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ONE Nicholas Street, Suite 1204, Ottawa, Ontario, Canada K1N 7B7

Tel: (613) 562-4002. Fax: (613) 562-0007. e-mail: piac@piac.ca. <http://www.piac.ca>

Michael Buonaguro
Counsel for VECC
(416) 767-1666

January 26, 2009

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

	Percentages		Rates		Revenues		
	Fixed	Variable	Fixed	Variable	Fixed	Variable	Total
Residential	46.45%	53.55%	\$ 14.09	\$ 0.0233	\$ 567,432.48	\$ 654,037.61	\$ 1,221,470.09
GS < 50 kW	46.43%	53.57%	\$ 33.46	\$ 0.0148	\$ 209,191.92	\$ 241,318.50	\$ 450,510.42
GS>50 to 499 kW	68.73%	31.27%	\$ 402.56	\$ 1.3698	\$ 236,705.28	\$ 107,705.07	\$ 344,410.35
GS>500 kW to 4999 kW	78.24%	21.76%	\$ 3,476.42	\$ 1.3867	\$ 125,151.12	\$ 34,799.90	\$ 159,951.02
Large Use	29.21%	70.79%	\$ 8,652.72	\$ 1.6219	\$ 103,832.64	\$ 251,677.64	\$ 355,510.28
Sentinel Lighting	49.14%	50.86%	\$ 5.64	\$ 14.1964	\$ 3,614.76	\$ 5,463.91	\$ 9,078.67
Street Lights	42.16%	57.84%	\$ 1.95	\$ 14.7460	\$ 879.84	\$ 910.60	\$ 1,790.44
Unmetered	39.82%	60.18%	\$ 33.47	\$ 0.0328	\$ 31,124.67	\$ 42,705.39	\$ 73,830.06

- 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).

	Percentages		Rates		Revenues		
	Fixed	Variable	Fixed	Variable	Fixed	Variable	Total
Residential	70.00%	30.00%	\$ 13.86	\$ 0.0084	\$ 558,169.92	\$ 235,817.89	\$ 793,987.81
GS < 50 kW	70.66%	29.34%	\$ 33.30	\$ 0.0052	\$ 208,166.59	\$ 84,748.10	\$ 292,914.69
GS>50 to 499 kW	71.02%	28.98%	\$ 403.10	\$ 1.0642	\$ 237,022.80	\$ 83,677.92	\$ 320,700.72
GS>500 kW to 4999 kW	73.78%	26.22%	\$ 3,483.08	\$ 1.4652	\$ 125,390.88	\$ 36,769.00	\$ 162,159.88
Large Use	63.56%	36.44%	\$ 8,669.68	\$ 0.7554	\$ 104,036.16	\$ 117,216.93	\$ 221,253.09
Sentinel Lighting	75.98%	24.02%	\$ 5.65	\$ 4.1996	\$ 881.40	\$ 269.37	\$ 1,150.77
Street Lights	59.23%	40.77%	\$ 0.71	\$ 2.6431	\$ 11,357.16	\$ 7,654.57	\$ 19,011.73
Unmetered	81.52%	18.48%	\$ 33.53	\$ 0.0052	\$ 3,621.24	\$ 865.73	\$ 4,486.97

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).
- ***VECC is correct that changes in operating cost and debt/equity split are not factors that help to explain the variance since in fact 2008 rates are used with 2009 forecasted consumption. The only factor contributing to the variance is the change in load.***

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.
- ***Confirmed***
- 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.
- ***Confirmed***
- 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.
- ***The Volvo facilities are not currently vacant. Volvo is still in operation with an anticipated closure of June 2009.***
 - ***Board staff IR # 30 A & B responses resulted in the changes to customer and load forecast submitted on January 16th.***

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.

- **Confirmed.**

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.

- ***This is a correct description of the forecast methodology utilized.***

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?
 - ***WCHE utilized this approach in the absence of more accurate local data.***
 - ***The only local data available to WCHE was the analysis prepared by Hydro One.***
 - ***However, the Hydro One data only prepared a single year of weather normalized data and utilizing this data would not allow for a fulsome review of historical consumption in order to forecast consumption data.***
 - ***WCHE felt that methodology utilized was the most reflective of an attempt to normalize historical data.***

- 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%.
- ***Not calculated different than described in part c.***
- e) Please provide similar details regarding the GS<50 and the GS 50-499 classes.
- ***Not calculated different than described in part c.***
- f) Please describe how the 2008 and 2009 forecast use was determined for the Street Lighting and Sentinel Lighting classes.
- ***For Sentinel Lighting classes a sum of the consumption for 2002 to 2007 is divided by the sum of the customer count for the same period creating an average consumption per customer. This average consumption per customer is multiplied by the forecast customer numbers for 2008 and 2009.***
 - ***For the Street Lighting class the same methodology is utilized except 2002 was left out of the calculation since its consumption data was significantly different than every other year of the calculation.***
- 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.
- ***The process detailed in F above was also utilized for the kWh consumption forecast for GS>500 to 4999 class and the Large Use class utilizing all years 2002 to 2007.***
 - ***For the Volvo Plant Closures GS <50 and GS>50 to 499 the consumption was left in the calculation of Retail NAC and the only change was the forecasted customer numbers.***
 - ***For the Volvo Plant Closure account GS>500 to 4,999 kW the specific consumptions for that account were removed by year from 2002 to 2007 actual data in order to recalculate a corrected retail NAC without the Volvo plant.***
- h) Why is the USL load currently forecast for 2008 and 2009 less than the 2007 weather normalized value?
- ***The USL load forecast for 2008 and 2009 is less than the 2007 weather normalized value due to 2002 values being included in the calculation.***
 - ***Similar to Street Lighting 2002 could have been left out of the calculation of this load forecast.***

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.
- **Confirmed.**

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.

	Hydro One
	Retail NAC
Residential	9,063
GS < 50 kW	34,296
GS>50 to 499 kW	531,578
GS>500 kW to 4999 kW	406,339
Large Use	68,639,967
Sentinel Lighting	1,963
Street Lights	828
Unmetered	19,454

- 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).
- **The amounts are the same.**
- 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).

	Hydro One	Revised		
	Retail NAC	Application	Difference	% Change
Residential	9,063	8,365	698	7.70%
GS < 50 kW	34,296	31,282	3,015	8.79%
GS>50 to 499 kW	531,578	494,155	37,423	7.04%
GS>500 kW to 4999 kW	406,339	3,676,511	(3,270,172)	-804.79%
Large Use	68,639,967	63,440,389	5,199,578	7.58%
Sentinel Lighting	1,963	18,499	(16,536)	-842.54%
Street Lights	828	1,703	(876)	-105.80%
Unmetered	19,454	799	18,655	95.90%

- *Every class had changes greater than 5% for kWh.*
- *The major difference in the calculation is the utilization of multiple years in the calculation of the retail NAC in the revised application as opposed to relying on one year's consumption as calculated by Hydro One's retail NAC.*
- *In the GS>50 to 4,999 kW class the removal of Volvo's consumption significantly changes the retail NAC for the customer class.*

Question #7

Reference: i) VECC #6

a) Please update the response to VECC #6 a) based on the revised load forecast.

Customer Class	Cost Allocation Filing		2009 Application	
	kWh	% of Total	kWh	% of Total
Residential	27,302,454	18.48%	28073557.91	19.00%
GS<50	15,808,273	10.70%	16,297,712	11.03%
GS>50 to 499 kW	22,642,985	15.33%	24,213,614	16.39%
GS>500 kW to 4999 kW	17,730,678	12.00%	11,029,532	7.47%
Large Use	63,184,213	42.77%	63,440,389	42.94%
Unmetered Scattered Load	156,531	0.11%	166,487	0.11%
Sentinel Lighting	20,456	0.01%	22,144	0.01%
Street Lighting	901,277	0.61%	1,064,486	0.72%
	147,746,867		144,307,921	

Customer Class	Cost Allocation Filing		2009 Application	
	# of Customers/C onnections	% of Total	# of Customers/C onnections	% of Total
Residential	3,214	62.85%	3,356	65.62%
GS<50	496	9.70%	521	10.19%
GS>50 to 499 kW	43	0.84%	49	0.96%
GS>500 kW to 4999 kW	4	0.08%	3	0.06%
Large Use	1	0.02%	1	0.02%
Unmetered Scattered Load	9	0.18%	9	0.18%
Sentinel Lighting	13	0.25%	13	0.25%
Street Lighting	1,334	26.09%	1,333	26.07%
	5,114		5,285	

- b) Based on the results from part (a), please revise the original response to VECC #6 b) as required.
- WCHE chooses not to comment on the appropriateness of utilizing the cost allocation filing since WCHE has not moved to 100% cost allocation, and the percentage change have not changed substantially aside from the GS>500 to 4999 kW class that has had one of its largest customers removed.***

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).
- Outside services was reduced by \$15,000 in order for Exhibit 2/Tab 4/Schedule 1 and Exhibit 4/Tab 2/Schedule 1 to reconcile as per Board Staff interrogatory # 3 F.***

- b) Please provide an updated version of Exhibit 8 showing the allocation of the revenue requirement to customer classes.

		A	B	A+B
Distribution Revenue Requirement		\$ 2,482,975.91	Transformer Allowance Recovery	
Cost allocation results				
Residential	49.19%	\$ 1,221,470.09		\$ 1,221,470.09
GS < 50 kW	18.14%	\$ 450,510.42		\$ 450,510.42
GS>50 to 499 kW	12.85%	\$ 318,995.05	\$ 25,415.30	\$ 344,410.35
GS>500 kW to 4999 kW	5.84%	\$ 144,894.10	\$ 15,056.92	\$ 159,951.02
Large Use	10.57%	\$ 262,407.08	\$ 93,103.20	\$ 355,510.28
Sentinel Lighting	0.07%	\$ 1,790.44		\$ 1,790.44
Street Lights	2.97%	\$ 73,830.06		\$ 73,830.06
Unmetered	0.37%	\$ 9,078.67		\$ 9,078.67
Total	100.00%	\$ 2,482,975.91	\$ 133,575.42	\$ 2,616,551.33

- c) Please reconcile the distribution revenue required per reference (i) with that used in the updated version of Exhibit 8 (per part (b)).
- The updated version of Exhibit 7 should have referenced the actual income taxes as per Exhibit 4. Had this amount been utilized then the number as per part b above and Exhibit 7 would fully reconcile.***
- 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
 - Interest costs were updated as per below table resulting from the change in Rate Base from the revised application and is the sum of the short term and long term amounts.***
 - The calculation of Income tax listed in Schedule 7 is calculated at the bottom of the schedule and derived from the taxable income multiplied by the tax rate utilized in Exhibit 4 of the revised application of 18.3%. However, this number should tie in to the amount filed in Exhibit 4 of the revised application.***

	Deemed	Percentages
Rate Base	\$5,056,336	
Equity Portion	\$2,359,792	46.67%
Debt Portion Long Term	\$2,494,291	49.33%
Debt Portion Short Term	\$202,253	4.00%
Equity Return	\$204,830	8.68%
Debt Return Long Term	\$153,799	6.17%
Debt Return Short Term	\$9,041	4.47%
Proposed Return	\$367,669	

- e) Please update the schedule provided in response to OEB #40 for the new revenue requirement.
- See attached VECC Schedule #8 C.***

- 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}.
- ***Please see the response to question B above.***
 - ***The difference between these 2 numbers is \$111,779 which is comprised of \$92,696 of Other Operating Revenue and \$19,083 which is the difference referenced in the response to question B above (taxes of \$51,294 from Exhibit 4 and \$32,211 from Exhibit 7).***

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.
- ***Please see Attached Schedule #9.***

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.
- ***The under recovery was allocated to Residential, GS<50, GS>50 to 499 kW and Large Use classes.***
 - ***These particular classes were chosen because they were metered classes and the revenue to cost ratio percentages were not currently greater than the Board Staff recommended maximum level.***

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.

	Customers	Consumption	Fixed Charge No Smart Meter Adder	Variable Charge	Fixed Revenue	Variable Revenue	Total Revenue	Less Transformer Credit	Net Revenue
	(Year-End)	(kWh / KW)					(\$)	\$/kWh	
Residential	3,356	28,073,558	\$ 13.83	\$ 0.0084	\$ 556,961.76	\$ 235,817.89	\$792,779.65		\$792,779.65
GS<50	521	16,297,712	\$ 33.20	\$ 0.0052	\$ 207,566.40	\$ 84,748.10	\$292,314.50		\$292,314.50
GS>50 to 499 kW	49	78,630	\$ 402.30	\$ 1.0695	\$ 236,552.40	\$ 84,094.66	\$320,647.06	-\$25,415.30	\$295,231.76
GS>500 kW to 4999 kW	3	25,095	\$ 3,476.16	\$ 1.4725	\$ 125,141.76	\$ 36,952.19	\$162,093.95	-\$15,056.92	\$147,037.03
Large Use	1	155,172	\$ 8,652.46	\$ 0.7592	\$ 103,829.52	\$ 117,806.58	\$221,636.10	-\$93,103.20	\$128,532.90
Unmetered Scattered Load	9	166,487	\$ 33.47	\$ 0.0052	\$ 3,614.76	\$ 865.73	\$4,480.49		\$4,480.49
Sentinel Lighting	13	64	\$ 5.64	\$ 4.2206	\$ 879.84	\$ 270.72	\$1,150.56		\$1,150.56
Street Lighting	1,333	2,896	\$ 0.71	\$ 2.6563	\$ 11,357.16	\$ 7,692.80	\$19,049.96		\$19,049.96
TOTAL	5,285				\$ 1,245,903.60	\$ 568,248.67	\$1,814,152.27		\$1,680,576.85

- b) Please update the responses to VECC #11 parts b) and c) based on the new load forecast and revenue requirement.

	Eligible kW's	Transformer Discount	Total Cost
GS>50 to 499 kW	42,358.83	\$ 0.60	\$ 25,415.30
GS>500 kW to 4999 kW	25,094.87	\$ 0.60	\$ 15,056.92
Large Use	155,172.00	\$ 0.60	\$ 93,103.20
			\$ 133,575.42

	A	B	A+B
Total Revenue Requirement	\$ 2,575,672.19		
Less Revenue Offset	\$ (92,696.28)		
Distribution Revenue Requirement	\$ 2,482,975.91	Transformer Allowance Recovery	
Cost allocation results			
Residential	49.19% \$ 1,221,470.09		\$ 1,221,470.09
GS < 50 kW	18.14% \$ 450,510.42		\$ 450,510.42
GS>50 to 499 kW	12.85% \$ 318,995.05	\$ 25,415.30	\$ 344,410.35
GS>500 kW to 4999 kW	5.84% \$ 144,894.10	\$ 15,056.92	\$ 159,951.02
Large Use	10.57% \$ 262,407.08	\$ 93,103.20	\$ 355,510.28
Sentinel Lighting	0.07% \$ 1,790.44		\$ 1,790.44
Street Lights	2.97% \$ 73,830.06		\$ 73,830.06
Unmetered	0.37% \$ 9,078.67		\$ 9,078.67
Total	100.00% \$ 2,482,975.91	\$ 133,575.42	\$ 2,616,551.33

	Customers (Year-End)	Consumption (kWh / KW)	Proposed Fixed Charge	Proposed Variable Charge	Distribution Revenues (\$)
Residential	3,356	28,073,558	\$14.09	\$0.0233	\$1,221,470.09
GS<50	521	16,297,712	\$33.46	\$0.0148	\$450,510.42
GS>50 to 499 kW	49	78,630	\$402.56	\$1.3698	\$344,410.35
GS>500 kW to 4999 kW	3	25,095	\$3,476.42	\$1.3867	\$159,951.02
Large Use	1	155,172	\$8,652.72	\$1.6219	\$355,510.28
Unmetered Scattered Load	9	166,487	\$33.47	\$0.0328	\$9,078.67
Sentinel Lighting	13	64	\$5.64	\$14.1964	\$1,790.44
Street Lighting	1,333	2,896	\$1.95	\$14.7460	\$73,830.06
TOTAL	5,285				\$2,616,551.33

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}.

- ***Please see the response to Question #8 C in this document.***

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.

- ***The current residential split is 70% fixed and 30% variable from the approved 2006 EDR.***

- b) Please calculate the 2009 fixed and variable rates for the residential class based on the existing fixed/variable split.

- ***The fixed charge would be \$21.23 per customer per month and the variable charge would be \$0.0131 per kWh***

- 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.

Residential

100

kWh Consumption

	Metric	2008 Bill			2009 Bill			IMPACT		
		Volume	Rate \$	Charge \$	Volume	Rate \$	Charge \$	Change \$	Change %	% of Total Bill
Monthly Service Charge				14.09			21.23	7.14	50.7%	23.5%
Distribution	kWh	100	0.00840	0.84	100	0.01305	1.31	0.47	55.4%	1.5%
Sub-Total				14.93			22.54	7.61	50.9%	25.0%
Regulatory Asset Recovery	kWh	100		0.00	100		0.00	0.00		0.0%
Retail Transmission - Network	kWh	107	0.00390	0.42	105	0.00390	0.41	(0.01)	-2.4%	0.0%
Retail Transmission - Line and Transformation	kWh	107	0.00410	0.44	105	0.00410	0.43	(0.01)	-2.4%	0.0%
Wholesale Market Service	kWh	107	0.00520	0.56	105	0.00520	0.54	(0.01)	-2.4%	0.0%
Rural Rate Protection Charge	kWh	107	0.00100	0.11	105	0.00100	0.10	(0.00)	-2.4%	0.0%
Debt Retirement Charge	kWh	100	0.00700	0.70	100	0.00700	0.70	0.00	0.0%	0.0%
Cost of Power Commodity	kWh	107	0.05450	5.85	105	0.05450	5.70	(0.14)	-2.4%	-0.5%
Total Bill				23.00			30.43	7.43	32.3%	24.4%

Residential

250

kWh Consumption

	Metric	2008 Bill			2009 Bill			IMPACT		
		Volume	Rate \$	Charge \$	Volume	Rate \$	Charge \$	Change \$	Change %	% of Total Bill
Monthly Service Charge				14.09			21.23	7.14	50.7%	16.1%
Distribution	kWh	250	0.00840	2.10	250	0.01305	3.26	1.16	55.4%	2.6%
Sub-Total				16.19			24.49	8.30	51.3%	18.8%
Regulatory Asset Recovery	kWh	250		0.00	100		0.00	0.00		0.0%
Retail Transmission - Network	kWh	268	0.00390	1.05	262	0.00390	1.02	(0.03)	-2.4%	-0.1%
Retail Transmission - Line and Transformation	kWh	268	0.00410	1.10	262	0.00410	1.07	(0.03)	-2.4%	-0.1%
Wholesale Market Service	kWh	268	0.00520	1.39	262	0.00520	1.36	(0.03)	-2.4%	-0.1%
Rural Rate Protection Charge	kWh	268	0.00100	0.27	262	0.00100	0.26	(0.01)	-2.4%	0.0%
Debt Retirement Charge	kWh	250	0.00700	1.75	250	0.00700	1.75	0.00	0.0%	0.0%
Cost of Power Commodity	kWh	268	0.05450	14.61	262	0.05450	14.26	(0.35)	-2.4%	-0.8%
Total Bill				36.36			44.22	7.86	21.6%	17.8%

Residential

500

kWh Consumption

	Metric	2008 Bill			2009 Bill			IMPACT		
		Volume	Rate \$	Charge \$	Volume	Rate \$	Charge \$	Change \$	Change %	% of Total Bill
Monthly Service Charge				14.09			21.23	7.14	50.7%	10.6%
Distribution	kWh	500	0.00840	4.20	500	0.01305	6.53	2.33	55.4%	3.5%
Sub-Total				18.29			27.76	9.47	51.8%	14.1%
Regulatory Asset Recovery	kWh	500		0.00	500		0.00	0.00		0.0%
Retail Transmission - Network	kWh	536	0.00390	2.09	523	0.00390	2.04	(0.05)	-2.4%	-0.1%
Retail Transmission - Line and Transformation	kWh	536	0.00410	2.20	523	0.00410	2.15	(0.05)	-2.4%	-0.1%
Wholesale Market Service	kWh	536	0.00520	2.79	523	0.00520	2.72	(0.07)	-2.4%	-0.1%
Rural Rate Protection Charge	kWh	536	0.00100	0.54	523	0.00100	0.52	(0.01)	-2.4%	0.0%
Debt Retirement Charge	kWh	500	0.00700	3.50	500	0.00700	3.50	0.00	0.0%	0.0%
Cost of Power Commodity	kWh	536	0.05450	29.23	523	0.05450	28.52	(0.71)	-2.4%	-1.1%
Total Bill				58.63			67.21	8.58	14.6%	12.8%

- 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?

- **WCHE had already adjusted the revenue to cost ratio for the residential class as detailed in Exhibit 8 Step 3 and Step 4.**
- **WCHE chose to not further reduce the residential class's revenue to cost ratio since this would be moving further away from the results of the cost allocation study and cause further subsidization of the GS>500 to 4999 class which was**

significantly over contributing and needed to be reduced to the 180% threshold.

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.
- ***There are no other reports outlining multi-year spending projects. The Distribution System Assessment project represents the major capital expense. In comparison, other capital items would be minor in nature. A capital budget is prepared as part of the annual budget process and is approved by the Board of Directors. Discussions occur throughout the year regarding potential capital requirements.***

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.
- ***After further review of the customer forecasting and responses to interrogatories it has been determined that the 6% growth factor referenced was in fact 4% or the addition of 2 customers in 2008 and 2% or the addition of 1 customer in 2009.***

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.

	2006 Board	2006	2007	2008 Bridge	2009 Test
Part A					
Rent from Electric Property (Pole Rental)	9,112.00	13,232.00	10,821.00	14,000.00	14,697.00
Sales of Water and Water Power					
A/C 4235					
Misc. Revenues	20,489.00	18,480.00	23,625.00	23,000.00	23,000.00
				25,895.00	preliminary 2008 final
Misc. Service Revenues					
a/c 4390					
Misc. Revenues		7,527.47	2,915.90		
Arrears Certificates		1,344.00	1,319.43		
Admin. Overhead -Labour		7,046.44	11,385.22		-
Admin. Overhead-Materials		15,114.68	21,314.96		-
Admin. Overhead - Sub-Contractors		7,138.43	2,925.20	-	-
	40,115.00	38,171.02	39,860.71	-	-
Revenue from Non-Utility Operations					
a/c 4375 and 4385					
Sewer - Collection Admin. Fee		13,180.40	13,553.95	14,000.00	14,000.00
Water - Collection Admin . Fee		13,252.39	13,611.80	14,000.00	14,000.00
Water Heater Rentals		9,275.60	9,043.29	10,000.00	10,000.00
		35,708.39	36,209.04	38,000.00	38,000.00

- 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.

PART B

Rent from Electrical Property

Pole rental is billed once per year on a per pole basis.

Miscellaneous service revenues fluctuate depending on the extent of work completed and the timing of the job(s).

Revenue from Non-Utility operations	Mid Year 2007	Final 2007
Sewer Collection fee	\$ 6,686.91	\$ 13,553.95
Water Collection fee	\$ 6,712.00	\$ 13,611.80
Water Heater Rentals	\$ 4,511.42	\$ 9,043.29

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 it

calculated, why it increased above the Board approved 2006 amount, and indicate who did the calculation.

- ***The \$35,000 is the proportionate share of the \$150,000 management estimate of post employment liability as at December 31st, 2007. There were no employment benefit costs included in the 2006 approved rates. The Treasurer of the corporation completed 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.
- ***The balance of the adjustment is to record the variance between the actual benefit costs and the costs charged based on the standard burden rate during the year. The calculation was completed by the external auditor and was approved by management.***
- c) With respect to Account 5315, please explain why there was no allocation for post-employment liabilities for 2008 as at December 8, 2008.
- ***An actuarial report was requested during 2008. The Board of directors approved the report in January of 2009. The 2008 allocation has not yet been calculated or recorded.***
- 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).
- ***The 2008 budget was calculated by applying a CPI adjustment to the 2007 budget. One full time equivalent retired during 2007 and the 2008 budget did not reflect this reduction in cost. The 2008 requirement was over-budgeted.***
- e) With respect to Account 5615, Salaries/wages, please provide the actual 2008 total amount spent.
- ***Preliminary 2008 year end balance of account 5615 (Salary and Wages) is \$68,455.54. This amount does not include an adjustment to payroll burden to reflect actual benefits cost. This amount remains subject to audit.***
- 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
- ***The amount of \$28,750 is the balance of the post employment benefit liability.***
 - ***After recording the 2007 estimated liability, the Board directed that a calculation be completed by an actuary. The 2009 amount***

was calculated based on preliminary discussions with the actuary and further calculations by management. The relevant portion of the actuary report is provided.

- 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.
- ***Due to the retirement of an FTE, the utility, prior to replacing the FTE position, was in the process of analyzing the job functions and workload of its staff. The \$40,000 allowed for a 0.50 FTE plus the cost of benefits.***