 1590) in the “2.1.7 RRR” column is (\$408,487).

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

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

## Response

In the update to Hydro Ottawa’s 2.1.7 trial balance filed on August 17, 2012, the (\$10,016,771) shown for account 1590 was transferred to account 1595. Also in the Q1 filing for 2.1.1 the (\$408,487) was moved to 1595. Therefore it would be correct for Board staff to set cell BS30 equal to \$405,064, cell BX equal to \$3,621 and cell CG30



- 1 equal to \$0. This would revise the total Deferral and Variance balances to be cleared to
- 2 (\$22,097,671).
- 3



## Interrogatory

### 2. Loss Factor and Loss Adjusted Billed kWh

Ref: RTSR Model

Ref: Rate Generator Model

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

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

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

### LOSS FACTORS

If the distributor is not capable of prorating changed loss factors jointly with distribution rates, the revised loss factors will be implemented upon the first subsequent billing for each billing cycle.

Total Loss Factor – Secondary Metered Customer < 5,000 kW	1.0358
Total Loss Factor – Secondary Metered Customer > 5,000 kW	1.0170
Total Loss Factor – Primary Metered Customer < 5,000 kW	1.0254
Total Loss Factor – Primary Metered Customer > 5,000 kW	1.0069

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



1 a) Please indicate if the 1.0344 input is an error and if so, Board staff will make the  
2 necessary correction.

3  
4 b) Please indicate whether the billing determinants (kWh) reported by Hydro Ottawa  
5 in the 2.1.5 RRR are Metered kWh or Billed kWh.

6  
7 **Response**

8  
9 a) Sheet “4. RRR Data” from the Retail Transmission Service Rates (“RTSR”)  
10 Model directs utilities to ‘enter the most recent reported RRR billing determinants’  
11 and the ‘applicable loss factor’. The most recent reported RRR billing  
12 determinants were for 2011. In 2011 the “Total Loss Factor – Secondary  
13 Metered Customer < 5,000 kW” was 1.0344. The information provided in Sheet  
14 “10. Other Charges & LF” of the Rate Generator Model refers to the loss factors  
15 for 2012 going forward. No correction is necessary. The change in loss factors  
16 was approved as part of Hydro Ottawa Limited’s approved 2012 Distribution Rate  
17 Application (EB-2011-0054).

18  
19 b) The billing determinants (kWh) reported by Hydro Ottawa in the 2.1.5 RRR are a  
20 proxy for metered kWh, in that they represent billed – unbilled from previous  
21 month + unbilled from current month.  
22



1 **Interrogatory**

2  
3 **3. Sharing of Tax Changes**

4  
5 Ref: Manager's Summary (Section 6.0)

6  
7 Board staff notes that the Manager's Summary states that the Tax Savings Work Form  
8 has been partially completed because "Total Tax Related Amounts in 2013 will be higher  
9 than 2012 and therefore no tax sharing is required".

10 Board staff further notes that the filing requirements<sup>1</sup> stat that the amounts resulting  
11 from the calculated annual tax changes "will be collected from or refunded to customers  
12 each year".

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

15  
16 **Response**

- 17  
18 a) Chapter 3, Section 2.5 of the Ontario Energy Board Filing Requirements for  
19 Transmission and Distribution Applications, revised on June 28, 2012, does  
20 state that the calculated annual tax changes over the plan term will be  
21 collected from or refunded to customers through a volumetric rate rider.  
22 However, Appendix C of the same Filing Requirements also states  
23 "Occasionally, the calculated rate adders or rate riders for one or more  
24 rate classes may be negligible. In the event where the calculation of one  
25 or more rate adder or rate rider results in volumetric rate riders of  
26 \$(0.0000) when rounded to the fourth decimal place, , or are negligible the  
27 entire Board-approved amount for recovery or refund shall be recorded in  
28 a USoA account to be determined by the Board for disposition in a future  
29 rate setting."<sup>1</sup>

---

1

[http://www.ontarioenergyboard.ca/OEB/\\_Documents/Regulatory/Filing\\_Requirements\\_Tx\\_Dx\\_Applications\\_20120628.pdf](http://www.ontarioenergyboard.ca/OEB/_Documents/Regulatory/Filing_Requirements_Tx_Dx_Applications_20120628.pdf)  
Chapter 3, Section 2.5



1           As can be seen in the revised Shared Tax Savings Model attached to the  
2           response to Board Staff Interrogatory #4 below, the calculated Distribution  
3           Volumetric kWh Rate Rider to be collected from customers, when rounded  
4           to the fourth decimal place, is \$0.0000. If directed, Hydro Ottawa will  
5           record the \$71,225 to be recovered in a USoA account to be determined  
6           by the Board for disposition in a future rate setting, however in light of the  
7           fact that the amount is *de minimus*, we would prefer not do this.  
8



## Interrogatory

### 4. Shared Tax Savings Model

Ref: Shared Tax Savings Model

Ref: Rate Generator Model

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

Last COS Re-based Year was in 2012

Rate Group	Rate Class	Fixed Metric	Vol Metric	Re-based Billed Customers or Connections A	Re-based Billed kWh B	Re-based Billed kW C	Rate ReBal Base Service Charge D	Rate ReBal Base Distribution Volumetric Rate kWh E	Rate ReBal Base Distribution Volumetric Rate kW F
RES	Residential	Customer	kWh						
GSLT50	General Service Less Than 50 kW	Customer	kWh						
GSGT50	General Service 50 to 999 kW	Customer	kWh						
LIU	Large Use > 5000 kW	Customer	kWh						
SL	Street Lighting	Connection	kWh						
NA	Rate Class 6	NA	NA						
NA	Rate Class 7	NA	NA						
NA	Rate Class 8	NA	NA						

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

#### Rate Class Classification

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

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

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





1   **Response**

- 2       a) It is correct that not all of the rate classes are shown in Sheet "3. Re-Based Bill  
3       Det & Rates" from the Shared Tax Savings Model.
- 4       b) Please see the revised Shared Tax Savings Model with the missing rate classes  
5       shown and Columns A through F populated.
- 6



Version 1.0

Utility Name	Hydro Ottawa Limited
Assigned EB Number	EB-2012-0138
Name and Title	Jane Scott, Manager Rates & Revenue
Phone Number	613 738-5499 ext 7499
Email Address	janescott@hydroottawa.com
Date	19-Sep-12
Last COS Re-based Year	2012

**Note:** Drop-down lists are shaded blue; Input cells are shaded green.

*This Workbook Model is protected by copyright and is being made available to you solely for the purpose of filing your IRM application. You may use and copy this model for that purpose, and provide a copy of this model to any person that is advising or assisting you in that regard. Except as indicated above, any copying, reproduction, publication, sale, adaptation, translation, modification, reverse engineering or other use or dissemination of this model without the express written consent of the Ontario Energy Board is prohibited. If you provide a copy of this model to a person that is advising or assisting you in preparing the application or reviewing your draft rate order, you must ensure that the person understands and agrees to the restrictions noted above.*

*While this model has been provided in Excel format and is required to be filed with the applications, the onus remains on the applicant to ensure the accuracy of the data and the results.*



## **3<sup>RD</sup> Generation Incentive Regulation Shared Tax Savings Model for 2013 Filers**

- 1. Info**
- 2. Table of Contents**
- 3. Re-Based Billing Determinants and Rates**
- 4. Re-Based Revenue from Rates**
- 5. Z-Factor Tax Changes**
- 6. Calculation of Tax Change Variable Rate Rider**



Enter your 2012 Base Monthly Fixed Charge and Distribution Volumetric Charge into columns labeled "Rate ReBal Base Service Charge" and "Rate ReBal Base Distribution Volumetric Rate kWh/kW" respectively.

**Last COS Re-based Year was in 2012**

Rate Group	Rate Class	Fixed Metric	Vol Metric	Re-based Billed Customers or Connections A	Re-based Billed kWh B	Re-based Billed kW C	Rate ReBal Base Service Charge D	Rate ReBal Base Distribution Volumetric Rate kWh E	Rate ReBal Base Distribution Volumetric Rate kW F
RES	Residential	Customer	kWh	280,901	2,282,535,000		9.32	0.0226	
GSLT50	General Service Less Than 50 kW	Customer	kWh	23,636	770,026,000		16.11	0.0202	
GSGT50	General Service 50 to 1,499 kW	Customer	kW	3,340		7,404,277	251.21		3.4376
GSGT50	General Service 1,500 to 4,999 kW	Customer	kW	71		1,719,678	4,039.33		3.3601
LU	Large Use	Customer	kW	11		1,187,623	14,699.82		3.1907
USL	Unmetered Scattered Load	Connection	kWh	3,093	17,395,000		4.26	0.0211	
SB	Standby Power - APPROVED ON AN INTERIM BASIS	Connection	kW	2		86,400	117.90		1.4433
Sen	Sentinel Lighting	Connection	kW	73		221	2.52		9.6661
SL	Street Lighting	Connection	kW	55,546		121,500	0.54		3.8523
NA	Rate Class 10	NA	NA						
NA	Rate Class 11	NA	NA						
NA	Rate Class 12	NA	NA						
NA	Rate Class 13	NA	NA						
NA	Rate Class 14	NA	NA						
NA	Rate Class 15	NA	NA						
NA	Rate Class 16	NA	NA						
NA	Rate Class 17	NA	NA						
NA	Rate Class 18	NA	NA						
NA	Rate Class 19	NA	NA						
NA	Rate Class 20	NA	NA						
NA	Rate Class 21	NA	NA						
NA	Rate Class 22	NA	NA						
NA	Rate Class 23	NA	NA						
NA	Rate Class 24	NA	NA						
NA	Rate Class 25	NA	NA						



Calculating Re-Based Revenue from rates. No input required.

**Last COS Re-based Year was in 2012**

Rate Class	Re-based Billed Customers or Connections A	Re-based Billed kWh B	Re-based Billed kW C	Rate ReBal Base Service Charge D	Rate ReBal Base Distribution Volumetric Rate kWh E	Rate ReBal Base Distribution Volumetric Rate kW F	Service Charge Revenue G = A * D * 12	Distribution Volumetric Rate Revenue kWh H = B * E	Distribution Volumetric Rate Revenue kW I = C * F	Revenue Requirement from Rates J = G + H + I
Residential	280,901	2,282,535,000	0	9.32	0.0226	0.0000	31,415,968	51,585,291	0	83,001,259
General Service Less Than 50 kW	23,636	770,026,000	0	16.11	0.0202	0.0000	4,569,312	15,554,525	0	20,123,837
General Service 50 to 1,499 kW	3,340	0	7,404,277	251.21	0.0000	3.4376	10,068,497	0	25,452,943	35,521,439
General Service 1,500 to 4,999 kW	71	0	1,719,678	4,039.33	0.0000	3.3601	3,441,509	0	5,778,290	9,219,799
Large Use	11	0	1,187,623	14,699.82	0.0000	3.1907	1,940,376	0	3,789,349	5,729,725
Unmetered Scattered Load	3,093	17,395,000	0	4.26	0.0211	0.0000	158,114	367,035	0	525,149
Standby Power - APPROVED ON AN INT	2	0	86,400	117.90	0.0000	1.4433	2,830	0	124,701	127,531
Sentinel Lighting	73	0	221	2.52	0.0000	9.6661	2,208	0	2,136	4,344
Street Lighting	55,546	0	121,500	0.54	0.0000	3.8523	359,938	0	468,054	827,993
							51,958,751	67,506,851	35,615,473	155,081,075



This worksheet calculates the tax sharing amount.

Step 1: Press the Update Button (this will clear all input cells and reveal your latest cost of service re-basing year).

Step 2: In the green input cells below, please enter the information related to the last Cost of Service Filing.

### Summary - Sharing of Tax Change Forecast Amounts

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

220000

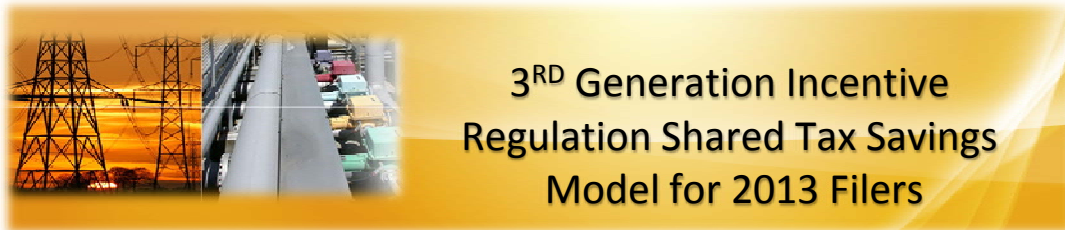
#### 1. Tax Related Amounts Forecast from Capital Tax Rate Changes

	2012	2013
Taxable Capital	\$ -	\$ -
Deduction from taxable capital up to \$15,000,000	\$ -	\$ -
Net Taxable Capital	\$ -	\$ -
Rate	0.000%	0.000%
Ontario Capital Tax (Deductible, not grossed-up)	\$ -	\$ -

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

	2012	2013
Regulatory Taxable Income	\$ 17,874,948	\$ 17,874,948
Corporate Tax Rate	26.06%	26.50%
Tax Impact	\$ 4,438,573	\$ 4,516,861
<b>Grossed-up Tax Amount</b>	<b>\$ 6,002,939</b>	<b>\$ 6,145,389</b>

Tax Related Amounts Forecast from Capital Tax Rate Changes	\$ -	\$ -
Tax Related Amounts Forecast from Income Tax Rate Changes	\$ 6,002,939	\$ 6,145,389
<b>Total Tax Related Amounts</b>	<b>\$ 6,002,939</b>	<b>\$ 6,145,389</b>
Incremental Tax Savings		\$ 142,451
Sharing of Tax Savings (50%)		\$ 71,225



This worksheet calculates a tax change volumetric rate rider. No input required. The outputs in column Q and S are to be entered into Sheet 11 "Proposed Rates" of the 2013 IRM Rate Generator Model. Rate description should be entered as "Rate Rider for Tax Change".

Rate Class	Total Revenue \$ by Rate Class A	Total Revenue % by Rate Class B = A / \$H	Total Z-Factor Tax Change\$ by Rate Class C = \$I * B	Billed kWh D	Billed kW E	Distribution Volumetric Rate kWh Rate Rider F = C / D	Distribution Volumetric Rate kW Rate Rider G = C / E
Residential	\$83,001,258.8400	53.52%	\$38,121	#####	0	\$0.0000	
General Service Less Than 50 kW	\$20,123,837	12.98%	\$9,242	770,026,000	0	\$0.0000	
General Service 50 to 1,499 kW	\$35,521,439	22.91%	\$16,314	0	7,404,277		\$0.0022
General Service 1,500 to 4,999 kW	\$9,219,799	5.95%	\$4,234	0	1,719,678		\$0.0025
Large Use	\$5,729,725	3.69%	\$2,632	0	1,187,623		\$0.0022
Unmetered Scattered Load	\$525,149	0.34%	\$241	17,395,000	0	\$0.0000	
Standby Power - APPROVED ON AN INTERIM B.	\$127,531	0.08%	\$59	0	86,400		\$0.0007
Sentinel Lighting	\$4,344	0.00%	\$2	0	221		\$0.0090
Street Lighting	\$827,993	0.53%	\$380	0	121,500		\$0.0031
	<b>\$155,081,075</b> H	<b>100.00%</b>	<b>\$71,225</b> I				



## Interrogatory

### 5. Taxable Capital and Regulatory Taxable Income

Ref: Shared Tax Savings Model

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

<b>Summary - Sharing of Tax Change Forecast Amounts</b>		
For the 2012 year, enter any Tax Credits from the Cost of Service Tax Calculation (Positive #)	220000	
<b>1. Tax Related Amounts Forecast from Capital Tax Rate Changes</b>	<b>2012</b>	<b>2013</b>
Taxable Capital	\$ -	\$ -
Deduction from taxable capital up to \$15,000,000	\$ -	\$ -
Net Taxable Capital	\$ -	\$ -
Rate	0.000%	0.000%
Ontario Capital Tax (Deductible, not grossed-up)	\$ -	\$ -
<b>2. Tax Related Amounts Forecast from Income Tax Rate Changes</b>	<b>2012</b>	<b>2013</b>
Regulatory Taxable Income	\$ 17,875,516	\$ 17,875,516
Corporate Tax Rate	26.06%	26.50%
Tax Impact	\$ 4,438,573	\$ 4,517,012
<b>Grossed-up Tax Amount</b>	<b>\$ 6,003,036</b>	<b>\$ 6,145,594</b>
Tax Related Amounts Forecast from Capital Tax Rate Changes	\$ -	\$ -
Tax Related Amounts Forecast from Income Tax Rate Changes	\$ 6,003,036	\$ 6,145,594
Total Tax Related Amounts	\$ 6,003,036	\$ 6,145,594
Incremental Tax Savings		\$ 142,558
Sharing of Tax Savings (50%)		\$ 71,279

Board staff notes that the "Regulatory Taxable Income" provided in the 2012 column is \$17,875,516 whereas the amount provided in Hydro Ottawa's rate order<sup>2</sup> related to its 2012 cost-of-service rate application is \$17,874,948.

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





- 1 a) If this is an error, Board staff requests Hydro Ottawa to make the necessary  
2 correction in the revised Shared Tax Savings Model mentioned in interrogatory  
3 #4.  
4 b) If applicable, Board staff will input the resulting Shared Tax Savings rate riders in  
5 the Rate Generator Model.  
6

7 **Response**

- 8 a) Hydro Ottawa has made the necessary correction in the revised Shared Tax  
9 Savings Model attached to the response to Board Staff interrogatory #4.  
10 b) Not Applicable as explained in the response to Board Staff interrogatory #3.