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October 21, 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)
EB-2010-0018: Interrogatories

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

Thank you.

Yours truly,

Michael Buonaguro
Counsel for VECC
Encl.

Guelph Hydro Electric Systems Inc. (Guelph)

2012 Rates Application, EB-2010-0123

**Round 2 Interrogatories/Technical Conference
Vulnerable Energy Consumers Coalition (“VECC”)**

Issue 2.1 - Is the rate base appropriate?

1 Reference: VECC IR #3

- a) What measure or metrics does Guelph intend to use to assess the future success (or failure) of the current asset management plan?
- b) In response to VECC IR #3 (d) Guelph notes that the asset management plan accounts for only a portion of its actual capital budget. In the IR response Guelph states that its capital budget incorporates the asset condition findings as well as the replacement of other distribution equipment that was not included in the asset condition assessment, but will be included in plans in the future. Why were these other projects not included in the current plan?
- c) At page 8 of the Asset Management Plan (Exhibit 2/Tab4/Schedule 5) it states that “*This AMP [Asset Management Plan] provides the bases for current and future work to be undertaken...and serves as a means of disseminating information to customers, shareholders and regulators regarding the rationale for the investments to be made.*” At Table 1 of the Asset Management Plan (Exhibit 2/Tab 4/page 8) the Total Investments for 2012 are listed at \$16.3 million. Please reconcile this number with the proposed capital budget in the application and list those 2012 projects that are included as part of the AMP separately from those that will presumably be included as part of a subsequent AMP.

Issue 3.1 – Is the load forecast methodology including weather normalization appropriate?

**2 Reference: Reference: Board Staff #15 a) and d)
VECC #5**

- a) Please confirm that while the Board Staff IR asked about the use of Canadian vs. Ontario Manufacturing GDP the response discusses and the graph in the response compares Canadian vs. Ontario (total) GDP. If yes, is there similar information available regarding the correlation between Canadian vs. Ontario Manufacturing GDP?

- b) With respect to the response to part (d), please confirm whether the 1,607 GWh and 1,693 GWh values are before/after the CDM adjustment.
- c) Please also confirm whether the 1,737 GWh value reported in response to VECC #5 b) is before or after the CDM adjustment.
- d) Please explain why the regression model adopted by Guelph is preferable to the second regression model presented in response to VECC #5 a).

3 Reference: Board Staff #17

- a) Please confirm whether the 14.4 GWh value reported is an “annualized value” or the 2011 value – recognizing that the 2011 programs savings are not all achieved as of the start of the year.

4 Reference: Energy Probe #9

- a) Please provide forecast of 2011 and 2012 energy purchases (prior to CDM) based on the equation estimated in response to this interrogatory.

**5 Reference: Energy Probe #13
Exhibit 3, Tab 2, Schedule 1, Appendix B**

- a) Please confirm that in developing the regression model for Purchases the number of days used for February in Leap Years was 29.
- b) Please confirm that in forecasting February 2012 Purchases the number of days used February was 28. If yes, please revise the forecast using 29 days for February 2012.

6 Reference: VECC #8 a)

- a) The adjustment formula does not appear to be correct, as in those cases where the HDD or CDD is higher than “normal” the adjustment is positive as opposed to negative. Please check and correct the response as required.

7 Reference: VECC #9 b)

- a) The response states that the 2011 and 2012 forecast for Manufacturing GDP “were calculated as 10 year historical monthly average”. However, the 2011 and 2012 forecast monthly values for this parameter (per Exhibit 3, Tab 2, Schedule 1, Appendix B, page 5) appear to be higher than the average of the previous 10 years of data for the corresponding month. Please reconcile and further clarify the basis for the forecast values.

Issue 3.5 – Is the test year forecast of other revenues appropriate?

8 Reference: Board Staff #18

- a) What was the actual total revenue from scrap metal sales in 2010?

9 Reference: Energy Probe #18 c)

- a) Please confirm that Account 4380 records expense and not balance sheet related costs. If this is the case, please explain how the account can capture the fully allocated amount of rate base used in the provision of street light maintenance.

Issue 6.1 – Is the proposed inclusion of the smart meter costs appropriate?

10 Reference: VECC #26

- a) In the response regarding the business case for the inclusion of the Zigbee communication chip in smart meters, Guelph indicates that it may be used in for future CDM or other plans. Are there any current plans for the use of the smart meter communications capabilities? If not, when and how does Guelph intend to make use of this incremental investment?

Issue 7.1 – Is the Applicant's cost allocation appropriate?

11 Reference: Board Staff #48

- a) In conjunction with its interrogatory responses Guelph has filed a revised Cost Allocation Model. Please provide a schedule that itemizes any changes made to the cost allocation model/inputs as originally filed apart from those that are directly a result of the Board's release of its new Cost Allocation model.

12 Reference: Board Staff #51

- a) Please confirm that Guelph is proposing to recover the LV costs attributable to Residential, GS<50 and USL customers using a fixed monthly rate as opposed to a volumetric rate as is typically used by distributors.
- b) Would an alternative be to post the forecast amounts to the appropriate variance account and recover as part of the subsequent clearance of the account?

13 Reference: Board Staff #54

- a) In Guelph's view, would "Number of RPP Customers" by rate class be a more appropriate allocator of SSS Admin Charge revenues?

**14 Reference: Energy Probe #49 and VECC #28
Board Staff #54**

- a) The response to the Board Staff IR suggests that a detailed survey would be required to develop Guelph-specific connection factor for Street Lights. However the responses to the Energy Probe and VECC IRs appear to provide Guelph specific data. Please reconcile.

Issue 7.2 – Are the proposed revenue to cost ratios for each class appropriate?

**15 Reference: Board Staff #56
 Energy Probe #44
 VECC #30**

- a) What would be the revenue shortfall if the ratios for GS<50, GS 50-999 and Large Use were all adjusted to the upper end of the target range for each class and GS 1000-5000 was adjusted to the lower end of the target range for that class?
- b) If the same revenue to cost ratio were to be used for Residential and Street Lighting, what would the ratio need to be to recover this shortfall?

Issue 8.2 – Are the proposed retail transmission service rates appropriate?

16 Reference: VECC #33

- a) Please explain further why the trend adjustment is necessary when the OEB's RTSR Work Form trues-up the Retail Transmission Service rates to forecast wholesale billing costs to Guelph.