PUBLIC INTEREST ADVOCACY CENTRE
LE CENTRE POUR LA DEFENSE DE L'INTERET PUBLIC
ONE Nicholas Street, Suite 1204, Ottawa, Ontario, CanadaK1N 7B7
Tel: (613) 562-4002. Fax: (613) 562-0007. e-mail: piac@piac.ca. http://www.piac.ca

Michael Janigan
Counsel for VECC
613-562-4002

January 04, 2013

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: EB-2012-0168Tillsonburg Hydro Inc.

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

Yours truly,

Michael Janigan
Counsel for VECC

Encl.
cc. Tillsonburg Hydro Inc. - Steven Lund - slund@tillsonburg.ca
All Intervenors – via email

REQUESTOR NAME	**VECC**
INFORMATION REQUEST ROUND NO:	**# 1**
TO:	**Tillsonburg Hydro Inc. (THI or Tillsonburg)**
DATE:	**January 4, 2013**
CASE NO:	**EB-2012-0168**
APPLICATION NAME	**2013Cost of Service Electricity Distribution Rate Application**

RATE BASE (Exhibit 2)

1.0 Reference: Exhibit 2, Tab 1, Schedule 1, Table 1

a) Please explain why the Net Capital Assets in Service opening balance for 2009 ($5,607,674) shown in Table 1, differ from the 2008 closing balance for PP&E shown in Appendix 2-B ($5,400,493).

2.0 Reference: Exhibit 2, Tab 3, Schedule 3, Attachment 3, pg. 2 Table 1 – Average Balances

a) Please explain why the Accumulated Opening and Closing Balance shown in Table 1 for the year 2008 differ from that shown in Appendix 2-B Fixed Asset Continuity (opening balance $7,218,029 vs.$7,010,847 and closing balance of $7,790,943vs. $7,583,760).

3.0 Reference: Exhibit 2, Tab 1, Schedule 1, pgs. 6,9

a) Please explain what impact there is in applying the actual capital structure rather than the regulated hypothetical capital structure for the economic evaluationsof system expansion (e.g. are the costs generally higher or lower?).

b) Has THI received any complaints in the last three years in regards to its evaluations and any required capital contributions?

c) The evidence states that Tillsonburg Hydro has forecast CIAC of $80k for new residential lots. Please provide the total cost of installation of service for the associated residential lots.

4.0 Reference: Exhibit 2, Tab 1, Schedule 1, pgs. 8-10

a) Since the study completed by Elecsar Engineering Ltd in 2000 has THI completed any subsequent asset management plan or completed a comprehensive asset assessment?

b) The Elecsar Report identifies a number of safety issues that should be addressed by THI. Have all of these issues been addressed? Specifically, please review section 5.0 (Action List) and comment on which items have been addressed and which remain outstanding.

5.0 Reference: Exhibit 2, Tab 4, Schedule 4, Attachment 1 - Appendix 2_A

a) Please restate Appendix 2_A to show for each year the total spending for each USoA account (e.g. sum all repeated accounts to show the total spending in each year for each account). Please update this table to show the 2012 actual capital expenditures and any necessary adjustment to the 2013 forecast.

6.0 Reference: Exhibit 2, Tab 4, Schedule 3, pg. 7

a) Please explain the source of the $769k in capital contribution in 2008.

b) Please explain the methodology employed by THI to estimate capital contributions.

7.0 Reference: Exhibit 2, Tab 4, Schedule 5, Asset Management Plan

a) Section 6 refers to the future development of performance measures. Please elaborate on the plans for developing and implementing these measures. Is Tillsonburg undertaking this initiative in conjunction with any other utility(ies)?

8.0 Reference: Exhibit 2, Tab 6, Schedule 2, Attachment 1

a) Please explain the reasons for the poor reliability metrics (excluding loss of supply) in 2008. Explain what steps THI took that led to improvements in reliability since then.

LOAD FORECAST (Exhibit 3)

9.0 Reference: Exhibit 3, Tab 1, Schedule 2, Att. A, pages 1and 10-14

a) Please confirm that that there have been no actual industrial closures (i.e. loss of customers and total customer load) but rather reductions in load requirements for certain customers. If not, please clarify which of the three customers described on pages 11-12 are forecast to have zero load for 2013

10.0 Reference: Exhibit 3, Tab 1, Schedule 2, Att. A, pages 3 - 6 and 8 - 9

a) Were any other Residential model specifications tested that included either economic variables such as employment or customer measure variables such as population or customer count? If not, why not? If yes, what were the results?

b) What was the basis for selecting June 2008 to June 2009 as the recession period for the dummy variable used in the GS 50-499 class model (per page 6)?

c) For the Residential and GS<50 classes why was the data used in the analysis limited to the 2008-2011 period, whereas for the GS 50-499 class data for the 2006-2011 period was used?

d) Are there any more recent economic forecasts available for 2012 and 2013 from the four Canadian banks referenced on page 8? If so, please update the average employment forecast for each year and the forecasts for the GS<50 and GS 50-499 classes.

e) How was the reclassification of Customer #1 (per page 11) as a GS 50-499 customer in 2008 treated for purposes of the 2013 forecast of GS 50-499 kWh?

f) Please provide a schedule that sets out the GS 50-499 forecast for 2013 and the adjustment made (per page 12, footnote #1) for Customer #3.

11.0 Reference: Exhibit 3, Tab 1, Schedule 2, Att. A, pages 11-13

a) Please explain why, for the GS 500-1499 class, the 2007 Gross load is greater than the Net load when all three customers were initially in the GS >1,500 class and Customer #2 was transferred to the GS 500-1499 class.

b) With respect to Tables 10 and 11, is Customer #2's load included in the GS 500-1499 "Net" values for any of the years shown?

c) With respect to Table 11, please provide a schedule that sets out the number of customers used for the GS 500-1499 and GS>1,500 classes respectively to calculate the Use Per Customer in each year and indicate where/whether Customer #2 was included in the customer count and Net Use.

12.0 Reference: Exhibit 3, Tab 1, Schedule 2, Att. A, page 15

a) Please provide the 2012 year-to-date customer/connection count for each class for the most recent month available and, in the same schedule, provide the 2011 value for the equivalent month.

13.0 Reference: Exhibit 3, Tab 1, Schedule 3, pages 1-2 and Attachment 1

a) Please confirm that the 30% is assumed to represent the impact in 2013 of the 2011, 2012 and 2013 CDM programs that will contribute to Tillsonburg Hydro achieving its cumulative CDM energy target of 10.3 GWh. If not confirmed, please explain what the 30% is based on.

b) With respect to Table 3-6, please clarify whether the third column represents the average over the six years 2006-2011 or the five years 2006-2010.

c) Please provide the OPA's Final Report regarding Tillsonburg's 2010 CDM programs and, based on the reported results, complete the following schedule.

	Reported/Projected CDM Savings (MWh)							
	2006	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**
2006 Progr								
2007 Progr								
2008 Progr								
2009 Progr								
2010 Progr								
Total								

d) Please provide the OPA's Final Report regarding Tillsonburg's 2011 CDM programs and, based on the reported results, complete the following schedule.

	Reported/Projected CDM Savings (MWh)			
	2011	**2012**	**2013**	**2014**
2011 Progr				

e) Please reconcile the results reported in response to parts c) and d) with the historical CDM achievement values set out in Attachment 1.

f) Please provide a working copy of the excel worksheet used for Attachment.

g) Since the Residential forecast is based on the years 2008-2011 why is the adjustment based on average CDM savings over 2006-2011?

h) If (per the response to parts (a) and(b)) the 30% includes the impact of the 2011 CDM programs and the third column includes CDM savings for 2006-2011, aren't the 2011 program impacts being included twice – once in the 2006-2011 program savings persistence and then again in the use of the 30%? If not, please explain why not?

i) Please re-do Table 3-6 using a 20% factor as opposed to a 30% facto4 in column 6.

14.0 Reference: Exhibit 3, Tab 1, Schedule 3, pages 3-4

a) Given the row titles in column 1 of Table 3-7 please clarify if all of the values reported in the table are kW values.

b) With respect to Table 3-7, how were the values in columns 3, 4 and 6 determined for each class?

c) If they were not determined by adjusting the equivalent kWh values reported in Table 3-6 by the average historical kW/kWh ratio for the relevant class, please re-do Table 3-7 using this approach.

PASS-THROUGH CHARGES (Exhibit 3)

15.0 Reference: Exhibit 3, Tab 1, Schedule 4, page 1 and Attachment 1

a) Attachment 1 only includes the power supply expenses for 2011. Please provide equivalent schedules for 2012 and 2013.

b) Please provide either a reference as to where in the Application the determination of 2013 Pass-Through Charges used for working capital calculations is detailed or provide schedules setting out their determination

c) Please update the forecast 2013 pass-through charges to reflect: i) the OEB's October 2012 RPP report, ii) the recently approved 2013 UTRs (EB-2012-0031) and iii) the recently approved IESO RRRP charge of 0.12 cents/kWh (EB-2012-0453).

OTHER OPERATING REVENUE (Exhibit 3)

16.0 Reference: Exhibit 3, Tab 3, Schedule 1

a) Please provide the year to date Other Operating Revenue for 2012 broken down as per Appendix 2-F. In the same schedule, please provide the 2011 values for the same period.

b) Please explain the decrease in Account 4235 revenue in 2011 and why revenues are projected to continue at the lower level through 2013.

c) Does Tillsonburg Hydro have any MicroFit customers? If so, how many and where are the service charge revenues reported?

OPERATING AND MAINTENANCE COSTS (Exhibit 4)

17.0 Reference Exhibit 4, Tab 2, Schedule 1

a) Please provide the annual memberships costs (separately) for IHSA, EDA and ACORE for the years 2009 through 2013.

18.0 Reference: Exhibit 1, Tab 3 – Financial Statements

a) Please explain the reasons for the significant decrease in customer deposits long-term between 2010 and 2011

19.0 Reference: Exhibit 4, Tab 4, Schedule 1 (see Energy Probe IR # 24)

a) Please update Appendix 2-K to show 2012 in CGAAP

b) Please update Appendix 2-K to include the total compensation capitalized for 2009 and 2010.

20.0 Reference: Exhibit 4, Tab 2, Schedule 2, page 1

a) Please show the derivation of the $175k described at page 1 of the above reference as compared to the one-time regulatory costs shown in Appendix 2-M. Specifically address why the one-time costs in line item 3 ($1,000) and line item 10 ($800) of Appendix 2-M do not appear to be included in the 175K described at page 1.

21.0 Reference: Exhibit 4, Tab 2, Appendix 2-G

a) Please explain the increase in account 5310 – Meter Reading Expenses since 2009 and notwithstanding the introduction of smart meters.

b) Please explain the nearly doubling of account 5315 - Customer Billing costs since 2009.

22.0 Reference: Exhibit 4, Tab 2, Schedule 2, Attachment 1 (see also Energy Probe IR # 23)

a) On what basis did SCG conclude that an increase in the lease rate is reasonable? Please provide the supporting documentation for this conclusion.

b) In a number of places the allocation is explained as "*based on the average of the [corporate] department's FTE hours and wages*" Please explain in detail and by example how this allocation method works.

c) Please provide all the background and working appendices to the SCG Report.

d) Please provide a table showing for each category (5.1 through 5.2.1 – 5.2.9) described in the study: (1) the total costs for the category in 2009 and in 2012: (2) the amount allocated to THI, the methodology used for allocation; (3) the percentage of costs allocated in 2009 in the category and; (4) the percentage of total costs allocated in 2012. Please provide separate tables for indirect shared costs (showing the derivation of $140k management fee) and indirect labour costs (showing the derivation of the $706,469 fee). An example of the table format is shown below.

5.2.6 HR	Total 2009 costs	Total 2012 costs	Total forecast 2013 costs	Method of allocation in 2013	% of total costs allocated in 2009	% of total costs allocated in 2012	% of total costs allocated in 2013	Cost allocated to THI for 2013 (C x H)
A	B	C	D	E	F	G	H	I

23.0 Reference: Exhibit 4, Tab 2, Schedule 4

a) Please show the derivation of the LEAP funding amount of 4k.

b) Please explain why in 2012 all LEAP funding was exhausted by May 2012, whereas in 2011 funds were depleted much later in the year.

24.0 Reference: Exhibit 1, Tab 2, Schedule 9, Attachment 1 – Master Service Agreement

a) At page 15 of the Agreement (Schedule A) it states that “green fleet technology type vehicles” are used. What is the incremental cost of this requirement (over standard vehicles) and explain why THI included this provision in the Agreement.

25.0 Reference: Exhibit 4, Tab 4, Schedule 1 – Appendix 2-K

a) THI shows an increase of approximately 2 Union FTEs and 1 management FTE from the 2009 Board approved. Please explain the reasons for these increases

COST ALLOCATION (Exhibit 7)

26.0 Reference: Exhibit 7, Tab 1, Schedule 1, Tillsonburg 2013 CA Model

a) With respect to Sheet I5.1, please reconcile the fact that only 3% of pole revenues are associated with secondary poles with the fact that secondary poles are assumed to represent 33% of total pole value. What is the basis for the 3% figure?

b) With respect to Sheet I5.2, what is the basis for the weighting factors used for Services and Billing & Collecting?

c) With respect to Sheet I6.2, how did Tillsonburg determine that there were 317 connections associated with its 2,372 Street Light “devices”?

d) With respect to Sheet I7.1, please confirm that meter costs used here for each class are consistent with the smart meter costs by class as reported in Exhibit 9.

27.0 Reference: Exhibit 7, Tab 1, Schedule 1, Att. 1, page 7

a) Please confirm that Customer #3 (per Exhibit 3) was excluded from the 2011 interval data used for the GS >1,500 class. If not, please revise the load profile to exclude this customer and update the 2013 coat allocation.

28.0 Reference: Exhibit 7, Tab 1, Schedule 1, Att. 1, pages 7-9

a) Please provide a schedule that shows the Table 2 values for each distributor.

b) In what way are the surveyed distributors "similar" to Tillsonburg Hydro (per page 8, line 1)?

c) Which of the surveyed distributors are in the same cohort as Tillsonburg Hydro for purposes of OEB's OM&A/customer cost comparisons? What is the average primary/secondary asset split for these distributors?

d) Please also provide a schedule that sets out for each surveyed distributor and also for Tillsonburg: i) the number of customers/connections (excluding street lights and sentinel lights) by class that are served at secondary voltage and express the value as a percentage of the total: ii) the total LTNCP4 for all classes and express the value as a percentage of the total PNCP4; and iii) the total SNCP4 for all classes and express the value as a percentage of the total PNCP4.

e) Does Tillsonburg Hydro know the kms of primary and secondary conductor installed in its service area? If yes, please provide.

29.0 Reference: Exhibit 7, Tab 1, Schedule 1, Att. 1, pages 10-11

a) The adjustment increases the proportion of assets that are classified as primary. However, the impact is to decrease the revenue to cost ratio (i.e., increase the costs) for those classes that typically use secondary assets more extensively (e.g. Residential and GS<50). Please explain this apparent inconsistency.

30.0 Reference: Exhibit 7, Tab 1, Schedule 1, Att. 1, pages 11-12
Exhibit 7, Tab 1, Schedule 1, Att. 4

Preamble: The Application states that the amount of load for each class to be included in the LTNCP4 and SNCP4 values was determined (relative to the class' PNCP4 value) using the 2006 CA model.

a) Please provide a copy of Tillsonburg Hydro's 2009 CAIF (per Att. 1, pages 3).

b) Please provide a copy of Tillsonburg Hydro's 2006 CA Informational filing.

c) Provide a schedule setting out the calculations described in the preamble and cross reference the data used from the 2006 CA model.

31.0 Reference: Exhibit 7, Tab 1, Schedule 1, Att. 1, page 15

a) Please confirm that, for purposes of Table 7, the unit cost for Street Lighting are on a "per connection" basis.

b) Please confirm that Tillsonburg Hydro's service charge for its Street Lighting class is on a "per customer basis".

c) What would be the service charge per connection for Street Lighting comparable to the current $1,700.59/customer?

32.0 Reference: Exhibit 7, Tab 1, Schedule 1, Appendix 2-P, Part D)

a) The proposed revenue to cost ratio adjustments for 2014 and 2015 call for further increases in the ratio for Sentinel Lighting from 60% to 70% and then 80%. However, there are no offsetting reductions proposed for any of the other classes. Please reconcile.

RATE DESIGN (Exhibit 8)

33.0 Reference: Exhibit 8, Tab 2, Schedule 1, pages 1-2

a) In the cases of the GS 500-1499 and GS>1500 classes, please explain why, when the overall costs to be recovered from each class is less than revenues at current rates, the service charge for the class should not also be reduced.

34.0 Reference: Exhibit 8, Tab 3, Schedule 1

a) Please update the proposed RTSR's to reflect the recently approved UTRs for 2013.

35.0 Reference: Exhibit 8, Tab 4, Schedule 3, Att. #2

a) Please update the bill impact calculations to reflect: i) the RTSRs based on the 2013 UTRs, ii) the recently approved RRRP rates for retail customers, and iii) the October 2012 RPP rates.

b) Based on the rates from part (a), please also provide the bill impact calculations for a Residential customer using 500 kWh per month and for Residential customer using 1,200 kWh per month.

c) Based on the most recent 12 month billing data, please indicate the number of Residential customers whose average monthly use falls into each of the following ranges:
   - 0 – <500 kWh
   - 500 – <800 kWh
   - 800 – <1,200 kWh
   - 1,200 kWh or more

DEFERRAL AND VARIANCE ACCOUNTS (Exhibit 9)

36.0 Reference: Exhibit 2, Tab 4, Schedule 6, pg. 3/Exhibit 9, Tab 4, Schedule 1, pg. 1

a) THI proposes to allocate its stranded meter costs according to customer numbers. Please explain how this methodology reflects the Board's past decisions that the allocation should reflect cost causality.

b) Has THI reviewed the allocation methodology employed by other utilities for stranded meters costs (see for example Wellington North Power Inc. EB-2011-0249 or Guelph Hydro EB-2011-0123)?

c) Please show how the proposed stranded meter rate rider of $3.3298 is calculated to recover the remaining net book value of $89,345 shown in Appendix 2-S.

37.0 Reference: Exhibit 9, Tab 4, Schedule 1, pg. 3 – 6

a) THI states it proposes to create a uniform SMDR. Yet at page 4 of the evidence it shows that GS<50 meters are approximately twice the cost installed of residential meters. Please explain why THI is not proposing a rider based on meter cost causality.