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VIA MAIL and 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: Vulnerable Energy Consumers Coalition (VECC)
EB-2008-0248 West Coast Huron Energy Inc. – 2009 Electricity Distribution
Rate Application

Please find enclosed the supplemental interrogatories of the Vulnerable Energy Consumers Coalition (VECC) in the above-noted proceeding.

Thank you.

Yours truly,

Michael Buonaguro
Counsel for VECC
Encl.

West Coast Huron Energy Inc. (WCHE)
2009 Electricity Rate Application
Board File No. EB-2008-0248

VECC's Interrogatories – Round #2

Question #1

Reference: i) Updated Exhibit 3/Tab 1/Schedule 2

- a) Please provide a schedule that for 2009 sets out the following data used to determine the revenue by class:
 - The fixed and variable billing parameters
 - The fixed and variable rates
 - The resulting fixed and variable revenues and total revenues
- b) If different from the schedule provided in part (a), please provide a similar schedule for 2009 but with the following adjustments:
 - Use existing 2008 rates excluding the smart meter rate adder
 - Recognize the lower revenue due to the transformer ownership allowance discount (as required).

Question #2

Reference: i) Updated Exhibit 3/Tab 1/Schedule 3, page 1

- a) The 2009 vs. 2008 variance explanation makes reference to changes in operating cost and debt/equity ratio. Please explain why these are factors if the reported 2009 revenues are based on 2008 rates as stated in response to VECC #1 b).

Question #3

Reference: i) Updated Exhibit 3/Tab 2/Schedule 1, pages 1 and 4

- a) Please confirm that the reason for the change in the 2009 customer count for the GS<50; the GS>50-499; and the GS > 500-4999 classes from that included in the original application is due to the removal of four additional Volvo accounts (due to closings). If not, please explain.
- b) Please confirm whether the change in customer count for the GS<50 and GS>50-499 classes for the 2002-2007 period is all due to customer additions or whether there were any customer closings during this period as well reflected in the year over year changes.
- c) Please confirm that the former Volvo facilities in the GS<50; GS>50-499; and GS > 500 – 4999 classes are currently vacant and there is no expectation of an alternate use during 2009.

Question #4

Reference: i) Updated Exhibit 3/Tab 2/Schedule 1, pages 2-5
ii) Updated Exhibit 3/Tab 2/Schedule 3, page 1

- a) Please confirm that WCHE has changed its load forecast methodology from that used in the original Application.
- b) Please confirm if, for the weather sensitive classes (i.e., Residential, GS<50 and GS 50-499, per page 3), the new methodology is as follows:
 - Weather correct each classes historical use for the years 2002-2007 using the IESO normalization factors reported at Exhibit 3/Tab 2/Schedule 1, page 1
 - Using this data, calculate an weather normal average use per customer
 - For 2008 and 2009 multiply the weather normal average use per customer by the forecast customer count to derive the forecast kWhs by class in each year.

If this is not correct, please outline the approach used.

- c) The IESO normalization methodology captures the weather impacts across the entire province and, in doing so, reflects not only the weather across the entire province and reflects the amount of weather sensitive load (e.g., space heating and space cooling) in each customer class.
 - Why is it reasonable to assume that, for weather sensitive loads, the weather adjustment for WHCE would be the same as for the province as a whole?
 - Are the heating and cooling degree days in WHCE similar to those for the province as a whole?

- Is the saturation of space heating and cooling appliances the same in WHCE as it is for the province as whole?
- d) Updated Exhibit 3/Tab 2/Schedule 1, page 4 provides weather normalized Residential loads for 2002-2007. Please show how the normalized kWhs for were calculated if different from the process described in part (c) – i.e., 2002 normalized based on 2002 actuals x 97.66%.
 - e) Please provide similar details regarding the GS<50 and the GS 50-499 classes.
 - f) Please describe how the 2008 and 2009 forecast use was determined for the Street Lighting and Sentinel Lighting classes.
 - g) Please describe how the 2008 and 2009 forecast use was determined for the GS 4999-5000 and Large Use classes. Please specifically address how the Volvo plant closures and Sifto expansion were incorporated into the forecast.
 - h) Why is the USL load currently forecast for 2008 and 2009 less than the 2007 weather normalized value?

Question #5

Reference:

- i) Updated Exhibit 3/Tab 2/Schedule 1, page 5
- ii) Original Exhibit 3/Tab 2/Schedule 1, page 7

- a) In the updated Exhibit (Reference (i)) the actual historical usage values are sometime different from those in the original Application. Please confirm that the values in the Updated Exhibit are correct.

Question #6

Reference:

- i) Updated Exhibit 3/Tab 2/Schedule 1, page 5
- ii) Original Exhibit 3/Tab 2/Schedule 1, page 3
- iii) VECC #3

- a) Please provide the Retail NAC by customer class based on the Hydro One Networks weather normalized data.
- b) Please reconcile the NAC values provided in response to part (a) with the weather normalized use and customer count by customer class reported on Sheet I6 (per AMPCO #2, Schedule B).
- c) Please provide a schedule that sets out the 2004 weather normalized use per customer for each customer class based on WCHE's currently proposed weather

normalization methodology and explain significant variances (i.e., more than 5%) from values provided in response to part (a).

Question #7

Reference: i) VECC #6

- a) Please update the response to VECC #6 a) based on the revised load forecast.
- b) Based on the results from part (a), please revise the original response to VECC #6 b) as required.

Question #8

Reference: i) Updated Exhibit 7/Tab 1/Schedule 1 and Schedule 2
ii) Original Exhibit 8/Tab 1/Schedule 2
iii) OEB #40

- a) Please explain the reason for the reduction in distribution costs (i.e. new value is \$1,333,700) in reference (i).
- b) Please provide an updated version of Exhibit 8 showing the allocation of the revenue requirement to customer classes.
- c) Please reconcile the distribution revenue required per reference (i) with that used in the updated version of Exhibit 8 (per part (b)).
- d) Please provide cross-references as to where the derivation of the values used for the following items in reference (i) can be found in the Application:
 - Interest Costs - \$162,839
 - Income Tax - \$32,211
- e) Please update the schedule provided in response to OEB #40 for the new revenue requirement.
- f) Please reconcile the \$2,575,672 distribution revenue requirement report in Schedule 1 of reference (iii) with the \$2,463,893 values suggested by Schedule 2 of reference (iii) – {\$637,479+\$1,826,414}.

Question #9

Reference: VECC #7 b)

- a) In the response filed, the total revenue does not equal the total revenue requirement and, as a result, the overall revenue to cost ratio is not 100%. Please re-do the VEC #7 b) as requested – removing the transformer ownership allowance from the revenue reported for the appropriate classes and also removing the same value from the “costs” included in the revenue requirement.

Question #10

Reference: VECC #8

- a) With respect to the responses to parts (d), (e) and (f) – please confirm to which classes the under recovery was allocated and why those particular classes were selected.

Question #11

Reference: VECC #11

- a) Please provide a schedule that sets out the 2009 billing parameters by class and then shows the fixed and variable revenues by customer class using the 2008 rates. For purposes of the calculation please:
- Exclude the smart meter rate adder
 - Include the impact of the revenue reduction due to the transformer ownership allowance.
- b) Please update the responses to VECC #11 parts b) and c) based on the new load forecast and revenue requirement.

Question #12

Reference:

- i) Updated Exhibit 9/Tab 1/Schedule 7, page 1
- ii) Updated Exhibit 7/Tab 1/Schedule 1
- iii) VECC #11 c)

- a) Please reconcile the difference the distribution revenue requirement reported in reference i) {\$2,482,976} versus that implicit in reference ii) {\$2,463,893}.

Question #13

Reference: i) Updated Exhibit 9/Tab 1/Schedule 6, page 3

- a) Please provide existing fixed/variable split %'s for residential based on current rates.
- b) Please calculate the 2009 fixed and variable rates for the residential class based on the existing fixed/variable split.
- c) Please provide the bill impact calculations (similar to Exhibit 9/Tab 1/Schedule 9) using the results from part (b) for residential customers using 100 kWh, 250 kWh and 500 kWh per month.
- d) Did WCHE consider adjusting the proposed revenue to cost ratio for residential as a means of addressing the impact of maintaining a current fixed/variable rate design. If yes, why was this approach rejected?

Question #14

Reference: i) VECC #16

- a) The original IR inquired as to whether WCHE had developed a multi-year capital spending plan. VECC understands the response to be that an engineering study, the Distribution System Assessment filed in Appendix I is WCHE's multi-year capital spending plan. Please advise as to whether any other, separate document that proposes capital spending projects and amounts over a multi-year period is submitted to the Board of Directors of WCHE for approval. If so, please provide a copy of the approved document.

Question #15

Reference: i) VECC #18

- a) Please show how WCHE transformed the information provided in the original response into a 6% growth rate for the GS > 50 to 499 class, providing the details of the calculation.

Question #16

Reference: i) VECC #19
ii) Exhibit 3/Tab 3/Schedule 1

- a) With respect to the 2007 revenues for Rent from Electric Property and Sales of Water and Water Power, please provide a table showing how these would appear for the years 2007, 2008, and 2009 had the items been grouped the same as they had been in 2006.
- b) With respect to the 2008 forecasted revenues for Rent from Electric Property and Sales of Water and Water Power, please confirm that the response indicates that WCHE took the first six months of actuals in 2008 and doubled the mid-year totals. If so confirmed, please provide the first six months of actual revenues for these items in 2007 and compare the mid-year 2007 total to the actual, full year revenues for 2007.

Question #17

Reference: i) VECC #20
 ii) Schedule #20 Salaries

- a) With respect to Account 5315, Salaries/wages, please provide details as to what the post-employment allocation of \$35K for 2007 was for, how it was calculated, why it increased above the Board approved 2006 amount, and indicate who did the calculation.
- b) With respect to Account 5315, please provide details as to what the rest of the 2007 year-end adjustment true up (of \$45,402) was for, how it was calculated, and indicate who did the calculation.
- c) With respect to Account 5315, please explain why there was no allocation for post-employment liabilities for 2008 as at December 8, 2008.
- d) With respect to Account 5615, Salaries/wages, please explain why the actual amount to December 8, 2008 of \$64K is less than half the amount budgeted for 2008 (\$142K).
- e) With respect to Account 5615, Salaries/wages, please provide the actual 2008 total amount spent.
- f) With respect to Account 5615, Salaries/wages, please provide details as to what the estimated post-employment allocation balance of \$28.75K for 2009 is for, how it was calculated, why it requires an increase, and indicate who did the calculation
- g) With respect to the additional part time office staff associated with an increase of \$40K per year, please explain why they are required and how many full-time equivalents they represent.