

**IN THE MATTER** of the *Ontario Energy Board Act 1998*, Schedule B to the *Energy Competition Act*, 1998, S.O. 1998, c.15;

AND IN THE MATTER OF an Application by Welland Hydro-Electric System Corp. for an Order or Orders approving just and reasonable rates and other service charges for the distribution of electricity effective May 1, 2013.

**INTERROGATORIES**  
**FROM THE**  
**SCHOOL ENERGY COALITION**

**Exhibit 1 - Administrative Documents**

1. Please confirm that there are 35 schools in the Applicant's service area. Please advise how many of those schools are in each of the GS<50 and GS>50 classes.
2. [1/1/12, p.2] Please provide the names, titles and affiliations for each of the current directors of each of the companies.
3. [1/1/13] Please provide the most recent annual financial statements of Welland Hydro Energy Services Corp. Please provide these financials on a consolidated basis if available.
4. [1/2/1, p. 7] Please advise where cost minimization and control of rates are reflected in the Mission Statement or the Corporate Goals.
5. [1/2/1, p. 7] Please confirm that the comparisons set forth below for 2011 are correct. Please provide the major reasons for the Applicant's ranking on each comparison relative to its peers.

## Comparisons of Distributor Data - Welland Hydro

	<i>OM&amp;A/ Cust 2011</i>	<i>Rank</i>	<i>Net Fixed Ass/Cust.</i>	<i>Rank</i>	<i>CapAdds/ Depr.</i>	<i>Rank</i>
<b>E.L.K.</b>	\$217.48	6	\$688	1	57%	15
<b>Wasaga</b>	\$183.71	1	\$727	2	102%	14
<b>Chatham-Kent</b>	\$268.60	12	\$1,540	12	141%	11
<b>Peterborough</b>	\$212.07	5	\$1,400	10	181%	7
<b>Festival</b>	\$203.79	2	\$1,717	14	145%	9
<b>Welland</b>	\$244.88	9	\$1,035	4	142%	10
<b>Kingston</b>	\$242.86	8	\$1,135	5	288%	2
<b>Westario</b>	\$209.58	4	\$1,425	11	215%	4
<b>COLLUS</b>	\$259.70	11	\$865	3	197%	5
<b>St. Thomas</b>	\$231.19	7	\$1,163	6	147%	8
<b>Essex</b>	\$205.78	3	\$1,391	9	237%	3
<b>Woodstock</b>	\$259.27	10	\$1,673	13	297%	1
<b>Nia. Peninsula</b>	\$275.74	13	\$1,976	15	138%	12
<b>Bluewater</b>	\$327.42	15	\$1,200	7	127%	13
<b>Erie Thames</b>	\$321.43	14	\$1,300	8	191%	6
<b>Averages</b>	\$244.23		\$1,282		174%	
<b>Welland/Average</b>	100%		81%		82%	

6. [1/2/4] Please restate this table on the assumption that the adjustments for MIFRS have not been made, i.e. on a CGAAP basis.

### **Exhibit 3 – Operating Revenue**

7. [3/1/1, p. 2] Please confirm that current 2012 rates have been used to calculate the revenues for the column labeled 2013 Test.
8. [3/2/1, p. 13] Please explain why it is appropriate to assume replacements of lights as of January 1<sup>st</sup> in each year rather than as the replacement programs are implemented. Please estimate the dollar impact of this assumption.
9. [3/2/1, p 19] Please advise the actual KW removed from GS>50 to reflect the loss of the large industrial customer.

### **Exhibit 4 – Operating Costs**

10. [4/1] Please confirm that the OM&A budget has been set based on spending expected in the calendar year 2013.
11. [4/1/2, p. 9] Please advise how many FTEs were reduced as a result of the outsourcing of locates.

12. [4/1/2, p. 15] Please provide the name of the company that had the low costs in 2010, and subsequently did not quote. Please provide any information the Applicant has as to the reason for their failure to quote, including details of any contacts between the Applicant and the company seeking information on their interest and/or inviting them to quote.
13. [4/1/3, p. 7] Please confirm that the four new hires since 2011 all started at salaries below those of the previous incumbents. Please quantify that impact, and quantify the countervailing impact of those personnel moving up in pay scale since being hired.
14. [4/1/5, App. 2-N] Please restate the table for all years, replacing the dollar figures under the heading “% of Corporate Costs Allocated” with percentages.
15. [4/1/7] Please explain in more detail the accounting for the Financial Software. Please provide the rationale for full year depreciation in 2012, the CCA taken in 2012 (full vs. half year), and the dollar impact on 2013 revenue requirement of these 2012 decisions.

#### **Exhibit 6 – Revenue Deficiency**

16. [6, App. A] Please confirm that, but for reductions in revenue requirement due to a) changes in the cost of capital parameters, b) MIFRS, and c) reductions in PILs, the deficiency would be approximately \$1,575,000, representing an average rate increase of about 17.6%. Please identify the major factors causing this increase.

#### **Exhibit 7 – Cost Allocation**

17. [7/1/2, p. 3] Please explain the basis for the calculations of each of the proposed allocations in Table 7-6. Please provide a table showing, for each category of cost allocated to this class in either the 2009 Cost Study or the current cost study, the previous and current proposed allocation, and the reason for any material change.
18. [7/1/2, p. 4] Please describe the major reasons why allocations to GS>50 are increasing despite a forecast drop in billing determinants from that class. Please include in that description details of all changes in methodology, and all changes in direct allocation judgments, that have resulted in increased costs allocated to this class. Please provide a comparison table showing the costs allocated to this class under each line of the cost allocation model, with columns for each of the 2004 cost allocation, the 2009 cost allocation, and the 2013 cost allocation.

#### **Exhibit 8 – Rate Design**

19. [8/1/3, p. 2] Please confirm that, if the monthly fixed charge for GS>50 were set at the ceiling, represented by minimum system plus PLCC, \$53.26, the volumetric rate for this class would be \$3.1823 per KW to collect the same overall revenue from the class.
20. [8/1/11] Please confirm that Appendix 2-W does not include implementation of the proposal to go to 30 day billing.

21. [8/1/11, p. 17] Please disaggregate the increase in the GS>50 rates into a) changing the transformer allowance methodology, b) increase in revenue requirement, c) increase in allocated costs, and d) any other factors.

Submitted by the School Energy Coalition November 29, 2012.

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