PUBLIC INTEREST ADVOCACY CENTRE
LE CENTRE POUR LA DÉFENSE DE L'INTÉRÊT PUBLIC

September 17, 2015

VIA E-MAIL

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319 /2300 Yonge St.
Toronto, ON
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Dear Ms. Walli:

Re: EB-2015-0083 – Kingston Hydro Corporation /Topics For Technical Conference

This letter is filed in accordance with Procedural Order No. 1 requesting that intervenors advise Kingston Hydro Corporation (Kingston Hydro) of the topic areas for the September 21, 2015 Technical Conference. In order to be of assistance VECC has provided a number of specific questions of clarification. We may also have questions regarding the responses to these following specific interrogatories:

1-Energy Probe-4	2-Staff-37	4-VECC-25
1-SEC-14	2-Energy Probe-6	4-VECC-26
1-VECC-5	2-VECC-7	4-VECC-28
2-Staff-19	2-VECC-8	4-VECC-29/ 4-Staff-76
2-Staff-20	2-VECC-10	
2-Staff-36	5-Staff-82	

As we continue to review and analyse the interrogatory responses we may have questions of clarification regarding other interrogatories.

Yours truly,
M. Garner/for

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Counsel for VECC

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EB-2015-0083

KINGSTON HYDRO CORPORATION.
2015 DISTRIBUTION RATES- TECHNICAL CONFERENCE
VECC PRELIMINARY CLARIFICATIONS QUESTIONS

NB: For ease of reference clarification questions are numbered from the last VECC interrogatory (i.e. 47)

3.0 OPERATING REVENUE (EXHIBIT 3)

3.0 –VECC - 48
Reference: 3-Staff-54 b) & c)

a) With respect to part (b), the response does not provide a comparison of the actual vs. forecast values for the first half of 2015. Please do so, using the results from KHC's revised forecast.
b) With respect to part (c), what would be the key implications for KHC's DSP if the planning forecast was changed to one that did not forecast any growth into total sales over the planning period?

3.0 –VECC - 49
Reference: 3-Staff – 55 b)

a) How many Hartington data points were missing and had to be replaced by data from Kingston Climate?

3.0 –VECC -50
Reference: 3-Staff – 56 b) & c)

a) Was the revised September 2015 load forecast based the economic forecast as set out in the initial Application or on the forecast set out in part b) - i)?
b) With respect to the statement in part (c) that "the recession in 2008 in particular created a permanent province-wide change in electricity use":
   - What is the basis for this statement?
   - What was the nature of the "permanent province-wide change in electricity use"?

3.0 –VECC -51
Reference: 3-Staff – 57 b)
Exhibit 3, Tab 1, Schedule 2, Attachment 1 (Elenchus Report)
Excel Model: Revised Load Forecast_20150911
Excel Model: CDM Model_IRR 3-Staff 54 Attach

a) Please confirm that for purposes of the revised load forecast models for the Residential, GS<50, GS>50 and LU classes:
   - The dependent variable used in each regression analysis was equal to the monthly sales values (as used in the initial forecast) plus the estimated impact of CDM savings from 2009-2014 CDM programs implemented up to that month.
   - For the Residential and GS<50 classes the models were revised such that different explanatory variables were used than in the original Application; but for the GS>50 and LU classes the same explanatory variables were used.
   - Apart, from the preceding points, there were no other changes made for purposes of the establishing the models to be used for load forecasting.

If any of the points are not confirmed, please explain.

b) Please confirm that there are no changes to the models/methodology used to produce either the customer count forecasts for each class or the volumetric forecasts for the Street Light or USL classes. If not confirmed, please explain what the changes are and what gives rise to the changes.

c) With respect to the response to part a) – i), it is noted that the Load Forecast model includes a tab ("2006-10 KH MW MWh") that reports the persisting impact of 2006-2008 CDM programs. Please explain why the impact of these programs was not also added back in for purposes of establishing the dependent variable for the revised regression analyses, since many of these programs' impacts persist into the 2009-2014 period.

d) With respect to the response to part a) – ii), please confirm that for each of the four customer classes a variety of model formulations were tested and that the models ultimately used were determined to be superior.

e) It is noted that the CDM model ("KH MWh Savings Pivot "Tab) includes the following impacts (annualized) for 2011-2014 CDM programs:

Program Year	**Calendar Year (MWh)**			
	2011	**2012**	**2013**	**2014**
2011	3,793.93	3,637.04	3,636.46	3,577.49
2012		5,066.90	4,999.90	4,898.05
2013			6,016.07	5,951.12
2014				3,597.39

i. Please confirm that the values as shown above are correct and, if not, provide a corrected table of the results as reported in the "KH MWh Savings Pivot" Tab.

ii. Please reconcile these values with the 2011-2014 CDM OPA/IESO verified program impact values reported in the CDM model at the "Kingston Hydro – Summary" Tab.

f) Please provide a schedule that indicates the relationship between the CDM programs as set out in column A of the "Kingston Hydro – Results (Net)" tab and the program areas

use in column A of the "KH MWh Savings Pivot" Tab.

3.0 –VECC -52

Reference: 3-Staff – 57 b) and Staff 64
Exhibit 3, Tab 1, Schedule 2, Attachment 1 (Elenchus Report)
Excel Model: Revised Load Forecast_20150911
Excel Model: CDM Model_IRR 3-Staff 54 Attach 1_20150911

a) Please confirm that for purposes of the revised 2016-2020 load forecasts for the Residential, GS<50, GS>50 and LU classes:
   i. The forecast results using the models and forecasts of the explanatory variables were adjusted for CDM in order to remove: a) the persisting impact of the 2009-2014 CDM programs as reported by the IESO/OPA and set out in the CDM model and b) the anticipated impact of 2015-2020 CDM programs.
   ii. The 2015-2020 CDM program impacts have been updated to reflect KHC's 2015-2020 plan as submitted to and vetted by the IESO.
   iii. The allocation of the 2015-2020 program savings to customer classes has been changed and is now based on the relative savings achieved to date by each customer class.

b) Please confirm that the 2015-2020 (annualized) CDM program savings are as follows (per CDM model – "KH 2015-2020 CDM Plan Milestone" tab and revised Appendix 2-I):
   i. 2015 – 2,740.0 MWh
   ii. 2016 – 11,465.8 MWh
   iii. 2017 – 7,034.7 MWh
   iv. 2018 – 4,893.7 MWh
   v. 2019 – 5,280.7 MWh
   vi. 2020 – 5,767.7 MWh
   vii. Total – 37,182.5 MWh

   If not confirmed, please provide the correct values and indicate their source.

c) Even after allowing for the half-year rule, the values reported in the CDM Model ("KH MWh Savings Pivot" Tab – Row 127) for the billing energy impact of 2015-2020 CDM programs do not appear to reconcile with the values set out in part b) above. Please provide a schedule that reconciles the two or provide corrected values for the appropriate tabs and update the overall forecast accordingly. (Note: It appears that the discrepancies may be the result of at least two factors regarding the "KH MWh Savings Pivot" Tab values:
   i. the forecast CDM allocation to customer classes does not does not account for the fact that a portion of the historic savings were achieved by the Street Light class, and

ii. it is not clear if the ½ year rule was actually applied to 2016-2020 programs in the first year they were implemented)

d) With respect to Staff 64 b), please explain why the forecast CDM energy savings from 2015-2020 CDM programs were assigned to customer classes based on the "observed allocation ratios for the 2011-2014 period" when the CDM model ("2015-2020 Measure Savings Results" Tab) provides information on the programs that are anticipated to contribute to the savings during this period and the savings expected from each by year.

e) Please confirm that, for purposes of the revised 2016-2020 load forecast, the impact of 2015-2020 CDM programs on the billing determinants for the demand billed classes (e.g., GS>50 and LU) was determined by assuming the impact of these programs on billing demand is the same (in terms of percentage reduction) as the programs' impact on energy use (per "CDM Model – "CDM Adjustments" Tab). If not confirmed please explain how the basis for the adjustment to incorporate 2015-2020 CDM impacts on billing demand.

f) The CDM model – "2015-2020 LRAMVA Projections" Tab sets out LRAMVA values for 2015-2020.

i. Are these the values that KHC is proposing to use for each of these years for purpose of calculating the LRAMVA balances as the CDM incorporated in the respective years' rates? If not, what are the values KHC proposes should be used.

ii. Please confirm that the LRAMVA values for 2015 should be based on the CDM adjustments incorporated in the base rates used to set the approved 2015 rates and not the values developed for the current application.

iii. The values for 2016-2020 do not appear to be calculated on the same basis as the manual load forecast adjustment that was made for the 2015-2020 CDM programs as discussed in part (e) above. Please confirm that this is the case and, if so, why a different set of values is proposed.

3.0 –VECC -53
Reference: 3-Staff – 58

a) Please confirm that the revised regression model for the LU class also shows a negative coefficient for HDD.

b) Please explain why this continues to make intuitive sense when the revised model uses as its dependent variable LU class sales prior to the impact of any CDM programs.

3.0 –VECC -54
Reference: 3-VECC – 20 c)

a) Please re-do the response to VECC 20 c) using updated September 2015 models.

3.0 –VECC -55

Reference: 3-VECC – 21
Excel Model: Revised Load Forecast_20150911

a) What is the basis for forecasting the addition of one Street Light device per month?
b) The response to part b) indicates that the annual kWh for Street Lights was developed by multiplying the monthly demand by the hours of operation in each month. However in the Load Forecast model ("kW Forecast" Tab) the kW forecast is determined by applying a kW/kWh ratio to the forecast kWh values. Please reconcile and indicate which forecast was developed first.
c) If the kWh forecast was developed first, how was this done?
d) If the kW forecast was developed first, please reconcile the 2015 forecast of 5,036 kW (per the "kW Forecast" Tab) for billing demand with VECC 21 b) which states that the January 2015 demand was 394.835 kW and 65 W are assumed to be added each month.

3.0 –VECC -56

Reference: 3-Staff 67

a) Do the reported June 2014 and June 2015 values for Interest and Dividend Income include interest associated with regulatory accounts? If so, please provide the equivalent values excluding interest associated with regulatory accounts.

3.0 –VECC -57

Reference: 3-Energy Probe - 20 b) / 3-VECC – 24

a) Does the $77,333 difference noted in Energy Probe 20 b) reflect the SSS Admin and micro-Fit service charge revenues referred to VECC 24? If so, please provide a breakdown. If not, please explain the sources of the $77,333.
b) With respect to VECC 24 e), where are the expenses associated with Merchandising, Jobbing, etc. reflected in the Application?

4.0 OPERATING COSTS (EXHIBIT 4)

4.0 -VECC -58

Reference: 4-VECC – 33
Excel Model: CDM Model_IRR 3-Staff 54 Attach 1_20150911

a) The notes in the CDM model "2011-2014 LRAM Summary" Tab state that "OPA Verified Demand Savings are defined as May-Sept, weekday savings". Please provide documentation supporting this statement.

7.0 COST ALLOCATION

7.0 – VECC -59
Reference: 7-Staff - 85

a) Since actual 2014 costs were used to establish the Billing and Collecting weighting factors why weren't 2014 actual customer counts also used (instead of 2016 forecast counts).
b) The response also states that the weighting factors for Billing and Collecting were calculated for each class "using their class total cost relative to the Residential class cost". However, in the CA model the weighting factor for each class is multiplied by the number of bills for purposes of determining the final allocation factor for Billing and Collecting. Therefore, shouldn't the weighting factor represent the relative cost per bill not the relative total costs?
c) Please provide a schedule that sets out:
    i. The 2014 Billing and Collecting costs attributed to each class using the 2016 customer counts – per KHC's methodology.
    ii. The 2014 Billing and Collection cost that would be attributed to each customer class if the 2014 actual customer count was used.
    iii. The 2014 Billing and Collecting costs per bill issue for each class (i.e., the results from (i) divided by the number of bills.
    iv. The relative per bill costs by class with the Residential value set at 1.0.

7.0 – VECC -60
Reference: 7-Energy Probe – 42
7-Staff – 84
7-VECC - 39

a) With respect to the revised Appendix 2-P provided in VECC 39, please explain why for 2016 the revenue to cost ratio for the Large Use class was not increased further, as its proposed value (95.47%) is still less than the status quo value for Residential (96.91%) even before Residential is increased to 97.8%.

8.0 RATE DESIGN

8.0 –VECC -61
Reference: 8-VECC – 40
1-Staff - 4

a) What is the updated 2016 total bill impact for Residential customer using 204 kWh per month, after one a takes into account the elimination of both the DRC and the OECB in 2016?

8.0 –VECC -62
Reference: 8-VECC – 44

a) With respect to the response to part (a), the first sentence states that "there is no way to determine if Standby Power has been provided in a particular month when no utility grade metering is installed on a behind the meter generator". However, the second sentence outlines how the customer will be billed in cases where Standby was provided in a given month. Please reconcile these two sentences. In such cases, will KHC bill assume that Standby Power is provided every month and bill as described.

End of document

8/8