



July 4, 2012

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319, 27th Floor
2300 Yonge Street
Toronto, ON M4P 1E4

Re: Enersource Hydro Mississauga Inc.
2013/14 Electricity Rate Application
Board File No. EB-2012-0033

Dear Ms. Walli:

In accordance with Procedural Order No. 1 dated June 14, 2012, attached please find AMPCO's interrogatories in the above proceeding.

Please do not hesitate to contact me if you have any questions or require further information.

Sincerely yours,

(ORIGINAL SIGNED BY)

Adam White
President
Association of Major Power Consumers in Ontario

Copy to: Enersource Hydro Mississauga Inc.

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General

1.1 Is the proposed approach to set rates for two years appropriate?

Interrogatory # 1

Reference: Exhibit A, Tab 3, Schedule 1, Page 1

Preamble: Enersource filed a Cost of Service application based on a forward test year for 2013 rates and for incremental capital and return (ICR) for 2014 rates.

- a) Please discuss Enersource's proposed approach in 2014 in the event the Board approves rates for 2013 only?

1.2 What is the appropriate approach to set rates for 2015 and 2016?

Interrogatory # 2

- a) Please discuss Enersource's plans to set rates in 2015 and 2016 in the context of the Board's current regulatory framework if (a) the Board approves Enersource's application for rates in 2014 and (b) the Board does not approve 2014 rates based on Enersource's alternative approach.

1.4 Is service quality acceptable?

Interrogatory # 3

Reference 1: Board's Filing Requirements For Electricity Transmission and Distribution Applications, Section 2.5.3 Service Quality and Reliability Performance

Reference 2: Exhibit 2, Tab 3, Schedule 1, Page 3

Preamble: The evidence indicates that a distributor should, at a minimum, remain within the range of its historical (three-year performance). The monitoring and reporting of service reliability indices is intended to encourage distributors to maintain or improve the existing service reliability performance of its electrical distribution system. Enersource's 2011 SAIDI and SAIFI indices are outside of the three-year historical range, but the CAIDI index is within the historical range. When the three major incidents are excluded, the SAIDI and SAIFI results are at the top of the historical range. CAIDI results are within the historical range.

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- a) Please provide a detailed explanation for reduced reliability performance beyond the three major incidents and discuss actions taken to address and improve reliability for customers and any outcomes.

Interrogatory # 4

Reference: Exhibit 2, Tab 2, Schedule 2, Appendix 1, Pages 23 to 25

Preamble: Table 6.1 on Page 23 shows Reliability Statistics for the years 2007 to 2011. Chart 6.1 on Page 24 shows Cause Code Statistics for the years 2007 to 2012 and Chart 6.2 shows Equipment Statistics for the years 2007 to 2012.

- a) Table 6.1 – Please explain the increase in interruptions between 2009 and 2010 and the decrease between 2010 and 2011.
- b) Chart 6.1 - Please provide a description of foreign interference, adverse environment and human element.
- c) Chart 6.1 - Please explain the variance between 2010 and 2011 for each cause code.
- d) Chart 6.1 - Please explain why 2008 statistics are significantly lower than other years.
- e) Chart 6.2 - Please explain the variance between 2010 and 2011 for each equipment category.

Interrogatory # 5

Reference: Exhibit 2, Tab 2, Schedule 2, Appendix 1, Page 10

Preamble: The Table on Page 10 shows Performance Measurements, OEB/ESA targets for each measurement and Enersource's target. Reliability performance measurements are included in the table.

- a) Please provide the source of the OEB/ESA targets for SAIDI, SAIFI and CAIDI.
- b) Please discuss how Enersource arrived at its targets for SAIDI, SAIFI and CAIDI.
- c) Please explain why Enersource's target (36.00) for CAIDI is above the OEB/ESA high target for CAIDI (31.1).
- d) Please provide Enersource's proposed timelines to achieve its reliability targets.

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Rate Base

2.1 Is the proposed rate base for 2013 and 2014, including capital expenditures for 2013 and 2014, appropriate?

Interrogatory # 6

Reference: Exhibit 2, Tab 2, Schedule 1, page 6

Preamble: Enersource indicates it relies on its long-standing internal control processes with respect to capital spending and project progress.

a) Please describe Enersource's internal control process and formal review process.

Interrogatory # 7

Reference: Exhibit 2, Tab 2, Schedule 5, Page 6

Preamble: The evidence indicates expanding the existing Mavis Road facility was not optimal. Costs were expected to be double that of building a new facility on a green-field site.

a) Please provide a summary of the cost analysis of the scenarios evaluated to redevelop Mavis Road.

Interrogatory # 8

Reference: Exhibit 2, Tab 2, Schedule 5, Page 13

Preamble: Table 2 provides the building investments, 2012 to 2014 to reconfigure Mavis Road.

a) Please provide a breakdown of the costs in 2013 and 2014.

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2.3 Is the proposed Green Energy Act Plan appropriate?

Interrogatory # 9

Reference: Exhibit 2, Tab 2, Schedule 3, Appendix 1, Page 10

Preamble: The table on Page 10 shows the actual and forecasted renewable energy connections per year.

- a) Please comment on Enersource's overall potential for developing renewable generation in its service area.
- b) Please provide Enersource's target (MW) for connected renewable generation.
- c) Please provide the forecasted capacity (in MW) of the renewable generation connections proposed by year.
- d) Please explain how Enersource's arrived at the forecasted number of connections shown in the table.

Interrogatory # 10

Reference 1: Exhibit 2, Tab 2, Schedule 3, Page 3, Table 1

Reference 2: Exhibit 2, tab 2, Schedule 2, Appendix 1, Pages 16-20

Preamble: At reference 1, Enersource provides the number of applications received and the number of projects connected. At reference 2, Enersource provides an historical system description that includes a map of the distribution system divided into four areas: north, south, east and west.

- a) Please provide a schematic of the areas where the 97 connected projects are located.

Interrogatory # 11

Reference: Exhibit 2, Tab 2, Schedule 3, Appendix 2, page 3

- a) Please advise if Enersource responded to the OPA's letter. Please provide a copy of any written correspondence.

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- b) Please discuss any information Enersource has received from the OPA regarding integrated planning for regions of the province.

Interrogatory # 12

Reference: EB-2009-0937 Filing requirements: Distribution System Plans – Filing under Deemed Conditions of Licence, Page 13

Preamble: The Filing requirements state “Where the distributor is seeking to recover costs related to the connection of renewable generation from ratepayers, the Basic GEA Plan must contain detailed costing information for specific projects for at least the first year of the Basic GEA Plan. The level of detail should be sufficient for the Board to assess the need for and prudence of the planned projects and their associated costs.

- a) Please provide detailed costing information for specific projects in year one.

Interrogatory # 13

Reference: EB-2009-0937 Filing requirements: Distribution System Plans – Filing under Deemed Conditions of Licence, Page 11

Preamble: The filing requirements indicate that all distributors are required to consult with embedded and host distributors, and upstream transmitters, in preparing their Basic or Detailed GEA Plans.

- a) Please provide any relevant written correspondence between Enersource and Hydro One.

Interrogatory # 14

Reference: Exhibit 2, Tab 2, Schedule 3, Appendix 1, Page 7

Preamble: The evidence states “Hydro One has also imposed a limit on the amount of generation allowed per feeder. The threshold is specified to be 10% of maximum peak load for “M” class feeders and 7% of maximum peak load for “F” class feeders. Hydro One has requested that all LDCs comply with this standard and Enersource has committed to doing so.”

- a) Please provide the background and derivation of Hydro One’s limit on the amount of generation allowed per feeder.

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Interrogatory # 15

Reference: Exhibit 2, Tab 2, Schedule 3, Page 3

Preamble: The evidence states “Enersource does not propose to divide the costs of eligible renewable generation connection investments between Enersource customers and all Ontario ratepayers as per Regulation 330/09 and taking into account the Board’s Report on the determination of direct benefits (EB-2009-0349). Enersource is seeking approval of its GEA plan in this cost of service rate application.

- a) Please explain the rationale for not proposing to divide the costs of eligible renewable connection investments between Enersource customer’s and Ontario ratepayers.
- b) Please summarize Enersource’s expectations regarding the Board’s approval of its GEA plan with respect to the proposed expenditures?

Interrogatory # 16

Reference: Exhibit 2, Tab 2, Schedule 3, Appendix 1, Page 13-14

Preamble: Table 2 on Page 14 provides the actual expenditures for 2011 and the forecasted capital expenditures for the years 2012 to 2016. The evidence states “Enersource will continue to connect generation projects as is required under the DSC. In order to achieve this, Enersource will require continued expenditures in the areas previously identified in section 3.4. This includes the Customer Engineering team as well as the additional resources such the two co-op students, Field Construction Inspector and Service Engineering company. The forecasted costs associated with this are shown in the table.”

- a) Please provide a breakdown of the costs on the table shown on Page 10.
- b) Please confirm the total cost of the Green Energy Plan showing capital and OM&A separately.

Cost Allocation

6.1 Is the proposed cost allocation methodology for 2013 and 2014 appropriate?

Interrogatory # 17

Reference 1: OEB Filing Requirements for Electricity Transmission and Distribution Applications, 2.10 Exhibit 7, Cost Allocation, Page 42

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Preamble: The Board's Filing Requirements states:

2.10 Exhibit 7. Cost Allocation

"Distributors should refer to section 2.6.4 of the March 31, 2011 report concerning weighting factors for allocation of certain costs. A description of the weighting factors is required, including an explanation of why the distributor has chosen to use the default placeholders if applicable."

Reference 2: EB-2010-0219 Report of the Board, Review of Electricity Distribution Cost Allocation Policy, 2.6.4

Preamble: The Board's Guideline EB-2010-0219 states:

"The Board is of the view that default weighting factors should be utilized only in exceptional circumstances. In general, distributors have had sufficient time since preparing their 2006 Cost Allocation Information Filings to have gained the experience necessary to enable them to propose appropriate distributor-specific weighting factors."

Reference 3: Exhibit 7, Tab 1, Schedule 1

Preamble: The evidence states:

"Enersource has made no changes to the weighting factors used in prior cost studies and notes that these weighting factors are consistent with the default weighting factors for services and billings established in the *"Staff Report to the Board – Implementation of the Revisions to the Board's Electricity Distributor Cost Allocation Policy, Aug 4, 2011"*⁴. Enersource has no information that would lead it to depart from the previously-used weighting factors.

- a) Please explain further why Enersource does not have information to determine appropriate distributor-specific values.

6.2 Are the revenue-to-cost ratios for 2013 and 2014 appropriate?

Interrogatory # 18

Reference: Exhibit 7, Tab 1, Schedule 1, Page 10

Preamble: Enersource indicates the results from its initial application of the 2013 Cost Study had two classes, the Large Use and the USL class, outside the Board's required ranges and it was necessary to reallocate revenues among rate classes. Enersource proposes to re-balance all

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classes to within 10% of unity. AMPCO has prepared the following table to compare Enersource's previously approved revenue-to-cost ratios (R/C) to the proposed ratios.

Customer Class	2008 R/C Ratios	Proposed 2013 R/C Ratios	Policy Range
	%	%	%
Residential	92	90	85-115
GS<50 kW	111	110	80-120
GS>50 kW	111	110	80-120
GS>500 kW	92	106	85-115
Large User	111	110	70-120
Street Lighting	92	95	80-120
UMSL	111	110	80-120

- a) The proposed 2013 R/C ratios show little change from the 2008 ratios. Please re-balance all classes to within 5% of unity.

Interrogatory # 19

Reference: Exhibit 7, Tab 1, Schedule 1, Page 11

Preamble: Enersource is not proposing to re-balance revenue-to-cost ratios after the 2013 Test Year as all revenue-to-cost ratios are well within the Board's target ranges.

- a) Please discuss if Enersource considered other approaches such as bringing revenue-to-cost ratios to unity or towards unity in subsequent years.

Rate Design

7.1 Are the fixed to variable splits for each class for 2013 and 2014 appropriate?

Interrogatory # 20

Reference: Exhibit 8, Tab 1, Schedule 1, Page 3, Table 2 and Table 3

- a) Please provide the final 2012 Tariff of Rates and Charges if approved by the Board.
- b) Please provide the source of the 2012 rates shown in Column A in Table 2 and table 3.

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Interrogatory # 21

- a) Please provide a table that compares the current to the proposed fixed/variable proportion and explain any changes.
- b) Please provide a table that compares the current and proposed monthly fixed charges with the floor and ceiling as calculated in the cost allocation study.
- c) Please provide an explanation for customer classes where the monthly fixed charge exceeds the ceiling.
- d) Please confirm the fixed variable analysis is net of rate adders, funding adders and rate riders.

Smart Meters

10.1 Are the proposed quanta and nature of smart meter costs, including the allocation and recovery methodologies appropriate?

Interrogatory # 22

Reference: Exhibit 9, Tab 2, Schedule 1, Page 10, Table 7

Preamble: Table 7 shows the Smart Meter Funding Adder and associated interest.

- a) Please provide a breakdown of the SMFA amount collected from each rate class.