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April 28, 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-2008-0246
Tillsonburg Hydro 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.

TILLSONBURG HYDRO INC
ROUND #2 IRS

QUESTION #21

Reference: VECC #3 b) and Board Staff #14

- a) Please confirm that the values set out in Table 6 are based on total wholesale purchases less retail sales to the non-weather sensitive classes. If not, please explain fully how the values were determined.
- b) In terms of the historical years (2003-2007):
 - o What loss factor was used for determining the weather normalized retail sales by class? Was the actual value from Board Staff #14 d) used?
 - o Please confirm that this actual loss factor will be influenced by the level of non-weather sensitive sales in the same year (since it reflects the total distribution losses on the system).
- c) For the forecast years (2008 and 2009), what loss factor was assumed in determining the total sales to the weather sensitive classes? How was this loss factor calculated?

QUESTION #22

Reference: VECC #3 e) and Energy Probe #18 q)

- a) In all three cases (Residential, GS<50 and GS 50-500) the 2004 weather normalized values calculated by ERA are materially less than those calculated by HON. Please comment as to the appropriateness of ERA's weather normalization methodology given these differences.

QUESTION #23

Reference: VECC #3 g) and VECC #4 b)

- a) Please recalculate the historic values in Table 8 (page 11 of E3/T2/S1/Att A) excluding Tillsonburg LP and Synecon.
- b) Using the results from part (a) please determine the forecast GS 50-500 kW for 2008 and 2009 using:
 - o The ratio for 2007
 - o The average of the ratios for 2003-2007.

QUESTION #24

Reference: VECC #6 f) and #6 h)

- a) If THI has no knowledge of the CDM programs customers in the GS 50 – 499 and GS 500 – 4999 classes are expected to participate in (per responses to VECC #6 f) & h)), what is the basis for the 1.25% reduction in energy and 2.6% reduction in demand assumed due to CDM impacts (per E3/T2/S2, page 3)?

QUESTION #25

Reference: VECC #6 g)

- a) The response suggests that the monthly peaks will be reduced due to incentives to reduce commodity costs. However, energy reductions are only assumed to be 1.25% (not the 2.6% used for demand). Please explain further why it is reasonable to assume average monthly billing demand (as opposed to demand at time of annual system peak) will be reduced by 2.6%.

QUESTION #26

Reference: Energy Probe #18 h)

- a) Please indicate what the 437,000 kWh and 2,573,200 kWh values represent and explain how they differ (conceptually) from the “blanked out” values on line 10 of the response.

QUESTION #27

Reference: Energy Probe #19 c)

- a) The response suggests that THI is assuming residential CDM savings of 2.5% and GS<50 CDM savings of 1% for 2009. However, the response to Board Staff #8 only includes 1.25% in CDM savings for both classes. Please reconcile.

QUESTION #28

Reference: THI Update, Filed April 14, 2009, Exhibit 1, pages 8-9

- a) Please provide a revised version of Table 1 (E3/T2/S2, page 1) that reflects the proposed changes to the load forecast for 2009.
- b) Please explain further what is meant by “correctly computed loss factors”; specifically what the change in loss factors is and why and what parts of the Application have been adjusted to reflect the application of “correctly computed loss factors”.

- c) Do the adjustments in part (b) impact the 2009 load forecast for the various customer classes? If yes, how? If not, why not?

QUESTION #29

Reference: VECC #8 d) and Board Staff #32 i)

- a) Please confirm that E8/T1/S1, Attachment A.1 sets out the CA run results based on THI's proposed 2009 customer classes. If not please provide the appropriate O1 sheet.
- b) The revenue to cost ratios provided in the O1 sheet attached to VECC #8 d) differ from those provided in E8/T1/S1, Attachment A.1 – even though the customer classes are the same. Please explain why and which result THI is using for purposes of the December 2008 Application.
- c) The file provided in response to Board Staff #32 i) can not be expanded to full screen and, therefore, readily reviewed. Please provide a screen readable version.
- d) If the response to Board Staff #32 i) does not provide the CA run that THI is relying on as the starting value for its revenue to cost ratio determinations, please provide an electronic copy of the appropriate CA run.

QUESTION #30

Reference: VECC #10 b)

- a) Please provide Output Sheet O1 – as originally requested. The Output Sheet is required in order to confirm that the appropriate adjustments have been made.

QUESTION #31

Reference: VECC #11 b) & c) and Board Staff #32 c)

- a) The response to VECC #11 c) does not address the original question.
- o Please provide schedules that set out how THI established that the allocated revenues shown in E9/T1/S3, Attachment A are consistent with the proposed revenue to cost ratios set out at E9/T1/S1, page 3.
 - o In doing so please provide schedules that set out the how the 2009 revenues for each class consistent with a 100% revenue to cost ratio were determined.
- b) Please confirm that the difference between the \$3,314,613 in allocated costs shown in the second table of VECC #11 b) and the \$3,197,204 shown in the first table of the same response is the cost of the Transformer Ownership Allowance.

QUESTION #32

Reference: VECC #12 b) & c) and SEC #17

- a) As requested in VECC #12 b), please provide a schedule that shows the derivation of the existing fixed/variable split for each customer class – i.e., the schedule should set out i) the current rates by customer class; ii) the forecast 2009 loads (kWh/kW) and customer count by class; iii) the resulting fixed and variable revenues by class and iv) the fixed/variable %'s by class.

QUESTION #33

Reference: THI Update, Dated April 14, 2009, Exhibit 1, pages 8-9 and Attachment B.2

- a) Please describe fully what changes THI has made to the original Application to “incorporate a revised treatment of the Transformer Ownership Allowance”.
- b) Please update the response to VECC #31 a) based on these changes.
- c) Please provide an updated version of E9/T1/S3, Attachment A based on the revised rates and load forecast proposed for 2009.

QUESTION #34

Reference: VECC #14 d)

This question presumes that to evaluate the reasonableness of the charges paid by the utility to the Town, it is necessary to know the value of the net book value of the assets used to underpin the services being provided.

- a) Please confirm that the inability to determine the NBV of the assets owned by the Town – including the assets used to provide services to THI – means that it is impossible to assess the reasonableness of the charges levied by the Town to the utility for the portion of services provided by capital assets.

QUESTION #35

Reference: VECC #14 e)

- a) Of the three alternative responses provided to this IR, please indicate which response is the most accurate in THI's view.

- b) Regarding the savings estimated under the first two scenarios (\$59K and \$115K), please indicate how these estimates account for the 5% surcharge on operating costs incurred by the Town on behalf of THI.
- c) Please indicate whether dividing the presumed management fee of \$140,000 per year in each of the three scenarios provided implies that the NBV of capital assets underpinning the services is \$140K.
- d) Please provide an interpretation of the result outlined under the third scenario.

QUESTION #36

Reference: VECC # 16 a) and Board Staff #1

- a) Please confirm that the expenditures related to new customers for 2004-2007 are in the line item “Development capital expenditures (excluding smart meters)” provided in the response to Board Staff IR #1. If unable to so confirm, please indicate where these costs are found for 2007.
- b) Please provide 2008 actual capital expenditures related to new customers.
- c) There are no **budgeted** numbers shown for these capital expenditures for 2004-07. If available, please provide them. If not available, please explain why not?
- d) The original response directed VECC to E2/T3/S2/p1-Updated for the corresponding capital expenditures for 2008. The referenced page does not contain the requested information. Please indicate what the 2008 figure is for capital expenditures related to new customers.
- e) Please provide capital expenditures per customer related to new residential customers for the years 2004-09.

QUESTION #37

Reference: VECC #17

- a) Please explain how THI can ensure that the projects it undertakes are economic and at minimum cost to ratepayers if it does not have any estimates of the costs, duration, or benefits of the project at the outset.

QUESTION #38

Reference: VECC #19, E4/T2/S1 Attachment E, and E3/T2/S4, p. 1

- a) The response to a) states that the incremental OM&A expense per customer for 2007 was \$39 less than the average OM&A per customer. Please confirm that when incremental costs are less than average costs, average costs must be decreasing.
- b) Please provide the incremental OM&A costs for 2008 and 2009.
- c) Please confirm that average OM&A costs per customer may be computed using the data from E4/T2/S1 Attachment E and E3/T2/S4, p. 1. If unable to so confirm, please provide the appropriate references.