



***PUBLIC INTEREST ADVOCACY CENTRE***  
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February 03, 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: Vulnerable Energy Consumers Coalition (VECC)**  
**EB-2011-0293: Interrogatories**

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

Thank you.

Yours truly,

Michael Buonaguro  
Counsel for VECC  
Encl.

**Atikokan Hydro Inc. (Atikokan)**

**2012 Rate Application, EB-2011-0293**

**Round 1 Interrogatories of the Vulnerable Energy Consumers Coalition (“VECC”)**

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**GENERAL**

1. Please confirm that Atikokan has implemented the Board requirements in respect to low-income consumers.

**RATE BASE**

2. **Reference: Exhibit, Tab 2, Schedule 1, page 2 Table 2-2**
  - a) Is Table 2-2 presented in CGAAP or MIFRS. If the latter please provide the Summary of Working Capital Table 2-2 in CGAAP for years 2008 through 2012. Please add one column showing 2012 in MIFRS format (see also IR #13)
3. **Reference Exhibit 2, Tab 1, Schedule 1, Table 2-3/Schedule 2, pg1 Table 2-21**
  - a) Please provide details as to Atikokan’s significant increase in its fleet cost in 2016.
4. **Reference Exhibit 2, Tab 2, Schedule 1, pg. 12, Table 2-20**
  - a) Please provide details as to the capital project in accounts 1908 and 1920 (\$12,000 and \$8,000 respectively for computer related equipment).
5. **Reference Exhibit 2, Appendix A, page 12**
  - a) At page 12 of the Asset Management Plan it states “Atikokan Hydro has chosen a useful life of 45 years for distribution equipment and has *deemed* 10 years remaining on older assets” (emphasis added). Please explain how (or if) this statement relates to the recording of book value of assets.

## **LOAD FORECAST AND REVENUE OFFSETS**

**6. Reference: Exhibit 3, Tab 2, Schedule 1, page 4**

- a) Please provide the actual customer/connection count by class for June 2011 and for year-end 2011.

**7. Reference: Exhibit 3, Tab 2, Schedule 1, pages 6 & 14**

- a) Please describe Atikokan's 2011 CDM program activity including: i) programs offered, ii) 2011 program savings achieved as of April 30, 2011 and iii) estimated overall 2011 programs savings.
- b) Please confirm that the CDM targets are assumed to be billed energy (as opposed to purchased energy) targets.
- c) Given the regression analysis undertaken by Atikokan uses data up to April 30, 2011, would it be reasonable to assume that CDM programs savings up to this point in time are captured by the resulting models and reflected in the 2012 purchase power forecast developed using the model? If not, why not?

**8. Reference: Exhibit 3, Tab 2, Schedule 1, page 4 and Appendix A**

- a) Appendix A shows a "zero value" for the Intermediate Class flag for the months August 2003 to May 2004 and from September 2007 onwards. However, Table 3-3 reports Intermediate class usage in all years up to (and including) 2008. Please explain more fully how the 0/1 values for the Intermediate class flag were determined.
- b) Did Atikokan test a regression model that explained monthly purchased power (less any Intermediate Class use)? If yes, what were the results?
- c) If the response to part (b) is no, please provide the results of a regression analysis based on such a model and (using the resulting model) provide projections for 2011 and 2012 purchased power.

**9. Reference: Exhibit 3, Tab 2, Schedule 1, page 9**

- a) Provide a table that sets out for 2009 and 2010 the following:
  - i. The actual purchases for each year
  - ii. The actual HDD and CDD values for each year

- iii. The “weather normal” HDD and CDD values for each year (as defined by Atikokan)
- iv. The HDD and CDD coefficients per Atikokan’s regression model
- v. 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.
- vi. The estimated “weather normal purchases” calculated by adjusting actual purchases by the values calculated in the preceding bullet.

**10. Reference: Exhibit 3, Tab 2, Schedule 1, pages 14 & 16**

- a) What are the billed kW associated with the CDM savings included in the 2012 load forecast for the GS>50 and Street Lighting classes?

**11. Reference: Exhibit 3, Tab 3, Schedule 3, page 3**

- a) Please explain the change in each of the following between 2010 and 2011 and indicate the rationale for the 2012 forecast value:
  - i. Merchandising & Jobbing
  - ii. Other Distribution Revenue
  - iii. Other Income & Exp.

**12. Reference: Exhibit 3, page 36**

- a) How many Micro-Fit customers does Atikokan 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 3-34?

**OM&A**

- 13. Reference Exhibit 4, Tab 1, Schedule 1, page 4** *Preamble: The purpose of the following two interrogatories are to create an “apples-to-apples” table comparison of the Board approved 2008 OM&A and the actual and forecast OM&A shown in the application for 2008 through 2012. Atikokan appears to have made a change in its capitalization policies in 2009 which may (or may not) have made the 2009 through 2012 figures “IFRS” compliant” In this case it may be simpler for the Applicant to adjust the 2008 Board approved and 2008 actual in order to show a consistent format. In either case the request is to show the capitalization and IFRS adjustments separately so as to understand actual OM&A increases from OM&A changes arising from accounting and capitalization changes – see also Board Staff IR # 52.*

- a) Please confirm that Table 4.6 shows OM&A is in MIFRS format for all the years shown.
  - b) If Table 4.6 is in MIFRS format please provide the Table in CGAAP format and showing in an additional row/column the appropriate MIFRS adjustment for 2012.
  - c) Please separate out from the CGAAP table and show separately changes resulting from changes in capitalization policy.
- 14. Reference: Exhibit 4, Tab 2, Schedule 2, pages 1-2; Table 4-7 through 4-10.**
- a) Please confirm these tables are in CGAAP or MIFRS format
  - b) If the tables are a combination of CGAAP and MIFRS then please provide revised tables showing a single accounting format and where changes arise due to changes in capitalization policy or IFRS accounting changes.
- 15. Reference: Exhibit 4, Tab 2, Schedule 2, pages 1-2; Table 4-7 through 4-10.**
- a) Please update 2011 for year-end (unaudited) results.
- 16. Reference: Exhibit 4, Tab 2, Schedule 2, pages 2-5.**
- a) Please provide details as to the reasons for the increase in meter reading expenses from 2010 to 2011 and 2012.
  - b) Please explain the methodology used to forecast the 2012 bad debt expense.
- 17. Reference: Exhibit 4, Tab 2, Schedule 3, page 4**
- a) Please confirm that \$30,000 discussed in the evidence for the replacement of a new lineman apprentice is included in the OM&A forecast for the 2012 test year.
  - b) In what year does Atikokan expect the existing lineman to retire?
  - c) In recruiting for this position what average salary and benefit figure was used for a lineman?

**18. Reference: Exhibit 4, Tab 2, Schedule 3 page 15.**

- a) Who are Atikokan's comparator cohort utilities?
- b) Please provide a table similar to Table 4-20 showing these comparable utilities.

**19. Reference: Exhibit 4, Tab 2, Schedule 4, pages 1-4**

- a) Please explain why street light maintenance prices (cost for service) have declined since 2008 (from \$52,628 to \$26,740).
- b) Please explain why the price for office footage has not increased since 2008.
- c) Please explain why Atikokan recovers less than 100% of its costs for services to Atikokan Enercom.
- d) Please explain why the cost for the services provided to affiliates (as shown in the Tables) has increased by less than the inflation rate between 2008 and 2012.

**20. Reference: Exhibit 4, Tab 2, Schedule 6, page 3**

- a) Between 2008 and 2012 Atikokan will have increased its FTE from 7 to 9. Is this Atikokan's permanent FTE requirement or is 9 FTE the result of temporary increases due to retirement overlaps?
- b) Since 2008 how many positions have been added due incremental requirements (i.e. are expected to be permanent)?
- c) How many managers or executives does Atikokan employ? For the period 2008 through 2012 what is the average annual percentage growth in salary and benefits (in percentages – not dollar figures).

**COST ALLOCATION**

**21. Reference: Exhibit 7, Tab 1, Schedule 1, page 2 /Exhibit 9, Tab 2, Schedule 2, page 1**

- a) Please provide a break down as to the number of smart meters installed for each customer class (up to the end of 2011).
- b) Was the same type of meter installed for all customers in all customer classes? If not, please indicate the different types of meters used and the number of each type by customer class.

- c) If not, what are the average costs of the different types of meters?
- d) If not, please update Sheet I7.1 of the Cost Allocation model to reflect the different types of smart meters used.
- e) Are the weighting factors used for Services (Cost Allocation Sheet I5.2) the same as those used in Atikokan's previous cost allocation filing?
- f) What is the rationale for the Services weighting factors used in the 2012 Cost Allocation?

## **RATE DESIGN**

### **22. Reference: Exhibit 8, Tab 1, Schedule 2, page 1**

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

### **23. Reference: Exhibit 8, Tab 1, Schedule 4, page 1 /Exhibit 8, Tab 1, Schedule 8.**

- a) Based on the most recent 12 months of billing data please indicate the number of Residential customers whose average monthly use falls into each of the following consumption ranges:
  - i. 0-250 kWh
  - ii. >250-500 kWh
  - iii. >500-800 kWh
  - iv. >800 – 1,500 kWh
  - v. >1,500 kWh
- b) Please provide the Residential bill impact calculations (per Schedule 8) prior to the proposed mitigation
- c) Please calculate the bill impact based on Atikokan's proposed rates and the forecast 2012 average monthly use for a Residential customer.

## **SMART METERS**

### **24. Reference: Exhibit 9, Tab 2, Schedule 1, page 1**

- a) Is Atikokan currently charging time-of-use rates? If not when is the implementation of time-of-use pricing expected?

**25. Reference: Exhibit 9, Tab 2, Schedule 1, page 1**

- a) Are the CDMA cellular modems installed in Atikokan's smart meters incremental to the minimum meter requirements (minimum functionality)? If so, please provide the cost of this incremental investment.
- b) Has Atikokan included and MDM/R costs in this application? If so what are those costs.

**26. Reference: Exhibit 9, Tab 2, Schedule 1, page 12**

- a) Please provide the total costs incurred to date in respect to the Whitecap portal solution?
- b) Does Atikokan consider the web presentation project to be incremental to the minimum smart meter requirements?