PUBLIC INTEREST ADVOCACY CENTRE
LE CENTRE POUR LA DEFENSE DE L'INTERET PUBLIC
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

June 25, 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-2008-0249
West Perth Power Inc. – 2009 Electricity Distribution Rate Application

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

Thank you.

Yours truly,

Michael Buonaguro
Counsel for VECC

cc: Mr. Wally Curry, President
West Perth Power Inc.

West Perth Power Inc. (WPPI)

2009 Electricity Rate Application

Board File No. EB-2008-0249

VECC's Interrogatories

Question #1

Reference: i) Exhibit 1/Tab 1/Schedule 12
ii) Board Staff IR# 1.4

a) Please describe WPPI's supply arrangements (i.e. what are the delivery points to WPPI; who owns them and what are the host facilities used).

Question #2

Reference: i) Exhibit 1/Tab 1/Schedule 14

a) Is it expected that the ownership change will occur during the 2009 rate year?

b) If yes, will the change have any impact on how WPPI conducts its distribution activities and potentially the level of OM&A costs for the 2009 test year? If so, please describe the changes and anticipated impacts.

Question #3

Reference: i) Exhibit 1/Tab 2/Schedule 4

a) Please confirm that the variance between the Revenue Requirement for the 2006 EDR and the 2009 Test Year is $132,075 and not $174,905 – as shown.

Question #4

Reference: i) Exhibit 1/Tab 3/Schedule 1 – page 17

a) Please describe the relationship between WPPI and RDI and whether RDI is an "affiliate" as defined by the Board's Affiliate Relationships Code.

Question #5

Reference: i) Exhibit 2/ Tab 2/ Schedule 1
ii) Exhibit 2/ Tab 2/ Schedule 2
iii) Exhibit 2/ Tab 2/ Schedule 3

a) With respect to Reference (i) and OEB Staff IR #2.3 (a), please explain why there is a 2009 depreciation expense for Account #1820 when the opening accumulated depreciation already exceeds the gross book value.

b) Please explain the significant increase in meter additions (account #1860) in 2007 over 2006 actual (see Reference (i)).

c) According to Reference (iii), page 4 there will be 15-20 new customer connections in 2009. Please explain why there are no additions to Meter assets (account #1860) in 2009.

d) Please provide a schedule that sets out the total spending on each of the 2008 capital projects discussed on pages 2 & 3 of Reference (iii). For each project, please show the break down of spending by USOA.

e) Please explain the negative additions to Transformers in 2007 (Reference (i)).

f) The total capital spending/additions for Poles and Wires increases materially in 2008 and 2009 relative to earlier years. With respect to Reference (iii) and OEB Staff IR#2.16, please provide any asset condition asset studies or other reports documenting:
   i) The need for the replacement of the facilities involved
   ii) The rationale for converting from 2,400 volts to 16,000 volts.

g) Why did WPPI choose to extend its facilities (see Reference (iii), page 3) to serve the load transfer customers previously being supplied by Hydro One Networks as opposed to altering its service area and transferring the customers to Hydro One Networks. Please provide any cost/benefit analyses supporting the decision.

h) The 2009 capital spending involves voltage conversion to 16,000 volts. Is WPPI overall voltage conversion complete as of 2009 or will capital spending in 2010 and beyond also involve voltage conversion projects?

i) The 2009 spending also involves conversion of some facilities to 27.6 kV. Please explain why part of the WPPI distribution system is being upgraded to 16 kV and part is being upgraded to 27.6 kV.

j) Reference (iii), page 4 states that project ID#1 will eliminate substations. However, Reference (i) does not show any removal of substation assets in 2009. Please explain.

k) Please provide a listing of WPPI's transportation equipment as of the end of 2007.

l) Were the two used trucks purchased in 2008 replacements and, if not, why was additional equipment needed?

<u>Question #6</u>

Reference: Exhibit 2/Tab 4/Schedule 1 – page 3

a) Please provide a schedule that, for each of the Cost of Power line items, shows the volumes and rates used to calculate the 2009 test year values. Please provide the basis for each of the rates used.

<u>Question #7</u>

Reference: Exhibit 3/Tab 1/Schedule 2, page 1

a) Please provide a schedule that sets out the rates and volumes by customer class used to determine the revenues reported for 2008 and 2009.

b) Please indicate whether the rates used exclude any LV adders or smart meter adders and also reflect GS>50 class revenue net of the transformer discount. If not, please re-do the response to part (a) adjusting the rates used.

c) Is the data shown for 2008 based on 2008 actual values or forecast values? If forecast, please update both the Schedule and the response to part (a) for 2008 actual values.

<u>Question #8</u>

Reference: Exhibit 3/Tab 2/Schedule 1
OEB Staff IR #5.1

Preamble: 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 across the entire province. In using the IESO factor, the WPPI weather normalization methodology implicitly assumes that the mix of weather sensitive and non-weather sensitive loads for WPPI is a reasonably similar to the pre subset of the overall IESO controlled grid. It also assumes that, for weather sensitive load, the weather impacts in WPPI's service area will be similar to those for the province overall. Please provide the supporting rationale for the response.

a) Is WPPI's mix of weather and non-weather sensitive loads similar to that for the province overall. Please provide the supporting rationale for the response.

b) Why is it reasonable to assume that, for weather sensitive loads, the weather adjustment for WPPI would be the same as for the province as a whole? Are the heating and cooling degree days in WPPI similar to those for the province as a whole? Is the saturation of space heating and cooling appliances the same in WPPI as it is for the province as whole?

c) If the IESO data for December 2008 is now available, please up date the 2008 weather correction factor.

<u>Question # 9</u>

Reference: Exhibit 3/Tab 2/Schedule 2

a) Are the customer counts shown on page 1 year end or average annual values?

b) Please reconcile the increase of 10 customers shown here for 2008 with the 19 new customer connections reported in Exhibit 2/Tab 2/Schdule 3 for 2008.

c) Please reconcile the increase of 10 customers shown here for 2009 with the 15-20 new customer connections reported in Exhibit 2/Tab 2/Schdule 3 for 2009.

d) Please explain the significant increase in residential and GS<50 customer count for 2007 over 2006 actual.

e) Please explain more fully the irregularities with the 2006 data and why it could not be used (per page 4).

f) Are the 2008 customer counts and volumes shown for each class forecast or actual values? If forecast, please update pages 2 through 4 using actual 2008 values.

Question #10

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

a) Are the 2008 Other Distribution Revenue values shown forecast or actual values? If forecast, please provide a schedule setting out the actual revenues for each line item.

b) Please indicate where the revenue from the Standard Supply Service Admin fee is recorded.

c) Why is there no historical/forecast interest income (i.e., Account 4405)?

Question #11

Reference: Exhibit 4/Tab 1/Schedule 2

a) Are the 2008 values reported here forecast or actual values? If forecast, please update for 2008 actual values.

Question #12

Reference: i) Exhibit 4/Tab 2/Schedule 1
ii) Exhibit 4/Tab 2/Schedule 2

a) In responding to Board Staff IR #6.2 (b), please clearly indicate those cost drivers that are one-time non-recurring items.

b) Are the 2008 values reported in Reference (i) forecast or actual values? If forecast, please update for 2008 actual values.

c) Per Reference (ii), page 1 – are the general and administrative expenses reported for each year under A&G Expenses all such expenses not allocated to Capital or Water Services? If not, are the some general and administration costs reported the Operations & Maintenance and Billing & Collecting categories?

d) Please provide a schedule that for 2006, 2007, 2008 and 2008 shows the administration and general costs assigned to each of the four direct work activities – per Reference (ii), page 1. Please describe how this assignment is performed.

e) Exhibit 1/Tab 3/Schedule 1, page makes reference to a contract for billing services of $88,354 annually. Please describe who the contract is with, what the services are and where in Reference (i) this cost is included.

f) Reference is made to a contract with E360 Inc (Exhibit 4/Tab 2/Schedule 3). What is the contract for, what are the annual costs for each year (2006-2009) and where in Reference (ii) is it included?

g) Per Board Staff IR #6.5, are there any other contracts for outside services in 2008 or 2009 where the annual value exceeds $10,000? If so, please provide details.

h) Per Reference (ii), page 2 please provide a schedule that sets out the total labour costs for each year from 2006 – 2009 inclusive associated with WPPI's five employees and, for each year, show how much of the labour cost was capitalized and how much was allocated to Water Services.

<u>Question #13</u>

Reference: Exhibit 4/Tab 2/Schedule 5

a) In Exhibit 2/Tab 2/Schedule 2, page 4 the 2009 capital spending on Project ID #2 is justified partially on the basis of reduced losses. Given this, would it reasonable to adopt a system loss factor for 2009 which was less than the historical average presented? If not, why not? If yes, what would a reasonable reduction be?

<u>Question #14</u>

Reference: i) Exhibit 7/Tab 1/Schedule 1

a) Please provide a schedule that sets out the rates and volumes by customer class underlying the reported $853,854 revenues at current rates.

b) If the rates reported in part (a) do not exclude the smart meter and LV rate adders please provide the base distribution rates for each class that do exclude these adders and recalculate the revenues at current rates.

c) Also if not addressed in response to parts (a) and (b) what is the anticipate 2009 value of the transformer ownership allowance?

Question #15

Reference: i) Exhibit 8/Tab 1/Schedule 1

a) Please complete the following schedules:

- kWh by Customer Class (delivered)

Customer Class (all)	2006 EDR		2009 Application	
	kWh	% of Total	kWh	% of Total

- Customer/Connection Count

Customer Class (all)	2006 EDR		2009 Application	
	# Customers/ Connections	% of Total	# Customers/ Connections	% of Total

- Base Distribution Revenue by Customer Class

Customer Class (all)	2006 EDR		2009 at 2008 Rates	
	$	% of Total	$	% of Total

Note: The values for 2009 at 2008 rates should exclude the smart meter and LV rate adders and for GS>50 be net of the transformer ownership allowance.

b) Based on the results from part (a), please comment on the appropriateness of using the revenue allocations from the 2006 EDR as the starting point.

c) Please re-calculate the revenue allocation values shown on page 2 using the 2009 revenues at current rates (per part (a) above) as the starting point.

Question #16

Reference: i) Exhibit 9/Tab 1/Schedule 1
ii) Exhibit 9/Tab 1/Schedule 6

a) Please explain why, for virtually all customer classes, it is reasonable to maintain the fixed charge at the 2008 level other than to reflect an increase in the smart meter adder.

b) Please provide a schedule that shows the derivation of the variable rates proposed for each customer class.

Question #17

Reference: Exhibit 9/Tab 1/Schedule 10

a) The trend analysis presented by WPPI does not account for the fact that the wholesale charges (from HON) and retail charges (to WPPI's customers) were not adjusted simultaneously. Please re-do the analysis to account for this timing difference (e.g., adjust the revenues for those months where the timing difference occurs).

Question #18

Reference: Exhibit 9/Tab 1/Schedule 11
OEB Staff IR #8.2 (a)

a) Please indicate what Hydro One Networks (HON) Sub-Transmission rates are applicable at each of the two delivery points.

b) What is the basis for the 2008 HON rates shown and the reported 4.14% increase for 2009?

c) On June 1, 2009 the Board issued a Rate Order for Hydro One Networks' 2009 Distribution rates. Please provide a schedule that shows the results of applying these approved rates to the 2008 loads at each delivery point.

d) Using the results from Board Staff IR #8.2 (a), please calculate the LV raters for each class. Note: The standard approach adopted by the Board has been to allocate LV costs to customer classes based on the Retail Transmission Connection charge revenues from each class.

<u>Question #19</u>

Reference: Exhibit 9/Tab 1/Schedule 8

a) Based on a recent 12 consecutive months of actual billing data, please indicate the percentage of total residential customers that:
   - Consume less than 100 kWh per month
   - Consume 100 -> 250 kWh per month
   - Consume 250 -> 500 kWh per month
   - Consume 500 -> 750 kWh per month
   - Consume 750 -> 1,000 kWh per month
   - Consume 1,000 -> 1,500 kWh per month

b) Please provide comparable residential bill impact calculations based on 100 kWh, 250 kWh, 500 kWh, 1,000 kWh and 2,000 kWh usage per month.