***PUBLIC INTEREST ADVOCACY CENTRE***

***LE CENTRE POUR LA DEFENSE DE L’INTERET PUBLIC***

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Michael Janigan

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Counsel for VECC

August 27, 2014

 **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: Hydro One Brampton Networks Inc. – 2015 Rates**

**EB-2014-0083**

**Technical Conference Questions**

Please find enclosed the questions/issues VECC seeks to address with Hydro One Brampton in the above-noted proceeding. We continue to examine the responses and may have further questions at the time of the Technical Conference

Yours truly,

Michael Janigan

Counsel for VECC

Attachment

Mr. Scott Miller, Hydro One Brampton Inc.

smiller@hydroonebrampton.com

Mr. Michael Engelberg, counsel

mengelberg@HydroOne.com

**HYDRO ONE BRAMPTON INC. (HOBNI)**

**2015 DISTRIBUTION RATE APPLICATION**

**VECC’S TECHNICAL CONFERENCE QUESTIONS**

**1.0 ADMINISTRATION (EXHIBIT 1)**

**2.0 RATE BASE (EXHIBIT 2)**

 2.0 – VECC - 47

 Reference: 2-Staff-23

1. Prior to 2013 planned pole replacement had a higher average cost than reactive pole replacement. Please explain why and why in 2013 this changed?

**3.0 OPERATING REVENUE (EXHIBIT 3)**

3.0 –VECC - 48

Reference: 3-Staff – 31 a)

1. What is the voltage level for the line used to serve the embedded distributor and what is its total capacity/capability (in MWs)?

3.0 –VECC - 49

Reference: 3-Energy Probe – 17

 E3/T1/S2

1. Please confirm that the values shown in updated Tale 32 (totaling 65,993,613 kWh) are the impact of CDM as measured in terms of purchases (and not billed energy).
2. Please provide the revised 2015 manual adjustment for CDM by customer class based on billed energy.
3. Please provide revised versions of Tables 18 and 23B from the initial Application reflecting HOBNI’s currently proposed 2015 load forecast.

3.0 –VECC - 50

Reference: 3-Energy Probe – 18 a)

1. Please explain why the revenues in each of the following three categories for the first half of 2014 are significantly higher than those in 2013 and whether the revenues for 2014 overall are expected to be comparably higher than those in 2013:
* Specific Service Charges
* Late Payment Charges
* Other Operating Revenues

3.0 –VECC - 51

Reference: 3-VECC - 9

1. A review of the Load Forecast Model provided indicates that from May 2002 on the purchased power values were calculated as:
* The values shown under Planning and Standards,
* Less those reported under Snelgrove (adjusted for losses),
* Plus those reported under Algonquin.

Please explain how this reconciles with the intent to capture all purchases (including those from embedded generators and for market participants) but exclude power sold to embedded distributors, embedded generators and load transfer customers (per E3/T1/S1, page 3)

3.0 –VECC - 52

Reference: 3-VECC - 17

1. Are the kW values from Table 30 used anywhere in the application? If so, where?

3.0 –VECC - 53

Reference: 3-VECC - 18

1. Please confirm that in this Application HOBNI is seeking recovery of lost revenue from the impact in 2011 through 2014 of CDM programs implemented in 2011-2013.
2. Please confirm that the OPA has not released its final report regarding the impacts of 2013 CDM programs. How will HOBNI respond if the final impacts of 2013 CDM programs in 2013 and 2014 differ from those used in its LRAM calculations?
3. Is it conceivable that future reports by the OPA could revise the estimates of the impact of 2011-2013 CDM programs in 2014? How will HOBNI respond if this occurs?
4. With respect to VECC 18 b), given why are the impacts of the 2011-2013 programs included in the CDM Threshold for LRAMVA proposed for 2015, as the impacts of these programs are captured in the actual kWh data used in the load forecast model?

**4.0 OPERATING COSTS (EXHIBIT 4)**

4.0 -VECC -54

Reference: 4.0-VECC-27

1. HOBNI’s EDA fees are significantly below those reported by similar sized electric distribution utilities. For example Horizon’s 2012 fees were $106,500, whereas HOBNI is reporting EDA fee of only $5,120 for that year. Please confirm that table shown in the response is not in thousands of dollars
2. Part b) of the questions asks whether the MEARIE Group insurance was purchased under a tender or other competitive process. Please respond.

 4.0-VECC- 55

 Reference: 4.0-VECC-29

1. Please explain why Training/Conference & Travel costs have increased by almost $300,000 since 2010.

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

**6.0 CALCULATION OF REVENUE DEFICIENCY OR SURPLUS**

**7.0 COST ALLOCATION**

7.0 – VECC – 56

 Reference: 7-Staff-62

1. Does HOBNI have any information as to when/how the Board may implement a “fixed rate design” for small volume customers? If so, please provide.
2. Do the proposals in HOBNI’s 2015 Rate Application specifically reflect the anticipated outcomes of either of the following:
* The Cost of Capital Review that the Board has indicated in its 2014-2017 Business Plan will be undertaken in the 2014 fiscal year?
* The Low Income Strategy Review (EB-2014-0227) that the OEB is currently undertaking at the direction of the Minister of Energy?

If yes, how? If not, why not?

7.0 – VECC –57

 Reference: 7-VECC -32

1. How many years of actual smart meter data did HOBNI have for purposes of determining weather-normalized load profiles?

7.0 –VECC -58

Reference: 7-VECC-36

1. In considering the bill impacts for the Energy From Waste class, HOBNI indicates that it took into account the dollar size of the impacts relative to the generator’s overall business revenues. Was a similar approach taken for any other customer classes? If not, why not?

7.0 –VECC -59

Reference: 7-VECC-37

1. The response states that If both class’ ratios were changed to 120% then HOBNI would over collect about $370,000 in revenue. Please confirm that this only occurs if the ratios for the other classes remain as currently proposed.

**8.0 RATE DESIGN**

8.0 –VECC -60

Reference: 8-Staff – 61 b)

1. Other than customer counts, did HOBNI undertake any analysis to that would demonstrate it is comparable to the large distributors used for the fixed/variable comparison? If so, on what other basis were the 10 distributors assessed and deemed to be comparable to HOBNI? Please provide the supporting analysis.

8.0 –VECC -61

Reference: 8-VECC-42 a)

1. Given that the Embedded Distributor’s load is expected to increase in the future (per 3-Staff-31), why is it appropriate to utilize a 100% fixed charge for 2015 which will then be perpetuated throughout the subsequent IRM period?

**9.0 DEFERRAL AND VARIANCE ACCOUNTS**

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