



**PUBLIC INTEREST ADVOCACY CENTRE**  
**LE CENTRE POUR LA DEFENSE DE L'INTERET PUBLIC**

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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,

Michael Janigan  
Counsel for VECC  
Encl.

cc: Essex Powerlines Corporation  
Mr. Richard Dimmel

**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."*

- a) 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

- a) 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.**

Account Grouping	Account Description	2010 (proposed rates)			Offset Input		2010 Offset Amount
		Service Projection	Other (+ / - )	Total	%	or \$	
3050-Revenues From Services - Distribution	4080-Distribution Services Revenue	91,250		91,250	100%		91,250
	4082-Retail Services Revenues	33,424		33,424	100%		33,424
	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
	4225-Late Payment Charges	148,511		148,511	100%		148,511
	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
	4375-Revenues from Non-Utility Operations	0	158,383	158,383	100%		158,383
	4380-Expenses of Non-Utility Operations	0		0	100%		0
	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
<b>TOTAL</b>		<b>611,073</b>	<b>158,383</b>	<b>769,456</b>			<b>769,456</b>