

## **Centre Wellington Hydro Ltd.**

### **2013 Electricity Distribution Rates Application**

#### **EB-2012-0113**

#### **Reply to Staff Submission to draft Rate Order (DRO) - Dated June 12, 2013**

This is Centre Wellington Hydro's (CWH) reply to the Board staff's submission on CWH's draft Rate Order (DRO) filed on June 7, 2012. 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 timelines established by the Board reflect the July 1, 2013 effective date approved by the Board.

CWH submission provided comments and updates to the models to reflect the Board's Decision and Order. The submission included tables to reflect the changes that were requested and the Microsoft Excel version of the RRWF reflecting the Board's Decision and Order.

Board Staff submitted the CWH DRO filing was incomplete and has asked for the following information to be submitted. CWH has also submitted the DRO of Tariff and Charges with no changes from what had been previously been submitted on June 6, 2013.

The first five items respond to the items at the top of page 3 of Board Staffs Submission. The remaining responses follow the items referred to in the table beginning on page 3 and use the reference in the "Number" column.

Models and Excel spreadsheets have been provided to improve Board Staff's understanding and to allow a check of the calculations.

- 1) CWH has provided the "Centre Wellington 2013 Load Forecast \_July 19 2012" excel file which provides the CDM adjustment per the Boards Direction. Row 79 of the tab "Rate Class Energy Model" provides the CDM Adjustment of 986,133 kWh and its allocation to the rate classes. Row 80 provides the total kWh load forecast for each customer class. It should be noted both Residential and GS<50kW classes are based on class specific regression statistics. The "Summary" tab of the Load Forecast provides the kWh and kW forecast for each customer class in column "L".

- 2) The Working Capital Allowance was updated as a result of the changes required by the Board’s Decision and Order. CWH has provided the Cost of Power calculation and the Load Forecast update as requested. The Load Forecast change was provided in response to item 1) above. The Cost of Power calculation reflecting the April 5, 2013, RPP Report rates can be found within the Load Forecast Model provided in response to item 1) above, tab “2013 COP Forecast”. The revised WCA also captures changes to the OM&A which reflects the “Envelope” approach recommended by VECC and approved by the Board in this Cost of Service rate application. A table providing the updated WCA is provided below and the detailed calculations are provided in the attached excel file “CWH DRO WCA\_20130614”. At this time CWH has allocated the reduction of \$193,408 required by VECC’s envelope to an administration account and will be managed by CWH.

Description	2009 Board Approved	Actual 2009 CGAAP	Actual 2010 CGAAP	Actual 2011 CGAAP	Bridge Year 2012 CGAAP	Test Year 2013 CGAAP
<b>Cost of Power</b>	<b>12,368,901</b>	<b>9,729,968</b>	<b>11,143,850</b>	<b>12,231,646</b>	<b>15,074,695</b>	<b>15,992,048</b>
Distribution Expenses - Operations	264,900	294,136	356,562	381,192	361,000	297,400
Distribution Expenses - Maintenance	292,600	300,079	275,059	317,900	332,100	251,300
Billing and Collecting	332,200	320,588	263,519	317,324	485,000	523,700
Community Relations	35,600	34,636	26,084	42,647	36,700	38,400
Administrative and General Expenses	793,050	728,785	809,156	882,524	1,028,500	909,405
Taxes Other than Income Taxes	35,000	30,253	28,434	34,860	35,400	36,400
<b>Total OMA per Envelope</b>						<b>2,056,605</b>
<b>Working Capital</b>	<b>14,122,251</b>	<b>11,438,445</b>	<b>12,902,663</b>	<b>14,208,093</b>	<b>17,353,395</b>	<b>18,048,653</b>
<b>Working Capital Allowance</b>	<b>2,118,338</b>	<b>1,715,767</b>	<b>1,935,400</b>	<b>2,131,214</b>	<b>2,603,009</b>	<b>2,346,325</b>

- 3) Changes to the Load Forecast and OM&A from the Board’s Decision and Order have impacted the Cost Allocation Model from the values both originally submitted as well as changes made during the IR process. The updated Cost Allocation model as well as an excel file “CWH DRO Rev Cost Ratios\_20130614” has been prepared to show the changes at the end of each of the stages. This table is also shown below. In a letter dated March 26, 2013 to the Board Secretary CWH submitted an updated Chapter 2 Appendices file. That file included a revised App 2-P showing the General Service 3000-4999 kW class with a rev to cost ratio of 98.37 produced by the model. It should be noted that the Revenue to Cost Ratio produced by the Cost Allocation model for the Intermediate customer class was below unity at the end of the Interrogatory Phase. The changes directed by the Board in the Decision and Rate Order such as the Load Forecast, Cost of Power, and a significant decrease to OM&A has resulted in revenue to cost ratio changes for the

customer classes. It is not unreasonable to see changes to the revenue to cost ratios produced by the model when such significant changes are made to the base data. CWH has adjusted the resulting revenue to cost ratios from these changes to ensure all customer classes are within the Board’s limits.

**Revenue-to-Cost Ratios - 2011 IRM and 2013 Proposed**

Customer Class	Range (%)		2011 IRM	Original Cost of Service Application		Interrogatory Phase		DRO	
				2013 Cost Allocatio	2013 Proposed	2013 Cost Allocation	2013 Proposed	2013 Cost Allocation	2013 Revised
	Low	High							
Residential	85	115	101.70	97.49	99.65	98.14	99.65	98.56	99.65
GS < 50 kW	80	120	105.30	95.56	99.00	95.55	99.05	94.96	99.05
GS 50-2999 kW	80	120	104.70	90.41	99.65	89.16	99.76	89.24	99.75
GS 3000-4999 kW	80	120	87.00	100.96	100.96	98.37	99.69	94.29	99.69
Street Lighting	70	120	70.00	305.88	120.00	302.36	120.00	295.65	120.00
Sentinel Lighting	80	120	70.00	124.72	120.00	125.97	120.00	129.18	120.00
Unmetered Scattered Load	80	120	103.70	271.84	120.00	269.47	120.00	294.35	120.00

- 4) As requested an updated Appendix 2 V is attached to this document. The excel file name is “CWH DRO Rev Reconciliaiton\_20130614”.
  
- 5) On sheet 5, line 19, cell d19 of the EDDVAR model, the amount of IFRS transition costs of \$75,704 was removed as directed by the Board. This amount was left on the continuity schedule to maintain a balance with the RRR and year end reports. Unfortunately, the rate riders could not be calculated on sheet 6 Rate rider Calculation for an effective date of July 1, 2013, therefore, CWH has created a separate excel file to calculate the appropriate rate riders. The file name is “CWH DRO EDDVAR\_Rate Rider\_20130604”

#6 The updated Load Forecast model is included with this document (See item 1) above. Reference to the “Summary” tab provides the final kW, kWh, customer Load Forecast for each class. The 2013 COP Forecast tab provides the changes to the commodity price based on the April 5, 2013 RPP Report.

#8 No comment.

#9 The calculation for the LEAP amount based on 0.12% of approved Service Revenue Requirement is \$3,930 ( $\$3,274,799 \times 0.12\% = \$3,929.76$ ). CWH had previously calculated the LEAP amount at \$3,700.

#13 CWH has included the Cost Allocation Model as well as the explanations requested in response to Item 3) above. An excel file named "CWH DRO Appendix 2-P\_20130614" provides Chapter Appendix 2-P and is also attached to this document. The table referred to in item 3) above has been reproduced below.

**Revenue-to-Cost Ratios - 2011 IRM and 2013 Proposed**

Customer Class	Range (%)		2011 IRM	Original Cost of Service Application		Interrogatory Phase		DRO	
	Low	High		2013 Cost Allocatio	2013 Proposed	2013 Cost Allocation	2013 Proposed	2013 Cost Allocation	2013 Revised
	Residential	85		115	101.70	97.49	99.65	98.14	99.65
GS < 50 kW	80	120	105.30	95.56	99.00	95.55	99.05	94.96	99.05
GS 50-2999 kW	80	120	104.70	90.41	99.65	89.16	99.76	89.24	99.75
GS 3000-4999 kW	80	120	87.00	100.96	100.96	98.37	99.69	94.29	99.69
Street Lighting	70	120	70.00	305.88	120.00	302.36	120.00	295.65	120.00
Sentinel Lighting	80	120	70.00	124.72	120.00	125.97	120.00	129.18	120.00
Unmetered Scattered Load	80	120	103.70	271.84	120.00	269.47	120.00	294.35	120.00

#16 The derivation of the Low Voltage cost forecast is provided in the Excel file "LV Forecast 2013" included with this document. Tables 8.1.10 and 8.1.11 have also been updated and provided in excel file "CWH DRO LV Rates\_20130614".

#17 Centre Wellington confirms the total loss factor for primary metered customers < 5000kW is 1.0393 since CWH has no customers >5000kW.

#18 CWH has calculated the revised rate riders from the EDDVAR model on a separate spreadsheet to accommodate the July 1, 2013 effective date. An Excel file called "CWH Deferral & Variance Account – Rate Rider\_ June 4 2013" provides those calculations. CWH has also included the latest EDDVAR model for Board Staff to verify the balance in the accounts have been transferred appropriately to the file where the new riders are calculated.

#23 The Bill Impacts – Appendix 2-W based on the Board’s Decision and Order have been included with this document as excel file “CWH DRO Bill Impacts\_20130614”.

A summary of the Excel files included with this submission follows:

Centre Wellington 2013 Load Forecast -July 19 2012  
CWH DRO WCA\_20130614  
Copy of CW 2013\_Cost\_Allocation\_Model\_V3\_07052012-Aug 24 2012  
CWH DRO Rev Cost Ratios\_20130614  
CWH DRO Rev Reconciliaiton\_20130614  
CW Hydro 2013\_EDDVAR\_Continuity\_Schedule\_CoS\_v2\_20120703I  
CWH DRO EDDVAR\_Rate Rider\_20130604  
CWH DRO Appendix 2-P\_20130614  
LV Forecast 2013  
CWH DRO LV rates\_20130614  
CWH DRO EDDVAR\_ Rate Rider\_ 20130604  
CWH DRO Bill Impacts\_20130614  
CWH\_DRO\_EB-2012-0113\_20130605 in both word and pdf.

-All of which is respectfully submitted-