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August 5, 2015

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-2015-0073 – Guelph Hydro Electric Systems Inc. (Guelph Hydro)
Notice of Intervention of Vulnerable Energy Consumers Coalition (VECC)**

This letter is filed in accordance with the Procedural Order No. 1 requesting that intervenors advise Guelph Hydro of the topic areas for questions for the August 10, 2015 Technical Conference. VECC advises that it may have clarification or follow-up questions with respect to all exhibits other than Exhibit 6.

In order to be of assistance to the Applicant VECC has enclosed a number of specific questions of clarification. We continue to review the interrogatory responses and will have further questions which are better asked directly to the Applicant at the time of the Conference.

Yours truly,

Michael Janigan
Counsel for VECC

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**GUELPH HYDRO ELECTRIC SYSTEMS INC.
2016 DISTRIBUTION RATES
VECC Pre-filed Technical Conference Questions**

NB – numbering continues after last VECC interrogatory

3.0 OPERATING REVENUE (EXHIBIT 3)

3.0 –VECC -65

Reference: 3-Energy Probe 21

- a) Please outline Guelph Hydro's plans to address the customer refusal to have smart metering installed.

3.0 –VECC -66

Reference: 3-Energy Probe 22

- a) In the response Guelph Hydro states: "Guelph Hydro intends to continue to refine its load forecasting methodology to better predict turning points in the data". Please confirm whether or not Guelph Hydro intends to refine and update the load forecasting methodology used in this Application or whether the intent is that any such refinements would be reflected in future applications.

3.0 –VECC -67

Reference: 3-Energy Probe-24 b)

3-Energy Probe 25 a)

Chapter 2 Filing Requirements, Appendix 2-H

- a) Would adding the revenue and expenses shown in Energy Probe 24 b) to the amounts shown in Appendix 2-H for Accounts #4375 and #4380 respectively make the values comparable with those shown in Appendix 2-H for 2014-2016 for these two accounts? If not, please provide a schedule that sets out the 2012 and 2013 values for Accounts #4375 and #4380 on the same reporting basis as used for these accounts for 2014-2016 and explain the derivation of the reported 2012 and 2013 values .
- b) The response to Energy Probe 25 a) suggests that the expenses shown in Energy Probe 24 b) for Intercompany Shared Services include: i) expenses incurred by GHESI in providing shared services to its Affiliates (the revenue for which are also shown in Energy Probe 24 b) and ii) the

expenses incurred by GHESI in purchasing Intercompany Shared Services from its Affiliates.

- Please confirm if this is the case and, if so, breakout the Intercompany Shared Services expenses paid to Affiliates for the years 2012-2016.
- If not, please reconcile the responses to Energy Probe 24 b) and 25 a).

4.0 OPERATING COSTS (EXHIBIT 4)

4.0 -VECC -68

Reference: 4-Energy Probe - 53

Preamble: Using the pre-CDM and post-CDM billed energy values extracted from the Rate Class Energy Model tabs of the data files noted in Ref 1 and Ref 2, VECC has created the following table which sets out the forecast billed energy by rate class pre and post-CDM and calculated difference based on the Board approved 2012 load forecast, i.e., the CDM included in the 2012 Load Forecast by Rate Class.

	<u>2012 Board Approved Load Forecast</u>								
	<u>Total Billed</u>	<u>Residential</u>	<u>General Service ≤ 50 kW</u>	<u>General Service ≥ 50 to 999 kW</u>	<u>General Service ≥ 1000 to 4999 kW</u>	<u>Large Use >5000 kW</u>	<u>Streetlights</u>	<u>Sentinel Lights</u>	<u>Unmetered Scattered Loads</u>
2012 Pre-CDM	1,691,924,424	384,843,346	151,133,120	403,908,989	466,246,062	273,697,118	9,777,748	88,740	2,229,301
2012 Post-CDM	1,676,018,424	378,871,008	148,787,703	399,661,950	465,120,498	271,481,475	9,777,748	88,740	2,229,301
CDM	15,906,000	5,972,338	2,345,417	4,247,039	1,125,564	2,215,643	0	0	0

- Please confirm that the 2012 Approved Load Forecast values – with and without CDM – used in the table set out in the Preamble are correct. If not, please provide a corrected version.
- Please confirm that the calculation set out in the Preamble for determining the 2012 CDM energy adjustment by customer class mirrors the methodology used by Guelph Hydro to calculate the 2012 CDM adjustment for classes billed on kW for purposes of determining the LRAMVA balances.
- Please explain why Guelph Hydro used the kWh values set out in Table 4-85A of the Application for purposes of determining the LRAMVA balances as opposed to those set out in the Preamble.

7.0 COST ALLOCATION

7.0 – VECC –69

Reference: 7-Energy Probe – 58
7- Staff -56 & 57

- a) In using the new Board Cost Allocation model were any revisions/corrections to the data input made in apart from those described in Staff-56? If yes, please outline what they were.
- b) The data correction outlined in Staff-56 b) helps to explain the increase in the SQ revenue to cost ratio for the GS 1,000-4,999 class as between the initial Application and Energy Probe-58. However, please explain the reasons for the large increases observed in the ratios for Large Use and USL.
- c) In support of the response to part (b) please also provide a run of the initial Cost Allocation model (as used on the Application) that incorporates the revised data inputs.

7.0– VECC –70

Reference: 7-VECC -53 c)

Preamble: The original question asked in what accounts the costs of connecting street lights were captured. However, the response addressed the treatment of street lighting maintenance.

- a) Please respond to the original question and indicate if there are any costs which are incurred by Guelph Hydro when street lights are connected to its secondary buses which are capitalized and/or expensed and, if so, what are they and in what account(s) are they recorded. Furthermore, per the original question, what are the related 2016 forecast costs in each of these accounts?
- b) With respect to the response provided to part (c), are maintenance cost referred to related to the maintenance of the Street Lights owned by the municipality or to the maintenance of Guelph Hydro assets required to service street lights?
- c) With respect to the response provided to part (c), please explain why the costs are captured in a miscellaneous receivables account. Also, are these costs eventually recovered from the municipality and, if so, why aren't they and the associated revenues treated as part of Other Revenue?

7.0 –VECC -71

Reference: 7-VECC-53 d) & e)

- a) Do USL customers perform all the work required to connect their devices to Guelph Hydro's distribution system? If so, what procedures are in place to ensure that Guelph Hydro has an accurate count of the USL devices connected to its system?

7.0 –VECC -72

Reference: 8-VECC-55

- a) Given that Guelph Hydro owns and operates the DG meter, Is the cost of the additional meter required for the DG project recorded in Guelph Hydro's accounts along with an offsetting capital contribution? If not, how is it treated for accounting purposes?
- b) What are the annual costs incurred by Guelph Hydro associated with operating and maintaining the DG meter?

8.0 RATE DESIGN

8.0 –VECC -73

Reference: 8-Staff-58

- a) With respect to part b)-iii), based on year to date 2015 actuals what percentage of the GS 50-999 billed load qualified for the TOA?
- b) Please confirm that the proposed \$64,558 value for the TOA in 2016 is consistent with assuming that 8.6% of the 2016 forecast billed kW for the class qualifies for the allowance. If not confirmed, what is the appropriate percentage?

8.0 –VECC -74

Reference: 8-Staff-61

Preamble: In the second last paragraph of the response Guelph Hydro states:

Considering all the above, Guelph Hydro is proposing to maintain the current monthly charges for the GS 50 to 999 kW, GS 1,000 to 4,999 kW, Large Use and Sentinel Lighting rate classes above the ceiling fixed charges.

- a) Please clarify whether Guelph Hydro is now proposing to:
 - i. Maintain the current 2015 monthly service charge for these classes, or
 - ii. Maintain the currently proposed monthly service charge derivation for these classes as per the original Application.

8.0 –VECC -75

Reference: 8-Staff-62
8-VECC-55

- a) The response to Staff 62 a) states that “the standby rate will be charged to generated demand when the maximum load and generation peaks coincide”. This appears to suggest that standby rates only apply when the maximum delivered load and the generation peak coincide. However, in the second example provided in response to VECC-55, the customer pays distribution variable charges based 6,955 kW when the maximum delivered load is only 5,000 kW even though the maximum load and generation peaks do not coincide. Please reconcile.
- b) Please explain why in VECC-55:
 - i. For the first example, the variable charge is applied only to 4,950 kW of delivered load even though the maximum load in the example is 5,000 kW, and
 - ii. For the second example, the variable charge is applied to only 4,455 kW of delivered load even though the maximum load recorded was 4,500 kW at the time.
- c) With respect to VECC 55 c), please clarify whether the new DG Large Use customer referred to in the second paragraph is in addition to the one existing Large Use customer with DG referred to in the Application (Exhibit 8/Tab 1/Schedule 1, page 12).
- d) With respect to the response to VECC 55 d), please clarify what is meant by the Standby Rates “keep(s) the distribution revenue neutral of any self-generation” and how this statement applies in the case of the examples set out in 8-VECC-55 b).
- e) Please explain more fully why there would have been no additional revenue in 2014 if the existing Large Use customer had been billed under the proposed standby rates. Was there no month in 2014 when the maximum coincident demand of the delivered load plus the generation exceeded the maximum delivered load?

8.0 –VECC -76

Reference: 8-VECC-58 a)
E8/T10/S1, pg. 10

- a) The response states that Guelph Hydro currently charges a fixed rate of \$73 for an overhead bond connection and \$26 for an underground bond connection. However, the approved 2015 Specific Charges do not include these items. Please reconcile and indicate the basis/authority under which Guelph Hydro currently levies these charges.

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