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January 31, 2012

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: EB-2011-0250

Please find enclosed the interrogatories of VECC in the above-noted proceeding.

Thank you.

Yours truly,

Michael Buonaguro
Counsel for VECC
Encl.

REQUESTOR NAME	VECC
INFORMATION REQUEST ROUND NO:	#1
TO:	Lakefront Utilities Inc.
DATE:	January 30, 2012
CASE NO:	EB-2011-0250
APPLICATION NAME:	2012 Electricity Distribution Rate Application

RATE BASE

1. Reference: Exhibit 2, page 10, Table 2-0B

- a) Please explain the reasons for the significant difference between the 2009 depreciation expense and the 2008 expense.
- b) If this change is related to the \$3,631,020 of fully depreciated assets written off in 2009 (Exhibit 2, page 24), then please explain the nature of the assets written off and the reasons for the large onetime write-off.

2. Reference : Exhibit 2, page 18, Tables 2-4A and 2-4B

- a) Please confirm that in Table 2-4A the figures for 2008 through 2011 have been restated in MIFRS format.
- b) In respect to Table 2-4B (CGAAP), please explain how the variance in accumulated depreciation is calculated as between 2008 Board approved and 2008 Actuals (\$18,939,65). Specifically why is this figure significantly different than the equivalent period variance shown in MIFRS Table 2-4A (i.e., \$-310,688).

3. Reference: Exhibit 2, page 12, pages 30 - 89

- a) LUI states that its capital budget is segregated into four categories: Asset Management; Developer Driven; Municipal Driven and Other. Please create a table which restates the actual and forecast capital budget figures (pages 30-89) on a CGAAP basis using these categories and includes a category for smart meter projects. For this table please provide the actual (or updated) 2011 capital costs. The Table would take the form:

	2008 Board	2008 Actual	2009 Actual	2010 Actual	2011 Actual	2012 Forecast
Asset Management						
Developer Driven						
Municipal Driven						
Smart Meter						
Total Capital budget						
Contributions						
Total – Net of Contributions						

4. Reference: Exhibit 2, page 12, pages 30 - 89

- a) Please provide the SAIDI, SAIFI and CAIDI results showing both with and excluding (Hydro One) supply.
- b) Please explain the decrease in reliability figures in 2010.

5. Reference: Exhibit 2, pages 70-90

- a) Please provide a list and description of each property currently owned and used by LUI for office, corporate or operational purposes. Please provide the capital expenditures on these properties for 2008 through 2015.

6. Reference: Exhibit 2, page 42

- a) Please provide the total costs in each year 2008 through 2015 that LUI spent or expects to spend on projects to move conductors underground.
- b) Please provide a description of how this program operates, for example what criteria is used to determine when overhead wiring is used and when underground conduit is used.

- c) There does not appear to be a discussion of the underground conduit program in LUI's Asset Management Plan. Please explain if the issue of underground conduit was discussed as part of the Asset Management plan.
- d) Please provide LUI's the capital contribution policy used when requests are made for using underground conduit.

LOAD FORECAST AND REVENUE OFFSETS

7. Reference: Exhibit 3, pages 7-8

- a) Please provide the results of the individual class analyses undertaken (i.e., the models estimated for each class along with the associated regression statistics) as discussed on page 7 (lines 1-6).
- b) At page 7, lines 19-22 the Application makes reference to "adding back" the data for the GS>50-2999 kW customer. However, at lines 22-26, the Application discusses the use of a customer in the GS 3000-4999 class. Please clarify:
 - For which class was a customer removed from the analysis and then subsequently added back in?
 - What were the annual kWhs and kW for this customer that were "added back" for 2011 and 2012?
- c) Please confirm that it was the GS >3000-4999 customer that was totally removed from the analysis as it has shut down.
- d) Please provide a schedule that sets out the number of smaller GS>50-2999 customers were located in the space of the previous GS >3000-4999 customer as of December 2009, December 2010 and December 2011 (see page 8, lines 7-10).

8. Reference: Exhibit 3, pages 8-9

- a) Please confirm that the historical data set out in Tables 3-1 and 3-2 excludes the GS >3000-4999 customer who is now out of business but includes the GS >50-2999 customer with the widely fluctuating monthly usage. If not, please clarify the treatment of these two customers in these tables.
- b) Please confirm that the forecast 2011 and 2012 data in these tables includes the GS >50-2999 customer with the widely fluctuating monthly usage.

- c) For purposes of the Regression analysis was the consumption for these two customers simply removed from the monthly purchases? In doing so, was any allowance made for the losses associated with the usage of these two customers?
- d) Given the comments on pages 7 (lines 8-11), did Lakefront have historical data on the actual calendar monthly usage of these two customers for the 2004-2010 period? If not, how were the adjustments to the historical purchase values made?
- e) Are the historical (and projected) customer counts by class in Table 3-2 year end or average annual values?

9. Reference: Exhibit 3, pages 13-14 and Appendix A

- a) Appendix A includes historical and projected data for Population. Please confirm that Population was not used as an explanatory variable in the load forecast model.
- b) Do the “Predicted” and “Actual” purchase values set out in Table 3-6 include the one GS <50-2999 customer but exclude the one GS 3000-4999 customer discussed on pages 7-8?
- c) Provide a table that sets out for 2009 and 2010 the following:
 - The actual purchases for each year
 - The actual HDD and CDD values for each year
 - The “weather normal” HDD and CDD values for each year (as defined by Oshawa)
 - The HDD and CDD coefficients per Lakefront’s regression model
 - The weather normal adjustment for each year based on the product of a) the HDD and CDD coefficients and b) the differences between the actual and “weather normal” values for HDD and CDD respectively.
 - The estimated “weather normal purchases” calculated by adjusting actual purchases by the values calculated in the preceding bullet.

(Note: For each year, please treat the reporting of the two customers discussed on page 7-8 the same as was done for Table 3-6)

10. Reference: Exhibit 3, pages 16-17

- a) What is the actual 2011 year end customer count by class? Please contrast with the customer count (by class) as of the 2010 year end.

- b) Please confirm how the two customers discussed on pages 7-8 were treated for purposes of Table 3-9.
- c) The discussion on page 17 (lines 21-22) suggests that new customers who would typically be USL will now be metered. What adjustments have been made to the other customer class counts (e.g., GS<50) to account for this?

11.Reference: Exhibit 3, pages 19-21

- a) Please re-do Table 3-11 in order to show the results of purchased power forecast per the regression analysis model and the adjustment made to account for the GS >50-2999 customer.
- b) With respect to Table 3-13, please provide a schedule that shows how the non-normal customer class energy 2012 forecasts were derived.
- c) If the class forecasts in Table 3-13 were adjusted for CDM (per page 19) please indicate how the 2012 CDM target was assigned to classes.
- d) If the class forecasts in Table 3-13 were not adjusted for CDM, please derive the CDM adjustment by class by re-doing Table 3-13 based on the 2012 forecast of weather normal energy prior to the CDM adjustment and show the difference by class.
- e) For those classes that are demand billed, what is the implicit CDM savings in billed kW assumed for 2012 associated with each class' assumed 2012 CDM energy savings?

12.Reference: Exhibit 3, page 27

- a) With respect to Table 3-20, please confirm that the "Resulting Variable Rate" for the GS >50-2999 and GS 3000-4999 classes includes the recovery of the transformer allowance for each class.

13.Reference: Exhibit 3, page 36

- a) How many Micro-Fit customers does Lakefront currently have (i.e., year end 2011)? How many are forecast for year-end 2012?
- b) Where is the revenue from Micro-Fit service charges captured in Table 3-26?
- c) Are the only Lakefront revenues from non-utility operations (Account #4375) for 2009-2010 from OPA programs? If not, what other sources of revenue from non-utility operations were there in these years and why is no revenue forecast for 2011 and 2012?

GREEN ENERGY PLAN

14.Reference: Exhibit 2, page 109

- a) At page 109 reference is made to a large solar project LUI has proposed. Please provide details of this project.

15. Reference: Exhibit 2, pages 104 – 112.

- a) Please confirm that there are no incremental costs associated with LUI's Green Energy Plan for the years 2012 through 2015.

OPERATING COSTS

16.Reference: Exhibit 4, page 5

- a) Is Table 4.0 (Summary of OM&A Expenses) shown on a CGAAP or MIFRS basis?
- b) IF Table 4.0 is shown on a MIFRS basis please provide the OM&A expenses for 2008 through 2012 on a CGAAP basis.

17.Reference: Exhibit 4, page 8

- a) Please amend Table 4.7 by adding the forecast 2012 OM&A per customer.

18.Reference: Exhibit 4, Table 4.11, page 22

- a) Please explain the significant increase in Account 5340 (Miscellaneous Customer Account Expenses).

19.Reference: Exhibit 4, Table 4.14, page 28

- a) Please provide the forecast of the 2012 KTI/Sensus fees that are referred to in this exhibit.
- b) Please provide the analysis that was undertaken by LUI in order to determine that the most efficient course of action to maintain smart meters was the hiring of a technician (as opposed to outside consulting/resources).
- c) Is the Technician to be shared with other utilities as part of LIU's CHEC arrangement? If so what offsetting revenues are forecast for this in 2012?

20.Reference: Exhibit 4, page 47

- a) In respect to account 5605, please provide the costs in 2012 related to the board of directors from the other costs described in the evidence (e.g. EDA fees, president and VP expenses, etc.).

21.Reference: Exhibit 4, page 51-52

- a) In respect to account 5680 please breakdown the 2012 forecast as between (1) ESA Fees, (2) CHEC fees; (3) other fees
- b) Please provide a table listing the services provided by CHEC and the costs LUI assigns to those services.
- c) Please explain why both account 5680 and 5655 appear to include fees paid to the ESA.

AFFILIATE TRANSACTIONS

22.Reference: Exhibit 4, page 68

- a) Please explain what services LUSI provides LUI with respect to water and service billing.
- b) Please explain how the \$30,000 fee for these services was derived.

23.Reference: Exhibit 4, page 68

- a) In respect to Street lighting services the evidence suggests that LUSI employs the staff required for maintenance services. Is this correct or are the street light maintenance staff employed by LUI?
- b) Please explain what is meant when it states that “LUSI is charged the actual cost of the trunk by LUI on a straight line pass thru methodology.”
- c) How are the fibre rental costs split as between LUSI and LUI?

24.Reference: Exhibit 4, page 69

- a) Please provide a breakdown of the Corporate Administration services that are provided to LUI by LUSI.
- b) In this breakdown please indicate how many and what type of employees (e.g. administration, executive, human resource) of LUI provide these services

25.Reference: Exhibit 4, Table 4-36 page 77 Preamble: In the explanations that accompanies Table 4-36 it appears that LUI has calculated FTE changes as either actual employee increase/decrease or a change in an existing employee status (e.g. change in employee position or allocation of salary - see for example "In 2010 the Accountant position that was created in 2009 in the Finance department was fully allocated throughout the year and shows an increase of +0.25 FTE" -lines 17-18 E4/p 79)

- a) In the. If this is correct, and if there is a difference, please restate re-state the first 3 rows of Table 4-36 to show the FTE for each category Executive/Management; Non-Union; Union) as defined as persons employed full or part time during the year.
- b) For 2008 through 2012 how many employees in each category had (or will have) their employment costs allocated in part to an affiliate?
- c) LUI is proposing a 35% increase in FTEs from its actual 2008 compliment. Please explain how much of this increase is explained by overlapping positions due to (1) expected retirements; (2) new demands on the utility (e.g. CDM); (3) customer growth; or (4) other – please explain.

COST ALLOCATION

26.Reference: Exhibit 7, pages 2-4

- a) Please confirm that the load profile used for the GS 3000-4999 class is the same as that for Lakefront's previous cost allocation filing when there were two customers in this class.
- b) For the remaining customer in this class, does Lakefront have the necessary historical meter data to calculate the relevant CP and NCP values? If yes, what are the relevant CP and NCP values for the most recent 12 months for which actual data is available?
- c) Please confirm that Lakefront has used the updated version of the Board's cost allocation model.

- d) Please provide schedule that set out the weighting factors (by customer class) used for: i) Meter Reading; ii) Billing & Collecting; and iii) Services in the current CA Model and contrast them with those used in the previous CA filing. Please provide an explanation for the values currently used in each instance.
- e) Do all Residential customers have single-phase smart meters? If not, what other types are used, how many of each and what are the comparable costs relative to the \$275 assumed for a residential smart meter in Sheet I7.1?
- f) If necessary, please update Sheet I7.1 of the Cost Allocation model and re-run the model.

27.Reference: Exhibit 7, Tab 1, Schedule 2, page 5

- a) Please confirm that the Board's Cost Allocation Guidelines (EB-2007-0667, page 7) state: "Distributors should not move their revenue-to-cost ratios further away from one".
- b) Why is Lakefront proposing to increase the revenue to cost ratio for the GS <50 class from 102.6% to 107.43% and move it further away from 100%?
- c) Why is Lakefront proposing to move the ratio for Street Lighting from 108.32% to 80% (i.e. from above to below 100% and further away in absolute terms)?
- d) Why is Lakefront proposing to move the ratio for Sentinel Lighting from 113.32% to 90% (i.e., from above to below 100%)?
- e) What would be the outstanding revenue shortfall/surplus if only the following changes were made for 2012;
 - USL ratio increased to 80% (from 76.95%)
 - GS 3000-4999 ratio is increased to 50.5% as proposed
 - GS >50-2999 ratio is decreased to 120%?
- f) Please indicate the reason for not proposing a greater increase in the GS 3000-4999 ratio for 2012. If rate impact considerations, please indicate the total bill impact for this class based on Lakefront's overall application.
- g) What is Lakefront's understanding as to the likely timing of its next rebasing application after 2012?

RATE DESIGN

28.Reference: Exhibit 8, page 5

- a) With respect to Table 8-3, please provide a schedule that sets out the calculation of the current fixed variable split for each customer class based on 2011 rates and 2012 billing determinants. For the GS>50 classes, please calculate the split using the variable revenue reduced for the transformer allowance.

29.Reference: Exhibit 8, page 8

- a) Please re-calculate the RTSRs for 2012 using the Board's model and the approved 2012 UTRs.

30.Reference: Exhibit 8, page 9

- a) How was the forecasted LV total cost of \$313,690.80 determined?

LRAM

31.Reference: Exhibit 10, page 12

- a) Did the rates used in the LRAM calculations for the GS>50 classes take into account the transformer ownership allowance? If not, please re-calculate.