



***PUBLIC INTEREST ADVOCACY CENTRE***  
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October 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-2009-0267**  
**Kitchener-Wilmot Hydro Inc. – 2010 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  
Encl.

**KITCHENER-WILMOT HYDRO INC. - 2010 RATE APPLICATION**

**(EB-2009-0267)**

**VECC'S INTERROGATORIES (ROUND #1)**

**GENERAL**

**Question #1**

**Reference:** Exhibit 1, page 8

- a) Please update the OM&A cost comparison to include the 2008 data which was released by the Board in September 2009.

**Question #2**

**Reference:** Exhibit 1, pages 9-11

- a) Please provide tables similar to Table 1 and Table 2 but covering Kitchener-Wilmot's System Reliability Indicators as prescribed by the OEB.

**Question #3**

**Reference:** Exhibit 1, page 32

- a) Please describe the activities of Kitchener Energy Services Inc.

**Question #4**

**Reference:** Exhibit 1, page 53

- a) Please confirm that Kitchener-Wilmot is not, itself, an embedded utility.

### **Question #5**

**Reference:** Exhibit 1, page 56

- a) Please provide a schedule setting out the specific instances where the Application does not follow the OEB's Filing Requirements.

### **Question #6**

**Reference:** Exhibit 1, page 68

- a) What impact, if any, does Kitchener-Wilmot's change in accounting policy for the recognition of actuarial gains and losses have on the proposed 2010 revenue requirement?
- b) Is this change consistent with the OEB's regulatory accounting requirements?

### **RATE BASE**

### **Question #7**

**Reference:** Exhibit 2, pages 36 and 50-51

- a) Please provide a schedule that sets out the derivation of each of the four 2010 Cost of Power values shown on page 51. In doing so, please set out the volumes and rates assumed for each.
- b) Please confirm that the calculation of Power Purchase costs for 2010 (page 51) excludes deliveries to customers (embedded utilities and retail customers) who are Market Participants and billed directly by the IESO.
- c) Please confirm that, based on Kitchener-Wilmot's proposed average cost of capital (7.62%), the 2010 return associated with working capital allowance is approximately \$1.8 M, excluding tax implications. Based on the materiality of the figure, why didn't Kitchener-Wilmot undertake a lead lag study (page 50)?

### **Question #8**

**Reference:** Exhibit 2, pages 221 and 375

- a) Does the proposed capital spending for 2010 include any spending to provide information technology systems and support in response to the Green Energy

Act? If yes, please identify the specific projects and the 2010 proposed spending.

### **Question #9**

**Reference:** Exhibit 2, page 296

- a) Are all new residential services provided by underground facilities? If not, where are the capital expenditures for new overhead services captured in this section?
- b) Please provide a schedule that sets out the number of new residential services installed in the years 2006-2010 inclusive and the associated costs. Please separate out overhead and underground services, if applicable.
- c) Please provide a schedule that sets out the number of new commercial/industrial services installed annually in the years 2006-2010 inclusive and the associated costs.

### **Question #10**

**Reference:** Exhibit 2, pages 282, 294 and 304

- a) Please explain the reason for the significant increase in spending on Replacement of Pole Line Assets from 2008 (\$802 k) to 2009 and 2010 (\$1,382 k and \$1,464 k respectively).

### **Question #11**

**Reference:** i) Exhibit 2, pages 284, 295 and 305  
ii) Exhibit 2, pages 286, 297, 307  
iii) Exhibit 2, pages 287, 297, 308

- a) Please explain the significant increase in spending on Underground – System Expansion to Supply New Development in 2009 and 2010 versus 2008 (Reference (i)), particularly in light of the recent economic downturn discussed on page 356.
- b) Please explain the significant increase in spending on New Underground Residential Distribution in 2009 and 2010 versus 2008 (Reference (ii)), particularly in light of the recent economic downturn and the anticipated reduction in new housing starts in 2009 and 2010 relative to 2008, per page 357.

- c) Please explain the significant increase in Replacement of Primary UG Cable in 2009 and 2010 versus 2008 (Reference (iii)).
- d) Why was there no spending in 2008 on “Rebuild Transformer Vaults due to Age/Condition”?

### **Question #12**

**Reference:**           i) Exhibit 2, pages 276, 289, 299, 309  
                               ii) Exhibit 2, pages 289, 299, and 310

- a) Please explain the material increase in spending on Overhead Transformer Purchases from 2007 and 2008 to 2009 and 2010 (Reference (i)).
- b) Please explain the significant increase in spending on Revenue Meters in 2010 relative to 2008 and 2009 (Reference (ii)).

### **Question #13**

**Reference:**           i) Exhibit 2, Appendix C  
                               ii) Exhibit 2, Appendix B, page 213

- a) Please confirm that the capital spending amounts reported in Appendix C are net of capital contributions.
- b) Please provide a schedule that sets out the capital spending categories (per the categories used in Appendix C) that attract capital contributions and for the each of the years 2007 to 2010 provide the total spending, the capital contributions and the spending net of capital contributions for each category.
- c) What is the total assumed level of spending (both gross and net of capital contributions) include for 2009 and 2010 for system expansion and connections associated with renewable energy generation (Reference (ii))?
- d) What “contribution”, if any, has Kitchener-Wilmot assumed It will receive pursuant to Ontario Regulation 330/09 to help offset the costs to local ratepayers of costs related to the connection of renewable energy generation in 2009 and 2010?
- e) Does the proposed capital budget for 2010 assuming any connections of renewable energy generation under the FIT or MicroFit Programs? If not, why not? If yes, please address the following:
  - How much spending is included and where is it reported in Appendix C?

- How many new connections/accounts are assumed for 2010?
- How are the anticipated additional revenues from these accounts due to the new MicroFit rates being implemented by the OEB captured in the revenue forecast discussed in Exhibit 3?

## **LOAD FORECAST & OPERATING REVENUE**

### **Question #14**

**Reference:** Exhibit 3, page 2

- Please provide a schedule setting out the rates and volumes by customer class supporting the 2010 test year revenues reported in Table 1. Please include in the schedule the Embedded Distributor and Stand-by charges included under “Other Distribution Charges”.
- Please clarify whether the rates used in part (a) included:
  - Charges for LV recovery
  - Smart Meter charges
  - Discounts for transformer ownership where applicable.
- Please reconcile the 2010 revenues reported here by class with those set out in Table 24 (page 51).

### **Question #15**

**Reference:** Exhibit 3, pages 8-9 and Appendix C

- What is the definition and source for the population variable used in the regression analysis?
- 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?
- Appendix C sets out the regression models and results assuming one or more of the proposed explanatory variables are excluded from the modelling. What other model specifications with different explanatory variables did Kitchener-Wilmot test? Please provide the results for any such models in a format similar to that used in Appendix C.
- Please explain why population as opposed to customer count was used as an explanatory variable.

- e) Please provide any other recent projections of Ontario GDP growth for 2009 and 2010 that Kitchener-Wilmot is aware of and compare the year over year growth rates with those prepared by the Ontario Ministry of Finance (per page 9).

### **Question #16**

**Reference:** Exhibit 3, page 18

- a) Given that residential uses include lighting, cooking and refrigeration, why is it reasonable to assume that the Residential class is 100% weather sensitive (Table 15)?
- b) Based on Kitchener-Wilmot's appliance saturation survey (Exhibit 7, page 4) and the analysis Hydro One Networks undertook of Kitchener-Wilmot's load, what proportion of its residential load is associated with space conditioning (i.e, heating and cooling) requirements?
- c) Please re-do Tables 6 through 11 assuming that the Residential and GS<50 classes are 50% weather sensitive. Note: The purpose of this question is to test the sensitivity of the results in Table 11 to the assumptions regarding class weather sensitivity.

### **Question #17**

**Reference:** Exhibit 3, pages 31& 33 and page 10 (lines 9-11)

- a) Please provide a schedule that sets out annual population growth and annual growth in residential and GS<50 customers for each of the years in the period 2001-2008.
- b) Please provide the assumed population growth for 2009 and 2010. Does the observed relationship between population and customer growth (per part (a)) and the assumed population growth for 2009 and 2010 support a 1.5% increase in residential customer in 2009 and 2010?
- c) Please reconcile the forecast increased level of spending on system expansion in 2009 and 2010 relative to 2008 as set out in Exhibit 2 with the reduction in growth rate for new residential and GS<50 customers over the same period.
- d) Please provide the actual customer count for the Residential, GS<50 and GS >50 classes for the most recent month available.

- e) Please provide a Table that contrasts Kitchener-Wilmot's calculation of 2007 conservation savings with that estimated by Enerspectrum for both the Residential and the GS<50 classes.
- f) Why did Kitchener-Wilmot use its own internal estimates of CDM savings as opposed to those developed by Enerspectrum in its load forecast methodology?

### **Question #18**

**Reference:** Exhibit 3, page 35

- a) Given the "promising turn around in 2010" (line 10), why isn't the average use for the GS>50 class forecast to increase over 2009 levels?

### **Question #19**

**Reference:** Exhibit 3, page 37

- a) Are any of the Large Users registered as Market Participants with the IESO? If yes, what % of the class' sales in 2010 do they account for?

### **Question #20**

**Reference:** Exhibit 3, page 46

- a) Given that Kitchener-Wilmot is rejecting the Hydro One Networks weather normalization results as being too aggressive – why is it reasonable to use HON's estimate of percent of weather sensitive load in the development of the forecast (as per page 18)?

### **Question #21**

**Reference:** Exhibit 3, page 57

- a) Please provide a schedule that for each line item in Table 28 sets out either i) the source of the data with page references to elsewhere in the Application or ii) how the result was calculated using the values from other lines in the table.

- b) How does the calculation in Table 28 incorporate consideration of Billing & Collection costs and Community Relations costs?
- c) Does Table 28 assign a portion of General Plant cost to the Embedded Distributor? If not, why not?
- d) Does Table 28 include any metering costs (i.e., for metering assets) in the determination of the rate? If not, why not?

### **Question #22**

**Reference:** Exhibit 3, page 61

- a) Why is it reasonable to maintain the Standby Charge at its current level as opposed to increasing it by the overall average increase in distribution rates for 2010?

### **Question #23**

**Reference:** Exhibit 3, page 62

- a) Did Kitchener-Wilmot offer a Winter Warmth program over the 2008-2009 winter period?
- b) Given the Board's September 28, 2009 update regarding the Low Income Energy Assistance Program initiative, is the assumption regarding reduced late payment revenues in 2010 still appropriate? Please explain.

### **Question #24**

**Reference:** Exhibit 3, page 63

- a) With respect to the proposed Collection of Account Charge – No Disconnection, please explain more fully why the collection team is making field visits to customers and what happens if no payment is received at the time of the visit.
- b) Please provide a table similar to Table 32 setting out the derivation of the \$30 proposed charge.

## **OPERATING COSTS**

### **Question #25**

**Reference:** Exhibit 4, pages 6-11

- a) Given the Board's September 28, 2009 update regarding the Low Income Energy Assistance Program initiative, is the budgeted LEAP amount required for 2010? If yes, why?
- b) The discussion of 2007 Other Payroll Increases makes reference to two new positions being filled during the year. However the variance attributed to this category is only \$1,000 for 2007. Please reconcile.
- c) The discussion of 2009 Other Payroll Increases makes reference to filling three vacant positions from the previous year. However, 2008 does not show any reduction due to vacant positions. Please reconcile.
- d) Why isn't Kitchener-Wilmot recording the transition costs associated with IFRS in a deferral account as directed by the Board in EB-2008-0408 (page 27)?
- e) Historical increases in overtime are attributed to a buoyant economy and storm damage. Given recent economic conditions and assumptions regarding normal weather, why aren't overtime levels forecast to be lower in 2009 and 2010 versus 2008?

### **Question #26**

**Reference:** Exhibit 4, pages 8 and 27-28

- a) The discussion on pages 27-28 regarding Accounts 5005 and 5625 suggest a decrease in construction activities in 2009 relative to 2008. However, the discussion on page 8 suggests that the labour split between OM&A and capital will be roughly the same in 2009 and 2010 as it was in 2008. Please reconcile.

### **Question #27**

**Reference:** Exhibit 4, pages 32-33

- a) Please provide a schedule that sets out the “costs” of providing Street Lighting capital and maintenance services to the City and the Township in 2008, 2009 and 2010.
- b) Does the net revenue from the provision of these services contribute as an offset to Kitchener-Wilmot’s revenue requirement for its regulated utility business?

### **Question #28**

**Reference:** Exhibit 4, pages 34-35

- a) Do the one time regulatory costs for the 2010 Rebasing Application include any allowance for OEB-specific costs or intervenor costs? If yes, where are they captured in the budget?
- b) Please provide the assumptions underlying the anticipated requirement for \$165,000 in consulting and legal costs.

### **Question #29**

**Reference:** Exhibit 4, page 54

- a) Please provide a schedule that sets out the calculation of the 2010 depreciation expense for Accounts #1815 and #1850 based on the depreciation rates on page 54 and the 2010 opening asset balances and additions as shown in Exhibit 2, Table 16.

### **Question #30**

**Reference:** Exhibit 4, pages 65-66

- a) Do the tax rates used for 2010 reflect the May 2009 budget changes that, effective July 1, 2010, reduce the small business tax rate from 5.5% to 4.5% and eliminate the small business tax deduction surtax? If not, please provide an updated tax calculation.

## **COST OF CAPITAL**

### **Question #31**

**Reference:** Exhibit 5, pages 4-7

- a) If Kitchener-Wilmot Hydro wanted to pay off its current long-term debt are there any impediments to it borrowing from a third party such as a commercial bank? For example, would it require the “guarantee” or “permission” of its shareholders to undertake such borrowing?
- b) If the response to part (a) is yes, is there any reason to expect these impediments would prevent it from undertaking 3<sup>rd</sup> party borrowing? For example, if a “guarantee” was required from the shareholders, is there any reason to expect such a guarantee could not/would not be provided?
- c) What is the basis for the 6% debt rate for 2008 as shown on page 6 and discussed on page 7?
- d) Why does Kitchener-Wilmot believe the Board’s deemed long-term debt rate applies in its circumstance when the debt is not callable on demand by the shareholders or, for that matter, callable within one year?

## **REVENUE DEFICIENCY**

### **Question #32**

**Reference:** Exhibit 6

- a) Please reconcile the total of Other Revenue and Other Distribution Charges reported here (\$1,795,440) with the total for Other Revenue reported in Exhibit 3, Table #31 (\$1,740,295).
- b) Please reconcile the total Distribution Expense reported here in Table 1 (\$25,386,819) with the total reported in Exhibit 4, Table 1 (\$25,476,819).
- c) Please reconcile the OM&A costs reported in Table 5 with those reported in Exhibit 4, Table 1. There appears to be a discrepancy of \$90,000.
- d) Please reconcile the 2010 Distribution Revenue at 2009 rates reported in Tables 4 and 5.
- e) Please revise Table 4 so that it sets out the 2010 revenue at 2009 rates (net of transformer ownership allowances, smart meter adder and SSS Administration charges) that would actually be received from each customer

class. For those customer classes where some/all customers receive a transformer ownership discount, the relevant kW's and the "discounted" rate should be used in the calculation. Please show the full (i.e., unrounded) rates applied to each customer class along with the kW's eligible/not eligible for the transformer ownership allowance by class and the associated revenues based on 2009 rates for each that would actually be received. Please also show the resulting fixed and variable revenue portions for each class.

- f) Please provide a schedule that sets out the derivation by class of the \$32,748,623 value for Distribution Revenue reported in Table 5.
- g) Based on the responses to the first round of interrogatories from all parties please prepare a schedule that sets out all the adjustments/revisions that Kitchener-Wilmot Hydro has acknowledged as being required to the currently requested 2010 revenue requirement and the impact of each.

## **COST ALLOCATION**

### **Question #33**

**Reference:**

- i) Exhibit 7, pages 3-8
- ii) 2006 Cost Allocation Run Model – Initial and TOA Removed

- a) There are a number of Inconsistencies in the 2007 Cost Allocation Run – With the Transformer Ownership Allowance (TOA) Removed :
  - The overall Revenue Requirement is the same as the Initial 2007 Run (\$34,712,648). However the Revenue Requirement should be lower (i.e., reduced by the amount of the TOA - \$969,968). Upon inspection it appears that the cost of TOA was added back in at Sheet I3, Cell F18. This adjustment should not have been made.
  - The Miscellaneous Revenues are lower in the TOA Removed Run whereas they should be the same as in the Initial Run.
  - The Total Distribution Revenue are higher in the TOA Removed Run whereas they should be lower – by the amount of the TOA. Similarly, in the TOA Removed Run, the Distribution Revenues for those classes receiving the TOA should be lower than in the Initial Run by an amount equal to the TOA received.

Please provide a revised 2006 TOA Removed Run that corrects these points.

### **Question #34**

**Reference:**

- i) Exhibit 7, page 3 and pages 8-10
- ii) 2010 Cost Allocation Model Run

- a) Please provide a schedule that sets out for each customer class the following values as used in the 2007 Cost Allocation filing and the 2010 Cost Allocation filing:
  - The kWh consumption (per Sheet I6)
  - The 12 CP value (per Sheet I8)
  - The 4 NCP value (per Sheet I8)
- b) How did Kitchener-Wilmot adjust the demand allocation factors in order to account for the transfer of Large Users to the GS>50 class between 2006 and 2010?
- c) With respect to page 9, why does Kitchener-Wilmot believe that the Embedded Distributor class can not be accurately reflected in the model?
- d) Please reconcile the \$39,490,515 Base Distribution Revenue Requirement for 2010 (Table 2 and Sheet O1) with the results in Exhibit 6, Table 1 which suggest that the value should be \$38,835,743 (\$38,905,888 - \$70,145), when the transformer ownership allowance is excluded per the Board's filing directions.
- e) Please reconcile the Miscellaneous Revenues used in Reference (ii), Sheet O1 with the Miscellaneous Revenues set out in Exhibit 3.
- f) Please provide the full Excel Model for the 2010 Cost Allocation Run supporting the "Before the Proposed Adjustments" case {i.e., results in 88.55% for Residential}.
- g) Please describe how the Revenues by Customer Class in Table 2 were determined for the column "Test Year Revenue Assuming Current Revenue to Cost Ratios".
- h) Why is Kitchener-Wilmot proposing to increase the revenue to cost ratio for residential above the lower end of the Board's recommended range when the Board concluded in its EB-2007-0667 Report that there are "factors that currently limit or otherwise affect the ability or desirability of moving immediately to a cost allocation framework that might, from a theoretical perspective, be considered ideal (page 2) and that "a range approach is preferred" (page 4)?
- i) Has Kitchener-Wilmot made any improvements or changes to the Cost Allocation model used for 2010 (as opposed to that used for the 2007 filing) to

address the data and methodology concerns noted by the Board in its EB-2007-0667 Report (pages 5-6)?

- j) Please reconcile the proposed revenues by class as set out in Table 2 with those in Exhibit 8, Table 2.
- k) Please reconcile the total of Distribution Costs, Customer Related Costs and General & Administration costs reported in Sheet O1 (\$14,650,976) with the total Operating Costs, excluding Amortization Expense, reported in Exhibit 4, Table 1.
- l) Please confirm that Kitchener-Wilmot has (implicitly) incorporated the transformer allowance into the 2010 Cost Allocation run by reducing the Miscellaneous Revenue and that this results in the “cost” of the allowance being allocated to all customer classes. If this is not the case, please explain how the “cost” of the transformer allowance is recovered.
- m) Why are the Standard Service Supply Administration revenues included in the Distribution Revenues in Sheet O1 (\$39,490,515 – per Exhibit 8, page 4) as opposed to being included in Miscellaneous Revenues?
- n) Provide a revised 2010 Cost Allocation Run where:
  - Miscellaneous Revenues are \$1,795,440 (i.e., Total Miscellaneous Revenues from Exhibit 3, including Embedded Distributor revenues)
  - Base Distribution Revenues are \$38,835,743
  - Base Distribution Revenues by class are based on the revenue proportions derived from Question #32 part (e) (i.e., 2010 revenues at existing rates net of the TOA).

## **RATE DESIGN**

### **Question #35**

**Reference:** Exhibit 8, pages 1-5

- a) Please reconfirm that in EB-2007-0067 (page 12) the Board set the ceiling for the Monthly Service Charge at 120% of the calculated MSC based on avoided costs plus allocated customer costs. Please revise Table 3 accordingly.
- b) What mark-up (\$/kW) would be required to the GS>50 volumetric rate in order to recover the TOA discount offered to customers in this class from all customers in the class?

### **Question #36**

**Reference:** Exhibit 8, pages 6-9

- a) Please confirm that for 2008 the OEB approved a reduction in Kitchener-Wilmot's Retail Network Service rates of 18% when the utility had only requested a 12% reduction (page 6, lines 20-25).
- b) Please confirm that if Line Connection Rates apply to 92.1% of Kitchener-Wilmot's load and Transformation Connection Rates apply to only 7.9% of its load then the average decrease for Connection charges in 2009 is only 0.5%. If this is the case, does Kitchener-Wilmot's proposed 22% reduction in Retail Connection charges need to be revised?

### **Question #37**

**Reference:** Exhibit 8, page 27

- 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 -> 1000 kWh per month
  - Consume 1000 -> 1500 kWh per month
  - Consume 1500 -> 2000 kWh per month
  - Consume more than 2000 kWh per month

## **SMART METER FUNDING ADDING**

### **Question #38**

**Reference:** Exhibit 9, Appendix B and C

Preamble: Kitchener-Wilmot Hydro Inc. has entered into an AMI procurement and services contract with Sensus Metering Systems Inc. The effective date of the contract is June 23, 2009. One Hundred percent (100%) of Kitchener-Wilmot Hydro's total number of smart meters will be acquired from Sensus for the initial mass deployment of smart meters.

- a) Provide Support/details of the Residential SM Unit costs (procurement and installation).

- b) Provide Support/details of the Residential SM AMI, communications and back office costs (procurement and installation).

### **Question #39**

**Reference:** Exhibit 9, page 23 Tables 8-11 Appendix B and Appendix C

- a) Provide a cash flow projection showing SM rate adder revenue and SM expenditures by Month for the 2009 and 2010 rate year.
- b) Provide a copy of the OEB Worksheet for calculation of the 2009 and 2010 revenue requirements related to SM.

### **LRAM/SSM CLAIM**

**Note: VECC finds that the supporting details for the LRAM and SSM claims (kWh/kW savings and load impacts at an individual measure level) are inadequate compared to all other LRAM/SSM claims it has reviewed over past year. As a result the scope of VECC's questions has been significantly increased.**

### **Question #40**

**Reference:** Exhibit 10, Page 4

**Preamble:** Enerspectrum Group has calculated Kitchener-Wilmot Hydro's LRAM claim to be \$674,100 (\$157,778 for third tranche expenditures and \$516,322 for OPA programs) and the SSM claim to be \$158,074 (applies only to third-tranche expenditures) for a total of the two claims of \$832,174.

- a) Provide a schedule for the *Residential Sector and GS<50 kW* CDM programs that breaks down by measure the components of the LRAM claim and the total kWh and kW for each year 2005-2009 (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 Schedule that provides the details of the calculation of the SSM claim for the Residential and GS<50 kW classes.
- c) Provide a reconciliation of the Residential and GS<50 kW Sectors kWh savings and LRAM and SSM amounts in the Schedules in the responses to

parts a) and b) with those shown in Exhibit 10, page 6, Table 1, Columns 1 and 2.

- d) Provide the as filed Carrying Cost Calculation/Schedule for the Residential and GS<50 kW classes' LRAM and (Separately) SSM claim.
- e) Provide a schedule that shows the derivation of the Residential and GS<50kW Rate riders based on the kWh savings breakdown and carrying costs provided in response to parts a)-d) of this IR. Reconcile this with Exhibit 10, page 6, Table 1.
- f) The EnerSpectrum Report, page 5 states "Attachment E summarizes individual technology TRC (NPV) values by program". Clarify whether this is an error and/or provide a copy of Schedule E

#### **Question #41**

**Reference:** Exhibit 10, page 1 of 1

Preamble: In addition to the requirements with respect to this Application, the Filing Requirements contain provisions relating to applications for LRAM and SSM adjustments, and Kitchener-Wilmot Hydro submits that it has relied on and complied with the LRAM/SSM provisions of the Report, the OEB's TRC Guide and the Filing Requirements in preparing this request for LRAM/SSM adjustments for the years 2005 to 2007.

- a) Does Kitchener-Wilmot 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 claim was prepared?
- b) Does Kitchener-Wilmot Hydro agree that in the case estimation of 2005 -2008 KWh 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) Confirm that the EnerSpectrum independent review of 2009 lost revenue associated with 2005 -2009 savings used the latest OPA input assumptions residential mass market measures and Affordable/Social housing ( 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) Provide details of the adjustments that Enerspectrum made to the 2005-2008 input values used in the Kitchener-Wilmot Hydro's Annual reports, in particular any adjustments to the above measures.
- e) Provide a Copy of the 2006 and 2007 OPA Every Kilowatt Counts Program Calculators.
- f) Confirm whether Kitchener-Wilmot Hydro reported to the OPA on the 2006 and 2007 EKC campaigns using Mass Market measures assumptions (particularly CFLs) specified in the OPA 2006 and 2007 EKC Program Calculators.
- g) Confirm whether or not the LRAM claim for 2005, 2006, 2007 and 2008 related to third tranche programs is based on using the OEB Guide values for CFLs, showerheads and PTs, or the OPA 2007 EKC Calculator or OPA 2008/2009 Measures values.
- h) Confirm whether the 2006-2008 claim for OPA programs is based on the OPA 2008 Measures and input assumptions for CFLs, Low Flow Showerheads and PTs.
- i) With respect to the SSM Claim, does Kitchener-Wilmot Hydro agree that the Board's Guidelines indicate that Assumptions used from the beginning of any year will be those assumptions in existence in the immediately prior year? For example, if any input assumptions change in 2007, those changes should apply for SSM purposes from the beginning of 2008 onwards until changed again. Provide the rationale for using the recently published OPA assumptions and measures list for all programs/projects, and how these align with section 7.3 of the Board's Guideline as quoted above.

#### **Question #42**

**References:** Exhibit 10, page 10 and Appendix A, Enerspectrum Report, pages 9-20, Attachments A, B and C

- 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.

| <b>LRAM Claim</b> | <b>Third tranche Incl. 2006 Carryover</b> | <b>Rate funded</b> | <b>OPA Funded</b>  | <b>Verification(s)</b> |
|-------------------|---|--------------------|--------------------|------------------------|
| 2006              | OEB Guide                                 | OEB Guide          | OPA EKC Calculator | EnerSpectrum           |
| 2006              | OEB Guide                                 | OEB Guide          | OPA EKC Calculator | EnerSpectrum           |
| 2007              | OEB Guide                                 | OEB Guide          | OPA EKC Calculator | EnerSpectrum           |
| 2008              | OPA Measures                              | OPA Measures       | OPA Measures       | EnerSpectrum           |
| <b>SSM Claim</b>  |   |                    |                    |                        |
| 2006              | OEB Guide                                 | OEB Guide          | OPA EKC Calculator | EnerSpectrum           |
| 2006              | OEB Guide                                 | OEB Guide          | OPA EKC Calculator | EnerSpectrum           |
| 2007              | OEB Guide                                 | OEB Guide          | OPA EKC Calculator | EnerSpectrum           |
| 2008              | OPA Measures                              |                    | OPA Measures       | EnerSpectrum           |

- b) Provide a complete list by measure by year of the input assumptions used to prepare the Residential and GS<50kW kWh and kW load impacts in the Enerspectrum Report Exhibit 10, Pages 9-20 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 #43**

**Reference:** Exhibit 10, pages 9-20-Enerspectrum Report and Attachments A, B and C.

- a) Confirm/correct/complete the following Input Assumptions and kWh savings Comparison Table (based on Exhibit 10 Enerspectrum Report Attachments A, B and C) 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 | As 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 |
|--------------------------------------|-------------------|-----------------------|-------------------------------------|----------------|------------------------------|---|----------------|---|
| <b>2005</b>                          |                   |                       |                                     |                |                              |   |                |   |
| <b>Residential</b>                   |                   |                       |                                     |                |                              |   |                |   |
| <b>Third Tranche</b>                 | CFLs 13/15w       |                       | 106.7                               | 10%            |                              | 43                                      | 30%            |   |
| <b>2006</b>                          |                   |                       |                                     |                |                              |   |                |   |
| <b>Residential</b>                   |                   |                       |                                     |                |                              |   |                |   |
| <b>Third Tranche</b>                 | CFLs 13/15w       |                       | 106.7                               | 10%            |                              | 43                                      | 30%            |   |
| <b>OPA EKC Spring</b>                | E Star CFI 15w    |                       | 104                                 | 10%            |                              | 43                                      | 30%            |   |
|                                      | PTs               |                       | 216                                 | 10%            |                              | 159                                     | 10%            |   |
| <b>OPA EKC Fall</b>                  | E Star CFI 15w    |                       | 104                                 | 10%            |                              | 43                                      | 30%            |   |
|                                      | PTs               |                       | 216                                 | 10%            |                              | 55                                      | 54%            |   |
| <b>OPA EKC Fall</b>                  | SLED Xmas Lights  |                       | 45                                  | 5%             |                              | 43                                      | 30%            |   |
| <b>OTHER</b>                         | CFLs              |                       |                                     |                |                              |   |                |   |
| <b>GS&lt;50kw</b>                    |                   |                       |                                     |                |                              |   |                |   |
| <b>Third Tranche Social Housing</b>  | CFLs 13/15w       |                       | 106.7                               | 10%            |                              | 43                                      | 30%            |   |
| <b>OPA Affordable/Social Housing</b> | CFLs 13/15w       |                       | 106.7                               | 10%            |                              | 43                                      | 30%            |   |
|                                      |                   |                       |                                     |                |                              |   |                |   |
| <b>Residential TOTAL 2006 kwh</b>    |                   |                       |                                     |                |                              |   |                |   |
| <b>GS&lt;50kw TOTALkwh</b>           |                   |                       |                                     |                |                              |   |                |   |
|                                      |                   |                       |                                     |                |                              |   |                |   |
| <b>2007</b>                          |                   |                       |                                     |                |                              |   |                |   |
| <b>Third Tranche</b>                 | 13/15 watt CFL    |                       | 109.0                               | 10%            |                              | 43                                      | 30%            |   |
| <b>EKC 2007</b>                      | E Star CFI 15w    |                       | 43                                  | 30%            |                              | 43                                      | 30%            |   |
|                                      | E Star CFL 20w+   |                       | 62                                  | 22%            |                              | 43                                      | 30%            |   |
| <b>Cool Savings</b>                  | PTs               |                       | 55                                  | 54%            |                              | 55                                      | 64%            |   |
| <b>OTHER</b>                         | CFLs              |                       |                                     |                |                              |   |                |   |
| <b>Residential TOTAL 2007 kwh</b>    |                   |                       |                                     |                |                              |   |                |   |
| <b>GS&lt;50kw</b>                    |                   |                       |                                     |                |                              |   |                |   |
| <b>Third Tranche Social Housing</b>  | CFLs 13/15w       |                       | 106.7                               | 10%            |                              | 43                                      | 30%            |   |
| <b>OPA Affordable/Social Housing</b> | CFLs 13/15w       |                       | 106.7                               | 10%            |                              | 43                                      | 30%            |   |
| <b>GS&lt;50kw TOTALkwh</b>           |                   |                       |                                     |                |                              |   |                |   |
| <b>2008</b>                          |                   |                       |                                     |                |                              |   |                |   |
| <b>Residential</b>                   |                   |                       |                                     |                |                              |   |                |   |
| <b>Third Tranche</b>                 | CFLs 13/15w       |                       | 106.7                               | 10%            |                              | 43                                      | 30%            |   |
| <b>OPA Cool Savings Rebate</b>       | PTs               |                       | 54                                  | 54%            |                              | 54                                      | 64%            |   |

|                              |      |  |  |  |  |  |  |  |
|------------------------------|------|--|--|--|--|--|--|--|
| OTHER                        | CFLs |  |  |  |  |  |  |  |
| TOTAL 2008 kwh               |      |  |  |  |  |  |  |  |
| TOTAL CUMULATIVE KWH SAVINGS |      |  |  |  |  |  |  |  |

- b) Provide a revised version of the schedules provided in response to VECC IR #40 parts a and b) adjusted to reflect the OPA 2008/2009 measures and input assumptions list for CFLs and PTs provided in part a) of this IR.
- c) Adjust the as filed Carrying costs to reflect the revised LRAM and SSM amounts resulting from the answer to part b).

#### **Question #44**

**Reference:** Exhibit 10, page 6, Table 1

- a) Provide the revised kWh, LRAM/SSM Rate rider calculations using the complete set of updated OPA assumptions from the 2008/2009 Measures List for the Residential and GS<50 kW 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 #45**

**Reference:** No Reference

- a) Provide a copy of the Residential Sector/Mass market (and If applicable Social Housing Sector) Report(s) that Kitchener-Wilmot Hydro 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 Report(s).