KTC 2.1

**Toronto Hydro-Electric System Limited**
**2011 Electricity Distribution Rate Application**
**Supplementary Suite Metering Evidence (EB-2010-0142)**

**Technical Conference Questions From VECC**

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**1.0 Reference: OEB Staff IR #1 c)**

a) In the case of Condominium Corporations served at primary voltage (i.e., the Corporation owns its own transformer), how is the dollar value of the transformer ownership discount determined (e.g., is it based on the total load for the building or the load associated with the common elements) and is the full amount remitted to the Corporation?

b) In the case of Apartment Buildings served at primary voltage (i.e., the Corporation owns its own transformer), how is the dollar value of the transformer ownership discount determined (e.g., is it based on the total load for the building or the load associated with the common elements) and is the full amount remitted to the owner of the Apartment Building?

**2.0 Reference: OEB Staff IR #6 a) & b)**

a) How were the Quadralogic meter reading costs of $1.58 and $2.75 determined?

**3.0 Reference: OEB Staff IR #7**

a) Please confirm that the response should indicate that the multiplier as changed from 6 to 12 so as to reflect monthly meter reading (as opposed to from 12 to 6).

**4.0 Reference: OEB Staff IR #9**
**SSMWG IR #2**

a) Please indicate if any changes were made as between the Cost Allocation filed with the original September 30, 2011 evidence and that filed on November 4th other than the change discussed in OEB Staff #17 b) and SSMWG #17 & #25. If yes, please indicate the basis for the changes and identify the relevant IR response that explains the basis/need for the change.

b) Please update the response to SSMWG #2 to reflect the revised Cost Allocation Model.

**5.0 Reference: OEB Staff IR #10**

**Preamble:** The response indicates that the introduction of direct allocation of the Quadralogic meter costs to this class leads to other problems with the allocation of meter costs.

a) Please clarify whether the results reported for the direct allocation approach:

- allocated the remaining metering costs to all classes (including Quadralogic customers) and therefore understate the classes R/C ratio or
- allocated none of the remaining metering costs to the Quadralogic class and therefore overstate the R/C ratio for this class.

b) In theory, would it be possible to address this problem by separating out the costs of wholesale meters into a separate sub-account and for this sub-account allocate a portion of the costs to the Quadralogic class?

c) If yes, how difficult would this be to implement (Note – we are not asking THESL to do it now – just comment on feasibility).

**6.0 Reference: OEB Staff #16**

a) The response states that Quadralogic meters are read "daily". However, the response to Staff IR #7 states they are read monthly. Please reconcile.

b) The response to part (b) states that the smart meters for non-Quadralogic residential customers and the meters for Quadralogic residential customers are both read daily. If this is the case, why in Sheet I7.2 is a factor of 6 used for the other residential customers and factor of 12 used for Quadralogic customers? (Note this is done in cells D28 and G37 respectively).

c) Please provide a revised cost allocation that uses a factor of 12 in both cases (or alternatively, report the sensitivity of the R/C ratios to using 12 in both cases).

**7.0 Reference: SSMWG #6 d)**

a) In view of the warranty arrangements for Quadralogic meters, is it likely that the Board's CA Model over allocates 2012 OM&A costs to Quadralogic meters?

**8.0 Reference: VECC IR #7**
**Updated November 4th Cost Allocation – Sheet O1**

**Preamble:** The Updated November 4th Cost Allocation yields the following revenue to cost ratios (per Sheet O1):

- Residential: 89.1%
- Quadralogic: 100.5%
- GS<50 92.1%
- GS 50-999 117.2%
- GS 1000-5000 124.0%
- LU 120.0%
- Street Lights 73.7%
- USL 117.3%

a) Now assuming that the Board approves the introduction of a separate Quadralogic (residential) class and also accepts THESL's revised Cost Allocation, would you agree that there are three issues presented by the cost allocation results:

- The Quadralogic ratio exceeds 100% and needs to be adjusted downwards in view of competitive considerations
- The GS 1000-5000 ratio (124%) exceeds the Board target range ceiling for the class of 120%, and
- The LU ratio (120%) exceeds the Board's target range ceiling for the class of 115%.

b) By way of an undertaking could you determine what would be the resulting R/C ratios if these three ratios were moved down to 100%, 120% and 115% respectively and the revenue shortfall was made up by:

- First increasing the Street Light ratio to 89.1%, and then
- Increasing the ratios for both Street Lights and Residential in tandem to point where the shortfall is eliminated?

**9.0 Reference: VECC #10 c) & d)**

a) Is it fair to say that the costs of in the accounts referenced in this question are split between demand and customer in an attempt to recognize that a portion of the distribution system is in place simply to "connect" customers to the system regardless of their size?

b) In which case, would you agree that for that portion of the costs identified with establishing these connections, the number of connections by customer class is a more appropriate allocator than the number of customers?

- If not, why since the pole/wire/transformer costs for setting up a minimum system to supply a connection point are the same regardless of the number of actual customers on the other side of the connection?

c) More specifically, doesn't the number of buildings associated with the customers in the Quadralogic class more closely represents the number of connections this class has with the THES than would the total number of customers?

d) We noticed in Sheet I6.2 that for Street Lights the values for both CCP and CCS are 1. Does this mean that the allocator used to apportion the customer-related costs established for these accounts to Street Lights is 1 – which assumes there is only one connection for all street lights?

- If yes, why isn't it more appropriate to use the number Street Light connections (90,644) as the CCS and CCP allocators for this class?

e) Can you confirm that the 102.8% ratio reported in the response to part (d) represents the results if the Quadralogic class' allocator used for the customer portion of <u>just the secondary</u> costs associated with USOA Accounts 1830, 1835, 1840, 1845, and 1850 is number of buildings instead of the number of customers.

f) Now the original question asked that this calculation be done assuming the Quadralogic class' allocator used for the customer portion of both secondary and <u>primary</u> costs associated with USOA Accounts 1830, 1835, 1840, 1845, and 1850 is number of buildings instead of the number of customers. Could you undertake to recalculate the results on this basis – i.e., using the appropriate number of Quadralogic buildings as the value for both CCS and CCP in allocating these accounts' costs?