

## **Board Staff Supplemental Interrogatories**

### **Hydro Ottawa Limited**

**EB-2007-0713**

**(Application Update, November 16, 2007)**

#### **LRAM/SSM Application**

75. Ref: Exhibit D3 /Tab 2/Schedule 1/Pages 1-9

The Board's "Filing Requirements for Transmission and Distribution Applications" issued on November 14, 2006, outlines on page 39 the information that is required when filing an application for LRAM or SSM. Please provide the following:

- a) Verification of participation levels

76. Ref: Exhibit D3 /Tab 2/Schedule 1/Page 2

Please explain why Hydro Ottawa finds it appropriate to use a free ridership rate of 0% for the Electric Avenue program? Please provide supporting documentation for a free ridership rate of 0%.

77. Ref: Exhibit D3 /Tab 2/Schedule 1/Page 7

It appears that the volumetric rate used to calculate the LRAM amount applicable to Commercial, Industrial and Institutional (>50 kW) is an average of the Board approved rates for the General Service 50 - 1,499, General Service 1,500 - 4,999 and Large Use classes.

- a) Please explain why Hydro Ottawa finds it appropriate to create a combined rate for the Leveraging Energy Conservation and Load Management programs for calculating the LRAM amount.
- b) Please provide a revised Table 3 that calculates the 2005 and 2006 LRAM amounts using the Board approved rates for the Leveraging Energy Conservation and Load Management programs.

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78. Ref: Exhibit D3 /Tab 2/Schedule 1/Page 9

Table 5 indicates that the total LRAM amount including carrying charges is \$1,117,448, which includes \$8,906 for the GS<50 rate class. On page 7 Hydro Ottawa states that the rate rider for the GS<50 class is not significant and that Hydro Ottawa has chosen to not apply for its approval. Please confirm the total LRAM amount Hydro Ottawa is requesting approval for.

79. Ref: Exhibit D3 /Tab 2/Schedule 1/Page 9

Please provide the calculations to support the carrying charges amount of \$76,121.

80. Ref: Exhibit D3 /Tab 2/Schedule 1/Pages 1-9

Please identify any programs that include measures not listed in the TRC Guide and/or programs where the inputs and assumptions (e.g. energy savings, free rider rates, equipment life, etc.) used by Hydro Ottawa differ from those in the TRC Guide. For any such programs, please provide documentation supporting the inputs and assumptions used by Hydro Ottawa.

81. Ref: Exhibit D3 /Tab 2/Schedule 1/Page 7

a) Please provide the calculations, inputs and assumptions that were used to determine the LRAM amount.

82. Ref: Exhibit D3 /Tab 2/Schedule 1/Page 8

a) Please provide the calculations, inputs and assumptions that were used to determine the SSM amount.

83. Ref: Exhibit D3 /Tab 2/Schedule 1/Pages 1-9

Please confirm if any programs were jointly sponsored with other regulated distributors. If so, please identify those programs, and confirm whether the apportioned savings are in accordance with the TRC Guide and the Board's EB-2005-0523 Decision. If the apportioned savings are not in accordance with the TRC Guide and the Board's EB-2005-0523 Decision please refile accordingly.

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## Deferral and Variance Accounts

### 84. Ref: ExE1/Tab1/Sch1/Pg 6 & 7

Hydro Ottawa has stated that for account 1555 Smart Meter Capital and Recovery Offset Variance Account and 1556 Smart Meter OM&A Variance Account that:

“The variance account balances were completed by determining the revenue requirement for each year of Smart Meter costs and netting this with the amounts collected / to be collected from customers in the same period. Costs to April 30, 2007 were adjusted to the costs from the Board’s Decision for the Smart Meter combined proceeding under EB-2007-0063. Return on capital (debt and equity), stranded meter costs and amounts collected / to be collected from customers were recorded in Account 1555. Operating, Maintenance and Administration costs (“OM&A”), amortization, PILs and interest were recorded in Account 1556.

Hydro Ottawa provided supporting calculations in Ex E1/Tab1/Sch1 page 4.

However, guidance on the use of these accounts was provided in the Accounting Procedures Handbook (APH). The APH states that Account 1555 is to record revenues for smart meter funding recovered by the fixed and/or variable rate charge for each class of customer, capitalized direct costs related to the smart meter program with carrying charge amounts to be calculated using simple, prescribed interest. Stranded Meters are to be recorded in a sub-account of 1555, with no carrying charges. Strand Meter costs are defined to be “the pooled residual net book value cost of removed meters or meters held in reserve for replacement of in-service meters, less any net sale proceeds when received.”

And account 1556 is “to record incremental operating, maintenance, amortization and administrative expenses directly related to smart meters.”

For further guidance, please refer to the APH.

- a) Why is Hydro Ottawa not following guidance provided by the APH for recording entries into accounts 1555 and 1556? In particular, why is return on capital included in account 1555 and PILs in 1556?
- b) What regulatory precedent or order is there to support Hydro Ottawa’s current usage of account 1555 and 1556?

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- c) Does the return on capital line in Ex E1/Tab1/Sch1 page 13 represent a return on only Smart Meters? If not, what does it represent?
  - d) What would the balances of 1555 and 1556 be as of December 31, 2006 and October 31<sup>st</sup>, 2007 if Hydro Ottawa was following guidance provided in the APH? Provide supporting schedule of calculations.
  - e) Did Hydro Ottawa remove from the revenue requirement the incremental operating, maintenance, amortization and administrative expenses directly related to smart meters in this application included in 1556? If not, what is the amount in the revenue requirement is associated with this and the total bill impact?
  - f) When does Hydro Ottawa plan to apply for disposition of the balances associated with account 1555 and 1556?

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