

**Board Staff Interrogatories
2012 IRM3 Electricity Distribution Rates
West Coast Huron Energy Inc.
EB-2011-0203**

Rate Generator

1) Ref: E1/T1/S2, p. 2 and Manager's Summary p. 1

Preamble:

On page 1 of the Manager's summary WCH stated that WCH has completed the 2012 Rate Generator model provided by the Ontario Energy Board. In E1/T1/S2 page 2, line 10-12 WCH stated that

West Coast Huron has used the applicable Elenchus prepared Excel models. The applicable models are: i. ED Rate Generator;

Question/Request:

- a) Please confirm that WCH used the Board-approved 2012 IRM Rate Generator Model version 1.4, updated October 19, 2011 in its revised application, filed November 7, 2011.
- b) If not, please explain why not and outline any deviation from the 2012 IRM Rate Generator, version 1.4.

2) Ref: E1/T1/S5, p. 3 - Manager's Summary and cover letter, filed November 7, 2011

Preamble:

On page 3 of the Manager's Summary WCH stated that

West Coast Huron currently has an application for adjustment to proposed distribution rates (EB-2011-0335) effective October 1, 2011 before the Board. For purposes of completion of this application the proposed Tariff sheet for that application has been used in the 2012 IRM Rate Generator for rate adjustments and bill impact calculations. This is detailed in Exhibit 1, Tab 1, Schedule 6, Attachment 1 of this application. This is included on the following sheets of the 2012 IRM Rate Generator":

Sheet "4. Current MFC";
Sheet "5. Current DVR";
Sheet "6. Current Rate_Riders";
Sheet "7. Current RTSR-Network"; and
Sheet "8. Current RTSR-Connection".

In the cover letter filed November 7, 2011, WCH stated that "West Coast Huron has removed the proposed Tornado Relief Funding Adder from inclusion in the 2012 IRM Rate Generator and is not included in the calculation of bill impacts".

Question/Request:

- a) Please reconcile the two statements above and confirm that WCH has used WCH's current tariff sheet to calculate proposed tariff of rates and charges in the 2012 IRM Rate Generator.
- b) If no, please adjust all applicable sheet in the rate generator to reflect WCH's current tariff of rates and charges.

3) Ref: Rate Generator E.6 – Current Rate Rider**Sheet E.6****Residential**

Rate Rider for Global Adjustment Sub-Account (2010) – Applicable only for Non-RPP Customers	\$/kWh	0.01820	April 30, 2012
Rate Rider for Global Adjustment Sub-Account (2011) – Applicable only for Non-RPP Customers	\$/kWh	0.00520	April 30, 2012
Rate Rider for Deferral/Variance Account Disposition (2010)	\$/kWh	(0.00070)	April 30, 2012
Rate Rider for Deferral/Variance Account Disposition (2011)	\$/kWh	(0.00280)	April 30, 2012

General Service Less Than 50 kW

Rate Rider for Global Adjustment Sub-Account (2010) – Applicable only for Non-RPP Customers	\$/kWh	0.01150	April 30, 2012
Rate Rider for Global Adjustment Sub-Account (2011) – Applicable only for Non-RPP Customers	\$/kWh	0.00040	April 30, 2012
Rate Rider for Deferral/Variance Account Disposition (2010)	\$/kWh	(0.00080)	April 30, 2012
Rate Rider for Deferral/Variance Account Disposition (2011)	\$/kWh	(0.00310)	April 30, 2012

Preamble:

Board staff notes that for the Residential customer class the Rate Rider for Global Adjustment Sub-Account (2010)– Applicable only for Non-RPP Customer shows a rate rider of \$0.0182/kWh. West Coast Huron's current Tariff of Rates and Charges shows a rate rider of \$0.0004/kWh for this category.

Board staff further noted that for the GS<50kW customer class the Rate Rider for Global Adjustment Sub-Account (2010)– Applicable only for Non-RPP Customer shows a rate rider of \$0.0115/kWh. West Coast Huron's current Tariff of Rates and Charges shows a rate rider of \$0.0004/kWh for this category.

Question/Request:

- a) Please confirm that the Rate Rider for Global Adjustment Sub-Account for both the residential and the GS<50 kW customer classes should be \$0.0004. If confirmed, Board staff will make the necessary changes.

4) Ref: 2012 IRM RTSR Work Form, Sheet 3 and E1/T1/S6, Attachment 1

Rate Classes:

1. Select the appropriate rate classes that appear on your most recent Board-Approved Tariff of Rates and Charges.
2. Enter the RTS Network and Connection Rate as it appears on the Tariff of Rates and Charges

Rate Class	Unit	RTSR - Network	RTSR - Connection
Residential	kWh	\$ 0.0050	\$ 0.0045
General Service Less Than 50 kW	kWh	\$ 0.0048	\$ 0.0040
General Service 50 to 499 kW	kW	\$ 1.8353	\$ 1.5961
General Service 500 to 4,999 kW	kW	\$ 1.9493	\$ 1.7498
Large Use	kW	\$ 2.1585	\$ 2.0008
Unmetered Scattered Load	kWh	\$ 0.0046	\$ 0.0040
Sentinel Lighting	kW	\$ 1.3913	\$ 1.2596
Street Lighting	kW	\$ 1.3842	\$ 1.2596

Preamble:

Board staff notes that WCH on Sheet 3 of the 2012 IRM RTSR Work Form shows an RTSR-Network Service Rate of \$0.0048 for the GS<50 kW customer class. WCH's current Tariff of Rates and Charges (E1/T1/S6, Attachment 1) shows an RTSR – Network Service Rate of \$0.0046 for that class.

Question/Request:

- a) Please confirm that that the RTSR-Network Service Rate should be \$0.0046 for the GS<50 kW customer class. If confirmed, Board staff will make the necessary changes.

5) Ref: Rate Generator, Sheet 16 and 2012 IRM RTSR Work Form, Sheet 13

Rate Generator, Sheet 16 – Proposed RTSR Connection

Preamble:

Board staff noted that WCH shows the following RTSR rate for the GS 500-4,999 kW customer class:

General Service 500 to 4,999 kW				
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.74980	24.128%	2.17200

RTSR Workform, Sheet 13:

Rate Class	Unit	Proposed RTSR Network		Proposed RTSR Connection	
Residential	kWh	\$	0.0057	\$	0.0049
General Service Less Than 50 kW	kWh	\$	0.0054	\$	0.0043
General Service 50 to 499 kW	kW	\$	2.0765	\$	1.7327
General Service 500 to 4,999 kW	kW	\$	2.2054	\$	1.8996
Large Use	kW	\$	2.4421	\$	2.1720
Unmetered Scattered Load	kWh	\$	0.0052	\$	0.0043
Sentinel Lighting	kW	\$	1.5741	\$	1.3674
Street Lighting	kW	\$	1.5661	\$	1.3674

Board staff notes that WCH shows \$1.8996 in proposed RTSR Connection rates on Sheet 13 of the 2012 IRM RTSR Work Form for the GS 500-4,999 customer class. On Sheet 16 of the 2012 IRM Rate Generator WCH shows a rate of \$2.1720.

Question/Request:

- a) Please confirm that that the proposed RTSR-Connection Rate should be \$1.8996 for the GS 500-4,999 kW customer class. If confirmed, Board staff will make the necessary changes.

6) Ref: 2012 IRM Revenue/Cost Ratio Model, Sheet 3 – Rebased Bill Det & Rates

Rate Group	Rate Class	Fixed Metric	Vol Metric	Re-based Billed Customers or Connections A	Re-based Billed kWh B	Re-based Billed kW C	Current Tariff Service Charge D	Current Tariff Distribution Volumetric Rate kWh E	Current Tariff Distribution Volumetric Rate kW F
RES	Residential	Customer	kWh	3,356	28,073,558		14.08	0.0192	
GSLT50	General Service Less Than 50 kW	Customer	kWh	521	16,297,712		33.43	0.0115	
GSGT50	General Service 50 to 499 kW	Customer	kW	49	24,213,614	78,630	402.29		1.7872
GSGT50	General Service 50 to 4,999 kW	Customer	kW	3	11,029,532	25,095	3,023.14		1.5371
LU	Large Use	Customer	kW	1	63,440,389	155,172	9,031.26		1.1806
USL	Unmetered Scattered Load	Connection	kWh	9	166,487		33.44	0.0296	
Sen	Sentinel Lighting	Connection	kW	13	22,144	64	5.64		10.7442
SL	Street Lighting	Connection	kW	1,333	1,064,486	2,896	1.95		10.6902

Board staff has been unable to verify whether some of the data entered on Sheet 3 of the 2012 IRM Revenue/Cost Ratio Model is correct.

Question/Request:

- a) Please reconcile the data entered in column A, B and C on the above sheet with the Draft Rate Order in EB-2008-0248. Please explain any discrepancies.
- b) In column E, WCH shows a volumetric rate of \$0.0192 for the residential customer class. The current tariff sheet shows a volumetric rate of \$0.0182 for

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the same class. Please confirm that \$0.0182 is correct and Board staff will make the necessary changes.

7) Ref: 2012 IRM Revenue/Cost Ratio Model, Sheet 7 – Revenue Offsets Allocation

The purpose of this sheet is to allocate the Revenue Offsets (miscellaneous revenue, cell F47) found in the last COS to the various rate classes in proportion to the allocation from the Cost Allocation informational filing.

Rate Class	Informational Filing	Percentage Split	Allocated Revenue Offsets
	Revenue Offsets A		E = D * C
Residential	0	0.00%	-
General Service Less Than 50 kW	0	0.00%	-
General Service 50 to 499 kW	0	0.00%	-
General Service 50 to 4,999 kW	0	0.00%	-
Large Use	0	0.00%	-
Unmetered Scattered Load	0	0.00%	-
Sentinel Lighting	0	0.00%	-
Street Lighting	0	0.00%	-
	-	0.00%	97,945
	B		D

Preamble:

Board staff notes that on sheet 7 of the 2012 IRM Revenue/Cost Ratio Model, WCH did not provide the input data in column A as per the informational filing.

Question/Request:

Please provide the required information and Board staff will make the necessary changes.

8) Ref: 2012 IRM Rate Generator, Sheet 18, E1/T1/S6, Attachment 1, p. 11 - current Tariff of Rates and Charges and E1/T1/S5, Manager's Summary, p. 5

2012 IRM Rate Generator, Sheet 18 – LF Current and Proposed

Loss Factors**Current**

Total Loss Factor – Secondary Metered Customer < 5,000 kW	1.0497
Total Loss Factor – Secondary Metered Customer > 5,000 kW	1.0145
Total Loss Factor – Primary Metered Customer < 5,000 kW	1.0362
Total Loss Factor – Primary Metered Customer > 5,000 kW	1.0045

Preamble:

Board staff notes that on sheet 18 of the 2012 IRM Rate Generator, WCH used a total loss factor of 1.0497 – Secondary Metered Customer<5000 kW. On the Tariff of Rates and Charges WCH shows a total loss factor in that category of 1.0467.

Question/Request:

- a) Please confirm that the total loss factor for Secondary Metered Customer<5000 kW should be 1.0467 and Board staff will make the necessary changes.

9) Ref: E1/T2/S2, p. 5, 2012 Incremental Capital WorkformPreamble:

On page 2 WCH provided threshold parameters which show a price escalator of 1.30 % and a stretch factor of 0.60%. A growth factor of -3.05% is proposed based on 2009 audited RRR as the denominator in the growth calculation. The Board's Stretch Factor Rankings for 2012 released on December 1, 2011 indicates a stretch factor of 0.40% for West Coast Huron. On November 10, 2011 the Board established the price escalator (inflation index) for IRMS for adjusting electricity distribution rates effective January 1, 2012. The updated annual percentage change in Gross domestic Product Implicit Price Index for Final Domestic Product (GDP-IPI) to 1.7%.

Question/Request:

- a) Please recalculate WCH threshold using the updated Stretch Factor Rankings for 2012.

10)Ref: E1/T2/S2, p. 5, 2012 Incremental Capital Workform, Sheet E 3.1 and Incremental Capital Project Worksheet- Summary

Preamble:

On page 5 (E1/T2/S2) WCH states that WCH has applied the half year rule for the purpose of this application.

On Sheet E 3.1 of the Incremental Capital Workform, Board staff noted that the increment capital capex shows and amount of \$1,344,000 (see below).

Project ID #	Incremental Capital Non-Discretionary Project Description	Incremental Capital CAPEX	Amortization Expense	CCA
ICP 1	Sifto Line Extension	1,344,000	56,000	112,000
		<u>1,344,000</u>	<u>56,000</u>	<u>112,000</u>

Incremental Capital Project Summary shows total capital expenditures of \$2.8M.

Asset Component	Capital Cost	Capital Cost (1/2 year rule applied)	Depreciation Rate	CCA Class	CCA Rate
1 1820-Distribution Station Equipment <50 kV	1,000,000	500,000	4.0%	47	8%
2 1830-Poles, Towers and Fixtures	100,000	50,000	4.0%	47	8%
3 1835-Overhead Conductors & Devices	1,700,000	850,000	4.0%	47	8%
4 1995-Contributions & Grants		-	4.0%	47	8%
5		-			

Question/Request:

- Based on the amount provided in the Incremental Capital Project Summary and E1/T2/S2, p.8, Board staff understands that the total capital expenditure for the incremental capital project is \$2.8M. Please confirm that the incremental capital amount for the 2012 rate year, after applying the half-year rule should be \$1.4M.
- Board staff noted that the contact information on the Incremental Capital Project work sheet is blank, please confirm that the information in the worksheet applies to WCH application.
- If yes to a) and b), Board staff will make the necessary changes.

11)Ref: Ref: E1/T1/S2, p. 2 – Incremental Capital Module and p. 6 – Incremental Capital Project

Preamble:

On page 1 of the incremental capital module evidence, WCH states that on August 21, 2011 a devastating tornado severely impacted WCH's the electrical distribution infrastructure and that this has resulted in an overriding impact on planned on-going system improvements.

On page 6, WCH states that the expansion of WCH's largest client's requirements necessitates this unexpected and unplanned capital expenditure. Sifto has purchased

two Continuous Miners with an expected in-service date of July 2012. Each miner will be drawing an addition 1.5 MW of continuous load.

Question/Request:

- a) Please provide WCH estimated in-service date for the Sifto line expansion given the emergency conditions under which WCH is currently operating.
- b) Please provide further evidence as to the damage sustained by the large user, Sifto, during the tornado.
- c) If there was significant damage, please explain if and how Sifto is in a position to go ahead with the expansion that would cause an additional 3.0 MW (two miners drawing additional 1.5MW each) of continuous load. Please provide supporting documentation.
- d) Please provide a description of the actions that the distributor will take in the event that the Board does not approve the Incremental Capital Request.

12)Ref: Ref: E1/T1/S2, p. 2 – Incremental Capital Module and p. 6 – Incremental Capital Project

Preamble:

WCH states that “currently West Coast Huron is operating under emergency measures rebuilding its core system. Hence West Coast Huron is unable to supply a reasonable list of projects at this point in time”

Question/Request:

- a) Please provide a more detailed explanation as to what further projects WCH expects in connection with this expansion and why WCH is unable to provide a reliable list of projects at this time.
- b) Please indicate whether WCH will seek recovery of those projects in its 2013 cost of service application.

13)Ref: E1/T2/S2, p. 7 – Sifto Line Expansion

Preamble:

On page 7 WCH states that currently Sifto is on a shared feeder with other clients including the local hospital. Sifto’s operation included two “skips” (large elevators that move 30 tons at a time) and that each of these skips cycle every 45 seconds and can draw an additional 7 MW. This is on top of the 20 MW constant loads. These numbers are high if one looks at system planning but they are even worse when you add the additional load on that feeder for other business’s and the Hospital.

Question/Request:

- a) Please state which feeder currently services Sifto?
- b) Please provide the current peak load on that feeder and state what portion of this load is attributable to Sifto?
- c) Please provide the maximum capacity on that feeder.
- d) Given the current system capacity, what actions have generally been taken by WCH and Hydro One to address overloading? Has WCH experienced significant or lasting service interruptions as a result?
- e) What is the status of negotiations between Goderich Hydro and Hydro One Networks Inc with respect to transformation capacity and feeder position requirements at Goderich TS needed to accommodate Goderich Hydro's proposed feeder expansion?
- f) Has the cost responsibility for the new feeder positions at Goderich TS been decided on? Please provide details.

14)Ref: E1/T2/S2, p. 6-7 – Sifto Line ExpansionPreamble:

On July 7, 2011 WCH gave a presentation to the Board detailing the expected infrastructure expansion of WCH distribution system to include a dedicated feeder line to WCH large user.

Question/Request:

- a) Please provide a copy of the presentation given to the OEB on July 7, 2011.
- b) Has this information been updated since that time, if so please provide any relevant updates.

15)Ref: E1/T2/S2, p. 6 – Additional LoadQuestion/Request:

WCH states that the additional load of 3MW (2 x 1.5MW) is expected to be in service July 2012.

- a) Please provide the estimated load growth for the 2012 rate year as a result of the additional mining activities by Sifto.
- b) Please state if this additional growth was factored into the materiality threshold calculations.
- c) If not, please provide the materiality threshold taken the additional load into consideration.
- d) Please provide the estimated additional revenue due to this load growth.

16) Ref: E1/T2/S2 p. 8 – Calculation of Revenue RequirementPreamble:

On p. 8, l. 11-12 WCH states that “the Sifto Line Extension will be approximately \$2.8M. WCH further states that the customer has not committed to contribute any monies to the development of this project. West Coast Huron intends to pursue a contribution in aid of construction consistent with the applicable requirements and will advise the Board of any developments as may develop. “

Question/Request:

- a) Please provide WCH's current capital contribution policy.
- b) Please explain how this policy has been applied to this project.
- c) If not, please explain why not.
- d) Please provide any updates at to the status of capital contributions. Please detail any conversation/negotiations with Sifto regarding capital contributions.

17)Ref: E1/T2/.S2, p. 8 – Calculation of Revenue Requirement

Name or General Description of Project

Sifto Line Extension

Details of Project

Asset Component	Capital Cost	Capital Cost (1/2 year rule applied)	Depreciation Rate	CCA Class	CCA Rate
1 1820-Distribution Station Equipment <50 kV	1,000,000	500,000	4.0%	47	8%
2 1830-Poles, Towers and Fixtures	100,000	50,000	4.0%	47	8%
3 1835-Overhead Conductors & Devices	1,700,000	850,000	4.0%	47	8%
4 1995-Contributions & Grants		-	4.0%	47	8%
5		-			

	2012	2013	2014	2015	2016
Closing Net Fixed Asset	1,344,000	1,288,000	1,232,000	1,176,000	1,120,000
Amortization Expense	56,000	56,000	56,000	56,000	56,000
CCA	112,000	103,040	94,797	87,213	80,000

Question/Request:

- Please confirm that none of the capital costs (totalling \$2.8M) have previously been included in rate base.
- Please confirm that none of the projects included in the 2012 Capital Budget are discretionary in nature.

18)Ref: 2006 to 2012 LRAM Report, September 28, 2011

Elenchus notes that the LRAM claim of \$117,811.78 includes energy and demand savings that result from 2006–2010 programs, some of which continue through to the end of the filing period which is April 30, 2012.

Question/Request:

- Please confirm that West Coast Huron used final 2010 program evaluation results from the OPA to calculate its LRAM amount.
- If West Coast Huron did not use final 2010 program evaluation results from the OPA, please explain why and update the LRAM amount accordingly.
- Please confirm that West Coast Huron's last load forecast was approved by the Board in its 2009 CoS application.
- Please identify the CDM savings that were included in West Coast Huron's last Board approved load forecast for CDM programs deployed from 2006 to 2009 inclusive.
- Please confirm that West Coast Huron did not file or receive approval for LRAM claims in previous years.