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BY E-MAIL

October 24, 2012

Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

Dear Ms. Walli:

**Re: Woodstock Hydro Services Inc.
2013 IRM Rate Application
Board Staff Interrogatories
Board File No. EB-2012-0178**

In accordance with the Notice of Application and Hearing, please find attached Board Staff Interrogatories in the above proceeding.

As a reminder, Woodstock Hydro Services Inc.'s responses to interrogatories are due by November 7, 2012.

Yours truly,

Original Signed By

Daniel Kim
Analyst – Applications & Regulatory Audit

Encl.

**Woodstock Hydro Services Inc. (“Woodstock Hydro”)
2013 Rate Applications
Board Staff Interrogatories
EB-2012-0178**

1. Ref: Status of Smart Meter and Time of Use/MDMR Implementation, Manager’s Summary, Page 21

Woodstock Hydro indicated that it is presently finalizing the transition from 7.2+ version of the MDM/R software, which facilitates both the printing of the register read on customer bills and access to “*calculative needs equality adjustment functionality*”. Woodstock Hydro expected this activity to be complete by October 2012. Woodstock Hydro also noted that Woodstock Hydro will be in a “business-as-usual” operations state with respect to the MDM/R and TOU billing.

- a) Please report on the status of this transition.
- b) What does Woodstock Hydro mean by stating that it will be in a “business-as-usual” operations state with respect to the MDM/R and TOU billing.
- c) Please also explain what “*calculative needs equality adjustment functionality*” means, and its role in Woodstock Hydro’s provision of distribution services to its customers.

2. Ref: Manager’s Summary, page 27 – Capital Costs

On page 27, Woodstock Hydro includes (\$4,033) as the net proceeds from the disposition of conventional meters replaced by smart meters installed from 2009 to 2011. Normally, the net proceeds from the disposition of conventional meters replaced by smart meters is taken into account in the determination of the residual net book value of stranded meters, to be addressed in the utility’s next cost of service application.

Please explain the rationale for Woodstock Hydro’s approach of including these proceeds as an offset for the determination of the SMDR.

3. Ref: Smart Meter Model, sheet 2 – OM&A Costs

Woodstock Hydro has not included any capital and OM&A costs for 2013 in the

Smart Meter Model. With these exclusions, the SMIRR, intended as a proxy monthly rate to recover the annualized revenue requirement (i.e. capital-related and operating costs) will be understated.

- a) Please provide Woodstock Hydro's estimates of these costs for 2013.
- b) Please include the estimates of depreciation expense and OM&A for each month in 2013 on sheet 8A of the Smart Meter Model. At a minimum, expenses need to be entered for the first four months (January to April) of 2013 on sheet 8A.
- c) In the alternative, please provide Woodstock Hydro's basis for its proposal, including how Woodstock Hydro will be held whole with respect to the operation of smart meters and associated communications and computer systems until it next rebases its distribution rates through a cost of service application.

4. Ref: OM&A Costs 2010-2012, Manager's Summary, Page 31 – 37

Woodstock Hydro has indicated \$131,483 of Professional Fees related to TOU/MDMR implementation.

- a) Please provide a further breakdown of this cost by year and by service.
- b) Please provide further explanation of the products or services received for which these costs have been incurred.

5. Ref: Smart Meter Model – Sheet 2 – Cost of Capital

In its 2006 EDR rates application [RP-2005-0020/EB-2005-0436], Woodstock Hydro, was approved a debt rate of 6.76% and a Return on Equity ("ROE") of 9.00%.

In Woodstock Hydro's 2011 cost of service application [EB-2011-0145], Woodstock Hydro had a deemed short-term debt rate of 2.46%, an average weighted long-term debt rate of 5.02% and an ROE of 9.58% approved.

Woodstock Hydro has input the following cost of capital parameters in its Smart Meter Model on sheet 3:

Year	2006	2007	2008	2009	2010	2011	2012	2013
Short-term debt						2.46%	2.46%	2.46%
Long-term Debt	6.76%	6.76%	6.31%	4.98%	4.43%	5.02%	5.02%	5.02%
ROE	9.00%	9.00%	9.00%	9.00%	9.85%	9.58%	9.58%	9.58%

The Board's standard approach is that the cost of capital parameters approved in a cost of service application continues to apply until rates are next rebased through a cost of service application. The parameter inputs for the years 2006, 2007, 2011, 2012 and 2013 are consistent with those approved in the aforementioned cost of service application decisions.

- a) Please explain the cost of capital parameters input by Woodstock Hydro for 2008, 2009 and 2010, as these differ from what was approved in Woodstock Hydro's 2006 EDR application.
- b) If necessary, please update the Smart Meter Model to reflect the approved cost of capital parameters that would be applicable for these years.

6. Ref: Smart Meter Model

If Woodstock Hydro has made changes as a result of responses to interrogatories to Board staff or other parties, please provide an updated Smart Meter Model Version 3.0, reflecting all such changes and resulting in updated class-specific SMDRs and SMIRRs as calculated on sheets 10A and 10B respectively.