

**2008 Incentive Rate Mechanism Application
Ontario Energy Board Staff Interrogatories for
Peterborough Distribution Inc. — EB - 2007- 0886**

For each of the interrogatories below, please provide a complete explanation. Where applicable, clarify whether there were errors, confirming what the correct entry should have been, or justify the noted discrepancies. The format of the response should repeat the references and the interrogatories.

Ref.: Letter Dated March 7, 2008; Request for change in 2007 electricity distribution rates and amended 2008 IRM Model

Ref.: Letter Dated August 8, 2007; Storm Damage Cost Claim

1. You wrote that “the correct number of sentinel light connections (626) was included in the Sentinel Light class, but because customers with unmetered sentinel lights are in PDI’s Residential, GS < 50 kW and GS > 50 kW rate classes, 156 sentinel light connections were included in those classes as well.”
 - a) Based on the above, it appears that only the sentinel lighting connections that are unmetered were double-counted. However, based on Peterborough’s Conditions of Service dated July 1, 2007, the sentinel lighting connections fall under section 3.8 entitled “Un-Metered Connections.” Please clarify whether all sentinel lighting connections are unmetered. If not, please clarify whether or not the alleged doubling error relates directly to the fact that some sentinel lighting connections are metered and some are not. Please provide any additional relevant information regarding differences in characteristics and differences in treatment between the 156 sentinel lighting connections that were allegedly double-counted and the balance of the sentinel lighting connections.
 - b) Please explain further what is meant by “unmetered sentinel lights are in” other rate classes (the “Parent”). Do these sentinel lighting connections receive a separate bill from their Parent customer? If not, do the bills received by the Parent provide two separate service charges (i.e., one for the Parent’s rate class and one for the Sentinel Lighting rate class) as well as separate volumetric charges for the two rate classes?
2. Please confirm that while the monthly service charge is applied to each of the 626 sentinel light connections (as per the reported 2004 figure), there are about 200 sentinel customers, some owning multiple sentinel lights. Please also confirm that each sentinel light connection is associated with a Parent customer who falls in another rate class. Please reconcile any differences

between the 156 customers mentioned in question 1 and the actual number of 2004 customers owning sentinel lights.

3. Please explain why the Board should consider making your revised 2007 rates effective January 1, 2008, given that your amended 2008 application was received in March 2008. What is the rationale for proposing a January 1, 2008 effective date? Please provide the rate impact by rate class and justification for the proposed retroactive rate adjustment for the 2007 rate year.
4. Your storm damage cost rate riders for the period September 1, 2007 to August 31, 2008 approved in the Board's Rate Order dated August 20, 2007 (EB-2007-0571), were calculated based on customer counts presented in your August 8, 2007 letter. These rate riders would change using the adjusted customer counts presented in your March 7, 2008 letter. Board staff notes that the March 7, 2008 letter does not make mention of this change in the storm damage cost rate riders.
 - a) Based on the above, please comment on whether you considered the implications of your current application on the currently approved storm damage cost recovery rate riders.
 - b) If you did consider it, please indicate why you did not incorporate any revisions to the rate riders (e.g. materiality, duration of the rate riders, etc.).
 - c) If you did not consider it at the time you made your application, do you wish to amend your application to reflect the change in customer counts in the determination of the storm damage cost recovery rate riders? If yes, please calculate the reallocation of the storm damage cost recovery by class under your proposed revised customer counts, what the revised storm damage cost rate riders would have to be (including any extension to the sunset of the rate riders beyond August 30, 2008, if necessary) and provide the supporting calculation in Microsoft Excel format.
 - d) If you did not consider it at the time you made your application and now have considered it and as a result have decided not to revise the storm damage riders, please indicate why you did not seek revisions to the riders (e.g. materiality, duration of the rate riders, etc.).

Ref.: 2006 EDR Model

5. Please confirm that the alleged error regarding the customer numbers entered in the 2006 EDR model was only made to the 2004 customer

numbers (entered in column J of sheet 6-2) and that the 2002 and 2003 customer numbers were correctly entered (columns H and I of sheet 6-2).

6. According to your RRR filing, you had a total of 4,161 General Service customers in 2002. However, your 2006 EDR model for 2002 shows that you had 3,704 General Service customers in that year (i.e., 3,353 GS < 50 kW + 351 GS > 50 kW = 3,704 GS customers). Please explain the discrepancy.

Ref.: 2007 IRM Model

7. It appears that you did not use the final decision model with the approved 1.90% inflation escalator, but instead used an earlier version of the model. Please confirm whether this is the case and, if so, re-submit your proposed 2007 rate adjustment based on the final version of the Board model.

Ref.: 2008 IRM Model, Sheet 3 (2007 Tariff Sheet)

8. Retail Transmission Service Rates (RTS)

You have entered your proposed adjustment to your RTS rates on Sheet 3. Please file a revised model with those proposed adjustments removed from Sheet 3 and reflected on Sheet 9A of the latest version of the model.

9. Rate Riders for Storm Damage Cost Recovery

You inserted the storm damage cost recovery rate riders on both Sheet 3 and Sheet 9 of the model. Please file a revised model with those rate riders removed from Sheet 3.

10. Loss Factors

You have entered 1.01045 as the Total Loss Factor – Primary Metered Customer > 5,000 kW. A review of your current 2007 Board approved Tariff of Rates and Charges indicates that this total loss factor is 1.0145. Please update your model to reflect the correct loss factor.