AMPCO Interrogatories
2009 Electricity Distribution Rates
Innisfil Hydro Distribution Systems Ltd.
EB-2008-0233

Interrogatory #1

Ref: Exhibit 8, Tab 1, Schedule 2, Page 4

In Table 4, Innisfil Hydro details the proposed Revenue to Cost (R/C) Ratios for each customer class. Three classes are currently over the 100% level and are therefore cross subsidizing the other classes. The GS>50 kW class has the highest level of over-contribution. In 2009, Innisfil's proposed approach is to move the R/C ratios of the GS>50kW to 135.8%, down from the study findings of 146.6%.

Over what period of time is Innisfil Hydro planning to move its cost allocation ratios to 100% for all customer classes?

Response #1

Although Innisfil Hydro has taken the approach to move all customer classes in the direction of revenue to cost ratios of 100%, there are no definite plans to move the revenue to cost ratios to unity for all customer classes.
As mentioned in this cost of service application, Innisfil Hydro is proposing to move the Street Lighting and Sentinel Lighting classes half way to the Board's lower band of 70% in this application and to revenue to cost ratios of 70% over the years 2010 and 2011 through the 3rd Generation IRM process.

Interrogatory #2

Ref: Exhibit 8, Tab 1, Schedule 2, Page 4

In Table 4, Innisfil Hydro shows an extreme difference in the cost allocation findings for their street light customer compared to other customers:

a) Why hasn't Innisfil Hydro moved this customer class to at least the lowest ratio as noted in the Board's guidelines?

b) Is this the correct cost of service for this customer?

Response #2

a) Based on prior board decisions for other LDCs relating to their 2008 Cost of Service applications, Innisfil Hydro is proposing to move the Street Light revenue to cost ratio to the Board's lower band of 70%. A similar approach has been taken for the Sentinel Lighting customer class.

b) There does appear to be a wide difference across the LDC population with regards to the Street Light revenue to cost ratios based on the findings of the Cost Allocation Informational filings.
The Board's prior decisions to have LDCs move the revenue to cost ratios for the Street Lighting customer class to the lowest ratio outlined in the guideline, hints that additional study of this area is likely required and in Innisfil Hydro's view the resulting revenue to cost ratio for this class may not be totally correct in the informational filings.
Innisfil Hydro is looking forward to the results of the OEB's current Rate Design study and expects there will be a more refined method to deal with distribution rate design resulting from that study.

Interrogatory #3

Ref: Exhibit 4, Tab 1, Schedule 1, Page 1

Table 1 outlines the total OM&A costs for the 2008 and 2009 years. By using these figures less the amortization and using the forecasted customer count, the OM&A cost to customer is increasing from $225 per customer (PEG report 2007) to $247.70 in 2008 and $272.83 in 2009. (10% increase in costs from year to year)

Please explain Innisfil's attempts to maintain a lower cost for this expense.

Response #3

Innisfil Hydro attempts to use the lowest cost alternative for all expenditures keeping in mind safety and reliability. A tendering process is used for major purchases/contracts while the practice of obtaining multiple competitive quotes is used for the more minor purchases. Innisfil Hydro strives to maintain highly trained staff in an effort to carry out processes in the most efficient manner. Other current initiatives to assist in keeping costs to a minimum are:

- Two vehicles scheduled for replacement in 2009 will be replaced with hybrid vehicles. It is expected that fuel savings of 40% per vehicle will be achieved.
- Innisfil Hydro is a member of the Cornerstone Hydro-Electric Concepts Association. A joint Auditing RFP has reduced 2009 audit costs by 10%.
- Four 44kV and three 27.6kV remote operated switches are planned for 2009. Estimating the operation of each switch six times, two Line personnel with a four hour minimum call-out, 320 person hours can be mitigated. The major benefit will improve SAIDI statistics. A call out to operate a switch will take 60-120 minutes for response. A remote operated switch will take 5-7 minutes to operate.
- Three sets of radio controlled fault indicators are planned for 2009. During power interruptions, they save time in identifying where problems occur. They also increase service life of breakers and switches to prevent them from closing in on fault situations. The major benefit will improve SAIDI statistics and the life of breakers and switches.

- Two sets of reclosure automation is planned for 2009. These vacuum reclosures need less maintenance compared to the oil filled units. One will replace reclosures at Brian Wilson DS F4 to allow them to be operated by the SCADA system. The other one will go to Brian Wilson DS F2 to replace existing reclosures that have had reliability issues and are not supported by the manufacturer.
- Corporate wide switch to Telus/Mike communication devices to share in pooled savings for cost reductions of approximately 7%.

Interrogatory # 4

Please provide the data for the following table:

Customer Size	**# of Customers**	**Total Annual kWhs**	**Average Monthly Usage**	**Average Peak kW – monthly**
50 kW - 250 kW				
251 kW - 500 kW				
501 kW- 1000 kW				
1001kW – 3000kW				
3001 kW - 5000 kW				

Response #4

The following table is an update of Innisfil Hydro's General Service > 50 kW customers as at October 31, 2008:

Customer Size	# of Customers	Total Annual kWhs	Average Monthly Usage kWhs	Average Peak kW – monthly
50 kW - 250 kW	59	19,009,800	26,850	83
251 kW - 500 kW	10	14,413,320	120,111	286
501 kW- 1000 kW	4	10,733,664	223,618	580
1001kW – 3000kW	1	2,646,720	220,560	866
3001 kW - 5000 kW	0	0	0	0

Interrogatory #5

Ref: Exhibit 9, Tab 1, Schedule 1, Page 6, Table 8

As noted in the "Recovery of Low Voltage Costs", Innisfil Hydro is allocating these costs as per the Board's 2006 EDR Model. The allocation applied to the GS>50 kW is high given that it is spread over a smaller customer base and affects each customer by increasing their costs by $1,277.60 annually.

Please provide the percentage allocation of the Low Voltage Costs in Innisfil's previously approved rate application for the GS>50 kW class.

Response #5

The 2006 EDR allocated $59,203 or 18.8% of the total $314,711 Low Voltage Costs to the GS>50kW customer class.

Interrogatory #6

Ref: Exhibit 9, Tab 1, Schedule 7, Page 1

In the proposed Schedule of Rates and Charges, Innisfil is showing rate riders for Regulatory Assets across the customer base.

a) Please provide the allocation of the costs of the rate rider for the Regulatory Assets, and how they were allocated.

b) Please provide a schedule of when Innisfil expects this rate rider to end.

Response #6

a) Innisfil Hydro is proposing to recover deferral accounts 1508 - Other Regulatory Assets and 1550 – Low Voltage in this cost of service application. Account 1508 is proposed to be recovered from the rate classes based on the same proportion as the 2007 distribution revenue per class. Account 1550 is proposed to be recovered from the rate classes based on the same proportion as the 2007 transmission connection revenue per class. The schedule setting out the rate riders is included in the Excel file "Appendix A responses to AMPCO IR 6a) Rate Riders".

b) Innisfil Hydro is proposing to recover the balances in accounts 1508 and 1550 over a 2 year period commencing May 1, 2009 and ending April 30, 2011.

Interrogatory #7

Ref: Exhibit 8, Tab 1, Schedule 2, Page 2

With reference to the OEB Cost Allocation methodology:

a) Please provide a table of monthly fixed charges that would be calculated for each customer class served by Innisfil Hydro using the three methods in the OEB methodology: i) avoided cost ii) directly related customer costs and iii) minimum system with PLCC adjustment.

b) Please provide a copy of the 2006 cost allocation study submitted to the OEB or a URL reference.

Response #7

a)

		Monthly Service Charge		
Customer Class	Customers	Avoided Cost	Directly Related Customer costs	Minimum System with PLCC Adjustment
Residential	13,512	$ 4.73	$ 7.11	$ 20.14
GS<50 (kW)	827	$ 11.79	$ 16.82	$ 26.66
GS>50 (kW)	72	$ 85.48	$ 125.62	$ 132.63
Street Lights	2,810	$ 0.31	$ 0.48	$ 15.68
Sentinel Lights	193	$ 0.54	$ 0.85	$ 15.97
Unmetered Scattered Load	85	$ 14.68	$ 23.09	$ 31.81

b) Please see file: "Appendix B responses to AMPCO IR 7b) CA O1 and O2". Innisfil Hydro will also submit the cost allocation model in a compressed file when responding to the interrogatories on November 24, 2008".

2006 COST ALLOCATION INFORMATION FILING

Innisfil Hydro Distribution Systems Limited

EB-2005-0382 EB-2006-0247

Monday, January 15, 2007

Sheet O1 Revenue to Cost Summary Worksheet - Second Run

Class Revenue, Cost Analysis, and Return on Rate Base

Rate Base Assets		Total	1 Residential	2 GS <50	3 GS>50-Regular	7 Street Light	8 Sentinel	9 Unmetered Scattered Load
crev	Distribution Revenue (sale)	$6,247,362	$4,957,254	$595,079	$618,035	$35,495	$5,301	$36,198
mi	Miscellaneous Revenue (mi)	$438,862	$359,266	$41,635	$19,415	$5,760	$731	$12,054
	Total Revenue	**$6,686,224**	**$5,316,520**	**$636,714**	**$637,450**	**$41,255**	**$6,032**	**$48,252**
	Expenses							
di	Distribution Costs (di)	$855,481	$670,971	$50,816	$50,320	$73,464	$5,827	$4,083
cu	Customer Related Costs (cu)	$909,647	$721,208	$87,144	$66,373	$8,855	$1,295	$24,772
ad	General and Administration (ad)	$922,355	$727,208	$71,802	$60,916	$43,906	$3,783	$14,740
dep	Depreciation and Amortization (dep)	$1,454,453	$1,130,844	$101,357	$92,189	$114,549	$9,085	$6,429
INPUT	PILs (INPUT)	$761,785	$593,318	$52,393	$49,432	$58,651	$4,656	$3,335
INT	Interest	$900,562	$701,405	$61,937	$58,438	$69,336	$5,504	$3,942
	Total Expenses	**$5,804,282**	**$4,544,956**	**$425,449**	**$377,667**	**$368,762**	**$30,148**	**$57,300**
	Direct Allocation	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
NI	Allocated Net Income (NI)	$881,942	$686,903	$60,657	$57,229	$67,902	$5,390	$3,861
	Revenue Requirement (includes NI)	**$6,686,224**	$5,231,859	$486,106	$434,896	$436,664	$35,538	$61,161
		Revenue Requirement Input equals Output						
	Rate Base Calculation							
	Net Assets							
dp	Distribution Plant - Gross	$34,228,605	$26,619,015	$2,389,254	$2,238,784	$2,625,040	$208,256	$148,256
gp	General Plant - Gross	$3,054,045	$2,381,266	$205,881	$193,107	$241,043	$19,129	$13,620
accum dep	Accumulated Depreciation	($18,087,072)	($14,033,321)	($1,301,114)	($1,218,156)	($1,351,056)	($107,153)	($76,272)
co	Capital Contribution	($2,224,487)	($1,747,569)	($129,054)	($115,214)	($205,208)	($16,264)	($11,179)
	Total Net Plant	**$16,971,092**	**$13,219,391**	**$1,164,966**	**$1,098,522**	**$1,309,820**	**$103,969**	**$74,425**
	Directly Allocated Net Fixed Assets	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
COP	Cost of Power (COP)	$14,524,264	$10,092,480	$1,674,425	$2,619,727	$80,158	$9,336	$48,138
	OM&A Expenses	$2,687,482	$2,119,388	$209,762	$177,608	$126,225	$10,904	$43,595
	Directly Allocated Expenses	$0	$0	$0	$0	$0	$0	$0
	Subtotal	***$17,211,746***	***$12,211,867***	***$1,884,187***	***$2,797,336***	***$206,383***	***$20,240***	***$91,733***
	Working Capital	$2,581,762	**$1,831,780**	**$282,628**	**$419,600**	**$30,957**	**$3,036**	**$13,760**
	Total Rate Base	$19,552,854	**$15,051,171**	**$1,447,594**	**$1,518,122**	**$1,340,777**	**$107,005**	**$88,184**
			Rate Base Input equals Output					
	Equity Component of Rate Base	$9,776,427	**$7,525,585**	**$723,797**	**$759,061**	**$670,389**	**$53,502**	**$44,092**
	Net Income on Allocated Assets	$881,941	**$771,565**	**$211,265**	**$259,783**	**($327,507)**	**($24,117)**	**($9,048)**
	Net Income on Direct Allocation Assets	$0	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
	Net Income	$881,941	**$771,565**	**$211,265**	**$259,783**	**($327,507)**	**($24,117)**	**($9,048)**
	RATIOS ANALYSIS							
	REVENUE TO EXPENSES %	100.00%	101.62%	130.98%	146.58%	9.45%	16.97%	78.89%
	EXISTING REVENUE MINUS ALLOCATED COSTS	($1)	$84,662	$150,608	$202,554	($395,409)	($29,507)	($12,909)
			1.6%	23.7%	31.8%	-958.4%	-489.2%	-26.8%
	RETURN ON EQUITY COMPONENT OF RATE BASE	9.02%	10.25%	29.19%	34.22%	-48.85%	-45.08%	-20.52%

Deferral and Variance Accounts:	Decision Ref.#	Amount	ALLOCATOR	Residential	GS < 50 KW	GS > 50 Non TOU	GS > 50 TOU	Standby	Large Users	Small Scattered Load	Sentinel Lighting	Street Lighting	Total
WMSC - Account 1580	2.0.35	$ -	kWh	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
One-Time WMSC - Account 1582	2.0.35	$ -	kWh	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Network - Account 1584	2.0.35	$ -	kWh	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Connection - Account 1586	2.0.35	$ -	kWh	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Power - Account 1588	2.0.35	$ -	kWh	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Subtotal - RSVA		$ -		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Other Regulatory Assets - Account 1508		$ 175,186	Distr Revenue	$ 138,414	$ 17,858	$ 17,066	$ -	$ -	$ -	$ 650	$ 135	$ 1,064	$ 175,186
Retail Cost Variance Account - Acct 1518		$ -	# of Customers	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Retail Cost Variance Account (STR) Acct 1548		$ -	# of Customers	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Low Voltage - Account 1550		$ 247,804	Transmiss Connect	$ 169,316	$ 29,039	$ 47,479	$ -		$ -	$ 569	$ 111	$ 1,291	$ 247,804
Other Deferred Credits - Acct 2425		$ -	Distr Revenue	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Subtotal - Non RSVA, Variable		$ 422,991		$ 307,730	$ 46,897	$ 64,545	$ -	$ -	$ -	$ 1,219	$ 246	$ 2,355	$ 422,991
Smart Meters Revenue and Capital, 1555 (Fixed)		$ -	# of Metered Customers	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Smart Meter Expenses, 1556 (Fixed)		$ -	# of Metered Customers	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Subtotal - Non RSVA Fixed		$ -		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total to be Recovered		$ 422,991		$ 307,730	$ 46,897	$ 64,545	$ -	$ -	$ -	$ 1,219	$ 246	$ 2,355	$ 422,991
Balance to be collected or refunded, Variable		$ 422,991		$ 307,730	$ 46,897	$ 64,545	$ -	$ -	$ -	$ 1,219	$ 246	$ 2,355	$ 422,991
Balance to be collected or refunded, Fixed		$ -		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Number of years for Variable	2												
Number of years for Fixed (Smart Meters)													
Balance to be collected or refunded per year, Variable		$ 211,495		$ 153,865	$ 23,448	$ 32,272	$ -	$ -	$ -	$ 609	$ 123	$ 1,177	$ 211,495
Balance to be collected or refunded per year, Fixed		#DIV/0!		#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!

Class	Residential	GS < 50 KW	GS > 50 Non TOU	GS > 50 TOU	Standby	Large Users	Scattered Load	Sentinel Lighting	Street Lighting
Deferral and Variance Account Rate Riders, Variable	$ 0.0010	$ 0.0008	$ 0.2730		$ -		$ 0.0011	$ 0.3517	$ 0.2832
Billing Determinants	kWh	kWh	kW	kW	kW	kW	kWh	kW	kW
Deferral and Variance Account Rate Riders, Fixed (per month)							$ -		$ -
Billing Determinants	# metered cust.	# metered cust.	# metered cust.			# metered cust.			

Components of 2008 Riders:		Residential	GS < 50 KW	GS > 50 Non TOU	GS > 50 TOU	Standby	Large Users	Scattered Load	Sentinel Lighting	Street Lighting
Variable	RSVA	$ -	$ -	$ -				$ -	$ -	$ -
Variable	Non RSVA	$ 0.0010	$ 0.0008	$ 0.2730				$ 0.0011	$ 0.3517	$ 0.2832
Fixed, per month								$ -		$ -

2006 COST ALLOCATION INFORMATION FILING

Innisfil Hydro Distribution Systems Limited

EB-2005-0382 EB-2006-0247

Monday, January 15, 2007

Sheet O2 Monthly Fixed Charge Min. & Max. Worksheet - Second Run

Output sheet showing minimum and maximum level for Monthly Fixed Charge

Summary

	1 Residential	2 GS <50	3 GS>50-Regular	7 Street Light	8 Sentinel	9 Unmetered Scattered Load
Customer Unit Cost per month - Avoided Cost	$4.73	$11.79	$85.48	$0.31	$0.54	$14.68
Customer Unit Cost per month - Directly Related	$7.11	$16.82	$125.62	$0.48	$0.85	$23.09
Customer Unit Cost per month - Minimum System with PLCC Adjustment	$20.14	$26.66	$132.63	$15.68	$15.97	$31.81
Fixed Charge per approved 2006 EDR	$19.41	$36.55	$357.94	$0.66	$1.33	$19.94
Current Fixed charge vs avoided cost	410%	310%	419%	211%	245%	136%

Information to be Used to Allocate PILs, ROD, ROE and A&G

	Total	1 Residential	2 GS <50	3 GS>50-Regular	7 Street Light	8 Sentinel	9 Unmetered Scattered Load
General Plant - Gross Assets	$3,054,045	$2,381,266	$205,881	$193,107	$241,043	$19,129	$13,620
General Plant - Accumulated Depreciation	($1,407,416)	($1,097,374)	($94,877)	($88,991)	($111,082)	($8,815)	($6,276)
General Plant - Net Fixed Assets	$1,646,629	$1,283,891	$111,003	$104,116	$129,962	$10,314	$7,343
General Plant - Depreciation	$226,347	$176,485	$15,259	$14,312	$17,865	$1,418	$1,009
Total Net Fixed Assets Excluding General Plant	$15,324,462	$11,935,500	$1,053,962	$994,405	$1,179,858	$93,655	$67,081
Total Administration and General Expense	$922,355	$727,208	$71,802	$60,916	$43,906	$3,783	$14,740
Total O&M	$1,765,127	$1,392,179	$137,960	$116,693	$82,319	$7,122	$28,854

Scenario 1

Accounts included in Avoided Costs Plus General Administration Allocation

USoA Account #	Accounts	Total	1 Residential	2 GS <50	3 GS>50-Regular	7 Street Light	8 Sentinel	9 Unmetered Scattered Load
	Distribution Plant							
1860	Meters	$1,712,130	$1,163,290	$372,102	$176,738	$0	$0	$0
	Accumulated Amortization							
	Accum. Amortization of Electric Utility Plant - Meters only	($987,601)	($671,016)	($214,638)	($101,947)	$0	$0	$0
	Meter Net Fixed Assets	**$724,529**	**$492,274**	**$157,464**	**$74,791**	**$0**	**$0**	**$0**
	Misc Revenue							
4082	Retail Services Revenues	($13,345)	($11,013)	($1,340)	($450)	($18)	($14)	($509)
4084	Service Transaction Requests (STR) Revenues	($40)	($33)	($4)	($1)	($0)	($0)	($2)
4090	Electric Services Incidental to Energy Sales	($42,122)	($34,763)	($4,231)	($1,421)	($58)	($44)	($1,605)
4220	Other Electric Revenues	$0	$0	$0	$0	$0	$0	$0
4225	Late Payment Charges	($71,282)	($59,105)	($6,898)	($4,863)	($41)	$0	($374)
	Sub-total	*($126,789)*	*($104,915)*	*($12,474)*	*($6,736)*	*($117)*	*($57)*	*($2,489)*
	Operation							
5065	Meter Expense	$34,732	$23,599	$7,548	$3,585	$0	$0	$0
5070	Customer Premises - Operation Labour	$46,752	$36,737	$2,236	$215	$6,695	$531	$339
5075	Customer Premises - Materials and Expenses	$8,976	$7,053	$429	$41	$1,285	$102	$65
	Sub-total	*$90,461*	*$67,389*	*$10,213*	*$3,841*	*$7,980*	*$632*	*$404*
	Maintenance							
5175	Maintenance of Meters	$10,400	$7,066	$2,260	$1,074	$0	$0	$0
	Billing and Collection							
5310	Meter Reading Expense	$141,809	$94,933	$7,915	$38,961	$0	$0	$0
5315	Customer Billing	$327,243	$270,076	$32,869	$11,042	$448	$339	$12,470
5320	Collecting	$268,481	$221,579	$26,967	$9,059	$367	$278	$10,231
5325	Collecting- Cash Over and Short	$40	$33	$4	$1	$0	$0	$2
5330	Collection Charges	$0	$0	$0	$0	$0	$0	$0
	Sub-total	$737,574	$586,621	$67,756	$59,063	$815	$617	$22,702
	Total Operation, Maintenance and Billing	$838,435	$661,076	$80,230	$63,978	$8,795	$1,250	$23,107
	Amortization Expense - Meters	$69,476	$47,205	$15,099	$7,172	$0	$0	$0
	Allocated PILs	$32,542	$22,094	$7,082	$3,366	$0	$0	$0
	Allocated Debt Return	$38,470	$26,119	$8,372	$3,979	$0	$0	$0
	Allocated Equity Return	$37,675	$25,579	$8,199	$3,896	$0	$0	$0
	Total	**$889,808**	**$677,159**	**$106,508**	**$75,654**	**$8,679**	**$1,192**	**$20,618**