

**Ontario Energy Board**  
P.O. Box 2319  
27th. Floor  
2300 Yonge Street  
Toronto ON M4P 1E4  
Telephone: 416- 481-1967  
Facsimile: 416- 440-7656  
Toll free: 1-888-632-6273

**Commission de l'énergie de l'Ontario**  
C.P. 2319  
27e étage  
2300, rue Yonge  
Toronto ON M4P 1E4  
Téléphone; 416- 481-1967  
Télécopieur: 416- 440-7656  
Numéro sans frais: 1-888-632-6273



**BY E-MAIL**

January 17, 2011

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

Dear Ms. Walli:

**Re: London Hydro Inc.  
2011 IRM3 Distribution Rate Application  
Board Staff Interrogatories  
Board File No. EB-2010-0097**

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

In addition please advise London Hydro Inc. that responses to interrogatories are due by January 31, 2011.

Yours truly,

*Original Signed By*

Christiane Wong  
Analyst – Applications & Regulatory Audit

Encl.

## Board Staff Interrogatories

### 2011 IRM3 Electricity Distribution Rates London Hydro Inc. ("London") EB-2010-0097

#### 1. Ref: 2011 IRM3 Rate Generator Model

A portion of Sheet B1.1 Current and Applied for Rate Classes is reproduced below.

#### Current and Applied For Rate Classes

Rate Group	Rate Class	Fixed Metric	Vol Metric
RES	Residential	Customer- 12 per year	kWh
GSLT50	General Service Less Than 50 kW	Customer- 12 per year	kWh
GSGT50	General Service 50 to 4,999 kW	Customer- 12 per year	kW
GSGT50	General Service 50 to 4,999 kW (CoGeneration)	Customer- 12 per year	kW
SB	Stand-By	Customer- 12 per year	kW
LU	Large Use	Customer- 12 per year	kW
USL	Unmetered Scattered Load	Customer- 12 per year	kWh
Sen	Sentinel Lighting	Customer- 12 per year	kW
SL	Street Lighting	Customer- 12 per year	kW

The rate class for General Service 50 to 4,999 kW (CoGeneration) is different from the version on London's current Tariff Sheet.

- a) If the above rate class is correct, please provide evidence supporting the new description. If the description is incorrect, please re-file sheet B1.1 with the correct descriptions and Board staff will make the necessary changes to the model.

#### 2. Ref: 2011 IRM3 Rate Generator Model

Portions of Sheet C4.1 Current Rates & Charges General are reproduced below.

- a) The descriptions for all rate classes for the three rates identified below are different from the version on London's current Tariff sheet:

Service Charge Smart Meters

Distribution Volumetric Def Var Disp 2009 – effective until Saturday, April 30, 2011

Distribution Volumetric Tax Change – effective until Saturday, April 30, 2011

If the above descriptions are correct, please provide evidence supporting the new descriptions. If the descriptions are incorrect, please re-file sheet C4.1 with the correct descriptions and Board staff will make the necessary changes to the model.

b) Stand-By Rate Class

The descriptions for Stand-By rate class identified below are different from the version on London's current Tariff sheet:

Monthly Rates and Charges – Delivery Component  
Service Charge

Distribution Volumetric Def Var Disp 2009 – effective until Saturday, April 30, 2011  
Distribution Volumetric Tax Change – effective until Saturday, April 30, 2011

- i) If the above descriptions are correct, please provide evidence supporting the new descriptions. If the descriptions are incorrect, please re-file sheet C4.1 with the correct descriptions and Board staff will make the necessary changes to the model.
- ii) Board staff notes that in London's current Tariff sheet, no rates are shown in the Stand-By rate class for "Monthly Rates and Charges – Regulatory Component - Wholesale Market Service Rate, Rural Rate Protection Charge and Standard Supply Service – Administrative Charge (if applicable)." Please confirm whether the inclusion of the rates shown in the extract above is an error and Board staff will remove them from the model.

c) Current Specific Service Charges

The descriptions for current specific service charges are different from the version on London's current Tariff sheet:

The current tariff shows:

Disconnect/Reconnect at meter – After regular hours	\$185.00
Meter Interrogation Charge	\$5.50
Install/Remove load control device – After regular hours	\$185.00

These three charges are shown in the filed IRM Model as below:

Collection of account charge – no disconnection – after regular hours	\$185.00
Interval Meter Interrogation	\$5.50
Owner Requested Disconnection/Reconnection – after regular hours	\$185.00

- i) This would suggest that changes in three charges on the current tariff sheet are being proposed. Please state whether this is the case or whether this is an error. If London Hydro is requesting the replacement of the three charges on the existing tariff with those shown above, please provide the necessary justification.

- ii) Board staff notes that under “Current Specific Charges, Other”, the “Special Meter Reads - \$30.00” rate does not appear as found on London’s current Tariff sheet. Please confirm if this rate should be included in the 2011 IRM3 Rate Generator and Board staff will make the necessary change to the Model.

**3. Ref: 2011 IRM3 Transmission Service Rates (“RTSR”) Adjustment Workform Ref: 2011 IRM3 Rate Generator Model**

A portion of Sheet F1.2 RTSR Adjustment Calculation – Connection is reproduced below.

**IRM RTSR Adjustment Calculation - Connection**

The purpose of this sheet is to update re-aligned RTSR-Network rates to recover forecast wholesale Network costs.

Rate Class	Vol Metric	Current RTSR - Connection	Proposed RTSR - Connection	RTSR - Network Adjustment
		(A) Column J Sheet B1.1	(B) Column S Sheet E1.2	C = B - A
Residential	kWh	0.0051	0.0048	-0.000313746
General Service Less Than 50 kW	kWh	0.0045	0.0042	-0.000276834
General Service 50 to 4,999 kW	kW	1.6556	1.5537	-0.101850453
General Service 50 to 4,999 kW – Interval Metered	kW	2.3070	2.1651	-0.141923771
General Service 1,000 To 4,999 kW (co-generation)	kW	2.4403	2.2902	-0.150124221
Standby Power	kW	-	-	0
Large Use	kW	2.3070	2.1651	-0.141923771
Unmetered Scattered Load	kWh	0.0045	0.0042	-0.000276834
Sentinel Lighting	kW	1.4596	1.3698	-0.089792777
Street Lighting	kW	1.4578	1.3681	-0.089682043

A portion of Sheet L2.1 Applied for RTSR – Connection is reproduced below.

Rate Class	Applied to Class
Sentinel Lighting	Yes

  

Rate Description	Vol Metric	Current Amount	% Adjustment	\$ Adjustment	Final Amount
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.459600	0.000%	-0.089733	1.369867

- a) Please explain why “Sentinel Lighting in Column C” on Sheet F1.2 is not identical with “\$ Adjustment” on Sheet L2.1. Please explain the discrepancies or in the alternative, please re-file the Workform with the correct classes and Board staff will make the relevant correction.

**4. Ref: 2011 IRM3 Transmission Service Rates (“RTSR”) Adjustment Workform  
 Ref: 2011 Deferral/Variance Account Model**

A portion of Sheet D1.1 Adjust RTSR – Network to Current Network Wholesale is reproduced below.

Rate Class	Vol Metric	Current RTSR - Network		Loss Adjusted	Billed kW	Billed Amount	Billed Amount %	Current Wholesale Billing
		(A) Column H Sheet B1.1	(B) Column O Sheet B1.2	(C) Column I Sheet B1.2				
Residential	kWh	\$ 0.0061	1,111,665,476	0	\$ 6,781,159	34.21%	\$ 6,345,953	
General Service Less Than 50 kW	kWh	\$ 0.0057	408,971,422	0	\$ 2,331,137	11.76%	\$ 2,181,528	
General Service 50 to 4,999 kW	kW	\$ 2.0071	402,123,339	1,216,576	\$ 2,441,790	12.32%	\$ 2,285,079	
General Service 50 to 4,999 kW – Interval Metered	kW	\$ 2.5738	1,131,526,690	2,707,861	\$ 6,969,493	35.16%	\$ 6,522,200	
General Service 1,000 To 4,999 kW (co-generation)	kW	\$ 2.9712	43,389,884	37,861	\$ 112,493	0.57%	\$ 105,273	
Standby Power	kW	\$ -	0	154,800	\$ -	0.00%	\$ -	
Large Use	kW	\$ 2.6355	187,510,861	392,524	\$ 1,034,497	5.22%	\$ 968,104	
Unmetered Scattered Load	kWh	\$ 0.0057	5,798,326		\$ 33,050	0.17%	\$ 30,929	
Sentinel Lighting	kW	\$ 1.7697	870,435	2,278	\$ 4,031	0.02%	\$ 3,773	
Street Lighting	kW	\$ 1.7673	24,351,262	65,643	\$ 116,011	0.59%	\$ 108,565	
			3,316,207,696	4,577,543	\$ 19,823,661	100.00%	\$ 18,551,404	

A portion of Sheet D1.6 Deferral Variance – Continuity Schedule Final is reproduced below.

**Deferral Variance - Continuity Schedule Final**

Account Description	Account Number	Opening Interest Amounts as of Jan-1-10 D	Interest on Board-approved 2008 amounts prior to transfer Jan-1, 2010 to Date of Transfer E	Adjustments - Please explain F	Projected Interest on Dec 31 -09 balance from Jan 1, 2010 to Dec 31, 2010 G	Projected Interest on Dec 31 -09 balance from Jan 1, 2011 to April 30, 2011 H	Interest Amounts to be disposed I = D + E + F + G + H	Total Claim J = C + I
LV Variance Account	1550	622			(4)	(2)	616	(6)
RSVA - Wholesale Market Service Charge	1580	(433,975)			(1,499)	(608)	(436,082)	(643,908)
RSVA - Retail Transmission Network Charge	1584	205,493			965	391	206,849	340,557
RSVA - Retail Transmission Connection Charge	1586	(71,806)			(2,670)	(1,083)	(75,558)	(445,620)
RSVA - Power (Excluding Global Adjustment)	1588	(773,651)			(6,547)	(2,655)	(782,853)	(1,690,390)
RSVA - Power (Global Adjustment Sub-account)		(12,538)			8,275	3,356	(907)	1,146,131
Recovery of Regulatory Asset Balances	1590	458,614			0	0	458,614	458,614
Residual Balance Disposition and recovery of Def/Var Balances Account (2008)	1595	0			0	0	0	0
<b>Total</b>		<b>(627,241)</b>	<b>0</b>	<b>0</b>	<b>(1,481)</b>	<b>(601)</b>	<b>(629,323)</b>	<b>(834,624)</b>

a) In the former, column D is less than column H which indicates an over-recovery of the RTSR Network charge. In the latter, Account 1584 shows an under-recovery as of December 31, 2009. Please explain this apparent discrepancy.

## 5. Ref: 2011 Tax Sharing Model

Sheet B1.1 Rate Class and Re-Based Billing Determinants & Rates is reproduced below.

### Rate Class and Re-Based Billing Determinants & Rates

				2009		EB-2008-0235			
Last COS Re-based Year									
Last COS OEB Application Number									
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	131,936	1,091,392,572		12.68	0.0143	
GSLT50	General Service Less Than 50 kW	Customer	kWh	12,349	422,161,110		30.34	0.0094	
GSGT50	General Service 50 to 4,999 kW	Customer	kW	1,595	1,651,048,316	4,093,815	289.12		1.6023
GSGT50	General Service 50 to 4,999 kW (CoGeneration)	Customer	kW	3	36,489,491	43,849	2,667.75		4.6542
SB	Standby Power	Connection	kW	0	0	154,800			2.3733
LU	Large Use	Customer	kW	3	200,485,379	383,763	17,479.04		1.9302
USL	Unmetered Scattered Load	Connection	kWh	1,581	5,326,529		1.13	0.0094	
Sen	Sentinel Lighting	Connection	kW	734	856,841	2,342	1.82		5.9054
SL	Street Lighting	Connection	kW	34,187	23,921,899	67,170	0.86		4.3630

- a) Please explain why rates in columns D, E and F are not identical with rates from Sheet "E1.1 Rate Reb Base Dist Rts Gen" of the 2011 IRM3 Rate Generator. If the data provided is correct, please provide evidence supporting the data entered for a). If the data is incorrect, please re-file B1.1 with the correct data and staff will make the necessary changes to the model.

**6. Ref: 2011 Tax Sharing Model**

Sheet F1.1 Z-Factor Tax Changes is reproduced below.

**Z-Factor Tax Changes**

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

**1. Tax Related Amounts Forecast from Capital Tax Rate Changes**

	2009	2010	2011
Taxable Capital	\$ 225,325,979	\$ 225,325,979	\$ 225,325,979
Deduction from taxable capital up to \$15,000,000	\$ 15,000,000	\$ 15,000,000	\$ 15,000,000
Net Taxable Capital	\$ 210,325,979	\$ 210,325,979	\$ 210,325,979
Rate	0.225%	0.150%	0.000%
Ontario Capital Tax (Deductible, not grossed-up)	<u>\$ 473,233</u>	<u>\$ 156,448</u>	<u>\$ -</u>

**2. Tax Related Amounts Forecast from Income Tax Rate Changes**

	2009	2010	2011
Regulatory Taxable Income	\$ 5,420,533	\$ 5,420,533	\$ 5,420,533
Corporate Tax Rate	33.00%	30.99%	28.25%
Tax Impact	\$ 1,788,776	\$ 1,679,932	\$ 1,531,192
<b>Grossed-up Tax Amount</b>	<u>\$ 2,669,815</u>	<u>\$ 2,434,401</u>	<u>\$ 2,134,006</u>
Tax Related Amounts Forecast from Capital Tax Rate Changes	\$ 473,233	\$ 156,448	\$ -
Tax Related Amounts Forecast from Income Tax Rate Changes	\$ 2,669,815	\$ 2,434,401	\$ 2,134,006
<b>Total Tax Related Amounts</b>	<u>\$ 3,143,048</u>	<u>\$ 2,590,849</u>	<u>\$ 2,134,006</u>
Incremental Tax Savings		-\$ 552,199	-\$ 1,009,042
Sharing of Tax Savings (50%)		-\$ 276,100	-\$ 504,521

- a) Please explain why “Taxable Capital” is not identical with “Total Rate Base” per the Revenue Requirement Work Form from the Board Decision in EB-2008-0235.
- b) Please explain why “Regulatory Taxable Income” is not identical with “Taxable Income” per the Revenue Requirement Work Form from the Board Decision in EB-2008-0235.
- c) Please explain why “Total Tax Related Amount” is not identical with “PILs/tax Allowance” per the Revenue Requirement Work Form from the Board Decision in EB-2008-0235.
- d) If the data provided is correct, please provide evidence supporting the data entered for a), b) and c). If the data is incorrect, please re-file F1.1 with the correct data and staff will make the necessary changes to the model

**7. Ref: 2011 IRM Smart Meter Rate Calculation Workform**

Below is Sheet 5 of the Smart Meter Rate Calculation Workform:

**Sheet 5. PILs**

**PILs Calculation**

INCOME TAX	2006		2007		2008		2009		2010		2011		Later	
	Audited Actual	Audited Actual	Audited Actual	Audited Actual	Audited Actual	Audited Actual	Actual	Actual	Actual	Actual	Forecasted	Forecasted	Forecasted	Forecasted
Net Income	\$ 5,752.09	\$ 11,587.27	\$ 97,683.50	\$ 403,992.06	\$ 655,385.06	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Amortization	\$ 9,794.95	\$ 20,344.87	\$ 238,766.98	\$ 1,091,600.80	\$ 1,966,927.46	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
CCA - Smart Meters	-\$ 11,753.94	-\$ 23,473.53	-\$ 184,521.52	-\$ 893,951.71	-\$ 1,386,215.58	-\$ 1,276,926.33	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
CCA - Computers	\$ -	\$ -	\$ 232,207.00	\$ 714,220.15	\$ 1,355,674.07	\$ 1,266,808.33	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
CCA - Other Equipment	\$ -	\$ -	\$ 10,456.08	\$ 94,260.95	\$ 150,848.76	\$ 120,679.01	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Change in taxable income	\$ 3,793.10	\$ 8,458.61	-\$ 90,734.12	-\$ 206,839.96	-\$ 270,425.88	-\$ 2,664,413.67	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Tax Rate (3. LDC Assumptions and Data)	36.12%	36.12%	33.50%	33.00%	32.00%	30.50%	29.00%							
Income Taxes Payable	\$ 1,370.07	\$ 3,055.25	-\$ 30,395.93	-\$ 68,257.19	-\$ 86,536.28	-\$ 812,646.17	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

- a) Please explain why there is no input under “2011 Forecasted” Net Income (Cell H8) and Amortization (Cell H9). If this is an omission, please confirm and Board staff will make the relevant corrections.