



**PUBLIC INTEREST ADVOCACY CENTRE**  
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October 24, 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-2011-0272**

Please find enclosed the interrogatories of VECC in the above-noted proceeding.  
We have also directed a copy of the same to the Applicant.

Thank you.

Yours truly,

Michael Buonaguro  
Counsel for VECC  
Encl.

<b>REQUESTOR NAME</b>	<b>VECC</b>
<b>INFORMATION REQUEST ROUND NO:</b>	<b>#1</b>
<b>TO:</b>	<b>Norfolk Power Distribution Inc.</b>
<b>DATE:</b>	<b>October 24, 2011</b>
<b>CASE NO:</b>	<b>EB-2011-0272</b>
<b>APPLICATION NAME:</b>	<b>2012 Electricity Distribution Rate Application</b>

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## **General**

### **1.0 Reference Exhibit 2, Tab 3, Schedule 5 page 1**

- a) How did Norfolk determine the 2011 target indices for SAIDI and SAIF?
- b) Does Norfolk intend to use these target indices to measure the effectiveness of its Asset Management Plan?

## **Rate Base**

### **2.0 Reference: Exhibit 2, Tab 1, Schedule 1, page 7**

- a) Please explain how the capital budget planning criteria set out in this exhibit (customer demand/ renewal/ security / capacity/ reliability/ regulatory requirements etc.) integrates with the Asset Management Plan.

### **3.0 Reference: Exhibit 2, Tab 1, Schedule 2, page 2-4**

- a) Please explain why the 2008 Actual Rate base figures in Table 1.2 and 1.3 are different (\$46,779,070 and \$46,805,156 respectively).

### **4.0 Reference: Exhibit 2, Tab 1, Schedule 2, page 1**

- a) Please explain which projects were not undertaken as part of lower capital spending of \$1,661,961 in 2008. Were these projects completed in 2009 through 2011?

### **5.0 Reference: Exhibit 2, Tab 3, Schedule 2**

- a) How many poles has Norfolk replaced in the past 5 years? What percentage does this represent of the total inventory of poles?
- b) How many transformers does Norfolk hold in storage. What percentage does this represent of the total inventory of transformers?
- c) How many transformers are anticipated to be utilized as part of capital projects in 2011 and 2012?

**6.0 Reference: Exhibit 2, Tab 3, Schedule 2 pages 42,54**

- a) Please provide the business case that was developed for the SCADA project.
- b) Does this project replace the Window-based system installed in 2004 and referred to at page 44 of the Asset Management Plan?
- c) What is the current 2011 spending on the SCADA project?
- d) Please provide a table showing the total budget (actual and forecast ) for this project by year. In this table please provide rows for the appropriate related miscellaneous projects (e.g. DS upgrade project #1 in 2011).
- e) When will the SCADA project be completed and what is the anticipated all-in-cost?

**7.0 Reference: Exhibit 2, Tab 3, Schedule 3**

- a) The 2012 Distribution System Capital Expenditure Forecast in the Asset Management Plan (4,641k - see Table 3.7) is significantly different from the proposed 2012 Distribution Plant Capital Projects (3,898k see Table 3.6). Please explain the reasons for this difference.

**8.0 Reference: Exhibit 2, Tab 5, Schedule 3, page 2 /Excel worksheet Norfolk\_2012COS\_Rev\_Reqd\_Work\_Form\_20110826**

- a) Please reconcile the rate base figures in these two tables (i.e. 67,165,034 vs. 59,653,664)

**9.0 Reference: Exhibit 2, Appendix A, Asset Management Plan**

- a) Does Norfolk identify its worst performing circuits? If not are there plans to modify future Asset Plan to monitor and address issues on worst performing circuits?

**10.0 Reference: Exhibit 2, Appendix C and D Green Energy Plan**

- a) In its letter of comment the OPA states that is has received 36 FIT applications (exempt and required) and 159 microFit applications for the Norfolk service territory. It further states that 52 of the microFit applications have been dealt with (connected or terminated). How do these figures reconcile with Table 4 of Norfolk's Green Energy Plan?
- b) How many FIT projects has Norfolk connected to date?

**11.0 Reference: Exhibit 2, Tab 3, Schedule 2, Table 3.6 (pgs. 29/40/ 55)**

- a) Please explain the significant drop in forecasted contributions in aid of construction as between 2012 and 2011 (861K), 2010 (819K).

## **Operating Revenues**

### **12.0 Reference: Exhibit 3, Tab 1, Schedule 2, page 1**

- a) Please reconcile the total 2012 Distribution Revenue reported here (\$11,072,731) with the 2012 Revenues (\$12,209,580 – net of the TOA) as set out in Exhibit 8, Schedule 7.

### **13.0 Reference: Exhibit 3, Tab 2, Schedule 1, page 3 Exhibit 3, Tab 2, Schedule 1, page 18**

- a) Please confirm that the total customer counts reported on page 3 exclude Hydro One.
- b) Please reconcile the different 2012 total customer counts reported in these two references (23,449 vs. 23,616).

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

- a) What is the source for the 2011 and 2012 projected values for local unemployment?

### **15.0 Reference: Exhibit 3, Tab 2, Schedule 1, page 10 Norfolk's Excel Load Forecast Model**

- a) The first paragraph suggests that Norfolk used a 10 year average to establish weather normal. However, the second paragraph suggests that an eight-year average was used. Please reconcile and clarify.
- b) Please confirm that the forecast purchase values for 2011 and 2012 in Table 2.5 include the CDM adjustment.
- c) Please confirm whether the System Purchase history/forecast presented in Table 2.5 includes or excludes purchases for delivery to Hydro One.
- d) Norfolk's (Excel) Load Forecast Model excludes Hydro One purchases after November 1, 2005. Please explain why no Hydro One purchases were excluded prior to this date. Is it a data issue or were there no Hydro One purchases prior to November 1, 2005?
- e) Please confirm that the forecast for 2012 (a Leap Year) used 28 – as opposed to 29 days – for February. Please revise the forecast as required.
- f) 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 Norfolk)
  - The HDD and CDD coefficients per Norfolk'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.

**16.0 Reference: Exhibit 3, Tab 2, Schedule 1, page 11**

- a) Please describe the current status of Norfolk’s 2011 CDM program activity.

**17.0 Reference: Exhibit 3, Tab 2, Schedule 1, page 12**

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

**18.0 Reference: Exhibit 3, Tab 3, Schedule 1, page 1**

- a) Please provide the SSS Administration Charge revenues for 2009 and 2010.
- b) Is the \$24,000 in revenues from dark fibre leasing to Norfolk Energy Inc. included in USOA #4375? If not, where is it included?
- c) Are the expenses associated with providing the dark fibre reflected in Account #4380?
- d) Are the expenses associated with providing dark fibre to Norfolk Energy assumed to equal the revenues and, if so, why?
- e) Please explain the increase in Miscellaneous Service Revenues (#4235) in 2010 and why the increase is not sustained in 2011 and 2012.

**19.0 Reference: Exhibit 3, Tab 3, Schedule 1, page 1**

- a) How many micro-fit customers does Norfolk have as of June 30, 2011?
- b) How many micro-fit customers does Norfolk 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?

## **Operating Costs**

### **20.0 Reference: Exhibit 4, Tab 1, Schedule 1, page 6**

- a) Norfolk's cost per customer has increased 19% over Board approved (see Table 1.9). What steps or programs has Norfolk implemented to align operating costs per customer with inflation?

### **21.0 Reference: Exhibit 4, Tab 2, Schedule 1, page 5**

- a) What are the 2011 and 2012 costs associated with the contractor services for manual meter reading?

### **22.0 Reference: Exhibit 4, Tab 2, Schedule 2, page 4**

- a) Please explain the increase in General & Administration Expenses between 2009 and 2010. Specifically address the reasons why general advertising expenses increased from \$67,435 to \$163,756.

### **23.0 Reference Exhibit 4, Tab 2, Schedule 4, page 3, Table 2.19**

- a) How many employees are there currently and planned for accounts 5605?
- b) Why did Norfolk choose to combine account 5605, yet choose not to aggregate the 1.5 non-union positions shown in this table?
- c) What inflation factor has been used in projecting Management and Executive salaries and benefits?

### **24.0 Reference: Exhibit 4, Tab 2, Schedule 5, page 3**

- a) Please explain how the meter reading cost of 10 cents per read per month as shown in Table 2.22 is calculated.
- b) Does Norfolk provide meter reading services to its affiliate for properties at which it has a smart meter installed?

## **Cost Allocation**

### **25.0 Reference: Exhibit 7, Tab 1, pages 2-3 Norfolk's 2012 Cost Allocation Model, Sheet I7.1**

- a) Please provide a set of schedules that compare Norfolk's weighting factors for Services, Billing & Collecting, Meter Capital and Meter Reading with the values used by Norfolk in its 2008 EDR Cost Allocation.
- b) Please confirm that the same type of smart meter was used/installed for all Residential and GS<50 customers.

- c) Please explain why Demand Meters are not required/used for all GS>50 customers (146 of 167 such customers have the same meter type as Residential and GS<50).
- d) Why are smart meters and interval meters assigned the same meter reading weighting factor?

**26.0 Reference: Exhibit 7, Tab 1, page 6  
Norfolk's 2012 Cost Allocation Model, Sheets I3 and O1**

- a) Please confirm that Hydro One is allocated a portion of Norfolk's OM&A expense. If yes, shouldn't 15% of this also be included in the working capital attributed to Hydro One?
- b) Please confirm that in order to account for the \$33,639 (in PILs, deemed interest and deemed equity return) directly allocated to Hydro One, Norfolk reduced General Administration costs by an equivalent amount.
- c) If yes, please explain why the adjustment was made to General Administration costs. Also, please re-do the Cost Allocation with the adjustment applied to Deemed Interest (Account #6005).

**27.0 Reference: Exhibit 7, Tab 1, page 7**

- a) Assuming the revenue to cost ratio for Hydro One was only increased to 80% and the additional revenue was used to reduce the ratio for the USL class, what would be the resulting USL revenue to cost ratio.

**Rate Design**

**28.0 Reference: Exhibit 8, Schedule 1, pages 3-4**

- a) Please confirm that the current Residential Monthly Service Charge (\$20.77) is below the upper limit of the Board's guideline (\$22.38).
- b) Please confirm that the proposed 2012 Residential Monthly Service charge (\$22.99) will be above the upper limit of the Board's guideline.
- c) Given the commentary on page 3 (lines 8-10), why is Norfolk proposing a Residential Monthly Service Charge in excess of the Board's upper limit?

**29.0 Reference: Exhibit 8, Schedule 1, page 6**

- a) How were the forecast LV billing units in Table 8-8 established?

**30.0 Reference: Exhibit 8, Schedule 2, page 1**

- 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).

**Deferral and Variance Accounts / Smart Meters**

**32.0 Reference: Exhibit 9, Tab 4, Schedule 1, page 1**

- a) Please provide the amounts spent in respect to storm or other weather damage in each of the years 2008, 2009, 2010 and 2011.
- b) Please provide the portion of the above costs that were covered by insurance policies.
- c) Please explain what weather damage insurance options are available to Norfolk.

**33.0 Reference: Exhibit 9, Tab 5, Schedule 3, Page 1 of 3**

- a) Provide a table that shows by class, the AMCD Capital invested, the revenue requirement and SM funding adder revenue collected from 2006-2010
- b) For the residential class provide the unit installed cost for single phase (and three phase meters and the numbers and total costs for 2006-2010
- c) Provide similar installed costs for the other classes

**34.0 Reference: Exhibit 9, Tab 5 Schedule 3, Pages 1 – 3 and Appendix C**

- a) Using installed class- specific capital cost as the cost driver/allocator please provide a version of Table 9.1 that shows the revenue requirements, revenue collected and net balance attributable to each rate class.(exclude all costs and identify separately costs related to stranded meters)
- b) Compare the result to Table 9.1 and Appendix C and comment on the differences.
- c) Provide a Version of Table 9.2 that allocates costs on a class basis using installed capital cost as the cost driver and allocating the Total

Revenue Requirement (excluding Stranded meter Costs) to each class receiving smart meters

- d) Assuming that the Total forecast of capital and operating costs to end of 2011 was approved for disposition and recovery; provide in tabular form similar to Table 9.4 an estimate of the Smart Meter Disposition Rate Rider per class using the allocation of Revenue Requirement based on installed Capital Cost of meters for each class, and showing separately stranded meter costs.

## **LRAM**

### **35.0 Reference: Exhibit 9, Tab 8 Schedule 1**

- a) When will OPA results for 2010 Programs be available and how may this affect the LRAM and Load forecast?
- b) Please provide the results ( kwh) Actual and forecast by year 2005-2012 for all OPA- funded Residential programs for 2005-2009.
- c) For each program for each year tabulate the unit and total savings by year at the program/measure level, including any “co-branded market programs” such as Every Kilowatt Counts (EKC).
- d) Please list and confirm OPAs input assumptions for EKC 2005 and 2006 including the measure life and unit kwh savings for Compact Fluorescent Lights and Seasonal Light Emitting Diodes. Confirm some of these assumptions were changed in 2007 and again in 2009 and compare the values
- e) Confirm/ demonstrate whether the claimed savings shown in the response to part b) reflect the measure lives in place at the time the programs were run or reflect the latest OPA Measures and Assumptions list values.

### **36.0 Reference: Exhibit 9 Appendix E Appendix A Table 7 Indeco Report**

- a) Please provide the equivalent Tabulation of input assumptions from the EB-2011-0049 case evidence
- b) If not available in equivalent format, list the input assumptions including free-ridership, Kwh savings and measure life for all Third Tranche programs and sources of those assumptions used in the LRAM claim for 2005-2009 Programs
- c) Identify Mass market measures (CFLs etc.) installed in 2005 and 2006 with measure lives of 4 years or less for which savings have been claimed in the prior claim

- d) Please adjust the current LRAM claim as necessary to reflect the measure lives (and Unit savings) for any/all measures that have expired starting in 2010