

***PUBLIC INTEREST ADVOCACY CENTRE***

***LE CENTRE POUR LA DEFENSE DE L’INTERET PUBLIC***

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Michael Janigan

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Counsel for VECC

(613) 562-4002 ext. 26

December 17, 2012

**VIA MAIL and E-MAIL**

Ms. Kirsten Walli

Board Secretary

Ontario Energy Board

P.O. Box 2319

2300 Yonge St.

Toronto, ON

M4P 1E4

Dear Ms. Walli:

**Re: Vulnerable Energy Consumers Coalition (VECC)**

**Submission of VECC Interrogatories EB-2012-0123  
Essex Powerlines Corporation**

Please find enclosed the interrogatories of VECC in the above-noted proceeding. We have also directed a copy of the same to the Applicant.

Thank you.

Yours truly,

C:\VECC\signature\MJ.jpg

Michael Janigan

Counsel for VECC

Encl.

cc: Essex Powerlines Corporation Mr. Richard Dimmel

**EB-2012-0123**

**ONTARIO ENERGY BOARD**

**IN THE MATTER OF**

the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15 (Schedule B), as amended;

**AND IN THE MATTER OF** an Application by   
Essex Powerlines Inc. for an order or orders   
approving or fixing just and reasonable   
distribution rates to be effective May 1, 2013.

**Information Requests of the Vulnerable Energy Consumers Coalition (VECC)**

Revenue-to-Cost Ratio Adjustments

**VECC Question # 1**

**Reference:** Manager’s Summary

Preamble: The evidence indicates that Essex, as part of the Settlement Agreement during the 2010 Cost of Service (EB-2009-0143), agreed to adjustments to the revenue-to-cost ratio’s over the next three years in order to bring the rate up to the target range as endorsed by the Ontario Energy Board (“the Board”). Below is an excerpt from the Settlement Agreement, page 11:

*“The revenue-to-cost ratios from this revised model, uniformly increased to achieve a 100% overall ratio, serve as the starting point (“existing ratios”) in determining proposed ratios for each rate class. The following approach will apply in determining the proposed ratios:*

1. *Residential: the existing ratio, which is near unity, will be retained;*
2. *General Service Less Than 50 kW: the existing ratio, which is well below the target floor value of 0.80, will transition to 0.80 over two years in equal increments;*
3. *Unmetered Scattered Load: The existing ratio, which is above the 1.20 target ceiling value, will be set to 1.20;*
4. *Sentinel Lighting and Street Lighting: The existing ratios, which are well below the 0.70 target floor value, will transition to 0.70 over four years in equal increments;*
5. *General Service 50 to 2,999 kW and General Service 3,000 to 4,999 kW: The same ratio will apply to each of these classes, with a value that preserves an overall 100% ratio across all rate classes. The proposed ratio value for 2010 will be above unity, less than the 1.80 ceiling target and represent a decrease from the existing ratios. The ratio value will further decrease over the following three years to offset ratio increases in other rate classes, while remaining above unity.”*
6. Please explain why Essex’s revenue-to-cost ratio proposal for 2013 does not apply the same ratio to the General Service 50 to 2,999 kW and General Service 3,000 to 4,999 kW customer classes.

**Essex Powerlines Response:**

**This was an error on Essex’s part, the incorrect iteration was applied. The following is the revised table:**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Table 1 - Proposed Revenue-to-Cost Ratio Adjustments for 2012 IRM** | | | | |
| Rate Class | Current Revenue/ Cost Ratio | Proposed Revenue/ Cost Ratio (2012 IRM) | $ Change | % Change |
| Residential | 1.00 | 1.00 | $ - | 0.00% |
| General Service Less Than 50 kW | 1.00 | 1.00 | $ - | 0.00% |
| General Service 50 to 2,999 kW | 1.06 | 1.03 | $ (36,570) | -2.40% |
| General Service 3,000 to 4,999 kW | 1.06 | 1.03 | $(1,487) | -2.40% |
| Sentinel Lighting | 0.60 | 0.70 | $ 2,431 | 16.70% |
| Street Lighting | 0.61 | 0.70 | $ 35,705 | 16.00% |
| Unmetered Scattered Load | 1.20 | 1.20 | $ - | 0.00% |

**VECC Question # 2**

**Reference:** Essex\_2013 IRM Revenue CostRatioAdj Workform V2\_20121012

1. Sheet 7: Please provide a reference for Column A to support the allocation of revenue offsets by customer class.

**Essex Powerlines Response:**

**The table below is a copy of the table from sheet C9 in the file named Essex\_RateMaker\_20100415, as approved by the Ontario Energy Board.**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  | **2010 (proposed rates)** |  |  | **Offset Input** |  | **2010** |
| **Account Grouping** | **Account Description** | **Service Projection** | **Other (+ / - )** | **Total** | **%** | **or** | **$** | **Offset Amount** |
| 3050-Revenues From Services - Distribution | 4080-Distribution Services Revenue | 91,250 |  | 91,250 | 100% |  |  | 91,250 |
| 3050-Revenues From Services - Distribution | 4082-Retail Services Revenues | 33,424 |  | 33,424 | 100% |  |  | 33,424 |
| 3050-Revenues From Services - Distribution | 4084-Service Transaction Requests (STR) Revenues | 1,357 |  | 1,357 | 100% |  |  | 1,357 |
| 3100-Other Operating Revenues | 4210-Rent from Electric Property | 102,324 |  | 102,324 | 100% |  |  | 102,324 |
| 3100-Other Operating Revenues | 4225-Late Payment Charges | 148,511 |  | 148,511 | 100% |  |  | 148,511 |
| 3100-Other Operating Revenues | 4235-Miscellaneous Service Revenues | 167,415 |  | 167,415 | 100% |  |  | 167,415 |
| 3150-Other Income & Deductions | 4355-Gain on Disposition of Utility and Other Property | 10,000 |  | 10,000 | 100% |  |  | 10,000 |
| 3150-Other Income & Deductions | 4375-Revenues from Non-Utility Operations | 0 | 158,383 | 158,383 | 100% |  |  | 158,383 |
| 3150-Other Income & Deductions | 4380-Expenses of Non-Utility Operations | 0 |  | 0 | 100% |  |  | 0 |
| 3150-Other Income & Deductions | 4390-Miscellaneous Non-Operating Income | 21,300 |  | 21,300 | 100% |  |  | 21,300 |
| 3200-Investment Income | 4405-Interest and Dividend Income | 35,493 |  | 35,493 | 100% |  |  | 35,493 |
| **TOTAL** |  | **611,073** | **158,383** | **769,456** |  |  |  | **769,456** |