

IN THE MATTER OF the Ontario Energy Board Act, 1998,
being Schedule B to the Energy Competition Act, 1998,
S.O. 1998, c.15;

AND IN THE MATTER OF an Application by Norfolk Power
Distribution Inc. to the Ontario Energy Board for an Order
or Orders approving or fixing just and reasonable rates and
other service charges for the distribution of electricity as of
May 1, 2013.

**NORFOLK POWER DISTRIBUTION INC (“Norfolk”)
APPLICATION FOR APPROVAL OF 2013 ELECTRICITY
DISTRIBUTION RATES
EB-2012-0151**

RESPONSE TO BOARD STAFF INTERROGATORIES

1. Ref: 2013 IRM3 Tax Savings Work Form, Sheet #5

**Ref: Norfolk Power's response to comments on Draft Rate Order (DRO),
 Page 14 (EB-2011-0272, March 19, 2011)**

Board Staff notes that the regulatory taxable income and resulting tax impact entered on Sheet #5 of the 2013 IRM3 Tax Savings Work Form is \$1,402,440 and \$237,744 respectively. These are not identical with the amounts approved by the Board in Norfolk Power's 2012 Cost of Service case(EB-2011-0272 of \$1,259,998 and \$292,320 respectively).

Below is a copy of page 14 of Norfolk Power's response to comments on its draft rate order (EB-2011-0272, March 19, 2011).

2012 Capital Taxes			2012 PILs Schedule			2012 Total Taxes	
Description	OCT	LGT	Description	Source or Input	Tax Payable	Description	Tax Payable
Total Rate Base	59,453,947	59,453,947	Accounting Income	10' Rev Def	2,439,200	Total PILs	270,320
Exemption	-15,000,000	0	Tax Adj to Accounting Income	10' Rev Def	(1,179,201)	Net Capital Tax Payable	-
Deemed Taxable Capital	44,453,947	59,453,947	Taxable Income		1,259,998	PILs including Capital Taxes	270,320
Rate	0.000%	0.000%	Combined Income Tax Rate	PILs Rates	23.200%		
Gross Tax Payable	0	0	Total Income Taxes		292,320		
Surtax	0	0	Investment Tax Credits				
Net Capital Tax Payable	0	0	Apprentice Tax Credits		22,000		
			Other Tax Credits				
			Total PILs		270,320		

- Please confirm the correct 2012 regulatory taxable income.
- If this amount differs from the 2012 Board approved amount, please provide an explanation reconciling the difference.

Note: If needed, please update the tax sharing workform.

Response

- Norfolk has amended the 2013 IRM3 Tax Savings Work Form to reflect the approved amounts from the 2012 Cost of Service application (EB-2011-0272, March 19, 2012), which are the same amounts provided above.
- Norfolk confirms the 2012 Board approved amount is the correct amount.

An updated work form has been submitted with this response.

2. Ref: 2013 IRM3 RTSR Work form, Sheet #4

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 Norfolk Power’s Board-approved loss factor.

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	145,220,158	-			145,220,158	-
General Service Less Than 50 kW	kWh	60,083,400	-			60,083,400	-
General Service 50 to 4,999 kW	kW	160,134,862	339,114		64.72%	160,134,862	339,114
Unmetered Scattered Load	kWh	475,017	-			475,017	-
Sentinel Lighting	kW	313,766	870		49.43%	313,766	870
Street Lighting	kW	3,084,838	9,350		45.22%	3,084,838	9,350
Embedded Distributor	kWh	-	-			-	-

Response

Norfolk confirms the “Non-Loss Adjusted Metered kWh” and “Non-Loss Adjusted Metered kW” have not been adjusted by Norfolk Power’s Board-approved loss factor.

However Norfolk notes it did not apply the applicable loss factor in the appropriate column on Sheet #4. An updated 2013 IRM3 RTSR Work form has been submitted with this response which includes the appropriate loss factor.

3. Ref: 2013 IRM3 RTSR Work form, Sheet #4

**Ref: Appendix D of Norfolk Power's Proposed Settlement Agreement,
Page 52 (EB-2011-0272, February 2, 2012)**

Appendix D of the proposed settlement agreement displays a 2012 weather normalized load forecast for the General Service 50 to 4,999 kW class of 130,806,348 kWh.

Please reconcile the difference between the non-loss adjusted metered kWh for the General Service 50 to 4,999 kW class entered on Sheet 4 of the RTSR model and the approved 2012 forecast.

Response

Sheet #4 of the 2013 IRM3 RTSR Work form requested the latest RRR filing data, which for Norfolk was 2011. Prior to the 2012 Cost of Service application, Norfolk did not have an embedded distributor rate class. Therefore the kWh for General Service 50 to 4,999 KW class reported in the 2011 RRR filing included amounts related to the embedded distributor.

In the cost of service application for the purpose of the 2012 weather normalized load forecast and creation of the Embedded Distributor Class, Norfolk separated the Embedded Distributor kWh from the other customers within the General Service 50 to 4,999 kW class.

The 160,134,862 kWh reported in Sheet #4 for General Service 50 to 4,999 kW includes 32,210,447 kWh from the Embedded Distributor. The net amount of 127,924,415 kWh is the appropriate amount to compare to the load forecast of 130,806,348.

For the purposes of the RTSR Work form, the rates generated for the General Service 50 to 4,999 kW class are based on the kW and therefore the kWh recorded has no impact. For the Embedded Distributor class, Norfolk is requesting that retail transmission rates be removed as they are not applicable and therefore the correct volume for this class is zero.

4. Ref: Manager's Summary, Page 8 – Embedded Distributor

In its 2012 COS Application (EB-2011-0272) Norfolk requested, and was approved for Retail Transmission Service Rates for its Embedded Distributor class. The five customers within this class have five primary meter points ("PMEs"), each owned by Hydro One. Norfolk stated in the current application that subsequent to the approval of the 2012 rate application, Hydro One clarified with Norfolk that because Norfolk does not own the assets upstream of these PMEs, Norfolk is not charged a transmission rate and therefore should not be charging Hydro One RTSR rates. Norfolk therefore requested approval to remove the RTSR rates from the Board Approved Embedded Distributor Tariff of Rates and Charges.

- a) Please provide an email or letter from Hydro One verifying the description of the situation.
- b) Please confirm that Norfolk Power's wholesale invoice from the IESO does not include network and connection transmission charges for its embedded distributor class.
- c) Please confirm that Norfolk Power does not anticipate any new embedded distributors or PMEs in the future.
- d) How does Norfolk Power propose to deal with the disposition of Account 1584 and Account 1586 balances for the Embedded Distributor class?

Response

- a) An email and attachment from Hydro One has been provided as Appendix A to this response.
- b) Norfolk confirms its wholesale invoice does not include network and connection transmission charges for its embedded distributor class.
- c) Norfolk does not anticipate any new embedded distributors or future changes to its PMEs that would impact rates.
- d) Norfolk proposes that the Embedded Distributor be excluded from the disposition of Account 1584 and 1586. Table 1 summarizes the Group 1 accounts (and account 1568) as requested for disposition in the 2013 IRM Rate Generator Model. Relevant data has been selected from Sheets #7 and #8 of the model in the table to show the model's allocation of accounts and resultant rate riders.

Table 1: Allocation of Group1 Accounts by Rate Class and applicable Rate Riders

Rate Class	% of Total kWh							Balance of Accounts Allocated by kWh/kW (RPP) or Distribution		Billed kWh	Deferral/ Variance Account Rate
		1550	1580	1584	1586	1588*	1568	Revenue	Unit		
Residential	39.2%	9,634	(202,812)	(51,535)	(163,207)	279,023	8,354	(120,543)	\$/kWh	149,120,393	(0.0008)
General Service Less Than 50 kW	16.3%	4,005	(84,314)	(21,424)	(67,849)	115,996	5,806	(47,780)	\$/kWh	61,992,882	(0.0008)
General Service 50 to 4,999 kW	34.4%	8,451	(177,904)	(45,206)	(143,163)	244,755	1,530	(111,537)	\$/kW	130,806,348	(0.3237)
Unmetered Scattered Load	0.1%	30	(634)	(161)	(510)	872	0	(403)	\$/kWh	466,025	(0.0009)
Sentinel Lighting	0.1%	23	(475)	(121)	(383)	654	0	(302)	\$/kW	349,585	(0.3438)
Street Lighting	0.9%	220	(4,625)	(1,175)	(3,722)	6,363	0	(2,939)	\$/kW	3,400,608	(0.3002)
Embedded Distributor	8.9%	2,190	(46,106)	(11,716)	(37,102)	63,431	0	(29,303)	\$/kWh	33,900,000	(0.0009)
Total	100.0%	24,553	(516,871)	(131,338)	(415,937)	711,095	15,690	(312,807)		380,035,841	

Norfolk proposes to exclude the Embedded Distributor from disposition of accounts 1584 and 1586 and has reallocated the total balance of these accounts to the other customer classes on the basis of kWh. Table 2 summarizes the results.

Table 2: Reallocation of Accounts 1584 and 1586

Rate Class	kWh from 2012 COS excluding Embedded	% of		
	Distributor	Total kWh	1584	1586
Residential	149,120,393	43.1%	(56,583)	(179,192)
General Service Less Than 50 kW	61,992,882	17.9%	(23,523)	(74,494)
General Service 50 to 4,999 kW	130,806,348	37.8%	(49,633)	(157,184)
Unmetered Scattered Load	466,025	0.1%	(177)	(560)
Sentinel Lighting	349,585	0.1%	(133)	(420)
Street Lighting	3,400,608	1.0%	(1,290)	(4,086)
Embedded Distributor		0.0%	0	0
Total	346,135,841	100.0%	(131,338)	(415,937)

Using the revised allocation of accounts Norfolk has calculated new rate riders as found in Table 3. Norfolk requests that these rate riders be approved for the disposition of Group 1 Accounts, (and Account 1568), rather than the rate riders found in the 2013 IRM Rate Generator Model.

Table 3: Group 1 Accounts Reallocated and applicable Rate Riders

Rate Class	1550	1580	1584	1586	1588*	1568	Allocated by kWh/kW (RPP) or Distribution		Billed kWh	Variance Account Rate
							Revenue	Unit		
Residential	9,634	(202,812)	(56,583)	(179,192)	279,023	8,354	(141,575)	\$/kWh	149,120,393	(0.0009)
General Service Less Than 50 kW	4,005	(84,314)	(23,523)	(74,494)	115,996	5,806	(56,523)	\$/kWh	61,992,882	(0.0009)
General Service 50 to 4,999 kW	8,451	(177,904)	(49,633)	(157,184)	244,755	1,530	(129,986)	\$/kW	130,806,348	(0.3773)
Unmetered Scattered Load	30	(634)	(177)	(560)	872	0	(469)	\$/kWh	466,025	(0.0010)
Sentinel Lighting	23	(475)	(133)	(420)	654	0	(351)	\$/kW	349,585	(0.3999)
Street Lighting	220	(4,625)	(1,290)	(4,086)	6,363	0	(3,419)	\$/kW	3,400,608	(0.3492)
Embedded Distributor	2,190	(46,106)	0	0	63,431	0	19,515	\$/kWh	33,900,000	0.0006
Total	24,553	(516,871)	(131,338)	(415,937)	711,095	15,690	(312,807)			

5. Ref: 2013 IRM3 Rate Generator Model, Sheet #8

On sheet #8 of the IRM rate generator model, a credit balance of \$88,370 was allocated to the Embedded Distributor class. However, no rate rider was calculated for that class because Norfolk Power entered a billing determinant (billed kWh) that did not match the selected unit (\$/kW – cell b23 on sheet #6).

- a) Please explain if Norfolk Power meant not to allocate any of the Group 1 balance to the Embedded Distributors class.
- b) If this was a typographical error, please select the correct unit on sheet #6, cell b23.

Response

a and b) Norfolk has resubmitted the 2013 IRM3 Rate Generator Model to rectify the error. However, Norfolk requests the approval of rate riders for disposition of Group 1 accounts, as calculated in response to Interrogatory #4 rather than the rate riders calculated in the Model.

6. Ref: Manager's Summary, Pages 11-12, LRAM

Norfolk Power has requested an LRAM recovery over a one-year period beginning May 1, 2013. Norfolk Power is requesting approval of an LRAM amount of \$95,375, which includes \$2,669 in carrying charges, for lost revenues incurred in 2011 from CDM programs implemented between 2005 and 2010.

a) Please provide a table that clearly shows the lost revenues requested in this application by the year they are associated with for programs implemented between 2005 and 2010. Please provide separate tables for each rate class. Use the table below as an example.

Program Years	Years that lost revenues took place
	2011
2005	\$xxx
2006	\$xxx
2007	\$xxx
2008	\$xxx
2009	\$xxx
2010	\$xxx

Response:

Program year	Rate class			
	Residential	GS <50 kW	GS 50 - 4999 kW	Total
2005	\$2,196	\$0	\$182	\$2,377
2006	\$4,806	\$0	\$2,050	\$6,856
2007	\$18,439	\$599	\$866	\$19,903
2008	\$17,511	\$91	\$296	\$17,899
2009	\$7,801	\$20,324	\$5,275	\$33,400
2010	\$6,299	\$5,882	\$89	\$12,270
Total	\$57,053	\$26,895	\$8,758	\$92,706

Note: values exclude carrying charges.

7. Ref: Manager's Summary, Pages 12-13, Account 1568 - LRAMVA Ref: IndEco Consulting Inc. Third Party Review, Page 10, Table 6

Norfolk Power has requested an LRAMVA recovery over a one-year period, beginning May 1, 2013. Norfolk Power is requesting approval of an LRAMVA amount of \$15,691, which includes \$439 in carrying charges, for lost revenues incurred in 2011 from CDM programs implemented in 2011.

- a) Please confirm that Norfolk Power has relied on the final 2011 net savings results from the OPA when calculating its LRAMVA amount.
- b) If Norfolk Power has not relied on the final 2011 net savings results, please discuss what supporting documentation it has used.
- c) Please confirm that Norfolk Power's 2008 Board-approved load forecast was not adjusted to account for CDM effects. If the 2008 load forecast was adjusted for CDM effects, please identify and explain the adjustments that were made.
- d) Board staff was unable to confirm the 2011 net energy savings for the GS<50 kW rate class programs 2011 Pre-2011 HPNC in 2011 (970 kWh) and 2011 Pre-2011 ERIP in 2011 (33,113 kWh). Board staff was also unable to confirm the net demand savings for the GS 50-4999 kW rate class programs 2011 Pre-2011 ERIP in 2011 (241 kW) and 2011 EERI Industrial (169 kW). Please provide supporting evidence for these programs' net savings figures.

Table 6 – Net energy savings and demand savings by rate class for programs associated with LRAMVA claim

Rate class	Program	Units	2010	2011	2012	kWh total	kW-mo total
Residential	2011 Appliance Exchange	kWh	0	2,667	0	2,667	
	2011 Appliance Retirement	kWh	0	82,647	0	82,647	
	2011 Bi-Annual Retailer Event	kWh	0	102,715	0	102,715	
	2011 Conservation Instant Coupon	kWh	0	68,005	0	68,005	
	2011 HVAC Incentives	kWh	0	170,611	0	170,611	
	2011 Residential New Construction	kWh	0	743	0	743	
Residential total			0	427,388	0	427,388	
GS <50 kW	2011 Direct Install Lighting	kWh	0	302,840	0	302,840	
	2011 EERI C&I	kWh	0	69,107	0	69,107	
	2011 Pre-2011 HPNC in 2011	kWh	0	970	0	970	
	2011 Pre-2011 ERIP in 2011	kWh	0	33,113	0	33,113	
GS < 50 kW total			0	406,030	0	406,030	
GS 50 - 4999 kW	2011 Pre-2011 ERIP in 2011	kW-mo	0	241	0		241
	2011 EERI Industrial	kW-mo	0	169	0		169
GS 50 - 4999 kW total			0	410	0		410
Portfolio total						833,418	410

Response

- a) Norfolk Power relied on the OPA 2011 final net savings results to prepare the LRAMVA for 2011.
- b) As in a)
- c) Norfolk confirms that no adjustments were made to its 2008 forecast for CDM effects. The load forecast underpinning Norfolk's 2011 rates was based on the load forecast approved in Norfolk's 2008 cost of service application. As per EB-2007-0753, Exhibit: 3, Tab: 2, Schedule: 1, Page: 1 states "As required by the OEB Filing Requirements for Transmission and Distribution Applications, we are providing normalized historical and forecast (Bridge Year and Test Year) throughput data. Weather normalization (where required) is based on normalized average use per customer ("NAC") calculated from the weather-normalized throughput of the utility from 2004. This weather-normalized throughput was generated by Hydro One using its weather normalization model for the Cost Allocation process previously undertaken by the Board." The Board approved the 2008 load forecast based on the methodology outlined in the 2008 application. Since the approved 2008 load forecast was determined on a 2004 NAC basis there were no CDM program activities included in the 2008 load forecast.
- d) The referenced numbers are drawn directly from OPA detailed measure results for 2011. Norfolk Power broke down the numbers by rate class, assigning 100% of the HPNC to the GS<50 kW class, and 20% of the ERII savings to the GS<50 kW. (Note that the units reported are kW-mo, so the GS 50 – 4999 demand savings in kW are multiplied by 12.)

APPENDIX A
RESPONSE TO INTERROGATORY #4a
Email and attachments from Hydro One

Jody McEachran

From: TxDx.HydroOne@HydroOne.com
Sent: December 11, 2012 11:32 AM
To: Jody McEachran
Cc: TxDx.HydroOne@HydroOne.com
Subject: RE: embedded accounts-new rates - May 2012 (Norfolk Power)
Attachments: Norfolk Power Distribution TxDx_RTST_ST 2011 03 22 JG.xls

Jody

I am writing to confirm that as per attached Hydro One Retail totalization table, at Norfolk TS Hydro One is billing Norfolk Power the applicable retail transmission services rates by subtracting Hydro One deregistered meter points from Norfolk upstream meter points. Therefore, Norfolk Power only bills Hydro One the applicable commodity related charges for these deregistered Hydro One retail meter points without any retail transmission services rates.

Hydro One Deregistered retail meter points at Norfolk TS

0200700522	1	+	kwhdel	WATERFORD PME F3 PME
	2	+	kvarhdel	WATERFORD PME F3 PME
0200700523	1	+	kwhdel	WATERFORD PME F1 PME
	2	+	kvarhdel	WATERFORD PME F1 PME
0200700520	1	+	kwhdel	WILSONVILLE WEST PME
	2	+	kvarhdel	WILSONVILLE WEST PME
0200700533	1	+	kwhdel	WILSONVILLE NORTH PME
	2	+	kvarhdel	WILSONVILLE NORTH PME
0200600979	1	+	kwhdel	DELHI DS 2
0200600979	2	+	kvarhdel	DELHI DS 2

William Cheng
Team Lead
Transmission & Distribution Settlement
416 345 5875

RETAIL SETTLEMENTS TOTALIZATION TABLE																							
Customer Name			Norfolk Power Distribution Inc.			Formerly			Port Rowan, Delhi, Simcoe, Nanticoke (West Side)														
HONI ID			540603						Delivery Pt (Station Name)			Norfolk TS, Tillsonburg TS											
Last Revised By:			John Guevara						Effective Date			Mar 3, 2011											
CSS	ACCT#	Delivery PT	Summary 1 CSS SPID	Summary 2 (Sub-Account)	Meter Point ID	Channel #	Operator + or -	Delivered or Rec'd	Meter Point Description (Location)	Ratio (3 dec.)	MEC	Assume Voltage	Assume P.F.	aV2 Transformation	eV2 Radial Line	fl2 Radial Line	K1 Transformation	K2 Radial Line	K3	T1F	H1 LF	T1A	
A. RTSR Table																							
NORFOLK TS	31975-28003	87472230DP	87472230	87472230C1RTSR					NORFOLK TS														
			05035321		1000013480	1	+	kwhdel	BLUELINE PME		0										IMO	0.034	
					1000013480	2	+	kwhdel	BLUELINE PME												IMO	0.034	
					1000013480	3	-	kwhrec	BLUELINE PME												IMO	0.034	
					1000013480	4	-	kwhrec	BLUELINE PME												IMO	0.034	
					02007700522	1	-	kwhdel	WATERFORD PME F3 PME												0.034	0.01	
						2	-	kwhdel	WATERFORD PME F3 PME												0.034	0.01	
					02007700523	1	-	kwhdel	WATERFORD PME F1 PME												0.034	0.01	
						2	-	kwhdel	WATERFORD PME F1 PME												0.034	0.01	
					02007700520	1	-	kwhdel	WILSONVILLE WEST PME												0.034	0.01	
						2	-	kwhdel	WILSONVILLE WEST PME												0.034	0.01	
					02007700533	1	-	kwhdel	WILSONVILLE NORTH PME												0.034	0.01	
						2	-	kwhdel	WILSONVILLE NORTH PME												0.034	0.01	
			567708230		1000016610	1	+	kwhdel	DELHI PME		0										IMO	0.034	
					1000016610	2	+	kwhdel	DELHI PME												IMO	0.034	
					1000016610	3	-	kwhrec	DELHI PME												IMO	0.034	
					1000016610	4	-	kwhrec	DELHI PME												IMO	0.034	
					02006090979	1	-	kwhdel	DELHI DS 2												0.034	0.01	
					02006090979	2	-	kwhdel	DELHI DS 2												0.034	0.01	
			60759913		1000011870	1	+	kwhdel	PORT ROWAN PME		0										IMO	0.034	
					1000011870	2	+	kwhdel	PORT ROWAN PME												IMO	0.034	
					1000011870	3	-	kwhrec	PORT ROWAN PME												IMO	0.034	
					1000011870	4	-	kwhrec	PORT ROWAN PME												IMO	0.034	
TILLSONBURG TS																							
			11631-98008	68650753DP	68650753	0244193400	1	+	kwhdel	PORT ROWAN 27.6 PME											IMO	0.034	
						2244193400	1	+	kwhdel	PORT ROWAN 27.6 PME											IMO	0.034	
						2244193400	2	+	kwhdel	PORT ROWAN 27.6 PME											IMO	0.034	
						2244193400	3	-	kwhrec	PORT ROWAN 27.6 PME											IMO	0.034	
						2244193400	4	-	kwhrec	PORT ROWAN 27.6 PME											IMO	0.034	
B. Common ST Line Charges & Riders 3A, 6A & 8 (w/o Losses) Table																							
NORFOLK TS	31975-28003	87472230DP	87472230	87472230C7ST					NORFOLK TS														
			05035321		1000013480	1	+	kwhdel	BLUELINE PME		0												
					1000013480	2	+	kwhdel	BLUELINE PME														
					1000013480	3	-	kwhrec	BLUELINE PME														
					1000013480	4	-	kwhrec	BLUELINE PME														
					02007700522	1	-	kwhdel	WATERFORD PME F3 PME													0.01	
						2	-	kwhdel	WATERFORD PME F3 PME													0.01	

