

Ontario Energy Board

IN THE MATTER OF the *Ontario Energy Board Act, 1998*,
S.O. 1998, c. 15, (Schedule B);

AND IN THE MATTER OF an application by Welland
Hydro-Electric System Corp. for an order approving just and
reasonable rates and other charges for electricity distribution to
be effective May 1, 2013.

**SUPPLEMENTAL INTERROGATORIES OF
ENERGY PROBE RESEARCH FOUNDATION
("ENERGY PROBE")**

January 11, 2013

**WELLAND HYDRO-ELECTRIC SYSTEM CORP.
2013 RATES REBASING CASE
EB-2012-0173**

**ENERGY PROBE RESEARCH FOUNDATION
SUPPLEMENTAL INTERROGATORIES**

EXHIBIT 1 – ADMINISTRATIVE DOCUMENTS

Energy Probe # 30

**Ref: Energy Probe Interrogatory #3 &
Exhibit 1, Tab 2, Schedule 4**

The response to Energy Probe Interrogatory #3 indicates that Welland Hydro will not convert to IFRS until January 1, 2014 at the earliest.

- a) Please confirm that Welland Hydro is, therefore, requesting that the Board approve rates based on CGAAP accounting for 2012 and 2013 with the changes noted in the interrogatory response to asset lives and capitalization for 2012 and 2013.**
- b) Please provide an updated calculation of the revenue deficiency or surplus as found in Exhibit 1, Tab 2, Schedule 4 that is based on the use of CGAAP, as proposed by Welland Hydro, for 2012 and 2013. Please also provide a live Excel version of the Revenue Requirement Work Form that shows the revenue deficiency calculations.**
- c) Please provide a list of the changes between the as filed revenue deficiency and the revenue deficiency calculated based on CGAAP based on the response to part (b) above. For each change, please quantify and provide an explanation for the change.**
- d) Please explain why Welland Hydro proposes to adopt the new asset lives and changes in overhead capitalization effective for the 2012 fiscal year rather than the 2013 test year.**
- e) Please provide an updated calculation of the revenue deficiency or surplus as found in Exhibit 1, Tab 2, Schedule 4 that is based on the use of CGAAP for 2012 and 2013, but where the adoption of the new asset lives and changes in overhead capitalization are adopted for 2013 and 2012 is kept under the rules that were in place for 2011 and previous years. Please also provide a live Excel version of the Revenue Requirement Work Form that shows the revenue deficiency calculations.**

- f) Please provide a list of the changes between the as filed revenue deficiency and the revenue deficiency calculated based on CGAAP based on the response to part (e) above. For each change, please quantify and provide an explanation for the change.

Energy Probe # 31

Ref: VECC Interrogatory #1

- a) Please identify and quantify the non-regulated income referred to in the response.
- b) Please confirm that this non-regulated income reflects both non-regulated revenue and non-regulated expenses and non-regulated assets. If this cannot be confirmed, please explain and show the derivation of the non-regulated income included in the calculation in the response to the VECC interrogatory.

EXHIBIT 2 – RATE BASE

Energy Probe # 32

Ref: Energy Probe Interrogatory #6

The response indicates that as Welland has adopted extended asset lives and overhead capitalization policies which agree with IFRS, no restatement of fixed assets will occur on conversion to IFRS.

What is the impact on the 2013 PP&E component of rate base of Welland Hydro adopting the extended asset lives and overhead capitalization policies in 2012 relative to what the rate base would have been if the old depreciation rates and policies used in 2011 remain in place for 2012?

Energy Probe # 33

Ref: Energy Probe Interrogatory #6

- a) The response to part (d) indicates that there is \$15,000 in account 1840, \$15,000 in account 1845 and \$20,000 in account 1850 forecast for customer contributed capital for the 2013 test year. Please provide the amount of customer contributed capital for 2009 (73,392), 2010 (210,264), 2011

(305,181) and 2012 (124,159 as shown in Appendix B to IR responses) or any other figures that may represent the total contributed capital received in those years, into the accounts that they were related to.

- b) Other than the contributions to be received from the Region of Niagara in 2012, are there other customer contributions included in the separate accounts, as was done for 2013? If yes, please provide a breakdown of these contributions in the same manner as the response to part (d). If no, please explain why there are no contributions, other than from the Region, forecast.
- c) Please confirm that Welland Hydro has no projects forecast for 2013 in which the Region of Niagara or some other municipality would be billed, similar to the road widening project noted in the response to part (d).
- d) In the response to part (f), Welland Hydro indicates that it does not know what is in account 1870 (Other installations - customer premises) and that this account will be fully depreciated at the end of 2013. Please confirm that Welland Hydro has included \$2,564 in depreciation expense related to this account in the revenue requirement. Please explain how this figure has been calculated, as it appears to represent a depreciation rate of 32%.

Energy Probe # 34

Ref: Energy Probe Interrogatory #7 &
Exhibit 2, Tab 2, Schedule 1

Is the calculation of the depreciation expense on assets that become fully depreciated during the year, such as that shown in Exhibit 2, Tab 2, Schedule 1, page 10 for 2012, based on a full year, half year or some other methodology? How does Welland Hydro ensure that the assets that become fully depreciated during the year are not over depreciated?

Energy Probe # 35

Ref: VECC Interrogatories #3 and #4

The response to VECC #4 indicates that the capital expenditures related to customer demand are forecast on a net basis for subdivisions. The response provided to VECC #3 in Appendix G shows that customer demand net of developer contributions is forecast to be about \$10,000 in 2012 rising to \$50,000 in 2013. Please explain this significant increase forecast from 2012 relative the 2012 forecast.

EXHIBIT 3 – OPERATING REVENUE

Energy Probe # 36

Ref: Energy Probe Interrogatory #12(e) & Exhibit 3, Tab 2, Schedule 1

- a) Please show the calculations and assumptions used to arrive at the increase in the deficiency of \$3,288 related to the increased cost of power.**
- b) Please show the calculations and assumptions used to arrive at the increase in distribution revenues of \$29,929. In particular, why does an increase in 9.1 GWh in purchases, or about 8.7 kWh in billed kWh, result in less than \$30,000 in incremental revenue?**
- c) Please provide a revised Table 3-22 from Exhibit 3, Tab 2, Schedule 1 that includes an additional column for 2013 showing the forecast parameters by rate class based on purchases of 451.2 GWh.**

Energy Probe # 37

Ref: VECC Interrogatory #17

Please update the response to VECC #17 part (b) to reflect actual December data.

Energy Probe # 38

Ref: Energy Probe Interrogatory #15(a)

- a) A complete response to part (a) was not provided in that a table in the format of Appendix 2-F in Exhibit 3, Tab 3, Schedule 3, page 1, has not been provided. Please provide the response in the format requested.**
- b) If December data is now available, please update the response to part (a) to reflect actual data for 2012.**

Energy Probe # 39

**Ref: VECC Interrogatory #23 &
Exhibit 3, Tab 3, Schedule 3**

A full response has not been provided. Given that Welland Hydro will not be moving to IFRS in 2013, what is the impact on the Other Operating Revenue in 2013 under CGAAP as compared to MIFRS, as shown in Appendix 2-F of Exhibit 3, Tab 3, Schedule 3?

EXHIBIT 4 – OPERATING COSTS

Energy Probe # 40

**Ref: Energy Probe Interrogatory #17 &
Exhibit 4, Tab 1, Schedule 2, Appendix 2-M**

Please confirm that the \$40,000 shown as 2012 one-time costs in the Appendix 2-M at line 13 is also recovered in 2013 through 2016. In other words, should the 2012 regulatory costs be reduced by \$40,000 because this amount is being recovered in 2013 through 2016?

EXHIBIT 6 - CALCULATION OF REVENUE DEFICIENCY OR SUFFICIENCY

Energy Probe # 41

Ref: Exhibit 6 & RRWF

- a) Please update Tables 6.1, 6.2 and 6.3 to reflect that MIFRS will not be adopted until after the test year.**
- b) Please provide an updated Appendix A that reflects that MIFRS will not be adopted until after the test year.**
- c) Please provide a live Excel version of the RRWF requested in part (b) above.**

EXHIBIT 9 - DEFERRAL AND VARIANCE ACCOUNTS

Energy Probe # 42

Ref: Board Staff Interrogatory #48

Please confirm that because of the delay in the transition to IFRS to January 1, 2014 or later, that Welland Hydro is no longer requesting the Board to approve a new deferral or variance account to deal with the impact of retiree future benefits when converting from CGAAP to MIFRS in the current 2013 test year application.