

INTERROGATORIES OF
THE VULNERABLE ENERGY CONSUMERS COALITION (“VECC”)

Question #1

Reference: Exhibit 2/Tab 4/Schedule 1, page 1

- a) Please provide copies of the Oakville Hydro capital budgets as approved by the full Oakville Hydro Board for each year 2006-2009 inclusive.
- b) Please provide an explanation for any material variances between actual capital spending and the approved budget for each year, 2006-2008 inclusive.
- c) For 2009, please indicate whether Oakville Hydro is on track to spend the approved budgeted amount.

Question #2

Reference: Exhibit 2/Tab 4/Schedule 3, page 9

- a) Please provide a breakdown, by vehicle, of the 2009 spending on vehicles of \$323,500.

Question #3

Reference: Exhibit 2/Tab 4/Schedule 4, page 8 and Appendix B, page 1 and page 4

- a) Please provide a copy of the Building Envelope Condition Assessment Report dated June 20, 2005.
- b) Please provide a breakdown of the \$180,000 for roof replacement.
- c) Please provide details with respect to the \$50,000 spending on “General Office.”

Question #4

Reference: Exhibit 2/Tab 4/Schedule 6, page 1

- a) Please explain how the 58% labour burden was calculated.

- b) Please explain how the 50% supervisor burden was calculated.

Question #5

Reference: Exhibit 2/Tab 4/Schedule 7, Table 20, page 2

- a) Please comment on the 2007 performance in “Underground Cable Locates Completed within Five Days.”

Question #6

Reference: Exhibit 4/Tab 1/Schedule 1, page 3 and
Exhibit 4/Tab 2/Schedule 2, page 10

- a) Please explain why Oakville Hydro is budgeting for larger percentage increases in salary for non-union staff than for union staff.
- b) Please indicate when the 2009 compensation study will be completed, who is conducting the study. If available, please provide a copy of the study.
- c) Please provide a copy of the compensation study that was performed in 2006.

Question #7

Reference: Exhibit 4/Tab 2/Schedule 2, page 10

- a) Please provide details with respect to the \$20,000 budgeted for professional development of qualified professional engineers.

Question #8

Reference: Exhibit 4/Tab 2/Schedule 2, page 11, “Appendix 2-H”

- a) Please explain fully why the separate line item for inflation does not result in double counting of inflation embedded in any of the other line items.
- b) Do the other line items represent actual costs incurred for Oakville Hydro? If so, please explain why “an estimate of 3% was used” for 2006-2009.

Question #9

Reference: Exhibit 4/Tab 2/Schedule 5, pp 4-6 and Appendix A

- a) Please discuss fully how Oakville Hydro has determined that its estimated costs associated with IFRS changes are reasonable and in line with estimates of other, comparably sized utilities.
- b) Please indicate when the cost estimates for IFRS compliance were made.
- c) Please indicate how the cost estimates for IFRS compliance reflect the latest Exposure Draft.

Question #10

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

- a) Please provide a schedule setting out the rates and volumes by customer class supporting the 2010 test year revenues reported in Table 1.
- b) Please clarify whether the rates used in part (a) included:
 - Charges for LV recovery
 - Smart Meter charges
 - Discounts for transformer ownership where applicable.
- c) Please reconcile the 2010 revenues by class reported in Table 1 with those reported in Exhibit 3/Tab 2/Schedule 1, page 53.

Question #11

Reference: Exhibit 3/Tab 2/Schedule 1, page 1, lines 6-7

- a) In its EB-2007-0680 Report (page 33) the Board directed Toronto Hydro to work with other parties to understand differences in load forecast methodologies employed. Has Oakville had any discussions with Toronto Hydro regarding changes it may be implementing in its load forecast methodology? If yes, what was the outcome and how are they reflected in Oakville's current approach?

Question #12

Reference: Exhibit 3/Tab 2/Schedule 1, page 13

- a) What is the definition and source for the population variable used in the regression analysis?

- b) If the data source for “population” does not provide monthly values, what is the frequency of the historical data and how were the monthly values established?

Question #13

Reference: Exhibit 3/Tab 2/Schedule 1, page 9-13 and page 15

- a) The discussion on page 15 suggests that it is the exclusion of the Large Use explanatory variable that gives rise to the Population variable having a “negative” coefficient in some Model Versions. Please re-estimate the model using Version #1 (with Dwelling Units) but also include the Large Use variable. Please provide the results in a format similar to that for the other versions and contrast the results with those for Version #5.
- b) Does the Large Use variable used in the model include just the usage for Customer A or for all historical Large Users?
- c) If the Large Use variable in the model includes the usage for all Large Users, what adjustment was made to capture the 2005 transfer of one Large User to the GS 1,000 – 4,999 class?
- d) If the Large Use variable in the model includes just Customer A, how does the model specification account for the major change in Large User usage that occurred in 2005?
- e) The discussion on page 15 (lines 13-15) states that the usage by the two previous large use customers (lost in 2002 and 2005) was excluded from the “purchases” used in the load forecast analysis.
- Please explain more fully and provide a schedule setting out precisely the adjustments made to the historical purchase data used in the regression modelling.
 - In making this “exclusion”, how does the regression analysis undertaken account for the fact that Customer C1 was not entirely “lost”?
- f) Please provide any other recent projections of Ontario GDP growth for 2009 and 2010 that Oakville is aware of and compare the year over year growth rates with those prepared by the Ontario Ministry of Finance.

Question #14

Reference: Exhibit 3/Tab 2/Schedule 1, pages 16-23

- a) Please confirm that the “Billed” values set out in Table 1 are customer billed kWhs.

- b) Do the historical energy and customer values for the GS>1,000 kW class shown in Table 2 include those for the Large User (Customer C2) that was transferred to this class in 2005.
- c) Do the historical energy and customer values for the GS 50-999 class shown in Table 2 include the usage by the Large Use customer recently reclassified to this class?
- d) Why is the loss factor used to determine billed 2010 loads estimated based on the 2002-2008 period (see page 22) when the regression analysis covers the 1998-2008 period? What is the average loss factor over the 1998-2008 period?
- e) With respect to Table 2, what is the 2009 predicted sales using “normal weather” for all 12 months?
- f) With respect to Table 2, please calculate the predicted “weather normal” sales for 2002-2008 by using the “weather normal variables” as opposed to actual weather HDD and CDD values.

Question #15

Reference: Exhibit 3/Tab 2/Schedule 1, pages 23-29

- a) To what does Oakville attribute the significant (>4%) increase in GS 50-999 kW customers in 2008?
- b) Are the average annual usage values shown in Table 9 derived from the data in Table 2?
- c) If the pre-2005 usage reported for GS 1,000-4,999 includes that for Customer C2, please confirm that this will distort the calculation of the growth rate in usage for the class as shown in Table 10. If the customer is included in the class, please recalculate the values shown in Tables 9 and 10 for this class excluding this customer.
- d) On page 9 Oakville states that population is a customer growth indicator. Please comment on the consistency between i) the population growth assumptions for 2009 and 2010 underlying the projection of total purchases and ii) the forecast for customer growth set out in Table 8.
- e) Table 8 shows a decline average use in 2008 for both the GS 50-999 and GS>1,000 classes which will affect the calculated geometric mean for each class. To the extent these declines are due to the recent economic recession, is it reasonable that this decline be projected forward to 2010?

- f) Residential and GS<50 classes annual usage per customer values set out in Table 9 will be influenced weather in the year concerned).
- Given this fact, please confirm that the calculated growth rates for these two classes will be affected by historical variations in weather.
 - Why is it appropriate to use the growth rate in usage per customer/connection (non weather-normalized) to forecast usage for 2008 and 2009?
- g) Please provide the Hydro One information relied on in order to determine the weather sensitivity by rate class (page 28).
- h) Given that residential uses include lighting, cooking and refrigeration, why is it reasonable to assume that the Residential class is 100% weather sensitive?
- i) Please provide a schedule that sets out the average use per customer for each class as forecast for 2009 and 2010.
- j) Please provide a schedule setting the average weather normalized use per customer for each class based on the data provided by Hydro One Networks for Oakville's 2007 Cost Allocation filing and indicate the year the data is based on. In doing so, please include the correction to the GS>1000 class referred to at Exhibit 7/Tab 1/Schedule 2, page 1

Question #16

Reference: Exhibit 3/Tab 2/Schedule 1, pages 32-48

- a) The regression analysis performed by Oakville included historical data up to May 2009 (page 5). Please explain why the purchase trends up to this point in time will not capture: i) the loss of Customer B in mid-2008; ii) the reduction in sales to Customer C in 2008; and iii) the loss of sales to Customer D in mid-2008.
- b) Please re-estimate the regression model (page 6) but for 2008 and 2009 (January – May) adjust the monthly purchase data so that it reflects the average 2003-2007 usage for each of these three customers. Please provide:
- The results in a format similar to that on page 6, and
 - A revised projection for 2009 and 2010 similar to that set out in Table 4.
- c) The determination of customer class shares of total purchases/sales considers per customer usage growth and customer count through to the end of 2008. As result, please explain why the calculation of the class shares does not already account for the changes in operations for Customers B, C and D.
- d) Please recalculate Tables 10 through 14 but for the GS 50-999 and GS > 1000 classes use the period 2002 to 2007 to calculate the growth rate per customer

connection for Table 10 and use 2007 as the “base” for purposes of determining projected usage per customer for Table 11.

Question #17

Reference: Exhibit 3/Tab 3/Schedule 1, page 6

- a) Why doesn't Oakville charge its affiliates an interest rate equivalent to its own deemed cost of debt (i.e, what the Board estimates it could borrow at)?
- b) Does Oakville expect that its cost of borrowing from the bank would be higher than the cost to its affiliates and, if so, why?

Question #18

Reference: Exhibit 7/Tab 1/Schedule 2, pages 3-7

- a) Please explain why the Distribution Revenues for the Residential class change between the corrected filing (page 6) and the corrected filing with the transformer ownership allowance removed (page 7).
- b) Please provide a table that sets out the amount of the \$419,793 transformer allowance discount that was received by the customers in each class.

Question #19

Reference: Exhibit 7/Tab 1/Schedule 3

- a) Please provide the calculation of Customer Unit costs per month (Sheet O2) including miscellaneous revenues in the calculation (page 1, lines 14-17).
- b) One of the principles on page 4 is that revenue to cost ratios should not move away from 100%. However, Oakville's proposed residential ratio for 2011 I moving away from 100% relative to the 2010 ratio. Please reconcile.

Question #20

Reference: Exhibit 8/Tab 1/Schedule 2, page 2

- a) Please provide a schedule that for each class includes the following columns:
 - 1) Allocated 2010 Revenue Requirement – per Sheet O1, line 35
 - 2) Proposed Revenue to Cost Ratio

- 3) Proposed Service Revenue Allocation (1 x 2)
- 4) Allocation of Miscellaneous Revenues – per Sheet O1, line 19
- 5) Proposed Allocation of Base Distribution Revenue Requirement (3-4)

Question #21

Reference: Exhibit 8/Tab 1/Schedule 2, page 8

- a) The Board's EB-2007-0667 Guideline (page 12) sets the upper limit for the MSC at 120% of avoided costs plus the allocated customer costs. Please re-do the summary table on page 8 with this adjustment.
- b) explain why the Distribution Revenues for the Residential class change between the corrected filing (page 6) and the corrected filing with the transformer ownership allowance removed (page 7).

Question #22

Reference: Exhibit 7/Tab 1/Schedule 6, page 6

- a) Please provide the currently approved loss factors for Oakville in the same format at Table 21.

Question #23

Reference: Exhibit 8/Tab 2/Schedule 1

- a) Please explain why Oakville did not seek adjustments to its 2009 rates to account for the load losses due to Customers B, C and D.
- b) Is this the first notification that Oakville has provided the Board regarding the lost revenues associated with Customers A, B, C and D? If not, please provide copies of any earlier correspondence to the Board on this issue.
- c) For each customer please segment the calculation of lost revenue calendar year and provide Oakville's estimate of the total lost revenue by calendar year.
- d) Please explain why the loss of load associated with each customer is not considered a separate event (per the Filing Guidelines Appendix of the Board's Report (page v)) for purposes of determining eligibility as a Z-factor.

- e) Is it Oakville's position that any deviation in revenues of more than 0.5% from forecast should be eligible (in terms of materiality) for Z-factor treatment? If no, please explain why the circumstances in the application should qualify.

Question #24

Reference: Exhibit 8/Tab 2/Schedule 8

- a) Please check the 6.6% total bill impact reported for Residential 250 kWh use. If incorrect, please determine if the source of the error impacts any on the other reported bill impacts.

Question #25

Reference Exhibit 9/Tab 3/Schedule 1, Appendix B and C

- a) Provide support/details of the Residential SM Unit costs (procurement and installation).
- b) If there are delays in receiving OEB approval of the 2009 rate rider what will be the impact on the forecast installation schedule? Please discuss.

Question #26

Reference: Exhibit 9/Tab 3/Schedule 1, Appendix C and Appendix 2-S

- a) Provide a cash flow projection showing SM rate adder revenue and SM expenditures by Month for the 2009 rate year.
- b) Show the impact of delays in approval /implementation of the SM rate rider increase, including any revisions needed to accommodate the shortened recovery period.

Question #27

Reference: Exhibit 10/Tab 1/Schedule 3, page 1 and Schedule 2, Table 1

Preamble

The reduction in distribution revenue is calculated on the foregone volumes resulting from CDM activities by class and at the variable distribution rates applicable to the years 2006, 2007, 2008 and 2009. No data was available for 2005.

- a) Provide a schedule for the *Residential Sector* CDM programs that breaks down by measure the components of the LRAM claim and the total kwh and kw for each year 2006-2009 (including showing separately carry forward of prior years' savings)
 - i. Third tranche Programs
 - ii. OPA Funded programs
 - iii. Other e.g. Rate funded programs
- b) Provide a reconciliation of the Residential Sector kWh savings in the Schedule with those shown in Exhibit 10 Tab 1 Schedule 2 Page 1 of 1 Table 1.
- c) Provide the as filed Carrying Cost Calculation/Schedule for the Residential LRAM claim.
- d) Provide a schedule that shows the derivation of the Residential rate riders based on the kWh savings breakdown and carrying costs provided in response to parts a and c) of this IR. Reconcile this with Exhibit 10 Tab 1 Schedule 2 Table 1

Question #28

Reference: Exhibit 10/Tab 1/Schedule 3, page 1

Preamble:

In Exhibit 10, Tab 1, Schedule 6, Appendix C, the IndEco Third Party Review of Oakville Hydro Electricity Distribution Inc.'s LRAM/SSM provides a summary of requested SSM amounts (Table 2) and a summary of requested LRAM amounts (Table 5).

- a) Does Oakville Hydro agree that the OEB Guidelines Section 7.5 indicate that savings and LRAM claims should be based on the "Best Available" input assumptions at the time that the LRAM/SSM claim was prepared?
- b) Does Oakville Hydro agree that in the case estimation of 2006 -2009 savings, this means using the best available 2007 and 2008 input assumptions, which were and are those of the OPA Measures and Input Assumptions List? If not explain why not.
- c) Explain why the independent review of 2009 lost revenue associated with 2006 - 2009 savings did not use the latest OPA input assumptions in Tables 7,8,9 for several residential mass market measures with the exception of Table 8 for 2007 (notably CFLs, Low Flow Showerheads and PTs) as demonstrated in the following OPA documents:
 - i. OPA 2007 EKC Program Calculator
 - ii. OPA 2008/2009 Measures and Assumptions list (now adopted by the OEB)

- d) Confirm that Indeco did not make any adjustments to the 2006-2008 input values for the above measures and used those provided by OH.
- e) Provide a Copy of the 2007 OPA Every Kilowatt Counts Program Calculator.
- f) Confirm whether OH reported to the OPA on the 2007 EKC campaign using Mass Market measures assumptions (particularly CFLs) specified in the OPA 2007 EKC Program Calculator.
- g) Confirm whether or not the LRAM claim for 2006, 2007 and 2008 related to third tranche programs is based on using the OEB Guide values for CFLs, showerheads and PTs, not the OPA EKC Calculator or OPA 2008/2009 Measures values.
- h) Confirm whether the 2008 claim for OPA programs is based on the OPA 2008 Measures and input assumptions for CFLs, Low Flow Showerheads and PTs.

Question #29

References:

- i) Exhibit 10/Tab 1/Schedule 6, Appendix B:
- ii) Exhibit 10/Tab 1/Schedule 6, Appendix C, page 10, Table 1

- a) Provide a Table in the format below that shows for each of the Residential Programs for each year, which source(s) of input assumptions underpin the claimed kWh and kW savings. *(Note entries below are illustrative only)*. Indicate for OPA- Funded Programs whether the 2007 Every Kilowatt Counts (EKC) Calculator or the OPA Measures for 2008 was used.

LRAM Claim	Third tranche Incl. 2006 Carryover	Rate funded	OPA Funded	Verification(s)
2006	OEB Guide	OEB Guide	OPA EKC Calculator	Indeco
2007	OEB Guide	OEB Guide	OPA EKC Calculator	Indeco
2008	OPA Measures	OPA Measures	OPA Measures	Indeco
SSM Claim				
2006	OEB Guide	OEB Guide	OPA EKC Calculator	Indeco
2007	OEB Guide	OEB Guide	OPA EKC Calculator	Indeco
2008	OPA Measures		OPA Measures	indeco

- b) Provide a complete list by measure **by year** of the input assumptions used to prepare the residential kWh and kW load impacts in Exhibit 10, Tab 1, Schedule 6, Appendix C Tables 2 and 3 and associated LRAM and SSM claims. In particular provide the detailed input assumptions for all mass market measures including CFLs and PTs.
 - i. kWh and kW savings
 - ii. Free ridership
 - iii. Cost of measure
 - iv. Measure life
 - v. Source(s)/authority(ies) for assumption(s)

Question #30

Reference: Exhibit 10/Tab 1/Schedule 6, Appendix C-Indeco Report Page 12 and Appendix Tables 7 , 8 and 9

a) Confirm/correct/complete the following Input Assumptions and Kwh savings Comparison Table (based on Exhibit 10 Tab1 Schedule 6 Appendix B) in the format below for Residential Mass Market measures and Social Housing. *Include any missing programs related to CFLs, PTs and Seasonal Lights:*

Program	Efficient Measure	Participants As filed	Filed unit kw savings assumption	Free Ridership	Net Kwh Per Filed LRAM Claim	OPA 2007 EKC Calc or 2008 Measures List	Free Ridership	Adjusted Net kwh OPA 2008 Measures List
2006								
Third Tranche	CFLs 13/15w		106.7	10%		43	30%	
EKC Spring	E Star CFI 15w	18,932	104	10%		43	30%	
	PTs	231	216	10%		159	10%	
EKC Fall	E Star CFI 15w	28,070	104	10%		43	30%	
	PTs	445	216	10%		55	54%	
EKC Fall	SLED Xmas Lights	6,756	45	5%		43	30%	
OTHER	CFLs							
TOTAL 2006 kwh								
2007								
Third Tranche	13/15 watt CFL		109.0	10%		43	30%	
EKC 2007	E Star CFI 15w	34,238	43	30%		43	30%	
	E Star CFL 20w+	5,574	62	22%		43	30%	
	Porch light CFL	7,205	43	24%		43	24%	
Cool Savings	PTs	268	55	54%		55	64%	
OTHER	CFLs							
TOTAL 2007 kwh								
2008								
Third Tranche	CFLs 13/15w		106.7	10%		43	30%	
OPA Cool Savings Rebate	PTs	396	54	54%		54	64%	
OTHER	CFLs							
TOTAL 2008 kwh								
TOTAL CUMULATIVE KWH SAVINGS								

b) Comment on the material differences between the result of using updated input assumptions (available in 2007) and reflected in the 2008 and 2009 OPA Measures List now adopted by the OEB?

- c) Provide a revised version of **Exhibit 10 Tab 1 Schedule 6 Appendix C Page 11 of 18 Table 2** using the updated kW and kWh savings based on OPA 2008/2009 Measures List input assumptions now adopted by the OEB.
- d) Provide a revised version of **Exhibit 10 Tab 1 Schedule 6 Appendix C Page 12 of 18 Table 3** using the kWh savings based on OPA 2008/2009 Measures List input assumptions now adopted by the OEB.
- e) Provide a revised version of the schedule provided in response to VECC IR #25 part a) adjusted to reflect the OPA 2008/2009 measures and input assumptions list for CFLs and PTs provided in part a) of this IR.
- f) Adjust the as filed Carrying costs to reflect the revised LRAM amounts resulting from the answer to part c and d).

Question #31

Reference: Exhibit 10/Tab 1/Schedule 2, page 1, Table 1

- a) Provide a revised Rate rider calculation using the complete set of updated OPA assumptions from the 2008/2009 Measures List for the Residential Sector LRAM/SSM claims.
- b) Provide Revised Bill impacts using the complete set of updated OPA assumptions from the 2008/2009 Measures List for the Residential Sector LRAM/SSM claims.
- c) Comment on the timing/implementation of the Rate Riders given the above revisions

Question #32

Reference: No Reference

- a) Provide a copy of the Residential Sector/Mass market (and If applicable Social Housing Sector) Report(s) that OH provided to OPA , including the detailed breakdown of measures, unit savings, participants and other assumptions.
- b) Provide any correspondence from OPA confirming its acceptance of the Reports(s).

Question #33

Reference: Exhibit 2/Tab 4/Schedule 4, page 1

- a) Please indicate whether the proposed capital spending for 2010 includes any spending for the connection of renewable energy generators or associated system expansion/upgrade requirements. If yes, please indicate what the spending levels are and where they are incorporated in the budget.