

BOMA INTERROGATORY #25

INTERROGATORY

Ref: Exhibit C, Tab 2, Schedule 1, p1

- (a) For each of the deferral/variance accounts for which the Company is seeking clearance, in whole or in part, please provide the proposed allocation criteria to the various rate classes.
- (b) Please show the dollar amount billed in each of October and November to a large size Rate 6 customer, a medium size Rate 6 customer, both sales and T-service, as well as average size Rate 100 and Rate 110 T-service customers, and show the percentage of the bills for those months the clearance payments represent.

RESPONSE

- (a) The allocation methodology the Company uses to clear deferral and variance account balances to customers reflects the treatment of such costs in the Company's rates which are derived through the cost allocation and rate design process.

Exhibit C, Tab 2, Schedule 2, page 3, shows the classification and allocation of deferral and variance account balances that the Company is proposing to clear in this application. Column 1 shows the balance to be cleared in each account. Columns 2 through 10 show the cost driver for allocation of each account's balance.

For example, Line 2, the balance in the Unaccounted for Gas ("UAF") variance account, is classified to the Total Deliveries allocator, (Column 4). The UAF costs are recovered in the Company's rates based on the Total Deliveries allocator. As such, allocating the balance of the UAFVA using the Total Deliveries allocator ensures that the account balance is cleared in the same manner as the UAF costs are recovered in the Company's rates.

Another example, Line 13, Average Use True-up Variance Account is classified to Column 8, the Direct Allocator. In other words, the balance in this account is allocated directly to the rate classes from which the balance originates.

As the last example, Line 23, the balance belonging to Earnings Sharing Mechanism, is classified to Column 10, the Rate Base allocator. The allocation of the earnings sharing amount should closely follow allocation of comprehensive utility costs to

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customers. The Rate Base allocator is the most comprehensive representation available of the entire utility and the associated allocation of the total utility costs to each rate class.

(b) Please see the table below:

	Annual Volume	Unit Rate			Bill Adjustment for October and November 2017			Monthly Bill \$		Oct Monthly Bill %			Nov Monthly Bill %		
		Sales Unit Rate	Ontario TS Unit Rate	Western TS Unit Rate	Sales Customers	Ontario TS Customers	Western TS Customers	Oct	Nov	Sales Customers	Ontario TS Customers	Western TS Customers	Sales Customers	Ontario TS Customers	Western TS Customers
<b>Rate 6</b>															
Medium Customer	169,563	\$ 0.12	\$ 0.13	\$ 0.12	\$ 198.10	\$ 221.39	\$ 198.10	\$ 2,768.09	\$ 3,257.79	7.2%	8.0%	7.2%	6.1%	6.8%	6.1%
Large Customer	339,125	\$ 0.12	\$ 0.13	\$ 0.12	\$ 396.20	\$ 442.78	\$ 396.20	\$ 5,337.97	\$ 6,300.73	7.4%	8.3%	7.4%	6.3%	7.0%	6.3%
<b>Rate 100</b>															
Commercial - average	598,568	0.08		\$ 0.08	\$ 475.12		\$ 475.12	\$ 12,704.06	\$ 15,845.08	3.7%	0.0%	3.7%	3.0%	0.0%	3.0%
<b>Rate 110</b>															
	9,976,121	0.08	\$ 0.10	\$ 0.08	\$ 8,128.06	\$ 9,498.17	\$ 8,128.06	\$ 145,226.80	\$ 167,615.59	5.6%	6.5%	5.6%	4.8%	5.7%	4.8%

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