



**PUBLIC INTEREST ADVOCACY CENTRE**  
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613-562-4002

December 02, 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-2014-0096 Niagara Peninsula Energy Inc.**

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

Yours truly,

Michael Janigan  
Counsel for VECC

Attachment

cc: Mr. Paul Blythin, Regulatory Affairs NPEI  
[paul.blythin.@npei.ca](mailto:paul.blythin.@npei.ca)

<b>REQUESTOR NAME</b>	<b>VECC</b>
<b>INFORMATION REQUEST ROUND NO:</b>	<b># 1</b>
<b>TO:</b>	<b>Niagara Peninsula Energy Inc. (NPEI)</b>
<b>DATE:</b>	<b>December 2, 2014</b>
<b>CASE NO:</b>	<b>EB-2014-0096</b>
<b>APPLICATION NAME</b>	<b>2015 Electricity Distribution Rate Application</b>

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## **1.0 ADMINISTRATION (EXHIBIT 1)**

### 1.0 – VECC - 1

Reference: 1/T3/S1/Attachment 2/ Attachment 4

- a) Please provide the cost of the NPEI Customer Engagement Plan.
- b) Please provide the cost of the 2014 Customer Survey.

### 1.0-VECC - 2

Reference: 1/T3/S1/Attachment 2/section 2.1/section 2.3/section 3.2

- a) Please provide the annual summary of call centre calls for each of 2011 through 2014. Specifically, please show the number of “high bill calls” (see pg.12) that NPEI receives annually.
- b) Please provide the list of 2014 capital projects currently posted on NPEI website.
- c) Please provide the summary results of the transactional survey’s described in section 2.3 (pg.19) for each year 2011 through 2014.

### 1.0–VECC- 3

Reference: 1/T3/S1/Attachment 2/pg.13

- a) Please provide the number of customers currently enrolled in NPEI’s e-billing option?
- b) Please explain the financial benefits, if any, that e-billing provides to NPEI as compared to regular post or in-person bill payment.
- c) At page 13 of the NPEI Customer Engagement Baseline Report it states that: *“NPEI provides links on its website regarding its rate filing*

*and opportunities to participate in the rate proceedings.”* Upon review of the Web site we were unable to find any such link. Does NPEI post information on its request for a rate increase on its web site? If not please explain why not.

1.0-VECC- 4

Reference: E1/

- a) How many in-person payment offices does NPEI operate (i.e. where you can pay your bill in cash)?
- b) What is the cost of these operations?

## **2.0 RATE BASE (EXHIBIT 2)**

2.0 – VECC - 5

Reference: 2/T1/S1

- a) Please explain what the \$602,414 in additions to account 1860 (Meters) in 2014 were for.
- b) Please confirm that \$3,780,431 2015 closing balance in account 1860 does not include any stranded meters for which NPEI is seeking recovery in this application.

2.0 - VECC- 6

Reference: 2/T1/S2/pg.5

- a) With respect to the \$581,552 2011 variance for line transformers there is no explanation as to the source of the variance. Please explain if the variance was due to unit cost variance, units ordered or some other factor.

2.0-VECC- 7

Reference: 2/T1/S2

- a) In the same format of Table 2-6 (see page 8 of reference), please provide the actual as compared to the budgeted forecast for capital additions for the years 2012 and 2013.

2.0-VECC-8

Reference: 2/T1/S2

- a) In the same format of Appendix 2-AA please provide the actual 2014 capital expenditures to date. In an additional column please show the remaining forecast spending for 2014.
- b) Please provide any required update to the 2015 budget based on current 2014 expected project completion.

2.0-VECC-9

Reference: E2/T1/S2

- a) Please provide an update on the Rolling Acres Subdivision project indicating the monies spent to date. Please indicate the amount for this project (if any) that is included in 2015 rate base.

2.0-VECC-10

Reference: E2/T1/S2

- a) Please provide the cost-benefit analysis that was undertaken to justify the acquisition of the Niagara Parks Commission high voltage assets. Please show the projected incremental revenue stream and 5 year projected maintenance costs.
- b) What is the net book value of the assets in question and what is the remaining life of the assets?

2.0-VECC-11

Reference: E4/T3

- a) Please provide a breakdown of the \$1,903,089 in 2014 smart meter costs. Please shown the number and cost of new residential meters and the replacement of old smart meters separately.
- b) What is NPEI's expected failure rate of recently installed smart meters? Please contrast that to the prior generation of standard mechanical meters.

2.0-VECC-12

Reference: 2/T2/S3/

- a) Please provide NPEI's actual average working capital for the years 2011 through 2013 (e.g. current assets – current liabilities).

### **3.0 OPERATING REVENUE (EXHIBIT 3)**

3.0 –VECC - 13

Reference: E3/T1/S1, pg. 4 (Table 3-2)  
E3/T2/S1, pg. 4

- a) Please explain more fully why the actual 2011 revenues for Streetlighting and Sentinel Lights were both significantly less than the Board approved values for that year.
- b) Please explain why the actual 2012 revenues for Streetlighting and Sentinel Lights are significantly higher than the Board approved 2011 revenues.

3.0 –VECC - 14

Reference: E3/T1/S1, pg. 15 (lines 293-296)  
<http://www.fin.gov.on.ca/en/budget/fallstatement/2014/>

- a) Please provide a table that compares the real GDP growth rates used by NPEI for 2013 to 2015 with those in the most recent economic outlook produced by the Ontario Ministry of Finance.

3.0 –VECC - 15

Reference: E3/T1/S1, pg. 23  
E2/T1/S2, pg. 34  
E2, Appendix N, pg. 2

Preamble: The purpose of this interrogatory is to understand the customers and load served by the assets NPEI is planning on acquiring from the Niagara Parks Commission and how this will impact the number of customers by customer class served by NPEI in 2015.

- a) How many delivery/connection points does NPEI currently have with the Niagara Parks Commission assets its plans on purchasing?
- b) From a customer count and customer class perspective, how are there delivery points treated ((i.e., How many customers do they represent and in what classes?). Please provide a schedule summarizing the number of customers by class for 2013.
- c) Following the purchase of the “primary assets” by NPEI how many delivery points/points of connection will there be with the Niagara Parks Commission? If the number does not change, please explain why.
- d) After the purchase, how many customers by customer class will these delivery points represent after the purchase?
- e) With respect to the responses to parts (b) and (d), if there is no change please explain why. If there is a change, please indicate how this has been factored into the forecast customer count by class for 2015.

### 3.0 –VECC - 16

Reference: E3/T1/S1, pg. 15 (lines 298-303)

- a) Is the OPA’s Preliminary/Final CDM Results report for 2013 now available and, if so, please provide a copy.
- b) If the 2013 preliminary/final OPA CDM Results report is available please undertake the following:
  - Update Table 3-22
  - Update NPEI’s load forecast regression model files
  - Re-estimate the load forecast equation set out on pages 13-14
  - Provide a copy of the revised load forecast excel model.
  - Update Tables 3-7, 3-9, 3-11, 3-23, 3-25, 3-28 and 3-29

### 3.0 –VECC - 17

Reference: E3/T1/S1, pg. 15 (lines 303-307)

<http://www.powerauthority.on.ca/opa-conservation/conservation-first-framework-tool-kit/targets-and-budgets>  
3-Staff 33

- a) If the response to Staff 33 c) regarding the impact of 2015 CDM programs in 2015 differs from the 2.9 GWh used in the Application, using the revised forecast equation from the preceding question

please undertake the following:

- Update Table 3-7
- Update the forecast CDM assumptions in NPEI's load forecast model files and provide a copy of the revised load forecast excel model.
- Update Tables 3-7, 3-9, 3-11, 3-23, 3-25, 3-28 and 3-29

### 3.0 –VECC - 18

Reference: E3/T1/S1, pg. 15-16  
E3/T1/S1, pg. 28-29

- a) Please confirm that in preparing the 2015 purchased power forecasts (per Table 3-11) NPEI increased the CDM variable in the load forecast equation to include the impact of CDM programs introduced in 2014 and 2015.
- b) If confirmed, please explain why the CDM adjustment set out in Table 3-25 does not result in a double counting of the impact of 2014 and 2015 CDM programs.
- c) Using NPEI's original load forecast model, please provide a revised purchase power forecast for 2015 (a la per Table 3-11) where the impacts of 2014 and 2015 CDM programs are excluded from the CDM input variable used and provide a copy of the revised excel model supporting this forecast.
- d) Using the results from part (c), please provide revised total billed energy forecasts for 2014 and 2015 (a la page 25, lines 17-19) and revised versions of Tables 3-25 and 3-28.

### 3.0 –VECC - 19

Reference: E3/T1/S1, pg. 19 (Table 3-11)  
E3/T1/S1, pg. 36

- e) Please provide the model used to estimate the 20-year trend values for HDD and CDD and indicate whether the trend is statistically significant for either parameter.

### 3.0 –VECC - 20

Reference: E3/T1/S1, pg. 19 (lines 298-303)

- a) Please estimate the 2013 weather normal purchases by undertaking to following calculation:

- i. Multiplying the difference between the 2013 actual and weather normal values for CDD and HDD by their respective coefficients, per page 13.
- ii. Adding the results from (i) to the actual System Purchases for 2013.

Please provide a schedule setting out the calculations undertaken.

### 3.0 –VECC - 21

Reference: E3/T1/S1, pg. 21

- a) Please indicate NPEI did not consider using a 12 year average loss value (consistent with the historical period used to estimate the load forecast model).

### 3.0 –VECC - 22

Reference: E3/T1/S1, pg. 28 (Table 3-24)  
Appendix 2-I

- a) Please explain why the LRAMVA value shown in Table 3-24 (26.7 GWh) differs from that in Appendix 2-I (2.9 GWh).
- b) Which value is NPEI proposing for purposes of the LRAMVA for 2015?
- c) If NPEI is proposing an LRAMVA value for 2015 that includes CDM results from CDM programs implemented prior to 2014, please explain why.

### 3.0 –VECC - 23

Reference: E3/T1/S1, pg. 23

- a) Please provide the actual customer/connection count by class as of June 30, 2014.

### 3.0 –VECC - 24

Reference: E3/T3/S1, pg. 13-15

- a) At page 14 the Application states that there is a trending decrease in customer with retailers. If this is the case, why are the forecast SSS Admin Charge revenues for 2015 less than the actual revenues for 2013?



3.0 –VECC - 25

Reference: E3/T3/S1, pg. 7

- a) Please provide version of Table 3-45 showing the year to date actual 2014 values for each account and the corresponding values for 2013 for the same time frame.

#### **4.0 OPERATING COSTS (EXHIBIT 4)**

4.0 - -VECC - 26

Reference: E4/T2/S1

- a) Please provide separately and for each year 2011 through 2015 (forecast) the annual membership costs for these corporate memberships and specifically for: (1) EDA; (2) Utility Partners Cooperative, (3) NEPA and (4) Grid SmartCity.

4.0 --VECC - 27

Reference: E4/T1

- b) Please provide a list of NPEI corporate memberships.
- c) Please provide separately and for each year 2011 through 2015 (forecast) the annual membership costs for these corporate memberships and specifically for: (1) EDA; (2) Utility Partners Cooperative, (3) NEPA and (4) Grid SmartCity.

4.0-VECC-28

Reference: E4/T1/S1

- a) What would be the annual OM&A savings if the compensation budget were based on a 1% increase in costs beginning April 1, 2015?

4.0-VECC- 29

Reference: E4/T1/S1/pg.3

- a) Please provide the Statistics Canada CPI annual inflation figures for each of 2011 through 2014.
- b) Please provide NPEI's IRM stretch factor and productivity offset

factors for the period 2011 through 2014.

#### 4.0-VECC-30

Reference: E4/T2/S1/pg.2

- a) Please confirm that NPEI is stating that OM&A costs in 2015 are approximately 7% lower in 2015 than would otherwise been the case had their not been a change in capitalization policies (i.e. confirm that is what is being shown in Table 4-1).

#### 4.0-VECC-31

Reference: E4/T2/S1/pg.7 & E4/T3/S3

- a) It is not clear whether Table 4-10 is showing an actual reduction in FTEs as between 2013 and 2015 of 28 to 24 or a reallocation of some and removal of others. Form comparison basis please provide a table showing the number of (each) Billing Staff, Cashiers, Receptionists, Supervisors that were responsible for both NPEI and City of Niagara water services in 2013 and in a separate column the number expected to be employed in 2015. Please note those positions remaining employed but in a different role and those made redundant.
- b) Why was one supervisor billing position not eliminated as part of the change in water billing services?
- c) Please explain what role the 3 unionized positions whose costs were 100% charged to the Affiliate will be doing in 2015.
- d) Please provide the 2015 total compensation costs for the 3 unionized employees, and the 50% of the billing and customer service supervisor costs referred to at page 7 of the reference.
- e) What costs in addition to the \$120k in supervision and \$476k in labour are no longer being recovered through the \$4.20 water bill charge?

#### 4.0-VECC-32

Reference: E4/T3/S4

- a) Does NPEI 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-33

Reference: E4/

- 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 - 34

Reference: E4/T2/S1/Appendix 2-JA

- a) Please confirm 2015 is shown in MIFRS and 2014 in CGAAP.
- b) Approximately 45% of the increase in OM&A costs is under the category of Billing and Collection. The evidence explains the increases between 2011 and 2015 but not by category. Please provide a comparison of the 2011 Billing and Collection actual costs and the 2015 forecast costs which explain this category's increase.

#### 4.0 - VECC - 35

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 2011 and 2015 forecast.

#### 4.0-VECC- 36

Reference: E4/T3/S1/pg.3 & 5

- a) NPEI states that it has included \$132k in incremental OM&A costs for MIST meter reading in 2015. Please confirm that in 2019 NPEI is forecasting the cost of reading these meters as \$219,600 for reading 2,745 meters.
- b) Please explain how the incremental MIST meter reading cost of \$332k shown at page 5 is calculated. Are these meters remotely

read? Are the costs for actual meter reading or hardware/software for remote reading?

4.0-VECC- 37

Reference: E4/T3/S1/Attachment 1

- a) Please provide the reason(s) for the increase in Meter Reading – Outside Services of \$153,072 in 2013 increasing to \$354,400 in 2014 and \$477,680 in 2015.

4.0-VECC-38

Reference: E4/T3/S2/

- a) Please provide the actual and forecast cost for temporary resources/third party agencies employees for each of 2011 through 2015.
- b) Please provide Appendix 2-K breaking out union and non-union FTEs and compensation.
- c) Please provide a listing (job description) of each of the 7 incremental management positions added since 2011.
- d) Please provide the total compensation cost of the 7 new incremental positions.
- e) Please provide the same information as c) and d) for the decrement of 10 FTES in the non-management category.

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

5.0 – VECC - 39

Reference: E5/T1/S1

- a) Please provide separately NPEI's actual and deemed return on equity for the years 2011 through 2014 (excluding FMV).

5.0-VECC- 40

Reference: E5/T2/S1/pg.5 & RRWF Excel

- a) Appendix 2-OB shows interest expenses of \$3,455,899. The RRWF Excel form shows under the tab Revenue Requirement Deemed Interest Expenses of \$3,567,234. Please reconcile.

## 6.0 CALCULATION OF REVENUE DEFICIENCY OR SURPLUS

N/A

## 7.0 COST ALLOCATION

7.0 – VECC – 41

Reference: E7/T1/S1, pg. 3 (lines 28-29)

- a) Since the service weighting factors are meant to reflect the relative cost, by customer class, of a single service connection, please explain why/how the infrequency of service connections for streetlights, unmetered loads and sentinel lights impacts the weighting factor.

7.0 – VECC – 42

Reference: E7/T1/S1, pg. 4  
E8/T6/S1

- a) Please indicate what costs savings accrue to NPEI as a result of the IESO's MDMR activity (i.e. what activities are performed by the IESO that NPEI would otherwise have to undertake?).
- b) Please indicate how these savings have been factored into the billing and collecting factors proposed for Residential and GS<50 versus the weighing factor proposed for GS>50.

7.0 – VECC - 43

Reference: E7/T1/S1, pg. 6  
Cost Allocation Model, Tab I-7.1

- a) Please explain why the number of meters for the GS<50 class used in the cost allocation (4356) is less than the number of GS<50 customers forecast for 2015 (4385).
- b) Please explain why the number of Residential meters used in the cost allocation (46,764) is less than the number of Residential customers forecast for 2015 (47,067).

7.0 – VECC - 44

Reference: E7/T1/S1, pg.7-8

Cost Allocation Model, Tab I-7.2

- a) Please clarify the treatment of meter reading costs in the Application:
- i. Do the metering reading costs included in the application for 2015 reflect the MIST forecast meter reading costs for 2015 (\$43,920) or have they been adjusted upwards per Table 7-5 to \$131,760 based on the five year average (2015-2019)?
  - ii. Please explain more fully how the number of meter reads by meter type were established for each customer class in Table I-7.2.
  - iii. Please reconcile the total number of meter reads for each customer class shown in Tab I-7.2 with the number of meters by customer class per Tab I-7.1.

7.0 – VECC - 45

Reference: E7/T1/S2, pg. 1

Cost Allocation Model, Tab I-6.1 and I-6.2

- a) Does NPEI or the customer own the conductor that serves as the daisy-chain connection for each group of streetlights past the point of disconnect as described at lines 16-19?
- b) It is noted that for purposes of determining the revenue at current rates in Tab I-6.1 the number of Streetlight connections was increased by a factor of 10. Is the service charge applicable to Streetlights applied per device/fixture or per connection for billing purposes?

7.0 – VECC – 46

Reference: E7/T1/S2

E2/T1/S2, pg. 34

Preamble: Please only complete this interrogatory if there has been no explicit adjustment made to the 2015 number of customers by customer class as a result of the planned purchase of the Niagara Parks Commission's assets.

- a) Please provide a revised 2015 Cost Allocation Model which includes an additional customer class labelled – NPC-Direct

Assignment. For this new class:

- Please directly assign to this class the assets proposed to be purchased from the Niagara Parks Commission and any associated O&M for 2015 included in the proposed revenue requirement.
- Please set both the 2015 load values and customer/connection count for the class at zero.

## 8.0 RATE DESIGN

8.0 –VECC - 47

Reference: E8/T1/S1, pg. 3 - 5

- a) Please explain more fully how the proposed 65% fixed / 35% variable split for the Residential and GS<50 classes was established (i.e., why this particular ratio in each case?).
- b) What is rationale for proposing service charges for the GS<50 and USL classes that are above the ceiling rates calculated by the cost allocation model?

8.0 –VECC - 48

Reference: E8/T3/S1

- a) Please update the proposed RTSR rates for 2015 to reflect the 2015 transmission rates recently proposed by Hydro One (EB-2014-0140).

8.0 –VECC - 49

Reference: E8/T13/S1, Attachment 1

- a) Please provide Residential bill impact schedules based on the following monthly usage levels that include the updated RTSR rates from the preceding question:
  - 100 kWh
  - 250 kWh
  - 500 kWh
  - 800 kWh
  - 1,000 kWh

- 1,500 kWh and
  - 2,000 kWh
- b) Based on the most recent 12 months of billing data available, please provide a breakdown as to the number of residential customers that fall into the following ranges of monthly usage:
- 0-100 kWh
  - >100 – 250 kWh
  - >500 – 800 kWh
  - >800 – 1,000 kWh
  - >1,000 – 1,500 kWh
  - >1,500 – 2,000 kWh
  - >2,000 kWh

## **9.0 DEFERRAL AND VARIANCE ACCOUNTS**

9.0 –VECC - 50

Reference: 9/T3/S6

- a) NPEI proposes to dispose of \$16,992 in account 1508, but maintain the account until the transition to IFRS is complete. What further costs does NPEI anticipate booking into this (sub) account?

End of document