

**Board Staff Interrogatories
Erie Thames Powerlines Corporation
Disposition of Account 1562 – Deferred PILs
EB-2013-0225**

Note: Some Board staff interrogatories refer to a Compendium. The Compendium is attached and includes the following documents. EB-2008-0381 PILs Combined Proceeding Decision and Order, OEB Letter re: PILs 1562 disposition dated 13-09-2011, EB-2011-0146 Fort Francis Decision and Order, EB-2011-0187 North Bay Decision and Order, EB-2011-0196 St. Thomas Decision and Order, EB-2011-0197 Thunder Bay Hydroelectric Electricity Distribution Inc. Decision and Order, EB-2012-0061, Veridian Decision and Order, EB-2011-0425 Brant County Decision and Order.

– Interrogatories concerning Clinton Power Corporation (“CPC”) –

1) Ref: CPC Appendix 15 Disposition 1562 Balance 20130620 PILs Proxy Entitlements

In its PILs account 1562 continuity schedule, CPC recorded its entitlement to the 2001 PILs proxy starting on October 1, 2001 and the 2002 PILs proxy starting on January 1, 2002. The continuity schedule also shows that the recoveries from customers began November 1, 2002.

- a) Please confirm that CPC had submitted a 2002 rate application on July 8, 2002 and a modified application on September 4, 2002 and that the Board declared CPC’s rates effective November 1, 2002. Does CPC concur that the November 1, 2002 effective date was due to the delayed application for the rate adjustment?
- b) Please confirm that in the Veridian, St. Thomas and Thunder Bay decisions (see Compendium), the Board found that the date of entitlement to PILs begins with the date of rates first containing PILs. Please confirm that on this basis for CPC the date of entitlement would be November 1, 2002.
- c) Please identify the regulatory reference that supports starting the PILs entitlements earlier than November 1, 2002, and explain how it applies in this case.
- d) Board staff has calculated the sum of the 2001 PILs proxy of \$4,091 and the 2002 PILs proxy of \$19,948 to be \$24,039. The rates were determined based on a twelve month rate year which implies a monthly PILs proxy amount of \$2,003 (\$24,039/12) for the period from November 1, 2002 to March 31, 2004, or 17 months. Using this monthly entitlement, the total for the period shown is \$34,055

(\$2,003 x 17). This calculation method is intended to be consistent with the approach taken in previous Board's decisions (see Compendium for St. Thomas, Thunder Bay and Veridian decisions).

Rate Period	PILs Proxy
2002 - billings for 2 months only	\$4,007
2003	24,039
2004 – Jan.1 – Mar. 31	6,009
Total	\$34,055

Does CPC consider Board staff's PILs proxy calculation to reflect fairly the 2002 Board decision?

- e) Does CPC agree that the billing determinants to calculate the recoveries from the PILs rate slivers should be pro-rated for 2 months to comply with the effective rate implementation date of November 1, 2002?
- f) Please explain whether or not, in the company's view, the approach to determine the PILs proxy for the period from November 1, 2002 is fair to both the utility and its ratepayers.

2) Ref: CPC Appendix 15 Disposition 1562 Balance 20130620 PILs Recovery

Unmetered scattered load ("USL") is not listed as one of the components of billing and recovery in PILs recovery worksheets, although the 2004 and 2005 Board decisions include USL as one of the rate categories. USL was billed using the GS<50kW rate which included PILs variable charge slivers.

CPC provided historical demand consumption, including USL, from 2002 to 2010 in its 2010 Cost of Service rate application (EB-2009-0262).

Customer Class	Billing Parameter	Billed & Unbilled Consumption Jan 1/04 to Mar 31/04	Billed Consumption Apr 1/04 to Dec 31/04	Total Actual 2004	2004 Statistics Filed in 2010 CoS	Difference
Residential	kWh's	3,079,566	9,238,697	12,318,263	12,318,263	(0)
General Service < 50 KW	kWh's	1,582,596	4,747,788	6,330,384	6,330,384	0
General Service > 50 KW	kW's	7,804	23,411	31,214	31,214	0
USL	kWh's	-	-	-	59,340	(59,340)
Sentinel Lights	kWs	27	80	106	106	(0)
Streetlight	kW's	248	743	990	990	(0)

Customer Class	Billing Parameter	Billed & Unbilled Consumption Jan 1/05 to Mar 31/05	Billed Consumption Apr 1/05 to Dec 31/05	Total Actual 2005	2005 Statistics Filed in 2010 CoS	Difference
Residential	kWh's	3,193,710	9,581,141	12,774,851	12,774,851	-
General Service < 50 KW	kWh's	1,635,015	4,905,044	6,540,058	6,540,058	-
General Service > 50 KW	kW's	8,093	24,278	32,371	32,371	-
USL	kWh's			-	61,540	(61,540)
Sentinel Lights	kWs	24	73	97	97	-
Streetlight - TOU	kW's	250	751	1,001	1,001	-

Customer Class	Billing Parameter	Billed & Unbilled Consumption Jan 1/06 to April 30/06	2006 Statistics Filed in 2010 CoS	Pro-rated 2006 Statistics Filed in 2010 CoS	Difference
Residential	kWh's	4,218,668	12,656,005	4,218,668	-
General Service < 50 KW	kWh's	1,961,191	5,883,572	1,961,191	-
General Service > 50 KW	kW's	8,785	26,354	8,785	-
USL	kWh's		65,350	21,783	(21,783)
Sentinel Lights	kWs	69	206	69	-
Streetlight - TOU	kW's	339	1,017	339	-

- a) Please explain why the USL connections and energy (kWhs) and the associated rate slivers classified under GS<50kW rate class were not used in the calculation of PILs recoveries from ratepayers.
- b) Please include USL and the associated PILs rate slivers (billed at GS<50 kW) from the 2004 and 2005 RAM and demand consumption (kWhs) in the calculation of PILs recoveries from April 1, 2004 to April 30, 2006 in the continuity schedule.

3) Ref :Unbilled Revenue Cut-off at April 30, 2006

- a) Please describe how the consumption before May 1, 2006 was dealt with in the revenue cut-off calculations as at April 30, 2006.
- b) How much PILs recovery was billed to customers in May, June and July 2006 on consumption prior to May 1, 2006?

4) Ref: SIMPIL models for 2001-2005 - Income tax rates used

CPC has used income tax rates in the SIMPIL models that reflect the minimum income tax rates. However, the minimum tax rates input by CPC do not agree with those shown on page 17 of the Board's decision in the Combined Proceeding.

Please type in the minimum income tax rates from page 17 for the tax and the gross-up calculations in each SIMPIL model for 2001-2005 in the appropriate cells and file the revised models.

5) Ref: CPC Appendix 12 2003 PILS Filing 20130620.XLS

The 2003 SIMPIL model in column C does not agree with the 2002 PILs proxy amounts and income tax rate. A regulatory adjustment of \$17,983 was included in the 2002 PILs proxy and this amount must appear in 2003 SIMPIL column C in order to balance to the amounts approved by the Board in the 2002 application.

Please provide a revised 2003 SIMPIL model that has the correct amounts and income tax rate from the 2002 PILs proxy entered in column C. Please do not change the formulas that allow the true-up to be done properly.

6) Ref: CPC Appendix 13 2004 PILS Filing 20130620.XLS

The 2004 SIMPIL model in column C does not agree with the 2002 PILs proxy amounts and income tax rate. A regulatory adjustment of \$17,983 was included in the 2002 PILs proxy and this amount must appear in 2004 SIMPIL column C in order to balance to the amounts approved by the Board in the 2002 application.

Please provide a revised 2004 SIMPIL model that has the correct amounts and income tax rate from the 2002 PILs proxy entered in column C. Please use the SIMPIL workbook that has sheet TAXREC3. Please do not change the formulas that allow the true-up to be done properly.

7) Ref: CPC Appendix 14 2005 PILS Filing 20130823 PDF Pages 273-283)

In CPC's 2005 SIMPIL, there is an amount for reserves from financial statements of \$50,764 at the end of 2005. There were no reserves at the end of 2004.

- a) Please explain what the amount relates to and why the item should true up to ratepayers.
- b) Please explain why there were no financial statement reserves at the beginning or end of 2002, 2003 and 2004.

- c) Please explain if the 2005 reserve relates to regulatory assets.
- d) If the item does relate to regulatory assets, the number should be input on TAXREC3. The Board decided in the Combined Proceeding that regulatory assets will not be included in the determination of the PILs amount to be refunded or collected. Please see Issue #4 on pages 7-8 and the Settlement Agreement in the Decision on the Combined Proceeding. If CPC does not agree with this treatment, please explain why.

8) Ref: PDF page 18, Decision and Order November 4, 2002

According to the Board's 2002 decision, the rate rider of \$17,983 was approved to be collected from customers from November 1, 2002 to February 28, 2003.

- a) Please confirm that CPC ceased billing customers on consumption after February 28, 2003 for this rate rider.
- b) If CPC did not cease billing customers for this rider at that date, please indicate the date CPC ceased to billing the amount.
- c) If CPC continued to bill customers on consumption after February 28, 2003, please explain the regulatory basis for this treatment including CPC consideration of the Board's decision in EB-2011-0425 ? Does CPC agree that ratepayers should be refunded for what appears to be an over-collection not approved by the Board?

9) Ref: 1) CPC Appendix 15 Disposition 1562 Balance 20130620 PILs Proxy Entitlements; 2) CPC ~ 1562 Balance Revised 20130823.XLS

- a) Please provide a revised continuity schedule which reflects all of the changes to the various models to calculate a total for disposition consistent with the revisions or corrections mentioned in interrogatory number(s) 1, 2, 3, 4, 5, 6 and 7.
- b) On Sheet F1.13 interest carrying charges have been calculated up to August 31, 2013. Please calculate interest to December 31, 2013 in the revised continuity schedule which reflects all of the changes to the various models to calculate a total for disposition consistent with all the aforementioned requested revisions. If CPC does not agree with this change, please explain why.

– Interrogatories concerning West Perth Power Inc. (“WPPI”) –

10) Ref: WPPI Appendix 13 Disposition 1562 Balance 20130823; sheet A4.1 PILs Tax Proxy

Cells F10 and F12 in the PILs continuity schedule sheet A4.1 PILs Tax Proxy are labelled as the 2001 and 2002 Board-approved PILs tax proxies. The amounts entered are not consistent with the Board’s 2002 Decision.

Page 5 of the 2002 Decision shows adjustments made to correct for an overstatement of the 2001 and 2002 proxies. The final Board approved PILs proxies are \$10,853 for 2001 and \$40,664 for 2002. These amounts agree with the PILs amounts entered in the 2002 RAM model on sheet #6 and sheet #8.

Please enter the correct 2001 and 2002 PILs proxy amounts from the Board Decisions and RAM in cells F10 and F12 in the continuity schedule.

11) Ref: WPPI Appendix 13 Disposition 1562 Balance 20130823; sheet E1.1 PILs Proxy Entitlements

In the PILs account 1562 continuity schedule, WPPI recorded its entitlement to the 2001 PILs proxy starting on October 1, 2001 and the 2002 PILs proxy on January 1, 2002. The continuity schedule also shows that the recoveries from customers began March 1, 2002.

- a) Please confirm that the Board declared WPPI’s rates effective May 1, 2002 at WPPI’s request.
- b) Please confirm that in the Veridian, St. Thomas and Thunder Bay decisions (see Compendium), the Board found that the date of entitlement to PILs begins with the date that rates first containing PILs are effective. Please confirm that on this basis, for WPPI, the date of entitlement would be May 1, 2002.
- c) Please identify the regulatory reference that supports starting the PILs entitlements earlier than May 1, 2002, and explain how it applies in this case.
- d) Board staff has calculated the sum of the 2001 PILs proxy of \$10,853 and the 2002 PILs proxy of \$40,664 to be \$51,517. The rates were determined based on a twelve

month rate year which implies a monthly PILs proxy amount of \$4,293 (\$51,517/12) for the period from May 1, 2002 to March 31, 2004, or 23 months. Using this monthly entitlement, the total for the period shown is \$98,740 (\$4,293 x 23). This calculation method is intended to be consistent with the approach taken in previous Board decisions (see Compendium for St. Thomas, Thunder Bay and Veridian decisions).

Rate Period	PILs Proxy
2002 - billings for 8 months only	\$34,344
2003	51,517
2004 – Jan.1 – Mar. 31	12,879
Total	\$98,740

Does WPPI consider Board staff's PILs proxy calculation to reflect fairly the 2002 Board decision?

- e) Does WPPI agree that the billing determinants to calculate the recoveries from the PILs rate slivers should be pro-rated for 8 months to comply with the effective rate implementation date of May 1, 2002?
- f) Please explain whether or not, in the company's view, the approach to determine the PILs proxy for the period from May 1, 2002 is fair to both the utility and its ratepayers.

12) Ref: WPPI Appendix 13 Disposition 1562 Balance 20130823; sheets C1.1 to C1.5 PILs Recovery

Unmetered scattered load ("USL") is listed as one of the components of the billing and recovery in PILs recovery worksheets, although no PILs rate slivers or billing determinants are recorded in the period from May 1, 2002 to March 31, 2005. The 2002 and 2004 Board decisions include USL as one of the rate categories. USL was billed using the Street Lighting (Time of Use) class.

WPPI provided historical demand consumption, including USL, from 2002 to 2010 in its 2010 Cost of Service rate application (EB-2010-0121).

- a) Please explain why the USL connections and energy (kW) and the associated rate slivers were not used in the calculation of PILs recoveries from ratepayers.

- b) Please include the associated fixed and variable PILs rate slivers (billed at Street Lighting rates) from the 2002 and 2004 RAM, customer numbers and demand consumption (kW) in the calculation of PILs recoveries in the period from May 1, 2002 to March 31, 2005 in sheets C1.1 to C1.5 rows 27 and 57 of the PILs continuity schedule. Please ensure that the billing determinant for USL is recorded in kW and not kWh.

13) Unbilled Revenue Cut-off at April 30, 2006

- a) Please describe how the consumption before May 1, 2006 was dealt with in the revenue cut-off calculations as at April 30, 2006.
- b) How much PILs recovery was billed to customers in May, June and July 2006 on consumption prior to May 1, 2006?

14) Ref: SIMPIL models for 2001-2005 - Income tax rates used

WPPI has used income tax rates in the SIMPIL models that reflect the minimum income tax rates. However, the minimum tax rates input by WPPI do not agree with those shown on page 17 of the Board's decision in the Combined Proceeding.

Please type in the minimum income tax rates from page 17 for the tax and the gross-up calculations in each SIMPIL model for 2001-2005 in the appropriate cells and file the revised models.

15) Ref: WPPI Appendix 10 2003 PILS Filing Revised 20130823.xls

The 2003 SIMPIL model in column C does not agree with the 2002 PILs proxy amounts and income tax rate.

Please provide a revised 2003 SIMPIL model that has the correct amounts and income tax rate from the 2002 PILs proxy entered in column C.

16) Ref: WPPI Appendix 11 2004 PILS Filing Revised 20130823.xls

The 2004 SIMPIL model in column C does not agree with the 2002 PILs proxy amounts and income tax rate.

Please provide a revised 2004 SIMPIL model that has the correct amounts and income tax rate from the 2002 PILs proxy entered in column C. Please use the SIMPIL workbook that has sheet TAXREC3.

17) Ref: WPPI Appendix 13 Disposition 1562 Balance 20130823

- a) Please provide a revised continuity schedule which reflects all of the changes to the various models to calculate a total for disposition consistent with the revisions or corrections mentioned in interrogator numbers 10, 11, 12, 13, 14, 15 and 16.
- b) On Sheet F1.13 interest carrying charges have been calculated up to August 31, 2013. Please calculate interest to December 31, 2013. If WPPI does not agree with this change, please explain why.

*– Interrogatories concerning Erie Thames Powerlines (“ETPL”) –
(Pre-amalgamated)*

18) ETPL Appendixes 4, 5 and 9: Active Excel Rate Adjustment Models for Rates and USL Rates

In its 2002, 2004 and 2005 applications, ETPL filed two RAM models in each application. One was for unmetered scattered load and the other was for the remaining rate classes. In order to verify that the correct PILs proxy was used in this application process, both RAM models for each year are required.

ETPL has not filed all of the RAM models nor provided a reason for doing so. Board staff cannot validate that the PILs rate slivers used in the recovery calculations are correct. Board staff cannot validate that the PILs amounts inserted in the RAM models agree with the PILs proxy models that the Board relied on in approving ETPL’s rates for the 2002, 2004 and 2005 applications.

- a) Please file all of the remaining final Board-approved 2002, 2004 and 2005 RAM models in active Excel format. Please provide an Excel workbook that shows the PILs rate slivers from each RAM model and the sum of the PILs proxies and the sum of the rate slivers by rate class (all rate classes and USL) for each of 2002, 2004 and 2005.
- b) Please verify and confirm that the fixed and variable PILs rate slivers used in the PILs recovery calculations in PILs continuity schedule sheets C1.1 to C1.7 columns F and G match the PILs rate slivers calculated in the Board-approved RAM models.

19) Ref: ETPL Appendix 15 Disposition 1562 Balance 20130620 sheets C1.1 to C1.3 column F PILs Recovery – PILs rate slivers

Board staff noted that the 2001 PILs rate slivers used in the PILs recovery calculations that did not match the PILs rate slivers from the 2002 Board-approved RAM as seen in the table below.

2001 PILs rate slivers as per Board-approved 2002 RAM

	Additional distribution kWh (per customer/connection)	Additional monthly service charge (per kWh/kW)
Residential	\$0.000350	\$0.4816
GS <50kW	0.000468	0.9288
GS >50kW Non TOU	0.045862	13.6320
GS >50kW TOU	0.055174	214.7558
Intermediate	0.048158	249.6161
Large User	0.022431	506.4044
Sentinel Lighting	0.060615	0.0030
Street Lighting	0.041511	0.0187
USL	0.001183	0.1971

Please use the 2001 PILs rate slivers from the 2002 Board-approved RAM in the PILs recovery calculation in the continuity schedule. If ETPL does not agree with this treatment, please explain why.

20) Ref: ETPL Appendix 15 Disposition 1562 Balance 20130620 PILs Recovery – Billing Determinants

In the application evidence filed in 2002, 2004 and 2005, ETPL provided statistics of demand data. In 2006 EDR, ETPL also provided statistics for 2002-2004. The table below shows ETPL's evidence from 2002 to 2004.

- a) Board staff prorated (10/12) the 2002 statistics as filed in the 2006 EDR application and compared the prorated volumes with those used in the PILs recovery calculations. The volumetric billing determinants for 10 months of 2002 appear to be lower than the full year statistics would indicate. Please explain this discrepancy.

Customer Class	Billing Parameter	Billed Consumption Full 2002	2002 Statistics Filed in 2006 EDR	Prorated 2002 Statistics Filed in 2006 EDR for 10 months	Difference
----------------	----------------------	------------------------------------	--	--	------------

Residential	kWh's	89,529,393	117,587,765	97,989,804	(8,460,411)
General Service < 50 KW	kWh's	35,139,308	44,796,800	37,330,667	(2,191,359)
General Service 50 - 1000	kW's	207,538	283,851	236,543	(29,005)
1000-3000	kW's	36,976	52,352	43,627	(6,650)
3000 - 5000	kW's	28,074	41,327	34,439	(6,365)
Large Use > 5000	kW's	92,503	123,467	102,889	(10,386)
USL	kWh's	311,069	306,675	255,563	55,507
Sentinel Lighting	kW's	144,304	2,034	1,695	142,609
Street Lighting	kW's	5,739	7,658	6,382	(642)

b) The volumetric billing determinant statistics for 2003 and 2004 used in the recovery calculations do not agree with the statistics provided in previous applications. Please explain this discrepancy.

Customer Class	Billing Parameter	Billed Consumption 2003	2003 Statistics Filed in 2006 EDR	Difference
Residential	kWh's	113,381,788	115,456,020	(2,074,232)
General Service < 50 KW	kWh's	42,825,458	43,727,380	(901,922)
General Service 50 - 1000	kW's	264,610	264,610	-
1000-3000	kW's	46,227	48,911	(2,684)
3000 - 5000	kW's	39,820	43,299	(3,479)
Large Use > 5000	kW's	131,241	133,004	(1,763)
USL	kWh's	492,282	492,282	-
Sentinel Lighting	kW's	502	502	-
Street Lighting	kW's	8,618	8,444	174

Customer Class	Billing Parameter	Billed & Unbilled Consumption Jan 1/04 to Mar 31/04	Billed Consumption Apr 1/04 to Dec 31/04	Total Actual 2004	2004 Statistics Filed in 2006 EDR	Difference
Residential	kWh's	28,519,601	66,670,658	95,190,258	114,078,402	(18,888,144)
General Service < 50 KW	kWh's	9,952,673	28,858,018	38,810,690	39,810,690	(1,000,000)
General Service 50 - 1000	kW's	72,059	316,177	388,236	288,236	100,000
1000-3000	kW's	13,320	39,959	53,278	53,278	-
3000 - 5000	kW's	11,791	31,508	43,299	47,165	(3,866)
Large Use > 5000	kW's	35,289	105,866	141,154	141,154	-
USL	kWh's	125,467	376,400	501,867	501,867	-
Sentinel Lighting	kW's	139	416	555	555	-
Street Lighting	kW's	2,289	6,868	9,157	9,157	-

c) If there are any adjustments that need to be made to the PILs recovery

calculations, please update and file the revised PILs continuity schedule in active Excel format.

21) Ref: Unbilled Revenue Cut-off at April 30, 2006

- a) Please describe how the consumption before May 1, 2006 was dealt with in the revenue cut-off calculations as at April 30, 2006.
- b) How much PILs recovery was billed to customers in May, June and July 2006 on consumption prior to May 1, 2006?

22) Ref: ETPL Appendix 25 Effective Tax Rate Calcs 20130620.XLS

- a) Please explain the purpose of the two sets of tax rate calculations shown on sheet #1 and sheet #2 of this exhibit.
- b) Please describe the methodology followed to calculate the income tax rates.
- c) Please explain why ETPL did not use the effective tax rates from the tax returns filed. ETPL deducted the Ontario small business credit in 2003, 2004 and in 2005 and the effective rates from the tax returns are lower than the calculated income tax rates that ETPL used in the SIMPIL models.
- d) Please complete the following table in active Excel format using the numbers from the actual tax returns for the years shown. Please do not include corporate minimum tax or the capital taxes.

Income Tax Paid	2001	2002	2003	2004	2005
A) Federal income tax					
B) Ontario income tax					
C) Total income tax (A+B)					
D) Taxable income					
E) Effective tax rate % (C/D)					

23) Ref: SIMPIL models for 2001-2005 – Income Tax Rates

In the Decision in the Combined Proceeding on page 17 there are tax tables for the maximum and minimum income tax rates. These tables show the combined rate to calculate the tax impact and the combined rate minus 1.12% to calculate the grossed-up tax.

ETPL has calculated income tax rates that are less than the maximum tax rates. The SIMPIL models on sheet TAXCALC require the tax rates to be inserted in four cells. Two of the cells should contain the income tax rate to calculate the tax impact. Two cells should contain the tax rate minus 1.12% to calculate the grossed-up tax. ETPL has not inserted the tax rates consistent with the Combined Proceeding.

For the SIMPIL models 2001 to 2005 please input the correctly calculated tax rates in the appropriate cells.

24) Ref: ETPL Appendix 15 Disposition 1562 Balance 20130823.XLS

- a) Please provide a revised continuity schedule which reflects all of the changes to the various models to calculate a total for disposition consistent with the revisions or corrections mentioned in interrogatory number(s) 18, 19, 20, 21, 22 and 23.
- b) On Sheet F1.13 interest carrying charges have been calculated up to April 30, 2012. Please calculate interest carrying charges to December 31, 2013. If ETPL does not agree with this change, please explain why.