



CENTRE WELLINGTON HYDRO LTD.
730 Gartshore St., P.O. Box 217, Fergus, Ontario N1M 2W8
PHONE: (519) 843-2900 FAX: (519) 843-7601

BY E-MAIL

November 27, 2014

Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

Dear Ms. Walli:

**Re: Centre Wellington Hydro Ltd. ("CWH")
2015 IRM Distribution Rate Application
Board Staff and VECC Interrogatories
Board File No.: EB-2014-0062**

In accordance with Procedural Order #1, please find attached CWH responses to Board Staff as well as VECC interrogatories in the above proceeding.

The response has been filed via e-filing and 2 hard copies will be submitted by way of mail.

Yours truly,

Original Signed By

Florence Thiessen, CPA CGA
Vice-President / Treasurer
Centre Wellington Hydro Ltd.
Email: thiessen@cwhydro.ca

Cc: Georgette Vlahos, Analyst, Electricity Rates & Accounting, Applications
Michael Janigan, Counsel for VECC

Encl.

**Centre Wellington Hydro Ltd. (“CWH”)
 2015 Electricity Distribution Rates
 EB-2014-0062
 Response to Board Staff Interrogatories**

**Interrogatory #1
 Tab 5 – Continuity Schedule**

Board staff notes that at columns AN and AV (Board-approved disposition for principal and interest), row 86 (Account 1580) – the amounts entered do not match the EDDVAR continuity schedule filed by Centre Wellington Hydro as part of its Draft Rate Order in its previous cost of service application (EB-2012-0113). Board staff notes the figures should be -\$337,169 principal and -\$11,325 interest.

(A) Please confirm if Centre Wellington Hydro agrees, and staff will update the model.

Response:
 Centre Wellington Hydro Ltd. (“CWH”) agrees with the correction made for the WMS, total should be -\$348,494 (principal -\$337,169 and interest -\$11,325). CWH appreciates Board staff updating this figure.

(B) If the answer to (A) is no, please provide an explanation for the discrepancy.

Response:
 N/A

**Interrogatory #2
 Tab 15 – RTSR – UTRs & Sub-Tx**

Hydro One Sub-Transmission Rate Rider 9A	Unit	Effective January 1, 2013	Effective January 1, 2014	Effective January 1, 2015
Rate Description		Rate	Rate	Rate
RSVA Transmission network - 4714 - which affects 1584	kW	\$ -	\$ 0.1465	\$ 0.1465
RSVA Transmission connection - 4716 - which affects 1586	kW	\$ -	\$ 0.0667	\$ 0.0667
RSVA LV - 4750 - which affects 1550	kW	\$ -	\$ 0.0475	\$ 0.0475
RARA 1 - 2252 - which affects 1590	kW	\$ -	\$ 0.0419	\$ 0.0419
RARA 1 - 2252 - which affects 1590 (2008)	kW	\$ -	-\$ 0.0270	-\$ 0.0270
RARA 1 - 2252 - which affects 1590 (2009)	kW	\$ -	-\$ 0.0006	-\$ 0.0006
Hydro One Sub-Transmission Rate Rider 9A	kW	\$ -	\$ 0.2750	\$ 0.2750

Board staff notes that the Hydro One Sub-Transmission Rate Rider 9A expires on December 31, 2014 and therefore the rates should be removed.

Board staff will make the necessary adjustments to Centre Wellington Hydro's Rate Generator Model.

Please confirm that Centre Wellington Hydro acknowledges this change.

Response:

CWH is in agreement that Hydro One's ("HONI") Rate Rider 9A does expire on December 31, 2014 and should be removed from Tab 15 of the Rate Generator. At this time HONI's rates for 2015 have not been finalized. CWH requests that OEB Board Staff further adjust the RTSR – UTRS and Sub Transmission rates for additional HONI rate riders effective January 1, 2015 prior to final approval of CWH 2015 IRM rates.

Interrogatory #3 Deferral and Variance Account Disposition

Chapter 3 of the Filing Requirements notes that distributors must establish separate rate riders to recover the balances in the RSVAs from Wholesale Market Participants ("WMPs") who must not be allocated the RSVA account balances related to charges for which the WMPs settle directly with the IESO (e.g. wholesale energy, wholesale market services).

Chapter 3 of the Filing Requirements also note that "distributors who serve Class A customers per O.Reg 429/04 (i.e. customers greater than 5 MW) must propose an appropriate allocation for the recovery of the global adjustment variance balance based on their settlement process with the IESO.

- a) Please confirm whether or not Centre Wellington Hydro serves any consumers that are WMPs.

Response:

CWH currently has one customer who is a WMP, effective August 16, 2012. CWH's WMP is classified as a General Service 50 kW to 2,999 kW customer. CWH does not invoice the WMP for the Wholesale Market Service Charge, Power or Global Adjustment. The Wholesale Market Service Charge, Power and Global Adjustment are settled directly with the IESO.

- i. If yes:
 - i. Have these consumers been WMPs throughout the entire time over which variances accumulated in the RSVA accounts proposed for disposition?

Response:

In the 2013 Cost of Service application, CWH disposed of audited accumulated variances balances up to December 31, 2011. In the 2014 IRM, CWH did not dispose of any group 1 accounts as they did not meet the threshold test. Therefore, the group 1 accounts that are being requested for disposal in the 2015 IRM are for January 1, 2012 to December 31, 2013, a 24 month period, of which the customer at hand was a WMP for 16 ½ months.

- ii. Please confirm that RSVA account balances have not been allocated to WMP customers as they settle these charges directly with the IESO.

Response:

The 2015 IRM application submitted September 25, 2014 did not include a separate rate rider for the WMP customer and therefore, the Group 1 RSVA account balances were allocated to the WMP which did not apply to that customer.

Upon reviewing other LDC's IRM applications two methods of calculating a separate rate were identified by the OEB in London Hydro's 2015 IRM (EB-2014-0092.) CWH reviewed both the EnWin Utilities (EB-2014-0156) and Bluewater Power Distribution Corp. (EB-2013-0112) methodology and completed analysis on both. CWH has chosen EnWin's methodology, calculating rate riders grouped by the nature of the deferral and variance accounts.

Table 1 below shows the Rate Rider for Deferral and Variance accounts and the Global Adjustment rate rider as it was originally submitted in our 2015 IRM. The table also shows the new proposed Rate Rider for Deferral and Variance accounts as well as the Global Adjustment Rate Rider with the WMP as a separate rate for the variance account balances that apply to that customer.

Table 1 – Summary of Submitted and Newly Proposed Rate Riders.

Account Numbers Included	IRM Submitted		EnWin's Methodology			
	1550, 1551, 1580, 1584, 1586, 1588, 1595	1589	For MP	Not for MP	Rate Rider Deferral Variance C = A + B	Not For MP
			A	B		1589
RESIDENTIAL	-	0.0028	0.0033	- 0.0033	-	0.0029
GENERAL SERVICE LESS THAN 50 KW	- 0.0001	0.0028	0.0032	- 0.0033	- 0.0001	0.0029
GENERAL SERVICE 50 TO 2,999 KW - Non WMP	- 0.0526	1.0887	1.2140	- 1.2766	- 0.0626	1.1167
GENERAL SERVICE 50 TO 2,999 KW - WMP			1.2140		1.2140	
GENERAL SERVICE 3,000 TO 4,999 KW	- 0.0613	1.2689	1.4149	- 1.5110	- 0.0961	1.3241
UNMETERED SCATTERED LOAD	- 0.0001	0.0028	0.0031	- 0.0033	- 0.0002	0.0029
SENTINEL LIGHTING	- 0.0487	1.0083	1.1243	- 1.2007	- 0.0764	1.0522
STREET LIGHTING	- 0.0484	1.0006	1.1157	- 1.1914	- 0.0757	1.0441

Table 2 details the calculation of the Rate Rider for Deferral/Variance Account for all customer classes. The RSVA accounts included in this are: LV-1550, SME-1551, Network-1584, Connection-1586 and Disposition and Recovery/Refund of Regulatory Balances-1595

Table 2: Detail Calculation All Customers (Accounts 1550, 1551, 1584, 1586, 1595)

Rate Rider for Deferral/Variance Account Disposition (All)												1 year	
Rate Class		Metered kWh (include WMP)	Metered kW (include WMP)	1595 Recovery Share Proportion	1551 (% of Accounts)	% kWh	1550	1584 (based on % kWh)	1586 (based on % kWh)	1595 (based on share proportion)	1551 (based on % of Accounts)	Total \$	Rate Rider inc WMP
RESIDENTIAL	\$/kWh	45,809,827	0	31.32%	89.3%	31.32%	106,430	18,893	2,017	15,652	8,269	151,260	0.0033
GENERAL SERVICE LESS THAN 50 KW	\$/kWh	20,408,044	0	13.95%	10.7%	13.95%	47,414	8,417	899	6,973	994	64,696	0.0032
GENERAL SERVICE 50 TO 2,999 KW - Non WMP & WMP	\$/kW	61,309,307	157,640	41.92%	0.0%	41.92%	142,439	25,285	2,699	20,948	0	191,372	1.214
GENERAL SERVICE 3,000 TO 4,999 KW	\$/kW	16,959,953	37,416	11.60%	0.0%	11.60%	39,403	6,995	747	5,795	0	52,939	1.4149
UNMETERED SCATTERED LOAD	\$/kWh	604,378	0	0.41%	0.0%	0.41%	1,404	249	27	207	0	1,887	0.0031
SENTINEL LIGHTING	\$/kW	37,461	104	0.03%	0.0%	0.03%	87	15	2	13	0	117	1.1243
STREET LIGHTING	\$/kW	1,130,191	3,162	0.77%	0.0%	0.77%	2,626	466	50	386	0	3,528	1.1157
Total		146,259,161	198,322	100.0%	100.0%	100.0%	339,803	60,321	6,440	49,974	9,263	465,799	

Table 3 details the calculation of the Rate Rider for Deferral/Variance Account for all non-WMP customer classes. The RSVA accounts included in this are WMS-1580 and Energy-1588.

Table 3: Detail Calculation excluding WMP (Accounts 1580 and 1588)

Rate Rider for Deferral/Variance Account Disposition excluding WMP (146,259,161-3,363,078)								1 year
Rate Class		Metered kWh (exclude WMP)	Metered kW (exclude WMP)	% kWh	1580 (based on % kWh)	1588 (ex GA) (based)	Total \$	Rate Rider excl WMP
RESIDENTIAL	\$/kWh	45,809,827	0	32.1%	-107,787	-44,915	-152,701	-0.0033
GENERAL SERVICE LESS THAN 50 KW	\$/kWh	20,408,044	0	14.3%	-48,018	-20,009	-68,028	-0.0033
GENERAL SERVICE 50 TO 2,999 KW - Non WMP	\$/kW	57,946,229	151,301	40.6%	-136,343	-56,814	-193,156	-1.2766
GENERAL SERVICE 3,000 TO 4,999 KW	\$/kW	16,959,953	37,416	11.9%	-39,905	-16,629	-56,534	-1.511
UNMETERED SCATTERED LOAD	\$/kWh	604,378	0	0.4%	-1,422	-593	-2,015	-0.0033
SENTINEL LIGHTING	\$/kW	37,461	104	0.0%	-88	-37	-125	-1.2007
STREET LIGHTING	\$/kW	1,130,191	3,162	0.8%	-2,659	-1,108	-3,767	-1.1914
Total		142,896,083	191,983	100.0%	-336,222	-140,104	-476,326.19	

Table 4 details the calculation of the Rate Rider for Global Adjustment (account 1589), of which the WMP is excluded.

Table 4: Detail Calculation Global Adjustment, Excludes WMP.

Rate Class		Metered non-RPP kWh (exclude WMP)	Metered non-RPP kW (exclude WMP)	% kWh	1589(GA) (based on % kWh)	GA Rate Rider Non RPP, excl WMP
RESIDENTIAL	\$/kWh	4,580,983	0	5.9%	13,382	0.0029
GENERAL SERVICE LESS THAN 50 KW	\$/kWh	4,081,609	0	5.3%	11,923	0.0029
GENERAL SERVICE 50 TO 2,999 KW - Non WMP	\$/kW	51,815,298	135,537	67.0%	151,359	1.1167
GENERAL SERVICE 3,000 TO 4,999 KW	\$/kW	15,263,957	33,674	19.7%	44,588	1.3241
UNMETERED SCATTERED LOAD	\$/kWh	543,940	0	0.7%	1,589	0.0029
SENTINEL LIGHTING	\$/kW	33,715	94	0.0%	98	1.0522
STREET LIGHTING	\$/kW	1,017,172	2,846	1.3%	2,971	1.0441
Total		77,336,674	172,151	100.0%	225,910	

- b) Please confirm whether or not Centre Wellington Hydro serves any class A consumers that settle energy charges directly with Centre Wellington Hydro. If yes, please explain how balances in Account 1589 (Global Adjustment) have been allocated to these consumers.

Response:

CWH does not serve any class A consumers that settle energy charges directly.

Interrogatory #4

Application – Manager’s Summary

In its Application, Centre Wellington Hydro has requested the establishment of a deferral account to track the forecasted revenue to actual revenue incurred in the Street lighting customer class when the technology changes to LED. Centre Wellington Hydro also notes that this is expected to take place in the latter part of 2015 and requests the use of this account to track the variance until its next cost of service application.

- (A) Please provide further reasoning, addressing the causation, materiality and prudence for such an account.

Response:

CWH requested the establishment of a Deferral Variance Account to record any lost revenues for the Street Light rate class resulting from a LED Conversion prescriptive program initiated by the Township of Centre Wellington until CWH's next rebasing. It is estimated that revenues will be reduced by 64% for the installed months in 2015, 2016 and until April 30, 2017.

CWH included a CDM component in the load forecast in CWH's rebasing application EB-2012-0113. The CDM component was broken down by rate class. The following tables reflect the CDM adjusted kWh and kW by rate class for CWH.

Rate Class	Billed Load Forecast Prior to CDM Adjustment kWh	Billed Load Forecast After CDM Adjustment kWh	CDM Adjustment kWh
Residential	46,118,694	45,809,827	308,867
GS<50 kW	20,545,642	20,408,044	137,598
GS>50 kW to 2,999 kW	61,722,677	61,309,307	413,370
GS>3,000 to 4,999 kW	17,074,303	16,959,953	114,350
Sentinel Lights	37,713	37,461	252
Street Lights	1,137,812	1,130,191	7,621
Unmetered Scattered Load	608,453	604,378	4,075
Total Billed kWh	147,245,294	146,259,161	986,133

Rate Class	Billed Load Forecast Prior to CDM Adjustment kW	Billed Load Forecast After CDM Adjustment kW	CDM Adjustment kW
GS>50 kW to 2,999 kW	158,702	157,640	1,063
GS>3,000 to 4,999 kW	37,668	37,416	252
Sentinel Lights	105	104	1
Street Lights	3,184	3,162	21
Total Billed kWh	199,659	198,322	1,337

The CDM component for all rate classes in the load forecast reflect the CDM manual adjustment from gross to net consumption and also reflect the application of the half year rule for 2011 and 2013 program results. The following tables reflect the Savings Due to CDM included in the Approved Load Forecast for the applicable years and LRAM/VA amounts representing the lost revenue.

Forecast Year	Residential	General Service <50 kW	General Service 50kW to 2,999 kW	General Service 3,000 to 4,999 kW	Unmetered Scattered Load	Sentinel Lights	Street Lighting
	kWh	kWh	kW	kW	kwh	kW	kW
2011	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2012	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2013	308867	137598	1063	252	4075	1	21
2014	308867	137598	1063	252	4075	1	21

Forecast Year	Residential	General Service <50 kW	General Service 50kW to 2,999 kW	General Service 3,000 to 4,999 kW	Unmetered Scattered Load	Sentinel Lights	Street Lighting	Total
	\$	\$	\$	\$	\$	\$	\$	\$
2011	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2012	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2013	\$ 4,324.14	\$ 2,490.52	\$ 3,713.01	\$ 695.18	\$ 41.97	\$ 11.79	\$ 186.88	\$11,463.49
2014	\$ 4,385.91	\$ 2,531.80	\$ 3,764.98	\$ 704.92	\$ 42.38	\$ 11.95	\$ 189.50	\$11,631.44

In 2014, CWH was informed by the Township of Centre Wellington (“Township”) of the Township’s intent to convert a portion of existing street lights to LED technology. However, no commitment has been made by the Township at the current time to do the program under the OPA incentive program. The following table identifies the Base and Energy Efficient Case for the LED project.

Measure	Quantity	Incentive Metric (kW or kWh)	Base case		Energy Efficient Case		Estimated Savings		Calculated Participant Incentive
			Electricity Demand (kW)	Annual Electric consumption (kWh)	Electricity Demand (kW)	Annual Electric consumption (kWh)	Demand Savings (kW)	Energy Savings (kWh)	
(146) 35W LED Fixture	146	kWh	13.87	60750.6	5.11	22381.8	8.76	38368.8	\$ 14,308.00
(375) 54W LED Fixture	375	kWh	50.625	221737.5	20.25	88695	30.375	133042.5	\$ 44,625.00
(252) 80W LED Fixture	252	kWh	49.14	215233.2	20.16	88300.8	28.98	126932.4	\$ 29,988.00
(1) 69W LED Fixture	1	kWh	0.22	963.6	0.069	302.22	0.151	661.38	\$ 119.00
(38) 54W LED Fixture	38	kWh	11.21	49099.8	4.408	19307.04	6.802	29792.76	\$ 12,920.00
(3) 28W LED Fixture	3	kWh	0.411	1800.18	0.084	367.92	0.327	1432.26	\$ -
(131) 35W LED Fixture	131	kWh	25.545	111887.1	4.585	20082.3	20.96	91804.8	\$ 12,838.00
(11) 69W LED Fixture	11	kWh	3.135	13731.3	0.759	3324.42	2.376	10406.88	\$ 1,309.00
TOTAL	957		154.156	675203.28	55.425	242761.5	98.731	432441.78	\$ 116,107.00

TOI impact	Base Case- Annual kW	After Conversion- Annual kW	Variance-Annual kW	Monthly kW	
Annual kw	1849.872	665.1	1184.772	98.731	CWH 2014 Volumetric Rate \$ 8.8868
Annualized Savings			\$ 10,528.83		CWH 2013 Volumetric Rate \$ 8.7641
Forecaster Street Light Annual Revenue 2014 (Base Case)			\$ 16,439.44		
Potential Revenue Shortfall			\$ 10,528.83		

*based on run time of 12 hrs/day,
365 days/year (4380 hours/year)

The estimated kW for the LED project exceeds the embedded CDM forecast for the Street Lighting rate class by 1,184.77 kW per year (1,184.77 kW minus the forecasted 21 kW).

Based on the above calculations, CWH will exceed the forecasted CDM impact for the Street Lighting rate class. The erosion of revenue for the Street Lighting rate class will continue until the next rebasing scheduled for 2017 rates. There is no forecasted reduction in the operational services to support this rate class resulting from the LED project.

With industry embarking on the Conservation First Framework term for 2015-2020, CWH is requesting that consideration for a mechanism be considered for circumstances in which CDM forecasts do not align with rebasing forecasts and scenarios in which specific rate classes over exceed in CDM benefits.

The above outlines the reasons for CWH requesting a Deferral Variance Account, by tracking actual revenues compared to the approved forecast for the Street Lighting rate class, CWH will have a documented baseline to support our next rebasing application and any changes to the Guidelines for Electricity Distributor Conservation and Demand Management EB-2012-0003.

(B) It is Board staff's understanding that Centre Wellington Hydro is scheduled next to rebase for the 2018 EDR year. Please confirm if this is correct.

Response:

CWH's next cost of service application is scheduled for the 2017 EDR year. CWH's last cost of service application was for the 2013 EDR year with a four year window. It is our expectation to file a Cost of Service for May 1, 2017 rates.

(C) The Board does not usually true-up a distributor's revenue requirement for discrete activities; please explain why Centre Wellington Hydro believes a variance account for this discrete activity is appropriate.

Response:

As indicated in the answer to question 4 a), CWH is requesting a Deferral Variance Account to record any lost revenues for the Street Lighting rate class resulting from a LED conversion prescriptive program initiated by the Township until CWH's next rebasing. Based on the current proposed conversion program, CWH revenue in the Street Lighting class will be reduced by 64%. CWH has no control over the timing of the Township's conversion to LED lighting, but the conversion will have a long-term effect on the distribution revenues for the Street Lighting rate class. The next Cost of Service application for 2017 will be adjusted to reflect these changes.

(D) In Centre Wellington Hydro's view, would any or the entire amount be recoverable through the LRAMVA mechanism because the street lighting upgrade is being done through an OPA province-wide CDM program? If yes, please provide the details related to the OPA program.

Response:

At the current time the Township has not made a commitment to complete the program conversion under the OPA province-wide CDM Program. The CDM program has been promoted to the Township and if the Township makes application under the OPA province-wide CDM program, any revenues recovered through the LRAMVA mechanism will be used to reduce the amount of lost revenue experienced by CWH and will be reflected in the requested Deferral and Variance Account.

Centre Wellington Hydro Ltd. ("CWH")
2015 Electricity Distribution Rates
EB-2014-0062
Response to Vulnerable Energy Consumers Coalition (VECC) Interrogatories

Information Requests of the Vulnerable Energy Consumers Coalition (VECC)

New Deferral Account

VECC-1

Ref: Tab 1 Manager's Summary

Preamble: The Township of Centre Wellington is converting street lights to LED technology which is expected to take place in the latter part of 2015. Centre Wellington has requested the addition of a deferral account to track the forecasted revenue to actual revenue that will occur in the Street Light Service rate class when the technology is changed to LED.

- a) Please discuss why Centre Wellington is not proposing that the variance be recovered through the LRAMVA?

Response:

As provided in CWH's response to Board Staff IR question 4 d), at the current time the Township of Centre Wellington (Township) has not made a commitment to complete the conversion under the OPA province-wide CDM Program. The CDM program has been promoted to the Township and if the Township makes application under the OPA province-wide CDM program, any revenues recovered through the LRAMVA mechanism will be used to reduce the amount of the lost revenue experienced by CWH and will be reflected in the requested Deferral and Variance Account.

- b) Please provide further details on the nature of the LED conversion initiative and the rationale for the deferral account.

Response:

Please refer to CWH's response to the Board Staff IR question 4 a). CWH has provided

in detail the reasoning behind the request for a Deferral Account and provided tables supporting the request for the account.

- c) Please discuss if Centre Wellington is aware of other distributors that have requested a deferral account to track the variance in the Street Light class due to a change in technology to LED?

Response:

Yes, CWH is aware that other distributors have requested a deferral account to track the variance in the Street Lighting class due to a change in technology to LED.