

ONTARIO ENERGY BOARD

IN THE MATTER OF the *Ontario Energy Board Act, 1998*,
Schedule B;

AND IN THE MATTER OF an application by Toronto Hydro-
Electric System Limited for an order approving just and
reasonable rates and other charges for electricity distribution

PRELIMINARY INTERROGATORIES

OF THE

SMART SUB-METERING WORKING GROUP

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Preamble

It is expected that if and when THESL produces its current Cost Allocation Model (the "CA Model") Exhibit L1, Tab 5, Schedule 2, filed September 30, 2011 in a live Excel format, and fully complies with the Board's Partial Decision & Order dated July 7, 2011, and Procedural Orders No. 10 and 11, that the SSMWG will have additional questions. .

As noted in the SSMWG's Notice of Motion dated October 7, 2011, it is not in a position to ask full and appropriate questions at this time given the failure of THESL to file its CA Model in a live Excel format and the inadequacy of its filing in other respects. The SSMWG therefore reserves the right to ask additional questions upon receipt of the information. The following interrogatories are also asked on a without prejudice basis to the position the SSMWG may take at the hearing of its motion.

Reference: CA Model and Exhibit L1, Tab 4, Schedule 1 ("Updated BDR Study")

1. Please file in a live Excel format the CA Model filed for THESL's Suite Meter Class, as required by the Ontario Energy Board's, *Filing Requirements for Transmission and Distribution Applications, Section 2.10.1 Cost Allocation Study Requirements*, page 37, issued June 22, 2011. The live Excel model should show all the formulas, inputs, and assumptions used in the model.
2. Please provide all data and assumptions used in the CA Model with respect to the Suite Meter Class compared to the data and assumptions used in the Updated BDR Study and provide justifications for any differences in data and/or assumptions between the Updated BDR Study and the CA Model.

Reference: Exhibit L1, Tab 5, Schedule 1, Suite Metering Supplementary Evidence ("Supplementary Evidence") and Updated BDR Study

3. On page 2, line 12, Supplementary Evidence, THESL estimates that the updated consumption for Quadlogic customers is now 334 kWh, compared to 361 kWh in the Updated BDR Study. Please provide a justification for such a large drop in consumption and provide the corresponding reduction in consumption for the remainder of the Residential Class (now 677 kWh).
4. In the Updated BDR Study, the load for other Suite Meter Multi Residential Class customers was calculated at 397 kWh per month on a normalized basis. The load used in the CA Model was decreased to 334 kWh per month from 361 kWh per month (pp. 2 and 3, Supplementary Evidence) as calculated in the Updated BDR Study.
 - a) Are the factors which THESL submits are responsible for reducing the Quadlogic Meter Class load applicable to other Suite Meter Class customers? Is it THESL's position that all multi-unit building customers using smart meters have experienced a decline in load relative to the Updated BDR Study, or is the change only limited to the 2012 Suite Meter Class? Please explain and fully justify THESL's reasoning and justification for any similarities or differences.

- b) What would be the kWh per month (normalized) load for the other Suite Meter Class customers as defined in the Updated BDR Study using the current CA Model.
 - c) What are the drivers of the differences between the Suite Meter Class load and the other Suite Meter Class customers?
5. On page 4, lines 16 to 18, Supplementary Evidence, THESL states that the Quadlogic meter costs were allocated to the Quadlogic Customer Class: "...using the model's meter cost weighting factors" rather than using direct allocation of costs." Does THESL agree that directly allocating costs to a customer class is a preferred method of reflecting cost causality than using weighting factors, when proper information is available? If not, please explain why not?
6. On page 4, lines 20 to 24, Supplementary Evidence, THESL states that its meter reading costs are expected to be reduced as the reading of the meters has moved in-house, and it adjusts the weighting factor as a result.
- a) Does THESL have a specific date when it will move its meter reading in-house?
 - b) Has THESL prepared a budget (whether in draft or approved) itemizing all of the costs to take the meter reading function in-house? If so, please produce the budget.
 - c) Is THESL contemplating issuing an RFP to replace all or any portion of the work currently undertaken under contract with Trilliant? If so, what portion of the work is involved in such a RFP? If THESL has prepared a RFP (whether in draft or finalized) to seek a third party vendor please produce a copy.
 - d) What assumptions has THESL made for the purposes of the CA Study in respect of the annual costs of maintenance and replacement of Quadlogic meters? Will this work continue to be performed by Trilliant (or another vendor) and if so, at what cost?
7. On page 4, lines 20 to 24, Supplementary Evidence, it states that the weighting factors for Quadlogic customers has been reduced from 7 used in the Updated BDR Study to 3.6 because the meter reading is expected to be performed in-house. Please provide explanations, with examples to support the reduction in weighting factors.
8. Page 5, Supplementary Evidence – Has THESL undertaken any further review of the secondary distribution costs attributable to its Quadlogic Suite Metered customers, other than the engineering estimates as set out in the Updated BDR Study and the original BDR report (November 29, 2010)?
9. Page 5, Supplementary Evidence - What percentage of currently bulk metered multi-unit residential buildings (both condominium and residential tenancy) are served by THESL's secondary system? Does THESL agree that older, smaller multi-unit residential buildings tend to be more commonly served by the secondary system than larger high rise new multi-unit condominiums?

10. Page 5, Supplementary Evidence – THESL states that in 2012, there are no marketing dollars included in the budget for suite meter activity and hence no expenses have been directly allocated to the Suite Meter Class.
 - a) Will THESL be removing from its Website all references to its Quadlogic Suite Meter offering and all links to related web pages?
 - b) Is THESL confirming that it will undertake no promotion of its Quadlogic Suite Meter program either directly or through a third party?
 - c) Please provide a detailed job description for all THESL employees that currently have responsibility to promote or market the Quadlogic Suite Meter offering to manage and negotiate accounts with prospective customers, and to respond to enquiries and/or prepare Offers to Connect which contemplate the installation of the Quadlogic Suite Metering system. Please advise in detail how these functions will be reduced in 2012.
 - d) What specifically (with all costs noted) will THESL not do in 2012 that it did in 2011 in respect of the marketing, promotion and support provided to prospective Quadlogic Meter customers?
11. At page 9, lines 19 through 23, Supplementary Evidence, THESL states that in the case of converting rental buildings, increased costs to the landlord may then be reflected in reduced maintenance or capital expenditures or in rent increases to the remaining unconverted tenants. Please provide all evidence that THESL has in support of this statement and any other evidence of the alleged prejudice to tenants.
12. Page 10, lines 2 through 5, Supplementary Evidence – THESL states that in respect of new rental buildings or condominiums there is a period of time where units are habitable and electricity consumption occurs but have not yet been occupied for the first time.
 - a) Does THESL agree that in respect of unoccupied and habitable condominium and rental units electricity consumption still occurs by virtue of, for example, any combination of the following:
 - i. the installation and operation of a refrigerator;
 - ii. lights turned on to permit showings in a unit;
 - iii. any fans and other HVAC equipment operated manually or automatically for the purposes of maintaining the atmosphere and humidity of a unit;
 - iv. clocks on stoves installed in units; and
 - v. operation of other equipment, including electric water heaters, etc.?
13. Page 10, lines 19 to 23, Supplementary Evidence: Has THESL developed terms and conditions applicable to its proposed new Meter Only rate for converting buildings? If so, please produce?

14. How will THESL police its Meter Only rate? More specifically, without limiting the generality of this question, how will THESL know when a customer has consented to a unit being suite metered or an unoccupied unit has been occupied?
15. Page 12, lines 10 through 12, Supplementary Evidence - THESL forecasts that the incremental administrative costs associated with maintaining information on unconverted units, calculating and adding Meter Only costs to a GS bill will be approximately \$53,000. Please provide a breakdown of the components of this estimate.
16. Has THESL adjusted the estimated number of customers in its Suite Meter Class for 2012 to reflect the removal of those units which would not be billed under the Quadlogic Suite Meter Class but would rather be subject to the Meter-Only rate? Please provide the details of all adjustments made, if any, to reflect the addition of the proposed Meter-Only rate.

Reference: CA Model

17. In Sheet 16.2, Customer Data Worksheet, of the CA Model it shows:

	ID	Total	Residential	Quadlogic
Billing Data				
Bad Debt 3 Year Historical Average	BDHA	\$7,628,705	\$4,352,164	\$145,100
Late Payment 3 Year Historical Average	LPHA	\$5,000,000	\$2,289,422	\$419,927

- a) Please explain the reasons why the Residential Class, Late Payment 3 Year Historical Average is approximately half the amount of Bad Debt 3 Year Historical Average, while for Quadlogic Class Late Payment 3 Year Historical Average is almost three times the Bad Debt 3 Year Historical Average.
- b) Does THESL agree that the data indicates that Quadlogic incurs proportionally more late payments than Residential class?
- c) Does THESL agree, therefore, that more billing and collecting costs would be incurred by THESL for Quadlogic Class than for Residential Class?

Reference: Supplementary Evidence

18. Does THESL agree that Suite Meter Class operates in a competitive environment while the remaining Residential class customers do not?
19. Does THESL agree that in a competitive environment the rate design of distribution rates is more critical in sending a correct price signal compared to a rate design in a non-competitive environment? If not, please explain why not.