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July 25, 2014 /revised

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: Vulnerable Energy Consumers Coalition (VECC)
EB-2014-0083
Hydro One Brampton Network Inc. 2015 Cost of Service Application

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

Yours truly,

Michael Janigan
Counsel for VECC

Attachment

cc:
Mr. Scott Miller, Hydro One Brampton Inc.
smiller@hydroonebrampton.com
Mr. Michael Engelberg, counsel
mengelberg@HydroOne.com

REQUESTOR NAME	**VECC**
INFORMATION REQUEST ROUND NO:	**# 1**
TO:	**Hydro One Brampton Networks Inc. (HOBNI)**
DATE:	**July 24, 2014**
CASE NO:	**EB-2014-0083**
APPLICATION NAME	**2015 Electricity Distribution Rate Application**

1.0 ADMINISTRATION (EXHIBIT 1)

1.0 – VECC - 1
Reference: E1\T4\S2\pg.7; T7/S1/pg.6

a) Please provide the Ontario and Canadian CPI and GDPI for years 2011 through 2013.

1.0-VECC- 2
Reference: E1/T6/S1/Appendix 2 – Customer Satisfaction Survey

a) HOBNI lowest score was with respect to "Provides good value for money" (pg. 161 of pdf). Has HOBNI explored the reasons for this evaluation and what actions are being taken to improve in this area?

2.0 RATE BASE (EXHIBIT 2)

2.0 – VECC - 3
Reference: E2/T3/S1

a) Does HOBNI monthly or bi-monthly bill all customers classes?
b) Has HOBNI reviewed the lead/lag studies of those utilities who do monthly billing?

2.0 – VECC - 4

Reference: E2/T5/S1 & T5/S3

a) Please provide the capital contributions for each year 2010 through 2015 (forecast).
b) Please provide separately the capital contributions related to road widening projects for the years 2010 through 2015.
c) For all road widening projects forecast for 2014 and 2015 please provide the expected date of start of construction as well as the notice from the agency/government indicating expected construction times.

2.0 – VECC - 5

Reference: E2/T5/S

a) Please explain/provide details as to the “Daycare Rework” project.

2.0 – VECC - 6

Reference: E2/T5/S

a) Please provide the detail calculation and relevant sections of the agreements which related to the load forecast true-ups for Pleasant and Goreway TS.

2.0-VECC- 7

Reference: E2/E4/T2

a) HOBNI is proposing to spend significantly more than in the past on capital projects and maintenance OM&A in the 2014 and 2015 period. Please explain what benchmarks, of service quality metrics are being used to assess the efficiency and value of this spending increase.

2.0-VECC-8

Reference: Exhibit 2, Tab 3, Schedule 5

a) For only outages excluding loss of supply, please provide a table in the following format (or using any similar categories tracked by the Utility).

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

3.0 OPERATING REVENUE (EXHIBIT 3)

3.0 –VECC - 9

Reference: E3/T1/S1/pg.7&9
Load Forecast Model,

a) The heading for Table 5 suggests that the purchased power forecast provided therein excludes wholesale market participants. However, the text on page 7 suggests that wholesale market participants were included in the "purchased power" values used in the load forecast regression analysis. Please reconcile.
b) Please provide a version of the Load Forecast model where Rows 20-147 of the Purchased kWh Tab are accessible and one can view the derivation of the monthly Purchased kWh used in the analysis.

3.0 –VECC - 10

Reference: E3/T1/S1/pg.11-13

a) Historically did HOBNI track and record the number of Street Lighting connections or the number of devices? If HOBNI tracked "devices" what was the basis for determining the historical connections per year and, over the period, were there any explicit changes in the assumed number of devices per connection?
b) Give that HOBNI has historical data back to 2003 please explain the rationale for using the historical a 6-year growth rate to project

future customer/connection growth for most classes.

c) Please provide the actual number of customers/connections by class as of June 30, 2013 and June 30, 2014.

3.0 –VECC - 11
Reference: E3/T1/S1/pg.14

a) Table 11 appears to be a replica of Table 8. Please provide a table setting out the historical annual growth rates by class in average use per customer.

3.0 –VECC - 12
Reference: E3/T1/S1/pg.15

a) Given that Residential and GS<50 loads loads include appliances and other equipment that are not weather sensitive, what is the rationale for assuming that the usage in both classes is 100% weather sensitive?

3.0 –VECC - 13
Reference: E3/T1/S1/pg. 16-17

a) Do the customer count numbers for GS>700 set out in Tables 7 and 9 include the 3 customers that are Market Participants?
b) Do the kWh and customer counts for GS>700 used in Table 10 include the counts and usage for the three Market Participants?
c) How/where in the Application is the 2015 forecast of Weather Normal Billed Energy – Excluding Market Participants (Table 18 – last column) used in the Application.

3.0 –VECC - 14
Reference: E3/T1/S1/pg. 18-19

a) Please explain why there is such a year to year variation in the electricity sales to the Embedded Distributor (i.e., increasing significantly in 2011 over 2010 and then declining significantly in 2014 and 2015 from 2011-2013 levels).
b) What is the basis for the forecast Distributed Generation sales (kWh) in 2015?

3.0 –VECC - 15
Reference: E3/T4

a) The tables in this Tab report Standby customers starting in 2013. Did HOBNI have actual Standby customers and rates prior to this year? If so, please indicate the number of customers in each year and the billing demand.
b) Please explain how the actual billing kW for a Standby customers is determined. That is, when is a customer deemed to be taking Standby service and how is the level of service (i.e. billing kW) determined?
c) Why are there no kWhs associated with the provision of standby service?
d) What is the basis for the 2015 forecast Standby billing kW?

3.0 –VECC - 16
Reference: E3/T1/S2/pg. 3

a) Please provide the final report from the OPA regarding HOBNI's 2012 CDM results.
b) Please provide any reports from the OPA regarding HOBNI's 2013 CDM results.

3.0 –VECC - 17
Reference: E3/T1/S2/pg.6 & 8

a) Please confirm that the kW savings reported in Table 30 are savings at the time of the Ontario system peak. If not confirmed, please indicate HOBNI' understanding of what they represent.
b) Please re-estimate the billing kW savings in 2015 from CDM by applying the 5-year average kw/kWh ratios from Table 22 to the forecast kWh CDM impacts for each of the demand billed classes.

3.0 –VECC - 18
Reference: E3/T1/S2/pg.9
E3/T1/S2/Appendix 1

a) Please confirm that HOBNI will be seeking LRAVA for CDM impacts in 2015.
b) If yes, is the kWh threshold amount the value shown in Table 32

(i.e., 53,726,380), the Table 29 billed value equivalent (i.e., 51,954,724) or the value in Appendix 1 (i.e., 103,285,799).

3.0 –VECC - 19
Reference: E3/T3/S1/Appendix 1

a) Please provide a schedule setting out Other Operating Revenue for the first six months of 2013 and 2014 broken down as per the first Table in Appendix 2-H.
b) How many MicroFit customers does HOBNI currently have and how many are forecast for 2015?
c) Where in Appendix 2-H is the revenue from MicroFit customers included?

4.0 OPERATING COSTS (EXHIBIT 4)

4.0 -VECC - 20
Reference: E1/T5\S1\pg.2

a) Please amend Table 1 (Unit OM&A) to add form HOBNI 2012 and 2013 and forecast 2014 and 2015.

4.0-VECC- 21
Reference: E1/T5/S1/pg.12
a) Please provide the cost savings estimated in moving to the condensed work week.

4.0-VECC- 22
Reference: E4/T2/S1/pg.6

a) 2012 control room costs were significantly below future and prior years. Please explain why.
b) HOBNI explains that one reason for the increase in control room costs is overtime and succession planning. What steps has HOBNI taken to reduce these costs (e.g. recruitment, training and development etc.).

4.0-VECC- 23
Reference: E4/T2/S1/pg.33

a) Please provide the FTE increase that HOBNI refers to in the explanation of the increase in credit and collections costs in 2014 and 2015.

4.0-VECC-24
Reference: E4/T2/S1/pg.13-14

a) Annual overhead and line maintenance has increased by approximately 40% as compared to 2012 and earlier. Please explain why.

4.0-VECC- 25
Reference: E4/T2/S1
a) Please provide the portion/amount of the 2014 and 2015 underground and line maintenance that is for cable injection programs.
b) Has HOBNI reviewed the success (or lack thereof) of this type of remedial program (e.g. experience of Toronto Hydro).

4.0-VECC- 26
Reference: E4/T2/S1
a) Please provide the number of FTEs in customer accounts for each of the years 2010 through 2015.

4.0-VECC- 27
Reference: E4

a) Please provide the fees paid to the EDA for each of the years 2009 through (forecast) 2014.
b) If HOBNI purchases insurance from the MEARIE Group then please provide the annual insurance premiums, a description of the insurance coverage and whether the contract for insurance has been tendered in the last 5 years.

4.0 - VECC - 28
Reference: E4/T2/S1 Smart Meter Incremental Operating Costs

Preamble: The purpose of this interrogatory is to understand the elements which have caused billing and collection to increase from 2010 to 2014).
a) Please compare the cost components of Billing and Collection

USoA accounts 5305, 5310, 5315, 5320,5325, 5335, 5340 for 2010 for Board approved 2010, 2010 actuals and 2014 forecast.

b) Please compare and contrast the components of actuals 5315 Billing for 2011 actuals as compared to 2015 forecast costs.
c) Please provide HOBNI's estimate of the incremental OM&A costs of smart meters (please provide detailed breakdown including any cost reduction offset for meter reading).

4 - VECC - 29
Reference: E4/T3/S1

a) Please provide all training, conference and travel costs for each year 2010 through 2014.

4 - VECC - 30
Reference: E4/T3/S1

a) Please confirm that HOBNI is not seeking recovery of the approximately of the 457k in OM&A ice-storm damage costs (E4/T2/S1/pg.15). Please explain why the Utility has chosen this approach (and in contrast to many other utilities).
b) Please explain how the approximately $1 million in capital costs related to the storm impact the 2015 test year rate base (e.g. is there a larger than would otherwise be expected increase in net fixed assets due to the storm and if so by what amount).

4-VECC-31
Reference: E4/T7

a) HOBNI's assessment of its performance during the 2013 ice-storm is frank, self -critical and includes numerous observations of "lessons learned." Has HOBNI reviewed the ice-storm performance reports of neighbouring utilities and assessed its performance against this cohort of utilities? If so, please provide HOBNI's observations on its ability to restore power and serve customer information needs vis-a-vis Oakville Hydro, Enersource and Toronto Hydro.
b) HOBNI has noted that one of the "lessons learned" is to provide better restoration information to its customers. What steps is the Utility taking to address this issue?

c) Has HOBNI created any process to take the lesson's learned in the ice-storm and to "instutionalize" that knowledge?
d) Did HOBNI include any questions in its customer survey on its response to the ice-storm?

5.0 COST OF CAPITAL AND RATE OF RETURN (EXHIBIT 5)

6.0 CALCULATION OF REVENUE DEFICIENCY/SURPLUS (EXHIBIT 6)

7.0 COST ALLOCATION (EXHIBIT 7)

7.0 – VECC – 32
Reference: E7/T1/S1/ pg.2

a) Was the smart meter load data weather normalized for purposes of determining the load profiles for Residential and GS<50? If so, please indicate how this was done.
b) Are the changes in revenue to cost ratios reported on lines 20-23 strictly the result of using the revised load profiles or do they represent the total impact of running the 2014 CA model?

7.0 – VECC - 33
Reference: E7/T1/S1/pg.7
Cost Allocation Model, Tab I7.1

a) Please describe what is the difference between the Single Phase smart meter which is employed for most Residential customers and the Central Meter and Network Meter which are also employed?
b) Why do certain Residential customers require these latter two meter types?

7.0 – VECC - 34
Reference: E7/T1/S2

a) Is HONI the sole user of the four feeder lines that are being directly

allocated to it?

b) If not, please explain why direct allocation of the costs is appropriate.
c) Please provide a schedule detailing how the 0.1274% allocation percentage was determined (page 2).
d) Are all poles used by HOBNI the same size and have the same (replacement) cost? If not, how does the (replacement) cost of the poles used to supply HONI compare with that for the other types of poles used by HOBNI and was this difference recognized in the determination of the allocation percentage?
e) Is all conductor used by HOBNI the same size and have the same (replacement) cost per metre? If not, how does the (replacement) cost of the conductor used to supply HONI compare with that for the other types of conductor used by HOBNI and was this difference recognized in the determination of the allocation percentage?
f) Why was the allocation percentage based on distribution assets also applied to USOA Accounts 5175, 5310 and 5415?
g) Please re-calculate the allocation of these three accounts to the Embedded Distributor as follows:
    - For Maintenance of Meter - use the directly allocated meter costs as a % of total meter costs
    - For Meter Reading – include in Tab I7.2 with the appropriate weighting factor (i.e., 57.9)
    - For Customer Billing – determine based on the billing weighting factor of 10.2.

7.0 – VECC - 35
Reference: E7/T1/S3/pg.2
E7/T1/S1/pg.5

a) Is the monthly settlement with the Embedded Distributor more complex or of similar complexity to billing a GS>700 customer?

7.0 – VECC - 36
Reference: E7/T2/S1/pg.4

a) Please explain why the revenue to cost ratio for Distributed Generation (currently at 13.77%) is being moved up to 90% over three years whereas the ratio for the Energy from Waste class (currently at 11.59%) is being moved to 100% in one year.

7.0 – VECC - 37
Reference: E7/T2/S1/Appendix 1 (OEB Appendix 2-P)

a) Please explain why the revenue to cost ratio for GS<50 is being reduced to below the upper end of the Board's policy range while the ratio for GS>700 is being reduced only to the top end of the policy range.
b) Please explain the basis for the increases in the revenue to cost ratios for each of class' whose status quo ratio is below 100% (but within the Board's policy range) and the rationale for the proposed ratio.

8.0 RATE DESIGN (EXHIBIT 8)

8.0 –VECC - 38
Reference: E8/T1/S1/pg.2

a) With respect to Brampton's Hydro's 2015 Cost Allocation, what proportions of the total revenue requirement are classified as demand related versus customer related?

8.0 –VECC - 39
Reference: E8/T2/S1/pg.3

a) Please provide a schedule that, based on the most recent 12 months of available billing data, sets out the number of residential customers whose average monthly usage fell into each of the following consumption categories:
   - 0-100 kWh
   - >100-250 kWh
   - >250-500 kWh
   - >500-800 kWh
   - >800-1,000 kWh
   - >1,000-1,500 kWh
   - >1,500-2,000 kWh
   - >2,0000 kWh

8.0 –VECC - 40
Reference: E8/T2/S1/pg.4-5

a) In what other aspects of its Application has HOBNI benchmarked its performance against the seven utilities listed on page 4.

8.0 –VECC - 41
Reference: E8/T1/S1/pg.6

a) Please provide the basis/rationale for level of the fixed percentage proposed for each customer class.

8.0 –VECC - 42
Reference: E8/T1/S1/pg.6-7

a) Please explain why the Cost Allocation Model yields values of zero (per Table 5) for the Embedded Distributors upper/lower boundary value for the monthly service charge.
b) Please provide a the 2015 fixed and variable charges for each class and a schedule similar to Table 4 assuming that the fixed-variable split is maintained for each customer class, except
   - Where the current monthly charge is above the ceiling value the monthly charge remains fixed at the 2014 level and
   - Where implementing the current fixed/variable split would result in a monthly charge in excess of the ceiling, the charge is set at the ceiling value.

8.0 –VECC - 43
Reference: E8/T1/S1/pg.8-9

a) Does the Cost Allocation model recognize that some GS<50 customers provide their own transformation?
b) How is the “cost” of providing the transformer ownership allowance recovered?

8.0 –VECC - 44
Reference: E8/T3/S1/pg.1

a) For 2013 what were the revenues received from retail service charges for each of the two accounts and the corresponding incremental costs that resulted in the balances reported in Table 2?

8.0 –VECC - 45
Reference: E8/T8/S1/Appendix 1

a) With respect to Appendix 2-R, please indicate the amount of distributed generation included in the A(2) values for each year.
b) The calculation at line I applies the upstream loss factor (line H) to the total load. Why is this appropriate if a portion is obtained from local distributed generation?

9.0 DEFERRAL AND VARIANCE ACCOUNTS (EXHIBIT 9)

9.0 –VECC - 46
Reference: E2/T4/S2 & E9/T8/S1

a) Please explain why the amount ordered by the Board to be removed from rate base in EB-2010-012 ($2,275,4833) is not the same as the amount recorded in Appendix 2-S for 2010 ($2,489,536). Neither is consistent with the amount shown for residential or general service meters in Table 2 at Exhibit 9. Please reconcile.
b) HOBNI did not complete installation of smart meters until the end of 2012. What was the net book value of the conventional meters that were removed from service subsequent to the Board's decision?

End of document