

**Board Staff Interrogatories  
2013 Electricity Distribution Rates  
Algoma Power Inc. ("API")  
EB-2012-0104**

**RTSR Workform**

**1. Ref: 2013 IRM3 RTSR Work form, sheet 4**

- a) 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 EPLC's Board-approved loss factor.

**2. Ref: 2013 IRM3 RTSR Work form, sheet 4**

Board staff notes that API's RRR filings for 2010 and 2011 do not include billed kW for the Streetlighting class, although API's RTSRs for this rate class are billed on the basis of kW. Board staff is unable to verify the accuracy of the billing determinant for this rate class.

- a) Please confirm the billed kW for the Streetlighting rate class.
- b) Please explain why API has not provided this information in its RRR filings.

**Deferral and Variance Accounts**

**3. Ref: Manager's Summary, page 13**

**Ref: Schedule G, Deferral and Variance Account Disposition**

**Ref: EB-2011-0152 Decision and Order, pages 12, 13**

Board staff notes that API has calculated the threshold test separately for disposition of its Account 1588 and its other Group 1 accounts. In its EB-2011-0152 Decision and Order, the Board explicitly reminded API that the EDDVAR Report requires that the threshold calculation apply to all balances. The Board also expressed concerns in its Decision regarding the timing of API's proposed modifications to its billing system, which were to have been completed by January 1, 2013.

- a) Please provide a threshold calculation for all Group 1 balances, including Account 1588.

- b) Please provide a status update on the modifications to API's billing system to allow it to separately identify non-RPP customers for disposition of the Global Adjustment sub-account.

**4. Ref: Schedule F, Deferral and Variance Account Continuity Tables**  
**Ref: Schedule G, Deferral and Variance Account Disposition**  
**Ref: EB-2011-0152 Decision and Order, page 14**

In its EB-2011-0152 Decision, the Board directed API to file an application to dispose of its Global Adjustment sub-account balance by June 1, 2012. Board staff has been unable to find a record of API filing such an application to date. Board staff notes that API has included balances in its continuity table for "2012 Principal and Interest Disposition during 2012 – Instructed by the Board" that correspond with the balances approved by the Board in EB-2011-0152 for future disposition. API has removed these amounts from the principal and interest balances for which it requests disposition in this proceeding.

- a) Please provide the date and docket number for API's application for disposition of its 2010 principal balance with interest projected to December 31, 2011 for its Account 1588.
- b) If no such application has been made, please explain the entries in API's continuity table for Account 1588 in 2012.

**5. Ref: Schedule F, Deferral and Variance Account Continuity Tables**  
**Ref: Schedule G, Deferral and Variance Account Disposition**

Board staff notes that API's continuity table includes a balance of \$3,019,168 (including principal and interest) for the 1595 sub-account for Disposition of 2009 regulatory balances. Activity in this account begins with a transaction in 2011, but there are no further adjustments for 2012, other than the calculation of interest on the outstanding balance in 2011 and 2012. API has not included this balance in its rate rider calculations to dispose of its Group 1 balances. Board staff refers API to note 5 of the continuity table, which states:

Include Account 1595 as part of Group 1 accounts (lines 31, 32 and 33) for review and disposition if the recovery (or refund) period has been completed. If the recovery (or refund) period has not been completed, do not include the respective balance in Account 1595 for disposition at this time.

- a) Please clarify if it is API's intent to recover this outstanding balance.

- b) If so, please explain which of API's current rate riders for deferral and variance account disposition is related to the balance in the 1595 sub account.
- c) Please explain why there are no adjustments for Board-approved disposition in either 2011 or 2012.

**6. Ref: Schedule F, Deferral and Variance Account Continuity Tables**

Board staff notes that API's continuity tables show a net variance of \$553,264 between the 2011 balances as shown and the 2011 RRR balances provided to the Board. Board staff notes that certain corrections were made to the balances of API's Group 1 accounts in its Motion to Vary the Board's Decision on API's 2012 IRM application.

- a) Please explain the variances shown in the continuity tables.
- b) Has API made any corrections to its 2011 RRR balances as a result of the adjustments made to its Group 1 Balances in EB-2011-0152?

**Smart Meter Cost Recovery**

**7. Ref: Smart Meter Funding and Cost Recovery, page 2**

Page 2 of API's Smart Meter Cost Recovery evidence lists examples of operational benefits to be gained through smart meter implementation.

- a) Is API able to quantify the savings resulting from the operational efficiencies listed?
- b) Has API reflected these savings in its application? If so, please indicate the cost details and where they have been included.
- c) Has API identified any further areas of operational benefits and efficiencies beyond the examples provided?

**8. Ref: Smart Meter Funding and Cost Recovery, page 23**

API's evidence at page 23 indicates that it has included only incremental smart meter OM&A costs, less any cost savings resulting from the implementation of the smart meter program.

- a) Please describe the savings included in the application, as well as the amounts and years in which they occurred.

**9. Ref: Smart Meter Funding and Cost Recovery, page 7**

At page 7 of the evidence, API states that it is forecasting that the combined FNP/FRP count will be reduced from the initial estimate of 35 installations to 30 or less.

- a) What is the final FNP/FNR count?

**10. Ref: Smart Meter Funding and Cost Recovery, page 7**

API states that it supplied electricity to TBB, FRP and FNP sites, thereby obtaining a discount from Sensus on monthly maintenance fees.

- a) Please provide the volume and cost of the electricity supplied to the sites.
- b) Please explain how API recovered the cost of the electricity supplied.
- c) Please provide the total discount on monthly maintenance fees received.

**11. Ref: Smart Meter Funding and Cost Recovery, page 11**

API states that SAP development costs were shared among CNPI, API, GPI and WPI.

- a) Please provide the total SAP development costs to implement TOU billing.
- b) How have these costs been allocated among the four LDC's?

**12. Ref: Smart Meter Funding and Cost Recovery, page 18**

API states that its SAP CIS implementation is anticipated to be complete by November 2012 and that API will be ready to implement TOU billing by January 2013. Board staff notes that API's current exemption (through EB-2012-0339) will expire December 31, 2012.

- a) Please provide a status update of the SAP CIS implementation and API's expected commencement of TOU billing.

**13. Ref: Smart Meter Funding and Cost Recovery, page 22**

API states that its cumulative audited smart meter capital costs as at December 31, 2011 were \$4,272,096, and that an additional \$227,700 was forecast to be incurred in 2012.

- a) Please provide the actual capital costs incurred to date in 2012.

**14. Ref: Smart Meter Model Sheet 3**

**Ref: EB-2007-0744 Draft Rate Order**

API has entered aggregate corporate income tax rates for 2008, 2009 and 2010 of 33.50%, 33.00% and 31.00% respectively in its smart meter model. In its cost of service decision, EB-2007-0744, the Board approved a corporate tax rate of 36.12% underlying API's 2007 rates. These rates remained in effect until the Board's Decision in EB-2009-0278, effective December 1, 2010.

- a) Please explain the corporate tax rates of 33.50%, 33.00% and 31.00% entered into the model for 2008, 2009 and 2010.
- b) Please prepare a new smart meter model incorporating a tax rate of 36.12% for 2008, 2009 and 2010. Please include any other changes to the model resulting from API's responses to interrogatories.

**15. Ref: Smart Meter Model Sheet 3**

**Ref: EB-2007-0744 Decision and Order, page 20**

In its Decision and Order setting GLPL's 2007 rates, the Board approved a capital structure of 50% debt and 50% equity. The Board also approved a long term debt rate of 6.1% and a return on equity of 8.57%. GLPL proposed no short term debt for 2007. This approved capital structure and rate of return remained in effect until the Board's Decision in EB-2009-0278, which approved rates for API for 2011, effective December 1, 2010. Board staff notes that API has entered a capital structure and rate of return for the years 2007, 2008, 2009 and 2010 which are inconsistent with those approved in EB-2007-0744.

- a) Please confirm the capital structure of 50% debt and 50% equity and the long term debt rate of 6.1% and a return on equity of 8.57% for 2007.
- b) Please confirm that this capital structure and rate of return remained in effect until the Board's Decision in EB-2009-0278.
- c) Please explain the capital structure and rate of return entered into API's smart meter model for the years 2007 to 2010, inclusive.
- d) Please prepare a new smart meter model incorporating the approved capital structure and rate of return for 2007, 2008, 2009, and 2010. Please include any other changes to the model resulting from API's responses to interrogatories.

**16. Ref: Smart Meter Model Sheet 8B**

In the Smart Meter Model filed by API, the utility has relied upon sheet 8B to calculate the interest on OM&A and depreciation/amortization expenses. Sheet 8B calculates the interest based on the average annual balance of deferred OM&A and depreciation/amortization expenses based on the annual amounts input elsewhere in the model.

The more accurate and preferred method for calculating the interest on OM&A and depreciation/amortization expense is to input the monthly amounts from the sub-account details of Account 1556, using sheet 8A of the model. This approach is analogous to the calculation of interest on SMFA revenues on sheet 8 of the model.

- a) Please re-file the smart meter model using the monthly OM&A and depreciation/amortization expense data from Account 1556 records. API should also take into account any revisions necessary, including those resulting from its responses to interrogatories, as required.
- b) If this is not possible, please explain.

**17. Ref: Smart Meter Model, Version 2.21, Sheet 2 – Smart Meter Costs**

- a) Please provide further description of the capital costs of \$19,914 for 2007 and \$33,572 shown under '1.5.3 Professional Fees' on row 86 of sheet 2.
- b) Please provide further description of the capital costs for each year shown under '1.5.5 Program Management' on row 88 of sheet 2.
- c) Please provide further description of the OM&A costs of \$99,059 shown under '2.2.1 Maintenance' for the Advanced Metering Regional Collector shown on row 122 of sheet 2.

**18. Ref: Smart Meter Model, Version 2.21, Sheet 8 – Carrying Charges**

Algoma has proposed an effective date of January 1, 2013 for new rates, including the SMDR and SMIRR. On sheet 8 of the Smart Meter Model, Algoma has input the prescribed interest rate of 1.47% for all months of 2013. This will calculate interest on the SMFA revenue principal throughout 2013, even though the amounts are proposed to be disposed of as an offset to the deferred smart

meter revenue requirement, with the residual being recovered through the SMDR. Carrying charges should thus not apply past December 31, 2012.

- a) Please explain why Algoma has input the prescribed interest rate of 1.47% past December 31, 2012.

**19. Ref: Smart Meter Application – Cost Allocation**

- a) Please provide updated class-specific SMDRs and SMIRRs reflecting any changes or updates made as a result of Algoma's responses to interrogatories.
- b) Please provide an updated Smart Meter Model Version 2.21 reflecting any updates or changes as a result of responses to interrogatories. The Smart Meter Model should be filed in working Microsoft Excel format.
- c) Please provide updates of Schedules 2 and 3 of Algoma's Smart Meter Application. These tables should be provided in working Microsoft Excel format if available.

**Rate Design Module**

**20. Ref: Rate Model, Forecast Data Sheet**

**Ref: Rate Model, Allocated Revenues**

Board staff notes certain small discrepancies between the customer numbers in the approved load forecast and the numbers that have been used to calculate revenues for 2011, 2012 and 2013. Specifically:

	<b>Forecast Data</b>	<b>Revenue Calculations</b>
<b>R1</b>	8049	8039
<b>R2</b>	48	48
<b>Seasonal</b>	3665	3660
<b>Street Lighting</b>	32	1052

- a) Please explain these discrepancies.
- b) Please make any corrections required to the rate model.

**21. Ref: Schedule C, page 32**

Board staff notes that API has proposed distribution rates that include the allocation of the Smart Meter Net Deferred Revenue Requirement and 2013 Smart Meter Revenue Requirement and has calculated RRRP funding amounts accordingly.

- a) Please provide a calculation of 2013 revenue requirement, 2013 rates and RRRP funding which does not include the Smart Meter Net Deferred Revenue Requirement or 2013 Smart Meter Revenue Requirement.
- b) Please provide a calculation of 2013 revenue requirement, 2013 rates and RRRP funding which does not include the Smart Meter Net Deferred Revenue Requirement, but does include the 2013 Smart Meter Revenue Requirement.