



PUBLIC INTEREST ADVOCACY CENTRE
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ONE Nicholas Street, Suite 1204, Ottawa, Ontario, Canada K1N 7B7
Toronto Office: 34 King St E Suite 1102 Toronto Ont. M5C 2X8

December 14, 2010

VIA E-MAIL/RESS

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319
27th Floor; 2300 Yonge Street
Toronto, ON M4P 1E4

Dear Ms. Walli

Re: EB-2010-0083 Festival Hydro 2011 IRM Adjustment
Interrogatories of Vulnerable Energy Consumers Coalition (VECC)

Please find enclosed VECC's interrogatories regarding the above Application.

Yours truly,

Original signed

Michael Buonaguro
Counsel for VECC

Encl.

cc W.G. Zehr, President
Festival Hydro Inc.

**Festival Hydro Inc.
2011 IRM Adjustment (EB-2010-0083)
VECC IRs**

Smart Meter Rate Adder 2011

VECC IR #1

References: i) OEB Guideline G-2008-0002:

ii) OEB Filing Requirements for Smart Meter Investment Plans,
October 26, 2006

iii) Managers Summary Page 4

a) Confirm that Guideline G-2008-0002 has not superseded the Filing Requirements for Smart Meter Investment Plans, October 26, 2006.

b) Confirm that paragraph 7 of the Filing Requirements specifies that

7. Specifically, and in as much detail as possible, please provide the following information for your planned implementation of the SMIP:

- the number of meters installed by class and by year, both in absolute terms and as a percentage of the class;
- the capital expenditures and amortization by class and by year;
- the operating expenses by class and by year;
- the effect of the SMIP on the level of the allowance for PILs.

c) Did Festival File its SMIP in accordance with the Filing Guidelines? Please elaborate.

d) Has Festival kept records by class as required by the Filing Guidelines and are accounts 1556 and 1555 segregated by rate class? Please elaborate.

VECC IR# 2

References: i) Managers Summary Page 4

ii) SM Workform Sheets 7 & 8

Preamble: In its EB-2010-0209 Decision the Board Stated

“ the Board finds that PowerStream’s original cost allocation methodology is reasonable and based on the principle of cost causality”

- a) Provide the *average unit capital costs* (procurement and installation) and total capital costs for each of residential and GS<50kw meters to the end of 2010.
- b) Provide an estimate of the SM rate adder revenue collected from each of the Residential, Residential- Hensall, and GS<50kw classes to the end of 2010. (average #customers * SM adder rate/metered customer/month). Prorate the carrying costs and reconcile to OEB Worksheet 7.
- c) Provide the estimated 2011/12 total capital costs (procurement and installation) for each of the Residential, Residential Hensall and GS<50 kW classes.
- d) Calculate class-specific proxy 2011/12 rate adders using capital cost as the cost driver for allocating the 2011/12 Revenue Requirement.(Sheet 8). The class specific rate adders should add to the same total 2011/2012 SM revenue as that projected from the aggregate SM rate adder of \$1.52 (Worksheets 7 and 8)

LRAM/SSM

VECC IR# 3

References: i) Managers Summary Pages 8 -10
ii) Burman Report Page 3 and Attachments A and C

Preamble: 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) 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....

When (year and date) did the OPA change its Input assumptions (unit savings and free ridership) for CFLs under the Every Kilowatt Counts Campaigns?

- b) 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.

- c) Provide a copy of the spreadsheet showing the SSM calculation as filed. Reconcile to Attachment C
- d) Provide a calculation of the 3rd tranche SSM using the OPA EKC input assumptions for CFLs from January (2007?) following the change in input assumptions. Provide a revised version of Attachment C.

VECC IR# 4

References: Burman Report Page 4 and Attachments A and E

Preamble: For all programs/projects, the most recently published OPA assumptions and measures list were used in *LRAM calculations* [emphasis added] 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.

- a) For LRAM the Guidelines and Policy Letter of January 27, 2009 Specify that

LRAM

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.....

Confirm that this means that the OPA Prescriptive Measures and Assumptions Lists 2010 should be used. Confirm that there are no exceptions. If not, list and justify any exceptions.

- b) Confirm the source and Input assumptions for the following 3rd tranche CDM programs:

- **Load Control Systems – Water Heaters 2005-2007** - # units and unit kWh savings, operating hours, lifetime and free ridership for each year 2005-2009. Reconcile to net 5,050 total kwh and 4,153 kw peak and to Attachment E
- **LED Seasonal lighting 2005-2006** –# units and unit kWh savings, operating hours, lifetime and free ridership for each year 2005-2009. Reconcile to net 477,820 total kWh and to Attachment E
- **CFL Bulbs 2005-2007**–# units and unit kWh savings, operating hours, lifetime and free ridership for each year 2005-2009. Reconcile to net 1,517,564 total kWh and 35.13 kW peak and to Attachment E

Explain why the free-ridership assumption for CFLs is maintained at 10%.

- c) If the lifetime for SLEDs and CFLs in the Giveaways is less than the 5 years of kwh savings explain why free ridership should be increased and/or a persistence factor applied.

VECC IR# 5

References: i) Burman Report Results
ii) Table J2.5 Lost Revenue Adjustment Mechanism (LRAM) Table 1

- a) Based on the response to Questions 3-4 provide a calculation of the revised LRAM/SSM schedules for 3rd tranche programs (including carrying charges) and recalculate the rate riders

VECC IR# 6

References: Burman Report Page 4 Attachment B

Preamble: OPA sponsored programs also represent lost revenue through their successful implementation and are included in LRAM calculations. The sum of all program LRAM calculations, including OPA sponsored programs is \$357,448.37.

- a) Provide a copy of the audited OPA Results for Festival Hydro
- b) Provide details of the OPA EKC campaigns from 2006-2009 that add to the data shown in Attachments A, B- Residential line 3 and 8 -Every Kilowatt counts–
 - i. # units
 - ii. unit and total kwh savings,
 - iii. operating hours,
 - iv. lifetime and
 - v. free ridershipfor each year 2006-2009
- c) Reconcile to the revenue for each year and the Total Revenue.

Revenue To Cost Ratio Adjustments

VECC IR#7

Reference: Revenue Cost Ratio Adjustment Workform, Sheet C1.3

- a) The purpose of the adjustment is to remove the transformer ownership allowance (TOA) discount from the rates. However, the results shown yield higher (not lower) volumetric distribution rates for the GS<50 and GS>50-4,999 classes. This appears to be due to the TOA discount being input as a “negative value”. Please review and revise as necessary.

VECC IR#8

Reference: Revenue Cost Ratio Adjustment Workform, Sheet C1.4

- a) Please reconcile the Base Distribution Revenues in Sheet C1.4 (\$10,391,791) with the Base Distribution Revenue Requirement in Festival Hydro’s EB-2009-0263 (revised) Draft Rate Order, Appendix A (\$9,610,278).