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February 7, 2011

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-2010-0138
Niagara Peninsula Energy Inc. – 2011 Electricity Distribution Rate
Application**

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

Thank you.

Yours truly,

Michael Buonaguro
Counsel for VECC
Encl.

cc: Niagara Peninsula Energy Inc.
Attention: Mr. Brian Wilkie

NIAGARA PENINSULA ENERGY INC. (NPEI)
2011 RATE APPLICATION (EB-2010-0138)

VECC INTERROGATORIES – ROUND #1

QUESTION #1

Reference: Exhibit 1, pages 40 and 68

- a) Is Niagara West Transformer Corporation (NWTC) an OEB-licensed transmission owner/operator? If yes, are its charges regulated by the OEB?
- b) Does NPEI pay the (NWTC) for the delivery of power from its 230kV/27.6kV station?
- c) If the response to part (b) is yes, what is the basis for such payments and please provide a copy of the Affiliate Service Agreement.
- d) If the response to part (b) is no, please explain how NWTC is compensated for NPEI's use of its facilities.
- e) Is any of NWTC's cost for owning and/or operating the TS included in NPEI's proposed 2011 revenue requirement? If yes, please provide a schedule identifying all such costs.

QUESTION #2

Reference: Exhibit 3, page 7

- a) Please confirm whether the distribution revenues by customer class shown in Table 3-1 exclude: a) the transformer ownership discount provided to certain GS customers and b) LV charges. If not, please provide a revised table for years 2009 – 2011 net of the transformer discount and LV charges.

QUESTION #3

Reference: Exhibit 3, pages 22-23

- a) Please indicate the date of the 2010 Ontario Budget document.
- b) Are there any more recent forecasts of Ontario Real GDP for 2010 and 2011 available (e.g. from the major banks)? If so, please provide.

- c) Please indicate how the monthly historical population values were established for the period 2002-2006 and for the period 2006-2009.
- d) Are there any more recent population forecasts for NPEI's service area than the October 2008 forecast that was used? If yes, please provide.

QUESTION #4

Reference: Exhibit 3, pages 23-25

- a) With respect to historical CDM savings and Table 3-6, did NPEI offer any CDM programs that were not OPA programs that would have an impact during the estimation period?
- b) If the response to part (a) is yes, are the results from these programs reflected in Table 3-6? If yes, please identify the results, by year, and indicate the how program results were established. If not, why not?
- c) Over the period 2007-2010 the OPA has revised/updated its estimates as to the savings that can be achieved from certain CDM measures (e.g. CFLs). Are the results reported in Table 3-6 based on values initially reported by the OPA for each year or have they been revised to reflect the OPA's most current estimates for the unit savings for the various measures used by NPEI?
- d) If the response to part c) is that no revisions have been made by NPEI, please recalculate the savings for each year using the OPA's most up-to-date estimates of the savings for the various measures included in the programs.
- e) Based on the results from (d), please re-estimate the regression equation and provide a revised forecast for 2010 and 2011.

QUESTION #5

Reference: Exhibit 3, page 26

- a) Please confirm what NPEI's actual CDM targets are – as approved by the OEB.
- b) Please provide a schedule that sets out the calculation of the 35% per year CDM increase referenced at line 3.

- c) What is the level of CDM that NPEI anticipates having to achieve in each year (2011-2014) in order to achieve the OEB approved target? In replying, please show how the annually achieved values contribute to the overall target.

QUESTION #6

Reference: Exhibit 3, pages 22 and 26, lines 17-18

- a) Please explain why a coefficient of -9.0 for CDM is considered to be plausible when one might reasonably expect a coefficient closer to -1.0 (i.e., CDM leads to an equivalent reduction in purchases, with some allowance for losses).

QUESTION #7

Reference: Exhibit 3, page 36

- a) Please provide a schedule that sets out for the years 2007-2009:
- The difference in each year between the actual and “weather normal” values for HDD and CDD.
 - The products of these differences for HDD and CDD and the respective coefficients for HDD and CDD as determined by the regression analysis.
 - An estimation of the weather normal purchases for each year determined by adjusting actual purchases by the results calculated in the previous bullet.
- b) What were NPEI's actual purchases for 2010?
- c) Using the approach set out in part (a), what were the “weather normal” purchases for 2010?

QUESTION #8

Reference: Exhibit 3, pages 39-43

- a) Are the data shown in Table 3-12 year end values or average annual values?
- b) Please confirm that for Streetlights, Sentinel Lights and USL the values shown are the Number of Connections. For each, please also indicate if the

number of connections is assumed to be equivalent to the number of fixtures/devices. If not, please indicate the relationship.

- c) With respect to Tables 3-16 and 3-17 please indicate the historical geometric mean growth rate calculated for each customer class.
- d) Please provide a schedule that sets out the actual customer/connection count (by customer class) for the most recent month available.

QUESTION #9

Reference: Exhibit 3, page 55

- a) Please explain the decrease in Revenue from Non-Utility Operations (Acct. #4375) forecast between 2008 and 2011.
- b) Please confirm that the amounts reported for Account #4405 (Interest and Dividends) do not include any interest related to regulatory asset accounts.

QUESTION #10

Reference: Exhibit 2, pages 148-152

- a) Please provide a revised version of the Commodity portion of Table 2-27 based on the most recent OEB RPP report.

QUESTION #11

Reference: Exhibit 2, pages 153-154

- a) Please re-do the LV forecast for 2011 using the actual charge determinants for January – December 2010 and Hydro One Networks' approved 2011 Sub-Transmission rates.

QUESTION #12

Reference: Exhibit 7, page 13

- a) Please explain how the distribution revenues by customer class (e.g. \$16,411,383 for Residential) were established.

QUESTION #13

Reference: Exhibit 8, pages 8-11

- a) On page 8, NPEI states that “the OEB has indicated that for the time being, it does not expect distributors to make changes to the monthly service charge that result in a charge that is greater than the ceiling defined in the Methodology for the monthly service charge”. Please explain why this expectation of the Board is not viewed as a ceiling (per page 9, lines 7-8).

QUESTION #14

Reference: Exhibit 8, pages 15-22

- a) Please provide a schedule that sets out the IESO and HON charges for Network and Connection based on 2009 billing determinants and approved 2011 rates.
- b) Please provide the results of escalating the total costs for each of Network and Connection per part (a) by the (%) increase in purchased energy from 2009 actual to 2011 forecast.
- c) Please provide a schedule that sets out the revenues for 2011 (by customer class and in total) based on forecast billing determinants and the harmonized equivalent of currently approved RTSRs (per Tables 8-13 and 8-14).
- d) Based on the percentage differences between the results for parts (b) and (c), please calculate the adjusted RTSR's for 2011 required to recover the costs for Network and Connection service as determined in part (b).

QUESTION #15

Reference: Exhibit 8, page 43

- a) Please confirm that NPEI is not proposing to change any of its existing Specific Service Charges or introduce any new Specific Service Charges.

QUESTION #16

Reference: Exhibit 8, pages 59-64

- a) Based on the most recent 12 months of customer billing data please indicate the number of former Peninsula West Residential Urban customers whose average monthly use falls in the following ranges:
- Less than 250 kWh/month
 - 250 kWh to <500 kWh per month
- b) Based on the most recent 12 months of customer billing data please indicate the number of former Peninsula West Residential Suburban customers whose average monthly use falls in the following ranges:
- Less than 250 kWh/month
 - 250 kWh to <500 kWh per month
- c) Was any consideration given to phasing in the harmonization of the Residential rates in order to mitigate the greater than 10% total bill impacts for these customers? If not, why not? If yes, why was it rejected?

QUESTION #17

Reference: Exhibit 9, pages 31-32

- a) Please explain the significant drop in both revenues and costs posted to Accounts #1518 and #1548 between 2008 and 2009.
- b) Please confirm that for these two accounts costs have exceeded revenues for all years from 2005 to 2009.
- c) What increase in charges would have been required in order to equate the revenues and costs for each account over this period?

QUESTION #18

Reference: Exhibit 9, pages 14 and 16

- a) Please confirm that the EDDVAR Report (page 21) only directed that distribution revenues be used to allocated certain specific HONI #1508 Accounts.

- b) Please confirm that NPEI's Account #1508 costs related to additional charges from HONI for Sub-Transmission service.
- c) Please recalculate the allocation of the disposition to classes using LV revenues by class to allocate Account #1508.

QUESTION #19

Reference: Exhibit 9, pages 22-24

- a) Was the same type of smart meter purchased and installed for all customers?
- b) If not, please provide a schedule that breaks the capital spending on Smart Meters down as between meters for Residential vs. GS<50 vs. GS>50 customers, by type. Please also include the number of meters purchased for each class and the resulting capital cost per meter.
- c) If not, please explain why only one type of smart meter is shown in Sheet I7.1 (Meter Capital) of the Cost Allocation model.

QUESTION #20

Reference: Exhibit 2, page 10

- a) Please explain why the Telephone Accessibility SQI was below the 65% Standard in 2009 and indicate how NPEI has addressed this issue.
- b) Please update this table by providing 2010 SQIs if available.
- c) Why is the "Rescheduling a missed appointment – contact before missed and rescheduling within 1 day" unavailable for 2009?

QUESTION #21

Reference: Exhibit 2, page 27, Table 2-7

- a) Please confirm that the 2005-2007 actuals in this table include capital additions for Niagara Falls Hydro and Peninsula West Utilities.
- b) Please provide a description of the Vehicle Fleet/Transportation Equipment in each year, 2005-2011 inclusive, indicating for each individual Vehicle/Transportation Equipment: (i) the type of transportation equipment, (ii) vintage, (iii) mileage (if applicable), and (iv) need for the

- vehicle/equipment. For the years 2005-2007 inclusive, please provide the Niagara Falls Hydro and Peninsula West Utilities information separately.
- c) Please provide a rationale for each year in which the Vehicle Fleet/Transportation Equipment has grown, i.e., if additional vehicles or transportation equipment were or are required please explain why the increases became necessary when they had not been necessary in the past.
 - d) For each vehicle disposed of or forecast to be disposed of in the years 2005-2011 inclusive, please indicate (i) the rationale for disposition, (ii) the sale/salvage/trade-in revenues upon disposal, and (iii) the treatment of the proceeds of disposition.
 - e) Please confirm that capital additions booked to account 1930 over the years 2005-2011 inclusive total over \$3.4M.
 - f) Please update this Table for 2010 actuals.
 - g) Are any of the proposed 2011 expenditures on Transportation Equipment discretionary? Please explain.

QUESTION #22

Reference: Exhibit 2, pages 52 and 63

- a) Were any pole replacements made in 2005?
- b) Please provide the number of distribution poles replaced in 2006 under Project 06-01466.
- c) Please provide a Table showing the average cost per pole under the replacement program for each year 2006-2011 inclusive. Please provide comments with respect to any significant increases in cost per pole from year to year.

QUESTION #23

Reference: Exhibit 4, page 18, Table 4-3

- a) Please explain the significant increases in pole inspections costs in 2009, 2010, and in 2011.

- b) Please explain the significant year-over-year variances in tree trimming costs.

QUESTION #24

Reference: Exhibit 4, page 21 and pages 73-74

- a) Please provide a copy of the current collective bargaining agreement in effect.
- b) Does NPEI expect that it will always have to offer a 3% or more wage increase in order to get a settlement, regardless of economic conditions, i.e., business cycle, inflation rate, median wage changes in the overall economy?
- c) Please provide support for the statement that “NPEI’s pay rates are competitive with other like-sized utilities in the Niagara Region.”

QUESTION #25

Reference: Exhibit 4, page 76, Table 4-15

- a) Please expand this table adding columns for the years 2005, 2006, 2007, and 2008.