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

November 13, 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-2009-0132
Cooperative Hydro Embrun Inc. – 2010 Electricity Distribution Rate Application

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

Thank you.

Yours truly,

Michael Buonaguro
Counsel for VECC

Encl.

COOPÉRATIVE HYDRO EMBRUN INC. (CHE) 2010 RATE APPLICATION

Board File No. EB-2009-0132

Interrogatories of the Vulnerable Energy Consumers' Coalition ("VECC")

Question #1

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

a) Please provide the number of smart meters installed to date in 2009 and the number yet to be installed in 2009.

b) Please provide the costs incurred to date on smart meter installation and the expected total cost of smart meter installation.

Question #2

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

a) Please provide the rationale for valuing inventory "at the lower of average cost and replacement cost."

Question #3

Reference: Exhibit 2 and Exhibit 4

a) Has CHE reflected any expected impacts of the announced July 1, 2010 harmonization of the GST with the RST in its 2010 revenue requirement? If so, please identify and quantify; if not, please explain why not.

Question #4

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

a) Please explain why a one-year cycle is used for tree trimming, as opposed to a longer cycle.

Question #5

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

a) With respect to page 2, please explain why class retail data for Embrun is only available on an annual basis.

b) What other model specifications did Embrun/ERA test and did any of them include population or customer count as an explanatory variable? Please indicate the results of each in a format similar to that used on page 5.

c) Please provide a schedule that compares the annual growth in Ontario Employment for each year from 2002 to 2008 with yearly growth rates in employment in the Ottawa Region for the same period.

d) With respect to page 8, please indicate the date of publication for each of the Employment forecasts used. Also, please provide any more recent forecasts that are available.

e) With respect to pages 9-10, please provide more details as how the weather normalized use by class was established for the historical years 2003-2008.
   - What assumptions were used regarding the weather sensitivity of each class' load and what was the basis for these assumptions?
   - Using one year's data (e.g., 2008), please provide a working example.

Question #6

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

a) What is the basis for the $0.06072 commodity cost assumed for 2010?

b) Based on the most recent 12 months data, what percentage of Embrun's sales (kWh) are to RPP customers?

Question #7

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

a) Please provide a breakdown of the 2010 LV-related revenues at existing rates ($37,000) by customer class.

b) Please provide a revised schedule that sets out 2010 revenues at 2009 rates, where the rates exclude the LV rate adder. Please reconcile any differences between the revenue by class reported here and those used in Sheet O1 of the 2010 Cost Allocation model.

c) Please revise the calculation of the Fixed vs. Variable percentages by customer class for 2010 at existing rates using variable rates that exclude the LV rate adder.

Question #8

Reference: i) Exhibit 7 (ERA Report), page 11

a) Please provide a schedule that sets out the revenue to costs ratios for 2010 assuming the 2009 rates were all increased by the same percentage so that total Service Revenue equals the total Revenue Requirement for 2010. (Note: This can be achieved by increasing each class' Distribution revenues in Sheet O1 by approximately 24.6%)

Question #9

Reference: Exhibit 4/Tab 2/Schedule 2

a) Please explain how the $60K cost estimated to transition to IFRS was estimated.

b) Please indicate the stage/phase of IFRS implementation (or pre-implementation) that CHE is at, along with the costs incurred to date.

c) Please indicate the party or parties that CHE has selected for its IFRS project and explain how the party or parties were chosen.

Question #10

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

a) CHE has included an incremental cost of $5,000 for "Expert Witness cost for regulatory matters. In the event that an oral hearing is not required, does CHE agree that this cost should be removed from its rebasing costs?

Question #11

Reference: Exhibit 4/Tab 4/Schedule 1, Attachment 1

The referenced evidence indicates that OM&A charges for employee costs were $151,052.04 in 2007, rising to $172,571 in 2009, and rising further to $181,355 in the 2010 Test Year.

a) Please confirm that the rise over the two-year period 2007-09 reflects an annual increase of 6.89% per year (compounded).

b) Please confirm that the rise over the three-year period 2007-10 reflects an annual increase of 6.28% per year (compounded).

c) Please provide a detailed explanation for the magnitudes of the increases cited in a) and b).

d) Please explain why there were 3.5 FTEs in 2008 and 3 FTEs in 2009 yet the total employee costs decreased by less than $2,300 in 2009.

<u>Question #12</u>

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

a) Please provide a schedule that sets out the proposed 2010 revenue to cost ratios by class and compares them with the results from Question #8.

b) Please provide a schedule that reconciles the Base Distribution Revenue Requirement allocated to each class for 2010 with the proposed revenue to cost ratios.

c) Page 2 makes reference to a 1.06 Revenue to Cost ratio for the Residential class based the Cost Allocation file. Please provide the source/reference document.

d) Please explain how Embrun determined that the starting point for the Street Lighting revenue to cost ratio was 0.47.

e) What was the starting point used for the USL class and how was it established?

f) Why were the revenue to cost ratios for the GS classes held fixed while the ratio for Residential was decreased?

<u>Question #13</u>

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

a) Please confirm that 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 (i.e., Minimum System plus PLCC Adjustment). Based on this definition, would either the Residential or GS>50 service charge exceed the Board’s threshold if derived using the existing fixed-variable split?

b) Please confirm whether the fixed-variable splits at existing rates set out in Attachment 1 are based on variable rates that include the LV rate adder. If yes, please re-do the schedule with using existing variable rates that exclude the LV rate adder.

Question #14

Reference: Exhibit 8/Tab 3/Schedule 2

a) Please provide the derivation of the forecast $41,000 in LV charges for 2010.

Question #15

Reference: Exhibit 8/Tab 3/Schedule 3, Attachment 1

a) Please explain why it is reasonable to use a 5-year average for the loss factor calculation when the earliest year (2004) is materially higher than any of the subsequent years and Embrun has undertaken a number of actions in recent years (per Exhibit 8/Tab 3/Schedule 3, pages 2-3) to reduce system losses. Would an average of the four most recent years be more appropriate?

Question #16

Reference: Exhibit 9/Tab 1/Schedule 1

a) Please report separately the history of the balance in i) Account 1588 – RSVA Power (excluding the Global Adjustment and ii) Account 1588 – RSVA Power – Global Adjustment Sub-account.

b) Please re-calculate the proposed rate riders using the cost allocation factors directed by the Board in its EB-2008-0046 Report (page 21) for the two accounts referenced in part (a).