



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

**ONE Nicholas Street, Suite 1204, Ottawa, Ontario, Canada K1N 7B7**

Tel: (613) 562-4002. Fax: (613) 562-0007. e-mail: [piac@piac.ca](mailto:piac@piac.ca). <http://www.piac.ca>

Michael Janigan  
Counsel for VECC  
613-562-4002

January 09, 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-2012-00139 Innisfil Hydro Distribution Systems Limited**

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

Yours truly,

Michael Janigan  
Counsel for VECC

Encl.

cc. Innisfil Hydro  
Attn: Brenda Pinke  
[brendap@innisfilhydro.com](mailto:brendap@innisfilhydro.com)

REQUESTOR NAME	VECC
INFORMATION REQUEST ROUND NO:	# 1
TO:	Innisfil Hydro Distribution Systems Limited (Innisfil Hydro or IHDSL)
DATE:	January 9, 2013
CASE NO:	EB-2012-0139
APPLICATION NAME	2013 Cost of Service Electricity Distribution Rate Application

---

### **GENERAL (Exhibit 1)**

#### **1.0 Reference: Exhibit 1, Tab 1, Schedule 3, page 3**

- a) IHDSL states it held two public consultations (Rotary Club and Chamber of Commerce). Please provide a summary of the comments received at these meetings.

#### **2.0 Reference: Exhibit 1, Tab 1, Appendix D pg. 68 – Conditions of Service**

- a) Please file Policies 6.0 (Security Deposit); Policy 6.2 (Billing and Payment); Policy 8.1 (Disconnection).
- b) Are these policies available on IHDSL's website? If not please explain why not.
- c) Has IHDSL implemented the Board's requirements for low-income energy consumers, including the security deposit provisions?
- d) If not please explain why not. If yes, please explain how these policies and the availability of assistance are communicated to the public

#### **3.0 Reference: Exhibit 1, Tab 3, Schedule 1, Appendix E**

- a) Please explain why under section 4 of the 2010 financial statement it lists Electrical Services billed to the Town of Innisfil as being \$2,017,772, whereas in the 2011 statement it states that for 2010 the amount billed for this service was \$1,862,558?

**4.0 Reference: Exhibit 1, Appendix H, pg. 3**

- a) Innisfil Hydro has a negative free cash flow but continues to pay dividends. Please explain why this is a prudent financial policy and provide the financial analysis which supports this policy.

**5.0 Reference: Exhibit 1, Appendix H, pg. 132 (3 of 9) - Review of Asset Management Plan**

- a) Have all the recommendations listed in section 3 of the Review of the Asset Plan been addressed? If not please identify which items were not addressed and why.

**RATE BASE**

**6.0 Reference: Exhibit 2, Tab 1, Schedule 1, pg. 2**

- a) Please revise the table entitled "IHDSL Project Cost by Category (%)" replacing the percentages with actual dollar values and including a separate row to show the capital costs of facilities.

**7.0 Reference: Exhibit 2, Tab 1, Schedule 1, pg. 5**

- a) Please provide the following for the new IHDSL office and Operations Center:
- total estimated project costs as of year-end 2011;
  - total amount spent to year-end 2012 and the total remaining to be spend in 2013;
  - expected completion date of the project;
  - total cost of new furnishings for office;
  - total unoccupied office/commercial space (sq.ft.);
  - amount of unoccupied office/commercial space currently leased (sq.ft.);
  - estimated revenues in 2013 for leased space (including garage); and,
  - estimated revenues in 2014 for leased space (including garage).

**8.0 Reference: Exhibit 2, Tab 1, pg. 1**

- a) Please explain projects composed the \$894,984 of capital projects not completed in 2009. When were these projects completed?

**9.0 Reference: Exhibit 2, Tab 1, Schedule 3, pg. 2**

- a) Please explain what is mean by an increase in rate base “*due to the internalization of IHDSL’s line crew.*”

**10.0 Reference: Exhibit 2, Tab 3, Schedule1, pg. 1**

- a) Please explain the methodology used to estimate 2013 capital contributions.
- b) Please provide the actual 2012 capital contributions. Include those outstanding contributions (receivables) associated with projects completed in 2012.
- c) Which category of projects (Infrastructure replacement, customer demand, etc.) are capital contributions most associated with?

**11.0 Reference: Exhibit 2, Tab 3, Schedule 1, pg. 17**

- a) The evidence states that pole testing will take place and that an estimate of a 4% failure rate would result in 70 poles being replaced. Please indicate how many poles were actually replaced in 2012 and the actual spending on project DO-005.
- b) What is the forecast spending on pole replacement for 2013?

**12.0 Reference: Exhibit 1, Appendix 4 – Reliability Management Plan / Exhibit 2, Tab 3, Schedule 3, pg. 1.**

- a) Please explain why there has been an increase in outages due to equipment failure as indicated by the chart on page 4 of the Plan.
- b) Why has IHDSL set its SAIDI and SAIFI 2012 targets (excluding loss of supply) at the highest levels experienced over the previous 4 years?
- c) What are the targets for 2013?

**13.0 Reference: Exhibit 2, Tab 3, Schedule 3, pg.4**

- a) In 2011 why was IHDSL unable to meet the Board service standards for Underground locates and Appointments Scheduled and Met?
- b) What are results for these categories for 2012?

## **GEA PLAN**

### **14.0 Reference: Exhibit 2, Appendix C /Appendix F, pg. 4**

- a) Why does IHDSL believe that a class uniform GEA funding adder is appropriate and best reflects class benefit and cost causality?
- b) Please provide the source/derivation of the direct benefits for Renewable Connections – Expansions/Enabling and the Feeder Automation projects.

## **LOAD FORECAST (Exhibit 3)**

### **15.0 Reference: Exhibit 3, Tab 2, Schedule 1, pages 7-8**

- a) Did IHDSL test any multifactor regression models that included independent variables that represented economic activity (e.g. local employment and/or GDP)? If not, why not? If yes, what were the resulting models and their related statistical results?

### **16.0 Reference: Exhibit 3, Tab 2, Schedule 1, Att. A, pages 4, 10 and 15**

- a) Please explain more fully what the “Hydro One Load Transfers” represent. In doing so, please address the following:
  - Is Hydro One a customer of IHSDL and have a delivery point embedded in IHSDL?
  - If not, what do these deliveries to Hydro One represent and why are they included in IHSDL’s historic power purchases?
  - If Hydro One is not a customer, how is IHSDL compensated for the fact its power purchases includes these “load transfer” quantities?
  - Why are the transfers expected to be eliminated in 2013?
- b) Have the load transfers now been eliminated (as of December 31, 2012)?
- c) Please re-estimate the regression model (pages 7-8) using purchases net of the Hydro One load as the explanatory variable and provide estimated equation along with revised versions of Tables 3-5 and 3-6.

### **17.0 Reference: Exhibit 3, Tab 2, Schedule 1, pages 15-16**

- a) Please provide a copy of the OPA's final report regarding IHDSL's 2006-2010 CDM program results.
- b) Please provide a copy of the OPA's final report regarding IHDSL's 2011 CDM program results.
- a) Please confirm that the difference between the gross and net CDM savings represents those savings that would have occurred even if there were no CDM programs. If not, please explain why not.
- b) Please explain why the difference between the gross and net CDM impacts is not already reflected in the forecast values for 2012 and 2013 based on the regression model.

**18.0 Reference: Exhibit 3, Tab 2, Schedule 1, page 12**

- a) Please provide the 2012 year-to-date customer/connection count for each class for the most recent month available (preferably 2012 year-end) and, in the same schedule, provide the 2011 values for the equivalent month.
- b) If the year-end 2012 values are available please provide the 2012 average annual customer/connection count for each customer class.

**19.0 Reference: Exhibit 3, Tab 2, Schedule 1, Table 3-22**

- a) The 2012 and 2013 purchases shown in Table 3-22 appear to be the values prior to the adjustments for CDM programs and Hydro One load transfers. Please review and revise as required.
- b) If revisions are made as a result of part (a) are revisions also required to IHDSL's 2013 cost of power forecast as used for purposes of determining working capital requirements?

**OTHER OPERATING REVENUE (Exhibit 3)**

**20.0 Reference: Exhibit 3, Tab 3, Schedule 3**

- a) Please explain why the SRED revenue is \$153,377 in 2011 but forecast to only be \$50,000 in 2013.
- b) Please explain the basis for the -\$48,825 Gain/Loss on Disposal in 2013 relative to the -\$126,618 actual value reported for 2011.
- c) Please provide a revised version of Table 3.3.9 setting out the 2012 year to date (preferably to December 31, 2012) values and the 2011 year to date value for the same period.

- d) For 2012 and 2013, please provide the entries for Accounts 4375 and 4380 associated with billing water and waste water for the Town of Innisfil.
- e) Does IHDSL have any MicroFit customers? If so, how many and where are the service charge revenues reported?
- f) Where are the SSS Admin charge revenues recorded?

#### **OM&A EXPENSES (Exhibit 4)**

##### **21.0 Reference: Exhibit 4, Tab 1, Schedule 1, pg. 2**

- a) Please confirm that OM&A expenses for 2013 are the same under CGAAP and MIFRS

##### **22.0 Reference: Exhibit 4, Appendix 2-G**

- a) Please explain why account 6205 Donations is included in recovery for rates

##### **23.0 Reference: Exhibit 4, Appendix 2-G**

- a) Please explain the increase since 2009 in accounts:
  - 5410 Community relations
  - Office supplies and Expenses
  - Miscellaneous Expenses

##### **24.0 Reference: Exhibit 4, Appendix 2-G / Exhibit 4, Tab 2, Schedule 3, pg. 8.**

- a) Please explain how the forecast for 2013 Bad Debt expense was calculated.
- b) Provide the actual 2012 bad debt expense.
- c) Please explain why IHDSL does not have any Collection Charges (credits).
- d) Please explain why bad debt costs are forecast to increase when IHDSL is also proposing to hire a Customer Service Collections Specialist.

**25.0 Reference: Exhibit 4, Tab 2, Schedule 3, pg. 4.**

- a) Please provide the basis for the 3% inflation factor cost driver.
- b) Please provide the actual Statistics Canada CPI inflator for the years 2009 through 2012.
- c) Please provide the actual PWU contract inflation factor for 2009 through 2014.

**26.0 Reference: Exhibit 4, Tab 2, Schedule 3, pg. 4/ Tab 1, Schedule 1,**

- a) An incremental 0.5 FTE is forecast in 2013 for a Regulatory Analyst – is this a part-time position?
- b) An incremental 1 FTE is forecast in 2013 for a Financial Analyst. The evidence states that this will result in reduced dependency on consultants. What are the estimated cost savings if this position is filled in 2013.

**27.0 Reference: Exhibit 4, Tab 1**

- a) Please provide the amount of ESA membership for the years 2009 through 2013.
- b) Does IHDSL purchase insurance through MEARIE? If yes, please explain what coverage is purchased, the amount of premiums and the steps the Utility has taken to ensure it is getting competitive insurance value.

**COST OF CAPITAL (Exhibit 5)**

**28.0 Reference: Exhibit 1, Tab 1, Schedule 3, pg. 3**

- a) The evidence states that IHDSL may seek to raise its debt component to above the Board deemed 60%. Please clarify IHDSL's intent.

**29.0 Reference: Exhibit 5, Tab 1, Schedule 2**

- a) Please describe what steps have been take to renegotiate the outstanding Debenture with the Town of Innisfil. Is the debt callable by either party?
- b) What is the remaining term of this debenture?
- c) What is IHDSL's plan for replacement of this debt?



## **COST ALLOCATION (Exhibit 7)**

### **30.0 Reference: Exhibit 7, Tab 1, pages 2-3**

- a) With respect to the demand values used in the cost allocation how did IHDSL establish the various CP and NDP allocator values (CA Model, Sheet I8) associated with the forecast 2013 energy by customer class?
- b) With respect to the GS<50 and GS>50 weighting factors for the Services Account, please explain why “ensuring the demand data is programmed and monitored correctly” is a consideration.
- c) Please confirm that there are no IHSDL assets involved in connecting Street Light, Sentinel Light or USL customers to the distribution system. If not, are the customers required to own and maintain all such assets (for example the services connecting a phone booth or billboard to the distribution system)?
- d) The percentages set out for Account 5315 (Customer Billing) suggest that the same effort is required to bill one Residential customer as is required for one GS<50 customer or one GS>50 customer (i.e. the %'s used are proportional to the number of customers in each class). Please explain why this is the case when billing for GS>50 involves both demand and energy billing determinants.
- e) Do the customer billings (Account 5315) weights for Street Lights, Sentinel Lights and USL account for the time/effort required to monitor and audit the unmetered connections associated with each class and, in the case of Street Light and USL, prepare consolidated bills? If yes, why are the costs roughly equal to those for Residential when calculated on a per customer basis?
- f) Please explain why the meter reading weight for GS>50 is 0.15 relative to a value of 1.0 for Residential and GS<50 (per CA Model, Sheet I7.2).
- g) 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.

## **RATE DESIGN (Exhibit 8)**

### **31.0 Reference: Exhibit 8, Tab 2, Schedule 1, page 1**

- a) Contrary to lines 2-6, Table 8.3 does not set out the current F/V split based on the 2013 load forecast and 2012 approved rates. Please provide a corrected version of the table that reconciles to the 2013 revenues at 2012 rates as set out in Appendix 2-P, Column 7B.

### **32.0 Reference: Exhibit 8, Tab 3, Schedule 1**

- a) Contrary to lines 4-5, Table 8.8 does not explain how the forecast 2013 LV costs of \$509,329 were established. Please explain how this value was derived and, in doing so, how the derivation takes into account IHDSL's forecasted power purchases for 2013 and HON's 2013 ST rates.
- b) Please provide a schedule that set out the 2011 LV charges from HON.
- c) Please provide a schedule that sets out the 2011 rates used by HON to bill IHDSL for LV service and indicate if the billing quantities included the load associated with HON Load Transfers.

### **33.0 Reference: Exhibit 8, Tab 4, Schedule 1**

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

## **DEFERRAL AND VARIANCE ACCOUNTS (Exhibit 9)**

### **34.0 Reference: Exhibit 9, Tab 3, Schedule 1, pg. 3**

- a) Please show the allocation methodology for the stranded meter rate shown in Table 9.11

### **35.0 Reference: Exhibit 9, Tab 3, Schedule 1, pg. 1 Table 9.10 / Appendix 2-B 2010 Continuity Schedule**

- a) Please reconcile the amount shown for meter disposals in account 1860 in the 2010 Continuity Schedule of \$492,071 in meter disposal and an associated \$192,417 in accumulated depreciation with the figures shown for the same year in Table 9.11 of \$426,641 and \$181,320.

End of Document