

EB-2012-0175
West Coast Huron Energy (WCHE) Inc.
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EXHIBIT 1 - ADMINISTRATIVE

1.0-AMPCO-1.0

Reference: Exhibit 1, Tab 1, Schedule 3

Preamble: The evidence states Goderich Hydro applies for an Order or Orders: (a) Approving final new rates and charges until April 30, 2013.

Please confirm the date should be April 30, 2014.

1.0-AMPCO-2.0

Reference 1: Exhibit 1, Tab 1, Schedule 6 (1)

Reference 2: Exhibit 1, Tab 1, Schedule 3, paragraph 4

Reference 3: Exhibit 1, Tab 1, Schedule 3, paragraph 5

Preamble: Reference 1 indicates Goderich Hydro requests approval to charge rates effective May 1, 2013 to reflect a revenue deficiency of \$488,514.00. Reference 2 indicates the proposed distribution rates are effective January 1, 2013 from a service revenue requirement of \$2,753,530.00 with an implementation date of May 1st, 2013. At reference 3, the evidence states "At this point in time, Goderich Hydro has a revenue deficiency of \$520,252."

- a) Please reconcile/confirm the effective date and implementation date for rates, and the revenue deficiency.
- b) Please clarify whether WCHE will be seeking recovery for foregone revenue.

1.0-AMPCO-3.0

Reference 1: Exhibit 1, Tab 2, Schedule 5

- a) Please confirm the definition of a Code 2 Outage is Loss of Supply.
- b) Please provide a Table that summarizes WECE's SAIDI, SAIFI & CAIDI results for 2007 to 2012 actuals with and without loss of supply.
- c) Does WCHE track momentary outages?
 - If yes, please provide the MAIFI data from 2007 to 2012 and discuss the trend.
 - If no, please provide an explanation.

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- d) Please provide WCHE's internal SAIDI, SAIFI, CAIDI & MAIFI targets for 2013.
- e) Please provide the number of interruptions, customers affected and customer minutes for the years 2007, 2008 and 2012 actuals.
- f) Please provide a breakdown of customer minutes by cause codes for the years 2007 to 2012 actuals.
- g) Please provide a further breakdown of defective equipment on the basis of cause and customer minutes.
- h) Please discuss how WCHE compares to other utilities in its cohort in terms of reliability.

EXHIBIT 2 – RATE BASE

2.0-AMPCO-4.0

Reference: Exhibit 2, Tab 2, Schedule 2, Rate Base Summary Table

Please update the Table to include Audited 2012 Actuals.

2.0-AMPCO-5.0

Reference: Exhibit 2, Tab 1, Schedule 3, Variance Analysis on Rate Base

Please provide a more detailed explanation of the reasons for the variance in rate base for 2009 Board Approved vs 2009 Actual and 2009 Actual vs 2010 Actual.

2.0-AMPCO-6.0

Reference: Exhibit 2, Tab 2, Schedule 1, Appendix 2-B 2011 CGAAP

Please explain why the additions (\$495,547) and Tornado costs (\$1,252,730) do not equal the total cost of Additions cost = \$1,744,320.

2.0-AMPCO-7.0

Reference: Exhibit 2, Tab 2, Schedule 1, Appendix 2-B 2012 CGAAP

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- a) Please provide a breakdown of the Total Additions between Additions and Tornado costs as shown on Appendix 2-B 2011 CGAAP.
- b) Please provide an updated Appendix B 2012 CGAAP that includes 2012 Actuals. Please explain the variance between 2012 Bridge and 2012 Actuals.
- c) There are two Appendix B 2012 CGAAP Tables. Please explain the difference between the two tables.

2.0-AMPCO-8.0

Reference: Exhibit 2, Tab 2, Schedule 1, Appendix 2-B 2012 MIFRS

- a) Please provide a breakdown of the Total Additions between Additions and Tornado costs as shown on Appendix 2-B 2011 CGAAP.
- b) Please provide an updated Schedule 2012 MIFRS based on 2012 Actuals.

2.0-AMPCO-9.0

Reference: Exhibit 2, Tab 2, Schedule 1, Appendix 2-B 2013 MIFRS

Please provide a breakdown of the Total Additions between Additions and Tornado costs as shown on Appendix 2-B 2011 CGAAP.

2.0-AMPCO-10.0

Reference: Exhibit 2, Tab 3, Schedule 1

Preamble: The evidence indicates that once Goderich Hydro has completed the restoration related projects it will commission a new Asset Management Plan which will optimize our system on a go forward basis.

Please provide the anticipated timeline to commission a new Long Term Asset Management Plan and if this work is expected to be completed in advance of WCHE's next rebasing application.

2.0-AMPCO-11.0

Reference: Exhibit 2, Tab 3, Schedule 1

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Preamble: The evidence states that the dramatic swings in net fixed assets in 2011-2013 are a direct result of the tornado.

- a) Please provide a detailed breakdown and description of tornado capital costs by year for 2011 and 2012, and the 2013 Test Year and provide the in-service dates by project.
- b) Please provide a comparison of budgeted costs to actual costs related to the tornado by year and explain any variances.
- c) Please discuss any cost sharing arrangements related to tornado costs.

2.0-AMPCO-12.0

Reference: Exhibit 2, Tab 3, Schedule 1

- a) Please provide a table by customer class that shows whether WCHE bills on a monthly, bi-monthly (every 2 months) or another billing cycle and the year monthly billing was implemented.
- b) Please provide a breakdown of monthly billing costs by year.

2.0-AMPCO-13.0

Reference: Exhibit 2, Tab 3, Schedule 1, Working Capital Summary Table

- a) Please update the Table to include 2012 actuals.
- b) Please explain the increase in Billing & Collecting costs in 2011, 2012 and the decrease in 2013.
- c) Please explain the increase in Administration costs in 2012 over 2011 and the decrease in 2013.

2.0-AMPCO-14.0

Reference: Exhibit 2, Tab 3, Schedule 1, Pole Replacement Program

- a) Please provide the number of poles replacements in the years 2009 to 2013 and the pole replacement costs by year over the same period.

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- b) The evidence indicates Goderich Hydro has budgeted \$50,000 in 2013 which is an increase in previous years replacements. The table on the previous page (6.0 Test Year Capital Program) with the capital sending by account and project (2013 MIFRS) includes \$30,000 for poles, towers, and fixtures. Please reconcile.

2.0-AMPCO-15.0

Reference: Exhibit 2, Tab 3, Schedule 1, 2013 Test Year Capital Program
Reference: Appendix 2-A

- a) Please provide a 2013 Test Year Capital Program in detail that corresponds to the projects identified under 6.2 - Specific Capital Projects.
- b) Please provide a breakdown of 2013 capital contributions.

2.0-AMPCO-16.0

Reference: Exhibit 2

- a) For 2012, please provide the actual amounts spent by project and indicate if the project was 100% completed by year end.
- b) Please identify any 2012 capital projects deferred to 2013.

2.0-AMPCO-17.0

Reference: Exhibit 2

Please provide capital and OM&A budgets related to the Green Energy Plan for the years 2011 to 2016.

2.0-AMPCO-18.0

Reference: Exhibit 2

- a) Please provide the expected in-service date for each 2013 capital project.
- b) Please identify any 2013 capital projects deferred to 2014.

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2.0-AMPCO-19.0

Reference: Appendix 2-A

- a) Please provide a status update on the new Operations Building and the work completed in 2012 and work to be completed in 2013.
- b) Please explain the factors considered and the analysis undertaken by WCHE when selecting vehicles to be replaced.
- c) Please provide a breakdown of the \$300,000 vehicle replacement costs in 2013, the vehicle unit # to be replaced and the rationale for replacement.

2.0-AMPCO-20.0

Reference: Exhibit 2, Tab 3, Schedule 1, 7.0 2014, 2015 and 2016 Capital Programs

Please provide a breakdown of the capital spending forecast for 2014, 2015 and 2016 related to the tornado.

EXHIBIT 3 - OPERATING REVENUE

3.0-AMPCO-21.0

Reference: Exhibit 3, Tab 1

Exhibit 3, Tab 1, Schedule 2 is missing from the evidence. Please explain.

3.0-AMPCO-22.0

Reference: Exhibit 3, Tab 1, Schedule 3, Summary of Operating Revenue

The table is incomplete. Please provide the missing data for 2012 and the 2013 Test Year.

3.0-AMPCO-23.0

Reference: Appendix 2-F

- a) Please update Appendix 2-F to include 2012 Actuals.

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- b) Please explain why the the 2012 forecast for Rent from Electric Property is less than 2011 actuals.

3.0-AMPCO-24.0

Reference: Exhibit 3, Tab 2, Schedule 1

Please update Tables 18 & 19 to include 2012 actuals.

3.0-AMPCO-25.0

Reference: Exhibit 3, Tab 2, Schedule 1, Large Use Customer Class

- a) Please provide an update on the status of the new mine load and the assumptions regarding the load forecast for 2013.
- b) Please provide the actual change in LU load in 2012 versus 2011 actual.

3.0-AMPCO-26.0

- a) How many microfit customers does WCHE have?
- b) How many microfit customers are forecast for 2013?

3.0-AMPCO-27.0

Reference: Exhibit 3, Tab 3, Schedule 1, Other Distribution Revenue

- a) Please explain the 2012 forecast for Rent from Electric Property is less than 2011 actuals.
- b) Please update the table with 2012 actuals.

3.0-AMPCO-28.0

Reference: Exhibit 3, Tab 1, Schedule 3, Summary of Operating Revenue

Please provide a detailed discussion of how the Large User forecasted consumption (kWh) and demand (kW) was derived to include the new mine.

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3.0-AMPCO-29.0

Reference: Exhibit 3, Tab 3, Schedule 2, Materiality Analysis - Other Distribution Revenue

Preamble: The evidence indicates that 2011 to 2010 Actual, there was a change to monthly billing for water and sewer which resulted in an increase of revenue of \$40k to WCHE.

- a) Please explain WCHE's role in monthly billing for water and sewer and how the \$40k was calculated.

EXHIBIT 4 - OPERATING COSTS

4.0-AMPCO-30.0

Reference: Exhibit 4, Tab 1, Schedule 1

Preamble: The evidence indicates that when the cost of power is removed from the expenses the change in OM&A costs between 2009 vs 2013 is \$200k.

Please provide this calculation.

4.0-AMPCO-31.0

Reference 1: Exhibit 4, Tab 1, Schedule 2

Reference 2: Copy fo COS DEC 17th responses_20130214, Filing ref 41

Reference 1 shows amortization for 2009 Board Approved as \$352,001. Reference 2 shows amortization for 2009 Board Approved as \$333,105. Please reconcile.

4.0-AMPCO-32.0

Reference: Exhibit 4, Tab 2, Schedule 3

Please provide a detailed explanation of the OM&A variances by year.

4.0-AMPCO-33.0

Please update Appendix 2-G to include 2012 actuals.

4.0-AMPCO-34.0

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Reference: Exhibit 4, Tab 2, Schedule 2, Maintenance

- a) Please provide a list of WCHE's typical maintenance and inspection functions and the frequency schedules for each function. (i.e. tree trimming every "x" years).
- b) Please discuss the impact of any changes in maintenance and inspection schedules since 2009.

4.0-AMPCO-35.0

Reference: Exhibit 4, Tab 2, Schedule 2

Please provide a breakdown of all outsourced services and costs for the period 2009 to 2012 and forecast for 2013 and indicate if they are recurring, non-recurring or other.

4.0-AMPCO-36.0

Reference: Exhibit 4, Tab 2, Schedule 2, Engineering Department

- a) Please provide the standard overhead percentage set at the beginning of each year for the period 2009 to 2012 and the percentage proposed for the 2013 Test Year.
- b) Please discuss what circumstances would result in an adjustment to the overhead percentage and provide any adjustments over the period 2009 to 2012.

4.0-AMPCO-37.0

Reference: Exhibit 4, Tab 2, Schedule 2, Stores/Warehouse

Preamble: The evidence indicates WCHE is part of a purchasing group and purchases are administered by Erie Thames Powerline on behalf of WCHE.

Please discuss when this arrangement began and provide details of the current arrangement.

4.0-AMPCO-38.0

Reference: Exhibit 4, Tab 2, Schedule 2, Garage/Fleet

Please provide a list of all vehicles in the fleet in 2009 compared to 2013 and provide the cost/hr for each vehicle.

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4.0-AMPCO-39.0

Reference: Exhibit 4, Tab 2, Schedule 2, Meter Reading

Please discuss how the meter reading services have increased due to the smart meter process.

4.0-AMPCO-40.0

Reference: Exhibit 4, Tab 2, Schedule 2, Billing

Please provide the percentage of customers that receive electronic billing over the period 2009 to 2012.

4.0-AMPCO-41.0

Reference: Exhibit 4, Tab 2, Schedule 2, Executive Salaries and Expenses

- a) Please provide the members of WCHE's Board of Directors.
- b) Please confirm the cost of WCHE's Board of Directors over the period 2009 to 2012 and the cost proposed for the 2013 Test Year.

4.0-AMPCO-42.0

Reference: Exhibit 4, Tab 2, Schedule 2, Outside Service Employed: 5630

Please provide a breakdown of costs under account 5630.

4.0-AMPCO-43.0

Reference: Exhibit 4.0

Please provide a breakdown of property taxes for the period 2009 to 2012 and forecast for 2013.

4.0-AMPCO-44.0

Reference: Exhibit 4, Tab 2, Schedule 2

Please provide a detailed breakdown and description of the OM&A costs directly related to the Tornado, by year.

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4.0-AMPCO-45.0

Reference: Appendix 2-I

- a) Please explain the decrease in operations costs for 2009 Actuals compared to 2009 Board Approved.
- b) Please explain the increase in maintenance costs for 2009 Actuals compared to 2009 Board Approved.
- c) Please explain the decrease in maintenance costs for 2010 Actuals compared to 2009 Actuals.
- d) Please explain the decrease in billing and collecting costs for 2009 Actuals compared to 2009 Board Approved.
- e) Please explain the increase in A&G costs for 2009 Actuals compared to 2009 Board Approved.
- f) Please explain the decrease in A&G costs for 2010 Actuals compared to 2009 Actuals.

4.0-AMPCO-46.0

Reference: Appendix 2-J

For each year, please provide a detailed explanation of each cost driver.

4.0-AMPCO-47.0

Reference: Appendix 2-K

- a) Please update Appendix 2-K with 2012 actuals.
- b) Please provide a breakdown of the 3 executive FTEs.
- c) Please explain why the management benefits in 2013 are below 2009.
- d) Please provide incentive pay details for executive and management positions.

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- e) Please confirm why total compensation capitalized in 2012 is the same under CGAAP and MIFRS.
- f) Please discuss when WCHE's union contracts were last negotiated and when future contract negotiations are planned.
- g) Please provide a breakdown of wage increases by employee group for the period 2009 to 2012 and forecast for 2013.
- h) Please confirm the position that corresponds to the retirement in 2011.
- i) Please confirm the position that corresponds to the 1 FTE added in 2012.

4.0-AMPCO-48.0

Reference: Appendix 2-J

For each year, please provide a detailed explanation of each cost driver.

4.0-AMPCO-49.0

Reference: Appendix 2-L

- a) Please update Appendix 2-L to include 2012 actuals.
- b) Please discuss how WCHE's OM&A Costs per customer compare to other utilities in its cohort.

4.0-AMPCO-50.0

Please confirm if the 2013 Test Year revenue requirement includes LEAP costs and provide the LEAP calculation.

4.0-AMPCO-51.0

Reference: Exhibit 4, Tab 2, Schedule 2

Please provide any material and expenses inflation factors used and provide the source of the values used.

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EXHIBIT 5 - COST OF CAPITAL AND RATE OF RETURN

5.0-AMPCO-52.0

Reference: Exhibit 5, Tab 1, Schedule 3

- a) Please update the cost of capital Appendices 2-OA and 2-OB for 2013 to reflect the Board's cost of capital update in its letter dated February 14, 2013.
- b) Please provide Appendix 2-OB for 2010, 2011 and the 2013 Test Year and provide an updated Appendix 2-OB for 2012 with the term (years) included.
- c) Appendix 2-OB for the year 2012 shows additional borrowing of \$3,015,000. Please confirm the lender, start date & the term.

5.0-AMPCO-53.0

Reference: Exhibit 5, Tab 1, Schedule 3

Preamble: The evidence indicates that the related long term debt represents amounts totaling \$4,862, 500 owing to the municipal shareholder and the bank. The actual rate of interest is currently 7.25% on the Note (\$974,454) payable to the shareholder. The balance is currently being negotiated with a financial institution and the rate has not been determined.

- a) Please provide a status update on the amount and rate negotiated for the balance.

5.0-AMPCO-54.0

Reference: Exhibit 5, Tab 1, Schedule 3

- a) Please provide WCHE's actual Return on Equity since 2009.

EXHIBIT 7 – COST ALLOCATION

7.0-AMPCO-55.0

- a) Please discuss the changes in WCHE's Test Year cost allocation study in this application compared to WCHE's last cost allocation study.

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- b) Please discuss where WCHE has calculated weighting factors and where WCHE has relied on default weighting factors and why.
- c) Please discuss the rationale for WCHE's calculated weighting factors for each customer class.

EXHIBIT 8 - RATE DESIGN

8.0-AMPCO-56.0

Reference: Exhibit 8, Tab 1, Schedule 2

Please discuss why the definition for the Large User class at Exhibit 8, Tab 1, Schedule 2 with respect to average monthly maximum demand used is not consistent with WCHE's current Tariff of Rates and Charges for May 1, 2012.

8.0-AMPCO-57.0

Reference: Exhibit 8, Tab 2, Schedule 1

Please recalculate the volumetric rate and provide the fixed and variable percentages for the Large User class if the monthly fixed charge is set at the Minimum System with PLCC, i.e. \$2,379.29.

8.0-AMPCO-58.0

Reference: Exhibit 8, Tab 2, Schedule 1

Please update the proposed 2013 RTSR's to reflect the approved 2013 Uniform Transmission Rates and Subtransmission Rates in Hydro One's 2013 Transmission Rates application (EB-2013-0031).