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Michael Janigan
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613-562-4002

August 19, 2014

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-2014-0113 St Thomas Energy Inc.

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

Yours truly,

Michael Janigan
Counsel for VECC

Attachment

email: Mr. Robert Kent
rkent@sttenergy.com
Andrew Taylor, The Energy Boutique
ataylor@energyboutique.ca

REQUESTOR NAME	**VECC**
INFORMATION REQUEST ROUND NO:	**# 1**
TO:	**St. Thomas Energy Inc. (STEI)**
DATE:	**August 19, 2014**
CASE NO:	**EB-2014-0113**
APPLICATION NAME	**2015 Electricity Distribution Rate Application**

1.0 ADMINISTRATION (EXHIBIT 1)

1.0 – VECC - 1
Reference: E1/T5/S2/pg.5 & E4/T1/S9

a) Is St. Thomas-Elgin Ontario Works, STEI's LEAP partner? If not please identify the Utility's LEAP partner.

1.0 – VECC – 2
Reference: E1\T1

a) Please provide the assumptions and source for the following information used in this application
   i. CPI
   ii. GDPI
   iii. STEI's IRM productivity factor
   iv. STEI's Stretch factor

1.0-VECC-3
Reference: E1/T5/S2

a) Has STEI undertaken a customer survey since 2012? If so please provide the most recent customer survey and the detailed results?
b) Has STEI surveyed its customers with respect to its capital plan? If yes please provide those results.

1.0-VECC-4
Reference: E1\T5\S1

a) Does STEI track and categorize customer enquiries and complaints? If so please provide a summary of the annual results for 2011 through 2013.

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1.0-VECC-5
Reference: E1\T5\S1

a) Does STEI carry out transactional customer surveys (e.g. after outages, a service call or a customer complaint)? If so please describe these and present the results.

1.0-VECC-6
Reference: E2/T1/S1/pg.3

a) What where the total lease or other fees in 2011 associated with the transferred assets in 2012 of $1,407,734?

2.0 RATE BASE (EXHIBIT 2)

2.0 – VECC -7
Reference: E2/T1/S2

a) Please provide the contributed capital amounts for 2010 through 2013.
b) Please explain how the contributed capital forecast for 2014 and 2015 derived.
c) What is the current actual and year-end forecast of the 2014 contributed capital.
d) Please explain why the forecast amount is below historical averages.

2.0-VECC-8
Reference: E2/T1/S4

a) Please provide the pole replacement capital expenditures for years 2011 through 2013. If pole replacement is incorporated into the voltage conversion projects in the years subsequent to 2012 please show how many poles (dressed) are anticipated (were) to be replaced in each of the years 2013 through 2019.

2.0-VECC-9
Reference: E2/T1/S7

a) Please provide the actual fleet inventory as of July 1, 2014 and the anticipated purchases and retirements by December 30, 2014. Please provide the current forecast for the cost of fleet additions for 2014.

2.0 – VECC-10
Reference: E2/T1/S1/ Working Capital

a) Does STEI monthly or bi-monthly bill its customers? If the former has STEI reviewed the result of lead/lag studies undertaken by other electricity distribution utilities in Ontario that do monthly billing?

2.0-VECC-11
Reference: E2/T1/S11

a) Please explain what metrics, service quality indicators or other benchmarks are being used to evaluate the success of the distribution system plan.
b) STEI's service reliability indicators (excluding loss of supply) do not show any improvement since 2009. Please explain how the plan presented in this application will rectify this.

2.0-VECC-12
Reference: E2/T1/S11

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				

4-VECC-13
Reference: E4/T1/S11

a) Does the Kinectrics Report prepared for STEI deviate in any material way from the Kinectrics Report prepared for the OEB (July 8, 2010)?
b) Please identify any proposed asset depreciation lives which deviate from the range(s) provided in the Kinectrics Report.
c) Please provide the financial impact (if any) of these deviations on the proposed revenue requirement.

3.0 OPERATING REVENUE (EXHIBIT 3)

3.0 –VECC -14
Reference: 3/T1/S3/Attachment 1, Schedule 1

a) With respect to Table 1.5, please provide the actual customer/connection count, by class, for 2012-2014 as of June 30th of each year.

3.0 –VECC -15

Reference: 3/T1/S3/Attachment 1, Schedule 2

a) Please explain why the period April 2005 to December 2012 was chosen for purposes of the Residential regression analysis (per page 1).
b) Please explain why Ontario employment was used as opposed to a more local indicator of employment levels (e.g. London) for the Residential regression analysis.
c) With respect to pages 4-5, please provide the Residential load forecast for 2015 based on the 20-year trend HDD and CDD values as opposed to the 10-year average.
d) With respect to Table 2.5, are there more recent Ontario Employment forecasts for 2014 and 2015? If so, please provide.
e) Please recalculate the 2013 normalized Residential usage but this time do so by:
   i. Multiplying the difference between the actual and weather normal values for CDD and HDD by their respective coefficients, per Table 2.1.
   ii. Adding the results from (i) to the actual Residential load for 2013.

   Please provide a schedule setting out the calculations undertaken.

3.0 –VECC -16

Reference: 3/T1/S3/Attachment 1, Schedule 3

a) With respect to page 2, were more local measures for full-time employment (e.g. London) tested? If not, why not?
b) With respect to pages 4-5, please provide the GS<50 load forecast for 2015 based on the 20-year trend HDD and CDD values as opposed to the 10-year average.
c) With respect to Table 3.5, please explain more fully how Elenchus determined that 50% of the Residential Geomean was the appropriate growth rate for GS<50 customers.
d) What would be the geomean growth rate for GS<50 if the customers reclassified in 2013 were removed from the analysis?
e) Please recalculate the 2013 normalized GS<50 usage but this time do so by:
   i. Multiplying the difference between the actual and weather

normal values for CDD and HDD by their respective coefficients, per Table 2.1.

ii. Adding the results from (i) to the actual GS<50 load for 2013.

Please provide a schedule setting out the calculations undertaken.

3.0 –VECC -17

Reference: 3/T1/S3/Attachment 1, Schedule 4

a) Please confirm that the reference at page 1, line 14 is to May 2013.
b) With respect to page 3, were more local measures for full-time employment (e.g. London) tested? If not, why not?
c) How did Elenchus determine which months it would set the value of the "RecessionD" variable equal to 1.0?
d) With respect to pages 5-6, please provide the GS>50 load forecast for 2015 based on the 20-year trend HDD and CDD values as opposed to the 10-year average.
e) Please recalculate the 2013 normalized GS>50 usage but this time do so by:
   i. Multiplying the difference between the actual and weather normal values for CDD and HDD by their respective coefficients, per Table 2.1.
   ii. Adding the results from (i) to the actual GS>50 load for 2013.

   Please provide a schedule setting out the calculations undertaken.
f) With respect to Table 4.7, please explain why the 2013 kW/kWh ratio was used as opposed to a ratio reflecting the historical average over a number of years.

3.0 –VECC -18

Reference: 3/T1/S3/Attachment 1, Schedule 6

a) Please provide any OPA reports available regarding STEI's CDM results for 2013.
b) Please provide any information STEI has regarding the continuing levels of savings from the 2011-2014 programs in 2015.
c) What is the basis for the 1,500,000 kWh savings assumed in 2015 from 2015 programs (per Table 6.2)?

3.0 –VECC -19

Reference: 3/T1/S4/pg.2

a) Please provide the LRAMVA kW values derived per page 2, lines 18-19 and provide the supporting calculations.
b) Please confirm that the kW CDM targets for STEI are peak reduction values for the month of the system's peak.
c) Please confirm that the kW values used in the LRAMVA are billing kW for the 12 months of the year.
d) Based on the responses to parts (b) and (c) is not reasonable that the kW value for the LRAMVA could exceed the CDM target kW for the year?
e) Based on the preceding does STEI wish to change its proposed LRAMVA kW threshold for 2015?

3.0 –VECC -20

Reference: 3/T1/S6

a) At page 1 STEI states that it is changing the billing for Street Lights from a per connection fee to a per customer fee. However, the proposed 2015 Tariff Schedule (8/T1/S9, Attachment 2) sets out the Service Charge for Street Lights as being per connection. Please reconcile.
b) Where (i.e. in what account) are the revenues from microFIT service charges included and how much are the annual revenues for 2013-2015?
c) Please explain how the restructuring led to the elimination of rental income form AESI.
d) Please provide the year-to-date actual Other Operating Revenue for 2014 broken down per Table 3-17 and the comparable figures for the same period in 2013.

4.0 OPERATING COSTS (EXHIBIT 4)

4.0 -VECC -21
Reference: E1/T5/17/pg.8

a) At page 8 of the 2013 Financial Results Memo there is a list of savings incurred in 2013. After the list it states "*A significant amount of the 2013 reductions have been recognized in the 2014 budget."* Please list the savings that were included in the 2014 forecast budget. Please also list the items that were not included and explain why not.

4.0-VECC-22
Reference: E4/

a) Please provide the number of positions that are currently employed for the purpose replacing an expected retirement. Please also provide the year of the associated expected retirement.

4.0-VECC -23
Reference: E4/T1/S1

For each of the years 2011 through 2015 please provide:

a) EDA membership fees
b) Utility Collaborative Service
b) All other corporate membership fees

4.0-VECC-24
Reference: E4/T1/S1

a) Please provide the name of the nearby LDC STEI is proposing to share a Roving Energy Manager.

4-VECC-25
Reference: E4/T1/S6

a) Does STEI purchase insurance from the MEARIE Group?
b) If yes, please provide the premiums for each of 2011 through 2015 (forecast)
c) Please indicate the form of procurement for insurance services (e.g. tender, sole source, etc.).

4-VECC-26
Reference: E4/T1

a) Please provide all training and conference costs for the 2011-2015 period broken down into the following categories
    i. Training – operations/maintenance
    ii. Training – other
    iii. Conferences

4.0 - VECC -27
Reference: E4/T1/S2 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 2011 and 2015 forecast.

4-VECC-28
Reference: E4/T1/S/pg.11

a) STEI has identified a $965,058 adjustment (addition) related to smart meters. Please show how this number is derived. Please also show if/how any reduction in meter reading costs is factored into this number.

4-VECC-29

Reference: E4/T1/S4/pg.6 & E4/T1/S5/pg.6 Corporate Cost Allocation

a) STEI states that a management fee of $450,000 was paid to AGI in 2013. At the second reference the table for 2013 Corporate Cost Allocation shows an amount allocated for Corporate Governance and Board of Directors 521). Please reconcile this difference.

4-VECC-30

Reference: E4/T2/S2/Appendix 2-JC

a) Please revise Appendix 2-JC to show the MIFRS transition year 2012 in CGAAP.

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

5.0 – VECC -31

Reference: E5/T1/S2 & STEI_OEB Filing Requirements-Chapter2_appndices Excel Filing

a) The evidence states that STEI is using a long-term debt rate of 4.88%. However the associated Excel spreadsheet at Appendix 2-OB shows the rate to be 7.40%. Please reconcile this discrepancy.

5.0 – VECC -32

Reference: E5/T1

b) Please provide STEI's actual and regulated return on equity for each of 2011 through 2013.

6.0 CALCULATION OF REVENUE DEFICIENCY OR SURPLUS

No Questions

7.0 COST ALLOCATION

7.0 – VECC – 33
Reference: 7/T1/S1, pg. 2-3

a) Please indicate what is reflected in the $379,330 of Collecting costs (Acct. #5320).
b) Please explain how/why the low volume of bills issued to Street Lighting and Sentinel Light impacts on the weighting factor for billing and collecting – since weighting is meant to reflect the relative cost per bill.
c) Please indicate how the proposed billing and collecting weighting factors account for the fact that for Residential and GS<50 customers with smart meters data verification is performed by the IESO whereas for the GS>50 class this activity must be performed by STEI.

7.0 – VECC -34
Reference: 7/T1/S3,pg.3

a) Please explain why the R/C ratio for the GS<50 class was adjusted when it is already significantly higher than that for the GS>50 class.
b) What would be the change required to the GS>50 class ratio if all of the revenue deficiency from reducing the ratio for the Sentinel Light class was assigned to GS>50?

7.0 – VECC -35
Reference: 7/T1/S3,pg.10

a) Please confirm that the Street Light values reported in Table O2 are calculated on a per connection basis.

8.0 RATE DESIGN

8.0 –VECC -36
Reference: 8/T1/S1/pg.5
3/T1/S3, Attachment 1, Schedule 5
Cost Allocation Model, Sheet I6.2

a) The Elenchus Load Forecast, the Rate Design (8/T1/S1. Page 5) and the Proposed Tariff Sheet (8/T1/S9, Attachment 2, page 5) all indicate that the number of forecast connections for 2015 is 4,918. However, Sheet I6.2 suggests that 4,918 is the number of devices and that the number of Street Light connections is 3,607. Please reconcile.
b) Please indicate how the ratio of devices to connections was determined.

8.0 –VECC -37
Reference: 8/T1/S8/pg.2

a) Please explain why the Supply Facilities Loss Factor used in Appendix 2-R (Row H) is not the 1.0035 value noted in the evidence (line 3).
b) The 5-year average noted for Row G (1.0175) is less than any of the individual annual values. Please explain.
c) Should the values included in Row H all be increased by 1.0?
d) Please revise Appendix 2-R as needed.

9.0 DEFERRAL AND VARIANCE ACCOUNTS

9.0 –VECC -38
Reference: E9/T1/S10

a) Were the conventional meters installed by removed by STEI for the Residential and GS<50 class of the same type. If not please:
    i. provide a revised stranded meter rate rider using the last Board approved (2011) cost allocation model (see Sheet I7.1); and,
    ii. provide a revised stranded meter rate rider using the costs of smart meters to the classes as the allocator.

End of document