

COMMUNICATION RE: UNDERTAKING NO. JT 16:

TO COMMUNICATE WITH BOARD STAFF TO CLARIFY WHERE THE DEFICIENCIES ARE AS NOTED, AND TO RESPOND ACCORDINGLY

The table below , Table JT 16-1, shows the missing Account 1562 PILs supporting evidence checklist for Erie Thames.

Table JT16-1: PILs 1562 Evidence Checklist Missing Information

	2001	2002	2003	2004	2005	Jan. 1 to April 30, 2006	May 1, 2006 to April 30, 2012
Signed Board decision		x		x			
T2 and CT23 Tax returns filed with Ontario Ministry of Finance	x	x	x	x			
Financial statements submitted with tax returns	x						
Excel SIMPIL model with TAXREC3 (active)	x	x	x	x	x		

Billing Determinants and Customer Counts used in the PILs Recovery Worksheets

In the application evidence filed in 2002, 2004 and 2005, Erie Thames provided statistics of volumetric billing determinants and customer counts. In the 2006 EDR, Erie Thames also provided historical demand statistics for 2002-2004 as shown in Table Jt. 16-2. In the 2008 EDR, Erie Thames provided actual demand statistics for 2006 and 2007 as shown in Table Jt. 16-3.

- ***Erie Thames Powerlines has been unable to obtain copies of the signed decisions at this time.***
- ***Copies of the tax returns for the requested years have been provided in this response.***

- **ETPL's 2001 financial statements have been included in this response as 2002 with 2002 comparatives for a full year since 2001 was a stub year for incorporation of the company beginning in September of 2001.**
- **Excel Copies of the active Simple models for 2001 2002 2003 2004 and 2005 have been included in this response.**

Table Jt. 16-2: Sheet 6-2 'Demand, Rates' from 2006 EDR¹

	Number of Customers (Connections)			Demand Data - kWh			Demand Data - kW			Volumetric Rate Type
	2002	2003	2004	2002	2003	2004	2002	2003	2004	
	#	#	#	kWh	kWh	kWh	kW	kW	kW	
RESIDENTIAL										
Regular	11,657	11,695	12,075	117,587,765	115,456,020	114,078,402	0	0	0	kWh
GENERAL SERVICE										
Less than 50 kW	1,385	1,378	1,352	44,796,800	43,727,380	39,810,690	0	0	0	kWh
Greater than 50 kW (to 1000 kW)	98	107	113	100,834,488	105,547,416	79,299,040	283,951	264,610	288,236	kW
Other > 50 kW (1000 kW to 3000 kW)	2	5	8	18,382,832	20,878,437	54,454,341	52,352	48,911	53,278	kW
Intermediate Use (3000 - 5000 kW)	1	1	1	17,328,014	17,810,656	17,971,671	41,327	43,299	47,165	kW
Large Use (> 5000 kW)	1	1	1	57,469,668	68,067,621	84,239,779	123,467	133,004	141,154	kW
Unmetered Scattered Load	58	56	60	306,675	492,282	501,867	0	0	0	kWh
Sentinel Lighting	239	237	235	135,166	212,384	201,850	2,334	502	555	kW
Street Lighting	2,660	2,660	2,870	2,332,567	3,326,782	3,126,055	7,958	8,444	9,157	kW
TOTALS	16,301	16,340	16,715	351,173,975	375,519,978	393,683,695	510,389	498,770	539,545	

Table Jt. 16-3: Normalized Volume Forecast Table from 2008 EDR²

NORMALIZED VOLUME FORECAST										
	2006 Board Approved	2006 Board Approved	2006 Actual	2006 Actual	Variance from 2006 Board Approved	2006 Actual	2006 Actual	2007 Actual	2007 Actual	Variance from 2006 Actual
	(kWh)	(kW)	(kWh)	(kW)		(kWh)	(kW)	(kWh)	(kW)	
(Volumetric + Monthly Service Charge)										
Rate Classes										
Residential	117,010,418		116,128,274		882,144	116,128,274	0	121,956,927		-5,828,653
GS<50	42,147,488		36,565,918		5,581,570	36,565,918	0	40,060,310		-3,494,392
GS>50 to 999	102,344,447	298,327	75,156,430	206,825	91,502	75,156,430	206,825	84,442,069	352,005	-145,180
GS>1000 to 2999	53,797,056	113,648	65,158,720	135,587	-21,939	65,158,720	135,587	69,529,869	135,587	0
GS>3000 to 4999	17,703,447	43,930	16,315,706	35,687	8,243	16,315,706	35,687	17,528,668	35,687	0
Large Use	69,925,689	132,542	91,950,356	165,609	-33,067	91,950,356	165,609	84,605,665	165,609	0
Street Lighting	3,077,398	8,843	3,164,059	8,538	305	3,164,059	8,538	3,024,750	9,157	-619
Sentinel Lighting	181,782	1,018	212,359	535	483	212,859	535	238,372	931	-396
Unmetered Scattered Load	448,854		602,137		-153,283	602,137		606,271		-4,134
Embedded Distributor								20,741,502	99,771	-99,771

The demand statistics for 2002 to 2006 used in the PILs recovery worksheets do not agree with the statistics provided in previous applications. Also, the billing determinants and customer counts for the Intermediate Use (3,000 – 5,000 kW) rate class were not

¹ Erie Thames Powerlines 2006 EDR Model, EB-2005-0361, Sheet 6-2 Demand, Rates (Input), September 6, 2005.

² Erie Thames Powerlines 2008 EDR, EB-2007-0928, Exhibit 3, Tab 2, Schedule 2, Page 1, September 14, 2007.

entered in the PILs recovery worksheets from 2002 to 2006 although there were rates and PILs 1562 rate slivers associated with this customer class.

- ***ETPL utilized a calculated amount as a portion of distribution revenues in its tracking of PILS revenue versus PILS expenses in 1562 and attempted to ensure that the revenues in the disposition spreadsheet matched the calculated amounts in its historical data.***
- ***ETPL did not include amounts for intermediate customers as those amounts were included as part of the GS>1000 to 3000 kw class.***
- ***ETPL has updated the calculations of revenues to tie with the figures detailed above by year and has included these new amounts in its updated ETPL ED Disposition 1562 Balance OCT.xls included in this response.***

PILs 1562 Continuity Schedule: ETPL_ED disposition1562 Balance_20120604

A 2003 SIMPIL model was filed that shows a negative credit (refund to customers) variance of \$670,828 that was not entered on the PILs 1562 continuity schedule. ETPL_ED disposition1562 Balance_20120604/ Tab E1.1

- ***ETPL has provided a 2003 SIMPIL model in this response that is accurate and correctly reflects the variances. The negative credit of \$670,828 is an error and the correct amount has been entered in the 1562 continuity schedule.***

No SIMPIL models for 2001 and 2002 were filed. Therefore, no variances were entered in the continuity schedule.

- ***Updated SIMPIL models for both years have been filed in this response and the variances have been entered into the continuity schedule.***

Tax rates entered in sheet TAXCALC in the 2003, 2004 and 2005 SIMPIL models are incorrect. Applicant must over-ride the formulas in the SIMPIL models sheet TAXCALC and enter the correct tax rates derived from its tax return evidence. The variances entered in the continuity schedule will be different.

- ***All SIMPIL models have been updated and the variances entered in the continuity schedule.***

No tax returns filed for 2001-2004. Assessments indicate that there were no tax losses. Therefore, the tax rates can be derived from the tax returns. The variances entered in the continuity schedule will be different.

- ***Tax Returns for the requested years have been included in this response.***

No intermediate class statistics appear on recovery schedules; however, there are rates and rate slivers associated with this customer class.

- ***This issue has been addressed and changes have been made to the excel model to correct as stated above.***

2004 recoveries: rate slivers for sentinel and street lighting do not agree with RAM that agrees with rate order attached to Decision.

- ***This issue has been corrected and the changes are included in the spreadsheet detailed above.***

2005 recoveries: rate slivers for all classes do not agree with 2005 RAM model.

- ***This issue has been corrected and the changes are included in the spreadsheet detailed above.***

Clinton and West Perth

No evidence filed