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BY E-MAIL

October 1, 2014

Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

Dear Ms. Walli:

**Re: Enersource Hydro Mississauga Inc.
2015 IRM Distribution Rate Application
Board Staff Interrogatories
Board File No. EB-2014-0068**

In accordance with the Notice of Application and Hearing, please find attached Board Staff interrogatories in the above proceeding. Please forward the following to Enersource Hydro Mississauga Inc. and to all other registered parties to this proceeding.

In addition please advise Enersource Hydro Mississauga Inc. that responses to interrogatories are due by October 16, 2014.

Yours truly,

Original Signed By

Christiane Wong
Information Administrator – Applications

Encl.

**Enersource Hydro Mississauga Inc. (“Enersource”)
2015 IRM Rate Application
EB-2014-0068
Board Staff Interrogatories**

Sheet 3: Rate Class Selection

1. *Ref: A portion of Sheet 3 is reproduced below.*

	Rate Class Classification
1	RESIDENTIAL
2	GENERAL SERVICE LESS THAN 50 KW
3	UNMETERED SCATTERED LOAD
4	GENERAL SERVICE 50 TO 499 KW
5	GENERAL SERVICE 500 TO 4,999 KW
6	LARGE USE > 5000 KW
7	STREET LIGHTING
8	STANDBY DISTRIBUTION SERVICE
9	microFIT

Board staff notes that the rate class classification for “Large Use > 5,000 KW” does not match Enersource’s current Tariff of Rates and Charges. Staff believes that the correct rate classification is “Large Use”. If this is an error, Board staff will make the necessary correction.

Sheet 5: 2014 Continuity Schedule

2. Ref: A portion of Sheet 5 is reproduced below.

		Projected Interest on Dec-31-13 Balances		
Account Descriptions	Account Number	Projected Interest from Jan 1, 2014 to December 31, 2014 on Dec 31 -13 balance adjusted for disposition during 2014 ³	Projected Interest from January 1, 2015 to April 30, 2015 on Dec 31 -13 balance adjusted for disposition during 2014 ³	Total Claim
Group 1 Accounts				
LV Variance Account	1550	11,833	3,944	830,612
Smart Metering Entity Charge Variance	1551			0
RSVA - Wholesale Market Service Charge	1580	(69,719)	(23,240)	(4,902,594)
RSVA - Retail Transmission Network Charge	1584	50,226	16,742	3,505,073
RSVA - Retail Transmission Connection Charge	1586	10,025	3,342	698,674
RSVA - Power (excluding Global Adjustment)	1588	(27,345)	(9,115)	(1,926,386)
RSVA - Global Adjustment	1589	46,473	15,491	3,304,644
Recovery of Regulatory Asset Balances	1590			0
Disposition and Recovery/Refund of Regulatory Balances (2008) ⁴	1595			0
Disposition and Recovery/Refund of Regulatory Balances (2009) ⁴	1595	(0)	(0)	(1,862)
Disposition and Recovery/Refund of Regulatory Balances (2010) ⁴	1595			0
Disposition and Recovery/Refund of Regulatory Balances (2011) ⁴	1595			0
Disposition and Recovery/Refund of Regulatory Balances (2012) ⁴	1595			(2,984)
RSVA - Global Adjustment	1589	46,473	15,491	3,304,644
Total Group 1 Balance excluding Account 1589 - Global Adjustment		(24,980)	(8,327)	(1,799,467)
Total Group 1 Balance		21,493	7,164	1,505,176
LRAM Variance Account	1568			0

- a) Board staff notes that the column pertaining to the projected interest for January 1, 2015 to April 30, 2015 on December 31-13 balances adjusted for disposition during 2014 (Column BD) should be zero as Enersource is requesting rates starting January 1, 2015.

If the input in the Rate Generator Model is an error, Board staff will make the relevant correction.

3. **Ref: A portion of Sheet 5 is reproduced below.**

		2012	2.1.7 RRR
Account Descriptions	Account Number	Board-Approved Disposition during 2012	As of Dec 31-13
Group 1 Accounts			
LV Variance Account	1550	2,000,049	2,546,806
Smart Metering Entity Charge Variance	1551		
RSVA - Wholesale Market Service Charge	1580	(10,401,473)	(14,750,549)
RSVA - Retail Transmission Network Charge	1584	(6,212,255)	5,157,916
RSVA - Retail Transmission Connection Charge	1586	(5,293,496)	1,724,941
RSVA - Power (excluding Global Adjustment)	1588	3,755,373	(1,180,349)
RSVA - Global Adjustment	1589	(22,821,333)	368,755
Recovery of Regulatory Asset Balances	1590		
Disposition and Recovery/Refund of Regulatory Balances (2008) ⁴	1595	(203,108)	
Disposition and Recovery/Refund of Regulatory Balances (2009) ⁴	1595		(2,999,823)
Disposition and Recovery/Refund of Regulatory Balances (2010) ⁴	1595		
Disposition and Recovery/Refund of Regulatory Balances (2011) ⁴	1595		
Disposition and Recovery/Refund of Regulatory Balances (2012) ⁴	1595		(2,984)
RSVA - Global Adjustment	1589	(22,821,333)	368,755
Total Group 1 Balance excluding Account 1589 - Global Adjustment		(16,354,910)	(9,504,043)
Total Group 1 Balance		(39,176,243)	(9,135,288)
LRAM Variance Account	1568		0
Total including Account 1568		(39,176,243)	(9,135,288)

- a) Board staff has been unable to reconcile the amount recorded in “Column BF, cell BF25” for Account 1551 with the amounts in Reporting and Record-keeping Requirements (“RRR”) report 2.1.7 Trial Balance.

Please explain the reason for the differences between the RRR balance and the evidence filed in this case.

If this is an error, Board staff will make the relevant correction.

- b) The portion of Sheet 5 reproduced above shows amount for “Disposition and Recovery/Refund of Regulatory Balances” (Column BF, cell BF33) for the year 2009 of (\$2,999,823). Please reconcile this amount with the equivalent amount in Reporting and Record-keeping Requirements (“RRR”) report 2.1.7 Trial Balance (\$7,336,906).

Please explain the reason for the differences between the RRR balance and the evidence filed in this case.

Sheet 6: Billing Det. for Def-Var

4. Ref: A portion of Sheet 6 is reproduced below.

Rate Class	Unit	Number of Customers for Residential and GS<50 classes ³
RESIDENTIAL	\$/kWh	177,872
GENERAL SERVICE LESS THAN 50 KW	\$/kWh	17,614
UNMETERED SCATTERED LOAD	\$/kWh	
GENERAL SERVICE 50 TO 499 KW	\$/kW	
GENERAL SERVICE 500 TO 4,999 KW	\$/kW	
LARGE USE > 5000 KW	\$/kW	
STREET LIGHTING	\$/kW	
STANDBY DISTRIBUTION SERVICE		
microFIT		

Staff notes that Enersource used the Board's Rate Generator Model version 1.0. Staff has updated to the new version 1.1. The new model ensures that account 1551 – smart meter entity charge variance is allocated to the Residential and GS <50 kW classes only. Please confirm that the number of customers for Residential and GS<50 kW classes is correct (Column "O").

Sheet 11: STS Tax Change

5. A portion of Sheet 11 is reproduced below.

1. Tax Related Amounts Forecast from Capital Tax Rate Changes		2013	2015
Taxable Capital (if you are not claiming capital tax, please enter your Board-Approved Rate Base)		\$ 623,497,833	\$ 623,497,833
Deduction from taxable capital up to \$15,000,000		\$ 15,000,000	\$ 15,000,000
Net Taxable Capital		\$ 608,497,833	\$ 608,497,833
Rate		0.00%	0.00%
Ontario Capital Tax (Deductible, not grossed-up)		\$ -	\$ -
2. Tax Related Amounts Forecast from Income Tax Rate Changes			
Regulatory Taxable Income		\$ 10,223,751	\$ 10,223,751
Corporate Tax Rate		26.16%	26.16%
Tax Impact		\$ 2,274,294	\$ 2,274,294
Grossed-up Tax Amount		\$ 3,079,932	\$ 3,079,932
Tax Related Amounts Forecast from Capital Tax Rate Changes		\$ -	\$ -
Tax Related Amounts Forecast from Income Tax Rate Changes		\$ 3,079,932	\$ 3,079,932
Total Tax Related Amounts		\$ 3,079,932	\$ 3,079,932
Incremental Tax Savings			\$ 0
Sharing of Tax Savings (50%)			\$ 0

A portion of Sheet 6 of the Revenue Requirement Work Form, version 3.00 is reproduced below ("RRWF") EB-2012-0033

Taxes/PILs				
Line No.	Particulars	Application	Close of Discovery	Per Board Decision
Determination of Taxable Income				
1	Utility net income before taxes	\$22,868,885	\$22,868,448	\$22,271,343
2	Adjustments required to arrive at taxable utility income	(\$12,441,224)	(\$11,588,633)	(\$11,581,759)
3	Taxable income	\$10,427,661	\$11,279,815	\$10,689,584
Calculation of Utility Income Taxes				
4	Income taxes	\$2,229,053	\$2,554,267	\$2,274,294
6	Total taxes	\$2,229,053	\$2,554,267	\$2,274,294
7	Gross-up of Income Taxes	\$751,455	\$906,317	\$805,638
8	Grossed-up Income Taxes	\$2,980,508	\$3,460,584	\$3,079,932
9	PILs / tax Allowance (Grossed-up Income taxes + Capital taxes)	\$2,980,508	\$3,460,584	\$3,079,932
10	Other tax Credits	(\$400,000)	(\$400,000)	(\$400,000)
Tax Rates				
11	Federal tax (%)	15.00%	15.00%	15.00%
12	Provincial tax (%)	10.21%	11.19%	11.16%
13	Total tax rate (%)	25.21%	26.19%	26.16%

Board staff notes one discrepancy in the Tax Sharing Work Form. Please provide an explanation of \$10,223,751 for "Regulatory Taxable Income" with the \$10,689,584 as per RRWF. If this is an error, Board staff will update your work form.

Sheet 25 – Other Charges & LF

6. A portion of Sheet 25 is reproduced below

LOSS FACTORS	
If the distributor is not capable of prorating changed loss factors jointly with distribution rates, the revised loss factors will be implemented upon the first subsequent billing for each billing cycle.	
Distribution Loss Factor - Secondary Metered Customer < 5,000 kW	1.0360
Total Loss Factor – Secondary Metered Customer > 5,000 kW	1.0145
Distribution Loss Factor - Primary Metered Customer < 5,000 kW	1.0256
Distribution Loss Factor - Primary Metered Customer > 5,000 kW	1.0045

a) Board staff notes that the descriptions for:

“Distribution Loss Factor – Secondary Metered Customer <5,000 kW”,
 “Distribution Loss Factor – Primary Metered Customer <5,000 kW”; and
 “Distribution Loss Factor – Primary Metered Customer <5,000 kW)”

do not match Enersource’s current Tariff of Rates and Charges. Staff believes the correct descriptions are

“Total Loss Factor – Secondary Metered Customer <5,000 kW;
 “Total Loss Factor – Primary Metered Customer <5,000 kW; and
 “Total Loss Factor – Primary Metered Customer >5,000 kW.

If this is an error, Board staff will make the correction.

7. Renewable Generation Connection Funding Amounts

Reference: EB-2012-0033 Decision and Order (2013 cost of service application)

- a) Please provide the schedule of connections and related expenditures as approved in the EB-2012-0033 Decision.
- b) Please file an updated table of actual and forecast connections by year and associated expenditures (capital & OM&A). Please explain any variances.
- c) Enersource has included \$15K of OM&A in its request for incremental GEA Funding as well as \$8K of OM&A in its true-up calculation. Please confirm that these OM&A costs are *up-front* OM&A cost necessary for enabling connections in the 2015 rate year. If not, please explain why ongoing OM&A costs have been included in the calculation of direct benefits and the provincial rate protection.
- d) Please provide the up-to-date balances of account 1531, 1532 and 1533 and confirm that Enersource continues to follow the accounting treatment defined in the *Filing Requirements: Distribution System Plans – Filing under Deemed Condition of Licence* (EB-2009-0397).
- e) On page 18, of the *Filing Requirements For Electricity Distribution Rate Applications: 2014 Edition for 2015 Rate Applications*, issued July 25, 2014, the Board stated that “the cost recovered through the funding adder will be subject to a prudence review in the first cost of service application following the implementation of the funding adder”.
 - i. Why is Enersource seeking incremental GEA funding due to a true-up, given the Board’s instructions above?
 - ii. Please state if and what impact would arise from deferring the true-up of the GEA funding adder amounts until Enersource’s next rebasing.