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August 21, 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-2015-0083 – Kingston Hydro Corporation – 2016-2020 CIR Application
Interrogatories of Vulnerable Energy Consumers Coalition (VECC)

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

Yours truly,

M.Garner/for M. Janigan

Michael Janigan
Counsel for VECC

Mr. Randy Murphy, Chief Financial Officer &Treasurer
rmurphy@kingstonhydro.com

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REQUESTOR NAME	**VECC**
INFORMATION REQUEST ROUND NO:	**# 1**
TO:	**Kingston Hydro Corporation (Kingston or Kingston Hydro)**
DATE:	**August xx, 2015**
CASE NO:	**EB-2015-0083**
APPLICATION NAME	**2016 CIR Application**

1.0 ADMINISTRATION (EXHIBIT 1)

1.0-VECC-1
Reference: E1/T1/S1/pg.14

a) Please identify the comparator utilities used for the purpose of Table 6.

1.0-VECC-2
Reference: E1/T3/S1/pg.9

a) Please provide the current year-to-date CPI inflation as reported by Statistics Canada. Please provide the same for the most recent 12 month period.

1.0-VECC-3
Reference: E1/T4/S1/pg.6

b) Please confirm that the Utility Pulse survey was undertaken by Utilities Kingston and not Kingston Hydro.
c) A number of the survey questions (results) are with respect to common utility issues. Was there any attempt to differentiate the results by Utility?

1.0-VECC-4
Reference: E1/T4/S1/pg.8

Table 1 – Responses (agreed) to questions regarding the multi-utility model

It is convenient to receive one bill for all utilities	97%
A single source of contact for all utility needs makes life easier	96%
There is a faster restoration of disrupted utility services	72%
There is better co-ordination of infrastructures repairs and upgrade	73%
Move-in or move-out are easy to arrange	78%
One bill for all utilities or one interface through the MyUtilities portal makes it easier to manage and track costs	91%

a) Table 1 provides a number of responses which are comparative in nature. For example, to understand that a multi-utility model provides faster restoration one would presumably need to understand the restoration times of a single utility (or other alternative) model. Did the respondents have such knowledge? In the absence of comparator information how should the responses to be interpreted? Please explain why the results are still meaningful.

1.0-VECC-5
Reference: E1/T4/S1/Attachment 2/pg.8 /pg.27

a) The results at page 8 of the Utility Pulse survey show that 39% of respondents indicated they had an outage in 2014. What percentage of customers actually experienced an outage in 2014?

2.0 RATE BASE (EXHIBIT 2)

2.0 – VECC - 6
Reference: E2/T1/S4

a) Please recalculate the 2016-2020 Rate Base working capital allowance using the Board's default value of 7.5% of controllable costs.
b) If Kingston Hydro does not intend to use this value please indicate when it expects to file its own lead/lag study.

2.0 – VECC - 7
Reference: E2/T1/S1/DSP/pg.13

a) Please show 5.2.1 Table 2 (Breakdown by key investment) by the same categories for years 2010 through 2020.
b) Please show the Engineering cost percentage expected for each of these categories (see pg.26)
c) For each of the categories please provide the measurement metric(s) and targeted outcome(s) that Kingston will use to assess these work programs over the term of the rate plan.

2.0 – VECC - 8
Reference: E2/T1/S1/DSP/pg.37, 44-45

a) Please provide a table showing for each year from 2010 to 2014 outages by all cause codes tracked by Kingston Hydro (if more than those shown at pages 36-41).
b) Please also show by cause codes for each year's contribution to SAIFI.

2.0 – VECC - 9
Reference: E2/T1/S1/DSP/pg.41-47

a) Does Kingston anticipate any change to its planned outage metrics during the course of the rate plans' capital program?
b) Please provide the anticipated contribution (percentage) of planned outages contribution to SAIFI and SAIDI during the period 2015 through 2020.

2.0 – VECC - 10
Reference: E2/T1/S1/DSP/pg.179

a) Please provide a table for each year for the first full year following the implementation of smart meters (2013?) to 2020 which shows by rate class: (a) total number of meters installed; (b) new service meters installed; (c) total meter costs.

2.0-VECC-11
Reference: E2/T1/S1/pg. 174 /Appendix 2-AB

a) Please provide a table in the form of Appendix 2-B which shows the actual spending in each category and the associated capital contributions for that category in each of the years 2010 through 2020.

2.0-VECC-12
Reference: E2/T1/S1/pg. 183 / Appendix 9 (PDF pgs. 920-)

a) For each of the following IT investments : a) CIS system; (b) ERP, (c) Customer Relationship Management System - please provide the total cost of the system, the amount allocated to Kingston Hydro and the methodology used for allocating the costs to Kingston Hydro. Please also provide the forecast in-service year.

2.0-VECC-13
Reference: E2/T1/S1/pg. 183 / Appendix 9

a) For each year 2015 through 2020 please provide the number of new vehicles to be purchased and the cost of the vehicles. If some or all of the vehicles are purchased in common by and for Utilities Kingston then please show the allocation of costs to Kingston Hydro and the methodology used for allocating those costs.

3.0 OPERATING REVENUE (EXHIBIT 3)

3.0 –VECC -14
Reference: E3/T1/S1, pg. 1 and Attachment 1 (Appendix 2-1A)

a) Was the monthly class-specific retail data provided to Elenchus based on calendar monthly readings? If not, please explain what is meant by "monthly" and how the values were determined.
b) With respect to Appendix 2-1A, please describe how the actual 2014 values were "weather normalized".

3.0 –VECC -15
Reference: E3/T1/S2, Attachment 1 (Elenchus Report), pg. 1-4

a) Page 1 explains that GDP was not used as an independent variable since there were no published sources that provided history on a regional basis. However, in the final equation, Elenchus has chosen to use provincial employment as the economic variable as opposed to regional employment. Given this, did Elenchus examine provincial GDP as a possible explanatory variable for the GS>50 and Large Use classes?
b) If the response to part (a) is no, please provide the results (i.e., equation coefficients and equation statistics) if Ontario GDP is used in lieu of Ontario employment for each of these classes.

3.0 –VECC -16
Reference: E3/T1/S2, Attachment 1 (Elenchus Report), pg. 5-6

a) How much (i.e., in terms of kWh) does the trend variable contribute to the predicted Residential use in 2014?
b) What was the impact on Kingston Hydro's 2014 residential sales of the CDM Programs implemented over the period 2009-2014? Please provide references for the values reported.

3.0 –VECC -17
Reference: E3/T1/S2, Attachment 1 (Elenchus Report), pg. 7-9

a) How much (i.e., in terms of kWh) does the trend variable contribute to the predicted GS<50 use in 2014?
b) Was the bulk reclassification of customers from GS<50 to GS>50 reflected in the GS<50 customer count variable?

i. If no, why not?
ii. If yes, please explain why is a "reclassification" variable is needed and provide the regression analysis results (i.e model coefficients and statistics) if this variable is excluded.

c) What was the impact on Kingston's 2014 GS<50 sales of the CDM Programs implemented over the period 2009-2014? Please provide references for the values reported.
d) Did Elenchus examine Ontario GDP as a possible explanatory variable? If not, please provide the results (i.e., equation coefficients and equation statistics) if Ontario GDP is also included. If yes, why was it rejected.

3.0 –VECC -18
Reference: E3/T1/S2, Attachment 1 (Elenchus Report), pg. 9-11

a) How much (i.e., in terms of kWh) does the trend variable contribute to the predicted GS>50 use in 2014?
b) What was the impact on Kingston's 2014 GS>50 sales of the CDM Programs implemented over the period 2009-2014? Please provide references for the values reported.

3.0 –VECC -19
Reference: E3/T1/S2, Attachment 1 (Elenchus Report), pg. 12-14

a) How much (i.e., in terms of kWh) does the trend variable contribute to the predicted Large Use class use in 2014?
b) What was the impact on Kingston's 2014 Large Use sales of the CDM Programs implemented over the period 2009-2014? Please provide references for the values reported.

3.0 –VECC -20
Reference: E3/T1/S2, Attachment 1 (Elenchus Report), pg. 15-23
OEB's Chapter 2 Cost of Service Rate Application Filing Guidelines, July 16, 2015, page 30

a) It is noted that the Filing Guidelines for 2016 Cost of Service Based Rate Applications require that the Applicant provide "the load forecasts based on a) 10-year average and b) 20-year trends in HDD and CDD". For those classes using HDD and/or CDD, please provide a schedule that compares the customer class forecasts (as produced using the regression models based on: a) a definition of weather normal using a 10 year average, as

proposed by Kingston Hydro, and b) a 20-year trend in the HDD and CDD values.

b) What was the source and values for the forecast of Ontario Employment for the years after 2016?
c) For those classes using Ontario Employment, please provide an alternate kWh load forecast using the employment forecast from the Ontario Budget released in April 2015. (http://www.fin.gov.on.ca/en/budget/ontariobudgets/2015/ch2d.html#t2-5
d) For each of classes employing a trend variable in the forecast model, please provide a schedule that indicates the impact the continuing increase in the trend variable has post December 2014 on forecast annual kWh for each of the years 2015-2020.

3.0 –VECC -21
Reference: E3/T1/S2, Attachment 1 (Elenchus Report), pg. 24-26

a) With respect to the Street Light count, the text in the first paragraph refers to Street Light connections whereas the subsequent table refers to Street Light devices. Is the data shown based on devices or connections?
b) Please explain how the Street Light kWh forecast for 2015-2020 was derived.

3.0 –VECC -22
Reference: E3/T1/S3, pg. 1-3

a) Please provide a copy of the 2015-2020 CDM Plan submitted to the IESO.
b) Kingston Hydro states (page 2) that "verified conservation saving achieved from 2010-2014 have been calculated for each rate class and integrated into the current application's load forecast".
   i. Please provide the calculation referred to and set out the savings persisting in each of the years 2015-2020, by rate class and by year (2010-2014) the CDM program was implemented.
   ii. Please outline how these 2010-2014 calculated savings were integrated into the load forecast.
c) With respect to Table 2, please explain the proposed 2014 CDM threshold for the LRAMVA of 16,073,206 kWh.
d) With respect to Attachment 1 (Appendix 2-I), please provide an updated version based on the revised Appendix 2-1 as posted by the OEB on July 16, 2015 and reconcile any differences as between the values reported

and those proposed by Elenchus.

e) Please provide any reports the OPA/IESO have prepared (preliminary or final) regarding Kingston Hydro's full-year 2014 CDM results.

3.0 –VECC -23

Reference: E3/T1/S2, Attachment 1 (Elenchus Report), pg. 27-33

a) With respect to the LRAMVA (page 31) the text makes reference to the period 2014-2020 but the subsequent table only includes 2016-2020. Please reconcile.
b) Please reconcile the reported manual adjustment to the 2015 load forecast as shown on page 28 with that reported at Exhibit 3/Tab 1/Schedule 3, Table 2.

3.0 –VECC -24

Reference: E3/T3/S1, Attachment 1 and Appendix 2-H

a) In what account are SSS Admin revenues recorded?
b) In what account are the revenues from micro-Fit service charges recorded, what were the revenues for 2014 and what are the projected revenues for 2016-2020?
c) What is the source of Rent for Electric Property and why is it forecast to remain at 2014 levels through to 2020?
d) Why does the forecast of Interest and Dividend Income include Interest on Regulatory Asset Accounts?
e) Are the amounts shown for Account 4325 the gross or net revenues from Merchandising, Jobbing, etc.?
f) Why are the revenues from Late Payment and Specific Service charges forecast to remain at 2014 levels through to 2020?

4.0 OPERATING COSTS (EXHIBIT 4)

4.0-VECC-25
Reference: E4/T2/S1/pg.5

a) Please provide the total tree-trimming actual/budget for each of 2010 through 2020 and separately, the amount allocated to Kingston Hydro. Please describe the methodology of that allocation.

4.0-VECC-26
Reference: E4/T2/S1/pg.7

a) What was the incremental charge in 2012 for “cashiering services” provided by the City of Kingston?

4.0-VECC-27
Reference: E4/T3/S1/Appendix 2-JC

a) Please restate Appendix 2-JC to show 2015 in both MIFRS and CGAAP.
b) What is the accounting impact in 2015 on OM&A for the change year to MIFRS?
c) What was the impact (if any) of changes to capitalization policies.

4.0-VECC-28
Reference: E4/T3/S2/pg.7

a) Kingston Hydro states that it does not utilize an executive or management bonus system. Does Kingston Hydro perform performance reviews? If yes, please identify the metrics or outcomes for executive and management employees. Please also explain, in the absence of a bonus system, what actions arise from meeting, exceeding or failing to meet performance objectives.

4.0-VECC-29
Reference: E4/T3/S2/Appendix 2-K

a) Please provide an amended Appendix 2-K which separates employees who’s time is always 100% allocated to Kingston Hydro (e.g. accredited skilled electrical trades), and those who share work with the other Kingston utilities/city.

b) Please explain why the amount of compensation charged to OM&A significantly decreases (capitalized increases) in 2015 and 2016.

4.0-VECC-30
Reference: E4/T3/S3/Table 3-Affiliate Services

a) Table 3 shows a 22% increase in costs of services provided by the City in 2016 as compared to 2011. The increases significantly exceed inflation for the same period. Please explain the reasons.

4.0-VECC-31
Reference: E4/T3

a) Please provide Kingston Hydro's annual fees to the EDA for each of the years 2010 through 2016.
b) Please provide the premiums (cost) of MEARIE insurance for each of the years 2010 through 2016.

4.0-VECC-32
Reference: E4/T5/S1

a) Please provide a table showing the actual PILS paid in each of 2010 through 2014, and the forecast amounts for 2015 and 2016,
b) Please also include a row showing all property taxes for the same period.

4.0 -VECC -33
Reference: E4/T6/S1, pg. 1-3 and Attachment 1

a) Please explain why Kingston is claiming for lost revenue in 2010 (per Table 1) when the Chapter 2 Filing Guidelines (page 44) indicate that LRAM Variance Account (#1568) is only applicable for programs starting in 2011 or after.
b) Nowhere does the Application appear to show the actual calculation of the principal amounts for each year by rate class. Please provide (or indicate where in the Application they can be found) the following:
    i. Copies of all verified savings reports from the OPA/IESO used in the calculation of the LRAMVA principal amounts.
    ii. A schedule that shows how the reported verified savings were assigned to rate classes for each year 2010-2014 (For example, the

Residential Schedule for 2013 would show how the total lost kWh claimed was determined from the verified reported savings form programs implemented in 2013 and earlier years that were applicable to the Residential class)

iii. The rates used to determine the lost revenues by rate class for each year.

iv. How the results from parts (ii) and (iii) yield the customer class values by year shown in Table 1.

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

5.0-VECC-34
Reference: E5/Appendix 2-OB

a) Appendix 2-OB shows Kingston Hydro acquiring 30 year long-term debt in the amount of $291,667. Please explain why such a nominal amount of long-term debt would be procured in 2016.
b) Does Kingston Hydro have any debt that is procured by/through Kingston Utilities?

5.0-VECC-35
Reference: E5/

a) Please provide a detailed description on the anticipated method of the annual cost of capital adjustment. Please specify the expected timing of the annual adjustment filing, the actual and forecast debt that would be utilized and the rate base (actual or plan forecast) that would be used to calculate the cost of capital.

6.0 CALCULATION OF REVENUE DEFICIENCY/SURPLUS (EXHIBIT 6)

No Questions

7.0 COST ALLOCATION (EXHIBIT 7)

7.0 – VECC –36
Reference: E7/T1/S1, pg. 1-3

a) Please explain the basis for the zero weighting factor for the Street Light class in regard to Services. Does the City perform all the work and provide all the materials for Services at the time of installation?
b) Who maintains the Service connection for the Street Light class and, if it is Kingston Hydro, how are the costs recorded and recovered?

7.0 – VECC –37
Reference: E7/T1/S1, Attachment 1, pg. 5-7
Kingston Hydro's Cost Allocation models

a) What is the impact on the resulting revenue to cost ratios of using the updated load profiles for the Large Use class as opposed to the hourly profile prepared for the 2006 CAIF?
b) Please explain why the revenues at current rates shown in the Cost Allocation models (Tabs I6.1 and O1) don't match the revenues at current rates as shown in E3/T2/S1, Attachment 1. For example, for 2016, the cost allocation model shows $11,365,359 while Exhibit 3 shows $11,840,603.

7.0 – VECC –38
Reference: E7/T1/S1, Attachment 1, pg. 8-9
Kingston Hydro's Cost Allocation models

a) Sheet I8 of the Cost Allocation model has no NCP values for the Large Use class for either Line Transformers (LTNCP) or Secondary (SNCP). However, Sheet I6.1 and Exhibit 8, Tab 1, Schedule 1 (pages 8-10) both report that only slightly more than 1/3 of the Large Use load is eligible for the Transformer Ownership Allowance suggesting the majority of the load uses Kingston Hydro-owned transformers. Please reconcile.

7.0 – VECC –39
Reference: E7/T3/S2 and Appendix 2-P
OEB – New Cost Allocation Policy for Street Lighting – Cost Allocation Model Update, July 2015

a) Please provide updated cost allocation model runs for 2016-2020 using the

Board's July 2015 Cost Allocation model.

b) Based on the results of part (a), please provide an updated version of Appendix 2-P for 2016-2020.

8.0 RATE DESIGN (EXHIBIT 8)

8.0 –VECC - 40
Reference: E8/T1/S1, pg. 4

a) Please provide a copy of Appendix 2-PA for each year 2016-2020 (per the updated Appendix 2 posted July 16, 2015).
b) Based on the most recent 12 months of billing data please indicate how many Residential customers fall into each of the following average monthly use 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
c) In accordance with the Chapter 2 Filing Guidelines (page 62) posted July 16, 2015, please identify the level of monthly Residential consumption associated with the Kingston Hydro's 10th consumption percentile for this class and provide the total bill impacts for each test year based on this level of usage.

8.0 –VECC - 41
Reference: E8/T2/S2, pg. 1

a) Please provide a schedule that for 2012-2014 shows the annual revenues and the annual incremental costs associated with the provision of retail services.

8.0 –VECC - 42
Reference: E8/T2/S6, pg. 2

a) Does Kingston Hydro propose to use the 0.0011381 ratio in its future updates starting in 2017 or will this ratio be updated each year using eh most recent three years' data?

8.0 –VECC - 43
Reference: E8/T3/S1, pg. 1-3 and Attachment 1 (Appendix 2-R)

a) Does Kingston Hydro propose to update its loss factors every year during the CIR period or will the loss factors proposed for 2016 be used throughout the period?

8.0 –VECC - 44
Reference: E8/T4/S1, pg. 3

a) How does Kingston Hydro establish whether Standby Power has been provided in a particular month when there is no utility-grade metering installed on the generator and, in cases where it has been provided, how are the total distribution charges (including any charges for Standby) determined?
b) How does Kingston Hydro establish whether Standby Power has been provided in a particular month when there is utility-grade metering installed on the generator and, in cases where it has been provided, how are the total distribution charges (including any charges for Standby) determined?
c) With respect to the proposed change in the Standby Charge, under case (b) when Standby Power is not provided, please explain how the "monthly metered amount of standby demand service" will be determined using the meter installed on the load displacement generation.
d) In order to fully illustrate when/how Standby Charges are to be applied is there any additional charge for Standby under following example and, if so, how would it be determined in a circumstance where i) the metering on the generator is of not utility-grade and ii) where the metering on the generator is of utility grade.
    - The peak hourly delivered load in the month is 5 MW
    - The peak hourly generator metered output is 3 MW and the generator has a nameplate rating of 4 MW.
    - The peak coincident combined amount of the two is 7 MW – at which point in time the hourly delivered load is 4.5 MW and the generator metered output is 2.5 MW.

9.0 DEFERRAL AND VARIANCE ACCOUNTS (EXHIBIT 9)

9.0 –VECC -45
Reference: E9/T1/Appendix 2-U

a) Kingston Hydro is claiming $27,326 in IFRS transition costs related to incremental staff (Appendix 2-U Excel Spreadsheet Kingston-Ch2). Please explain if the staff was incremental (i.e. not permanent) to Kingston Utilities or represents an incremental amount of staff costs allocated to Kingston Hydro for this task.

9.0 –VECC -46
Reference: E9/T1/S14

a) Please provide the number of defective meters returned to the manufacture that were under warranty.
b) How many of the 380 meters failed within 1 year of installation (not purchase)?
c) Did Kingston Hydro approach the meter provider and seek compensation for any of these defective meters? If not, why not.
d) Does Kingston Hydro continue to procure meters from the same manufacturer?

9.0 –VECC -47
Reference: E9/T1/S15

a) Please recalculate the rate rider for account 1576 based on a 1 year disposition period.
b) Please explain the rationale for a 5 year disposition period.

End of document