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July 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-2012-0175 West Coast Huron Energy Inc.

Please find enclosed the supplementary interrogatories of VECC in the above-noted proceeding. We have also directed a copy to the applicant as well as their counsel.

As per Procedural Order No. 1 we have also directed a copy to the Case Manager and OEB Board Counsel.

Yours truly,

Michael Janigan
Counsel for VECC

cc. West Coast Huron - Wally Curry - wcurry@erthcorp.com
Counsel – Scott Stoll – sstoll@airdberlis.com
OEB Case Manager – Christine Clark – Christine.Clark@ontarioenergyboard.ca
OEB Board Counsel – Maureen Helt – Maureen.Helt@ontarioenergyboard.ca

REQUESTOR NAME	VECC
INFORMATION REQUEST ROUND NO:	# 2
TO:	West Coast Huron Energy Inc. (Goderich Hydro or WCHE)
DATE:	April 18, 2013
CASE NO:	EB-2012-0153
APPLICATION NAME	2013 Cost of Service Electricity Distribution Rate Application

NB: Interrogatory numbering continues from last VECC IR #51

1. GENERAL (Exhibit 1)

1.0-VECC- 52 Reference: Exhibits All

- a) Please provide a tracking sheet (table) showing all adjustments arising from the interrogatories (include Reference IR #.; Item description; area of change, i.e. return on capital/rate base/working capital allowance/amortization/PILS/OM&A/ etc.).
- b) Please update the RRWF Excel Live spreadsheet for these adjustments.

2. RATE BASE (Exhibit 2)

2.0-VECC- 53

Reference: Exhibit 2, Tab 2, Schedule 1 – Continuity Schedules

Pre-amble: Exhibit WCH-APP4 Revised Capital Projects Table 20130516 shows a change in the building amount from \$200,000 (and as described at Exhibit 2, Tab 3, Schedule 1) to \$450,000. It also shows \$90,000 in land purchase in 2012. Yet the response to the Board Staff interrogatory indicated the Utility is purchasing no land.

- a) Please provide a detailed explanation of the \$910,000 in building costs shown in the revised Capital Projects table, the \$90,000 in land values and the \$450,000 in costs in 2013.
- b) What portions of these amounts are included in the 2012 and 2013 Continuity Schedules (i.e. 2013 rate base)?

- c) Please provide the analysis which showed leasing from the Town was a better economic choice for the Utility (i.e. the lease vs. own analysis). If no such analysis was undertaken please explain the basis for the statement that the lease option was the most cost effective.
- d) Are any other tenants sharing the new building with WCHE?
- e) Please explain how an annual rental rate of \$54,000 was determined. Please show the comparable rental rates or other analysis that were used to make this determination.

3. LOAD FORECAST (Exhibit 3)/ OPERATING REVENUE (Exhibit 3)

3.0-VECC- 54

Reference: 3.0-VECC- 15 a) & c)
3-Staff- 19, Appendix 9

- a) The response to 3.0 – VECC – 15 a) shows an updated IESO energy growth rate for 2013 of -0.6%. However, Appendix 9 (Tab “IESO Load Forecast”) shows a value of -0.4%. Please reconcile and correct VECC 15 and/or Staff 19, Appendix 9 as required.
- b) Please confirm that the IESO % Growth rates are based on weather normalized loads (per 3 – Staff – 19, Appendix 9, Tab “IESO Load Forecast”).
- c) Please update 3.0 – VECC – 15 c) for 2012.
- d) Are the WCHE % Growth rates shown in 3.0 – VECC – 15 c) based on actual or weather normal loads?
- e) If the response to part (d) is actual loads, please revise the response such that the WCHE values for 2008-2012 are also weather normalized values.

3.0-VECC- 55

Reference: 3-Staff- 19, Appendix 9
3.0-VECC- 19

- a) Please confirm that Appendix 9 (Tab “Summary”) contains WCHE’s proposed load forecast for 2013.
- b) Please confirm that:

- In the initial load forecast (Exhibit 3, Tab 2, Schedule 1) the 2012 and 2013 load forecasts for the GS>50 and TOU classes were developed by taking the 2011 weather normalized values and applying both the IESO energy growth rates and CDM savings assumptions.
- In the revised load forecast (Appendix 9) the 2013 load forecasts for these two customer classes were based on the 2012 weather normalized values adjusted only for CDM.

Please explain the reason for the change in approach.

- c) Please confirm that the updated Large User load forecast does not include any “New Mine” load and explain why.

3.0-VECC- 56

Reference: 3.0-VECC- 20

3-Staff- 19, Appendix 9 (Tab “Summary”)

- a) Please explain why the customer counts for 2013 are held constant at the 2012 actual values.

3.0-VECC- 57

Reference: 3- Staff - 21 b)

7.0- VECC- 37 f)

- a) The response to Staff 21 b) states that WCHE has 1,298 Street Lighting fixtures with 60% in a daisy-chain configuration involving 30 fixtures per connection whereas the updated Cost Allocation model (VECC 37 f) and Staff IRR, Appendix 3, Tab I6.2) indicates that there are 1,298 Street Light connections. Please reconcile.

3.0-VECC- 58

Reference: 3-Staff- 23

- a) Please reconcile the CDM adjustment shown on page 29 of 76 (response to part c)) with the load forecast and CDM adjustments set out in 3-Staff-19, Appendix 9.
- b) Please confirm that WCHE’s proposed manual CDM adjustment for 2013 is 1,056,071 kWh. If not, what is the value?
- c) What is WCHE’s proposed LRAMVA kWh value for 2013? If it is other than 2,600,477 kWh, please explain why.

3.0-VECC- 59

Reference: 3-Staff- 24

- a) After the CDM adjustment, what is the aggregate 2013 growth rate for the Residential, GS<50, GS>50 and TOU classes combined?

3.0-VECC- 60

Reference: 3.0-VECC- 21 a)

- a) Please confirm that the Revenue Offsets of \$115,877 in the updated RRWF (Staff IRR, Appendix 1 a)) do not include any Interest and Dividend Income (Account 4405) or any Non-Utility Rental Income (Account 4385).
- b) If yes, please explain why these revenues have been excluded.

4. OPERATING COSTS (Exhibit 4)

4.0-VECC- 61

Reference: 4.0-VECC- 22 / 4-SEC- 9 / 4-Staff- 30

- a) The purpose of the interrogatory was to understand why meter reading costs have not declined in light of smart meter installation costs. Specifically, the intent of Part (b) of the question was to get a description and comparison of the components of 2009 meter reading costs with those in 2013. (We also note from Appendix 2-J that the additional meter reading point appears to have added only \$7,200 in OM&A costs). Please a breakdown of the meter reading costs to which help us understand why meter reading costs have not declined subsequent to the installation of smart meters.

4.0-VECC- 62

Reference: 4.0-VECC- 23

- a) In respect to the Harris Upgrade costs shown in the response to a) of this interrogatory, please explain if this \$15,000 is a one-time cost or an annual fee.

- b) Please explain the reasons for the increase in data processing contract fees since 2009.

4.0-VECC- 63

Reference: 4-VECC- 24 / 4-AMPCO- 42

- a) Please explain what the annual \$141,000 in consulting fees are for.

4.0-VECC- 64

Reference: 4-AMPCO -50

- a) Please show the calculation for the expected \$2,000 in LEAP costs.

Cost of Capital (Exhibit 5)

5.0- VECC- 65

Reference: Exhibit 5, Tab 1, Schedule 3

- a) Appendix 1a 20130614 shows at Tab 9 (Rev Reqt), deemed interest expense of \$264,743 and Return on Equity costs of \$378,323. These figures do not match the amounts shown at Tab 7 of the same Exhibit (whether using Initial Application or Interrogatory Response). And neither of these responses match Appendix 2-OA shown in IRR_Appendix11_20130614. Please reconcile these difference Exhibits and show the 2013 Cost of Capital being sought.
- b) Please update Appendix 28 to show the derivation of the weighted debt cost rate for 2013 (see for example Lakeland 2013 Cost of Service EB-2012—0145, Exhibit 5, Tab 1, Schedule 2, page 7 for an example of a table which shows this derivation).

5.0-VECC- 66

Reference: 5.0-VECC- 34

- a) Please confirm the following are the regulated rates of return as reported in WCH_App29_20130516. If these are incorrect please provide the correct figures.

2009	2010	2011	2012
6.04%	19.19%	18.12%	9.67%

5.0-VECC- 67

Reference: 5.0-VECC- 33

- a) CWH states that the infrastructure Ontario lending rates were not significantly different from the WCHE demand facility. At WCH_App26_Infrastructure Ontario Lending Rates_20130516 its shows that the 15-25 year rates offered were between 2.74% and 3.76%. This would appear to be significantly low the affiliated and demand payable note with the Town of Goderich. Please explain why WCHE did not exercise its option to replace the higher cost affiliated debt. Please file the municipal loan agreement.

COST ALLOCATION (Exhibit 7)

7.0-VECC- 68

**Reference: 1-Staff- 1, Appendices 2P and 3
7-SEC- 19
7.0-VECC- 38 a)**

- a) The Status Quo Revenue to Cost ratios set out in (revised) Appendix 2P do not match those in Appendix 3 (Tab O1). Please provide a corrected version of Appendix 2P.
- b) Please update Appendix 2P to include WCHE's proposed Revenue to Cost Ratios for 2014 and 2014 (i.e., Part D).

7.0-VECC- 69

Reference: 1-Staff- 1, Appendix 3

- a) Other than updating the revenue requirement and the load forecast, what other changes were made to the original cost allocation run for purposes of the run provided in Appendix 3?
- b) Please explain the significant drop in the status quo ratio for Residential as between the initial Application (93.67%) and the revised cost allocation provided in Appendix 3 (86.14%).

RATE DESIGN (Exhibit 8)

8.0-VECC- 70

Reference: 8-VECStaff- 38

Staff IRR - Appendix 2R

- a) What is the basis for the values entered at Line D of Appendix 2R?

Deferral and Variance Accounts

9.0-VECC- 71

Reference: 9.0-VECC- 43

- a) Please show the actual derivation of the \$130,000 in lost revenue. In doing this please explain does how the normal difference in consumption, weather and customer additions as between July and September was controlled for in calculating this estimate.

9.0-VECC- 72

Reference: 9-VECC- 44 / 2- Staff- 8

- a) It is unclear how the chattel claim of \$330,000 is factored into the request for recovery. Please explain.

9.0-VECC- 73

Reference: 9-Staff- 55

- a) Given that WCHE has deferred adoption of IFRS why is the Utility not using Account 1576 instead of Account 1575 to book PP&E adjustments as outlined in the Board's letter of July 17, 2012?

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