Halton Hills
HYDRO

Board Secretary
Ontario Energy Board
2300 Yonge St
27th Floor
Toronto, ON M4P 1E4

January 24, 2012

Dear Ms. Walli,

Re: Halton Hills Hydro Inc. Supplemental Interrogatory Responses to Vulnerable Energy Consumers Coalition (VECC) in proceeding EB-2011-0271

Halton Hills Hydro Inc. ("HHHI") hereby submits its responses to VECC Supplemental Interrogatories to the Ontario Energy Board ("the Board").

Please find attached to this cover letter:

- 2 paper copies of the Supplemental Interrogatory Responses to VECC in proceeding EB-2011-0271.
- 1 electronic copy of the Supplemental Interrogatory Responses to VECC in proceeding EB-2011-0271.

A copy of the Supplemental Interrogatory Responses to VECC has also been filed through the Web Portal and electronic copies forwarded to all intervenors in EB-2011-0271.

In the event of any additional information, questions or concerns, please contact David Smelsky, Chief Financial Officer, at dsmelsky@haltonhillshydro.com or (519) 853-3700 extension 225, or Tracy Rehberg-Rawlingson, Regulatory Affairs Officer, at tracyr@haltonhillshydro.com or (519) 853-3700 extension 257.

Sincerely,

(Original signed)

David J. Smelsky, CMA
Chief Financial Officer
Halton Hills Hydro Inc.

Cc: Arthur Skidmore, President & CEO, HHHI
Richard King, Counsel to HHHI
Intervenors in proceeding EB-2011-0271

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Halton Hills Hydro Inc. Responses to

Vulnerable Energy Consumers Council Supplemental Interrogatories
EB-2011-0271

RATE BASE – CAPITAL PROJECTS

30.

Reference: VECC IR #2

The response is unclear as to whether Halton Hills is amending its evidence on Service Reliability.

a) If it is changing the reported reliability figures please provide an amended Table 2-28 (Exhibit 2, Tab 3, Schedule 5, page 2).

b) Please explain why 2008 CAIDI is higher when excluding loss of service.

a) HHHI is not amending its evidence on Service Reliability. The response to VECC IR#2 was to explain how the SAIDI, SAIFI and CAIDI numbers were significantly influenced by Hydro One not reclosing breakers within one (1) minute, in accordance with the Operating Agreement between HHHI and Hydro One.

b) The CAIDI value for 2008 is higher when excluding losses as a direct result of an extended outage due to a wind storm on December 28, 2008. The duration of this particular outage was 1140 minutes in length, thereby affecting the duration index.

31.

Reference: VECC IR #5, SEC IR # 3

a) How many poles were assessed as requiring replacement in order to support the solar panel and ancillary equipment that is part of Halton Hill's Green Energy Initiative?

b) Please provide the business plan, including asset assessment plan that was prepared in support of this Initiative. If no formal plan was prepared please provide the presentation made to Halton Hill's executive in support of this plan.

a) No poles were assessed as requiring upgrade to support HHHI's Green Energy Initiative.

b) The Green Energy Initiative is a leadership project by HHHI, looking for opportunities that combined smart grid technology with renewable energy generation, using existing utility infrastructure. The Green Energy Initiative ties into an already existing initiative by the Town of Halton Hills through the Green Plan in which the Mayor of Halton Hills is quoted as saying "My concept for a Green Plan imagines Halton Hills to be a Community of leaders - not followers".

32.
Reference: VECC IR #5

a) The response in Appendix VECC 1-A does not include the Manager of Engineering's proposed capital projects for 2012. Please provide this list (or confirm that the Manager's proposed list is the same as the Capital Project list at Table 2-18 at Exhibit 2, Tab 2, Schedule 3, page 13).

a) Please refer to HHHI response to Energy Probe Interrogatory question #63.

33.
Reference: VECC IR #9

a) The response to this interrogatory implies that there are no capital projects or OM&A expenses that are being undertaken solely in pursuit of the objectives in the filed Green Energy Plan. Please confirm this is the case. If not please provide the expenses which are specific to the Green Energy Plan.

a) The only capital project and OM&A expenses that are being undertaken solely in pursuit of the objectives in the filed Green Energy Plan are those related to the Green Energy Initiative. The capital project costs are shown in Table 2-18 as "Green Energy Initiative". Please refer to HHHI response to VECC Interrogatory question #35 for the OM&A costs related to the Green Energy Initiative.

OM&A

34.

Reference: SEC IR #6

In response to SEC interrogatory #6 Halton Hills states that is of the view that it is not similar to the cohort of utilities listed in Table SEC 1-2 due to the predominance of low density rural customers.

a) Please provide a list of the Ontario Utilities that Halton Hills believes are comparable to its operations.

b) Include in this list the Board's latest published OM&A per customer.

a) As per the 2010 Ontario Energy Board Yearbook, HHHI submits that the Distributors listed below in Table VECC 2-1 are comparable based on customer numbers (Total customers between 10,000 and 40,000) and a rural area ratio greater than 50% of the total service area.

b) Please see Table VECC 2-1 for the 2010 OM&A per customer amounts.

Table VECC 2-1 : OM&A per Customer Amounts (HHHI's own comparitors)

Comparable Distributors	Total Customers	Percent of Service Area that is Rural	Number of Customers per sq km of Service Area	OM&A per customer
(a)				(b)
Bluewater Power Distribution Corporation	35,688	73.13%	177.55	$287.35
Canadian Niagara Power Inc.	15,635	79.17%	82.03	$281.52
Erie Thames Powerlines Corporation	14,373	97.50%	7.66	$308.70
Grimsby Power Incorporated	10,151	67.16%	151.51	$175.41
Haldimand County Hydro Inc.	20,971	97.12%	16.75	$325.37
Halton Hills Hydro Inc.	20,790	89.64%	82.83	$210.67
Milton Hydro Distribution Inc.	29,142	84.59%	78.76	$191.91
Norfolk Power Distribution Inc.	18,940	79.22%	27.33	$259.72
North Bay Hydro Distribution Limited	23,754	84.55%	71.98	$205.27
PUC Distribution Inc.	32,870	83.04%	96.11	$264.30
Whitby Hydro Electric Corporation	39,669	54.73%	268.03	$223.49

35.
Reference: Board Staff IR # 14

a) Please provide the forecast OM&A for the Green Energy Initiative for years 2012 through, and including 2014.

a) The forecasted OM&A for this initiative is $11,760 annually.

LOAD FORECAST AND REVENUE OFFSETS

36.
Reference: Energy Probe #25 a)
Exhibit 3, Tab 2, Schedule 1, page 3
Exhibit 3, Appendix A, page 3

a) Please reconcile the response to EP #25 a) with the statement in the Application (3/2/1, page 3) that the total customers and connections are on a "mid-year" basis. Are all historical values in the Application as of January for the respective year and all forecast (2011 and 2012) values mid-year values?

b) Please clarify what customer classes are included in the "Number of Customers" used in the regression model (Appendix A).

c) Please reconcile the 2010 customer count values shown in Table 3-10 (purportedly January 2010 values) with the January 2010 customer count reported in Appendix A (24,904).

d) Please reconcile the 2011 customer count values shown in EP #25 b) (purportedly June 2011) with the June 2011 customer count reported in Appendix A (25,200).

a) All historical values in the Application are as of January for the respective year except for 2003 the numbers are as of June. The forecast for 2011 and 2012 are mid-year values.

b) The customer classes included in the "Number of Customers" used in the regression model (Appendix A) are:
- Residential
- General Service less than 50 kW
- General Service 50 to 999 kW
- General Service 1,000 to 4,999 kW
- Sentinel Lighting
- Street Lighting
- Un-metered Scattered Load

c) The customer count numbers shown in Table 3-10 is the correct 2010 value. The customer count value of 24,904 reported in Appendix A is actually a January 2008 value.

d) The customer count values shown in EP #25 b) is the correct 2011 values. The customer count value of 25,200 reported in Appendix A is a June 2011 value.

37.
Reference: Energy Probe #29 e)

a) What types of assets/equipment are the gains and losses associated with?

a) The gains and losses are forecasted to be from the disposal of vehicles.

COST ALLOCATION

38.
Reference: VECC #20 a) & b)

a) If a significant portion of the GS<50 customers (i.e., 760 out of 1629) have 3 phase meters, why is the average cost of meters for this class assumed to be the same as that for the Residential class ($185 per CA Model Sheet I7.1)?

a) HHHI used the average cost of the meter installed for Residential and General Service less than 50 kW customer classes. HHHI did not the track the meter cost by customer class.

39.
Reference: OEB Staff #36

a) Please provide the rationale for assuming the weighting factor for Services (per CA Model Sheet I5.2) is 1.0 for Residential and zero for all other customer classes.

b) Please explain more fully the derivation of the weighting factors for Billing and Collecting for each class.

a) All customer classes pay the full amount for all service installation charges with the exception of Residential customers. HHHI provides thirty (30) meters of wire, free of charge, to Residential customers only when a service is installed, thus resulting in the weighting factor of one (1.0) for Residential classes and zero (0.0) for all other classes.

b) The derivation of the Billing and Collecting weighting factors for each class, based on discussions with staff, are shown in Tables VECC 2-2 and VECC 2-3 respectively.

Table VECC 2-2 : Billing Weighting Factors by Class

Class	Weighting Factor	Reasoning
Residential	1.0	-baseline
General Service less than 50 kW	1.0	-very similar to Residential -no demand readings -smart metered -ratio of Retail customer to Standard Supply customers similar to Residential
General Service 50-999 kW	10.0	-demand readings to evaluate (limits system ability to estimate, requiring manual intervention) -MV90 system required -Meter Technician involvement monthly -approximately ten (10) minutes per account, per month -Meter Service Provider maintenance function
General Service 1,000-4,999 kW	10.0	-demand readings to evaluate (limits system ability to estimate, requiring manual intervention) -MV90 system required -Meter Technician involvement monthly -approximately ten (10) minutes per account, per month -Meter Service Provider maintenance function
Street Lighting	10.0	-demand readings to enter manually for seasonal peak demand -additional unit measure manually entered for number of connections -maintenance of street lighting profile -approximately ten (10) minutes per account, per month -Meter Service Provider maintenance function
Sentinel Lighting	2.0	-demand readings -automated estimates -attached to location account
Un-Metered Scattered Load	3.0	-similar to Sentinel Lighting -estimated monthly readings -Master accounts require manual intervention (amalgamation of many smaller accounts into one consolidated bill)

Table VECC 2-3 : Collecting Weighting Factors by Class

Class	Weighting Factor	Reasoning
Residential	10.0	-notices sent by phone message and hand delivered to the door of location -budget billing reconciliations -new Customer Service regulations -low-income requirements -deposit refunds and rebilling -Social Agency co-ordination -manual processes
General Service less than 50 kW	7.0	-notices sent by phone message and hand delivered to the door of location -new Customer Service regulations -manual processes
General Service 50-999 kW	4.0	-notices sent by phone message and hand delivered to the door of location -fewer payment arrangements required -fewer levels of intervention required
General Service 1,000-4,999 kW	1.0	-notices sent by phone message and hand delivered to the door of location -very few historical instances of non-payment
Street Lighting	1.0	-one customer (Municipality) -no notices -no instances of non-payment
Sentinel Lighting	2.0	-most Sentinel Lighting billings are connected to another location and would be collected at the same time -few instances of historical non-payment on individual Sentinel Lighting accounts
Un-Metered Scattered Load	2.0	-few instances of historical non-payment -notices sent by phone message

RATE DESIGN

40.

Reference: VECC #22 a)

Preamble: The table provided is the same as that in the Application and sets out the fixed-variable revenues for each class based on the proposed rates. The interrogatory asked for the current fixed-variable split for each class based on 2011 rates and 2012 billing determinants.

a) Please provide a table that sets out the fixed and variable revenues by class for 2012 (net of the TOA, LV and Wheeling charges) based on current rates and show the resulting fixed-variable split.

a) A table that sets out the fixed and variable revenues by class for 2012 (net of the TOA, LV and Wheeling charges) based on 2011 rates that show the resulting fixed-variable split is shown below as Table VECC 2-4.

Table VECC 2-4 : 2012 Fixed-Variable Split Based on 2011 Rates

Class	Annual kWh	Annual kW For Dx	Annualized Customers	Annualized Connections	Fixed Distribution Revenue	Variable Distribution Revenue	Dist. Rev. Including Transformer	Transformer Allowance	Dist. Rev. Excluding Transformer	Dist Rev At Existing Rates %
Residential	210,909,970		236,706		3,062,979	2,552,011	5,614,990		5,614,990	61.26%
GS < 50 kW	51,848,139		19,548		552,806	461,448	1,014,254		1,014,254	11.07%
GS >50 to 999 kW	116,644,470	326,358	2,109		160,654	1,107,628	1,268,282	57,229	1,211,053	13.21%
GS 1000 to 4,999 kW	103,667,742	281,618	145		25,056	1,015,372	1,040,428	150,229	890,199	9.71%
Sentinel Lights	695,540	1,480		3,839	10,250	14,962	25,212		25,212	0.28%
Street Lighting	2,817,289	7,928		54,426	125,179	246,895	372,074		372,074	4.06%
USL	946,987			2,373	30,108	7,955	38,063		38,063	0.42%
	487,530,138	617,384	258,507	60,637	3,967,032	5,406,271	9,373,303	207,458	9,165,845	100%

41.
Reference: VECC #23 b)

a) Please explain more fully how the $411,201 estimate was derived.

a) The $411,201 LV charges were updated to $608,992 as per VECC #23 c).

42.
Reference: Energy Probe #44

Preamble: The response to EP #44 suggests that a Supply Facility Loss Factor of 3.48% was applied to the total load whereas the original Application indicated the Supply Facility Loss Factor used was 3.4%.

a) Please provide the calculation of the proposed 106.2% Total Loss Factor and, in doing so, clarify the Supply Facility Loss Factor used.

b) If the value used was 3.48% please explain why this is appropriate given that two of the feeders supplying Halton Hills have loss factors of 0.6% (per 8/4/3, page 2).

c) If the value used was 3.4%, please provide the supporting calculations as to how the 3.4% was derived.

d) Please explain the formulation for Distribution Loss Factor provided in response to EP #44.

a) Please refer to part c).

b) Please refer to part c).

c) Based on review, the Total Loss Factor remains 1.0602, however, the allocation of the Supply Facility Loss Factor should be 1.027 and the Distributor Loss Factor should be 1.0336. The calculation of the revised allocation is as follows:

TLF	=	DLF	+	SFLF
1.0602	=	DLF	+ (0.0348*5/7 + .006*2/7)	
1.0602	=	DLF	+ 1.027	

d) Please refer to part c).

DEFERRAL AND VARIANCE ACCOUNTS / SMART METERS

43.

Reference: VECC IRR #25
Exhibit 9, Tab 4, Schedule 3, Tables 9-17, 9-18

Preamble: Filing Requirements for Smart Meter Plans require recording of capital costs and the prudence review requires appropriate data on installed capital costs. Smart Meter Guideline SM G-2011-0001 supersedes G-2008-0002 and requires (see page 18) distributors to provide capital and operating unit cost per installed smart meter and in total for:

- procurement and installation of the components of the AMI system;
- customer information system;
- incremental operating and maintenance activities;
- changes to ancillary systems; and
- stranded meters.

a) Please respond to VECCs interrogatory #25, if necessary using estimates not audited costs, and in the form of a table that shows, as a minimum, the installed capital cost for each type of meter and the numbers of each type of meter supplied *to each customer class*.

a) With the exception of 3-phase meters installed only on General Service less than 50 kW customers, all other costs have been estimated across Residential and General Service less than 50 kW customers, based on the number of smart meters installed. Table VECC 2-5 provides the cost breakdown by customer class.

Table VECC 2-5 : VECC Requested Smart Meter Costs by Customer Class

	2008			2009			2010			2011
	audited	Residential	GS<50	audited	Residential	GS<50	audited	Residential	GS<50	forecast
Total Number of Smart Meter Installations	-			12,106	12,010	96	8,288	7,075	1,213	67
Amount of Funding Adder/metered customer/month	$ 0.28			$ 1.00			$ 1.00			$ 1.50
Recovery amount through Smart Meter Funding Adder	$ (28,164)	$ (25,911)	$ (2,253)	$ (188,873)	$ (173,763)	$ (15,110)	$ (249,355)	$ (229,407)	$ (19,948)	$ (331,167)
Capital Costs										
Procurement & Installation of the components of the AMI system	$ 15,892	$ 14,693	$ 1,199	$ 1,515,860	$ 1,580,978	$ 165,484	$ 1,847,048	$ 1,707,645	$ 190,480	
Customer Information System		$ -	$ -	$ 16,272	$ 15,044	$ 1,228	$ 6,171	$ 5,705	$ 466	
Incremental Operating & Maintenance Activities		$ -	$ -		$ -	$ -		$ -	$ -	
Changes to Ancillary systems	$ 82,406	$ 76,186	$ 6,219	$ 1,600	$ 1,479	$ 121	$ 1,944	$ 1,797	$ 147	
Total Capital Costs per year	$ 98,298	$ 90,879	$ 7,419	$ 1,764,335	$ 1,597,502	$ 166,833	$ 1,906,241	$ 1,715,148	$ 191,093	$ 11,000
Total Accumulated Capital Costs	$ 98,298			$ 1,862,633			$ 3,768,873			$ 3,779,873
Capital Cost per Smart Meter Installed										**$ 184.74**
OM&A Costs										
Procurement & Installation of the components of the AMI system										
Customer Information System										
Incremental Operating & Maintenance Activities	$ 73,622	$ 68,065	$ 5,556	$ 438,682	$ 405,574	$ 33,109	$ 286,700	$ 265,061	$ 21,638	
Changes to Ancillary systems										
Total Capital Costs per year	$ 73,622	$ 68,065	$ 5,556	$ 438,682	$ 405,574	$ 33,109	$ 286,700	$ 265,061	$ 21,638	
Total Accumulated Capital Costs	$ 73,622			$ 512,304			$ 799,004			$ 799,004
Capital Cost per Smart Meter Installed										**$ 39.05**

44.

Reference: VECC IRR #26
Exhibit 9 Tab 4 Schedule 3 and Table 9-19

Preamble: The Smart Meter Guideline G-2011-0001, page 19 requires distributors to calculate class specific Smart Meter Disposition Rate Rider (SMDRR) based either on full cost allocation or a proxy method using capital cost (return) to allocate the revenue requirement and as accepted by the Board in the Powerstream Decision EB-2011-0128.

a) Please provide a response to VECCs interrogatory #26 using either method to calculate the class SM Revenue Requirement, the true up between RR and SM revenue collected and the class-specific disposition SMDRR. Compare with a uniform SMDRR.

a) Please refer to HHHI response to Board Staff Interrogatory #52, where HHHI calculated a class specific rate rider based on the Power Stream methodology. The revised Uniform Smart Meter Disposition Rate Rider is provided in HHHI response to Board Staff Interrogatory question #76 and is based on the Board model.