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VIA 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-2013-041 Hydro One Networks' 2015-2019 Distribution Custom
Rate Application**

Please find enclosed the specific questions that the Vulnerable Energy Consumers Coalition (VECC) will be asking at the July 21st Technical Conference.

VECC continues to review the evidence and may at the Technical have further questions of clarification on all the issues responded to in the interrogatories.

Yours truly,

Michael Janigan
Counsel for VECC

Encl.

cc. Ms. Erin Henderson- regulatory@HydroOne.com

HYDRO ONE NETWORKS'
2015-2019 DISTRIBUTION CUSTOM RATE APPLICATION
VECC'S TECHNICAL CONFERENCE QUESTIONS

1.0 CUSTOM APPLICATION

1.2 Has Hydro One Distribution responded appropriately to all relevant Board directions from previous proceedings, including commitments from prior settlement agreements?

1.2 – VECC TCQ –1

Reference: I/T1.02/S6-VECC-8 b)

- a) For consistency, would it not be appropriate to also update the number of transformers used in the calculation?
- b) Based on such an update what would be the PLCC-Transformers value?

1.2 – VECC TCQ –2

Reference: I/T1.02/S6-VECC-16 a) and 17 a)
A/T16/S4, pg. 5

- a) Please reconcile the savings in 2015 attributed to persistence of historical 2006-2010 program impacts in VECC 16 a) and VECC 17 a) (i.e., $60.5 + 240.5 = 301$ GWh) with the value in A/T16/S4 (335 GWh).

6.0 REVENUE REQUIREMENT

6.6 Is the load forecast a reasonable reflection of the energy and demand requirements of the applicant? Is the forecast of other rates and charges appropriate? Is the forecast of other revenues appropriate?

6.6 – VECC TCQ – 3

Reference: I/T6.06/S02-SIA-54

Preamble: Part (a) of the response sets out the proposed charges and

actual costs for Collection/Disconnect/Load Limiter/Reconnect trips for both during and after-hours service either the meter or the pole (Rate Codes 4, 5, 6 and 7).

- a) For those customers with smart meters is Hydro One Networks able to disconnect and reconnect remotely?
- b) If so, are required disconnects and/or reconnects at premises with smart meters now performed remotely and what is the charge for remote disconnection/reconnection?
- c) Given that the services provided under Rate Codes 8, 9, 10, 12, 13a and 13b are part of a bundled contract with an external service provider, how does Hydro One Networks assess the appropriateness of the charges for these services?

6.6 – VECC TCQ – 4

Reference: I/T6.06/S02-SIA-54
I/T6.06/S02-SIA-53

Preamble: SIA 53 states that the OEB's prescribed charges are considered acceptable. However, SIA 54 b) indicates that in some cases there is a material difference between the revenues based on the 2006 RateBook Rates and the actual costs (e.g. Rate Codes 2, 3 and 5).

- a) What level of revenue to cost differential would be required for Hydro One Networks to consider a current charge level to not be "acceptable"?

6.6 – VECC TCQ – 5

Reference: I/T6.06/S6-VECC-79

- a) With respect to the response to part (a), is there a formula/equation that translates the change in number of households and the change in residential load into the change in number of residential customers?
 - If so, please provide.
 - If not, how is the consideration of these two factors translated into a forecast residential customer count?
- b) For the other customer classes, please explain more fully how the customer count forecast is derived from overall economic factors

and changes in residential customer count.

6.6 – VECC TCQ – 6

Reference: I/T6.06/S6-VECC-80
A/T16/S3, pg. 4

- a) Please confirm that in Table 1 (A/T16/S3) the Retail customers include ST-Directs, whereas in Schedule 2 the Retail customers excluded ST-Directs (per VECC #78).

6.6 – VECC TCQ – 7

Reference: I/T6.06/S6-VECC-81
I/T6.06/S6-VECC-89
A/T16/S2, pg.24

- a) With respect to VECC 81 d), please confirm that the “Retail Load” as set out in the table provided includes ST-Direct customers.
- b) With respect to A/T16/S2, Table 6, please provide an alternative version where the Embedded Customer values are broken down as between ST-Directs and ST-Embedded Distributors.

6.6 – VECC TCQ – 8

Reference: I/T6.06/S6-VECC-84

- a) The response to part (e) suggests that the CDM programs impact billing demand (kW) proportionally more than they impact total energy use (kWh). What is the basis for this assumption?

6.6 – VECC TCQ – 9

Reference: I/T6.06/S6-VECC-86
A/T16/S3, pg.4 (June Update)

- a) With respect to Table 1 (A/T16/S3), in which column is the impact for 2013 CDM programs included?

6.6 – VECC TCQ – 10

Reference: 1/T6.06/S6-VECC-87
A/16/4, pg.5

- a) Please reconcile the differences between the total savings from 2011-2014 programs for each of the years 2014-2019 as shown in VECC 87 c) versus Table ES1.

6.6 – VECC TCQ – 11

Reference: I/T6.06/S6-VECC-87

- a) Please provide schedules similar to that in the response to VECC 87 e) for the years 2016-2019.

6.6 – VECC TCQ – 12

Reference: I/T6.06/S11-EP-49
I/T6.06/S6-VECC-78

- a) With respect to the response to EP 49 b), is the “one standard deviation” referred in the response equivalent to the “one standard deviation” values provided in response to VECC 78 b)? If not, what is “one standard deviation” for each of the test years?
- b) Based on the load forecast and base distribution rates proposed for 2017 and 2019, how much additional or less revenue would HON earn if loads for these years were respectively one standard deviation higher or lower than forecast? What would be corresponding impact on net income?

7.0 COST ALLOCATION AND RATE DESIGN

7.2 Is the proposed definition of “seasonal” customer class appropriate? Particularly, is residency an appropriate criterion in defining a class? Has this criterion been applied consistently?

7.2 – VECC TCQ – 13

Reference: I/T7.01/S8-FOCA-5
I/T7.02/S6-VECC-93 a)
I/T7.02/S6-VECC-95
I/T7.02/S10-CCC-34

- a) Please confirm that O/Reg 442/01 sets out that residential premises eligible for RRRP are dwellings occupied as a residence continuously for at least eight months of the year.
- b) Based on this definition in O/Reg 442/01 why would it not be more

appropriate to classify Seasonal customers as year-round residential if they consumer at least 600 kWh per month for eight months of the year as opposed to ten?

- c) How frequently must a customer complete the qualification process as set out in CCC-34?
- d) If only when service is first requested, what is Hydro One Networks' current practice for confirming, on an ongoing basis , that Residential customers (and particularly R2 customers) meet the Residential Year-round criteria?
- e) Will this practice change if the proposed approach to reclassifying Seasonal customers is adopted by the OEB such that R2 customers are simply those dwellings using at least 600 kWh per month for at least 10 months of the year?

7.2 – VECC TCQ – 14

Reference: I/T7.02/S6-VECC-93

- a) The response to part (f) did not break the data down into the requested groupings. Please provide.

7.2 – VECC TCQ – 15

Reference: I/T7.02/S6-VECC-94

Preamble: The following table sets out the load factor for each Class/Usage Category based on the data provided in response VECC 94 d):

4NCP - Load Factor				
<u>Usage</u>	<u>R1</u>	<u>R2</u>	<u>UR</u>	<u>Seasonal</u>
up to 100	0.734	0.659	0.759	4.663
>100-250	0.617	0.648	0.590	1.758
>250-500	0.561	0.599	0.461	0.696
>500-800	0.555	0.588	0.452	0.476
>800-1000	0.560	0.585	0.473	0.432
>1000-1500	0.571	0.573	0.520	0.423
>1500-2000	0.580	0.549	0.640	0.422
>2000	0.603	0.577	0.790	0.465
12CP - Load Factor				
<u>Usage</u>	<u>R1</u>	<u>R2</u>	<u>UR</u>	<u>Seasonal</u>
up to 100	0.699	0.739	0.704	0.683
>100-250	0.646	0.710	0.630	0.745
>250-500	0.593	0.641	0.575	0.731
>500-800	0.592	0.622	0.575	0.707
>800-1000	0.608	0.628	0.593	0.701
>1000-1500	0.635	0.646	0.622	0.717
>1500-2000	0.671	0.669	0.669	0.721
>2000	0.699	0.692	0.721	0.745
4NCP Load Factor = (Total kWh/8760)/(4NPC/4)				
12CP Load Factor = (Total kWh/8760)/(12CP/12)				

- a) The Seasonal class 4NCP load factors for the “Up to 100 kWh” and “>100-250 kWh” categories both have values in excess of 1.0 which should not occur based on the definition of the 4NCP load factor. Can Hydro One explain why such values are occurring?

7.3 Is the reclassification of customers to reflect findings of the company’s review of existing customer rate classifications appropriate?

7.3 – VECC TCQ – 16

Reference: I/T7.03/S9-SEC-58 and 59

- a) Please confirm that the responses to these questions assume that the reduction in average billing demand has not impacted the demand allocators used in the cost allocation study for 2019.
- b) Can Hydro One Networks confirm whether or not is the case?

7.4 Is moving revenue-to-cost ratios for all rate classes to within 98% to 102% over the 2015-2019 period appropriate?

7.4 – VECC TCQ – 17

Reference: I/T7.04/S6-VECC 98

- a) The response suggests that for classes other than Residential and Seasonal service connection assets are “typically” customer-owned assets. When and how frequently is this not the case?

7.4 – VECC TCQ – 18

Reference: I/T7.04/S6-VECC 99 b) & c)

- a) With the introduction of smart meters why is there such a variation in the per meter read cost for UR, R1, R2 and Seasonal customers?

7.7 Is an increase to the fixed charges revenue appropriate?

7.7 – VECC TCQ – 19

Reference: I/T7.07/S6-VECC-105 a)

- a) With respect to Table 2, please confirm how the values set out in the column labelled “Minimum System kW (4NCP)” were determined. If extracted from the CA Model, please provide the reference.
- b) With respect to Table 2, please confirm how the values set out in the column labelled “Minimum System kWh (4NCP)” were determined.
- c) With respect to Table 2, please confirm how the values set out in the column labelled “Annual kWh/Cust” were determined.