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**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

August 06, 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-2013-0116 COLLUS PowerStream Corp.**

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

Yours truly,

A handwritten signature in black ink, appearing to be 'Michael Janigan', written in a cursive style.

Michael Janigan  
Counsel for VECC

Encl.

cc. COLLUS PowerStream Corp. - Glen McAllister - [gmcallister@COLLUS.com](mailto:gmcallister@COLLUS.com)

<b>REQUESTOR NAME</b>	<b>VECC</b>
<b>INFORMATION REQUEST ROUND NO:</b>	<b># 1</b>
<b>TO:</b>	<b>COLLUS PowerStream Corp. (COLLUS or CPS)</b>
<b>DATE:</b>	<b>August 6, 2013</b>
<b>CASE NO:</b>	<b>EB-2013-0116</b>
<b>APPLICATION NAME</b>	<b>2013 Cost of Service Electricity Distribution Rate Application</b>

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

### **1.0-VECC- 1**

**Reference: Exhibits All/**

**Pls. note this interrogatory may be answered in conjunction with 1.0-Staff-3**

- 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.).

### **1.0 – VECC – 2**

**Reference: Exhibit 2, Tab 6, Schedule 1**

- a) Please provide the causes of interruptions by the following categories (or similar categories if otherwise maintained by COLLUS).

Description	2009 Totals	2010 Totals	2011 Totals	2012 Totals
Scheduled				
Supply Loss				
Tree Contact				
Lightning				
Def. Equip.(other than pole)				
Pole Failure				
Weather				
Human Element				
Animals, Vehicle				
Environment				
Unknown				
Total				

## **2. RATE BASE (Exhibit 2)**

### **2.0-VECC – 3**

**Reference: Exhibit 2, Tab 3, Schedule 2**

- a) Was an Asset Management Plan undertaken prior to the 2012 Plan? If yes please provide the forecast capital expenditures that were recommended in the prior plan.
- b) Was an Asset Management Plan provided in the last cost of service application? If so please provide the recommended forecast capital expenditures from that plan.
- c) If no previous plan was undertaken please provide the forecast capital expenditures for 2009 through 2012 that were included in the last cost of service application.

**2.0-VECC – 4**

**Reference: Exhibit 2, Tab 3, Schedule 3**

- a) Please provide the vehicle inventory as of January 1, 2009 and the proposed inventory as of January 1, 2013.

**2.0-VECC – 5**

**Reference: Exhibit 2, Tab 3, Schedule 3**

- a) Please provide the annual number of poles replaced between 2007 and 2012 (inclusive) and the proposed pole replacement in 2013 through 2016.

**2.0-VECC – 6**

**Reference: Exhibit 2, Tab 3, Schedule 5**

- a) In 2009 COLLUS projected contributions in aid of construction of \$200k. In the event the amount actually collected was \$2.6 million. The evidence indicates this was because of “*the residential development on the old shipyards waterfront property.*” Please explain how it is that COLLUS was unaware of this development in 2009 at the time of its application and yet booked over \$2.6 million for the project in the same year.

**2.0-VECC – 7**

**Reference: Exhibit 2, Tab 3**

- a) Please explain how the capital contribution forecast of \$350,000 for 2013 was calculated.

## **2.0-VECC – 8**

**Reference: Exhibit 2, Tab 3, Schedule 5**

- a) The average capital spending between 2009 and 2012 is significantly lower than the capital spending in 2013 and less than what was spent in the year prior to the last rebasing (2008). Please explain why COLLUS spent less on average in each of the past 4 years (excluding smart meters) than 2013, than it intends to spend on an average annual basis in 2014 to 2016, and less than it spent in 2008.

## **2.0-VECC – 9**

**Reference: Exhibit 2, Tab 3, Schedule 4**

- a) COLLUS notes that it has infrastructure on the land it intends to purchase from CNR. Was CNR compensated for this use of this land in the past? If yes please provide the annual amounts for 2009 through 2012. The capital and OM&A costs of the GEA plan for the period 2012 through 2016 (or confirm there are no costs related to the plan).

## **2.0- VECC - 10**

**Reference: Exhibit 2, Tab 3, Schedule 10, Table 1, pg.2 /Exhibit 4/Tab 4/Schedule 7, pg. 3**

- a) Please explain the rationale for the variation from the Kinetric recommendation and the COLLUS adopted Useful Life for Overhead Conductors.
- b) What would be revenue requirement adjustment if all the useful lives of assets were compliant with the Kinetric recommendations (i.e. elimination of variations shown in Table 1)?

## **2.0-VECC – 11**

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

- a) Please confirm that all COLLUS customers are billed monthly. Has the frequency of billing changed since 2009?

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

#### **3.0-VECC – 12**

**Reference: Exhibit 3, Tab 1, Schedule 3, page 2, lines 2-10**

- a) Please explain more fully why COLLUS has chosen to “add back historical CDM impacts to actual load and then forecast forward”. In doing so, please outline the other options considered and why the proposed approach was viewed as being superior.
- b) If load forecasts for 2013 were prepared using alternative methodologies, please provide a brief description of the methodology and the resulting forecast.

#### **3.0 – VECC – 13**

**Reference: Exhibit 3, Tab 1, Schedule 3, pages 3 – 4**

- a) With respect to Table 1, please provide the OPA reports that substantiate the values reported for years 2005-2011 under the “OPA Programs” column.
- b) Please reconcile the 3,194,455 kWh attributed to 2011 CDM programs in 2011 per Table 1 with the 820,000 kWh OPA-verified value reported in Exhibit 3, Tab 1, Schedule 5, Appendix A.
- c) Please reconcile the differences between the loss factors used in Table 2 and those shown at Exhibit 8, Tab 1, Schedule 8, page 1 for the years 2007-2011.
- d) With respect to Table 3, please explain more fully how the CDM Targets values were determined for each of the years 2011 to 2014 inclusive.

- e) If not provided in response to part (d), please provide the source of the 2011-2014 values shown for “OPA Programs”.

### **3.0 – VECC – 14**

**Reference: Exhibit 3, Tab 1, Schedule 3, page 11 (lines 13-15)  
Exhibit 3, Tab 1, Schedule 4, page 1**

- a) In Schedule 4, are the “Actual Normalized” customer/connection counts shown for 2012 actual values or forecast values?
- b) If they are forecast values, please provide the actual 2012 customer/connection counts by class.
- c) Are the customer/connection counts shown, average annual or year-end values?
- d) Please provide a schedule that sets out the historical customer/connection count data referred to in Schedule 3 and the calculation of the historical growth rates used to determine the 2013 customer/connection count.

### **3.0 – VECC – 15**

**Reference: Exhibit 3, Tab 1, Schedule 3, page 18 (Table 13)**

- a) Please provide the Normalized 20-year value for 2013.

### **3.0 – VECC – 16**

**Reference: Exhibit 3, Tab 1, Schedule 3, pages 5 and 19-20**

- a) Page 5 states that kW units for the relevant customer classes were determined based on the historic relationship between kWh and kW. However, page 20 suggests the kW values were determined by applying the average historic customer growth to the historic kW value. Please reconcile and clarify how the kW values were actually forecast.
- b) Please provide a schedule that for each of the GS>50 and Streetlighting classes sets out the historical values for kW and kWh (2007-2011) along with the resulting annual kW/kWh ratios and the resulting overall historical average for each class. Note: For GS<50 please exclude Nacan/Amaizeingly Green data from the calculations.
- c) Based on the historical average from part (b) and the 2013 forecast kWh for GS>50 and Streetlighting, please calculate 2013 kW for each class.

### **3.0 – VECC – 17**

**Reference: Exhibit 3, Tab 1, Schedule 3, page 20**

- a) Please explain why a 3-year average was used in Table 15.
- b) Do the values used in Table 15 exclude Nacan/Amaizeingly Green? If not, please re-do the table excluding this data.

### **3.0 – VECC – 18**

**Reference: Exhibit 3, Tab 1, Schedule 3, Appendix A**

- a) The Application states that the data for Nacan/Amaizeingly Green was excluded for purposes of the regression analysis. Has the forecast for 2013 been adjusted at all to reflect the fact that the going forward operations for the former Amaizeingly Green facility are expected to be at 15% of full plant operations? If not, what would be impact?

### **3.0 – VECC – 19**

**Reference: Exhibit 3, Tab 1, Schedule 5, pages 1-2**

- a) How were the 2011 actual kWh savings apportioned between Residential and the GS classes? Please provide as schedule that sets out the determination of the assignment.
- b) The Application states that the assignment as between GS<50 and GS>50 was based on number of customers. Total savings for 2011 are reported as 820,000 kWh and the savings attributed to Residential and GS<50 were 475,192 kWh. This suggests that the savings attributed to GS>50 were 344,808 kWh which is more than the total kWh assigned to GS<50 of 195,812 kWh). Please reconcile the relative kWh savings values for GS<50 and GS>50 with the fact the 2011 customer count for the former is more than 10x that of the latter customer class.
- c) Please provide a schedule that sets out the assignment of the 2011 actual kWh savings as between GS<50 and GS>50 and show how the 60 kW savings value for GS>50 was determined.
- d) In Table 2, what is the basis for the allocation %'s used?



### **3.0 – VECC – 20**

**Reference: Exhibit 3, Tab 2, Schedule 1, page 4**

- a) In Table 6, please explain how the actual normalized values were determined for the years 2009-2011.
- b) What do the values in the “Forecast 2012” column represent – are they forecast or actual values? If forecast, please provide the actual values for 2012.
- c) What do the values in the “Actual Normalized 2012” column represent? If they are based on actual 2012 values, please explain how they were “weather normalized”.
- d) Please explain why for the Streetlighting and USL classes (which are weather insensitive) the actual values for 2009-2011 differ from the weather normalized values.

### **3.0 – VECC – 21**

**Reference: Exhibit 3, Tab 3, Schedule 1, pages 2-4**

- a) Does COLLUS have any microFIT customers? If so, how many and where is the revenue from the associated monthly service charge included in Table 2?
- b) In Table 2, SSS Admin Charge revenue is reported separately for 2011 (Account 4078). Where is the SSS Admin Charge revenue reported for the other years and what is the forecast revenue for 2013?
- c) Does the Interest and Dividend Income reported (Account 4405) include any interest associated with deferral/variance accounts? If yes, what are the amounts for 2011 – 2013 inclusive?
- d) Please explain why the total Specific Service Charges revenue reported in Table 3 does not match the revenues reported for Account 4235 in Table 2.
- e) Exhibit 3, Tab 3, Schedule 2, page 1 explains the high level of Late Payment Charge revenues in 2011 and 2012 and suggests that 2013 will be return to normal historic levels. However, the forecast for 2013 is \$84,000 as compared to average revenue in 2009-2010 of \$92,000. Please reconcile.

#### **4. OPERATING COSTS (Exhibit 4)**

##### **4.0 - VECC- 22**

**Reference: Exhibit 4, Tab 2, Schedule 1, pg.8**

- a) Please explain why meter reading costs have increased since 2009 and notwithstanding the introduction of smart meters?
- b) Please compare and contrast the \$85k spent on meter reading in 2009 with the \$192K forecast spending in 2013.
- c) Please provide the cost of the last full year of contract meter reading services (i.e. those services discontinued in 2012).

##### **4.0 - VECC- 23**

**Reference: Exhibit 4, Tab 2, Schedule 1, pg.8**

- a) Please provide a breakdown of Account 5315 (Customer Billing), which compares and explains the difference between the 2009 costs of \$489k and the 2013 forecast costs of \$534k.
- b) Does COLLUS expect to continue to prepare its customer bills separately from PowerStream under the new joint ownership arrangements?

##### **4.0 - VECC- 24**

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

- a) Did COLLUS or PowerStream Inc. prepare any analysis in respect to the potential cost savings that might be had as part of the acquisition transaction? If yes, please provide that analysis.

#### **4.0 - VECC- 25**

**Reference: Exhibit 4, Tab 1, Schedule 2**

- a) Please provide association fees paid to the EDA for each of the years 2009 through 2013 (forecast).
- b) Separately provide and describe the cost of all other association memberships.

#### **4.0 - VECC- 26**

**Reference: Exhibit 4, Tab 1, Schedule 2**

- a) Please provide the annual membership fees for each of CHEC, UCS and USF.
- b) Does COLLUS expect to drop or combine membership in any of these organizations as part of the PowerStream group?

#### **4.0 - VECC- 27**

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

- a) On page 5 of E4/T2/S1 COLLUS notes that ongoing Smart Meter maintenance costs are forecasted at \$240K with is a \$150K increase from 2009 approved levels. At page 3 of Schedule 2 it shows \$240k as the smart meter cost driver. Please clarify if the net incremental costs since 2009 for smart meters are \$150k or \$240k.

#### **4.0 - VECC- 28**

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

- a) Please provide incremental costs incurred in 2013 that were for regulatory responsibilities not incurred in 2009 (for example, Net CDM, Green Energy, Asset Management etc.). Please also provide the incremental FTEs since 2009 that have been hired to meet these incremental regulatory requirements.

#### **4.0 - VECC- 29**

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

- a) Please provide the productivity offset and stretch factors that were used by the Board during the previous IRM period.

#### **4.0 - VECC- 30**

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

- a) Please provide the training and staff development budgets in each year 2009 through 2013.

#### **4.0-VECC – 31**

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

- a) Please provide the total costs in 2012 that were related to the PowerStream transaction (e.g. audit and regulatory costs) including any buyout or early retirements (please show internal and external costs separately).

#### **4.0-VECC – 32**

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

- a) Please provide a list of each of the positions for the 4.84 FTEs that have been added from 2009 actuals. Please provide the total amount of salary and benefits related to these FTEs.

### **Cost of Capital (Exhibit 5)**

#### **5.0 - VECC- 34**

**Reference: Exhibit 5, Tab 1**

- a) Please provide the actual and deemed rates of return on equity and capital for each of the years 2009 through 2012.

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

### **7.0-VECC – 35**

**Reference: Exhibit 7, Tab 1, Schedule 1, page 5**

- a) Based on COLLUS' Conditions of Service, are any its customer classes required to provide (and maintain) their own "service assets"? If so, which ones and for how long has this requirement been in place?

### **7.0-VECC – 36**

**Reference: Cost Allocation Model, Sheet I7.2**

- a) Please explain why the meter reading weighting factor for GS>50 is 0.38 relative to a value of 1.0 for Residential and GS<50.

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

### **8.0-VECC – 37**

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

- a) Please confirm that COLLUS is not proposing to maintain the fixed/variable split for the GS>50 class (as suggested on page 1), but rather maintain the fixed charge at the 2012 value of \$114.02 (as described on page 2).

### **8.0-VECC – 38**

**Reference: Exhibit 8, Tab 1, Schedule 7**

- a) What is the basis for the forecast kW values used in Table 1?
- b) What were COLLUS actual LV charges from HON for 2012?

### **8.0-VECC – 39**

**Reference: Exhibit 8, Tab 1, Schedule 10**

- a) Please confirm that, contrary to the text on page 1, the initial volumetric charge of \$2.7438/kW was increased by \$0.3560/kW to offset the transformer ownership allowance paid to some customers.

## **DEFERRAL AND VARIANCE ACCOUNTS**

### **8.0-VECC – 40**

**Reference: Exhibit 8, Tab 1, Schedule 10**

- a) Please provide a detailed calculation showing the derivation of the stranded meter weighting factors (i.e. derivation of the \$337,914 residential and \$131,411 GS<50 allocations).
- b) Did COLLUS maintain separate accounting records for meters in the two classes?

**\*\*\*End of Document\*\*\***