



***PUBLIC INTEREST ADVOCACY CENTRE
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November 30, 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)
Submission of VECC Interrogatories EB-2011-0160
Centre Wellington Hydro Inc.**

Please find enclosed the interrogatories of VECC in the above-noted proceeding. We have also directed a copy of the same to the Applicant. Please note that our original set of interrogatories were missing questions with respect to the LRAM; we just noticed the omission of these questions so are refilling the IRs to include them. We apologize for the delay in putting those questions in particular to the applicant.

Thank you.

Yours truly,

Michael Buonaguro
Counsel for VECC
Encl.

cc: Centre Wellington Hydro Inc.
Ms. Florence Thiessen

ONTARIO ENERGY BOARD

IN THE MATTER OF

the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15 (Schedule B), as amended;

AND IN THE MATTER OF an Application by
Centre Wellington Hydro Ltd. for an order or orders
approving or fixing just and reasonable
distribution rates to be effective May 1, 2012.

Information Requests of the Vulnerable Energy Consumers Coalition (VECC)

INCREMENTAL CAPITAL

VECC Question # 1

Reference: Manager's Summary, Section 5: Incremental Capital Module

Preamble: The evidence indicates that Centre Wellington Hydro (CWH) has 2012 forecasted capital expenditures of \$2,178,300 that includes \$1,363,000 to rehabilitate Fergus MS#2 (\$1,199,400) and to install fully functional SCADA for Centre Wellington's six Municipal Sub-stations (\$164,000).

- a) Please provide a Capital Spending Schedule that sets out, on a comparative basis, approved 2009 capital spending (EB-2008-0225) and the proposed spending for 2012, using spending categories from EB-2008-0225.
- b) Please provide explanations for any categories where the variance between the 2009 approved and the current 2012 budget spending exceeds plus/minus 10%.
- c) Please identify all spending in the 2012 Capital Budget that addresses replacement and rehabilitation projects and quantify any discretionary expenditures.
- d) For the spending categories/projects not addressed in response to part c), please provide an explanation as to why the budgeted level of spending is required in 2012 and quantify any discretionary expenditures.
- e) Please provide a breakdown of the costs to rehabilitate Fergus MS#2 and install SCADA including labour, materials, equipment and other costs.

- f) Please discuss the timing of the capital expenditures proposed in 2012.

VECC Question # 2

Reference: Tab 4, Incremental Capital, Third Party Report, Page 1

Preamble: Costello Associates Inc. was retained by CWH to provide supporting technical information and budgetary estimates for planned substation replacement projects, and for a new SCADA system.

- a) Please discuss when the need to replace or rehabilitate the substations was identified in the context of CWH's long term capital plan.
- b) Please discuss the substation capital investment in the context of the significant influence on the operation of the distributor.
- c) Please discuss what actions CWH will take in the event that the Board does not approve relief for incremental capital.

VECC Question # 3

Reference: Report of the Board on 3rd Generation Incentive Regulation for Ontario's Electricity Distributors, July 14, 2008, Eligibility Criteria, Appendix: Filing Guidelines, Page II

Preamble: The eligibility criteria for distributors to recover amounts through rates to fund incremental capital investment are: materiality, need and prudence.

- a) Please discuss the need criteria in the context of the Board's Guidelines.
- b) Please discuss the options CWH explored regarding the evaluation of the substations to arrive at the most cost-effective option for rate-payers and provide details.

VECC Question # 4

Reference: Tab 4, Incremental Capital, Third Party Report, Appendix 1, Page 1

Preamble: Costello Associates Inc. indicates that all stations were field inspected and assessed based on two evaluation models. The first model considers three main areas of concern: public safety, worker safety, and risk of major equipment failure and classification ratings of the above categories range from blue (excellent condition) to red (poor condition).

- a) Please provide a schedule that shows the colour classification ratings for each area of concern (public safety, worker safety, risk of major equipment failure) for each substation.

VECC Question # 5

Reference: Tab 4, Incremental Capital, Third Party Report, Appendix 1, Page 1

Preamble: Costello Associates Inc. indicates that the second evaluation model is a points-based system, which considers equipment, operating condition, usually based on detailed knowledge gained from maintenance and testing.

- a) Please provide the results of the points-based evaluation for each substation.

VECC Question # 6

Reference: Tab 4, Incremental Capital, Third Party Report, Prioritization, Page 5

Preamble: The evidence indicates that the projects have been prioritized on the basis of public and worker safety, reliability (asset condition), environmental protection, staff resources, and capital funding.

- a) Please provide the results of the analysis undertaken to determine that the Fergus MS-2 substation and SCADA were the priorities for 2012.

VECC Question # 7

Reference: Tab 4, Incremental Capital Workform

- a) Please explain why a capital structure of 43.3% Equity/4.0% Short-Term Debt/52.7% Long Term Debt is used in the determination of the revenue requirement impact when CWH's transition to a 40/4/56 structure was completed in EB-2009-0218.
- b) Please re-do the revenue requirement calculation assuming the 40/4/56 capital structure.
- c) Please provide the reference for the current base service charges, distribution volumetric rates and (kWh) and volumetric rates (kW) shown for each rate class on Sheet D1.1, Current Revenue from Rates.

VECC Question # 8

Reference: Chapter 3 Filing Guidelines, Section 2.1, Price Cap Index Adjustment, Page 8

Preamble: The value of the stretch factor is specific to each distributor for each rate year, and will be one of the following values: 0.2%; 0.4%; or 0.6%. The Board will determine each distributor's stretch factor.

- a) In CWH's 2011 IRM application, its utility specific stretch factor was 0.6%. In this application, a stretch factor of 0.4% has been applied. Please verify.

VECC Question # 9

Reference: Tab 4, Incremental Capital Workform

Preamble: CWH proposes that the rate riders be established on "Option B" in the 2012 IRM3 Incremental Capital Workform, whereby the revenue requirement is recovered through a volumetric rate rider.

- a) Please provide the rationale for using Option B.

VECC Question # 10

Reference: Tab 6, Lost Revenue Adjustment Mechanism (LRAM/SSM) – Report and Schedules, Page 6

Preamble: CWH indicates that "For all programs/projects, the most recently published OPA assumptions and measures list were used in the LRAM calculations..."

- a) Please provide the version/date of the OPA assumptions and measures list used in the LRAM calculations and confirm it is the most recent OPA assumptions and measures list.
- b) Please confirm the OPA's 2006 to 2009 CDM Results were used in the LRAM calculation for OPA Programs.
- c) When will the OPA results for the 2010 Programs be available and how may this affect the LRAM claim?
- d) If 2010 OPA preliminary or final results are available, please provide a copy and update the LRAM claim accordingly.

VECC Question # 11

Reference: Tab 6, Lost Revenue Adjustment Mechanism (LRAM/SSM) – Report and Schedules

- a) Please provide the following details by year for the OPA Every Kilowatt Counts and Every Kilowatt Counts Power Savings Event that adds to the data shown in

Attachment A: # units, unit and total kWh savings, operating hours, lifetime, and free ridership rate. Reconcile to the lost revenues by year and total lost revenues shown in Attachment B.

- b) List and confirm OPA's input assumptions for Every Kilowatt Counts (EKC) 2006 to 2010 including the measure life, unit kWh savings and free ridership for Compact Fluorescent Lights (CFLs) and Seasonal Light Emitting Diodes (LED). Confirm some of these assumptions were changed in 2007 and again in 2009 and compare the values.
- c) Demonstrate that savings for EKC 2006 Mass Market measures 13-15 W Energy Star CFLs & Seasonal LEDs have been removed from the LRAM claim beginning in 2010.
- d) Adjust the LRAM claim as necessary to reflect the measure lives and unit savings for any/all measures that have expired starting in 2010.

VECC Question # 12

Reference: Tab 6, Lost Revenue Adjustment Mechanism (LRAM/SSM) – Report and Schedules

- a) Please confirm the input assumptions (# of units, unit kWh savings, lifetime, free ridership rate by year for the CFLs (13-15 W) and LED lighting measures under the following 3rd Tranche CDM Programs: Lighten Your Electricity Bill, Decorative Lighting Efficiency and Energy Crunch Conservation Kits. Reconcile to the lost revenues by year and total lost revenues shown in Attachment B.
- b) Identify all 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 any prior claim.
- c) 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 2009.

VECC Question # 13

Reference: Tab 6, Lost Revenue Adjustment Mechanism (LRAM/SSM) – Report and Schedules, Page 5

Preamble: For each program, net load reductions were calculated (net of free ridership) for both SSM and LRAM calculations.

- a) Please provide the rationale for calculating lost revenues to the end of 2011.

- b) Please provide the calculation of the LRAM/SSM Rate Riders to the end of 2010.

VECC Question # 14

Reference: Tab 6, Lost Revenue Adjustment Mechanism (LRAM/SSM) – Report and Schedules, Attachment C, SSM Amounts by Class and Program

- a) Provide the unit kWh input assumptions used for SSM calculations by year for the Lighten Your Electricity Bill, Decorative Lighting Efficiency and Energy Crunch Conservation Kits.
- b) Confirm that the measure life used for CFLs was 4 years and unit savings was 104 kWh (13 – 15 W CFLs).
- c) Confirm that the 2010 savings for CFLs should be adjusted to recognize the 4 year life for CFLs.
- d) Attachment C summarizes the calculation of the SSM amounts. Please provide a copy of the spreadsheet showing the SSM calculation. Reconcile to Attachment C.