



September 25, 2012
Sent by courier, email, and RESS

Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge St.
Suite 2700, P.O. Box 2319
Toronto, Ontario
M4P 1E4

Dear Ms. Walli:

**Re: OEB File No. EB-2012-0128
Guelph Hydro Electric Systems Inc. ("Guelph Hydro")
2013 Electricity Distribution Rate Application**

In accordance with the Notice of Application and Hearing, please find attached Guelph Hydro's responses to Board Staff Interrogatories in the above proceeding.

As a result of the Board Staff's interrogatories, Guelph Hydro has updated its 2013 IRM Rate Generator and submitted it in electronic version as Appendix 1 (Guelph_BrdStaff_IRR_4_Rate Gen model_20120925.xls).

The scope of the update covers the following:

1. Rate Generator model - Tab 4 – Current Tariff Schedule – cell B55 – to correct the rate rider description (please see IRR#4);
2. Rate Generator model – Tab 5 – 2013 Continuity Schedule – to correct the 1550, 1580, 1584, 1586, 1588, and 1590 account balances (please see IRR#5 (a));
3. Rate Generator model – Tab 11 – Proposed Rates – cell I310 – to update the microFIT Fixed Monthly Charge according to the Board's letter issued on September 20, 2012.

Instructions for updating copies of pre-filed evidence are provided as Attachment B to this letter.

The updates to the Rate Generator model do not change the proposed 2013 Tariff of Rates and Charges or the Bill Impact filed on July 24, 2012.



In addition, Guelph Hydro has filed an electronic version of its Board-approved Load Forecast in the 2012 Cost of Service application (file number EB-2011-0123) as Appendix 1 - Guelph_BrdStaff_IRR_1_Board Approved Load Forecast_20120925.xls.

Should there be any questions, please do not hesitate to contact me.

Respectfully Submitted,

A handwritten signature in blue ink, appearing to read "Cristina Birceanu", with a long horizontal flourish extending to the right.

Cristina Birceanu

Manager of Regulatory Affairs
Guelph Hydro Electric Systems Inc.

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Guelph, ON N1G 4Y1
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EB-2012-0128 - Guelph Hydro Electricity Systems Inc.

2013 Electricity Distribution Rate Application - Attachment B, Update Instructions

<u>Updates</u>				Filed on July 24, 2012	Updated
Rate Generator Model	Tab 4	Current Tariff Schedule	Cell B55	Rate Rider for Disposition of PILs Deferral/Variance Account - Effective until March 31, 2016	Rate Rider for Disposition of Post Retirement Actuarial Gain - Effective until March 31, 2025
Rate Generator Model	Tab 5	2013 Continuity Schedule	Cell BN24	(42,994)	(38,061)
Rate Generator Model	Tab 5	2013 Continuity Schedule	Cell BN25	(1,522,944)	(1,724,383)
Rate Generator Model	Tab 5	2013 Continuity Schedule	Cell BN26	591,233	550,443
Rate Generator Model	Tab 5	2013 Continuity Schedule	Cell BN27	1,209,472	994,173
Rate Generator Model	Tab 5	2013 Continuity Schedule	Cell BN28	(5,540,982)	(729,327)
Rate Generator Model	Tab 5	2013 Continuity Schedule	Cell BN29	3,963,278	586,626
Rate Generator Model	Tab 5	2013 Continuity Schedule	Cell BV40	16,931	16,929
Rate Generator Model	Tab 5	2013 Continuity Schedule	Cell CD24	(632)	(560)
Rate Generator Model	Tab 5	2013 Continuity Schedule	Cell CD25	(22,387)	(25,348)
Rate Generator Model	Tab 5	2013 Continuity Schedule	Cell CD26	8,691	8,092
Rate Generator Model	Tab 5	2013 Continuity Schedule	Cell CD27	17,779	14,614
Rate Generator Model	Tab 5	2013 Continuity Schedule	Cell CD28	(81,452)	(10,721)
Rate Generator Model	Tab 5	2013 Continuity Schedule	Cell CD29	58,260	8,623
Rate Generator Model	Tab 5	2013 Continuity Schedule	Cell CG24	(162,078)	(157,145)
Rate Generator Model	Tab 5	2013 Continuity Schedule	Cell CG25	(3,497,069)	(3,698,508)
Rate Generator Model	Tab 5	2013 Continuity Schedule	Cell CG26	1,277,990	1,237,200
Rate Generator Model	Tab 5	2013 Continuity Schedule	Cell CG27	828,903	613,604
Rate Generator Model	Tab 5	2013 Continuity Schedule	Cell CG28	(6,398,278)	(1,586,623)
Rate Generator Model	Tab 5	2013 Continuity Schedule	Cell CG29	2,901,208	(475,444)
Rate Generator Model	Tab 11	Proposed Rates	Cell I310	5.25	5.40

**GUELPH HYDRO ELECTRIC SYSTEMS INC. (“GUELPH HYDRO”)
RESPONSES TO BOARD STAFF INTERROGATORIES ON
2013 IRM RATE APPLICATION
FILE NO. EB-2012-0128**

September 25, 2012

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Tax Sharing Model

1. Ref: A portion of Sheet 3 “Re-Based Bill Det & Rates” is reproduced below.

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
RES	Residential	Customer	kWh	47,848	378,871,008	
GSLT50	General Service Less Than 50 kW	Customer	kWh	3,788	148,787,703	
GSGT50	General Service 50 to 999 kW	Customer	kW	569	399,661,950	1,041,992
GSGT50	General Service 1,000 to 4,999 kW	Customer	kW	44	465,120,498	1,015,196
LU	Large Use	Customer	kW	4	271,481,475	490,512
USL	Unmetered Scattered Load	Connection	kWh	583	2,229,301	
Sen	Sentinel Lighting	Connection	kW	26	88,740	251
SL	Street Lighting	Connection	kW	13,609	9,777,748	27,447

Board staff has been unable to reconcile the figures entered into the columns “A”, “B”, and “C” with the Board-approved load forecast from Guelph Hydro’s last cost of service application (EB-2011-0123). Please provide evidence supporting these amounts. If there are any errors, Board staff will make the necessary changes to the model.

Guelph Hydro’s response:

Reference: 2012 COS - EB-2011-0123 - Settlement Agreement submitted by Guelph Hydro on December 2, 2011, Issue 3 - “Load Forecast and Operating Revenue”, Pages 25 and 26.

The Settlement Agreement submitted on December 2, 2011 and approved by the Board at the Oral Hearing session which commenced on December 5, 2011 states that the Parties agreed that the Load Forecast version presented by Guelph Hydro in response to Energy Probe TCQ#14 is appropriate.

The results of the Load Forecast follow:

Predicted Purchases		Predicted sales	
Year	GWh	Year	GWh
2011	1,682	2011	1,660
2012	1,698	2012	1,676

The results of the agreed by Parties and Board-approved Load Forecast (as part of the Board-approved Settlement Agreement) are also included in Guelph Hydro’s response to the Energy Probe’s interrogatories submitted on October 26, 2011 (i.e. TCQ#14 (a),(b) – pages 27, 28, and 29).

For clarity, please see Appendix 1 - Guelph_BrdStaff_IRR_1_Board Approved Load Forecast_20120925.xls.

Guelph Hydro has presented a summary of the Board-approved Load Forecast results on the following page.

The results of the Board approved Load Forecast (2012 COS – EB-2011-0123) were entered into the columns “A”, “B” and “C”; therefore there are no errors, and no changes to the model are necessary.

Guelph Hydro Weather Normal Load Forecast for 2012 Rate Application	
2012 Weather Normal and adjusted for CDM	
Predicted kWh Purchases	1,698,267,078
Billed kWh	1,676,018,424
By Class	
Residential	
Customers	47,848
kWh	378,871,008
General Service < 50 kW	
Customers	3,788
kWh	148,787,703
General Service > 50 to 999 kW	
Customers	569
kWh	399,661,950
kW	1,041,992
General Service > 1000 to 4999 kW	
Customers	44
kWh	465,120,498
kW	1,015,196
Large Use >5000 kW	
Customers	4
kWh	271,481,475
kW	490,512
Streetlights	
Customers	13,609
kWh	9,777,748
kW	27,447
Sentinel Lights	
Connections	26
kWh	88,740
kW	251
Unmetered Scattered Loads	
Connections	583
kWh	2,229,301
Total	
Customer/Connections	66,470
kWh	1,676,018,424
kW from applicable classes	2,575,397

2. Ref: A portion of Sheet 5 “Z-Factor Tax Changes” is reproduced below.

Summary - Sharing of Tax Change Forecast Amounts

For the 2012 year, enter any Tax Credits from the Cost of Service Tax Calculation (Positive #)	128750	
1. Tax Related Amounts Forecast from Capital Tax Rate Changes	2012	2013
Taxable Capital	\$ 139,676,719	\$ 139,676,719
Deduction from taxable capital up to \$15,000,000	\$ 15,000,000	\$ 15,000,000
Net Taxable Capital	\$ 124,676,719	\$ 124,676,719
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	\$ 651,546	\$ 651,546
Corporate Tax Rate	26.25%	21.13%
Tax Impact	\$ 42,281	\$ 8,910
Grossed-up Tax Amount	\$ 57,330	\$ 11,296
Tax Related Amounts Forecast from Capital Tax Rate Changes	\$ -	\$ -
Tax Related Amounts Forecast from Income Tax Rate Changes	\$ 57,330	\$ 11,296
Total Tax Related Amounts	\$ 57,330	\$ 11,296
Incremental Tax Savings		-\$ 46,034
Sharing of Tax Savings (50%)		-\$ 23,017

Board staff has been unable to reconcile the regulatory taxable income and grossed-up tax amount with the Board-approved Revenue Requirement Work Form from Guelph Hydro’s last cost of service application.

a) Please provide evidence supporting these amounts. If there are any errors, Board staff will make the necessary changes to the model.

Guelph Hydro’s response:

References:

1. Updated Draft Rate Order on 2012 Cost of Service filed on March 16, 2012 – Appendix D – Revenue Requirement Work Form (RRWF) – page 13 to 15;
2. RRWF Excel version “Guelph_DRO_updated_AppD_Rev_Reqt_Work_Form_xls_20120316” filed on March 16, 2012.

Guelph Hydro transitioned to IFRS starting January 1, 2011. Guelph Hydro's 2012 Cost of Service application (EB-2011-0123) was worked in Modified IFRS basis.

The OEB's Revenue Requirement Work Form (RRWF) used in the 2012 Cost of Service application was not designed at the time of 2012 COS proceedings to capture the PP&E deferral account (amortization and return on equity) adjustments due to transition to IFRS.

Guelph Hydro and the Board Staff (assigned to the case number EB-2011-0123) worked the model to reflect the adjustments.

The Regulatory Taxable Income of \$651,546 is calculated in the OEB RRWF model - Tab 8 "Rev_Def_Suff", cell P28.

Guelph Hydro confirms that the amount of \$651,546 entered in Tax Sharing model – Tab 5 "Z-Factor Tax Changes" is correct, and no changes to the model are necessary.

Please note that, during the preparation of the 2013 IRM application, Guelph Hydro inquired with Board Staff on the accuracy of the Corporate Tax calculation, and the answer ensured that the calculation of the combined tax rate (21.13%) is correct.

Guelph Hydro has presented below a copy of the correspondence with the Board Staff.

From: [Eiona O'Connell](mailto:Eiona.O'Connell@quephhydro.com)
To: cbircanu@quephhydro.com
Cc: [Marc Abramovitz](#); [Market Operations](#); [Daria Babale](#)
Subject: RE: Guelph Hydro 2013 IRM Tax Sharing Model [OEB Ref# MPE-2012-0309]

Date: 07/10/2012 11:00 AM

Hi Cristina

A corporation that was a Canadian-controlled private corporation (CCPC) throughout the tax year can reduce its Ontario basic income tax by claiming the Ontario small business deduction. The Ontario surtax re Ontario small business deduction that used to claw back the small business deduction from more profitable CCPCs was eliminated effective July 1, 2010.

Please see below how the 2013 corporate tax rate of 21.13% in the 2013 IRM Tax Sharing model may be calculated for a taxable income of \$641,546.

You may also note that Ontario's March 27, 2012 budget kept the Ontario basic income tax rate at 11.5%. The rate was scheduled to fall to 11% on July 1, 2012, and to 10% on July 1, 2013.

					\$ 651,546 A
Ontario Income Tax	11.50%	B	\$	74,928	C = A * B
Ontario Small Business Threshold	\$ 500,000	D			
Rate reduction	-7.00%	E	-\$	35,000	F = D * E
					\$ 39,928 J = C + F
Effective Ontario Tax Rate	6.13%				K = J / A
Federal tax rate	15.00%				L
Combined tax rate					21.13% M = K + L

Please contact me if you have any further questions.

Thank you

Fiona O'Connell, CA, CFA
 Project Advisor, Regulatory Audit & Accounting
 Ontario Energy Board
 416-440-8102
 Effective Feb 22-11
 Email: Fiona.OConnell@ontarioenergyboard.ca
 Website: www.ontarioenergyboard.ca

From: cbirceanu@guelphhydro.com [mailto:cbirceanu@guelphhydro.com]
Sent: July 10, 2012 9:30 AM
To: Market Operations
Cc: Marc Abramovitz
Subject: Guelph Hydro_2013 IRM Tax Sharing Model [OEB Ref# MPE-2012-0309]

Good morning,

The 2013 IRM Tax Sharing model (version 1.0) shows/calculates a Corporate Tax Rate of 21.13% (please see the print screen). According to our source (KPMG), the Corporate Tax Rate for 2013 is 25.50%. Is there a model error?
 Thank you.

	2012	2013
1. Tax Related Amounts Forecast from Capital Tax Rate Changes		
Taxable Capital	\$ 139,676,719	\$ 139,676,719
Deduction from taxable capital up to \$15,000,000	\$ 15,000,000	\$ 15,000,000
Net Taxable Capital	\$ 124,676,719	\$ 124,676,719
Rate	0.000%	0.000%
Ontario Capital Tax (Deductible, not grossed-up)	\$ -	\$ -
2. Tax Related Amounts Forecast from Income Tax Rate Changes		
Regulatory Taxable Income	\$ 651,546	\$ 651,546
Corporate Tax Rate	26.25%	21.13%
Tax Impact	\$ 42,281	\$ 8,910
Grossed-up Tax Amount	\$ 57,330	\$ 11,296
Tax Related Amounts Forecast from Capital Tax Rate Changes	\$ -	\$ -
Tax Related Amounts Forecast from Income Tax Rate Changes	\$ 57,330	\$ 11,296
Total Tax Related Amounts	\$ 57,330	\$ 11,296
Incremental Tax Savings		-\$ 46,034
Sharing of Tax Savings (50%)		-\$ 23,017

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RSTR Adjustment Work Form

3. Ref: A portion of Sheet 4 “RRR Data” 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	365,414,554		1.0209		373,051,718	-
General Service Less Than 50 kW	kWh	145,827,286		1.0209		148,875,076	-
General Service 50 to 999 kW	kW	257,718,653	676,739		52.20%	257,718,653	676,739
General Service 50 to 999 kW - Interval Metered	kW	154,631,192	406,043		52.20%	154,631,192	406,043
General Service 1,000 to 4,999 kW	kW	480,107,425	974,063		67.56%	480,107,425	974,063
Large Use	kW	261,256,345	466,012		76.84%	261,256,345	466,012
Unmetered Scattered Load	kWh	1,956,233		1.0209		1,997,118	-
Sentinel Lighting	kW	88,113	241		50.11%	88,113	241
Street Lighting	kW	9,960,465	26,191		52.12%	9,960,465	26,191

Please confirm that the amounts entered into the columns “Non-Loss Adjusted Metered kWh” and “Non-Loss Adjusted Metered kW” have not been adjusted by Guelph Hydro’s Board-approved loss factor.

Guelph Hydro’s response:

Guelph Hydro confirms that the amounts entered into the columns “Non-Loss Adjusted Metered kWh” and “Non-Loss Adjusted kW” have not been adjusted by Guelph Hydro’s Board-approved loss factor.

2013 IRM Rate Generator

4. Ref: A portion of the Residential rate class on Sheet 4 “Current Tariff Schedule” is reproduced below.

MONTHLY RATES AND CHARGES - Delivery Component (If applicable, Effective Date MUST be included in rate description)		
Service Charge	\$	13.95
Rate Rider for Recovery of Foregone Revenue – Effective until December 31, 2012	\$	0.18
Smart Meter Funding Adder – Effective until March 31, 2012	\$	1.17
Green Energy Act Plan Funding Adder – Effective until March 31, 2013	\$	0.10
Rate Rider for Recovery of Residual Historical Smart Meter Costs – Effective until March 31, 2013	\$	(1.14)
Rate Rider for Recovery of Stranded Meter Assets – Effective until March 31, 2016	\$	0.73
Rate Rider for Disposition of PILs Deferral/Variance Account – Effective until March 31, 2016	\$	(0.18)
Rate Rider for Recovery of Late Payment Penalty Litigation Costs – Effective until April 30, 2012	\$	0.22
Distribution Volumetric Rate	\$/kWh	0.0170
Rate Rider for Recovery of Foregone Revenue – Effective until December 31, 2012	\$/kWh	(0.0001)
Rate Rider for Global Adjustment Sub-Account Disposition (2010) – Effective until April 30, 2012 Applicable only for Non-RPP Customers	\$/kWh	0.0006
Rate Rider for Global Adjustment Sub-Account Disposition (2012) – Effective until March 31, 2013 Applicable only for Non-RPP Customers	\$/kWh	(0.0001)
Rate Rider for Deferral/Variance Account Disposition (2010) – Effective until April 30, 2012	\$/kWh	(0.0015)
Rate Rider for Deferral/Variance Account Disposition (2012) – Effective until March 31, 2013	\$/kWh	(0.0027)
Rate Rider for Disposition of PILs Deferral/Variance Account – Effective until March 31, 2016	\$/kWh	0.0007
Rate Rider for Tax Change – Effective until April 30, 2012	\$/kWh	(0.0005)
Rate Rider for Lost Revenue Adjustment Mechanism (LRAM) Recovery/Shared Savings Mechanism (SSM) Recovery – Effective until March 31, 2016	\$/kWh	0.0003
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0071
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0055

Board staff has been unable to confirm the “Rate Rider for Disposition of PILs Deferral/Variance Account – Effective until March 31, 2016 \$(0.18)” with Guelph Hydro’s last Board-approved Tariff of Rates and Charges. Board staff believes the correct rate is “Rate Rider for Disposition of Post Retirement Actuarial Gain – effective until March 31, 2025 \$(0.18)”. Please confirm and, if necessary, Board staff will make the change to the model.

Guelph Hydro’s response:

Guelph Hydro confirms that, for Residential class, the correct rate is “Rate Rider for Disposition of Post Retirement Actuarial Gain – effective until March 31, 2025 \$(0.18)”. Guelph Hydro has corrected the rate rider description in its updated Rate Generator (please see the appendix in Excel version Guelph_BrdStaff_IRR_4_updated Rate Gen model_20120925.xls)

5. Ref: Sheet 5 “2013 Continuity Schedule”
- a) Board staff has been unable to reconcile the amounts recorded into columns “BT” and “BY” for Account 1588 – Power and sub-account Account 1588 – Global Adjustment with the amounts in Reporting and Record-keeping Requirements (RRR) report 2.1.7 Trial Balance. Please provide this reconciliation.

Guelph Hydro’s response:

The amounts recorded into columns “BT” and “BY” for Account 1588 – Power and sub-account Account 1588 – Global Adjustment and the amounts in Reporting and Record-keeping Requirements (RRR) report 2.1.7 Trial Balance were incorrect as filed. In completing our response to this interrogatory, it was discovered that the 2.1.7 RRR balances reported as of December 31, 2011 were inaccurate due to the omission of a journal entry recording the carrying charges earned/owed on Group 1 accounts.

Guelph Hydro reports its financial statements under International Financial Reporting Standards (IFRS). Under IFRS, regulatory assets/ liabilities are not recognized in the balance sheet. This includes any carrying charges earned/owing on these regulatory accounts. As part of the process of preparing the annual 2.1.7 trial balance Guelph Hydro makes adjustments to convert the reporting basis from IFRS to modified IFRS. Part of this process is to recognize any regulatory assets/liabilities that exist including any carrying charges earned/owing on the regulatory accounts. In making the adjustments for the 2011 2.1.7 trial balance, Guelph Hydro failed to account for all of the carrying charges that needed to be recognized under modified IFRS.

During the reconciliation process noted above it was also discovered that the 1588 balances originally reported were not based on final versions of the supporting Continuity Schedules supporting 1588 activity for 2011.

Guelph Hydro has amended Tab 5 – Continuity Schedule to reflect the correct balances and re-filed the 2.1.7 – 2011 Trail Balance with the required changes on September 24, 2012. Due to the fact that the claim does not meet the threshold test, the updates to the Continuity Schedule listed in Attachment B of the Cover Letter do not change the 2013 Final Tariff and Charges and the Bill Impact originally submitted on July 24, 2012.

A snapshot of the 2.1.7 trial Balance submitted on September 24, 2012 is presented below:

Renewable Connection OM&A Deferral Account	1532	
Smart Grid Capital Deferral Account	1534	
Smart Grid Capital OM&A Account	1535	
Unamortized Loss on Reacquired Debt	1540	
Development Charge Deposits/ Receivables	1545	
RCVASTR	1548	-215,940.95
LV Variance Account	1550	-157,144.68
Smart Meter Capital and Recovery Offset Variance	1555	6,873,147.82
Smart Meter OM&A Variance	1556	1,535,272.39
Deferred Development Costs	1560	
Deferred Payments in Lieu of Taxes	1562	1,780,157.43
Deferred PILs Contra Account	1563	
Conservation and Demand Management Expenditures and Recoveries	1565	57,726.31
CDM Contra	1566	-57,726.31
Board-Approval CDM Variance Account	1567	
Qualifying Transition Costs	1570	
Pre-market Opening Energy Variance	1571	
Extraordinary Event Costs	1572	
Deferred Rate Impact Amounts	1574	
IFRS-CGAAP Transitional PP&E Amounts	1575	
RSVAWMS	1580	-3,698,508.11
RSVAONE-TIME	1582	
RSVANW	1584	1,237,200.31
RSVACN	1586	613,604.45
RSVAPOWER	1588	-2,062,067.02
Recovery of regulatory asset balances	1590	0.00
2006 PILs & Taxes Variance	1592	-637,665.19
Disposition and Recovery of Regulatory Balances Control Account	1595	-707,831.87

- b) Board staff has been unable to reconcile the \$14,174 and \$(755,606) recorded into column "BZ" for Account 1595 with the amount approved in Guelph Hydro's last Cost of Service application. Please provide evidence supporting these amounts.

Guelph Hydro's response:

References:

1. 2012 Cost of Service Application - EB-2011-0123 - Settlement Agreement submitted by Guelph Hydro on December 2, 2011, Issue 9.1 - "Are the account balances, cost allocation methodology and disposition period appropriate?" – page 51;
2. Guelph_DRO_App E_updated Def and Var Acc Riders_20120229" – Excel model – Tab "Dec.31,2010 DAVAs – cell G24;
3. Guelph Hydro's 2013 IRM application filed on July 24, 2012 – page 24;
4. "Guelph_2013 IRM Rate Generator_V2.3_20120724.xls" model filed on July 24, 2012 – Excel version – Tab 5. 2013 Continuity Schedule.

Re: Amount \$14,174

The Settlement Agreement submitted by Guelph Hydro on December 2, 2011 and approved by the Board on December 5, 2012, Issue 9.1 "Are the account balances, cost allocation methodology and disposition period appropriate?" –page 51 states:

"For the purposes of settlement, the Parties accept the account balances, cost allocation methodology and disposition periods proposed by the Applicant."

In its Deferral and Variance Account Riders model (here reference 2), Guelph Hydro showed the amount of \$14,174 as "1595-1-Subaccount Disposition of Account Balances Approved in 2008" principal amount as of December 31, 2010. This amount plus the interest to December 31, 2010 (\$10,340) and the estimated interest January 1 to December 31, 2011 (\$208) is the amount approved for disposition in the 2012 COS application (EB-2011-0123).

The Board-approved Deferral and Variance Accounts Balances in the 2012 COS application follows:

EB-2012-0128
Guelph Hydro Electric Systems Inc.
Responses to Board Staff Interrogatories
Delivered September 25, 2012

Account Description	Account Number	Principal Amounts as of Dec-31 2010	Interest to Dec31-10	Interest Jan-1 to Dec31-11	Total
RSVA - Wholesale Market Service Charge	1580	\$ (1,922,324)	\$ (10,605)	\$ (28,258)	\$ (1,961,187)
RSVA - Retail Transmission Network Charge	1584	\$ 667,902	\$ 4,823	\$ 9,818	\$ 682,542
RSVA - Retail Transmission Connection Charge	1586	\$ (373,043)	\$ (3,576)	\$ (5,484)	\$ (382,103)
RSVA - Power - excluding GA subaccount	1588	\$ (739,604)	\$ (6,966)	\$ (10,872)	\$ (757,442)
RSVA- Power - subaccount Global Adjustment	1588	\$ (1,146,068)	\$ (7,617)	\$ (16,847)	\$ (1,170,532)
Subaccount Disposition of Account Balances Approved in 2008	1595-1	\$ 14,174	\$ 10,340	\$ 208	\$ 24,723
Subaccount Disposition of Account Balances Approved in 2010	1595-2	\$ (2,416,490)	\$ (17,815)	\$ (35,522)	\$ (2,469,828)
Sub-Totals		\$ (5,915,453)	\$ (31,417)	\$ (51,435)	\$ -
Other Regulatory Assets - OEB Cost Assessments subaccount	1508-1				\$ -
Other Regulatory Assets - Pensions subaccount	1508-2				\$ -
Other Regulatory Assets - Sub-Account - Incremental Capital Charges (HO)	1508-3				\$ -
Other Regulatory Assets - IFRS subacc.	1508-4	\$ 436,933	\$ 12,459	\$ 6,423	\$ 455,814
Retail Cost Variance Account - Retail	1518	\$ (83,312)	\$ (2,564)	\$ (1,225)	\$ (87,101)
Special Purpose Charge Assesment Variance Account (balance as of Dec. 31, 2011)	1521	\$ (37,397)	\$ 1,694	\$ 501	\$ (35,203)
Retail Cost Variance Account - STR	1548	\$ (211,458)	\$ (10,379)	\$ (3,108)	\$ (224,946)
Low Voltage	1550	\$ (115,802)	\$ (1,223)	\$ (1,702)	\$ (118,728)
PILs & Taxe Variance - Subacct 1592	1592-1	\$ (564,143)	\$ (14,090)	\$ (8,293)	\$ (586,526)
Sub-Totals		\$ (575,180)	\$ (14,104)	\$ (7,405)	\$ -
Totals per column		\$ (6,490,634)	\$ (45,521)	\$ (58,840)	\$ -
Annual interest rate:		1.47%			

Re: Amount (\$755,606)

On its 2013 IRM application EB-2012-0128 filed on July 24, Guelph Hydro stated that:

“The 1595 Sub-account Disposition and Recovery of Regulatory Balances Approved in 2010 were effective until April 30, 2012. Due to bimonthly billing cycle, the recovery continued after April 30 for the consumption belonging to the period prior April 30th. The 1595 balance as at the end of June 2012 is \$29,029.98 (\$71,303.20 principal amount, and -\$42,273.22 interest). To make the 2013 IRM Rate generator model work, Guelph Hydro has input January to June 2012 activity of the 1595 account under “Principal - Disposition during 2012 instructed by Board” column (Tab 5, cell BZ33), and under “Interest – Disposition during 2012 – instructed by Board” column (Tab 5, cell CA33).”

The amount of \$(755,606) is the 1595 net accrual and the amount of \$1,788 (cell CA33) is the amount of carrying charges for the period January to June 2012.

The correct balance of the 1595 Sub-account Disposition and Recovery of Regulatory Balances in 2010 at the end of June 2012 is \$25,238.48 as shown in Guelph Hydro's 2.1.1 Deferral/Variance Accounts RRR reported on August 31.

A snapshot of the 2.1.1 RRR report for the quarter ended June 30, 2012 follows:

E2.1.1 Deferral/ Variance Accounts: 2.1.1; 0; Submitted; 8/31/2012; July_August

1595 Sub-account Disposition of Account Balances Approved in 2010	-287,103.29	-80.20	316,199.63	-3,777.66	25,238.48
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Guelph Hydro has presented a breakdown of the 1595 (2010) June 30, 2012 balance below:

1595 (2010) June 30, 2012	
Principal Amount for disposition balance (A)	\$152,611.37
Interest Amount for disposition balance (B)	(\$85,072.00)
Total 1595 principal amount (C= A+B)	\$67,539.37
Carrying Charges applied to principal amount for disposition (D)	(\$42,300.89)
Total Balance including carrying charges (E = C+D)	\$25,238.48
Interest estimated from July to December 2012 (F = A*1.47%/12*6)	\$1,121.70

1595 (2010) January 1 to June 30, 2012			
	January 1 2012 Opening Balance	Jan. to June 2012 net accruals	June 30, 2012 ending balance
Principal Amount	(\$602,993.02)	\$755,605.61	\$152,612.59
Carrying Charges applied to principal amount for disposition for the period	(\$125,585.47)	(\$1,788.16)	(\$127,373.63)
Total	(\$728,578.49)	\$753,817.45	\$25,238.96

Guelph Hydro entered the correct amounts in the Rate Generator model Tab 5 - 2013 Continuity Schedule, therefore no changes to the model are necessary.

The amounts stated in the 2013 IRM application (PDF format) page 5 line 14 should be corrected to:

“\$25,238.48 (67,539.37 principal amount, and -\$42,300.89 interest).”

- c) Board staff has been unable to reconcile the amounts approved for disposition in Account 1521 – Special Purpose Charge Assessment Variance and Account 1562 – Deferred Payments in Lieu of Taxes. Please provide evidence supporting these amounts.

Guelph Hydro's response:

References:

1. Guelph_DRO_App E_updated Def and Var Acc Riders_20120229” – Excel model – Tab “Dec.31, 2010 DAVAs” – filed on February 29, 2012;
2. Draft Rate Order on 2012 COS (EB-2011-0123) filed by Guelph Hydro on February 29, 2012;
3. Guelph Hydro's responses to the Technical Conference Undertakings (EB-2011-0123) – Undertaking No. JTC1.2 – filed on November 8, 2011;
4. Updated Draft Rate Order on 2012 COS (EB-2011-0123) – Update 4(a) - filed by Guelph Hydro on March 13, 2012.

Re: Account 1521 – Special Purpose Charge (SPC) Assessment Variance

As per above reference 1 and 2, the amount of (\$37,397) - principal and \$2,195 interest are the Board-approved balances for 1521 – SPC Assessment in the 2012 COS application (EB-2011-0123).

Please see Guelph Hydro's response to Board Staff's IR#2 – Table - Board-approved Deferral and Variance Accounts Balances in the 2012 COS application.

In its Draft Rate Order on the 2012 COS proceedings (EB-2011-0123), page 23, Guelph Hydro stated:

“In accordance with section 9 of the SPC Regulation and the Board's letter dated April 9, 2010, the 1521 SPC recovery was to be spread over a one-year period, starting from the date of which the distributor begins billing to recover its assessment. Guelph Hydro began billing the recovery of SPC on May 1, 2010. The sunset of the recovery was May 1, 2011. Because its billing cycle is bimonthly, Guelph Hydro continued to collect the recovery belonging to the period prior May 1, 2011 until August 2011. In its 2012 COS application, Guelph Hydro asked for the disposition of the account 1521 and presented the 2010 audited balance of \$243,745, including the interest of \$5,200.

In accordance with the Board's letter dated April 23, 2010, the distributors are required to apply to the Board no later than April 15, 2012 for an order authorizing the clearance of any debit or credit balance in sub-account 2010 SPC variance.

Guelph Hydro has updated the 1521 account balance as of December 2011 and it is seeking approval for disposition of a credit of \$35,203 [(\$37,397) principal, and \$2,194 interest calculated until December 31, 2011].

The continuity schedule of 1521 – SPC account is presented in the Deferral and Variance Account Riders model (submitted in Excel format only).

The updated Deferral and Variance Account Rate Riders are presented in Appendix E.”

Re: Account 1562 – Deferred Payments in Lieu of Taxes

As per above reference no. 3 and 4, the entire balance of account 1562 amounting to \$1,780,157 was approved for disposition. We have adjusted the continuity schedule to remove the remaining \$2 variance which is the result of rounding differences.

Appendix 1 - Guelph_BrdStaff_IRR_1_Board Approved Load
Forecast_20120925.xls

(provided in Excel version)

Appendix 2 - Guelph_BrdStaff_IRR_4_updated Rate Gen
model_20120925.xls

(provided in Excel version)