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December 10, 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 #2)

(Note: The question numbering continues from Round #1)

Question #46

Reference: VECC #9 c)

- a) In its response Kitchener Wilmot has revised the 2010 Capital Spending associated with the Installation of Large Commercial and Industrial Services from \$234,000 to \$270,000. Does this correction impact the proposed rate base for 2010? If so, please update Tables 10 and 16 in Exhibit 2 of the Main Application.

Question #47

Reference: VECC #10

- a) Please indicate the number of pole replacements undertaken in 2008 and 2009 and the number proposed for 2010.

Question #48

Reference: VECC #12 a)

- a) Please provide a schedule that sets out for 2007-2010 the number of transformers purchased in each year and the number issued from inventory.

Question #49

Reference: VECC #14 a) and c)

- a) Please confirm that the table provided in response to #14 c) replaces distribution revenues by customer class provided in both Tables 1 and 24 of the Exhibit 2.

Question #50

Reference: VECC #15 a) to c)

- a) What is the basis for the historical population values for the period after 2006 and what is the basis for the population forecast used?

Question #51

Reference: VECC #17 e) & f)

- a) Given the revised CDM savings from Enerspectrum, does Kitchener Wilmot see any need to update the forecast reduction in average use for Residential and GS<50 classes? If yes, what is the revised forecast? If not, why not?

Question #52

Reference: VECC #21 a), b) and c)

- a) Please check and confirm the reported calculations for items #12, #15 and #16. For example for Item #12 - Administration Costs specific to Overheads - as set out the formula appears to yield item #8 – the Capital Cost of Line.
- b) The response to part c) suggests that General Plant is included in the asset costs used. However, Account #1855 is for Services not General Plant. Please reconcile.

Question #53

Reference: VECC #23 a) and Board Staff #11

- a) What was the level of funding provided to the Heat Bank program in 2009 and does Kitchener Wilmot propose to continue its funding of the Heat Bank program in 2010?
- b) If the response to part (a) is yes, does the proposed OM&A include funding for the Heat Bank program separate from the allowance for the Board's LEAP program?

Question #54

Reference: VECC #25 c) and e)

- a) With respect to VECC #25 c), the SEC interrogatories referenced in the response do not address the question posed. Please provide a response.
- b) With respect to VECC #25 e), please confirm that the 2010 budget assumes the vacant position are filled and includes the associated staff costs. Also, does the budget assume these staff will be in place for the full year?
- c) Based on the response to VECC #25 e), does Kitchener Wilmot now propose to reduce its staffing costs for 2010 to reflect unfilled positions during the year? If not, why not?

Question #55

Reference: VECC #28 b) and Board Staff #13 b)

- a) With respect to Board Staff #13 b), please explain the basis for the revised cost (\$302,000) of the Application. In particular why is the \$74,000 included in the Application for 2010 considered incremental to the \$228,000 estimated total cost as set out in VECC #28 b).

Question #56

Reference: VECC #29 a)

- a) Please confirm that the 2010 depreciation calculation set out in the response does not reflect the ½ year rule for 2010 capital additions.
- b) Please recalculate Kitchener Wilmot's 2010 depreciation expense utilizing the ½ year rule for 2010 capital additions.

Question #57

Reference: VECC #32 e) and f)

- a) The response provided used 2010 rates; where as the question requested calculations based on 2009 rates excluding various charges. Please re-do as requested.

- b) Please confirm whether customers in the Large User class received a transformer allowance discount off the approved volumetric rate in 2009 and reconcile the response to VECC #32 f) with Table 30 in Exhibit 3.

Question #58

Reference: VECC #32 g)

- c) For each item, please provide a cross reference to the relevant IR response.
- d) Is Kitchener Wilmot now requesting a deferral account to recorder Rebasing Expenses for its 2010 Rate Application?
- e) Please update the response based as required based on the responses to the 2nd round of interrogatories.

Question #59

Reference: VECC #33 a)

- a) The response is still incorrect as the “cost” of the transformer allowance has not been removed from the revenue requirement that is allocated to customer classes. Please revise.

Question #60

Reference: VECC #34 f) & g)

- a) Please provide a schedule that shows how the revenues reported in Exhibit 6, Table 4 were used to determine the revenues by customer class for the column “Test Year Revenue Assuming Current Revenue to Cost Ratios”.

Question #61

Reference: VECC #34 n)

- a) Please re-do the response with the Base Distribution Revenues distributed across the customer classes in accordance with the revised response to VECC #32 e) as requested in Question #57 a).

Question #62

Reference: VECC #40, part (f) tables- Energy Conservation Kit, Fall Discount Coupon, SHSC Energy Management, Cool Shops

- a) Provide the basis of the numbers at the lines titled "Element No:". If it is kwh/year for the measure confirm this or if not, explain what the value represents.
- b) Provide the exact source(s) (e.g. 2009 OPA Measures List page #) of the numbers in the line Element No:
- c) Provide the Source(s) of the values in the Free Ridership assumptions lines in each table

Question #63

Reference: VECC #41, parts (e) and (h)

Preamble: The question asked was e) Provide a Copy of the 2006 and 2007 OPA Every Kilowatt Counts Program Calculators. The response did not provide the requested information.

- a) Provide copies of the 2006 and 2007 OPA EKC Program Calculators prepared by Seeline for OPA

Question #64

Reference: VECC #43, part a)

Preamble: The response refers to IRR #40 (f) (which should be VECC IRR #40(a?)) and is not a complete answer. Other Independent Evaluators e.g. Indeco have completed the Table as requested.

- a) Complete/revise /modify the Table template in the format provided [Note in particular the Schedule provided in response to VECC IRR#40 (a) does not include # participants]
- b) Reconcile the result with the Table provided in response to VECC IRR #40(a)

Question #65

Reference: VECC #45, part (b)

- a) Provide a Copy of the Navigant Report referenced in the answer.

Question #66

Reference: Addendum - EnerSpectrum Letter

Preamble: “Accompanying this letter are the revised Attachments submitted to you as part of the LRAM SSM documentation prepared for Kitchener-Wilmot Hydro”.

- a) Please provide a Copy of the referenced Attachments

Question #67

Reference: Addendum - EnerSpectrum Letter, page 2, Table

- a) Provide full details of the change in the Residential third tranche LRAM claim from \$122,395.29 to \$90,572.40, including a reconciliation to the attachments to VECC IRR #40 (a) and VECC IRR #40(e)).
- b) Provide full details of the change (Increase) in the third tranche GS< 50kw LRAM claim from \$7,944.05 to \$24,775.97, including a reconciliation to the attachments to VECC IRR #40 (a) and VECC IRR #40(e))

Question #68

References: VECC #41 b and c; Addendum - EnerSpectrum Letter

Preamble: In 2007 OPA revised its assumptions for Mass Market Measures including CFLs, PTs and Showerheads. These changes were reflected in the 2007 EKC Program Calculator values for these measures.

- a) Provide Copies of the OPA 2006 and 2007 EKC program calculators developed for OPA by Seeline (If not provided in response to Supplementary IR #63 above).
- b) For K-W 2005 and 2006 OPA programs did Enerspectrum use the 2006 EKC Calculator values in its evaluation for LRAM purposes, or the 2007 EKC values and/or the 2008/2009 values for CFLs, PTs and Showerheads?
- c) Provide a list of the assumptions adopted by EnerSpectrum for OPA 2005/2006 and 2007 programs for CFLs, PTs and Showerheads.
- d) If Enerspectrum used the older 2006 EKC values, then update the OPA Component of the LRAM claim using the 2007 EKC and/or 2008/2009 OPA Measures and Assumptions List.
- e) Adjust the carrying charges and rate riders as necessary.