



PUBLIC INTEREST ADVOCACY CENTRE  
LE CENTRE POUR LA DÉFENSE DE L'INTÉRÊT PUBLIC

December 13, 2015

VIA E-MAIL

Ms. Kirsten Walli  
Board Secretary  
Ontario Energy Board  
P.O. Box 2319  
2300 Yonge St.  
Toronto, ON  
M4P 1E4

Dear Ms. Walli:

**Re: EB-2015-0074 – Halton Hills Hydro Inc. – 2016 Rate Application  
Interrogatories of Vulnerable Energy Consumers Coalition (VECC)**

Please find enclosed the interrogatories of VECC in the above-noted proceeding.

Yours truly,

M. Garner/for M. Janigan

Michael Janigan  
Counsel for VECC

David J. Smelsky, Chief Financial Officer, Halton Hills Hydro Inc.  
Email: [dsmelsky@haltonhillshydro.com](mailto:dsmelsky@haltonhillshydro.com)

<b>REQUESTOR NAME</b>	<b>VECC</b>
<b>TO:</b>	<b>Halton Hills Hydro Inc. (HHHI)</b>
<b>DATE:</b>	<b>December 11, 2015</b>
<b>CASE NO:</b>	<b>EB-2015-0074</b>
<b>APPLICATION NAME</b>	<b>2016 COS Application</b>

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## 1.0 ADMINISTRATION (EXHIBIT 1)

1.0-VECC-1

Reference: E1/T4/pg.63

a) Please provide the most recent telephone survey report.

## 2.0 RATE BASE (EXHIBIT 2)

2.0 – VECC -2

Reference: E2/T1/S3, page 43 /EB-2011-0271 E2/T3/S3/pg.3

Pre-ample: HHH provided the following forecasted capital expenditures from its Asset Management plan in its last cost of service application:

Table 2-24: Forecasted Capital Expenditures for 2013

Projects	Estimated Costs
Pole Replacement	\$ 417,777
W.C.B - 5 Side Rd to Norval (Construction 2013)	\$ 1,116,407
SCADA-Mate Switches (QTY: 3)	\$ 171,074
Ewing Street, Georgetown - Aging Pole Line Rehabilitation	\$ 157,206
Reconductoring WCB from Guelph Street	\$ 145,060
27.6kV Conversion Project, 5 Side Road (5th Line to 6th Line)	\$ 306,271
Tweedle Street	\$ 522,386
Pole Trans - Princness Ann Dr (Gtwn)	

Table 2-25: Forecasted Capital Expenditures for 2014

Projects	Estimated Costs
Pole Replacements - 2014 (Estimated)	\$ 425,279
SCADA-Mate Switches (QTY: 2)	\$ 128,750
Pole, Conductor, Tx., and Switch Replacements on Church Street East, Acton.	\$ 363,998
27.6kV Conversion Project, 5 Side Road (6th Line to Trafalgar Road)	\$ 268,695
Glen Crescent Rebuild (Glen Williams)	\$ 157,781
Pole Trans - Division Rd, Clare St, George St, Rosemary St (Acton)	\$ 577,855

Table 2-26: Forecasted Capital Expenditures for 2015

Projects	Estimated Costs
Pole Replacements - 2015 (Estimated)	\$ 438,924
27.6kV Conversion Project, 5 Side Road (Trafalgar Road to 9th Line)	\$ 539,651
SCADA-Mate Switches (QTY: 2)	\$ 133,083
3rd Line South of 22nd Side Road (Acton)	\$ 340,374
Wildwood Road Oakridge Construction	
Pole Trans - Acton Blvd, Norman St, McDonald St & Block A Reserve (Acton)	\$ 567,050

a) Please provide a variance analysis for these 2012 projections.

2.0 – VECC -3

Reference: E2/T1/S3, page 43

a) Please create a table showing for each year 2015 through 2020 which shows the total forecast capital expenditures for road widening projects; the total expected capital contribution; and the total rate base addition due to these projects.

2.0 – VECC -4

Reference: E2/T1/S1, page 18

a) Please explain the \$933,000 in land additions in 2015. Specifically has the land been purchased? Is this land being purchased for the transformer station? If yes please explain why the land is proposed to be entered into rate base prior to it being used or useful (i.e. as opposed to CWIP).

## 2.0 – VECC - 5

Reference: E2/ DSP/pg.17

- a) Halton Hills Hydro notes that it has concerns regarding load growth and single supply reliability to Acton from Fergus TS feeder M4. Are capital expenditures related to this concern incorporated into the 2016-20 DSP? If not please explain why not and provide the estimated costs and timing for addressing these concerns.

## 2.0-VECC-6

Reference: E2/ DSP/pgs.34-

- a) Please provide a table showing the total population of poles in each of 2012 through 2020.
- b) Please provide the number of poles that have been replaced or a forecast to be replaced in each year.
- c) Please show the total capital expenditure for (dressed) pole replacement in each year.
- d) Please provide the condition of poles by percentage of good, fair, fair-poor, in the last cost of service application, current and the expected or targeted pole condition in 2020.

## 2.0-VECC-7

Reference: E2/ DSP/pgs.117

- a) Please confirm that the table starting at page 88 of the DSP represents the same projects as the summary Table 2-33 at E2/T2/S2.
- b) Please revise the table to include the current 2015 actual and year end capital projections.

## 2.0 – VECC - 8

Reference: E2/T1/S3, page 43

Load Forecast Excel Model, Power Purchases Tab, Column C

- a) It is noted that HHHI has included the customers' entire load in its cost of power calculations for purposes of determining working capital. However, according to the Load Forecast Model, at least one of HHHI's customers is a Wholesale Market Participant and, therefore, pays the IESO directly for its commodity purchases. Why wasn't this load excluded from the cost of

power calculations? Please provide a revised cost of power calculation as required.

### **3.0 OPERATING REVENUE (EXHIBIT 3)**

#### 3.0 –VECC -9

Reference: E3/T1/S1, pages 3-5  
Load Forecast Excel Model, Power Purchases Tab

- a) Why for the CDM variable used in the Load Forecast Model (Power Purchases Tab, Column C) is there no mark-up for losses applied to the 2008 values?
- b) Why, for December 2009, is the mark-up for losses use for the WMP different from that used for CDM (Power Purchases Tab, Column C)?

#### 3.0 –VECC -10

Reference: E3/T1/S1, pages 3-5  
Load Forecast Excel Model, CDM Tab

- a) Please provide the source for the pre-2011 CDM results presented in the CDM Tab, Column B (Rows 3-11) and confirm that the values have been adjusted to account for any loss in the persistence of previous years' program impacts.
- b) Please provide the source for the 2011-2015 CDM results presented in Column C (Rows 8-11) and confirm that the values have been adjusted to account for any loss in the persistence of previous years' program' impacts.
- c) Please reconcile the 2011-2014 CDM results shown in the CDM Tab with those reported by the IESO in Exhibit 4, Appendix 4H, Table 5.

#### 3.0 –VECC -11

Reference: E3/T1/S1, page 6

- a) Is the Outlet Mall one customer or 85 separate customers?

#### 3.0 –VECC -12

Reference: E3/T1/S1, page 10 (lines 12-15)

- a) Please explain how the historical loss factor for each year (2003-2014) was determined and, in particular, how the load for the customer that was a

Wholesale Market Participant for part of the period was treated in the derivation.

### 3.0 –VECC -13

Reference: E3/T1/S1, page 11

Cost Allocation Excel Model, Customer Data Tab

- a) It is noted that, in the Cost Allocation Model, the number of Street Lighting devices and connections are the same. Please confirm that all of HHHI's Street Lighting devices are each served by its distribution system via a separate connection (i.e., no daisy-chaining).

### 3.0 –VECC -14

Reference: E3/T1/S1, pages 12-13

- a) Please explain why the three-year growth rate was selected as the basis for forecasting customer/connection count.
- b) Please confirm that, for purposes of Table 3-8, the CDM savings achieved by customer class over the 2006-2014 period, were added back into each class' billed energy.

### 3.0 –VECC -15

Reference: E3/T1/S1, pages 17-21

- a) Please provide the sources for the 2016 persistent CDM savings from: i) Pre 2011 CDM Programs (5,181) and ii) 2011-2014 CDM programs (7,343) used in Table 3-14.
- b) How was the 2016 impact of the Pre 2011 CDM Programs allocated to customer classes?
- c) How was the 2016 impact of the 2011-2014 CDM Programs allocated to customer classes?
- d) Please provide a copy HHHI's 2015-2020 CDM Plan as submitted to the IESO earlier this year.
- e) How was the 2,946,667 kWh of CDM savings from 2015 and 216 programs allocated to customer classes for purposes of Table 3-15D.
- f) How was the 4,420,000 kWh of CDM savings for the 2016 LRAMVA allocated to customer classes for purposes of Table 3-16.
- g) Will the Town of Halton Hills' street light conversion be done under the auspices of an IESO CDM program? If yes, why is it not included the LRAMVA volumes?

3.0 –VECC -16

Reference: E3/T3/S1, page 26

- a) Where are the 2016 MicroFIT revenues accounted for?

3.0 –VECC -17

Reference: E3/T3/S1, page 31

- a) Why, in Table 3-21C, are there two rows for Account 4375 and two separate entries for 2014?  
b) Where are the expenses associated with Non-Utility Operations (normally Account #4380) reported?

**4.0 OPERATING COSTS (EXHIBIT 4)**

4.0 -VECC -18

Reference: E4/T1/S1, pg. 6

- a) Please provide a breakdown of the increase in billing cost in moving to monthly billing as between: (1) incremental labour costs; (2) postage costs; (3) incremental IT costs; (4) other costs – please identify.  
b) Please describe the incremental processing required for monthly bills.

4.0 -VECC -19

Reference: E4/T1/S1, pg. 15

- a) HHH indicates the costs for OHDI shared services are \$153,000. When did HHH begin incurring the costs for a shared SCADA control room?  
b) What were these costs in each of 2012 through 2014?

4.0 -VECC -20

Reference: E4/T2/S1

- a) Please provide the overtime costs in each of 2012 through 2016.

4.0 -VECC -21

Reference: E4/T1/S1, pg. 6

- a) Please provide a breakdown of the increase in billing cost in moving to monthly billing as between: (1) incremental labour costs; (2) postage costs; (3) incremental IT costs; (4) other costs – please identify.
- b) Please describe the incremental processing required for monthly bills.

4.0 -VECC -22

Reference: E4/T2/S1/pg.31

- a) Please provide the annual fees paid to the EDA in each of 2012 through 2016 (forecast).
- b) Please provide the same for the Halton Hills Chamber of Commerce.

4.0 -VECC -23

Reference: E4/T2/S1/pg.34

- a) Please explain why HHH continues to incur meter reading costs after the installation of smart meters.
- b) Please explain when HHH expects all meters to be read remotely.

4.0 -VECC -24

Reference: E4/T3/S2

- a) Has HHH revised its capitalization policy since 2012? If yes, please provide the estimated adjustment to 2016 M&A that is due to the change in capitalization policies.
- b) Please revise Table 4-17 by adding two rows which show the total compensation capitalized and the total compensation charged to OM&A in each of the years.

4.0 -VECC -25

Reference: E4/T3/S3/pg.71

- a) Please explain why the costs for water & sewer billing and IT services have virtually stay unchanged since 2012 as compared to 2016 (252k in 2012 and 253k forecast for 2016).



- b) Please provide a breakdown of billing costs charge to SWE in 2012 as compared to 2016.

#### 4.0 -VECC -26

Reference: E4/T2/S1/pg.84/Table 4-31

- a) Please explain why there are no capital contributions (account 1995) for 2015 and forecast for 2016.

#### 4.0 -VECC -27

Reference: E4/T6/S4, page 106

- c) Are the final 2011-2014 CDM results available from the IESO? If yes, please provide and update HHHI's LRAM claim.
- d) With respect to Table 4-49 the values for Peak Demand Savings are the same as those for Net Energy Savings. Please provide a revised version that reports the Peak Demand savings by customer class for each year.
- e) Please explain how, for demand billed classes, the peak demand savings as reported by the IESO were translated into billing demand savings for purposes of Table 4-50 and reconcile with the IESO (OPA) definition of peak.

### **5.0 COST OF CAPITAL AND RATE OF RETURN (EXHIBIT 5)**

#### 5.0-VECC-28

Reference: E5

- a) Please provide the actual and regulated rates of return for each of 2012 through 2014. Please provide the forecast returns for 2015.

### **6.0 CALCULATION OF REVENUE DEFICIENCY/SURPLUS (EXHIBIT 6)**

## **7.0 COST ALLOCATION (EXHIBIT 7)**

7.0 – VECC –29

Reference: E7/T1/S1, pages 2-4 /  
EB-2011-0271, VECC Supplemental IR#39 b)

- a) With respect to Table VECC 2-3, provided in EB-2011-0271, VECC #39, please re-calculate the relative weighting factors with the value for Residential set at 1.0 per the Board's direction with respect to weighting factors.
- b) Using the forecasted expense amounts for 2016 for Customer Billing and for Collecting, the Billing weightings per Table VECC 2-1 (EB-2011-0271) and the results from part (a) for Collecting, please re-calculate the overall weighting factors for Billing and Collecting.
- c) Please provide a revised version of the Cost Allocation model using the weighting factors per part (b).

## **8.0 RATE DESIGN (EXHIBIT 8)**

8.0 –VECC - 30

Reference: E8/T2/S1, page 5 / E8/T12/S1, page 1

- a) HHHI has not provided the total bill impacts for low volume Residential customers as required by the July 2015 Filing Guidelines (page 63). Please indicate what the low volume (i.e., 10<sup>th</sup> percentile) usage level is for HHHI's Residential customers and provide a bill impact calculation consistent with those set out in Exhibit 8, Appendix 8-D.

8.0 –VECC - 31

Reference: E8/T7/S1, page 14

- a) Please provide the calculation of the forecast \$1,373,936 LV cost for 2016 per lines 21-25.

8.0 –VECC - 32

Reference: E8/T8/S1, page 17

- a) Please explain how Distributed Generation and the Wholesale Market Participant customer(s) are accounted in Table 8-12.

8.0 –VECC - 33

Reference: E8/T12/S1

Appendix 2-W

- a) Please provide an revised version of Appendix 2-W (HHHI's Appendix 8-D that:
- i. Includes the OCEB credit in 2015 rates but reflects the planned elimination of the OCEB credit in 2016,
  - ii. Includes the Debt Retirement charge in 2015 rates but reflects its planned elimination in 2016,
  - iii. Includes new OESP charge to be implemented in 2016 per EB-2015-0294, and
  - iv. Includes the reduction in the WMS charge for 2016 per EB-2015-0294.

Please include in the response a total bill impact calculation for a low volume (i.e., 10<sup>th</sup> percentile) Residential customer.

**9.0 DEFERRAL AND VARIANCE ACCOUNTS (EXHIBIT 9)**

9.0 –VECC -34

Reference: E9/T2/S3/pg.13

- a) Please provide a description of the \$424,403 in IT costs for IFRS transition. Please provide any documentation from the vendor which indicates that these charges are related to IFRS transition.

End of document