

**Erie Thames Powerlines Corporation
EB-2013-0018**

Board Staff Interrogatories

Tax-Savings Model

Interrogatory #1

Ref: Tax-Savings Model, Tab 3 – “Re-Based Bill Det & Rates”

Rate Group	Rate Class	Fixed Metric	Vol Metric	Re-based Billed Customers	Re-based	Re-based	Rate ReBal Base	Rate ReBal Base Distribution	Rate ReBal Base Distribution
				or Connections	Billed kWh	Billed kW	Service Charge	Volumetric Rate kWh	Volumetric Rate kW
				A	B	C	D	E	F
RES	Residential	Customer	kWh	16,461	147,767,075		15.21	0.0165	
GSLT50	General Service Less Than 50 kW	Customer	kWh	1,857	50,306,768		20.95	0.0138	
GSGT50	General Service 50 to 999 kW	Customer	kW	175		227,921	206.00		2.8750
LU	Large Use > 5000 kW	Customer	kW	1		160,146	9,741.16		2.1791
SL	Street Lighting	Connection	kW	4,283		6,754	3.80		32.9442
Sen	Sentinel Lighting	Connection	kW	301		772	5.25		6.2331
GSGT50	General Service 1,000 to 4,999 kW	Customer	kW	7		96,900	2,385.05		3.5279
EMB	Embedded Distributor	Connection	kW	3		23,768	2,219.86		2.6574
USL	Unmetered Scattered Load	Connection	kWh	121	618,341		3.00	0.1104	

Ref: Erie Thames Powerlines Corp., Proposed Settlement Agreement, Pg. 16

Rate Class	Customers	Billing Load	CDM Target (20%)	
Residential	16,461	147,767,075	N/A	1,457,817kWh
GS<50kW	1,857	50,306,768	N/A	497,827kWh
GS>50kW to 999kW	175	227,921	265kW	438,559kWh
GS>1000 to 4,999kW	8	96,900	384kW	1,012,174kWh
Large Use	1	160,146	296kW	958,416kWh
Streetlighting	4,283	6,754	25kW	49,128kWh
Sentinel	301	772	1kW	2,810kWh
Embedded Distributor	121	23,768	73kW	171,169kWh
Unmetered Scattered Load	3	618,341	N/A	6,100kWh
MicroFit Generators	46	N/A	N/A	N/A

Board staff notes that for the General Service 1000 to 4,999 kW, Embedded Distributor and Unmetered Scattered Load rate classes, the Re-based Billed Customers or Connections (column A) entered in the Tax-Savings Model do not reconcile to those numbers as found in Erie Thames’ proposed Settlement Agreement as seen in the image above.

(A) If Erie Thames’ agrees, please confirm, and Board staff will make the necessary corrections to the model.

- ***Erie Thames Powerlines does not agree.***

(B) If the answer to (A) is no, please confirm, and provide evidence for the figures entered in the Tax-Savings model which reconcile to Erie Thames' previous cost of service rate proceeding (EB-2012-0121).

- ***Erie Thames Powerlines does not agree with the customer count issue that Board staff has addressed Appendix E Revenue Reconciliation from Erie Thames Powerlines Draft Rate order details the calculation of Rates and the agreed to billing determinants that reconcile with those entered into the Tax Savings Model.***
- ***A copy of Appendix E has been provided in this response.***

Board staff also notes that column D of the Tax-Savings Workform for the General Service 50 to 999 kW rate class does not reconcile to Erie Thames' current tariff of rates and charges. Also, columns E and F do not reconcile to Erie Thames' current tariff of rates and charges for all rate classes.

(C) If Erie Thames' agrees, please confirm, and Board staff will update the model with the rates as found in Erie Thames' current tariff sheet.

- ***Erie Thames agrees that the rates do not reconcile and should match those provided in the response to B above.***

(D) If the answer to (C) is no, please provide an explanation for the figures entered in columns D, E and F.

Interrogatory #2

Ref: A portion of the Tax-Savings Model, Tab 5 – “Z-Factor Tax Changes”

	2012	2013
2. Tax Related Amounts Forecast from Income Tax Rate Changes		
Regulatory Taxable Income	\$ 1,149,121	\$ 1,149,121
Corporate Tax Rate	23.35%	23.45%
Tax Impact	\$ 267,894	\$ 249,517
Grossed-up Tax Amount	\$ 349,335	\$ 325,971

Board staff is unable to reconcile line items Regulatory Taxable Income, Corporate Tax Rate, Tax Impact and Grossed-up Tax Amount to Erie Thames’ Revenue Requirement Work Form from EB-2012-0121.

- (A) Please provide evidence for the figures entered on Tab 5 of the Tax-Savings Model for the line items noted above.
- (B) If changes are required, please provide the correct figures, and Board staff will make the necessary corrections to the model.

	2012
2. Tax Related Amounts Forecast from Income Tax Rate Changes	
Regulatory Taxable Income	\$ 1,147,934
Corporate Tax Rate	23.41%
Tax Impact	\$ 253,612
Grossed-up Tax Amount	\$ 331,121

Interrogatory #3

Ref: Manager’s Summary, Tax Change Rate Rider section

Ref: Tax-Savings Model, Tab 6 – “Calc Tax Chg RRider Var”

Ref: Rate Generator Model, Tab 11 – “Proposed Rates”

In its Manager’s Summary, Erie Thames notes that “the tax changes create a savings of \$23,364 with 50% or \$11,682 being retained by Erie Thames. The resulting volumetric rates generated by the model are immaterial in all rate classes with the exception of the Street and Sentinel Lighting classes.”

Board staff notes that the rate riders calculated in the Tax-Savings Model, as seen below, are immaterial for only the Residential and General Service Less Than 50 kW rate classes (\$0.0000).

Rate Class	Total Revenue \$ by Rate Class A	Total Revenue % by Rate Class B = A / \$H	Total Z-Factor Tax Change \$ by Rate Class C = \$I * B	Billed kWh D	Billed kW E	Distribution Volumetric Rate kWh Rate Rider F = C / D	Distribution Volumetric Rate kW Rate Rider G = C / E
Residential	\$5,442,618.4575	58.17%	-\$6,795	147,767,075	0	\$0.0000	
General Service Less Than 50 kW	\$1,161,083	12.41%	-\$1,450	50,306,768	0	\$0.0000	
General Service 50 to 999 kW	\$1,087,873	11.63%	-\$1,358	0	227,921		-\$0.0060
Large Use > 5000 kW	\$485,868	4.98%	-\$582	0	160,146		-\$0.0036
Street Lighting	\$417,810	4.47%	-\$522	0	6,754		-\$0.0772
Sentinel Lighting	\$23,775	0.25%	-\$30	0	772		-\$0.0384
General Service 1,000 to 4,999 kW	\$542,198	5.79%	-\$677	0	96,900		-\$0.0070
Embedded Distributor	\$143,076	1.53%	-\$179	0	23,768		-\$0.0074
Unmetered Scattered Load	\$72,621	0.78%	-\$91	618,341	0	-\$0.0001	
	<u>\$9,356,922</u>	<u>100.00%</u>	<u>-\$11,682</u>				

Board staff also notes that Erie Thames has only entered the tax-savings rate riders onto tab 10 of its Rate Generator Model for its Street and Sentinel Lighting rate classes. Board staff notes that Erie Thames should either enter all rate riders into the proposed rates tab in the Rate Generator Model or request for the entire tax-savings amount be recorded in Account 1595 for future disposition when sufficient amounts have accumulated.

(A) Please confirm if Erie Thames wishes to dispose of the entire tax-savings amount, and Board staff will update the Rate Generator Model to include all applicable rate riders for all rate classes.

- ***Erie Thames confirms that it wishes to dispose of the entire tax savings amount.***

(B) If the answer to (A) is no, please confirm if Erie Thames requests to record the entire tax-savings amount in Account 1595 for future disposition.

Rate Generator Model

Interrogatory #4

Ref: Rate Generator Model, Tab 4 – “Current Tariff Schedule”

Board staff notes the following discrepancies, for the noted rate classes, entered on tab 4 of the Rate Generator Model when reconciling to Erie Thames’ current tariff:

1. General Service Less Than 50 kW

- Rates for the *Rate Rider for Disposition of Global Adjustment Sub-Account (2012) – effective until December 31, 2013 Applicable only for Non-RPP Customers in the former service area of Clinton Power* and the *Rate Rider for Disposition of Global Adjustment Sub-Account (2012) – effective until December 31, 2013 Applicable only for Non-RPP Customers in the former service area of West Perth Power* are transposed in the model.
- **ETPL agrees with this finding and the adjustment should be made.**

2. General Service 50 to 999 kW

- Same issue as above.
- **ETPL agrees with this finding and the adjustment should be made.**
- In addition, Erie Thames’ current tariff sheet lists a *Rate Rider for Disposition of Deferral/Variance Accounts (2012) – effective until December 31, 2013 Applicable in the service area excluding the former service area of Clinton Power* with a rate of \$/kW (0.5957). This rate rider is not included on Tab 4 of the Rate Generator Model.
- **ETPL agrees with this finding and the adjustment should be made.**
- Erie Thames has entered a *Rate Rider for Disposition of Deferral/Variance Accounts (2012) – effective until December 31, 2013 Applicable in the service area excluding the former service areas of Clinton Power and West Perth Power* into the Rate Generator with an applicable rate of \$/kW 2.4601. Board staff notes that this line item does not appear on Erie Thames’ current tariff.
- **ETPL agrees with this finding the rate of \$/kW 2.4601 should be for Rate Rider for Disposition of Deferral/Variance Accounts (2012) Effective until December 31,2016 Applicable only in the former service area of Clinton Power.**

3. Unmetered Scattered Load

- Same issue as in 1 above for the same line items.

- ***ETPL agrees with this finding and the adjustment should be made.***

4. **Sentinel Lighting**

- Same issue as in 1 and 3 above for the same line items.
- ***ETPL agrees with this finding and the adjustment should be made.***

5. **Street Lighting**

- Same transposition errors as found in 1, 3 and 4 above for the same line items.
- ***ETPL agrees with this finding and the adjustment should be made.***
- The *Rate Rider for Disposition of Deferral/Variance Accounts (2012) – effective until December 31, 2013 Applicable only in the former service area of West Perth Power* is currently entered as a positive rate on tab 4 of the model. Erie Thames' current tariff sheet shows the rate to be \$/kW (0.8059).
- ***ETPL agrees with this finding and the adjustment should be made.***

(A) Please confirm if Erie Thames agrees with all of the above discrepancies found, and Board staff will make the necessary corrections to tab 4 of the Rate Generator Model.

- ***ETPL agrees with all of the above discrepancies and has made the changes in its Rate model as described in each section above and included the model in its response to the interrogatories.***

(B) If the answer to (A) is no, please provide an explanation for the above noted items.

(C) If any changes are required, please re-file the Rate Generator Model with all of the applicable changes.

Interrogatory #5

Ref: Rate Generator Model, Tab 5 – “2013 Continuity Schedule”

Board staff notes that Erie Thames has not calculated projected interest on its Group 1 balances for the period from January 1, 2013 to April 30, 2013.

- (A) Please calculate carrying charges for the period noted above, and provide these amounts for each account. Board staff will update the model accordingly.

Group 1 Accounts		
LV Variance Account	1550	-\$1,189.52
RSVA - Wholesale Market Service Charge	1580	-\$2,642.69
RSVA - Retail Transmission Network Charge	1584	-\$4,203.84
RSVA - Retail Transmission Connection Charge	1586	\$1,022.27
RSVA - Power (excluding Global Adjustment)	1588	-\$2,386.97
RSVA - Power - Sub-account - Global Adjustment	1588	\$5,294.55
Recovery of Regulatory Asset Balances	1590	-\$40.33
Disposition and Recovery/Refund of Regulatory Balances (2008) ⁵	1595	\$0.00
Disposition and Recovery/Refund of Regulatory Balances (2009) ⁵	1595	-\$744.41
Disposition and Recovery/Refund of Regulatory Balances (2010) ⁵	1595	\$0.00

- (B) Please confirm if the total claim continues to not exceed the disposition threshold when the carrying charges are applied to these accounts. It will not be necessary to provide a new IRM model. This will automatically update with Board staff’s adjustments from (A) above.
- ***The total claim continues to not exceed the disposition threshold.***
- (C) If the disposition threshold as calculated by Erie Thames in part (B) above exceeds the threshold, please confirm if Erie Thames will seek disposition of its Group 1 Deferral and Variance Account balances.

Interrogatory #6

Ref: Rate Generator Model, Tab 5 – “2013 Continuity Schedule”

- (A) Please explain the \$1,336,008 and \$(1,336,007) variances in Account 1588 RSVA Power (excluding Global Adjustment) and Account 1588 RSVA Power Sub-Account Global Adjustment, respectively.
- ***Account 1588 in the RRR filing 2.1.7 for 2011 is filed as one amount which encompasses both 1588 Power (Excluding Global Adjustment) and 1588 Power Sub Account Global Adjustment. Since these amounts were not broken out in RRR filing 2.1.7 they were not broken out in the continuity schedule either. Given that the amounts are equal and offsetting the 1588 accounts are therefore in balance.***

Interrogatory #7

Ref: A portion of the Rate Generator Model, Tab 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
Residential	\$/kWh	147,767,075		23,443,868	0	5,446,576
General Service Less Than 50 kW	\$/kWh	50,306,768		10,652,868	0	1,163,115
General Service 50 to 999 kW	\$/kW	77,849,023	227,921	75,178,200	220,102	1,087,881
General Service 1,000 to 4,999 kW	\$/kW	69,200,000	96,900	66,825,905	93,576	542,202
Large Use	\$/kW	97,146,783	96,900	93,813,898	93,576	465,870
Street Lighting	\$/kW	2,144,934	6,754	1,608,037	5,063	417,793
Sentinel Lighting	\$/kW	274,492	772	100,633	283	23,775
Unmetered Scattered Load	\$/kWh	618,341		65,265	0	72,608
Embedded Distributor	\$/kW	17,350,000	23,768	13,007,133	17,819	143,076
Total		462,657,415	453,015	284,695,807	430,417	9,362,895

Board staff is unable to reconcile the figures entered in the column “Distribution Revenue” to Erie Thames’ previous cost of service proceeding (EB-2012-0121).

- (A) Please provide evidence for the figures entered for Distribution Revenue for all rate classes.
- (B) If changes are required, please confirm and provide the correct amounts, and Board staff will update the model.
 - **Changes are required to the column as detailed in the following table. See appendix E provided in the response to Interrogatory #1 above for the correct reference to ETPL’s Cost of Service application.**

Rate Class	Unit	Distribution Revenue ¹
Residential	\$/kWh	5,636,524
General Service Less Than 50 kW	\$/kWh	1,149,106
General Service 50 to 999 kW	\$/kW	917,272
General Service 1,000 to 4,999 kW	\$/kW	584,381
Large Use	\$/kW	403,636
Street Lighting	\$/kW	344,523
Sentinel Lighting	\$/kW	30,337
Unmetered Scattered Load	\$/kWh	70,762
Embedded Distributor	\$/kW	170,676
Total		9,307,217

Interrogatory #8

Ref: Rate Generator Model, Tab 5 – “Continuity Schedule”

Board staff cannot reconcile column BZ – “Principal Disposition during 2012 – instructed by Board” and column CA – “Interest Disposition during 2012 – instructed by Board” in Erie Thames’ continuity schedule to the figures approved for disposition in Erie Thames’ previous rates proceeding (EB-2012-0121).

Board staff notes that the Board approved amounts for disposition in Erie Thames’ previous rates proceeding were as follows:

Account	ETPL	Period	WPPI	Period	CPC	Period
	Disposition		Disposition		Disposition	
1550	\$ (324,979.76)	1 Year	\$ 125,204.01	1 Year	\$ 478,080.22	4 Years
1580	\$ (517,339.77)	1 Year	\$ 35,724.63	1 Year	\$ (5,045.13)	4 Years
1584	\$ 3,762.74	1 Year	\$ (47,167.37)	1 Year	\$ (43,052.40)	4 Years
1586	\$ (522,146.70)	1 Year	\$ (1,117,800.59)	1 Year	\$ (696,642.01)	4 Years
1588	\$ 669,392.73	1 Year	\$ 774,314.76	1 Year	\$ 1,018,523.74	4 Years
1588	\$ 965,208.15	1 Year	\$ (354,254.53)	1 Year	\$ (376,251.38)	1 Year
1590	\$ 289,395.16	1 Year	\$ (14,603.26)	1 Year	\$ 44,815.88	4 Years
1592	\$ 33,247.04	1 Year				
SubTotal	\$ 596,539.59		\$ (598,582.35)		\$ 420,428.92	
1508			\$ 105,974.15	1 Year	\$ 76,987.06	4 Years
1582	\$ 58,580.11	1 Year	\$ 7,705.86	1 Year	\$ 1,557.82	4 Years
1521	\$ 985.97	1 Year	\$ 150.79	1 Year	\$ 90.76	4 Years
SubTotal	\$ 59,566.08		\$ 113,830.80		\$ 78,635.64	
Grand total	\$ 656,105.67		\$ (484,751.55)		\$ 499,064.56	

(A) If Erie Thames agrees, please confirm, and re-file the Rate Generator models with the figures approved for disposition, noted in the table above.

- ***ETPL agrees and is providing the updated changes required for the model to column BZ and column CA that have been incorporated into the model and filed with this response.***

	Column BZ	Column CA
1550	\$240,905.83	\$37,398.64
1580	-\$423,593.21	-\$63,067.06
1584	-\$74,704.82	-\$11,752.21
1586	-\$2,168,023.73	-\$168,565.57
1588	\$2,503,159.15	-\$40,927.92
1588	\$216,886.25	\$17,815.99
1590	\$431,228.50	-\$111,620.72
1595	\$33,247.04	\$0.00
	\$759,105.01	-\$340,718.85

(B) If the answer to (A) is no, please confirm, and provide an explanation for the figures entered in columns BZ and CA in Erie Thames' Rate Generator model.

Interrogatory #9

Ref: Rate Generator Model, Tab 10 – “Other Charges & LF”

Board staff notes that Erie Thames has not completed Tab 10 of the Rate Generator model, namely the portions pertaining to Specific Service Charges (Customer Administration and Non-Payment of Account).

(A) Please re-file the Rate Generator Model with the Customer Administration and Non-Payment of Account line items as currently found on Erie Thames' current tariff of rates and charges.

- ***ETPL has updated Tab 10 of the Rate Generator Model and included the correction in the model filed along with these interrogatory responses.***

RTSR Workform

Interrogatory #10

Ref: Manager's Summary, EB-2013-0018

In its Manager's Summary, Erie Thames notes that "it does not seek any changes to its Retail Transmission Service Rates. The applicant's current rates have only been in place since January 1st, 2013 and as such there is little history with respect to these rates and their accuracy in recovering the applicant's costs for RTSR at this time."

Board staff notes that on December 20, 2012 the Board issued its Rate Order for Hydro One Transmission (EB-2012-0031) which adjusted the UTRs effective January 1, 2013, as shown in the following table:

2013 Uniform Transmission Rates

Network Service Rate	\$3.63 per kW
<u>Connection Service Rates</u>	
Line Connection Service Rate	\$0.75 per kW
Transformation Connection Service Rate	\$1.85 per kW

Board staff notes that Erie Thames' current RTSR rates are not calculated based on the most recent UTR's.

(A) Please provide a further explanation as to why Erie Thames believes this is appropriate.

- ***ETPL felt that given it had just changed its UTR's effective January 1st 2013 that further changes would not be required, however given the changes to the 2013 UTR's ETPL would agree that updateing the rates is appropriate.***
- ***ETPL will complete the RTSR Workform and file along with these responses.***

(B) Please provide a completed RTSR Workform for Board staff's review which incorporates the UTR's effective January 1, 2013.

- ***ETPL is providing a completed RTSR Workform which incorporates the updated UTR's as part of its response to Board staff IR's.***