



**PUBLIC INTEREST ADVOCACY CENTRE**  
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November 28, 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)**  
**Notice of Intervention: EB-2010-0144**  
**Waterloo North Hydro Inc. – 2011 Electricity Distribution Rate Application**

Please find enclosed the interrogatories of VECC in the above-noted proceeding. We have also be directed a copy of the same to the Applicant. We apologize for filing late, however we did forward the actual IRs to the company on the due date; only the formal filing was delayed.

Thank you.

Yours truly,

Michael Buonaguro  
Counsel for VECC  
Encl.

cc: Waterloo North Hydro Inc.  
Attention: Mr. Rene Gatién

**WATERLOO NORTH HYDRO INC.**

**2011 DISTRIBUTION RATE APPLICATION (EB-2010-0144)**

**VECC'S INTERROGATORIES**

**LOAD FORECAST/OTHER REVENUES**

**QUESTION #1**

**Reference:** Exhibit 3, page 1

- a) Are any of Waterloo North's customer registered market participants with the IESO?
- b) If yes, what are the forecast kWh sales to these customers for 2011?

**QUESTION #2**

**Reference:** Exhibit 3, page 4, line 18

- a) Please explain more fully the statement: "WNH expects a decrease in transformer allowance.

**QUESTION #3**

**Reference:** Exhibit 3, page 8

- a) Please confirm whether the number of customers/connections is an annual average or a year-end value.
- b) Please provide a schedule that sets out the actual number of customers/connections by class for the most recent month available and indicate the reporting month.
- c) In the case of Street Lights, does the reported number represent the number of devices (i.e., individual lamps) or the number of system connections?

#### **QUESTION #4**

**Reference:** Exhibit 3, pages 11 and 14

- a) Did Waterloo North test models using more local economic indicators such as employment levels? If not, why not? If yes, what were the results?

#### **QUESTION #5**

**Reference:** Exhibit 3, page 16

- a) Please provide a schedule that for each year from 2005-2009 calculates the following:
- The differences between the actual HDD and CDD values for the year and the 14-year average values
  - Calculates the impact of actual weather vs “normal weather” for each year based on these differences and the coefficients for the corresponding values in the estimated regression equation
  - Adjusts the Actual Purchases for each year by these results to determine an estimate of “Weather Normal Purchases” for each year.

#### **QUESTION #6**

**Reference:** Exhibit 3, page 17

- a) What was the average loss factor over the period used to estimate the load forecast model?
- b) If data is not available to determine the average over full period 1996-2009, please indicate what the average is using all years for which the required data is available.

#### **QUESTION #7**

**Reference:** Exhibit 3, page 18  
Exhibit 2, Table 2-2

- a) Please provide a schedule that breaks down the annual forecast capital additions for Services over the period 2007-2011 by customer class.
- b) Please discuss any inconsistencies between the annual change in customer count and the annual level of service additions.

### **QUESTION #8**

**Reference:** Exhibit 3, pages 20-22  
OEB Decision and Order, EB-2010-0215/0216  
EB-2010-0131 (Ottawa Hydro), Exhibit JT1.1

- a) Please confirm that the final CDM target set for Waterloo North is 66.49 GWh out of total provincial target of 6,000 GWh.
- b) Please confirm that (per page 3 of the Board's Decision) this target is accumulated energy savings over the four year period 2011-2014.
- c) Please confirm that (per Exhibit Jt1.1, EB-2010-0131) the OPA's working papers associated with their Advice to the OEB re CDM Targets assumed LDC savings of 577 GWh in 2011.
- d) Why is it necessary (per page 21) to adjust the 2010 and 2011 values for savings achieved in 2006-2009 when these savings are already reflected in the actual purchase values used to estimate the forecast equation?
- e) Please provide a full explanation and the supporting calculations as to how the forecast annual usage by customer class for 2010 and 2011 (Table 3-14) was established.

### **QUESTION #9**

**Reference:** Exhibit 3, pages 22-23

- a) Please re-do Table 3-17 assuming 100% weather sensitivity for Residential and GS<50. Note: The purpose of this question is to gain an understanding of the sensitivity of the results to Waterloo North's 76.2% assumed sensitivity factor.

### **QUESTION #10**

**Reference:** Exhibit 3, pages 24-25

- a) Please explain more fully the nature of the trend analysis used.
- b) Please confirm that the last row in Table 3-19 is 2011.

### **QUESTION #11**

**Reference:** Exhibit 3, page 28, Table 3-23

- a) Please confirm that the variable rates used do not include any allowance for LV costs. If this is not the case, please re-do with the Table with LV excluded.
- b) Please provide a revised version of Table 3-23 with a column that shows the transformer ownership allowance provided to each class the resulting net revenue for each class.
- c) Please confirm that the result for part (b) equals \$23,968,200, the Distribution Revenue at current rates reported in Exhibit 6, page 8. If not, please explain why.

### **QUESTION #12**

**Reference:** Exhibit 3, page 29

- a) What is the purpose of the meter read performed each month?
- b) Who owns the meter being read by Waterloo North?
- c) Is the bill issued cover only the pole rental costs? If not, please explain.

### **QUESTION #13**

**Reference:** Exhibit 3, pages 32-33

- a) Where is the \$135,000 in SSS Administrative Charge revenue captured in Table 3-26? If not included, how are these revenue captured in the revenue requirement determination in Exhibit 6?
- b) Please provide a schedule that breaks out the total revenue in Account #4375 and the total costs in Account #4380 associated with the delivery of OPA programs in 2009, 2010 and 2011.

## COST ALLOCATION

### QUESTION #14

**Reference:** Cost Allocation Model – Sheet I6  
Exhibit 3, page 28

- a) Please explain the discrepancies between in the number of customers reported in Sheet I6 (Row 38) for Residential, GS<50 and GS>50.
- b) Please explain why the number of USL connections in I6 exceeds the number of USL customers in Exhibit 3.

## RATE DESIGN

### QUESTION #15

**Reference:** Exhibit 8, page 3

- a) The first line on the page states that Waterloo North is not proposing to change the fixed/variable splits for 2011. However, Tables 8-4 and 8-5 show that the splits have changed for all customer classes. Please reconcile.
- b) Please confirm that Waterloo North's proposal is to not change any of the fixed charges for 2011.

### QUESTION #16

**Reference:** Exhibit 8, page 8

- a) Please provide a schedule that sets out the actual kW purchases for 2009 used for billing Network, Line Connection and Transformation Connection service.

## UTILITY ORGANIZATIONAL STRUCTURE

### QUESTION #17

**Reference:** Exhibit 1, page 39, Chart 1

- a) Please indicate whether the Board of Directors of the holding company are responsible for any entities other than the distribution utility. If so, please

- identify these other responsibilities and explain how the costs of the holding company's Board of Directors are allocated among the entities.
- b) Does the utility have its own Board of Directors, separate from the holding company's Board of Directors? If so, please provide details including costs.

## CAPITAL SPENDING AND RATE BASE

### QUESTION #18

**Reference:** Exhibit 2, page 2, line 10

- a) Should this read instead "*Capital forecasts are based on peak load in kW.*"

### QUESTION #19

**Reference:** Exhibit 2, page 4, Table 2-1 and Exhibit 2, page 10

- a) For each year 2004-2010 inclusive, please provide a copy of the capital budget as approved by the Board of Directors and indicate the date on which each of these annual budgets was approved.
- b) Has the Board of Directors approved a capital budget for 2011 or 2012 yet? If so, please provide a copy of the capital budget as approved by the Board of Directors and indicate the date on which the budget(s) was approved. If not, please indicate when the 2011 and/or 2012 capital budgets are expected to be approved by the Board of Directors.

### QUESTION #20

**Reference:** Exhibit 2, page 9

- a) Please indicate the amounts related to the 2009 purchase of 35 acres of land that WNH proposes to include in rate base and the year(s) in which the amounts will be closed to rate base.

### **QUESTION #21**

**Reference:** Exhibit 2, page 245

- a) Please provide full details with respect to the 2008 spending of \$240,656 on land.

### **OPERATING COSTS**

### **QUESTION #22**

**Reference:** Exhibit 4, page 8

- a) For each year 2004-2010 inclusive, please provide a copy of the operating budget as approved by the Board of Directors and indicate the date on which each of these annual budgets was approved.
- b) Has the Board of Directors approved an operating budget for 2011 or 2012 yet? If so, please provide a copy of the operating budget as approved by the Board of Directors and indicate the date on which the budget(s) was approved. If not, please indicate when the 2011 and/or 2012 operating budgets are expected to be approved by the Board of Directors.

### **QUESTION #23**

**Reference:** Exhibit 4, page 20, Table 4-5

- a) Please explain why the operating costs in 5055 – Underground Distribution Transformers significantly increased in 2009 and thereafter.
- b) Please explain why the operating costs in 5155 – Maintenance of Underground Services significantly increased in 2008 and again in 2010.

### **QUESTION #24**

**Reference:** Exhibit 4, page 46, Table 4-7

- a) Please explain whether the percentages used to allocate costs in the rightmost column were determined by tracking staff time spent on WNH and WNHHC related tasks or whether a high-level estimate was used.



- b) Please indicate how the capital costs associated with assets used to provide shared services are recovered from WNHHC.

### **QUESTION #25**

**Reference:** Exhibit 4, page 50

- a) Please provide the projected balance in Deferral Account 1508 – Other Regulatory Assets – IFRS as at December 31, 2010.

### **QUESTION #26**

**Reference:** Exhibit 4, page 65 and Exhibit 2, page 68, Table 4-14

- a) For the category Compensation – Average Yearly Base Wages, please explain the much larger percentage increases in 2009 over 2006 for the Executive and Management Groups as compared to the Non-Union and Union Groups.
- b) On page 65 the evidence states that “Management employees and supervisors, except trades forepersons, are not paid overtime.” On Table 4-14, however, under the category Compensation – Average Yearly Overtime, the amounts shown for 2006 and 2009 for Management are shown as \$2,692 and \$6,184 respectively. Please confirm that these amounts are for trades forepersons only and please provide the number of such employees included in the management group for 2006 and 2009. If unable to so confirm, please explain.
- c) Please explain why the amounts shown under Compensation – Average Yearly Overtime, decrease significantly in 2010 and 2011.

### **LRAM AND SSM**

### **QUESTION #27**

**Reference:** Exhibit 10, page 15 and Attachment A

Preamble: For SSM, a distributor may recover 5% of the net benefits (TRC) created by CDM portfolio investments. As set out in the CDM Guidelines, program net benefits are determined by the present value of the avoided electricity costs over the technology's/program's life minus the present value of program costs. All results are net of free ridership. Incentive payments identified

by Waterloo North Hydro are excluded from these calculations. For all programs/projects, the OEB Total Resource Cost Guide, Section 5, Assumptions and Measures List September 8, 2005 were used in TRC calculations in accordance with OEB's direction letter, Conservation and Demand Management ("CDM") Input Assumptions Board File No.: EB-2008-0352, January 27, 2009.

- a) Please confirm that the current CDM Guidelines and Policy Letter as referenced above specify that SSM 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....
- b) Please indicate when (year and date) the OPA changed its Input assumptions (unit savings and free ridership) for CFLs under the Every Kilowatt Counts Campaigns.
- c) Please provide a copy of the SeeLine EKC calculators before and after the change Confirm /Show how the EKC assumptions compare to the latest OPA Mass Market and CI Measures and Input Assumptions.
- d) Please provide a copy of the spreadsheet showing the SSM calculation as filed. Reconcile to Attachment C.
- e) Please provide a calculation of the 3rd tranche SSM for the Low Income Retrofit Program using the OPA EKC input assumptions for CFLs from January (2007?) following the change in input assumptions. Also, please provide a revised version of Attachment C.
- f) Please provide the details for the Residential Geothermal Energy Project SSM, including if not using custom project inputs, comparing the input assumptions to the OPA 2010 Measures and Assumptions List (see below for LRAM also).

## **QUESTION #28**

**Reference:** Exhibit 10 Page 16 and Attachments A and E

**Preamble:** For all programs/projects, the most recently published OPA assumptions and measures list were used in LRAM calculations in accordance with OEB's direction letter, Conservation and Demand Management ("CDM") Input Assumptions Board File No.: EB-2008-0352, January 27, 2009 and consistent with recent Decision and Order EB-2009-0192 for Horizon Utilities Corporation that directed LRAM calculations use the most current available input assumptions for all CDM programs.

For LRAM the Guidelines and Policy Letter of January 27, 2009 Specify that *The input assumptions used for the calculation of LRAM should be the best available at the time of the third party assessment referred to in section 7.5. For example, if any input assumptions change in 2007, those changes should apply for LRAM purposes from the beginning of 2007 onwards until changed again.....*

- a) Please confirm the sources and specific Input assumptions for the following 3rd tranche CDM programs
- Geothermal Energy Program-#units, unit kwh savings, operating hours, lifetime and free ridership for each year 2006-2009. Reconcile to net 2,942,023 total kwh and 342.92 Kw peak and to Attachment E
  - Low Income Consumer Retrofit Program –# units and unit and total kwh savings, operating hours, lifetime and free ridership for each year 2008-2009 Reconcile to net 168,434 total kwh and 25.78 kw peak and Attachment E.
- b) Please confirm the free-ridership assumptions for CFLs.

### **QUESTION #29**

**Reference:** Exhibit 10, page 15, Results Table  
Exhibit 10, page 6 and 8 (LRAM) Tables 10-1 and 10-2

- a) Based on the response to Questions #26 and #27, please provide a calculation of the revised LRAM/SSM schedules for 3rd tranche programs (including Carrying charges) and recalculate the rate riders.

### **QUESTION #30**

**Reference:** Exhibit 10, page 16 and Attachments A and B

**Preamble:** OPA sponsored programs also represent lost revenue through their successful implementation and are included in LRAM calculations. Lost revenue from results attributable to Waterloo North Hydro funded programs were also included in the LRAM calculations. Although not specifically addressed in the CDM Guidelines, this assessment was considered to be consistent with the CDM Guideline intention of removing the disincentive of eroding distributor revenues due to lower than forecast revenues.

- a) For each year 2006-2009 inclusive, please provide details of the OPA EKC campaigns from 2006-2009 that add to the data shown in Attachment B- Residential lines 5 and 11- Every Kilowatt counts–
- i. # units
  - ii. unit and total kwh savings,
  - iii. operating hours,
  - iv. lifetime and
  - v. free ridership
- b) Please reconcile to the revenue for each year and to the Total Revenue.