



***PUBLIC INTEREST ADVOCACY CENTRE  
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**ONE Nicholas Street, Suite 1204, Ottawa, Ontario, Canada K1N 7B7**

Tel: (613) 562-4002. Fax: (613) 562-0007. e-mail: [piac@piac.ca](mailto:piac@piac.ca). <http://www.piac.ca>

Michael Buonaguro  
Counsel for VECC  
(416) 767-1666

November 12, 2010

**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-2010-0130  
Guelph Hydro Electric Systems Inc. – 2011 Distribution Rate Application**

Please find enclosed the interrogatories of VECC in the above-noted proceeding.

Yours truly,

Michael Buonaguro  
Counsel for VECC  
Encl.

cc: Guelph Hydro Electric Systems Inc.  
Attention: Ms. Cristina Birceanu

**GUELPH HYDRO ELECTRIC SYSTEMS INC.**  
**2011 IRM3 ELECTRICITY DISTRIBUTION RATE APPLICATION**  
**EB-2010-0130**

**VECC INTERROGATORIES**

**QUESTION #1**

**Reference:** Manager's Summary, page 23  
Appendix 5.1, page 2

- a) Please reconcile the 2011 distribution capital expenditures reported in the Manager's Summary with those shown in Table 1 of Appendix 5.1 – the totals for the two do not appear to be the same.
- b) Please provide a schedule that breaks down the approved 2008 capital spending (per EB-2007-0742) into the same categories as used in Table 1 of Appendix 5.1 and compares the values with the proposed spending for 2011 by category. Please provide explanations for any variances that are greater than 10%
- c) Where in the Appendices is the claim that “capital expenditures amounts incremental to this threshold will have a significant impact on the operation of Guelph Hydro” specifically addressed?
- d) With respect to Table 1 in Appendix 5.1, please provide schedule which identifies the 2011 capital spending projects (and costs) that are in response to expected load growth and provide the reasons for each.
- e) Is any of the planned 2011 Capital Spending aimed at facilitating the connection of new renewable generation (e.g., microFIT projects)? If so, please identify the associated projects, the proposed 2011 spending and explain the basis for determining the amount of spending to be funded by Guelph Hydro rate payers as opposed to by all consumers in the province (per Ontario Regulation 330/09).

## **QUESTION #2**

**Reference:** Manager's Summary, page 24  
EB-2007-0673, Supplemental Report of the Board

- a) What is the anticipated annual revenue from the new GS 1,000-4,999 kW customer based on the same rates as were used in the determination of the customer's capital contribution?
- b) Appendix B, Page VII of the Board's EB-2007-0673 Supplemental Report states that applications for an incremental capital module must include evidence that "incremental revenue will not be recovered through other means" and makes specific reference to new customers as an example. Where in the Application does Guelph Hydro address this issue, particularly as it pertains to the anticipated new GS 1,000-4,999 customer?

## **QUESTION #3**

**Reference::** Manager's Summary, page 25  
Appendix 5.2, page 7

- a) Please recalculate the Capital Expenditure Threshold using growth rates of 1.1%, 1.7% and 2.6% as oppose to the -0.34% used in the Application.

## **QUESTION #4**

**Reference:** Appendix 5.2, page 1

- a) What is the basis for the quoted 42 MV.A capacity for the existing Hanlon TS? Is this its maximum short-term rating or a longer term rating? Also, please reconcile this value with Figure A.1 which where the line for "existing capacity" is less than 40 MV.A.
- b) Please confirm that the construction of the new transformer station will reduce Guelph Hydro's charges from the IESO (and/or Hydro One) for Transformer Connection service.
- c) If yes, when does Guelph Hydro foresee adjusting its RTSRs to account for this?

### **QUESTION #5**

**Reference:** Appendix 5.2, pages 10 and 21

- a) Has provision been made in the estimated capital cost (\$14.5 M) for the installation of any capacitors (per the discussion in the last paragraph)? If so, what is their associated cost? If not, are there costs elsewhere in the 2011 Capital Budget (Appendix 5.1, Table 1) for capacitors and, if so, where and how much?
- b) Please confirm that the \$14.5 M does not include the cost of any new feeders required to connect loads to the new station but rather the costs of such feeders are included in 2011 Capital Budget under Feeders.
- c) What is the 2011 Capital Spending on Feeders associated with the new station?

### **QUESTION #6**

**Reference:** Appendix 5.2, pages 16-18

- a) Please explain the difference (in terms of facilities involved) between the express feeders associated with the costs referenced in Table 6 vs. the express feeders for the costs referenced in Table 7.

### **QUESTION #7**

**Reference:** Appendix 5.2, pages 3 and 25  
EB-2007-0673, Supplemental Report of the Board

- a) What is the aggregate load forecast over the next 3-5 years for the zoning areas not included in the "Study Area"?
- b) Based on the response to part (a) and the forecast load growth in the Study Area please explain why the incremental revenue requirement request will not be recovered (at least in part) through "other load growth" as required by the Board's Report (Appendix B, page VII).

### **QUESTION #8**

**Reference:** Manager's Summary, page 23  
Appendix 5.2, page 27  
Incremental Capital Work Form, Sheet E3.1

- a) Please reconcile the \$10,857 k in capital spending for 2011 noted in Appendix 5.2 with the \$10,520 k value used the Incremental Capital Work Form.

### **QUESTION #9**

**Reference:** Manager's Summary, page 26  
Incremental Capital Work Form, Sheet E4.1

- a) Please explain why a capital structure of 46.7% Equity/4.0% Short-Term Debt/49.3% Long Term Debt is used in the determination of the revenue requirement impact when Guelph Hydro's transition to a 40/4/56 structure was completed in 2010.
- b) Please re-do the revenue requirement calculation assuming the 40/4/56 capital structure.