

<b>REQUESTOR NAME</b>	<b>VECC</b>
<b>INFORMATION REQUEST ROUND NO:</b>	<b>#1</b>
<b>TO:</b>	<b>Grimsby Power Inc.</b>
<b>DATE:</b>	<b>October 7, 2011</b>
<b>CASE NO:</b>	<b>EB-2011-0273</b>
<b>APPLICATION NAME:</b>	<b>2012 Electricity Distribution Rate Application</b>

---

Note: "Grimsby" in these interrogatories refers to Grimsby Power Inc.

## **General**

### **1.0 Reference: Exhibit 1, page 27**

- a) The Conditions of Service posted on Grimsby Power's website appear not have any reference to recent provisions set by the OEB for low income consumers. If this is correct does Grimsby intend to amend it conditions of service to allow low-income consumers to understand provisions related to security deposits and other relevant services?

## **Rate Base**

### **2.0 Reference: Exhibit 2, page 24**

- a) Please indicate if there has been any change in the (informal) capitalization policy of Grimsby Power since 2006. Specifically address whether the \$500 capitalization threshold has changed since 2006.
- b) Has Grimsby Power reviewed any of the capitalization policies of other electrical distributors filed with the Ontario Energy Board? If so, are the informal policies of Grimsby inconsistent in any significant manner?

### **3.0 Reference: Exhibit 2, page 25**

- a) Please file the KPMG study which supports the change in asset lives.

### **4.0 Reference Appendix 2.1 DAMP, page 13**

- a) In its Asset Management Plan (DAMP), Grimsby notes that formal performance benchmarks for assessing the success of the plan have not been established, but that a "a number of initiatives have been undertaken to develop data systems from which performance measures can be developed." Please explain what performance measures are being considered and what type of data is being considered in support of these measures.

**5.0 Reference Appendix 2 DAMP, page 34, Exhibit 2, page 25**

- a) What change to the 2012 capital budget was made due to the change in asset depreciations in moving to (M)IFRS?

**6.0 Reference Appendix 2.1 DAMP, page 23.** *The purpose of this interrogatory is to better understand the meaning of the table shown at page 23.*

- a) In respect to section 3.1, “Asset Management Systems”, please explain the meaning of the term “asset attributes” and the meaning of the term “% of asset attributes known.”
- b) Please explain why for “Gang Operated Overhead Switches” the % of asset attributes known” is 100%, yet the % of condition data collected is only 5%.

**7.0 Reference Appendix 2.1 DAMP, page 34**

- a) Did any outside consultant or other third party assist Grimsby in the development of its asset management plan?
- b) In support of not hiring a third party to assess distribution assets, Grimsby makes the assertion that its records of asset age and condition was excellent and in GPI’s opinion better than most LDCs. On what basis or evidence is this statement made.

**Load and Customer Forecast**

**8.0 Reference: Exhibit 3, pages 10-12  
Grimsby’s Weather Normalization Regression Model,  
Purchased Power Model Tab**

- a) Please provide the multifactor regression outputs (per pages 11-12) for one additional model specification where Ontario Real GDP is used instead of Number of Customers.
- b) If, from the results of part (a), the coefficient for GDP has a positive sign and is statistically significant and Adjusted R Squared Value exceeds 0.90, please provide projections for 2011 and 2012 purchases based on the model from part (a).

**9.0 Reference: Exhibit 3, page 13**

- a) The last paragraph first states that weather normalization is based on temperature data from January 1999 to December 2010 (12 years). The paragraph then goes on to mention a “10 year average value” and the use of January 2000 to December 2010 (11 years) data. Please reconcile and clarify the years used to define “weather normal”.

## **10.0 Reference: Exhibit 3, pages 12-13**

- a) Please provide a table that sets out for 2009 and 2010 the following:
- The actual purchases for each year
  - The actual HDD and CDD values for each year
  - The “weather normal” HDD and CDD values for each year (as defined by Grimsby)
  - The HDD and CDD coefficients per Grimsby’s regression model
  - The weather normal adjustment for each year based on the product of a) the HDD and CDD coefficients and b) the differences between the actual and “weather normal” values for HDD and CDD respectively.
  - The estimated “weather normal purchases” calculated by adjusting actual purchases by the values calculated in the preceding bullet.

**Reference: Exhibit 3, page 10**

**Grimsby's Weather Normalization Regression Model,  
Purchased Power Model Tab**

- a) What are the sources for the 2011 and 2012 projected values for Ontario Real GDP?

**11.0 Reference: Exhibit 3, page 15**

- a) Please provide the actual customer count, by class, as of June 30, 2011.

**12.0 Reference: Exhibit 3, Tab 2, Schedule 1, pages 8-9**

- a) Please describe the current status of Grimsby's 2011 CDM program activity.
- b) Please complete the following schedule setting out the annual and cumulative energy savings anticipated from Grimsby's CDM programs (Note: xx designates areas where there should be entries and Total Cumulative Savings as of 2014 should equate to Grimsby's 7.76 GWh target).

	Year			
Program Year	2011	2012	2013	2014
2011 Programs	xx	xx	xx	xx
2012 Programs		xx	xx	xx
2013 Programs			xx	xx
2014 Programs				xx
Total Annual Savings	xx	xx	xx	xx
Total Cumulative Savings	xx	xx	xx	xx

**13.0 Reference: Exhibit 3, pages 10, 14 and 25**

- a) Page 25 indicates that the 190.0 GWh value for 2012 purchases is prior to the CDM adjustment. Page 14 indicates that 190.0 GWh of purchases translates into 181.7 GWh of sales. Page 25 indicates that the total forecast sales for 2012 are 181.7 GWh. As result, it is not

clear that the purchases and sales forecast for 2012 have been adjusted for CDM as discussed on page 10. Please reconcile.

**14.0 Reference: Exhibit C1, Tab 1, Schedule 1, pages 5-6**

- a) Please complete the following table summarizing Grimsby's CDM results to-date.

	Year					
Program Year	2005	2006	2007	2008	2009	2010
2005 Programs	xx	xx	xx	xx	xx	xx
2006 Programs		xx	xx	xx	xx	xx
2007 Programs			xx	xx	xx	xx
2008 Programs				xx	xx	xx
2009 Programs					xx	xx
2010 Programs						xx
Annual Savings	xx	xx	xx	xx	xx	xx

- b) Is it reasonable to assume that the regression model reflects the historic trend in CDM set out above?
- If not, why not?
  - If yes, is it reasonable to assume that captured in the energy forecasts for 2011 and 2012 based on the regression model are CDM savings that reflect a continuation of this trend?

**15.0 Reference: Exhibit 3, page 2**

- a) Please confirm whether or not the distribution revenues shown in Table 3.1 are net of (i.e. reduced for) the transformer ownership discount.
- b) If the distribution revenues are not "net" of the transformer discount please provide the revised values for 2011 and for 2012 (at both existing and proposed rates).

## **Operating Costs**

### **16.0 Reference: Exhibit 4, page 17, 26 Table 4.5**

- a) Why have meter reading expenses increasing significantly from 2008 actuals (100k vs. 166k) and given the implementation of smart meters?

### **17.0 Reference: Exhibit 4, page 22**

- a) Why are the HR consultant costs described at page 22 not included in the calculation of one-time costs?

### **18.0 Reference: Exhibit 4, page 34**

- a) Why does Grimsby purchase fuel from the Town of Grimsby? Does Grimsby exclusively purchase its fuel from the Town?
- b) What premium or discount is provided vis-à-vis commercially available fuel supplies in the Grimsby service territory?
- c) What benefit does Grimsby get from this arrangement?

### **19.0 Reference: Exhibit 4 page 34**

- a) Are the only fees paid to Niagara West Transformer Corporation the Board approved transformation service fees approved by the OEB?

### **20.0 Reference Exhibit 4, page 35**

- a) Why does Grimsby outsource its customer information system to Canadian Niagara Power? Specifically, what cost benefit accrues to Grimsby under this arrangement?
- b) Is the amount for this service that listed in the tables 4.18 through 4.21 under "IT Maintenance Fee"?
- c) How does Grimsby ensure that its customer information is secure under this outsourced arrangement?

### **21.0 Reference Exhibit 4, page 38**

- a) In respect to street light services has Grimsby undertaken any study or analysis of its two tiered pricing structure as compared to that offered by commercial contractors for the same services?
- b) Did Grimsby acquire the street light services through a competitive bidding process or was the work provided by the Town on an untendered basis?

## **22.0 Reference Exhibit 4, page 43**

- a) Please explain the role of the one Management position listed under Part-Time employees at Table 4.24.

## **Rate Design**

### **23.0 Reference: Exhibit 8, page 21**

- a) Based on the latest 12 months of actual billing data, how many of Grimsby's Residential customers fall into each of the following usage categories:
  - Use 500 kWh/month or more
  - Use 250 -> < 500 kWh per month
  - Use 250 kWh per month or less

### **24.0 Reference: Exhibit 3, page 35**

- a) How many micro-fit customers does Grimsby have as of June 30, 2011?
- b) How many micro-fit customers does Grimsby Hydro expect to have as of year-end 2011 and year-end 2012?
- c) Where are the revenues from the monthly service charges to micro-fit customers reflected in the forecast of Revenue Offsets?

### **25.0 Reference: Exhibit 3, pages 3941**

- a) Please explain the decrease in 2010 (versus 2009) for each of the following:
  - Specific Service Charges (Account 4235)
  - Revenues from Non-Utility Operations (Account 4375)
- b) Please explain the decrease in 2011 (versus 2010) for each of the following:
  - Specific Service Charges (Account 4235)
  - Revenues from Non-Utility Operations (Account 4375)
  - Interest and Dividend Income (Account 4405)

### **26.0 Reference: Exhibit 7, Page 1**

**Exhibit 7, Tab 1, Schedule 2, pages 1-2**

**Board Report RP-2005-0317, Appendix 4.1**

**Staff Report to Board, EB-2010-0219, pages 4-5**

- a) Is the cost allocation model filed by Grimsby fully consistent with the revised OEB cost allocation model released on August 5, 2011? If not, please outline those areas that do not conform.

- b) If not, please file a revised cost allocation model consistent with the Board's August 5<sup>th</sup> directions. In doing so, please fully document and explain the basis for the allocators used for Miscellaneous Revenues.
- c) In either case, please fully explain the basis for the weighting factors used for Services (Account 1855), Billing and Collection (Accounts 5315-5340, except 5335), Meter Reading and Meter Capital. In doing so, please specifically address how the relative capital cost of smart meters by rate class were established.

**27.0 Reference: Exhibit 7, page 1  
Grimsby 2012 Cost Allocation Study, Tab I-6**

- a) Please reconcile the Street Light connection number used in the Cost Allocation Study (1,957) with the value in Exhibit 3, page 15 (2,548).

**28.0 Reference: Exhibit 8, pages 2 and 4**

- a) Please confirm that for each of the Residential, GS<50 and GS>50 classes the current (2011) monthly service charge exceeds the Board's Ceiling value for the monthly service charge calculated using 2012 costs.
- b) Given the commentary on page 2, please explain why Grimsby is proposing to further increase the monthly service charge for these classes when the current level already exceeds the Board's ceiling based on 2012 costs.
- c) Please recalculate the Residential rates for 2012 assuming a customer charge of \$17.10 (current MSC plus Smart Meter rate adder) and a variable rate set so as to recover the balance of the base distribution revenue requirement allocated to the class.
- d) Based on the rates from part c), please recalculate the bill impacts found on page 19-25 of Exhibit 7.

**29.0 Reference: Exhibit 8, Tab 1, Schedule 3, page 2**

- a) Please provide the results of a simple regression that relates the % TOA billed to a time trend variable and indicate the adjusted R-squared value along with the t-statistic for the trend variable coefficient.

**30.0 Reference: Exhibit 8, page 3**

- a) Is the fixed/variable split for the GS>50 class based on distribution revenues net of the transformer allowance? If not, please recalculate the split and the proposed rate for GS>50 on this basis.



**31.0 Reference: Exhibit 8, page 7**

- a) Please recalculate the 2006-2010 values for the historical Loss Factor in the Distributor's System (Row G) and the resulting average to four significant digits (i.e., 1.0xxx).

EOF