PUBLIC INTEREST ADVOCACY CENTRE
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September 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-2014-0080 – Hearst Power Distribution Company Ltd.
Topics for Technical Conference

This letter is filed in accordance with Procedural Order No. 2 requesting that intervenors advise Hearst Power of the topic areas for the September 21, 2015 Technical (Tele) Conference. In order to be of assistance VECC has provided a number of specific questions of clarification. We may also have questions regarding interrogatory responses on Exhibits 1,2,4,5 and 9.

Yours truly,

Michael Janigan
Counsel for VECC

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HEARST POWER DISTRIBTION COMPANY LTD. (HPDC)

2015 RATE APPLICATION (EB-2014-0080)

VECC'S TECHNICAL CONFERENCE QUESTIONS

NB: For ease of reference clarification questions are numbered from the last VECC interrogatory (i.e. 44)

3.0 OPERATING REVENUE (EXHIBIT 3)

3.0 –VECC - 45

Reference: 3-Staff-28

a) The response states that HPDC ran "independent scenarios to analyze each result but found that there were little differences in the results". Does the reference to "little differences in the results" refer to little differences in statistical properties of the models or little differences in the 2015 forecasts the models produced?

3.0 –VECC -46

Reference: 3-Staff – 29/ 3-VECC – 14

a) The response to VECC 14 a) states that the kWh associated with Fit and MicroFit generation "were removed from the wholesale purchases". However, the "Adjustments and Variable" Tab (columns C through H) of the Load Forecast model clearly shows that these generation quantities were added to and not removed from (i.e. subtracted from) the wholesale purchases. Please clarify the response provided.

b) The response to VECC 14 b) indicates that the customer continued production up to October 2008 and that consumption up to this point in time was removed. However, the "Adjustments and Variable" Tab (columns C through H) of the Load Forecast model only removed consumption up to October 2007. Please reconcile.

3.0 –VECC -47

Reference: 3-VECC – 19

a) Please confirm that while the load forecast used in the Application assumes that 2014 CDM programs will achieve 1.287 GWh in CDM savings the OPA/IESO preliminary 2014 report provided in response to VECC 19 b) indicates that the savings from 2014 CDM programs was 0.7 GWh. If not confirmed, please indicate what the correct values are.

b) No response was provided to VECC 19 d). Please provide.

c) In light of the response to part (a) above, does the original response to VECC 19 e) need to be revised?

3.0 –VECC -48

Reference: 3-VECC - 20

a) Does HPDC plan on applying to the Board (at some future date) to recover lost revenues attributable to the impact of CDM programs on 2015 revenues?

b) If yes, what is level of CDM that it will propose to use as the amount by customer class included in the 2015 load forecast against which the LRAMVA amounts will be determined and what is the basis for these amounts?

3.0 –VECC -49

Reference: 3-VECC – 22

Revised Appendix 2-8.3 (Bill Impacts Residential)

Preamble: The bill impact calculation use a loss factor of 4.6% for 2014 and 1.04% for 2015.

a) Please confirm the currently approved lost total loss factor is 1.046 (or 4.6%) and not the 6.32% referenced in Exhibit 8, page 23.

b) Please clarify whether the total loss factor proposed for 2015 is 1.0414 (i.e., 4.14%) or the 1.0104 (i.e. 1.04%) value used in the revised Bill Impact calculations.

3.0 –VECC -50

Reference: 3-VECC – 23

Preamble: This response includes, for 2015, both revenues and expenses for Non-Utility Operations, neither of which were included in the original application.

a) What is source of these revenues and costs?

b) What are the forecast values of each for full year 2015?

c) Should these accounts be included in the determination of the 2015 Revenue Offsets? If yes, please provide a revised version of Appendix 2-H? If not, why not?

7.0 COST ALLOCATION

7.0 – VECC -51

Reference: 7-VECC – 35

Revised Cost Allocation Model

a) The response to part d) indicates that there are 9 customers and 108 invoices (i.e. bills) associated with the Sentinel Light class. However, Tab I6.2 of the Cost Allocation model uses 10 customers and 108 bills. Please reconcile.

b) The response to part d) indicates that there is one customer and 12 invoices (i.e. bills) associated with the Street Light class. However, Tab I6.2 of the Cost Allocation model uses 2 customers and 24 bills. Please reconcile

c) The response to part d) also states that the volume of bills is viewed as a weighting factor for Billing and Collecting. 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 and not include an allowance for volume of bills as this is incorporated later in the calculation?

d) Please provide a schedule that sets out the relative cost per bill (i.e. invoice) by class with the Residential value set at 1.0.

7.0 – VECC -52

Reference: Revised Cost Allocation Model / VECC -37

a) Sheet O1 of the revised Cost Allocation model is showing some anomalous results regarding the allocation of Net Plant with negative values for the GS>50 and Intermediate classes. This leads to negative values for the interest costs, net income and PILS allocated to these classes. At least one reason for this appears to be that in the revised CA Model (Tab I-4) the gross book values for USOA #1830, 1835, 1840 and 1845 have been assigned 100% to the Secondary sub-function (in contrast the original CA model had portions also assigned to Primary and Sub-Transmission). At the same time the original assignment of accumulated depreciation to all three sub-functions has been maintained. This results in negative net plant values for the Primary and Sub-Transmission sub-functions associated with these accounts.

   Please review and advise if there is an error in revised CA model and update accordingly.

b) Also, with respect to Tab I-4 (in the original CA model) please reconcile the assignment of 50% of underground devices and conductors (USOA 1845) to Secondary when there is no under conduit (USOA 1840) assigned to Secondary.

c) Based on the responses to part (a) & (b), please provide an updated Cost Allocation model, an updated version of Appendix 2-P, a revised set of proposed 2015 rates (with supporting information regarding the F-V split employed for each class), and updated versions of Appendices 2-V & 2-W as required.

7.0 – VECC -53

Reference: 7-VECC – 36 / 7- VECC 37

a) With respect to VECC 37 b), please address the original question as to why all of the revenue shortfall responsibility was assigned to the Residential class, when there are other classes whose revenue to cost ratios (both status quo and proposed) are lower than the 91% status quo ratio calculated for the Residential class.

8.0 RATE DESIGN

8.0 –VECC -54

Reference: 8-Staff – 49 / 8-VECC - 43

a) The original application requested the refund/recovery of six months of foregone revenue. However, in the response to Staff 49 HPDC is now requesting refund/recovery for 10 months of foregone revenues. Please explain why the change.

8.0 –VECC -55

Reference: 8-VECC – 39

a) Based on the updated application, what are the 2015 fixed-variable splits for each customer class resulting from proposed rates?

8.0 –VECC -56

Reference: 8-VECC – 41

a) Please provide the total LV charges from Hydro One for each of the last three years.

8.0 –VECC -57

Reference: 8-VECC – 42

a) Please clarify whether the SFLF used was 1.0034 or 1.034, as both values are referenced in the response.

8.0 –VECC -58

Reference: 8-VECC – 43 / OEB Chapter 2 Filing Guidelines (July 16, 2015), pages 62-62

a) Please demonstrate that Hearst's proposal with respect to the Residential fixed charge conforms to the Board's rate impact guidelines.

6/6 End of document