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April 11, 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)
Notice of Intervention

Please find enclosed the interrogatories of VECC in the above-noted proceeding. We have also directed a copy of the same to the Applicant.

Thank you.

Yours truly,

Michael Buonaguro
Counsel for VECC
Encl.

RIDEAU ST. LAWRENCE DISTRIBUTION INC. (RSL)
2012 RATE APPLICATION (EB-2011-0274)

VECC INTERROGATORIES (ROUND #1)

RATE BASE

1. Reference: Exhibit 2, Schedule 1, Table 2.1

a) Please restate Table 2.1 showing the 2011 and 2012 Summary of Rate in CGAAP and with the addition of a row showing the adjustments for MIFRS.

2. Reference: Exhibit 2, Schedule 6, Table 2.12

a) Please confirm the accuracy/purpose of Table 2.12. The evidence states that the table shows year-over-year capital additions. Yet at page 22 of Schedule 6 it states that 2008 actual capital contributions were $361,204. Table 2.12 shows a figure of negative $102,482 for 2008

b) In respect to years 2011 and 2012 are these shown in CGAAP or MIFRS format?

c) Please update Table 2.12 to be in CGAAP format showing separate rows for the addition of smart meter additions and the adjustment for MIFRS.

3. Reference: Exhibit 2, Schedule 7 pg. 24

a) In respect to correction of Account 1840 and 1845 please provide the change in depreciation for 2012 (that is please provide the difference in 2012 has the change not been made for 2012).

4. Reference: Exhibit 2, Schedule 8, Table 2.14

a) Table 2.14 shows a variance in account 1860 (Meters) of negative $109,084. Presumably the negative accumulation of depreciation is associated with the removal of conventional meters from this account in 2011. Yet in the explanation above it states the accumulated depreciation removed from account 1860 was $115,330. Please reconcile these two figures.

5. Reference: Exhibit 2, Schedule 9, Table 2.18

a) Please update Table 2.18 (2011 Capital Projects) for year-end results (unaudited if audited are not available).

6. Reference: Exhibit – Exhibit 2, Appendix A -GEA Plan

a) There is a significant difference between the FIT and MicroFit projects identified by RSL at section 4 of its GEA plan and the projects identified by the OPA in its letter of comment. What steps has RSL taken to clarify this discrepancy?

b) Does RSL anticipate any additional cost within the next 4 years in order to serve the projects identified by the OPA?

<u>OM&A</u>

7. Reference: Exhibit 4, Table 4.1

a) Please indicate whether Table 4.1 is shown for all years in CGAAP or in CGAAP 2008-2010 and MIFRS for 2011 and 2012.

b) If the table is a comingling of CGAAP and MIFRS formats please provide a CGAAP only table showing the MIFRS adjustments for 2011 and 2012 separately.

8. Reference: Exhibit 4, Table 4.3

a) Please explain the increase in 2012 in account 5175 Maintenance of Meters. Please provide the actual amount spent in 2011.

b) Please provide a breakdown of the components of account 5065 Meter expenses

c) Please explain why the estimated bad debt expense for 2012 is significantly higher than all but one year's actual expense. Please provide the actual expense in 2011.

9. Reference: Exhibit 4, Schedule 2, Table 4.5

a) Please provide Table 4.5 of a CGAAP basis.

b) Please provide a table which shows the OM&A cost per customers/cost per FTEE and Customers per FTEE for a RSL's cohort of utilities (as defined by the OEB).

10. Reference: Exhibit 4, Schedule 4, Section 4.0, pg. 18 and Table 4.8

a) The evidence at page 18 states that RSL has not included compensation for statutory holidays and employee vacations in the "Report". Does Report in this context refer to Table 4.8?

b) If yes, please explain why these costs were excluded.

c) Please include these costs in a revised Table 4.8.

11. Reference: Exhibit 4, Schedule 4, Table 4.8

a) The description of the last row of Table 4.8 is cut off. Please provide the description for this row.

b) Please provide rows showing the total compensation capitalized. If the amount is in excess of 60% of compensation please provide the reasons for the large amount of OM&A capitalized.

LOAD FORECAST AND REVENUE OFFSETS

12. Reference: Exhibit 3, Schedule 2, pages 3-5 and Appendix 3A

a) Please confirm whether the data reported in Tables 3.2 through 3.5 for the years 2004-2005 are based on actual sales and purchases or have been adjusted (per the discussion on page 3) to account the bankruptcy in January 2006.

b) If based on actual data, please re-do the tables using the adjusted GS>50 sales values for the initial years.

c) Please confirm whether the monthly purchase values reported in Appendix 3A for 2004 and 2005 are based on actual purchases or whether they have been adjusted to account for the bankruptcy in 2006.

d) If based on actual purchased data, please re-do the Appendix using the adjusted purchased values.

e) With respect to Appendix 3A, please explain the variances reported for January – November 2011 given there are no values for Actual Purchases included in the table.

13. Reference: Exhibit 3, Schedule 2, pages 6-7

Preamble: The text on page 6 states that the forecast is based on average weather conditions for 2004-2010 (i.e., 7 years).

a) Please confirm that the forecast is based on the HDD and CDD values reported under the “7 Year Average” column in Table 3.5 and not those under the “Model” column.

b) If the Model column was used for the load forecast please explain why and what it is based on.

14. Reference: Exhibit 3, Schedule 2, page 8

a) What was the most recent actual population value available from the United Counties website when the analysis was performed?

b) What was the source/basis for the forecast population values used to predict purchases for 2011 and 2012?

c) Please confirm whether the billed energy values reported on page 8 for the 10 and 20 year HDD/CDD values are before or after the CDM adjustment.

15. Reference: Exhibit 3, Schedule 2, page 9

a) Please update Table 3.7 to include the actual purchases for 2011.

b) Provide a table that sets out for 2009, 2010 and 2011 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 RSL)
- The HDD and CDD coefficients per RSL'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.

16. Reference: Exhibit 3, Schedule 2, pages 10-11

a) Are the customer/connection counts presented in Table 3.8 year-end values or annual averages?

b) Page 11 states that the forecast customer/connection counts for 2011 and 2012 were determined using the historic geometric mean. What is the historic geometric mean growth rate for each class based on the 2004-2010 data?

c) Please explain why, for the Residential and Sentinel Light classes, the reported 2010 and 2011 growth rates are different.

d) Please provide the actual number of customers/connections by class as of year-end 2010 and 2011.

17. Reference: Exhibit 3, Schedule 2, page 12

a) Please clarify whether the discussion in the last paragraph pertains to the forecast customer count for the USL class or the forecast average use per connection for the USL class.

b) Based on this clarification please confirm whether RSL is proposing to maintain the same number of USL customers for 2011 and 2012 (after allowing for the known new additions in 2011) and/or assume zero growth in USL usage per connection for 2011 and 2012.

18. Reference: Exhibit 3, Schedule 2, pages 13-14

a) Please provide the most recent reports available from the OPA regarding the results of RSL's 2011 CDM programs.

b) Based on these results please comment on whether RSL has/expects to achieve 510,000 kWh of CDM savings in 2011 from its 2011 programs (on an annualized basis).

19. Reference: Exhibit 3, Schedule 2, page 15

Preamble: The Board's draft CDM Guidelines (EB-2012-0003) would require LDCs to track actual CDM savings against the savings incorporated the approved load forecast by customer class.

a) Using the same methodology, please determine the pre-CDM billed amounts by customer class for 2012 and calculate the resulting (implicit) CDM savings for 2012 included in the load forecast for each customer class.

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

20. Reference: Exhibit 3, Schedule 4, page 26

a) How many Micro-Fit customers does RSL 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 3-24?

21. Reference: Exhibit 3, Schedule 4, page 28

a) Are the 2011 values shown in Table 3.25 and 3.26 actual or forecast values?

b) If forecast values, please update for the 2011 actual values.

c) Based on these actual 2011 results, is there a need to revise the 2012 forecast? Please explain.

SHARED SERVICES

22. Reference: Exhibit 4, Schedule 5, Table 4.9

a) Please provide the reason that the cost of Meter Reading has increased from $44,165 in 2008 to $46,840 in 2012 despite the installation of smart meters.

b) Please provide the absolute and per customer cost of meter reading for the Village of Westport. Please compare this to the cost per residential customer of meter reading for the remaining RSL customers.

DEPRECIATION EXPENSES

23. Reference: Reference Exhibit 4, Schedule 7, Table 4.15 and RRWF

c) Please explain why the depreciation expense for 2012 shown in Table 4.15 ($364,399) is different than that shown in the RRWF Tab 5 ($340,980).

COST OF CAPITAL/REVENUE DEFICIENCY

24. Reference Exhibit 5, Schedule 1

a) Please update the cost of capital evidence to reflect the cost of capital parameters set out in the Board's letter of March 2, 2012.

b) Please confirm by filing a revised Table 5.6 that the lessor of, Board's deemed long-term debt or the actual interest rate is used for all related debt.

c) Please explain how the interest rate of all Bank of Montreal debt is determined (e.g. fixed by contract, float in relation to prime, etc.)

25. Reference Exhibit 6, Schedule 1, Section 1, page 2.

a) The 2012 revenue deficiency stated at $570,329 in the main body of evidence does not appear to match the revenue deficiency shown in the RRWF form at Tab 8. Please explain the apparent discrepancy.

COST ALLOCATION

26. Reference: Exhibit 7, Schedule 3, page 5

a) Apart from updating the data in the cost allocation model to reflect 2012 values, has RSL made any "Improvements" to the cost allocation model? If yes, please describe.

b) With respect to the Weighting Factors (Sheet I5.2) please clarify whether a) RSL has completed a review of the weighting factors specific to its utility and concluded the default values are appropriate or b) RSL has not undertaken any analysis of its specific circumstances and, therefore, proposes to continue to use the default values.

RATE DESIGN

27. Reference: Exhibit 7, Schedule 3, page 9
Exhibit 8, Schedule 1, page 5

d) Please confirm that the proposed monthly service charges for the GS<50 and GS>50 customer classes both exceed the Board's upper boundary as defined by the Customer Unit Cost per month – Minimum System with PLCC Adjustment.

28. Reference: Exhibit 8, Schedule 1, page 4

e) Is the fixed variable split for the GS>50 class (Table 8.6) based on variable revenues net of (i.e. less) the transformer ownership allowance? If not, please recalculate the split and the resulting rates using the net variable revenues.

29. Reference: Exhibit 8, Schedule 2, page 7

f) Please update the proposed Retail Transmission Rates using the approved 2012 Uniform Transmission Rates.

30. Reference: Exhibit 8, Schedule 6, page 11

g) Please outline the basis for RSL's forecast 2012 Low Voltage charges (i.e., $181,008).

h) Please provide an alternative forecast of RSL's 2012 Low Voltage charges based on the following calculation:
   - RSL's actual 2011 LV Charges (from Hydro One) times
   - The ratio of RSL's actual 2011 power purchases / RSL's forecast 2012 power purchases per Exhibit 3.

31. Reference: Exhibit 8, Schedule 9, page 36

i) 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:
   - 0-250 kWh
   - >250-500 kWh
   - >500-800 kWh
   - >800 – 1,500 kWh
   - >1,500 kWh

j) Please provide the Residential bill impact calculations (per Table 8.16) for Residential customers with 500 kWh of monthly use and 250 kWh of monthly use.

DEFERRAL/ VARIANCE ACCOUNTS/ SMART METERS/AND LRAM

32. Reference: Exhibit 9, Attachment B

a) Please confirm that Burman Energy has confirmed the 2011 LRAM amounts for which recover is being sought.

b) During what time frame did this review take place?

c) Please explain why the 2010 and 2011 load units for each program are identical (or almost identical for a few of the programs) for the residential and GS <50 classes.

33. Reference: Exhibit 9, Attachment B

a) For OPA programs please confirm the input assumptions for EKC 2006 at the measure level:
   - CFLs;
   - SLEDs;
   - PTs; and please,
   - Confirm that for CFLs the unit savings and measure life were respectively104kwh (13w) and 4 years.

b) Please confirm that savings from CFLs installed under EKC 2006 expire in 2010.

c) Has RSL/Burman Energy made adjustments to the LRAM for this effect? If not why not?

34. **Reference: Exhibit 11, Schedule 2, pgs. 5 & 15**

a) RSL states it has invested $20,800 in smart meter costs beyond minimum functionality (pg. 5). It also states in section 11 (pg. 15) that a third party vendor, ITM Group, is arranging web presentment. Please provide an explanation of this program and include 2012 and ongoing costs.

35. **Reference: Updates**

a) Please create a table similar to that shown below and which tracks any changes made to the original application as a result of the interrogatory process (or otherwise made by the applicant).

Reference	D	Regulated Return on	Regulated Rate of	Rate Base	Working Capital	Working Capital Allowan	Amortizatio	PIL	OM&A	Service Revenue Requireme	Base Revenue	Gross Revenue
	Original Submission	**4,185,47**	**7.02**	**59,653,66**	**40,569,4**	**6,085,4**	**2,327,52**	**321,25**	**5,852,6**	**12,686,86**	**12,209,58**	**1,178,22**
VECC IR #	Updated cost of debt	4,213,57	7.06	59,653,66	40,569,4	6,085,4	2,327,52	321,25	5,852,6	12,714,96	12,237,68	1,206,32
	Change	28,10	0	0	0	0	0	0	0	28,10	28,10	28,10
Board Staff #	Revised 2011 and 2012 Capital Budgets	4,183,05	7.06	59,221,61	40,569,4	6,085,4	2,279,49	315,95	5,852,6	12,631,11	12,153,82	1,122,47
	Change	(30,51	0	(432,05	0	0	(48,03	(5,30	0	(83,85	(83,85	(83,85
SEC IR #	Recalculate PP&E Deferral - Offset to Depreciation Expense	4,183,05	7.06	59,221,61	40,569,4	6,085,4	2,188,50	315,95	5,852,6	12,540,12	12,062,83	1,031,48
	Change	0	0	0	0	0	(90,99	0	0	(90,99	(90,99	(90,99
EP TCQ #9	Tax Credits for Apprentices	4,183,05	7.06	59,221,61	40,569,4	6,085,4	2,188,50	303,95	5,852,6	12,528,12	12,050,83	1,019,48
	Change	0	0	0	0	0	0	(12,00	0	(12,00	(12,00	(12,00
EP IR #27	CCA Rate change for computer hardware	4,183,05	7.06	59,221,61	40,569,4	6,085,4	2,188,50	300,70	5,852,6	12,524,87	12,047,58	1,016,23
	Change	0	0	0	0	0	0	(3,24	0	(3,24	(3,24	(3,24
Board Staff TCQ	Adjust OM&A	4,183,69	7.06	59,230,62	40,629,5	6,094,4	2,188,50	300,81	5,912,7	12,585,70	12,108,41	1,077,06
SEC TCQ #19	Change	637	0	9,01	60,0	9,0	0	105	60,0	60,82	60,82	60,82
Board Staff TCQ	Adjust Revenue Offsets - Rent, Microfit Revenue, St Light	4,183,69	7.06	59,230,62	40,629,5	6,094,4	2,188,50	300,81	5,912,7	12,585,70	11,986,96	955,61
SEC IR #17, SEC	Late Payment Charges, Misc. Non Operating Revenue	0	0	0	0	0	0	0	0	0	(121,44	(121,44
VECC IR #19, EP	Change											
Board Staff TCQ	Adjustment to Load Forecast & COP	4,196,31	0	59,409,52	41,822,2	6,273,3	2,188,50	302,88	5,912,7	12,600,41	12,001,67	1,018,11
EP TCQ #15	Change	12,61	0	178,90	1,192,6	178,9	0	2,07	0	14,70	14,70	62,50