

Board Staff Interrogatories
2009 Incentive Regulation Mechanism Rate Application
Enersource Hydro Mississauga Inc.
EB-2008-0171

Interim Rates

Ref.: Manager's Summary, Page 2 of 14

1. On page 2 of the Manager's Summary, Enersource Hydro Mississauga Inc. ("Enersource") "requests that the calculated rates in this 2009 3rd GIRM application receive final approval by the Board for the period beginning May 1, 2009 and ending December 31, 2009 and be approved on an interim basis from January 1, 2010 to April 30, 2010."

Enersource indicates that "the total forecasted calendar year cost increases are expected to significantly exceed the OEB's allowed 3rd GIRM rate year increases. Therefore, Enersource intends to re-apply for new rates effective January 1, 2010 (the "2010 Rates") which will align the rate year with Enersource's fiscal year. By making the rates from this application interim as of January 1, 2010, Enersource will be able to avoid any retroactive ratemaking issues in the event that its 2010 Rates are implemented after January 1, 2010."

In the January 10, 2008, Board Decision on Hydro Ottawa Limited's ("Hydro Ottawa") request for interim rates effective January 1, 2008 (EB-2007-0713), the Board wrote that it "has not been persuaded that the company's request has merit." The Board also indicated in its Decision that "the 2nd Generation IRM report provides for an 'off-ramp' in the event the distributor can establish that the limited rate adjustments provided for in the 2nd Generation IRM model 'are insufficient for specific cost pressures (e.g., additional capital investment).' Hydro Ottawa did not file a comprehensive cost-of-service rate application for the year beginning January 1, 2008 and the Board does not interpret the company's request for interim rates to be a request for an 'off ramp.'"

- a) Please explain what would be the benefits to "align the rate year with Enersource's fiscal year" given the Board's Decision in Hydro Ottawa's application (EB-2007-0713).
- b) Please confirm that Enersource intends to submit a cost-of-service rate application for changes to Enersource's electricity distribution rates to be effective January 1, 2010. If confirmed, please indicate when Enersource intends to submit this application and why Enersource chose not to make the interim rate request at that time when additional evidence on the matter may be available. If not confirmed, please explain how Enersource "intends to re-apply for new rates effective January 1, 2010."

Tax Sharing

Ref.: Manager's Summary, Page 10 of 14

2. Enersource indicates that it "allocated the Shared Tax Saving in accordance with the basis of allocation used in the 2008 Cost of Service Forward Test Year Application, EB-2007-0706." The second column in the table shown on page 10 of the Manager's summary provide the "Total for customer class as % of Total for all classes." These percentages differ from those shown in Appendix C of Enersource's draft rate order dated March 28, 2008 (Re: EB-2007-0706). Cells F22 to F28 of Sheet C2.1 of the 2009 3rd Generation IRM Supplementary Filing Model shows percentages consistent with those shown in Appendix C of Enersource's draft rate order dated March 28, 2008.

Please explain how the percentages shown in the second column of the table appearing on page 10 of the Manager's Summary were calculated and explain why they should be used instead of the percentages shown in cells F22 to F28 of Sheet C2.1 of the 2009 3rd Generation IRM Supplementary Filing Model.

Loss Factors

Ref.: 2009 3rd Gen. IRM Rate Generator Model, Sheet N3.1

3. The entry in cell D25 indicates that your total loss factor for primary metered customers with a demand greater than 5,000 kW is 1.0044. A review of the current 2008 Board approved Tariff of Rates and Charges indicates that this total loss factor is 1.0045.

Please clarify whether this was an error, confirming what the correct entry should have been, or provide a complete explanation for the discrepancy.

Letter of Comment

Ref: Letter of Comment Filed with the Board Secretary's Office

4. Your Notice of Application indicated that the letters of comment for your application will be part of the public record and be provided to the Board Members deciding the application. Board staff notes that, as of December 29, 2008, the Board Secretary's Office has received one letter of comment on December 22, 2008.
 - a) Please indicate whether Enersource has responded to that letter of comment and, if not, if it intends to do so.
 - b) If Enersource has responded to the letter of comment, please provide a copy of your response to the Board Secretary's Office.

- c) If Enersource has not yet responded, please provide a response to the letter of comment and file a copy of your response with the Board Secretary's Office.

Rural or Remote Electricity Rate Protection ("RRRP")

- 5. By letter dated December 17, 2008, the Board informed the electricity distributors of the approval it has given to the IESO regarding the level of charge the IESO may apply to its Market Participants for the RRRP program. In that letter, the Board stated: "Distributors that currently have a rate application before the Board shall file this letter as an update to their evidence along with a request that the RRRP charge in their tariff sheet be revised to 0.13 cents per kilowatt-hour effective May 1, 2009."

If Enersource has not done so, please file the required addition to the evidence as outlined in the December 17th letter.