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**Commission de l'énergie
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BY E-MAIL

November 28, 2011

Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto ON M4P 1E4

Dear Ms. Walli:

**Re: Centre Wellington Hydro Ltd.
2012 IRM3 Rate Application
Board Staff Interrogatories
Board File No. EB-2011-0160**

In accordance with the Notice of Application and Hearing, please find attached the Board Staff Interrogatories in the above proceeding. Please forward the following to Centre Wellington Hydro Ltd. and to all other registered parties to this proceeding.

Yours truly,

Original Signed By

Stephen Vetsis
Analyst – Applications & Regulatory Audit

Encl.

**Board Staff Interrogatories
2012 IRM Rate Application
Centre Wellington Hydro Inc. ("Centre Wellington")
EB-2011-0160**

2012 IRM3 Rate Generator

Board Staff Interrogatory No. 1

Ref: A portion of Sheet "9. 2012 Cont. Sched. Def_Var" is reproduced below.

Account Descriptions		Account Number	2010												Principal Disposition during 2011 - as instructed by the Board																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																										
			Opening Principal Amounts as of Jan-1-10	Transactions Debit / (Credit) during 2010 including interest and adjustments *	Board Approved Disposition during 2010	Other * Adjustments during Q1 2010	Other * Adjustments during Q2 2010	Other * Adjustments during Q3 2010	Other * Adjustments during Q4 2010	Closing Principal Balance as of Dec-31-10	Opening Interest Amounts as of Jan-1-10	Interest Jan-1 to Dec-31-10	Board Approved Disposition during 2010	Adjustment during 2010 - other *		Closing Interest Amounts as of Dec-31-10																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																									
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1590 - LY Variance Account	1590	\$	92,263	\$	70,278	\$	48,014							\$	6,137	\$	6,881	\$																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																							
1591 - RDVA - Wholesale Market Service Charge	1591	\$	942,412	\$	98,391	\$	98,391							\$	294,237	\$	709	\$	1,325	\$	1,327	\$	2,691	\$	48,298	\$																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																															
1594 - RDVA - Retail Transmission Network Charge	1594	\$	23,329	\$	18,844	\$	36,935							\$	179,237	\$	2,362	\$	1,089	\$	1,089		\$	1,073	\$	69,764	\$																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																														
1596 - RDVA - Retail Transmission Connection Charge	1596	\$	605,071	\$	71,277	\$	359,846								\$	298,842	\$	18,176	\$	3,869	\$	4,393		\$	3,512	\$	245,363	\$																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																													
1598 - RDVA - Power (including Global Adjustment)	1598	\$	944,573	\$	99,406	\$	4,295								\$	223,933	\$	30,999	\$	1,444	\$	24,556		\$	17	\$	156,719	\$																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																													
1599 - RDVA - Power - Sub-Account - Global Adjustment	1599	\$	177,821	\$	82,807	\$	9,299								\$	81,795	\$	4,769	\$	330	\$	5,009		\$	17	\$	84,574	\$																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																													
1599 - Recovery of Regulatory Asset Balances	1599	\$	-	\$	-	\$	-	\$	125						\$	-	\$	-	\$	-					\$	-	\$	125	\$																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																												
1599 - Disposition and Recovery of Regulatory Balances (2009)	1599	\$	-	\$	-	\$	-								\$	-	\$	-	\$	-					\$	-	\$	-	\$																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																												
1599 - Disposition and Recovery of Regulatory Balances (2009)	1599	\$	-	\$	-	\$	-								\$	-	\$	-	\$	-					\$	-	\$	-	\$																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																												
Group 1 Sub Total (including Account 1599 - Global Adjustment)																	\$	3,644,441	\$	44,030	\$	490,374	\$	125	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$

Preamble

Note 7 on Sheet 9 of the 2012 IRM3 Rate Generator Model states that the distributor should "Include Account 1595 as part of Group 1 accounts (line 31) for review and disposition if the recovery (or refund) period has been completed, and the audited financial statements support the underlying residual balance in account 1595. If the recovery (or refund) period has not been completed, include the balances in Account 1595 on a memo basis only (line 49)."

Questions/Requests

Please provide the appropriate information for Account 1595 as instructed by Note 7.

Account 1521 – Special Purpose Charge (SPC)

Board Staff Interrogatory No. 2

Ref: Application, page 9 – Manager's Summary

Preamble

On page 9 of the Application, Centre Wellington states that it is not requesting disposition of the December 31, 2011 balance of \$22,258.82 in Account 1521. Centre Wellington notes that the unaudited balance in account 1521, on June 30, 2011 was \$2,335.26. Centre Wellington states that it reserves the right to dispose of the aforementioned balance in a future cost of service or IRM application.

Questions/Requests

- a) Please confirm Centre Wellington's SPC assessment amount and provide a copy of the original SPC invoice.
- b) Please complete the following table related to the SPC.

SPC Assessment (Principal balance)	Amount recovered from customers in 2010	Carrying Charge for 2010	December 31, 2010 Year End Principal Balance	December 31, 2010 Year End Carrying Charge Balance	Amount recovered from customers in 2011	Carrying Charge for 2011	Forecasted December 31, 2011 Year End Principal Balance	Forecasted December 31, 2011 Year End Carrying Charge Balance	Carrying Charge for 2012 (Jan.1 to Apr.30)	Total for Disposition (Principal & Interest)

- c) Section 8 of O.Reg.66/10 under the OEB Act, with respect to the SPC, states that "Every distributor licensed under Part V of the Act shall apply to the Board by no later than April 15, 2012 for an order authorizing it to clear any debit or credit balance in any variance account established by the Board to track the difference between the amounts remitted by the distributor pursuant to the assessment under subsection 5 (3) and the amounts recovered by the distributor under subsection 7 (1)." Please explain why Centre Wellington believes that it is appropriate to dispose of any balances in Account 1521 beyond the date specified in O.Reg.66/10.
- d) Please confirm whether or not Centre Wellington would agree to dispose of the updated balance as of June 30, 2011 if the Board were to accept unaudited transactions for the 2011 stub period.

Incremental Capital Module Claim

Board Staff Interrogatory No. 3

Ref: 2012 ICM Work Form – Sheet B1.2

Preamble

A section of Sheet B1.2 – “Removal of Rate Riders” of the 2012 ICM Work Form is reproduced below.

Rate Class	Re-based Tariff Service Charge	Re-based Tariff Distribution Volumetric Rate kWh	Re-based Tariff Distribution Volumetric Rate kW	Service Charge Rate Adders	Distribution Volumetric kWh Rate Adders	Distribution Volumetric kW Rate Adders	R S
A	B	C	D	E	F		
Residential	15.00	0.0135	0.0000	1.00	0.0006	0.0000	
General Service Less Than 50 kW	16.44	0.0167	0.0000	1.00	0.0006	0.0000	
General Service 50 to 2,999 kW	72.46	0.0000	3.4778	1.00	0.0000	0.2169	
General Service 3,000 to 4,999 kW	559.28	0.0000	2.7186	1.00	0.0000	0.2569	
Unmetered Scattered Load	16.65	0.0269	0.0000	0.00	0.0006	0.0000	
Sentinel Lighting	2.72	0.0000	7.3719	0.00	0.0000	0.1714	
Street Lighting	2.36	0.0000	11.5745	0.00	0.0000	0.1677	

Questions/Requests

- Please confirm that the values entered in column D represent the \$1.00 smart meter funding adder approved by the Board in EB-2008-0225.
- Please confirm that the values entered in columns E and F represent the low voltage service rates for each applicable class.

Board Staff Interrogatory No. 4

Ref: 2012 ICM Work Form – Sheet B1.4

Ref: Chapter 3 of the Filing Requirements for Transmission and Distribution Applications – 2.2 Incremental Capital Module

Sheet B1.4 – “Re-based Rev Req” of the 2012 ICM Work Form is reproduced below.

Detailed Re-Based Revenue From Rates

Last COS Re-based Year	2009
Last COS OEB Application Number	EB-2008-0225

Applicants Rate Base**Average Net Fixed Assets**

Gross Fixed Assets - Re-based Opening
Add: C/WIP Re-based Opening
Re-based Capital Additions
Re-based Capital Disposals
Re-based Capital Retirements
Deduct: C/WIP Re-based Closing
Gross Fixed Assets - Re-based Closing
Average Gross Fixed Assets

\$ 14,989,396

\$ 815,600

\$ 15,804,996

Accumulated Depreciation - Re-based Opening
Re-based Depreciation Expense
Re-based Disposals
Re-based Retirements
Accumulated Depreciation - Re-based Closing
Average Accumulated Depreciation

\$ 8,186,556

\$ 719,877

\$ 8,906,433

Average Net Fixed Assets**Working Capital Allowance**

Working Capital Allowance Base

\$ 13,116,153

Working Capital Allowance Rate

15.0%

Working Capital Allowance**Rate Base****Return on Rate Base**

Deemed Short Term Debt %

4.00%

Deemed Long Term Debt %

52.67%

Deemed Equity %

43.33%

Short Term Interest

1.33%

Long Term Interest

7.62%

Return on Equity

8.01%

Return on Rate Base**Distribution Expenses**

OM&A Expenses

\$ 1,746,600

Amortization

\$ 638,185

Ontario Capital Tax (P.L.12-Federal Tax Charge)

\$ 10,466

Grossed Up PILs (P.L.12-Federal Tax Charge)

Low Voltage

Transformer Allowance

Revenue Offsets

Specific Service Charges

-\$ 335,443

Late Payment Charges

Other Distribution Income

Other Income and Deductions

Revenue Requirement from Distribution Rates**Last Rate Re-based Amount**

A

B

C

D

E

F

G

\$ 15,397,196 H = (A + G) / 2

I

J

K

L

M

\$ 8,546,495 N = (I + M) / 2

\$ 6,850,702 O = H - N

P

Q

\$ 1,967,423 R = P * Q

\$ 8,818,124 S = O + R

T

U

V

\$ 352,725 W = S * T

\$ 4,644,506 X = S * U

\$ 3,820,893 Y = S * V

Z

AA

AB

\$ 4,691 AC = W * Z

\$ 353,911 AD = X * AA

\$ 306,054 AE = Y * AB

\$ 664,656 AF = AC + AD + AE

AG

AH

AI

AJ

AK

AL

AM

AN

AO

\$ 2,395,251 AP = SUM (AG : AO)

AQ

AR

AS

AT

-\$ 335,443 AU = SUM (AQ : AT)

\$ 2,724,464 AV = AF + AP + AU

Preamble

Board staff has been unable to reconcile some of the data entered by Centre Wellington in Sheet B1.4 with the Board approved values from Centre Wellington's last rebasing application (EB-2008-0225).

On pages 11 and 12 of Chapter 3 of the Filing Requirements, the Board states that the appropriate parameters to be used in calculating the revenue requirement associated with the ICM are:

- 1) a deemed capital structure of 60% debt and 40% equity;
- 2) the last Board-approved cost of capital parameters determined during the distributors last rebasing application; and
- 3) the current tax rates.

Questions/Requests

- a) Please reconcile the following values with the Board approved quantities in Centre Wellington's last rebasing application and explain any discrepancies:
 - i. Average Accumulated Depreciation (variable N on Sheet B1.4);
 - ii. OM&A Expenses (variable AG on Sheet B1.4);
 - iii. Amortization (variable AH on Sheet B1.4);
 - iv. Grossed-up PILs (variable AJ on Sheet B1.4); and
 - v. Revenue offsets (variables AQ, AR, AS and AT on Sheet B1.4).
- b) If any Application amounts, shown in the Revenue Requirement Work Form ("RRWF") filed with the draft Rate Order for EB-2008-0225, were entered instead of the Board approved values, indicate these errors and Board staff will make the appropriate changes to the 2012 ICM Work Form.
- c) Please provide the rationale for using a capital structure other than the deemed 60% debt and 40% equity requested in the Board's filing requirements.

Board Staff Interrogatory No. 5

Ref: 2012 ICM Work Form – Sheet C1.1

Sheet C1.1 – "Ld Act-Most Recent Year" of the 2012 ICM Work Form is reproduced below.

Load Actual - Most Recent Year														
Rate Class	Fixed Metric	Vol Metric	Billed Customers or Connections			Billed kWh	Billed kW	Base Service Charge D	Base Distribution	Base Distribution	Service Charge Revenue G = A * D * 12	Distribution Volumetric	Distribution Volumetric	Total Revenue by Rate Class J = G + H + I
			A	B	C				Volumetric Rate kWh E	Volumetric Rate kW F		Rate Revenue kWh H = B * E	Rate Revenue kW I = C * F	
Residential	Customer	kWh	5,562	44,627,096	0		\$14.00	\$0.0029	\$0.0000	\$234,48	\$173,304		\$0	\$1508,320
General Service Less Than 50 kW	Customer	kWh	681	21,82,267	0		\$16.44	\$0.0061	\$0.0000	\$126,076	\$134,166		\$0	\$447,362
General Service 5,000 to 2,999 kW	Customer	kWh	59	74,441,732	17,873		\$7.44	\$0.0000	\$2.2809	\$50,594	\$0	\$596,325		\$596,319
General Service 3,000 to 4,999 kW	Customer	kWh	1	17,88,619	44,777		\$59.28	\$0.0000	\$2.4607	\$6,539	\$0	\$109,200		\$109,500
Unmetered Scattered Load	Customer	kWh	6	430,105	0		\$6.65	\$0.0023	\$0.0000	\$3,990	\$1,506		\$0	\$12,705
Sentinel Lighting	Connection	kW	34	46,188	128		\$2.72	\$0.0000	\$7.2005	\$110	\$0	\$32		\$2,031
Street Lighting	Connection	kW	1,653	1,98,279	3,164		\$2.36	\$0.0000	\$11.4068	\$45,815	\$0	\$35,863		\$52,676
										\$1,167,696	\$726,627	\$710,289		\$2,605,542

Preamble

Board staff has been unable to reconcile the majority of the data entered in columns A, B and C of Sheet C1.1. with Centre Wellington's RRR 2.1.5 filings for 2010.

Questions/Requests

- a) Please reconcile the data entered on the above sheet with Centre Wellington's RRR 2.1.5 filings for 2010 for Columns A, B and C for all classes, except Unmetered Scattered Load. Please explain any discrepancies.
- b) If another source of data was used, please provide supporting evidence for the data in columns A, B and C.

Board Staff Interrogatory No. 6

Ref: 2012 ICM Work Form – Sheet D1.1

A section of Sheet D1.1 – “Current Revenue from Rates” of the 2012 ICM Work Form is reproduced below.

Current Revenue from Rates

Rate Class	Fixed Metric	Vol Metric	Current Base	Current Base	Current Base
			Service Charge	Distribution	Distribution
			A	B	C
Residential	Customer	kWh	13.99	0.0129	
General Service Less Than 50 kW	Customer	kWh	15.43	0.0161	
General Service 50 to 2,999 kW	Customer	kW	96.69		3.0657
General Service 3,000 to 4,999 kW	Customer	kW	557.94		2.4592
Unmetered Scattered Load	Customer	kWh	15.44	0.0244	
Sentinel Lighting	Connection	kW	3.59		9.4907
Street Lighting	Connection	kW	3.37		16.2724

Preamble

Board staff has been unable to reconcile the data entered under columns labeled A, B and C with the tariff schedules from Centre Wellington's previous IRM application (EB-2010-0072).

Questions/Requests

- a) Please reconcile the data entered on the above sheet with Centre Wellington's current tariff schedules. Please explain any discrepancies.

Board Staff Interrogatory No. 7

Ref: 2012 ICM Work Form – Sheet E4.1

A section of Sheet E4.1 “IncrementalCapitalAdjust” of the 2012 ICM Work Form is reproduced below.

Grossed up PIL's			
Regulatory Taxable Income	O	\$ 44,938	T
Add Back Amortization Expense	S	\$ 32,188	U
Deduct CCA		\$ 84,876	V
Incremental Taxable Income		-\$ 7,750	$W = T + U - V$
Current Tax Rate (F1.1 Z-Factor Tax Changes)	15.5%	X	
PIL's Before Gross Up		-\$ 1,201	$Y = W \cdot X$
Incremental Grossed Up PIL's		-\$ 1,422	$Z = Y / (1 - X)$

Questions/Requests

- a) Please provide evidence in support of Centre Wellington's stated current tax rate of 15.5%.

Board Staff Interrogatory No. 8

Ref: 2012 Incremental Capital Work Sheet – Sheet “Incremental Capital Summary”

A section of Sheet “Incremental Capital Summary” is reproduced below.

Asset Component	Capital Cost	Capital Cost (1/2 year rule applied)	Depreciation Rate	CCA Class	CCA Rate
1 Rehabilitate Fergus MS2 Station at 295 Queen Street	1,199,400	599,700	4%	47	8%
2 Install fully functional SCADA system for CW's 6 Municipal Stations	164,000	82,000	10%	45.1	45%
3		-			
4		-			
5		-			

Questions/Requests

- a) Please explain the rationale for applying only one CCA class to the entire amount sought for recovery in each project.
- b) Please provide a reference from the *Income Tax Act* in support of Centre Wellington's selection of a CCA class of 45.1 for the SCADA project.
- c) Please provide a reference in support of the depreciation rates shown in the Depreciation Rate column of Sheet “Incremental Capital Summary.”
- d) Which APH accounts will be used to record the capital additions for each project? Please provide a table to show the amounts to be recorded in each APH account for each project.

Board Staff Interrogatory No. 9

Ref: Application / Tab 4 – Incremental Capital Module – Third Party Report

Preamble

The table on page 5 of the 2012 IRM Supporting Information report, prepared by Costello Associates Inc., shows a table prioritizing the capital projects proposed in the report.

Questions/Requests

- a) Given that Centre Wellington is scheduled to file for rebasing next year, please explain the rationale for seeking to fund the Fergus MS-2 and SCADA projects through the ICM proposed in this IRM application.
- b) What would be the impact of delaying the recovery of costs for the proposed capital projects until Centre Wellington's next rebasing application?
- c) Costello Associates Inc. has split the required capital projects based on location and prioritized accordingly. Has Centre Wellington considered prioritizing work based on the need and urgency for each proposed item of work? For example, has Centre Wellington considered prioritizing each safety concern, regardless of location, and completing the necessary work in that order?

Board Staff Interrogatory No. 10

Ref: Application / Tab 1 – Manager's Summary – 5. Incremental Capital Module

Preamble

On page 3 of the Manager's Summary, Centre Wellington states:

Centre Wellington has chosen the option of a variable rate rider for the recovery period as shown on Sheet "F1.2 Incr Cap RRider Opt B Var".

Questions/Requests

- a) Please explain Centre Wellington's rationale for recovering ICM funds using a variable rate rider.
- b) Please state the scheduled in service dates of the Fergus MS-2 and SCADA projects.

Board Staff Interrogatory No. 11

Ref: Application / Tab 4 – Incremental Capital Module – Third Party Report

Ref: Chapter 3 of the Filing Guidelines for Transmission and Distribution

Applications – 2.2 Incremental Capital Module

Preamble

On pages 1 and 2 of the 2012 IRM Supporting Information report, Costello Associates Inc. state:

CWH currently has an obsolete remote meter reading system that provides some of the data acquisition functions common in SCADA systems, but is limited in functionality in terms of data archiving and interoperability with other engineering and operating tools such as Geographical Information Systems (GIS) and distribution analysis software (short circuit, load flow, load balancing, and loss reduction). It does not have any ability to perform supervisory control of circuit breakers, reclosing, or remote annunciation of critical substation alarms.

Page 2 of the 2012 IRM Supporting Information report states:

Four of the six CWH existing substations are designed with fuses or hydraulic reclosers which inherently do not provide any functionality for SCADA, automatic restoration, transfer trips for distributed generation, or other abilities often associated with anticipated Smart Grid (SG) applications. The two stations equipped with circuit breakers which could be adapted for these SG applications are obsolete and should be replaced (discussed below).

Page 9 of Chapter 3 of the Filing Guidelines states that in assessing the need for an incremental capital project:

Amounts should be directly related to the claimed driver, which must be clearly non-discretionary. The amounts must be clearly outside of the base upon which rates were derived.

Questions/Requests

- a) Please explain why Centre Wellington believes the SCADA project qualifies as a non-discretionary cost that is appropriate for recovery through an ICM?

- b) Please provide further details regarding the nature of work and facilities/hardware that are included in the \$164,000 budget for this project, estimated by Costello Associates Inc.
- c) Costello Associates Inc. explains that four of the substations are designed with some hardware that cannot provide any functionality for SCADA or other SG application. Costello Associates Inc. also notes that the two stations which could be adapted for SG applications are equipped with obsolete circuit breakers.
 - i. What functionality/benefits will the SCADA system provide if installed prior to the hardware upgrades proposed for each substation?
 - ii. How does the functionality described in (i) above differ from the functionality of Centre Wellington's current remote meter reading system?
 - iii. Given the limitations to SCADA integration caused by the hardware currently installed in Centre Wellington's substations, why has Costello Associates Inc. prioritized the SCADA project over the other proposed projects?
 - iv. Are there any economic efficiencies achieved by completing the SCADA project earlier? Conversely, are there any negative economic impacts of delaying the work proposed?
- d) Does Centre Wellington propose to acquire new control center facilities to accompany as part of the SCADA acquisition?
- e) If a new SCADA control center is not part of the proposed acquisition, will the current system accommodate the updated SCADA remote terminal units (RTUs)?
- f) If a new SCADA control center is part of the proposed acquisition, will it accommodate those RTUs which are not being updated?
- g) Has Center Wellington done a cost benefit study for the provision of the SCADA? If so, please provide it.

Board Staff Interrogatory No. 12

Ref: Application / Tab 4 – Incremental Capital Module – Third Party Report

Preamble

On page 3 of the 2012 IRM Supporting Information report, Costello Associates Inc. states the following with respect to the Fergus MS-2 Substation:

The Fergus MS-2 substation was installed in 1962, and has similar 5kV switchgear as Fergus MS-1. It also shares the same issues in terms of age, condition, and safety. Further, it sits almost directly on the banks of the Grand River and at the time of the condition assessment, had no secondary oil containment. CWH has since installed an oil containment system.

We propose that a major rehabilitation is required to completely replace all 4 kV equipment with modern switchgear and reclosers, and to install secondary oil containment for the existing power transformer.

The budget for this project is \$1.2M.

Questions/Requests

- a) Please provide further details regarding the nature and extent of the rehabilitation work that will be performed to the Fergus MS-2 substation.
- b) Please explain what criteria were considered by Costello Associates Inc. when proposing this capital project. Were several options considered? Was any form of cost/benefit analysis performed with regards to the various options presented?
- c) Is the current switchgear rated 4kV or 5kV? The report refers to both voltages.
- d) Is Centre Wellington proposing to replace the complete substation switchgear? Please provide a description of the substation and the electrical arrangement.
- e) Is it required to change the transformers at the substation?
- f) What is the nominal voltage of the distribution system supplied by this station? Is this a common voltage for the switchgear? Is it appropriate to continue utilizing 4kV as a standard?
- g) What is the basis for the budget amount? Has it been, or will it, be determined by competitive bidding?

Board Staff Interrogatory No. 13

Ref: Application / Tab 4 – Incremental Capital Module – Third Party Report

Page 4 of the Substation Condition Report, prepared by Costello Associates Inc., says:

We suggest that CWH expand their maintenance plan to maintain two stations every year, for a cycle of three years. In addition, transformer oil analysis should be performed at least once per year. It is very important to use the same testing firm year after year if at all possible, so trends can be assessed.

Page 5 of the Substation Condition Report, says:

The second issue with this station is that there is a padmount transformer installed within the station yard that provides secondary service to the adjacent municipal office building. In the event of a major short circuit at the station, there is a risk of transferring high voltage from the station ground grid into the office building via secondary conductors.

Page 6 of the Substation Condition Report states:

There is some evidence to suggest that some of the distribution system may not have adequate overcurrent protection. This is a public safety issue, and poses a risk to CWH equipment.

Preamble

Some of the examples presented in the report represent serious situations that are an immediate threat to the safety of personnel at the station and/or the public and the environment and represent a potential for major liability to Centre Wellington Hydro Inc.

Questions/Requests

- a) Please provide a table indicating, for all the identified deficiencies in the report, what specific actions have been or will be undertaken and the expected completion date of those actions.
- b) In prioritizing the capital projects, has Centre Wellington given appropriate priority to safety over automation?
- c) Please provide a description of the staffing responsibilities and reporting structure for the operation of the system.

Board Staff Interrogatory No. 14

Ref: Application / Tab 4 – Incremental Capital Module – Third Party Report

Page 4 of 2012 IRM Supporting Information report states the following with regards to the Fergus MS-1 Substation:

The station is located close to the Grand River and municipal storm drains. There is no secondary oil containment. There is an environmental risk that in the event of a catastrophic transformer failure, oil could be released into the Grand River or municipal storm system.

We propose that a major rehabilitation is required to completely replace all 4 kV equipment with modern switchgear and reclosers, and to install secondary oil containment for the existing power transformer.

The budget for this project is \$1.1M.

Questions/Requests

- a) What is the basis for the estimate of \$1.1M for this project?
- b) Please confirm that the Fergus MS-1 substation has a primary oil containment system.
- c) Is Centre Wellington proposing to replace the entire substation? Are there any transformers which need to be changed?
- d) What is the basis for the budget amount? Has it been, or will it be, determined by competitive bidding?

Lost Revenue Adjustment Mechanism

Board Staff Interrogatory No. 14

Ref: Application / Tab 1 – Manager's Summary - LRAM & SSM

Centre Wellington noted that it is proposing recovery of lost revenue in the amount of \$104,881.75. However, the table provided shows the LRAM claim is \$103,372.23 and the SSM claim is \$1509.52.

Questions/Requests

- a) Please verify the amounts claimed for LRAM and SSM.
- b) Please provide the total amount claimed for both LRAM and SSM.

- c) Please provide a description on the scope (e.g. applicable program years) of the claim for LRAM.
- d) Please provide a description on the scope (e.g. applicable program years) of the claim for SSM.

Board Staff Interrogatory No. 15

Ref: Application / Tab 6 - Burman Energy LRAM & SSM Support Document,
Sept. 7, 2011

Burman noted that the application for LRAM and SSM compensation is based on Centre Wellington's 2005 to 2010 inclusive CDM results.

Questions/Requests

- a) Please confirm if the claim for LRAM includes the 2010 program evaluation results from the OPA.
- b) If the answer to a) is yes, is the LRAM claim based on the final 2010 program evaluation results from the OPA?
- c) If Centre Wellington has not received final 2010 program results from the OPA, please discuss when Centre Wellington plans on receiving them and how it proposes to update its LRAM amount to reflect the final results.
- d) Please confirm when Centre Wellington's last load forecast was approved by the Board.
- e) Please identify the CDM savings that were included in Centre Wellington's last Board approved load forecast for CDM programs deployed from 2006 to 2010 inclusive.