

Hydro Ottawa Limited EB-2013-0143 Board Staff Interrogatories

IRM Rate Generator

Board Staff Interrogatory #1

Ref: IRM Rate Generator Sheet 6 – Billing Determinants

Rate Class	Unit	Metered kWh	Metered kW	Billed kWh for Non-RPP Customers	Estimated kW for Non-RPP Customers
RESIDENTIAL	\$/kWh	2,302,248,794		162,230,270	0
GENERAL SERVICE LESS THAN 50 KW	\$/kWh	702,625,952		113,986,478	0
GENERAL SERVICE 50 TO 1,499 KW	\$/kW	2,982,426,722	7,288,884	2,818,820,686	6,889,040
GENERAL SERVICE 1,500 TO 4,999 KW	\$/kW	870,903,316	1,864,369	893,442,150	1,912,619
LARGE USE	\$/kW	646,432,433	1,178,836	653,121,488	1,191,034
UNMETERED SCATTERED LOAD	\$/kWh	17,594,132			0
STANDBY POWER GENERAL SERVICE 50 TO 1,499 KW	\$/kW				0
STANDBY POWER GENERAL SERVICE 1,500 TO 4,999 KW	\$/kW		97,000		0
STANDBY POWER GENERAL SERVICE LARGE USE	\$/kW				0
SENTINEL LIGHTING	\$/kW		167		0
STREET LIGHTING	\$/kW	44,699,159	123,332	46,059,819	127,086
microFIT					
Total		7,566,930,508	10,552,588	4,687,660,891	10,119,779

Board staff is unable to reconcile the Metered kWh amount entered for the Residential class with the 2012 amount contained in the Board's RRR data for Hydro Ottawa.

- a) Please explain the difference between the 2,302,248,794 amount shown above and the amount of 2,302,188,900 contained in the Board's RRR data.
- b) If changes are required, please confirm the amounts and Board staff will make any necessary corrections to the model.

Board Staff Interrogatory #2

Ref: IRM Rate Generator Sheet 6 – Billing Determinants

At the top of page 6 in the model, applicants are instructed not to enter data for the microFIT class. Board staff notes that Hydro Ottawa has included microFIT data in the worksheet.

- a) Was this microFit data entered in error? If not, please explain why it was included in the worksheet. If it is an error, Board staff will make the necessary corrections to the model.

RTSR Model

Board Staff Interrogatory #3 Ref: RTSR Workform Sheet 4

Rate Class	Unit	Non-Loss Adjusted Metered kWh	Non-Loss Adjusted Metered kW	Applicable Loss Factor	Load Factor	Loss Adjusted Billed kWh	Billed kW
Residential	kWh	2,302,188,900		1.0358		2,384,607,263	-
General Service Less Than 50 kW	kWh	702,625,952		1.0358		727,779,961	-
General Service 50 to 1,499 kW	kW	2,982,426,722	7,288,884		56.08%	2,982,426,722	7,288,884
General Service 1,500 to 4,999 kW	kW	870,903,316	1,864,369		64.03%	870,903,316	1,864,369
Large Use	kW	646,432,433	1,178,836		75.16%	646,432,433	1,178,836
Unmetered Scattered Load	kWh	17,594,132		1.0358		18,224,002	-
Standby Power General Service 50 to 1,499 kW	kW					-	-
Standby Power General Service 1,500 to 4,999 kW	kW					-	-
Standby Power General Service Large Use	kW					-	-
Sentinel Lighting	kW	59,894	167		49.16%	59,894	167
Street Lighting	kW	44,699,159	123,332		49.68%	44,699,159	123,332

- a) Please confirm that the data entered in columns “Non-Loss Adjusted Metered kWh” and “Non-Loss Adjusted Metered kW” are not adjusted by Hydro Ottawa’s Board-approved loss factor.

Board Staff Interrogatory #4 Ref: RTSR Workform Sheet 5

In its 2013 IRM proceeding, Hydro Ottawa’s final RTSR model was adjusted to incorporate its Low Voltage Switchgear Credit on Sheet 5. The 2014 RTSR model contains input cells for Low Voltage Switchgear Credit; however these have mistakenly been labelled as Transformer Allowance Credit.

- a) Please confirm that the amounts entered at row 95 on sheet 5 of the RTSR model represent Hydro Ottawa’s Low Voltage Switchgear Credit.
- b) If this is not the case, please provide the appropriate Low Voltage Switchgear Credit amounts and Board staff will make the necessary corrections to the model.

Transition to IFRS

Board Staff Interrogatory #5

Ref: Exhibit B1, Tab 1, Schedule 1, page 7

Ref: Attachment C: Letter to the Board July 3, 2013

Hydro Ottawa is requesting inclusion of de-recognition of its Rex 1 meters in its proposed variance account for Losses on De-recognition of Assets.

- a) Hydro Ottawa states that the Rex 1 meters replaced or to be replaced from 2012 to 2015 total \$1,499,000. Please provide the total number of meters to be replaced in each year by rate class.
- b) Please provide the estimated cost of the Rex 2 meters and the proposed timeline for replacement.
- c) Board staff notes that Hydro Ottawa's letter to the Board at Attachment C indicates a total value of meters to be recovered of \$2.5 million, while its forecast balance in the proposed variance account for meters is \$1.5 million. Please explain the difference between these amounts.
- d) Board staff notes that Hydro Ottawa has replaced \$747 thousand to the end of June, 2013, and forecasts a total of \$872 thousand in meter replacements for year-end 2013. Hydro Ottawa has forecast \$335 thousand and \$295 thousand for 2014 and 2015 respectively. Please explain Hydro Ottawa's strategy regarding the pace of replacements.
- e) Has Hydro Ottawa considered waiting to replace the meters until crews update a service or otherwise come in contact with a device? How often and under what circumstances would it be expected that Hydro Ottawa crews would replace a service or come in contact with a device?
- f) Please provide an estimate of the cost of de-recognition of Rex 1 meters for 2013, 2014 and 2015 under a replacement scenario as described in part e), above.

Board Staff Interrogatory #6

Ref: Exhibit B1, Tab 1, Schedule 1, page 7

- a) Please provide a breakdown of the different types of failures for both Rex 1 and Rex 2 meters.
- b) Please calculate a failure rate for each type of meter based on the data provided in the response to a), above.

- c) Please calculate the cost of replacement for Rex 1 meters for 2013, 2014 and 2015, assuming that the replacements occur only upon meter failure.

Board Staff Interrogatory #7

Ref: Exhibit B1, Tab 1, Schedule 1, page 7

Hydro Ottawa's evidence at B1, Tab 1 states that the early de-recognition of the Rex 1 meters is primarily due to their limited memory retention of 23 days, and that replacement is necessary to ensure that significant data is not lost due to this limited memory. Hydro Ottawa states that the Rex 2 meters have a memory retention of 230 days.

- a) With the adoption of TOU data available from smart meters and with integration with the provincial MDM/R, please indicate the frequency (e.g., daily, hourly, etc.) with which the usage data is read from a smart meter through Hydro Ottawa's AMI system.
- b) Please indicate the delay (e.g., one day) of a customer's consumption data as available on Hydro Ottawa's myHydroLink website at:
<https://www.hydroottawa.com/account/> .
- c) Please explain why Hydro Ottawa considers the 23 day retention period of the Rex 1 meters to be "limited memory" and what is the significance and benefit of having the smart meter memory record consumption for a period of up to 230 days.

Board Staff Interrogatory #8

Ref: Exhibit B1, Tab 1, Schedule 1, page 7

Hydro Ottawa states that another factor influencing the decision to replace the meters is the absence of "last gasp" functionality for outage restoration.

- a) Please confirm that Hydro Ottawa has a SCADA system, and describe how it operates to enable Hydro Ottawa to detect and respond quickly and efficiently to service outages.
- b) Please describe the incremental benefits and cost savings of the "last gasp" functionality of the Rex 2 meters to Hydro Ottawa's outage management procedures.

Board Staff Interrogatory #9

- a) Are the Rex 1 smart meters fully functional and accurate?
- b) If so, please explain why Hydro Ottawa considers it necessary to replace fully functional and accurate devices prior to failure or end of useful life.
- c) Please explain why Hydro Ottawa considers this to be an appropriate cost to fully recover from ratepayers.
- d) If a Rex 1 smart meter fails before end of life and is replaced by a Rex 2 meter, is Hydro Ottawa proposing that the NBV of the failed meter be written off or recorded for recovery through the proposed DVA? How, in the past, did Hydro Ottawa account for failed meters?

Board Staff Interrogatory #10

Ref: Exhibit B1, Tab 1, Schedule 1, Pages 3, 6,7
Addendum to Report of the Board, page 23, (EB-2008-0408)

Hydro Ottawa is requesting the approval of a variance account, with a variance from \$0, for 2013 to 2015 for the de-recognition of assets that would have been pooled under CGAAP.

- a) Please explain whether Hydro Ottawa's auditors have considered the issue of gains/losses on the de-recognition of pooled assets. If yes, please comment
- b) Have the 2011 and 2012 losses presented in Table 2 been recognized in Hydro Ottawa's 2012 audited financial statements?
- c) Per the Addendum to the Report of the Board, utilities can apply for a variance account "if they can demonstrate the probability of significant ongoing volatility". Please explain how the gains/losses from the de-recognition of assets meets this criteria.

Board Staff Interrogatory #11

Ref: Exhibit B1, Tab 1, Schedule 1, Pages 3, 6,7

In Table 2, Hydro Ottawa has included the de-recognition of Rex1 meters in the request for the variance account. Hydro Ottawa indicated that the de-recognition of the Rex 1 meters is more appropriately related to the transition to International Financial Reporting Standards ("IFRS"):

- a) Please explain whether and how the de-recognition of Rex 1 meters is related to Hydro Ottawa's transition to IFRS for regulatory accounting purposes.

- b) Please explain why Hydro Ottawa has included the de-recognition of Rex 1 meters in the same variance account requested for the de-recognition of pooled assets instead of treating it as a Z-Factor.
- c) Please explain whether the Rex 1 meters are considered stranded assets.
- d) Please indicate the proposed rate setting and regulatory accounting treatments for the Rex 2 meters.
- e) What are the proposed rate setting and regulatory accounting treatments for the Rex 1 and replacement Rex 2 meters if the variance account requested is denied?
- f) Please provide a Draft Accounting Order for the proposed variance account.