PUBLIC INTEREST ADVOCACY CENTRE
LE CENTRE POUR LA DEFENSE DE L'INTERET PUBLIC
ONE Nicholas Street, Suite 1204, Ottawa, Ontario, Canada K1N 7B7
Tel: (613) 562-4002. Fax: (613) 562-0007. e-mail: piac@piac.ca. http://www.piac.ca

Michael Buonaguro
Counsel for VECC
(416) 767-1666

December 16, 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-2010-0145
Woodstock Hydro Services Inc. – 2011 Electricity Distribution Rate Application

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

Thank you.

Yours truly,

Michael Buonaguro
Counsel for VECC
Encl.
cc: Woodstock Hydro Services Inc.
Attention: Mr. Ross McMillan

WOODSTOCK HYDRO SERVICE INC.

(WOODSTOCK)

2011 RATE APPLICATION (EB-2010-0145)

VECC'S INTERROGATORIES – ROUND #1

LOAD FORECAST

QUESTION #1

Reference: Exhibit 1/Tab 1/Schedule 11

a) Please outline Hydro One Networks status for 2011. Is it still a distribution customer of Woodstock? If not, please explain why not and when the change occurred.

b) Is Woodstock embedded within another LDC (i.e., does it pay LV charges to another LDC)? If yes, please indicate the LDC and the nature of the supply arrangements.

QUESTION #2

Reference: Exhibit 3/Tab 2/Schedule 1, page 4

a) Please re-do Table 3-2 so as to include the historic data for Woodstock's Large User customer(s).

QUESTION #3

Reference: Exhibit 3/Tab 2/Schedule 1, pages 8 – 10 and Appendix A

a) Please confirm that the CDM savings reported in Appendix A are for Woodstock. If not, what do the values represent.

b) Please also provide the supporting data from the OPA that supports the CDM values used. Please also explain how the monthly CDM savings values were derived from this data.

c) In preparing the historic CDM data series and the forecast for 2010 and 2011, please explain what assumptions were made regarding the persistence/duration of savings from previous years' CDM programs.

QUESTION #4

Reference: Exhibit 3/Tab 2/Schedule 1, page 10

a) Please provide a schedule that sets out the annual normalized HDD and CDD values used by Woodstock in its forecast and also include the 10 year and 20 year average values.

QUESTION #5

Reference: Exhibit 3/Tab 2/Schedule 1, page 11

a) Please indicate what Woodstock's historic loss factor was over the 2003-2009 period used in the analysis.

b) Are the customer/connection values reported in Table 3-6 year-end or aveage annual values?

QUESTION #6

Reference: Exhibit 3/Tab 2/Schedule 1, page 12

a) Please provide the actual customer count for each class for the most recent month available.

b) Please comment on the customer count growth shown in this section for 2010 and 2011 versus the number of new connections assumed for purposes of forecasting capital spending (Exhibit 2).

QUESTION #7

Reference: Exhibit 3/Tab 2/Schedule 1, pages 13-14

a) Please explain why, when the growth rate in use per customer for Residential and GS<50 is declining (per Table 3-10), the forecast average use in each class increases in 2010 and 2011 (per Table 3-11).

QUESTION #8

Reference: Exhibit 3/Tab 2/Schedule 1, page 16

a) Can Woodstock explain the extremely high kW/kWh ratio for StreetLights in 2005 (Table 3-16).

OTHER REVENUE

QUESTION #9

Reference: Exhibit 3/Tab 3/Schedule 2, page 2

a) Please confirm which account each of the adjustment items is recorded in:

QUESTION #10

Reference: Exhibit 3/Tab3/Schedule 3, page 8

a) Would it have been (technically) possible for Woodstock continue using a pre-payment scheme in conjunction with smart meters? If not, why not? If yes, why wasn't the pre-paid metering program continued?

QUESTION #11

Reference: Exhibit 3/Tab3/Schedule 3, pages 13-15

a) Apart from the standard notification of change in rates, does Woodstock advise customers who are likely to incur Notification charges, Collection of Account charges, Disconnect/Reconnect charges or charges to Install/Remove Load Control of the level of these charges prior the customer requiring the service? If so, when and how?

b) Please explain more fully the basis for the forecast decline in service requirements in 2011 for the charges noted in part (a).

COST ALLOCATION

QUESTION #12

Reference: Exhibit 7/Tab 1/Schedule 2, page 2
2011 Cost Allocation Model, Sheet I6

a) There is no weighting factor Services (Row 44) for the GS>50 customer classes. Please confirm that none of the capital recorded in the USOA account for Services (#1855) is used to provide service to customers in either the GS 50-999 or the GS>1000 classes. If not, please adjust the CA model and provide a revised run.

QUESTION #13

Reference: Exhibit 7/Tab 1/Schedule 2, pages 3-4
2011 Cost Allocation Model, Sheet O1

a) How was the MicroFit revenue treated in the Cost Allocation Model?

b) Please provide details regarding the number and nature of the MicroFIT customers anticipated for 2010 and 2011.

c) With respect to Table 7-3, please explain why for some customer classes the ratios to 100% by 2013 whereas for others the movement is only to the upper/lower boundary of the Board's prescribed ranges.

RATE DESIGN

QUESTION #14

Reference: Exhibit 8/Tab 2/Schedule 1, pages 2-3

a) Please provide a schedule that sets out the overall fixed split for the GS 50-999 and GS >1000 classes combined and what the service charge would be based on the total allocated revenue to both classes and the total number fo connections.

QUESTION #15

Reference: Exhibit 8/Tab 4/Schedule 1, pages 2-5

a) Please provide a schedule that sets out the 2011 RTSR revenues by class and total revenues based on i) the OEB Model and ii) the WHSI Model.

b) If there is a difference in total revenues between two models please explain why.

QUESTION #16

Reference: Exhibit 8/Tab 10/Schedule 1, page 3

a) Please confirm that the total bill impact for average Residential customer is over 15%.

b) What specific rate mitigation measures is Woodstock proposing that will assist the Residential class?

DEFERRAL/VARIANCE ACCOUNTS

QUESTION #17

Reference: Exhibit 9/Tab 1/Schedule 2, pages 5-7

a) The second last column in Table 9-7 sums the two proposed riders which are to replace the current 2010 IRM Approved Rider. Please confirm that the rider in column D only applies to non-RPP customers.

QUESTION #18

Reference: Exhibit 9/Tab 2/Schedule 2, page 1

a) Please explain the expenditures underlying the 2009 balance in the Renewable Connection OM&A Deferral Account.

QUESTION #19

Reference: Exhibit 9/Tab 2/Schedule 3, pages 1-2

a) The Board has recently initiated proceeding (EB-2010-0295) to consider if and how electricity distributors should recover the costs of the Late Payment Settlement. Given this proceeding is underway, is approval for the requested deferral account still required?

CAPITAL AND OPERATING BUDGETS

QUESTION #20

Reference: Exhibit 2/Tab 3/Schedule 1 and Exhibit 2/Tab3/Schedule 3, page 5

a) Please provide copies of the operating and capital budgets as approved by the Board of Directors for 2010 and 2011.

b) Are the long-term five-year capital plans shown on page 5 of the second reference, the same as approved by the Board of Directors? If not, please file a copy each of the last two five-year capital plans as approved by the Board of Directors along with the date on which each received approval.

RATE BASE/CAPITAL EXPENDITURE

QUESTION #21

Reference: Exhibit 2/Tab 2/Schedule 3, page 40

a) Please provide the impact on the 2011 revenue requirement of fully removing the $4.1M capital contribution plus taxes, in respect of the Commerce Way TS, from the 2011 rate base.

QUESTION #22

Reference: Exhibit 2/Tab 2/Schedule 3

a) For each year, 2006-2011 inclusive please provide the number of pole replacements and the average cost per pole. Please explain any significant variances in the average cost per pole.

b) Please indicate when the annual Pole/Duct Improvements program, as discussed on page 48 began.

c) Please explain how the forecasted expenditures for 2011 Pole/Duct Improvements were forecasted.

QUESTION #23

Reference: Exhibit 2/Tab 2/Schedule 3

a) Please provide a table showing WHSI's vehicle fleet for each year 2006-2011 inclusive, including a description of each vehicle, the vintage of each vehicle, the original purchase price for each vehicle, the trade-in/salvage/scrap/sale value of each vehicle retired, and the mileage on each vehicle retired.

OPERATING COSTS

QUESTION #24

Reference: Exhibit 4/Tab 1/Schedule 4, pages 1 and 4
Exhibit 4/Tab 2/Schedule 3

a) What was the tree trimming cycle prior to 2005?

b) What is the tree trimming cycle now?

c) Please provide a table showing actual tree trimming expenses for each year, 2005-2011 inclusive.

d) Please explain why bids are not solicited for tree trimming.

QUESTION #25

Reference: Exhibit 4/Tab 2/Schedule 4, page 6, Table 4-10

a) Please explain why average yearly base wages for management, which were relatively flat over 2007-2009, increase in 2010, and then further increase by over 5% in 2011.

b) Please explain the percentage increases for average yearly base wages for union in 2010 and 2011.

SMART METER RECOVERY RATE RIDER

QUESTION #26

Reference: i) OEB Guideline G-2008-0002:
ii) OEB Filing Requirements for Smart Meter Investment Plans, October 26, 2006
iii) Exhibit 9/Tab 4/Schedules 1-3

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 Woodstock File its SMIP in accordance with the Filing Guidelines? Please elaborate.

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

QUESTION #27

Reference: Exhibit 9/Tab 4/Schedule3

Preamble: Although a greater number of smart meters were installed, the average cost for residential smart meters was lower than the average cost for general service smart meters and resulted in lower than expected installation and material costs (-$254K).

a) Provide the SM Capital and O&M recorded by class based on Table 9-20A – Summary of Capital and OM&A Costs per Meter in Account 1555.

b) If not so recorded provide an *estimate* of the Average Capital Costs per meter installed and total cost for the Residential and GS<50 kW classes.

c) Provide an estimate of the SM rate adder revenue collected from <u>each</u> of the Residential and GS<50kw classes to the end of 2010 (April2011). (average #customers * SM adder rate/metered customer/month). Prorate the carrying costs and reconcile to Appendix E Spreadsheet Table 1

QUESTION #28

Reference: i) OEB Decision EB-2010-0209
ii) Exhibit 9/Tab 4/Schedule3

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 a Table that shows the amounts of 2009/2010 costs (Revenue Requirement) that Woodstock intends to allocate to each rate class based on the Guideline (and if applicable, CA model).

b) Using the Powerstream Decision as a basis, provide a Table that shows an alternative allocation of costs (Revenue Requirement) to the residential and GS<50 kw rate classes using *capital cost as the cost driver* (O&M and back office costs the same for both commercial and residential meters) with PILS allocated proportionately.

c) Compare the two allocation methods and costs for a residential and GS<50.

d) Does this analysis show that a true-up of rate adder revenue is required? Please comment.

<u>SMART METER RATE ADDER 2011</u>

<u>QUESTION #29</u>

Reference: i) Exhibit 9 Tab 4 Schedule 4
ii) Appendix F 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 <u>each</u> of the Residential 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 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 $0.47/customer/mo (Worksheets 7 and 8)

LRAM/SSM

QUESTION #30

Reference: i) Exhibit 8/Tab 6/Schedule 1Appendix A -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) 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

<u>QUESTION #31</u>

Reference: Exhibit 8/Tab 6/Schedule 1, Appendix A 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 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) Confirm the source and Input assumptions for the following 3rd tranche CDM programs (addition to Attachment E)

- **Lighten Your Electricity Bill 2005**
    - o CFLs
    - o SLEDs - 5W
    - o SLEDs - Mini Lights
    - o Programmable Thermostat - Space Heating
    - o Programmable Thermostat - Space Cooling
    - o Timer - Outdoor Light
    - o Timer - Indoor Light
    - o Ceiling Fan

  –# units and unit kwh savings, operating hours, lifetime and free ridership for <u>each year 2005-2009</u>.

Reconcile to net **235,611Kwh and 26.59kw peak** and to Attachment E

- **SLEDs 2006**

  –# units and unit kwh savings, operating hours, lifetime and free ridership for each year 2005-2009.

Reconcile to net **51,334 kwh** and to Attachment E.

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

c) If the lifetime for SLEDs and CFLs is less than the 5 years of kwh savings explain why free ridership should not be increased and/or a persistence factor applied.

QUESTION #32

Reference: Exhibit 8Tab 6Schedule 1Appendix A Burman Report Results Table Page 4

a) Based on the response to Questions 30 and 31 provide a calculation of the revised LRAM/SSM schedules for 3rd tranche programs (including Carrying charges) and recalculate the rate riders

QUESTION #33

Reference: Exhibit 8/Tab 6/Schedule 1, Appendix A 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 $563,469.27

a) Provide a copy of the audited OPA Results for Woodstock.

b) Provide details of the OPA EKC campaigns from 2006-2009 that add to the data shown in Attachments A, B- Residential line 1 and 10 -Every Kilowatt counts–

    i. # units
    ii. unit and total kwh savings,
    iii. operating hours,
    iv. lifetime and
    v. free ridership

   for <u>each year 2006-2009</u>

c) Reconcile to the revenue for each year and the Total Revenue.