

**Ontario Energy
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BY E-MAIL

November 20, 2012

Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

Dear Ms. Walli:

**Re: Hydro Hawkesbury Inc.
2013 IRM Rate Application
Board Staff Interrogatories
Board File No. EB-2012-0134**

In accordance with the Notice of Application and Hearing, please find attached Board Staff Interrogatories in the above proceeding.

As a reminder, Hydro Hawkesbury Inc.'s responses to interrogatories are due by December 6, 2012.

Yours truly,

Original Signed By

Daniel Kim
Analyst – Applications & Regulatory Audit

Encl.

Hydro Hawkesbury Inc. ("HHI")
2013 Rate Applications
Board Staff Interrogatories
EB-2012-0134

Tax Sharing Model

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

Last COS Re-based Year was in 2010							
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	4,705	53,559,119		
GSLT50	General Service Less Than 50 kW	Customer	kWh	566	20,562,650		
GSGT50	General Service 50 to 999 kW	Customer	kW	79	86,186,766	229,814	
USL	Unmetered Scattered Load	Connection	kWh	4	108,470		
Sen	Sentinel Lighting	Connection	kW	21	1,208,363	325	
SL	Street Lighting	Connection	kW	1,158	220,667	3,096	

Board staff has been unable to reconcile the figures entered into the columns "A", and "B" for the Unmetered Scattered Load, Sentinel Lighting and Street Lighting rate classes with the Board-approved load forecast from HHI's last cost of service application (EB-2009-0186). Please provide evidence supporting these amounts. If there are any errors, Board staff will make the necessary changes to the model.

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

Summary - Sharing of Tax Change Forecast Amounts		
For the 2010 year, enter any Tax Credits from the Cost of Service Tax Calculation (Positive #)	\$	-
1. Tax Related Amounts Forecast from Capital Tax Rate Changes	2010	2013
Taxable Capital	\$ 3,436,490	\$ 3,436,490
Deduction from taxable capital up to \$15,000,000	\$ 3,436,490	\$ 3,436,490
Net Taxable Capital	\$ -	\$ -
Rate	0.150%	0.000%
Ontario Capital Tax (Deductible, not grossed-up)	\$ -	\$ -
2. Tax Related Amounts Forecast from Income Tax Rate Changes	2010	2013
Regulatory Taxable Income	\$ 168,441	\$ 168,441
Corporate Tax Rate	16.00%	15.50%
Tax Impact	\$ 26,950	\$ 26,108
Grossed-up Tax Amount	\$ 32,083	\$ 30,897
Tax Related Amounts Forecast from Capital Tax Rate Changes	\$ -	\$ -
Tax Related Amounts Forecast from Income Tax Rate Changes	\$ 32,083	\$ 30,897
Total Tax Related Amounts	\$ 32,083	\$ 30,897
Incremental Tax Savings		-\$ 1,186
Sharing of Tax Savings (50%)		-\$ 593

Board staff has been unable to reconcile the taxable capital, regulatory taxable income and grossed-up tax amount with the Board-approved Revenue Requirement Work Form from HHI'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.

RTSR 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 Regular	kWh	51,273,093		1.0446		53,559,873	-
General Service Less Than 50 kW	kWh	18,457,375		1.0446		19,280,574	-
General Service 50 to 4,999 kW	kW	82,739,386	211,682		53.57%	82,739,386	211,682
Unmetered Scattered Load	kWh	215,299		1.0446		224,901	-
Sentinel Lighting	kW	102,890	286		49.31%	102,890	286
Street Lighting	kW	1,343,666	3,729		49.39%	1,343,666	3,729

Please confirm that the amounts entered into the columns "Non-Loss Adjusted Metered kWh" and "Non-Loss Adjusted Metered kW" has not been adjusted by HHI's Board approved loss factor. Once confirmed, Board staff will make any necessary updates to the model.

2013 IRM Rate Generator

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

Residential Service Classification	
This classification refers to the supply of electrical energy to customers residing in residential dwelling units. Energy is generally supplied as single phase, 3-wire, 60-Hertz, having nominal voltage of 120/240 Volts and up to 400 amps. There shall be only one delivery point to a dwelling. The Basic Connection for Residential consumers is defined as 100 amp 120/240 volt overhead service. A Residential building is supplied at one service voltage per land parcel. Further servicing details are available in the distributor's Conditions of Service.	
APPLICATION	
The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Board, and amendments thereto as approved by the Board, which may be applicable to the administration of this schedule.	
No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Board, and amendments thereto as approved by the Board, or as specified herein.	
Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable.	
It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, the Global Adjustment, the Ontario Clean Energy Benefit and the HST.	
MONTHLY RATES AND CHARGES - Delivery Component (If applicable, Effective Date MUST be included in rate description)	
Service Charge	\$ 5.95
Distribution Volumetric Rate	\$/kWh 0.0080
Low Voltage Service Rate	\$/kWh 0.0004
Rate Rider for Global Adjustment Sub-Account Disposition (2012) – Effective until April 30, 2013 Applicable only for Non-RPP Customers	\$/kWh 0.0005
Rate Rider for Deferral/Variance Account Disposition (2012) – Effective until April 30, 2013	\$/kWh 0.0008
Rate Rider for Lost Revenue Adjustment Mechanism (LRAM) Recovery – Effective until April 30, 2013	\$/kWh 0.0006
Rate Rider for Recovery of Incremental Capital Costs	\$/kWh 0.0024
Retail Transmission Rate - Network Service Rate	\$/kWh 0.0065
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh 0.0031

Board staff notes that on November 16, 2012 the Board issued HHI's final Rate Order for its smart meter application EB-2012-0198. Please confirm that the approved fixed rate riders from HHI's smart meter application should be included on Sheet 4 of HHI's 2013 IRM Rate Generator Model. Please confirm and, if necessary, Board staff will make the changes to the model.

5. Ref: Sheet 6 "Billing Det. for Def-Var"

Rate Class	Unit	Metered kWh	Metered kW	Billed kWh for Non-RPP Customers	Estimated kW for Non-RPP Customers	Distribution Revenue ¹	1590 Recovery Share Proportion*
Residential	\$/kWh	50,277,839		4,934,609	0	742,598	33.00%
General Service Less Than 50 kW	\$/kWh	19,562,613		2,163,886	0	193,055	13.00%
General Service 50 to 4,999 kW	\$/kW	80,745,583	209,711	80,745,583	209,711	233,371	
Unmetered Scattered Load	\$/kWh	242,514		11	0		53.00%
Sentinel Lighting	\$/kW	105,383	311	4,788	14	2,321	1.00%
Street Lighting	\$/kW	1,156,976	3,197	1,156,976	3,197	24,602	
MicroFit							
Total		152,090,908	213,219	89,005,853	212,922	1,195,947	100.00%

Board staff has been unable to reconcile the amounts recorded into the 'Metered kWh', 'Metered kW' and 'Distribution Revenue' columns with HHI's last Board approved load forecast from HHI's cost of service proceeding and/or Reporting

and Record-keeping Requirement (“RRR”) 2.1.5.

- a) Please provide evidence supporting these amounts.
- b) If the amounts recorded are not from HHI’s last Board approved load forecast from HHI’s cost of service proceeding and/or RRR 2.1.5, please provide rationale for the amounts.