

ONTARIO ENERGY BOARD

STAFF SUBMISSION

2013 ELECTRICITY DISTRIBUTION RATES APPLICATION -

Board Staff Submission

Centre Wellington Hydro Ltd.

EB-2012-0113

June 12, 2013

This is Board staff's submission on Centre Wellington Hydro Ltd.'s ("CWH's") draft Rate Order ("DRO") filing filed on June 7, 2013. CWH made its DRO filing pursuant to the Board's Decision and Order EB-2012-0113, issued on May 28, 2013. The DRO filing and the timelines established by the Board reflect the July 1, 2013 effective date approved by the Board.

Board staff submits that CWH's DRO filing is incomplete. The following submissions document the issues that Board staff has identified. Board staff has filed its submission early to assist CWH, the Board and the Vulnerable Energy Consumers Coalition ("VECC") in understanding these issues.

Under Implementation (page 18), the Board's Decision and Order EB-2012-0113 states:

The Board has made findings in this Decision which change the 2013 revenue requirement and therefore change the distribution rates from those proposed by CWH. In filing its draft Rate Order, the Board expects CWH to file detailed supporting material, including all relevant calculations showing the impact of the implementation of this Decision on its proposed revenue requirement, the allocation of the approved revenue requirement to the classes and the determination of the final rates and all approved rate riders, including bill impacts. **Supporting documentation shall include, but not be limited to**, the filing of a completed version of the Revenue Requirement Work Form Excel spreadsheet which can be found on the Board's website. [Emphasis added]

CWH has filed the following as part of its DRO:

- PDF draft Rate Order filings, documenting the changes made. Any tables are embedded in the PDF document;
- Microsoft Excel version of the RRWF reflecting the Board's Decision and Order; and
- PDF and Microsoft Word versions of the draft Tariff of Rates and Charges.

The absence of any tables in Microsoft Excel format beyond the RRWF makes it difficult for Board staff to understand and check the calculations reflected in CWH's DRO. CWH should have provided additional documentation, and generally in Microsoft Excel format, for the following:

- 1) Summary of Load forecast, showing the base forecast, CDM adjustment, and the allocation to all customer classes with the final kWh and kW, as applicable, for each customer class;
- 2) Calculation of the WCA, including the components for the Cost of Power as updated to reflect the April 2013 RPP Report and the load forecast update;
- 3) Updated Cost Allocation Model and summary/explanation;
- 4) Updated Appendix 2-V (Revenue Reconciliation); and
- 5) Updated EDDVAR spreadsheet.

While there is no intention that the utility provide an extensive update of its application, it is incumbent on CWH to provide sufficient explanation and documentation, and in a format that facilitates understanding by the Board and other parties, that its DRO complies with the Board's directions in the Decision and Order.

To this end, Board staff has noted the additional issues specifically related to CWH's DRO filing. The numbers refer to the item/paragraph number in CWH's DRP filing.

Number	Description	CWH's documentation in the DRO	Staff Comments/Issues
6.	Load Forecast	Operating revenue – CWH has adjusted the load forecast by 986,133 kWh for CDM, as required on pages 6-8 of the Decision and Order.	CWH has not provided the final load forecast, including the adjustment, and the allocation of kWh and kW for every customer class. This should be provided so that the load forecast can be understood, and the determination of the proposed rates, the changed cost of power for the Working Capital Allowance, etc.
8.	OM&A	CWH would appreciate it if the Board directs VECC to provide the detail derivation of the OM&A amount of \$1,886,605 based on their "envelope approach" provided on page 9 and 10 of the Decision and Order. Providing this detailed calculation would allow CWH to understand [sic] how VECC arrived at the	VECC provided its derivation of its proposed OM&A in paras. 4.4 to 4.10 of its submission filed on April 4, 2013. CWH responded in its April 18, 2013 Reply Submission to VECC's submission with comments on paras. 4.3 to 4.8, 4.9 and 4.10, specifically stating, with respect to para. 4.10: "CWH disagrees with VECC's final position for a reduction of \$193,408 (\$363,408-\$170,000) for reasons noted in response to VECC's

		OM&A amount of \$1,886,605.	<p>submission 4.3 - 4.8 above as well as the support the [sic] from Board Staff page 16 of their submission.”</p> <p>The Board provided its findings and reasons on pages 9 to 11 of the Decision and Order EB-2012-0113.</p> <p>Board staff submits that VECC’s derivation in its submission was clear and was addressed by CWH in reply. Further, the relevant information for the DRO is from the Board’s Decision and Order, where the Board provided its findings and reasons. Board staff submits that no further information from VECC is required.</p>
9.	Low Income Energy Assistance (LEAP)	LEAP amount will be derived based on 0.12% of the approved Service Revenue Requirement.	<p>Page 11 of the Decision and Order EB-2012-0113 states:</p> <p>“In response to a request from CWH, the Board confirms that the LEAP amount should be derived based on 0.12% of the approved Service Revenue Requirement. CWH shall update and document the LEAP expense in the draft Rate Order.” [Emphasis Added]</p> <p>CWH should provide the quantum for the LEAP amount per the service revenue requirement, so that it can be checked that it is in the final revenue requirement (e.g., in the RRWF) and hence is being recovered appropriately in rates.</p>
13.	Cost Allocation and Revenue-to-Cost Ratios	The OEB accepted CWH’s Revenue-to-Cost Ratios. CWH has provided an updated table showing the revised ratios as the result of changes requested during the IR’s process and the OEB Decision and Order. The below table reflects a reduction in the revenue-to-cost ratio of less than 100.96 for the GS 3000-4999 kW class as CWH’s goal during the IR process was to bring this class more in line with Residential, GS<50 kW and GS 50-2999	<p>CWH has provided updated Revenue-to-Cost (“R/C”) ratios, stating that these reflect the responses to IRs and the Board’s decision. Most of the changes are minor, but for the GS 3000-4999 kW class, the R/C ratio is changed from 100.96 to 99.69. It is not possible to verify the changes in the cost allocation and the R/C ratios used for the proposed rates in the DRO from the information provided.</p> <p>CWH should provide more explanation as to what has driven the changes and, in particular, why its proposal to change the GS 3000-4999 kW class below unity is reasonable.</p>

		kW classes.	CWH should file the updated Cost Allocation model as adjusted to reflect the Board's decision, as well as an updated Appendix 2-P.
16.	Low Voltage Rates	CWH Low Voltage rates are calculated on the recovery of \$243,490.91 in LV charges from Hydro One. The LV Rates charged to CWH customers has been updated to reflect the change in load forecast and will be effective July 1, 2013.	CWH has not provided the derivation of the updated LV rates, and should do so via updates to Tables 8.1.10 and 8.1.11 from its Application.
17.	Loss Factors	Loss Factor – the OEB accepted CWH's total loss factor of 1.0497 for secondary metered customers < 5000 kW. The total loss factor for primary metered customers > 5000 kW is 1.0393 and is reflected in the Proposed tariff of rates and charges.	CWH does not currently have any customers with demand > 5,000 kW. CWH should confirm that 1.0393 is the total loss factor for primary metered customers < 5,000 kW.
18.	Deferral and Variance Accounts	Deferral and Variance Accounts – CWH has removed from Group 2 DVA, as directed by the Board, \$75,704 related to the Account 1508 sub-account Deferred IFRS Transition Costs. The adjusted DVA rate riders will have an effective date of July 1, 2013.	CWH should provide an updated EDDVAR continuity schedule in Microsoft Excel format showing the derivation of the proposed DVA rate riders.
23.	Bill Impacts	As requested the bill impacts for all customer classes using the updated rates are shown below.	CWH has not provided any bill impacts for the Residential customer classes. These should be provided and the bill impacts for all customer classes and profiles should also be provided in Microsoft Excel format per Appendix 2-W.

Board staff submits that CWH should file an updated DRO filing that is complete and addresses all of the above points.

– All of which is respectfully submitted –