



**PUBLIC INTEREST ADVOCACY CENTRE**  
**LE CENTRE POUR LA DEFENSE DE L'INTERET PUBLIC**

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Michael Janigan  
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October 22, 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)**  
**Submission of VECC Interrogatories EB-2012-0124**  
**Festival Hydro Inc.**

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,

A handwritten signature in black ink, appearing to be 'Michael Janigan', written in a cursive style.

Michael Janigan  
Counsel for VECC

cc: Festival Hydro Inc.  
W. G. Zehr

EB-2012-0124  
ONTARIO ENERGY BOARD  
IN THE MATTER OF

the Ontario Energy Board Act, 1998, S.O. 1998, c. 15 (Schedule B), as amended;  
AND IN THE MATTER OF an Application by  
Festival Hydro Inc. for an order or orders  
approving or fixing just and reasonable  
distribution rates to be effective May 1, 2013.

**Information Requests of the Vulnerable Energy Consumers Coalition (VECC)**

INCREMENTAL CAPITAL (New Municipal Transformer Station in City of Stratford)

**VECC Question #1**

Preamble: The Board indicates that “For distribution rates effective May 1, 2013, the Board will continue to use the year over year change in the GDP-IPI. The 2012 annual statistics are scheduled to be published by Statistics Canada by the beginning of March 2013, and the Board will convey the annual change shortly thereafter.”

- a) Please confirm that the price cap index will need to be updated once the data is available.
- b) Please confirm that Festival Hydro is in cohort #1, with a stretch factor of 0.2% based on the Board’s Letter dated December 1, 2011 regarding the Power System Engineering Inc. Report Third Generation Incentive Regulation Stretch Factors Updates for 2012 (EB-2011-0387).

**VECC Question #2**

**Reference:** 7. Rate Rider for Recovery of Incremental Capital Cost, Pages 12-26.

- a) Page 12- The evidence indicates that the ICM expenditure will provide benefit to Hydro One Networks Inc. at the existing Stratford TS. Please discuss the benefits to Hydro One.
- b) Please discuss Festival Hydro’s consultation with Hydro One regarding a potential cost sharing arrangement regarding the new transformer station and confirm if Hydro One is sharing in the cost and provide the amount.
- c) Page 12-Please confirm Festival Hydro’s assigned capacity at the shared Stratford transformer station.
- d) Page 15-Festival Hydro forecasts capital spending on the Transformer Station in 2012 as \$10,619,452. Please provide 2012 year to date actuals in the same level of

detail as the table shown on Page 15.

- e) Page 15-Please confirm the in-service date of the transformer station.
- f) Page 15-Please provide an update on Hydro One's work on the 230 kV connections and associated work prior to the in-service date of the transformer station and an update on Festival Hydro's capital contribution amount.
- g) Page 20-Festival Hydro indicates the financial analysis that concluded that the rate impact to customers would be less with the Festival Hydro owned solution than with a comparable Hydro One owned solution is consistent with the conclusion reached by other Ontario LDCs in similar circumstances, many of whom were consulted during this process. Please confirm the LDCs that have reached similar conclusions.
- h) Please identify any contributions or revenue offsets for Festival Hydro's ICM project.
- i) Please discuss what actions Festival Hydro will take if the 2013 ICM is not approved.
- j) Please discuss the impact of delaying the project by one year until Festival Hydro's next COS application.
- k) Please confirm that the ICM requested will not be recovered through other means e.g. it is not, in full or in part, being funded by the expansion of service to include new customers and other load growth.

### **VECC Question #3**

**Reference #1:** Appendix I, 1.2013 Capital Details, Page 2, Lorne and O'Loane Ave – 3 Phase Circuit Tie

**Reference #2:** Appendix I, 1.2013 Capital Details, Page 15, 2013 Capital Budget Draft #1

Preamble: At Reference #1, Festival indicates the cost of the project is \$298,500. At reference 2, the cost is shown as \$124,500.

- a) Please reconcile the two amounts.

### **VECC Question #4**

**Reference #1:** Appendix I, 1.2013 Capital Details, Page 10 Seaforth Centre Street-Rear Yard Conversion

**Reference #2:** Appendix I, 1.2013 Capital Details, Page 15, 2013 Capital Budget Draft #1

Preamble: At Reference #1, Festival indicates the cost of the project is \$38,500. At reference 2, the cost is shown as \$28,000.

a) Please reconcile the two amounts.

#### **VECC Question #5**

**Reference:** Appendix I, 1.2013 Capital Details, Page 13, Fleet

Preamble: Festival indicates through changes made to fleet maintenance and the Seaforth service centre it appears that Festival only needs to purchase 1 new pick-up truck for 2013 at an estimated cost of \$32,000.

a) Please explain the changes made to fleet maintenance and the Seaforth Service Centre and explain the need to purchase 1 new pick-up truck in 2013.

#### **VECC Question #6**

**Reference:** Appendix I, 1.2013 Capital Details, Pages 13-14, Distribution Automation

a) Please explain the work needed to enhance the current SCADA system and why this work is required in 2013.

#### **VECC Question #7**

**Reference #1:** Appendix I, 1.2013 Capital Details, Page 14, Tools

**Reference #2:** Appendix I, 1.2013 Capital Details, Page 15, 2013 Capital Budget Draft #1

Preamble: At Reference #1, Festival indicates the cost of the project is \$20,000. At reference 2, the cost is shown as \$15,000.

Please reconcile the two amounts.

#### **VECC Question #8**

**Reference:** Appendix I, 1.2013 Capital Details, Page 14, Land and Buildings

Preamble: Festival indicates the Land and Buildings budget includes replacement of a couple HVAC units, further upgrades to the security system (camera and key cards for restricted areas) and minor office renovations.

a) Please provide a breakdown of the costs for each budget component above.

b) Please describe the minor office renovations and why they are needed in 2013.

### **VECC Question #9**

**Reference:** Appendix I, 1.2013 Capital Details, Page 15, 2013 Capital Budget Draft #1

- a) Please identify any capital contributions for 2013.
- b) Growth Related Work-Please provide the historical actual customer count and customer growth rate from 2006 to 2011 and the forecast customer count and growth rate for 2012 and 2013, broken down between Stratford, St. Mary's and Seaforth. Please provide the year to date customer count for 2012.
- c) Please provide an estimate of the customer growth related budget between Stratford, St. Mary's and Seaforth.

### **VECC Question #10**

**Reference** Appendix I, 1.2013 Capital Details, Page 15, 2013 Capital Budget Draft #1

- a) Please provide a capital spending schedule that compares 2010 Board Approved (EB-2009-0263), 2010 Actual, 2011 Actual and 2012 Year to Date and 2012 Forecast using the level of detail in the Draft Budget on Page 15.
- b) Please provide a list of capital projects in 2013 segregated between discretionary and non-discretionary.
- c) Please provide a revised 2013 Capital Budget shown in order of priority.
- d) Please describe the process used by Festival Hydro to prioritize its capital projects.