



*Your Home Town Utility*



December 5<sup>th</sup>, 2013

Ms. Kirsten Walli  
Board Secretary  
Ontario Energy Board  
P.O. Box 2319  
2300 Yonge Street, Suite 2700  
Toronto, ON M4P 1E4

Dear Ms. Walli,

**Re: 2014 IRM Rate Application  
EB-2013-0126**

Please find enclosed Erie Thames Powerlines Interrogatory responses with respect to the above noted proceeding.

Should you have any questions, or concerns, please contact myself at Erie Thames Powerlines Corporation at 519-485-1820 ext. 254, or via email at [gpettit@eriethamespower.com](mailto:gpettit@eriethamespower.com).

Respectfully,

Original signed

Graig Pettit  
Manager of Finance and Regulatory Affairs  
Erie Thames Powerlines Corporation.  
cc. Chris White President Erie Thames Powerlines

## Erie Thames Powerlines Corporation EB-2013-0126

### Board Staff Interrogatories

#### RTSR Model

#### Interrogatory #1

Ref: RTSR Model, Tab 4 – “RRR Data”

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	kWh	136,249,083		1.0451		142,393,917	-
General Service Less Than 50 kW	kWh	47,118,034		1.0451		49,243,057	-
General Service 50 to 999 kW	kW	99,749,528	384,201		35.59%	99,749,528	384,201
General Service 1,000 to 4,999 kW	kW	88,667,361	163,342		74.40%	88,667,361	163,342
Large Use	kW	94,151,552	160,480		80.41%	94,151,552	160,480
Unmetered Scattered Load	kWh	533,333		1.0451		557,386	-
Sentinel Lighting	kW	265,790	266		136.95%	265,790	266
Street Lighting	kW	3,535,186	9,886		49.01%	3,535,186	9,886
Embedded Distributor	kW	16,597,987	35,998		63.20%	16,597,987	35,998

Please confirm that the data entered in columns “Non-Loss Adjusted Metered kWh” and “Non-Loss Adjusted Metered kW” is not adjusted by Erie Thames Powerlines’ Board approved loss factor.

- ***ETPL confirms that the data entered in columns Non-Loss Adjusted Metered kWh and Non-Loss Adjusted Metered kW is not adjusted by Erie Thames Powerlines’ Board approved loss factor.***

## Interrogatory #2

### Ref: RTSR Model, Tab 6 – “Historical Wholesale”

IESO	Network			Line Connection			Transformation Connection			Total Line
Month	Units Billed	Rate	Amount	Units Billed	Rate	Amount	Units Billed	Rate	Amount	Amount
January	9,342	\$3.22	\$ 30,081	8,973	\$0.79	\$ 7,089	9,312	\$1.77	\$ 16,481	\$ 23,570
February	8,651	\$3.22	\$ 27,857	8,735	\$0.79	\$ 6,901	9,065	\$1.77	\$ 16,044	\$ 22,945
March	8,833	\$3.22	\$ 28,442	8,465	\$0.79	\$ 6,687	8,784	\$1.77	\$ 15,548	\$ 22,235
April	7,713	\$3.22	\$ 24,836	7,893	\$0.79	\$ 6,235	8,190	\$1.77	\$ 14,497	\$ 20,732
May	19,316	\$3.22	\$ 62,197	17,643	\$0.79	\$ 13,938	18,308	\$1.77	\$ 32,405	\$ 46,343
June	22,358	\$3.22	\$ 71,993	20,421	\$0.79	\$ 16,133	21,191	\$1.77	\$ 37,509	\$ 53,642
July	11,828	\$3.22	\$ 38,085	10,860	\$0.79	\$ 8,579	11,269	\$1.77	\$ 19,947	\$ 28,526
August	10,351	\$3.22	\$ 33,330	9,730	\$0.79	\$ 7,686	10,097	\$1.77	\$ 17,871	\$ 25,557
September	10,169	\$3.22	\$ 32,744	9,625	\$0.79	\$ 7,604	9,988	\$1.77	\$ 17,679	\$ 25,283
October	8,844	\$3.22	\$ 28,478	8,501	\$0.79	\$ 6,716	8,822	\$1.77	\$ 15,615	\$ 22,331
November	9,426	\$3.22	\$ 30,352	8,772	\$0.79	\$ 6,930	9,102	\$1.77	\$ 16,111	\$ 23,041
December	9,500	\$3.22	\$ 30,591	8,677	\$0.79	\$ 6,855	9,005	\$1.77	\$ 15,938	\$ 22,794
<b>Total</b>	136,331	\$ 3.22	\$ 438,985	128,295	\$ 0.79	\$ 101,353	133,133	\$ 1.77	\$ 235,645	\$ 336,998

Board staff is unable to reconcile the “Network”, “Line Connection” and “Transformation Connection” rates to the effective Uniform Transmission Rates (“UTR”) as found on tab 5 of the model. Board staff notes that the effective UTR’s are as follows:

- Network: \$3.57/kW
- Line Connection: \$0.80/kW
- Transformation Connection: \$1.86/kW

(A) If Erie Thames Powerlines agrees, please confirm, and Board staff will update the model with the applicable rates as seen above.

- ***ETPL agrees with the effective UTR’s as listed above and concurs that Board staff should update the model with the applicable rates as seen above.***

(B) If the answer to (A) is no, please provide evidence for the rates entered by Erie Thames Powerlines.

**Interrogatory #3**  
**Ref: RTSR Model, Tab 6 – “Historical Wholesale”**

Hydro One	Network			Line Connection			Transformation Connection			Total Line
Month	Units Billed	Rate	Amount	Units Billed	Rate	Amount	Units Billed	Rate	Amount	Amount
January	70,081	\$2.65	\$ 185,715		\$0.00		70,451	\$2.03	\$ 142,848	\$ 142,848
February	66,863	\$2.65	\$ 177,187		\$0.00		67,905	\$2.03	\$ 138,178	\$ 138,178
March	65,272	\$2.65	\$ 172,971		\$0.00		66,753	\$2.03	\$ 135,675	\$ 135,675
April	60,861	\$2.65	\$ 161,284		\$0.00		61,141	\$2.04	\$ 124,680	\$ 124,680
May	71,139	\$2.65	\$ 188,518		\$0.00		71,150	\$2.04	\$ 144,844	\$ 144,844
June	76,557	\$2.65	\$ 202,876		\$0.00		76,648	\$2.03	\$ 155,486	\$ 155,486
July	79,325	\$2.65	\$ 210,211		\$0.00		79,466	\$2.03	\$ 161,420	\$ 161,420
August	74,402	\$2.65	\$ 197,165		\$0.00		74,869	\$2.04	\$ 152,698	\$ 152,698
September	82,303	\$2.60	\$ 213,823		\$0.00		81,811	\$2.07	\$ 169,056	\$ 169,056
October	64,405	\$2.65	\$ 170,673		\$0.00		64,550	\$2.03	\$ 130,755	\$ 130,755
November	67,858	\$2.65	\$ 179,824		\$0.00		68,086	\$2.02	\$ 137,601	\$ 137,601
December	68,885	\$2.70	\$ 185,767		\$0.00		68,961	\$2.04	\$ 140,785	\$ 140,785
<b>Total</b>	847,951	\$ 2.65	\$ 2,246,014	-	\$ -	\$ -	851,791	\$ 2.04	\$ 1,734,026	\$ 1,734,026

Board staff is unable to reconcile the “Network” rate for the month of December, to the effective Hydro One Sub-Transmission rate as found on tab 5 of the model (i.e. \$2.65/kW).

(A) If Erie Thames Powerlines agrees, please confirm, and Board staff will update the model with the applicable rate.

- ***ETPL notes that the amount in the table above for December was based upon actual Hydro One December billings which included January 2013 amounts with 2013 rates.***
- ***ETPL agrees that the rate should be consistent with the effective Hydro One Sub-Transmission rate as found on tab 5 and concurs that Board staff should update the model.***

(B) If the answer to (A) is no, please provide evidence for the rates entered by Erie Thames Powerlines.

Board staff also notes the varying “Transformation Connection” rates entered by Erie Thames Powerlines. Board staff notes that the effective Hydro One rate for “Transformation Connection” is \$1.50/kW.

(C) Please provide an explanation for the rates entered in the column “Transformation Connection”.

- ***Given the ETPL is connected within Hydro One service territory in approximately 14 communities the invoicing received from Hydro One is exceedingly complex and provides from Transformation Connection and Line Connection rates in one line item.***

- **Further adding to complexity ETPL does not pay line connection on all of its points with Hydro One and as a result ETPL simply blended the two rates into one on the Transmission Connection column of Tab 6.**

(D) If this was input in error, please confirm and provide the correct data, and Board staff will make the necessary corrections to the model.

- **ETPL has been able to extract the billing data in a manner that allows the Transmission and Line Connection amounts to be detailed separately and provides the following table for Board staff to include as an update to its historical Transmission and Lin Connection tables as part of Tab 6 in its RTSR model.**

Hydro One	Network			Line Connection			Transformation Connection			Total Line
Month	Units Billed	Rate	Amount	Units Billed	Rate	Amount	Units Billed	Rate	Amount	Amount
January	70,081	\$2.65	\$ 185,715	70,451	\$0.64	\$ 45,089	65,173	\$1.50	\$ 97,760	\$ 142,848
February	66,863	\$2.65	\$ 177,187	67,905	\$0.64	\$ 43,459	63,146	\$1.50	\$ 94,719	\$ 138,178
March	65,272	\$2.65	\$ 172,971	66,753	\$0.64	\$ 42,722	61,969	\$1.50	\$ 92,954	\$ 135,675
April	60,861	\$2.65	\$ 161,284	61,141	\$0.64	\$ 39,130	57,033	\$1.50	\$ 85,550	\$ 124,680
May	71,139	\$2.65	\$ 188,518	69,899	\$0.64	\$ 44,735	64,954	\$1.50	\$ 97,431	\$ 142,166
June	79,252	\$2.65	\$ 210,018	79,376	\$0.64	\$ 50,801	73,682	\$1.50	\$ 110,523	\$ 161,324
July	82,220	\$2.65	\$ 217,883	82,361	\$0.64	\$ 52,711	76,603	\$1.50	\$ 114,905	\$ 167,616
August	76,995	\$2.65	\$ 204,037	77,525	\$0.64	\$ 49,616	72,506	\$1.50	\$ 108,759	\$ 158,375
September	71,749	\$2.65	\$ 190,135	73,247	\$0.64	\$ 46,878	68,365	\$1.50	\$ 102,548	\$ 149,426
October	64,405	\$2.65	\$ 170,673	64,550	\$0.64	\$ 41,312	59,642	\$1.50	\$ 89,463	\$ 130,775
November	67,858	\$2.65	\$ 179,824	68,086	\$0.64	\$ 43,575	62,684	\$1.50	\$ 94,026	\$ 137,601
December	68,885	\$2.65	\$ 182,545	68,961	\$0.64	\$ 44,135	63,703	\$1.50	\$ 95,555	\$ 139,690
<b>Total</b>	<b>845,580</b>	<b>\$ 2.65</b>	<b>\$ 2,240,790</b>	<b>850,255</b>	<b>\$ 0.64</b>	<b>\$ 544,163</b>	<b>789,460</b>	<b>\$ 1.50</b>	<b>\$ 1,184,190</b>	<b>\$ 1,728,353</b>

## Tax-Sharing Model

### Interrogatory #4

#### Ref: Tax-Sharing Model, Tab 3 - "Re-Based Bill Det & Rates"

**Last COS Re-based Year was in 2012**

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	Rate ReBal Base Service Charge D	Rate ReBal Base Distribution Volumetric Rate kWh E	Rate ReBal Base Distribution Volumetric Rate kW F
RES	Residential	Customer	kWh	16,461	147,767,075		15.37	0.0180	
GSLT50	General Service Less Than 50 kW	Customer	kWh	1,857	50,306,768		21.18	0.0137	
GSGT50	General Service 50 to 999 kW	Customer	kW	175		227,921	121.53		2.9483
GSGT50	General Service 1,000 to 4,999 kW	Customer	kW	7		96,900	2,410.81		4.0060
LU	Large Use	Customer	kW	1		160,146	9,846.36		1.8098
USL	Unmetered Scattered Load	Connection	kWh	121	618,341		3.03	0.1086	
Sen	Sentinel Lighting	Connection	kW	301		772	5.31		14.8917
SL	Street Lighting	Connection	kW	4,283		6,754	3.84		22.3336
EMB	Embedded Distributor	Connection	kW	3		23,768	2,243.83		3.8598

Board staff is unable to reconcile the data entered in columns D, E and F to Erie Thames Powerlines' current Board-approved Tariff of Rates and Charges.

(A) Please provide evidence for the figures entered in columns D, E and F.

- ***ETPL utilized the incorrect IRM Excel model and the figures entered in the table above are not correct.***

(B) If changes are required, please confirm, and Board staff will update the model with the rates as found in Erie Thames Powerlines' current Tariff of Rates and Charges.

- ***ETPL confirms that changes to Tab 3 of the Tax Sharing Model are required and has provided the following table for Board staff to update the model as required.***

**Last COS Re-based Year was in 2012**

Rate Group	Rate Class	Fixed Metric	Vol Metric	Rate ReBal Base Service Charge D	Rate ReBal Base Distribution Volumetric Rate kWh E	Rate ReBal Base Distribution Volumetric Rate kW F
RES	Residential	Customer	kWh	15.25	0.0178	
GSLT50	General Service Less Than 50 kW	Customer	kWh	21.01	0.0136	
GSGT50	General Service 50 to 999 kW	Customer	kW	120.57		2.9250
GSGT50	General Service 1,000 to 4,999 kW	Customer	kW	2,391.73		3.9743
LU	Large Use	Customer	kW	9,768.44		1.7955
USL	Unmetered Scattered Load	Connection	kWh	3.01	0.1077	
Sen	Sentinel Lighting	Connection	kW	5.26		14.7739
SL	Street Lighting	Connection	kW	3.81		22.1569
EMB	Embedded Distributor	Connection	kW	2,226.08		3.8293

## Interrogatory #5

### Ref: Tax-Sharing Model, Tab – “Z-Factor Tax Changes”

#### Summary - Sharing of Tax Change Forecast Amounts

For the 41558 year, enter any Tax Credits from the Cost of Service Tax Calculation (Positive #)

	2012	2014
<b>1. Tax Related Amounts Forecast from Capital Tax Rate Changes</b>		
Taxable Capital		\$ -
Deduction from taxable capital up to \$15,000,000		\$ -
Net Taxable Capital	\$ -	\$ -
Rate	0.000%	0.000%
Ontario Capital Tax (Deductible, not grossed-up)	\$ -	\$ -
<b>2. Tax Related Amounts Forecast from Income Tax Rate Changes</b>		
Regulatory Taxable Income	\$ 1,147,934	\$ 1,147,934
Corporate Tax Rate	23.41%	23.45%
Tax Impact	\$ 253,612	\$ 269,203
Grossed-up Tax Amount	\$ 331,121	\$ 351,674

Board staff notes that Erie Thames Powerlines has not entered tax credits of \$20,000 as approved in its previous cost of service rate proceeding (EB-2012-0121). Board staff notes that if the \$20,000 is included, this creates a tax-sharing amount of \$5,574 with \$2,787 (50%) being refunded to ratepayers. Currently, without the tax-credits entered, Erie Thames Powerlines shows a debit of \$20,553 with \$10,276 (50%) being collected from ratepayers.

(A) Please confirm if the \$20,000 of tax credits was omitted in error and Board staff will make the necessary corrections to the model.

- ***ETPL confirms that the \$20,000 in tax credits was omitted in error and concurs that Board staff should make the necessary corrections to the model.***

(B) If the answer to (A) is no, please provide an explanation for the omission of this amount.

**Rate Generator Model**

**Interrogatory #6**

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

Board staff notes that for all applicable rate classes (i.e. Residential and General Service Less than 50kW), Erie Thames Powerlines has not entered the line item “Rate Rider for Smart Metering Entity Charge – effective until October 31, 2018”, with the applicable rate of \$0.79, as found on its current Tariff of Rates and Charges.

(A) If this line item was omitted in error, please confirm, and Board staff will make the necessary adjustments to the model.

- ***ETPL confirms that this line item was omitted in error and concurs that Board staff should make the necessary adjustments to the model.***

(B) If the answer to (A) is no, please provide an explanation for the omission of the line item.



## Interrogatory #7

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

#### MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0012
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

Board staff notes that Erie Thames Powerlines has incorrectly entered the effective Wholesale Market Service Rate (“WMSR”) and Rural Rate Protection Charge (“RRRP”). Board staff notes the applicable WMSR and RRRP, as found on Erie Thames Powerlines’ current Tariff of Rates and Charges, is \$0.0044/kWh and \$0.0012/kWh, respectively.

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

- ***Erie Thames Powerlines confirms that the WMSR and RRRP were incorrectly entered to Tab 4 of the Rate Generator Model and should be adjusted by Board Staff.***

(B) If the answer to (A) is no, please provide justification for the rates entered.

(C) Please confirm if, as of May 1, 2013, Erie Thames Powerlines has been effectively charging the updated WMSR and RRRP rates of \$0.0044/kWh and \$0.0012/kWh respectively.

- ***ETPL confirms that effective May 1<sup>st</sup>, 2013 it has been charging WMSR and RRRP rates of \$0.0044/kWh and \$0.0012/kWh respectively.***

**Interrogatory #8**

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

Board staff notes the following inconsistencies entered on tab 4 of the Rate Generator Model when reconciling to Erie Thames Powerlines’ current Tariff of Rates and Charges:

- For the GS 50 to 999 kW, GS 1000 to 4999 kW, Large Use, Street Lighting, Sentinel Lighting and Embedded Distributor rate classes, the line item labelled “Rate Rider for Application of Tax Change (2013) – effective until April 30, 2014” has not been entered on tab 4 of the model.
- For the Unmetered Scattered Load rate class, the wording for the line item “Rate Rider for Recovery of Lost Revenue Adjustment Mechanism (LRAM)/Shared Savings Mechanism (SSM) – effective until December 31, 2014 and applicable only in the former service area of West Perth Power” does not reconcile to Erie Thames Powerlines’ current Tariff. Board staff believes the line item should be labelled “Rate Rider for Recovery of Lost Revenue Adjustment Mechanism (LRAM)/Shared Savings Mechanism (SSM) – effective until December 31, 2014 and applicable in the service area excluding the former service area of Clinton Power”.
- For all rate classes, Board staff is unable to reconcile the Retail Transmission Rates for both Network and Line and Transformation Connection entered on tab 4 of the model to Erie Thames Powerlines’ current tariff.

(A) For each of the above, please confirm if Erie Thames Powerlines agrees, and Board staff will make the necessary adjustments to the model.

- ***Erie Thames Powerlines agrees with each of the above inconsistencies in Tab 4 of its Current Tariff Schedule and confirms that Board staff should make the necessary adjustments to the model.***

(B) If Erie Thames Powerlines does not agree with one or more of the above, please specify, and provide justification for the data entered.

## Interrogatory #9

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

#### Non-Payment of Account

Late Payment – per month	%	1.50
Late Payment – per annum	%	19.56
Collection of account charge – no disconnection - during regular business hours	\$	30.00
Collection of account charge – no disconnection – after regular hours	\$	165.00
Disconnect/Reconnect at meter – during regular hours	\$	65.00
Disconnect/Reconnect at meter – after regular hours	\$	185.00
Disconnect/Reconnect at pole – after regular hours	\$	185.00
Temporary Service – Install & remove – overhead – no transformer	\$	500.00
Temporary Service – Install & remove – underground – no transformer	\$	300.00
Specific Charge for Access to the Power Poles - \$/pole/year	\$	22.35

Board staff notes that the line item highlighted above does not reconcile to Erie Thames Powerlines’ current Tariff of Rates and Charges. Board staff notes that the line item on Erie Thames Powerlines’ current Tariff is labelled “Disconnect/Reconnect at pole – during regular hours”.

(A) If Erie Thames Powerlines agrees, please confirm and Board staff will update the model.

- ***ETPL agrees and Board staff should update the model.***

(B) If the answer to (A) is no, please provide justification for the wording selected.

## Interrogatory #10

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

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

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	\$5,695,874	60.56%	\$6,223	147,767,075	0	\$0.0000	
General Service Less Than 50 kW	\$1,161,178	12.35%	\$1,269	50,306,768	0	\$0.0000	
General Service 50 to 999 kW	\$927,192	9.86%	\$1,013	0	227,921		\$0.0044
General Service 1,000 to 4,999 kW	\$590,689	6.28%	\$645	0	96,900		\$0.0067
Large Use	\$407,989	4.34%	\$446	0	160,146		\$0.0028
Unmetered Scattered Load	\$71,551	0.76%	\$78	618,341	0	\$0.0001	
Sentinel Lighting	\$30,676	0.33%	\$34	0	772		\$0.0434
Street Lighting	\$348,202	3.70%	\$380	0	6,754		\$0.0563
Embedded Distributor	\$172,518	1.83%	\$188	0	23,768		\$0.0079
	\$9,405,869	100.00%	\$10,276				

In its Manager’s Summary, Erie Thames Powerlines notes that “the tax changes create an increase in costs of \$20,553 with 50% or \$10,276 being absorbed by Erie Thames Powerlines. The resulting volumetric rates generated by the model are immaterial in all rate classes with the exception of the Street and Sentinel Lighting classes as well as the Unmetered class.”

Subject to adjustment based on Erie Thames’ response to Board staff interrogatory #5, Board staff notes that the rate riders calculated in the Tax-Savings Model, as seen above, are immaterial for only the Residential and General Service Less Than 50 kW rate classes (\$0.0000).

Board staff also notes that Erie Thames Powerlines has only entered the tax-savings rate riders onto tab 10 of its Rate Generator Model for its Street Lighting, Sentinel Lighting and Unmetered Scattered Load rate classes. Board staff notes that Erie Thames Powerlines 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 Powerlines 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 Powerlines wishes to dispose of the entire tax savings amount subject to the refund amount generating rates for the Residential and GS<50 class that fall within four decimal places.***

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

- ***Should the rates resulting from IR #5 in these responses produce rates that are too small to register within four decimal places ETPL requests the entire tax savings amount be recorded in account 1595 for future disposition.***

## **Manager's Summary**

### **Interrogatory #11**

In its Manager's Summary, Erie Thames Powerlines notes that the 2014 IRM Rate Generator Model calculated the total Group 1 Deferral and Variance account balance to be a credit of \$2,507,303 which exceeds the Board's disposition threshold. However in reviewing the balances of the Group 1 Accounts Erie Thames Powerlines projects that a disposition of the credit balance at this time would only result in a significant rate increase in 2015. Erie Thames Powerlines also cites the extreme complexity of its current tariff sheet with respect to Deferral and Variance account balances as a further incentive not to dispose of its Group 1 Accounts.

Erie Thames Powerlines proposes that no disposition of any Deferral and Variance amounts be approved at this time, with full disposition of balances until the end of December 2013 to be undertaken in 2014 for 2015 rates. Erie Thames Powerlines anticipates that this amount will be a small recovery of Deferral and Variance amounts from its customers as opposed to the large credit repaid in 2014 and then a large charge to its customers in 2015.

- (A) Please explain the financial analysis undertaken by Erie Thames Powerlines to conclude that if all Deferral and Variance Accounts are disposed of in 2015, the amount would be a small recovery from customers.
- ***ETPL provided the following table in its Manager's summary in order to depict the swing in the account balances and support its request to defer disposing of the December 31, 2012 balances. As is evident, the swing over the first 8 months has been more than \$2.5million dollars resulting in a small cumulative balance in favour of the customers as at August 31, 2013. It is expected that the cumulative balance will not continue to drive a repayment to customers but rather the swing over the next four months to create a significant payment by customers to ETPL. It appears that the use of an arbitrary clearing date, has the potential to cause significant fluctuations in the customer bill in opposite directions over relatively short timeframes. This will likely create confusion for customers and may also impact their ability to plan.***
  - ***Explanation of Table:***
    - i. ***The first column represents 2013 YTD variance which is the annual change from January to August 2013.***
    - ii. ***The second column is the 2014 IRM continuity schedule from the rate model.***

iii. *The third column is the sum of these two columns which effectively displays what the continuity amounts are as at the end of August 2013.*

- *As is evident from the Table, for those 8 months ended August 2013, there is \$75,000 still owing to the customer. However, when ETPL projects the trend in the cumulative balance over the next four months, the cumulative balance shifts to the customer owing to ETPL \$618,405 or a switch of almost \$700,000. If that difference was averaged over the 4 month period to the end of the year the cumulative balance would have zeroed by mid-September and by the end of September customers are owing ETPL almost \$100,000.*
- *By deferring disposal, the transactions effectively take place on the accounting side in a quicker fashion with less volatility in customer bills and less confusion.*
- *Rate stability is a goal of rate-making and this circumstance would suggest that such stability can be achieved through the deferral.*

[Graig – may need to show the calculation of the swing in more detail]

2013 YTD RRR Variances as of August 31, 2013			
	2013 YTD Variance	2014 IRM CONTINUITY SCHEDULE	Continuity as of 31-Aug-13
1550	\$165,707.22	-\$432,908.00	-\$267,200.78
1580	-\$263,432.29	-\$1,148,761.00	-\$1,412,193.29
1584	\$41,511.33	-\$2,437,123.00	-\$2,395,611.67
1586	\$330,563.20	-\$72,391.00	\$258,172.20
1588	\$1,449,988.29	\$324,981.00	\$1,774,969.29
1589	\$708,032.19	\$888,810.00	\$1,596,842.19
1590	\$0.00	-\$50,096.00	-\$50,096.00
1595	\$0.00	\$420,185.00	\$420,185.00
<b>TOTAL</b>	<b>\$2,432,369.94</b>	<b>-\$2,507,303.00</b>	<b>-\$74,933.06</b>

- *This table details the calculation of the small repayment of \$74,933.06 if the variance were to be disposed of as of August 31<sup>st</sup>, 2013. The following table details the amount as calculated through the end of September 2013. This analysis shows that at the end of September 2013 ETPL would recover \$618,405.45 from its customers with one full quarter of operations remaining.*

2013 YTD RRR Variances as of September 30,2013			
	2013 YTD Variance	2014 IRM CONTINUITY SCHEDULE	Continuity as of 31-Aug-13
1550	\$ 205,160.25	(432,908)	-\$ 227,747.75
1580	-\$ 302,912.73	(1,148,761)	-\$ 1,451,673.73
1584	\$ 131,919.11	(2,437,123)	-\$ 2,305,203.89
1586	\$ 421,916.60	(72,391)	\$ 349,525.60
1588	\$ 1,562,950.99	324,981	\$ 1,887,931.99
1589	\$ 1,106,674.24	888,810	\$ 1,995,484.24
1590	\$ -	(50,096)	-\$ 50,096.00
1595	\$ -	420,185	\$ 420,185.00
<b>TOTAL</b>	<b>\$ 3,125,708.45</b>	<b>-\$ 2,507,303.00</b>	<b>\$ 618,405.45</b>

(B) Please explain why Erie Thames Powerlines believes it is appropriate to propose to not refund the amounts owed to customers as opposed to requesting that the current credit amount be spread over a longer time frame (ex. 2 years).

- ***Given that ETPL's year to date 2013 change is more than offsetting the refund amount detailed in the 2014 continuity schedule, approving the 2012 balance for repayment in 2014 and then completely offsetting that refund (and then some) in the following year will lead to significant rate instability and confusion for ETPL's customers. [Can we show them the rate volatility? If your projections are correct?but they don't agree with ETPL]***
- ***ETPL is not proposing to defer this approval due to the cash flow impacts of refunding these amounts over one year versus two, it is more concerned with the rate stability for the customer and the significant swings of items that are non-distribution related.***

(C) All else being equal in the current Application, please provide bill impacts representing a one, two and three-year disposition period of the December 31, 2012 Group 1 Account balances.

- ***ETPL has provided the response below solely to respond to the requested information.***
- ***ETPL's is not proposing to defer the approval due to the cash flow impacts of refunding these amounts over either a one,***



***two or three year repayment horizon. Rather, ETPL has provided information that the cumulative balance of all of the accounts will swing from a small repayment to customers to a significant payment by customers over the next months. Rather than having significant swings in the customers' bills – and risking significant customer confusion – ETPL has sought to avoid the potential confusion and to defer the disposition in order to provide a more consistent monthly bill.***

Deferral and Variance Account Refund					
1 Year		Distribution		Total Bill	
Rate Class	kWh	\$ Impact	% Impact	\$ Impact	% Impact
Residential	800	\$ 0.15	0.46%	-\$ 9.85	-7.62%
Residential	1,000	\$ 0.17	0.47%	-\$ 12.32	-7.84%
GS<50 kW	2,000	\$ 0.30	0.57%	-\$ 25.23	-8.61%
2 Year		Distribution		Total Bill	
Rate Class	kWh	\$ Impact	% Impact	\$ Impact	% Impact
Residential	800	\$ 0.15	0.48%	-\$ 6.91	-5.38%
Residential	1,000	\$ 0.17	0.48%	-\$ 8.65	-5.54%
GS<50 kW	2,000	\$ 0.30	0.57%	-\$ 17.90	-6.11%
3 Year		Distribution		Total Bill	
Rate Class	kWh	\$ Impact	% Impact	\$ Impact	% Impact
Residential	800	\$ 0.15	0.46%	-\$ 5.86	-4.53%
Residential	1,000	\$ 0.17	0.47%	-\$ 7.33	-4.66%
GS<50 kW	2,000	\$ 0.30	0.58%	-\$ 15.27	-5.23%