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April 23, 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-2008-0230
Greater Sudbury Hydro Inc. – 2009 Electricity Distribution Rate Application**

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

Thank you.

Yours truly,

Michael Buonaguro
Counsel for VECC
Encl.

**GREATER SUDBURY HYDRO INC.
2009 RATE APPLICATION**

**VULNERABLE ENERGY CONSUMERS' COALITION
ROUND #2 IRS**

REVENUE REQUIREMENT

Question #34

References: **Exhibit 1Tab 1Schedule 12 and Schedule 13;
VECC IRR#2
SEC IRR #10 o) viii and SECIRR #16 App16**

Preamble:

VECC IRR #2 referred to SEC IRR#10 part o). This response indicates

- i) water services are charged on an incremental cost basis and
 - ii) none of the CIS upgrade will be charged to the City Water Service.
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- a) Has GSHI received dispensation from the Board to charge for water services on an incremental (rather than fully allocated) cost basis. If Yes, please explain and provide the relevant communication(s).
 - b) If not, provide an explanation as to how charging the City of Sudbury for Water Services on an incremental rather than fully allocated cost complies with the Affiliate Relations Code (ARC). Reference any/all sections of the ARC in the explanation.
 - c) Provide a calculation of the fully allocated cost of Water Services and compare the cost to the incremental cost charged the City in 2008 and proposed 2009.
 - d) With regard to the New CIS, explain if the CIS supports water services including billing and customer care.
 - e) How many customers receive customer care as part of the City Water Service? What portion of total customer care costs were charged to water services in 2008 and 2009
 - f) Provide an estimate 2009 of the annual cost (capital related and operating) of customer care with the new CIS. Provide an estimate of the customer care cost per customer for utility services and water services

Question #35

References: **Exhibit 4Tab 2Schedule 4 Pages 2 -6; Exhibit 4Tab 2
Schedule 4 Appendix A.
VECC IRR # 15; SEC IRR #16 and APP16**

Preamble:

VECC seeks supplementary information/analysis as to how 2009 shared service costs are allocated between the utility and affiliates.

- a) Confirm that the shared services costs shown in Table 4.2.4-2 (as revised per SEC IRR#16) are fully allocated costs. If not provide details of the basis of costing used for each cost centre.
- b) Provide the total 2009 Shared services costs for the 32 Services listed in Appendix A Schedule B to the Service Level Agreement between GSHSI and Wiresco and provide the allocation of the total costs between Wiresco and other affiliates.
Please provide the requested information in tabular/spreadsheet format
- c) Indicate which shared services and costs are allocated directly and provide a list of the allocators used to allocate the indirect costs of each the 32 Services among affiliates. For each allocator other than time estimates, provide the physical quantity breakdown of the allocator (e.g. capital deployed, #employees etc
- d) Provide a reconciliation of the results from the response a) above to aggregated costs shown in Table 4.2.4-2. (as revised per SEC IRR#16)
- e) Provide full details of the 2009 calculations of the cost to service and the allocation of costs to each business unit for the 3 largest (based on cost) services provided to GSHI.
- f) Show the 2009 \$ amounts and how common costs are allocated to water and electricity distribution respectively.

Question #36

References: Exhibit 9 Tab1 Schedule 10; VECC IRR # 33

Preamble: The “Guidelines for Electricity Distributor Conservation and Demand Management” -EB-2008-0037, Section 7.3 require for LRAM/SSM calculations the Input assumptions should be the best available at the time of the independent review and/or the preparation of the LRAM/SSM claim.

- a) The following comparison is provided to facilitate a response to part b below:

MEASURE	OEB TRC GUIDE		OPA 2007 EKC Program Calculator		OPA 2009 Measures List	
	Life yrs	Gross kwh/yr*	Life yrs	Gross kwh/yr*	Life yrs	Gross kwh/yr*
CFL 15W	4	104	6	44.3	8	43

* Before adjustments for free ridership etc

Sources:

OEB Inputs and Assumptions for Calculating Total Resource Cost March 28, 2008
2007 OPA Every Kilowatt Counts Program Calculator
2009 OPA Measures and Assumptions List (Mass Market) November 2008 Page 93

- b) Recalculate the 2007 LRAM/SSM claims using the OPA EKC 2007 input assumptions for CFLs and provide revised versions of Tables 2 and 3
- c) Provide the revised rate rider for the Residential class in the format of Table 1.

LOAD FORECAST/COST ALLOCATION/RATE DESIGN

Question #37

References: **VECC #8 b)**
 VECC # 28 c)
 Exhibit 9/Tab 1/Schedule 8, page 1

- a) Please explain why the revenues by class as reported in VECC #8 b) aren't the same as those reported in Exhibit 9/Tab 1/Schedule 8, page 1.
- b) Please confirm that the revenues set out in Exhibit 3/Tab 1/Schedule 2, page 1 for each customer class assume full harmonization in 2009 (per VECC #27 c)) and are not based on the rates proposed for 2009. If this is not the case please explain why the revenues by class differ from the combined revenue reported in VECC # 8 b).
- c) Please confirm that the rates set out in response to VECC # 8 b) do not include the recovery of the \$5,100 associated with the transformer ownership allowance for eligible West Nipissing area customers – per VECC #28 c). How does GHSI propose the cost of this discount be recovered? If required, please provide the revised rates.

Question #38

Reference: **VECC # 10**

- a) Please reconcile the following two statements:
 - The original application claimed that CDM programs offered after June 2006 had not impacted on the historical usage values reported (up to July 2008) – Exhibit 3/Tab 2/Schedule 1, page 9
 - The response to VECC #10 a) states that the consumption for 2007 and 2008 will have been impacted by the 2006 and 2007 programs.

- b) If CDM programs offered after June 2006 have not impacted on historical usage up to July 2008 why is GSHI requesting a LRAM/SSM adjustment for these programs for this period?
- c) With respect to the response to VECC #10 b), please provide a schedule that sets out precisely how the CDM adjustment values for 2006, 2007, 2008 and 2009 were determined. In doing so, please reconcile the assumptions regarding CDM savings with the savings reported in Exhibit 9/Tab 1/Schedule 10.
- d) Provide the same schedule with the modified 2007 CFL savings as requested by VECC Question #35

Question #39

Reference: VECC #11

- a) Do the predicted (weather normal) values provided for 2006 and 2007 include the CDM adjustments set out in Exhibit 3/Tab 2/Schedule 1, Table 5?

Question #40

Reference: VECC #13 c) & d)

- a) The response does not address the issue raised in the original question. Why is it reasonable to assume that the forecast number of customers for 2009 and the forecast use per customer will not change the total load forecast but rather simply alter the class proportions?
- b) What is the basis for the 4,034,653 kWh of Residential CDM savings used in the response to VECC #13 d)? Please provide supporting details.

Question #41

Reference: VECC #13 i)

- a) A response was provided with the initial IR responses and then a second response with a different set of values was provided on March 31, 2009. Please explain the difference and which set of values is considered to reflect the 2004 weather normalized usage as determined by HON? For example, the initial response reported a weather normalized use for

Residential customers of 9,519 kWh while the second response reported a value of 9,816 kWh.

Question #42

Reference: **VECC #23**

- a) With respect to the response to VECC #23 a), the responses to the last two bullets are inconsistent. Please confirm that (per Sheet I3 of the GSHI's Cost Allocation model) the Cost Allocation filing included the transformer ownership allowance as a "cost".
- b) Please review the response to the first bullet in VECC #23 a) – if the transformer ownership allowance is included as a cost then for revenues to equal costs the revenues can not be net of (i.e., after) the transformer ownership allowance discount.

Question #43

Reference: **VECC #24 b)**

- a) The answer provided does not address the original question. Please provide a schedule that shows how GSHI derived the percentages in the "100% Cost Allocation" column in Table 4. For example, how did GSHI determine that 59.42% of the Base Revenue Requirement would produce a 100% revenue to cost ratio for the Residential class?

Question #44

Reference: **VECC #27 b)**

- a) Please confirm that the fixed/variable split for the GS>50 class was calculated using the gross 2008 rates (i.e., variable revenues were not reduced by the transformer ownership discount).
- b) If the response to part (a) is yes, please explain why – since the GS>50 revenue requirement being apportioned between fixed and variable does not include the cost of the transformer ownership allowance discount.

Question #45

Reference: **VECC #30 b)**

- a) Please explain why the proposed revenue requirement by class for the Sudbury area isn't based on the "Calculated Difference" shown in this response.

Question #46

Reference: VECC #31

- a) What is the date for the data set out in response to part (a)?
- b) Regardless of the fact that GSHI is not proposing any rate mitigation, please provide responses to parts (d) and (e) as originally posed.

Question #47

Reference: OEB Staff #10 a) & c) and VECC #9 a)

- a) Please provide examples of the 2009 Applicants who have demonstrated in their Applications that population is a better explanatory variable than number of customers.
- b) Please explain how GSHI determined population on a monthly basis.
- c) Doesn't the fact the coefficient for Ontario Real GDP is negative and statistically significant suggest there is something structurally wrong with the model? If not, why not?

Question #48

Reference: OEB Staff #12

- a) Please provide a schedule that compares the GDP forecast for 2008 and 2009 used in the original application with that used in response to part c).

Question #49

Reference: OEB Staff #52

- a) Please set out specifically what GSHI's proposal is with respect to the revenue to cost ratios for Sentinel and Street Lighting for the years following 2009.

- b) What is GSHI's proposal as to how the additional revenues gained from any post-2009 adjustments to the revenue to cost ratios would be apportioned to the other customer classes.