



***PUBLIC INTEREST ADVOCACY CENTRE  
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October 26, 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: West Coast Huron Energy Inc. Tornado Relief Rate Adder Application  
EB-2011-0335**

Please find enclosed the interrogatories of VECC.

Yours truly,

Michael Buonaguro  
Counsel for VECC  
Encl.

cc: West Coast Huron Energy Inc.  
Attention: Mr. Wally Curry

**WEST COAST HURON ENERGY INC. (WCH)**  
**TORNADO RELIEF RATE RIDER APPLICATION (EB-2011-0335)**

**VECC's INTERROGATORIES**

**1. Reference:**        **EB-2007-0673, Report of the Board on 3<sup>rd</sup> Generation Incentive Regulation of Ontario's Electricity Distributors, July 2008 Report and September 2008 Supplemental Report**

- a) Is WCH's Application an application for a Z-Factor Adjustment per the Board's EB-2007-0673 Reports?
- b) If yes, please indicate where the various Z-factor eligibility criteria are specifically addressed in the Application. If not addressed, please provide the requisite information.
- c) If not, does the application represent simply a request for a rate adder to assist with funding the restoration and does WCH intend to make a formal Z-factor application at a later date?
- d) If neither of the above, how does the Application fit within the construct of the Board's 3<sup>rd</sup> Generation Incentive Regulation of Electricity Distributors?

**2. Reference:**        **Exhibit 1, Tab 1, Schedule 2, page 1**  
                              **Exhibit 1, Tab 1, Schedule 3, page 1**

**Preamble:**        In its Application WCH has requested that "its current Tariff of Rates and Charges be declared interim effective October 1, 2011 pending the results of this application".

- a) On what date was WCH's Notice of Application published in the Goderich Signal-Star?
- b) To-date has the Board declared WCH's current rates as interim?
- c) Assuming WCH's Application is approved in December 2011, please indicate how WCH views the rates as being implemented given its request for an October 1, 2011 effective date and a sixty-three month collection period (e.g. Would WCH expect the amount to be recovered to be pro-rated over sixty as opposed to sixty-three months starting January 1, 2012?).

**3. Reference: Exhibit 1, Tab 1, Schedule 5, pages 1-3**

- a) Please provide copies of any assessments that have been completed of the damage to WCH's distribution system due to the tornado. If no such assessments are available, please describe the damage caused and the facilities the need to be replaced/repared.
- b) Has WCH developed an overall recovery plan? If so, please provide a copy? If not, why not?
- c) Please provide a schedule that sets out the following:
  - i. The total spending to-date (i.e. up to September 30, 2011 – or later it possible) to restore the distribution system infrastructure and provide a break down between capital and OM&A.
  - ii. The total payments received to date from insurance claims and other sources.
  - iii. The total anticipated spending to restore the distribution system infrastructure, broken down between capital and OM&A, for the balance of 2011 and for each quarter of 2012 through to completion along with the total receipts anticipated from insurance claims and other sources. (Note: It is anticipated the net amount will total the \$1.5 M reported on page 1)
- d) With respect to the total anticipated capital costs, please provide a breakdown by USOA account.
- e) With respect to the total anticipated OM&A costs, please provide a breakdown as between external labour, internal labour, charges for use of WCH transport & work equipment and other costs. For any internal labour costs or charges for WCH owned T&W equipment included, please indicate the basis for including such costs.
- f) Please outline WCH's capitalization policy, i.e., when poles/lines/transformers need to be repaired/replaced, what are the criteria used to determine whether the costs will be capitalized or expensed?

**4. Reference: Exhibit 1, Tab 1, Schedule 5, pages 1-2**

**Preamble:** In its Application, WCH is requesting rate riders that provide for the collection of \$2.4 M in total. This is roughly \$0.9 M in excess of the net amount required for infrastructure restoration.

- a) Please provide a schedule that details the basis for the \$0.9 M, providing estimated lost revenue by class, the basis for the calculations and estimated carry costs.

**5. Reference: Exhibit 1, Tab 1, Schedule 5, page 1**

**Preamble:** In its Application WCH states that the purpose of the requested rate adder is to cushion the cash flow impact of recovering from the tornado.

- a) Please outline the sources of funds (including lines of credit) that WCH has available to it to assist with its cash flow during recovery.
- b) Has WCH approached either its shareholder or financial institutions with a view to borrowing the funds required to undertake the required rebuilding? If not, why not? If yes, what has been the outcome to date?
- c) WCH has indicated that it intends to file for rate rebasing for 2013. Assuming any capital costs expended in 2011 and 2012 for restoration are included in 2013 rate base at that time and recovery of such is provided as part of the 2013 rates, please explain how WCH will avoid double recovery of such costs (i.e., once through the proposed rate adder and again through rates in 2013 and subsequent years).

**6. Reference: Exhibit 1, Tab 1, Schedule 5, page 1  
Board Decision re Storm Damage Cost Recovery, EB-2007-0514/0595/0571/0551, page 14**

- a) Given the Board's Decision regarding the recovery of storm damage costs referenced above please explain why WCH believes costs should be recovered using a fixed customer charge.
- b) Please recalculate the rate adders for each class and the resulting bill impacts by customer class, assuming both a fixed and variable rate adders are used (based on the fixed-variable split resulting from the current rates and the approved 2009 re-basing billing quantities for each class).