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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: Vulnerable Energy Consumers Coalition (VECC)
EB-2011-0271

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.

REQUESTOR NAME	VECC
INFORMATION REQUEST ROUND NO:	#1
TO:	Halton Hills Inc.
DATE:	October 26, 2011
CASE NO:	EB-2011-0271
APPLICATION NAME:	2012 Electricity Distribution Rate Application

GENERAL

1. Reference: Exhibit 1, Tab 1, Schedule 9, page 1

- a) The Conditions of Service found on HHHI's website indicate that they were last revised in February 2007. Please confirm that HHHI's Conditions of Service meet all the current requirements as set in out in the latest revision to the OEB Distribution System Code.
- b) Please explain what steps HHHI has taken to introduce the new Low-Income and LEAP requirements of the OEB.
- c) Please provide the amounts of security deposits that were returned to residential customers in 2008, 2009, 2010 and 2011 in accordance with section 2.4.23 of the Distribution System Code.

2. Reference: Exhibit 2, Tab 1, Schedule 1, page 5/ Exhibit 2, Tab 3

- a) Please explain the decrease in reliability as indicated by the SAIDI, SAIFI and CAIDI indices – excluding loss of supply, and as shown at Table 2-3 and 2-28.
- b) Does HHI monitor its worst performing circuits. If not please explain why it does not use this performance indicator.

RATE BASE

3. Reference: Exhibit 2, Tab 1, Schedule 2, page 13

- a) Please modify Table 2-4 to show and number all USoA accounts 1805 through 1980 and adding a column showing the Kinectrics IFRS useful life (range).
- b) Please create a table which compares and explains the variation as between the depreciation expense under CGAAP, MIFRS as adopted

by HHHI and MIFRS as would be the case if the mid-point of the Kinectrics Study had been used for PP&E.

4. Reference: Exhibit 2, Tab 2, Schedule 3

- a) Please provide a table which shows for the years 2007 through 2015 which shows; (1) Total number of System Poles; (2) number of existing poles replaced in that year; (3) number of new poles added in that year.
- b) In the table please provide the dollar cost (CGAAP) associated with each category.

5. Reference: Exhibit 2, Tab 2, Schedule 3, Table 2-17

- a) As part of the budgeting process (or otherwise) does the Manager of Engineering and Operations propose to the HHHI executive a list of capital projects to be undertaken in any given year?
- b) If yes, please provide a list of those projects that were proposed in the years 2008, 2009, 2010 and 2011.
- c) Please provide the comparable list projects that were ultimately approved for each of those years.

6. Reference: Exhibit 2, Tab 2, Schedule 3, page 12

- a) HHHI states that a number of projects originally set out in the 2008 cost of service application were deferred due to “the impact of the worldwide economic recession.” Among those projects listed were a new transfer station and distribution substation. Please provide a complete list of all the projects and the associated estimated cost that were included in the 2008 rate application, but were not undertaken.
- b) Please provide the local impacts of the “worldwide economic recession” that were considered in the decision to delay these projects.
- c) Please calculate the 2012 revenue requirement impact of delaying these projects (i.e. assuming they had been completed in 2008/2009 as originally projected).

7. Reference: Exhibit 2, Tab 2, Schedule 3, Tables 2-14 through 2-18

Preamble: The purpose of this interrogatory is to understand which capital projects were at the discretion of the utility and which were required to customer demands

- a) HHHI list a number of reasons for capital expenditures (for example, “Government-initiated”). Please provide a table which for each year, 2008 through 2012, which separates capital expenditures into those that were undertaken due customer demand (i.e. the request of a third party such as road authority or developer) and those that were capacity related (i.e. the projects due to increased customer demand), from those that were at the utility’s discretion.

8. Reference: Exhibit 2, Tab 3, Schedule 3, page 3

- a) Do the amounts in Tables 2-24 through 2-26 represent the entire forecasted capital expenditures for 2013 through 2015?
- b) If no, please provide the complete forecast of capital expenditures for those years.
- c) If yes, please explain why the expected capital expenditures are significantly lower in 2013 through 2015 as compared to 2011 and 2012.

9. Reference: Exhibit 2, Tab 3, Schedule 6

- a) Please provide the total cost (separated by capital and OM&A) of the Green Energy Plan.
- b) Please provide the expected adjustment to rate base for each year of the plan.

LOAD FORECAST AND REVENUE OFFSETS

10.Reference: Exhibit 3, Tab 2, Schedule 1, pages 2 and 6-7

- a) What other combinations of independent variables did HHHI test prior to selecting the prediction model set out on page 6? Please provide the equivalent of Table 3-6 for all models tested with Adjusted R Squared values in excess of 90%.
- b) Did HHHI test any formulations that included local indicators of economic performance (e.g. local unemployment rates)? If yes, what were the results?

11.Reference: Exhibit 3, Tab 2, Schedule 1, page 9

- 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 Oshawa)

- The HDD and CDD coefficients per HHHI'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.

b) **Please confirm whether the 4.496 GWh adjustments for CDM were made to purchased as opposed to billed energy.**

12. Reference: Exhibit 3, Tab 2, Schedule 1, page 12

a) Please provide HHHI's actual customer/connection count by customer class as of June 30, 2011.

13. Reference: Exhibit 3, Tab 3, Schedule 1, page 1

- a) How many Micro-Fit customers does HHHI currently have? How many are forecast for year-end 2011 and 2012?
- b) Where is the revenue from Micro-Fit service charges captured in Table 3-23?
- c) Where is the revenue for SS Admin charges captured in Table 3-23? What are the revenues for 2010, 2011 and 2012?
- d) What is included in USOA #4080 and why are there no values prior to 2011?
- e) Please explain the decrease in USOA #4210 from \$242,986 in 2010 to roughly \$190,000 in 2011 and 2012.
- f) Please explain what the \$396,000 in USOA #4375 represents in 2011 and 2012 and why there are no expenses in USOA #4380.
- g) Please explain why there is no Interest and Dividend Income (USOA #4405) included for 2011 or 2012?

OPERATING COSTS

14. Reference: Exhibit 4, Tab 2, Schedule 3, page 2 Table 4-10

- a) Please provide the explanation for the Additional OM&A resulting from Modified IFRS as shown in this table (\$206,621 and \$286,621). If related to changes in capitalization policy please indicate where the associated change is found in the capital budgets.

15.Reference: Exhibit 4, Tab 2, Schedule 6, page 1

- a) What was the annual wage increase in the prior labour agreement and for what period did it cover.
- b) What date does the current union agreement expire.
- c) When are negotiations for the years 2013 and beyond expected to begin?

16.Reference: Exhibit 4, Tab 2, Schedule 6, page 2

- a) What was the percentage salary increase provided to Managers for the period 2008 to 2012?
- b) What was the associated increase in benefits during the same period?

17.Reference: Exhibit 4, Tab 2, Schedule 6, page 2, Table 4-16

- a) Please explain the increase in unionized benefits from Board approved in 2008 of \$562,635 to the forecast 2012 amount of \$827,630.

18.Reference: Exhibit 4, Tab 2, Schedule 6, page 2, Table 4-16

- a) Please explain how the management incentive estimates are derived.

COST OF CAPITAL

19.Reference: Exhibit 5, Tab 1, Schedule 3, page 1, Table 5-7

- a) Table 5-7 indicates that the promissory note held by the Town of Halton Hills will pay the Town \$858,753 in 2012. Is this correct or does the note continue to pay the interest rate of 6.25% to the Town and the table represent the amount claimed for rates by HHHI?
- b) If HHHI is now paying less than 6.25% (or the original terms of the note) please provide the sections of the note agreement that allow for its renegotiation.
- c) Is the note pre-payable and if yes, on what terms?
- d) Has HHHI investigated alternative sources of financing for long-term debt? If yes, please provide the results of that investigation. If no, please explain HHHI's plans to renegotiate this debt prior to its term in 2015.

COST ALLOCATION

20.Reference: Exhibit 7, Tab 1, Schedule 1, pages 1-2
Exhibit 7, Tab 1, Schedule 2, page 1
HHHI, 2012 Application, Cost Allocation Model

- a) Do all GS<50 customers have the same single-phase smart meters as used for residential customers? If not, what other types of meters are used, how many customers use there alternative meters and what is the comparable cost?
- b) In the Cost Allocation Model, Sheet I7.1 what is the basis for the smart meter cost used (i.e., scope of costs included and year of purchase assumed)?
- c) Are the costs used for the other meter types in Sheet I7.1 derived on the same basis (i.e., scope of costs and year of purchase assumed)?

21.Reference: Exhibit 7, Tab 1, Schedule 2, page 3

- a) With respect to Table 7-4 please clarify whether the first column represents the 2011 Revenue to Cost ratios or the 2012 (Status Quo) Revenue to Cost Ratio.
- b) Assuming the ratios for all classes whose 2012 Status Quo ratio is within the Board's Target Range remain unchanged and the ratios for those classes where the ratio exceeds the Board's Target Range are reduced to the upper end of the Range, what is the shortfall in revenue for 2012?
- c) Now assuming this shortfall is recovered by first increasing the ratio for class with the lowest revenue to cost ratio up to the point where it equals the second lowest and then increasing these two up to the point where it equals the third lowest, and continuing until the revenue shortfall is addressed – what would be the resulting revenue to cost ratios for each class?

RATE DESIGN

22.Reference: Exhibit 8, Tab 1, Schedule 1, page 4

- a) With respect to Table 8-4, please provide a schedule that sets out the calculation of the current fixed variable split for each customer class based on 2011 rates and 2012 billing determinants. For the GS>50 classes, please calculate the split using the variable revenue reduced for the transformer allowance.

- b) With respect to lines 10-11, please confirm that for the GS<50 and USL classes the current (2011) monthly service charge exceeds the ceiling amount calculated by the 2012 Cost Allocation for each class.

23.Reference: Exhibit 8, Tab 2, Schedule 1, page 1

- a) In Table 8-7, please confirm that the RTSR rates used are the proposed rate for 2012. Please also indicate the basis for the billing determinants these values were applied to in order to determine the “Basis for Allocation”.
- b) Please explain more fully how the \$411,201 value for 2012 LV charges to HHHI was determined.
- c) Please provide a schedule that sets 2010 billing quantities for HHHI’s ST charges from Hydro One. In the same schedule indicate the results of applying Hydro Ones 2011 approved ST rates to these billing determinants.

24.Reference: Exhibit 8, Tab 4, Schedule 1, page 2

- a) The evidence states that five of HHHI’s feeders have a Hydro One loss factor of 3.48% while two have a loss factor of 0.6%. It also states that weighting these loss factors yields 3.4%. Please explain the basis for the weighting used as the simple application of 5/7th and 2/7th respectively does not yield 3.4%.

DEFERRAL AND VARIANCE ACCOUNTS / SMART METERS

25.Reference: Exhibit 9, Tab 4, Schedule 3, Tables 9-17, 9-18

- a) Provide a table that shows **by class**, the AMCD Capital invested, the revenue requirement and SM funding adder revenue collected from 2006-2011.
- b) For the residential class provide the average 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.

26. Reference: Exhibit 9 Tab 4 Schedule 3 and Table 9-19

- a) Using installed class- specific installed capital cost (question (a) above) as the cost driver/allocator provide a version of Table 9-19 that allocates 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) Please compare the result to Table 9-14 and comment on the differences.
- c) Assuming that the total forecast of capital and operating costs to the end of 2011 was approved for disposition and recovery; provide in tabular form similar to Table 9-15 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.

27. Reference: Exhibit 9, Tab 2, Schedule 3, page 1

- a) In respect to the request for a CDM Tier 3 Deferral Account, what is the forecast balance in this account at the end of 2011 and 2012?

LRAM

28. Reference: Exhibit 10, Tab 1, Schedule 3 / Exhibit 10 Appendix A Tables 7 and 10 Indeco Report

- 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 2005-2010.
- c) List and confirm OPAs input assumptions for EKC 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
- d) 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.
- e) Demonstrate that savings for EKC 2006 Mass market measures 13-15W Energy Star CFLs etc. have been removed from the 7-year LRAM in Table 7 of the Indeco Report (also Table 10-4) from December 31 2010 onward

29. Reference: Exhibit 10, Appendix A, Table 10 Indeco Report

- a) Is the current LRAM claim the only claim filed by HHHI. If not, provide a copy of the equivalent to Table 10 (i.e. a list of all input assumptions used at that time include sources)

- 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 2006-2010 Programs.
- c) Identify all Mass market measures (CFLs etc.) installed in 2006 with measure lives of 4 years or less for which savings have been claimed in any prior claim.
- d) Adjust the current Third Tranche LRAM claim as necessary to reflect the measure lives (and Unit savings) for any/all measures that have expired starting in 2010.