



PUBLIC INTEREST ADVOCACY CENTRE
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January 6, 2016

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-2015-0110 – Wellington North Power Inc. – 2016 Rate Application
Interrogatories of Vulnerable Energy Consumers Coalition (VECC)**

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

Yours truly,

Michael Janigan
Counsel for VECC

Richard Bucknall – Chief Administrative Officer
E-mail: rbucknall@wellingtonnorthpower.com

REQUESTOR NAME	VECC
TO:	Wellington North Power Inc. (Wellington North or WNP)
DATE:	January 6, 2016
CASE NO:	EB-2015-0110
APPLICATION NAME	2016 COS Application

1.0 ADMINISTRATION (EXHIBIT 1)

1.0-VECC-1

Reference: E1/pg. 57/Table 1.18

- a) WNP states in Table 1.18 that it is considering alternatives to the Utility Pulse Survey due to customer's complaining about their participation in these surveys. Please explain what alternatives are being considered and when these customer engagement activities will be implemented.
- b) Please provide the cost of the 2014 Utility Pulse Survey.
- c) Please comment on the value of these surveys to WNP in providing information about its customers.

1.0-VECC-2

Reference: E1/pg. 57/

- a) Does WNP do transactional surveys to understand customer satisfaction after a service engagement?
- b) If yes, please provide a summary of these surveys. If no, please explain why such surveys are not done.

1.0-VECC-3

Reference: E1/pg. 60

- a) WNP states that it has updated its web site to be able to post information on a more timely basis. Does the web site provide an easy and accessible way for customers to provide comments or register complaints with the Utility?
- b) If not, please explain how in the absence of customer surveys WNP intends to collect, analyse and report on customer satisfaction with the quality of utility service delivery.

2.0 RATE BASE (EXHIBIT 2)

2.0 – VECC - 4

Reference: E2/pg.38

Pre-amble: In the 2012 Cost of Service Application, EB-2011-0249 WNP proposed a capital budget of \$983,803. Parties in that proceeding agreed to a reduction of \$233,000. The Agreement (pages 16-17) contains areas in which WNP suggested might be reduced.

- a) Please amend Table 2.28 to show the original 2012 proposed capital expenditures, the Settlement agreement showing which accounts were considered for reduction (as per the Agreement), and a third column showing the actual 2012 spending for the noted accounts.

2.0 – VECC -5

Reference: E2/pg.38

- a) Please provide a table showing contributed capital paid and outstanding (receivables) in each of 2012 through 2016.

2.0 – VECC - 6

Reference: E2/pg.26

- a) Please provide the total cost (including removal and installation cost) for the replacement of the 445 smart meter replacements installed since 2012.

2.0 – VECC -7

Reference: E2/pg.26

- a) Please provide a copy of the ACM application made to the Board.
- b) The application for an ACM requires that the passing of an ROE means test (see OEB Filing Requirements Chapter 3, pg. 16 July 16, 2015). Please provide the calculation of that test.

2.0 – VECC -8

Reference: E2/Appendix F/ Costello Utility Consultant Substation Condition Assessment/ pgs.3-7 & E2/pg.166

- a) Is WPN ACM seeking approval of the \$1.6 million estimated for the MS3 in

this application?

- b) Are the alternative #2 costs shown at pages 169 and 170 of Exhibit 2 the detailed costs estimates being sought as part of the ACM? If yes, please explain if these are costs estimates specifically provided for the MS3 replacement or a generic list of costs for a substation rebuild as provided by Costello Utility Consultants (CUC).
- c) Please explain why the alternative cost scenarios (1-4) shown at pages 169 through 174 do not appear in the Costello Report at Appendix F?
- d) Was CUC the author(s) of the “advantages and disadvantages” table shown at page 175?
- e) The CUC Report states that the MS-4 Substation is a candidate for replacement whereas defects with MS-3 could be addressed with maintenance programs. In light of this recommendation please explain the decision to rebuild MS-3.
- f) Please explain when, how and the cost of addressing the deficiencies with MS-4.

2.0 – VECC -9

Reference: E1/Appendix 2A /DSP/ pg.37 Table 18

- a) Please explain why the total customers shown in Table 18 to be affected by code 2 interruptions (loss of supply) exceed the number of customer served. If the amounts in row 2 are calculated by taking the number of interruptions multiplied by the number of customers affected, then please amend Table 18 to show for each row the number of interruptions.
- b) Please confirm that WNP has had no interruptions due to tree contact, lightning, adverse environment, human element or animal contacts in the years 2010-2012. If this is not confirmed please explain what changes have been made at WNP to monitor outages by cause code.

2.0 – VECC - 10

Reference: E2/Appendix 2A /DSP/ pg.37 Table 18

- g) Please explain what the “ESA requirements for tree trimming” are.

2.0 – VECC - 11

Reference: E2/Appendix 2A /DSP/ pg.55

- a) Please explain why the measurement of actual spending to planned spending is a good measure of the effectiveness of WNP’s DSP.

- b) Please explain why WNP is not proposing to use as a measurement of the effectiveness of its capital plan any reliability outcome metrics. Specifically please explain why reductions in outages (or outage times) due to defective equipment, loss of supply, or tree contacts would not be better measures of whether the DSP is producing any tangible benefits for its ratepayers.

2.0 – VECC - 12

Reference: E2/Appendix 2A /DSP/ pg.92

- a) Please confirm that WNP does not plan to undertake any study, or renovation of its Mount Forest facilities during the term of this rate plan.
- b) Please explain how the concerns about this facility expressed in the last cost of service application have now been addressed.
- c) Other than the Queen Street facility does WNP own or lease any other properties (other than those used for station and other electricity plant)? Is so please identify the location and nature of these facilities.

2.0 – VECC - 13

Reference: E2/Appendix 2A /DSP/ pg.139 & 155-/Hydro One Networks
Town of Mount Forest Supply Study Results

- a) Has WNP signed a contract with Hydro One for the Palmerston TS to Mount Forest feeder?
- b) Please provide the most current estimate for start of construction and completion of this project. Please indicate the basis for the estimate of the start of construction (e.g. signed agreement with Hydro One).
- c) Has WNP undertaken a cost-benefit analysis of a new feeder? If yes please provide this. If no, please explain how WNP has calculated the economic benefit of the added redundancy (increased reliability).
- d) Please provide the date at which Hydro One has indicated the current feeder will reach capacity.
- e) Is Hydro One requiring WNP to have another feeder built within the next 5 years?
- f) The main driver for this project appears to be the large number and duration of outages that occurred in 2013 as part of the winter ice-storm. Please confirm this is correct.
- g) Please provide the post-storm assessment that was undertaken which identifies the reasons for failure in 2013.
- h) Please explain what remedial actions were taken as a result of the ice-

storm to mitigate future damage on the existing feeder.

- i) Please explain what (and quantify) risk WPN is mitigating in paying a “fixed price” rather than a “discounted cash flow” price.
- j) Please provide the total cost per customer of the new feeder. Was this amount explained to customers in any survey or other customer engagement to gauge the level of support for this project? If so please provide those results.

2.0 – VECC - 14

Reference: E2/Appendix 2A /DSP/

- a) Who produced the WNP DSP and at what cost?
- b) The DSP contains a significant amount of description but there does not appear to be any rigorous asset condition assessments other than that provided by Costello Utility Consultants for the substations. Has WNP undertaken an asset assessment of its plant? If so please how the asset conditions were calculated.

3.0 OPERATING REVENUE (EXHIBIT 3)

3.0 –VECC -15

Reference: E3/pages 18 - 19

Ontario Ministry of Finance Fall 2015 Economic Outlook
<http://www.fin.gov.on.ca/en/budget/fallstatement/2015/chapter3a.html>

- a) Please confirm that for the employment factor the monthly forecast values for 2015 and 2016 were based on the average of the 2013 and 2014 values for the corresponding month.
- b) What is the resulting annual growth rate for the employment factor variable in 2015 (over 2014) and 2016 (over 2015) based on the forecast assumptions used by Wellington North?
- c) What has been the historic annual growth rate for employment factor between 2010 and 2014?
- d) Please re-do the projection for 2016 power purchases using the Ontario Ministry of Finance’s projected employment growth rates for 2015 and 2016 per its Fall 2015 Economic Outlook.

3.0 –VECC -16

Reference: E3/pages 19 - 20
Load Forecast Model

- a) With respect to Table 3.17, the values reported for HDD, CDD, Number of Days in the Month, Number of Peak Hours, Regional Employment and Sensitive Customers don't match those set out in Tab 5 of the Load Forecast Model. Please reconcile and provide updated tables as required.
- b) The text on page 19 indicates that the forecast for Sensitive Customers was based on a 10-year trend. Please provide the trend equation used to project the values for 2015 and 2016.
- c) Please explain why, if based on a "trend", the 2016 forecast Sensitive Customer load values are exactly the same as those for 2015 (per Load Forecast Model, Tab 5).

3.0 –VECC -17

Reference: E3/pages 26 - 29

- a) Please explain more fully Wellington North's rationale for using a lower Residential customer growth rate than that calculated based on the 10-year geomean, particularly in light of the expected increase in load for the GS 1,000-4,999 class per page 8.

3.0 –VECC -18

Reference: E3/pages 30 - 33

- a) What was the loss factor used to convert the purchase power forecasts for 2015 and 2016 to billed energy and how was it determined?
- b) If it was not determined based on the 2005-2014 average, what was the average loss factor for this period?
- c) Please provide the analysis supporting the forecasts for Non-Normalized Weather Billed Energy set out in Table 3.28.
- d) Please provide the analysis supporting the Adjustments for Weather in Table 3.28.
- e) Please confirm that, for the demand billed classes, the kWh and kW values set out in Table 3.31 are after adjustments for CDM whereas the values in Table 3.32 are prior to adjustments for CDM.

3.0 –VECC -19

Reference: E3/pages 34 - 37
Appendix 2-I

- a) Please provide a copy of Wellington North's 2015-2020 CDM plan setting out its planned CDM savings over the period as approved by the IESO.
- b) Please provide the IESO's estimates of the persisting effects in 2015 and 2016 from CDM programs implemented in each of 2011, 2012, 2013 and 2014.
- c) Please confirm that, unlike the load forecast derivation, the LRAMVA and LRAM derivations assume that 100% of program savings are achieved in the first year of implementation.
- d) With respect to Table 3.36, please explain why the proposed LRAMVA for 2016 includes the savings from 2014 programs.
- e) Please provide a breakdown, by customer class, of Wellington North's proposed 2016 LRAMVA (kWh) amount. For the demand billed customer classes, please provide the comparable kW values indicating how they were derived.

3.0 –VECC -20

Reference: E3/page 51

- a) Using the same format as Table 3.52, please provide the actual Other Revenue for 2015 up to the most recent month available and provide the 2014 values for the same period.
- b) Please explain what the 2015 and 2016 amounts for Account #4245 are related to.
- c) Please explain the basis for the 2016 forecast amount for Accounts #4355 and #4360.
- d) Does the interest and dividend income reported for Account 4405 include interest related to regulatory accounts? If so, what are the associated values for 2015 and 2016?

3.0 –VECC -21

Reference: E3/page 63
Cost Allocation Model, Tab O3.6

- a) Apart from the 3rd party settlement provider costs, are there any other costs that Wellington North incurs related specifically related to its MicroFIT

customers such as meter maintenance, meter reading, etc. for activities that are not provided by the settlement provider? Is so, what are they and what are the associated costs per Tab O3.6?

4.0 OPERATING COSTS (EXHIBIT 4)

4.0-VECC-22

Reference: E1/pg. 8 & 40

- a) Please update Appendix 2-JA for 2015 (unaudited) actuals.
- b) Please update Appendix 2-JC for 2015 (unaudited) actuals

4.0-VECC-23

Reference: E1/pg. 24

- a) What is the impact on 2016 OM&A of removing the PST?

4.0-VECC- 24

Reference: E4/pg. 41

- a) Please provide the vendor costs for billing support for 2012 through 2016.
- b) Please confirm that the \$8,000 in billing system upgrades refers to capital not OM&A. If this is not correct please indicate if the amount is one-time or annual OM&A costs. If the former please provide the year in which the capital cost was incurred.
- c) Does WNP currently bill all its customers on a monthly basis? If not please provide the incremental cost of moving all customers to monthly billing.

4.0-VECC-25

Reference: E4/pg. 39

- a) What are the annual fees paid to the EDA for the years 2012 through 2016 (forecast)?
- b) Please provide the same for the CHEC membership.

4.0-VECC-26

Reference: E4/pg. 42

- a) Please provide the actual Customer Service Collection amount for 2015.

4.0-VECC-27

Reference: E1/pg. 46

- a) Please amend Appendix 2-K to show 2015 actual costs (unaudited) and FTEs.
- b) Please also add a new row showing the amount of compensation capitalized in each year.

4.0-VECC-28

Reference: E1/pg. 46

- a) Please separate the \$88,088 variance between 2012 and 2016 costs for Executive, Financial, Legal, Professional and Insurance Services as between the costs related to reorganization (i.e. labour costs) and all other costs.

4.0-VECC-29

Reference: E5/pg. 7

- a) Have the current costs of the 44kV feeder to Mount Forest of \$32,061 (capacity study) and \$61,688 been expensed or capitalized? Please provide the year in which the amounts were accounted for.

4.0-VECC-30

Reference: E4/pg. 58

- a) WNP shows \$42,187, \$18,200 and \$10,000 in OEB Section 30 costs which are applicant originated. Please explain these amounts.
- b) Please provide the correspondence from the Board which states that it will charge for review of WNP's DSP.
- c) Please explain the \$50,250 and \$26,640 in incremental expenses related to this application. Specifically please explain how these costs are in addition to the ongoing costs of the Utility.

4.0-VECC-31

Reference: E4/pg. 72

- a) Please explain the impact on depreciation costs in 2016 through 2020 in lowering smart meter lives from 15 to 10 years.

4.0-VECC-32

Reference: E4/Part 2/Appendix 4G/Job Review Report/pg. 3

- a) Please explain what options were selected from the Summary of Recommendations shown at page 2 of the Report.
- b) Please provide the final costs for the chosen options.

4.0-VECC-33

Reference: E4/pages 87 – 89
LRAMVA Model, Tabs 8, 9 & 10

- a) It is noted that in the LRAMVA model the peak demand savings reported by the IESO are multiplied by 12 in order to derive the billing demand impact of the CDM programs for demand-billed customer classes. Please provide the relevant IESO/OPA documentation that indicates “peak demand” savings, as reported by the IESO, refer to average peak savings over the 12 months of the year.

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

5.0-VECC-34

Reference: E5

- a) Please provide the actual and regulatory rates of return on equity for each of 2012 through 2015.

5.0-VECC-35

Reference: E5/pg.5

- a) Please provide the most recent lending rates (Serial and Amortizer) for local distribution companies from Infrastructure Ontario.
- b) Please update Table 5.4 as necessary for the most recent rates.
- c) Infrastructure Ontario offers terms of between 5 and 30 years. Please explain the rationale for a 30 year term.

5.0-VECC-36

Reference: E5/pg. 9

- a) In its evidence in the last cost of service filing EB-2011-0249 WNP showed that it expected to reduce the principal owing on the Township Promissory Note by \$100,000 (Exhibit 5, Tab 1, Schedule 1). Please explain why this did not happen. If the Township has altered the loan repayment schedule please provide the documentation.
- b) Does WNP continue to pay the agreed upon interest at a rate of 7.25%?
- c) Does WNP consider the loan callable? If so what would be the cost/penalty of retiring this loan?

5.0-VECC-37

Reference: E5/pg.5

- a) Table 5.4, line 6 shows the interest payable for the Secondary Feed Loan (@3.95%) of \$47,400). Please confirm this shows a full year's interest notwithstanding the loan is only in effect as of July 2, 2016.
- b) Please recalculate the average long-term debt rate using the most recent infrastructure Ontario equivalent rate and pro-rating for the half year implementation of the loan.

6.0 CALCULATION OF REVENUE DEFICIENCY/SURPLUS (EXHIBIT 6)

N/A

7.0 COST ALLOCATION (EXHIBIT 7)

7.0 -VECC -38

Reference: E7/pages 4 - 5

- a) Given that the Billing and Collecting weighting factors are meant to reflect the relative costs per bill why is the fact that Wellington North prints less bills for GS<50 as compared to Residential relevant in the determination of the weighting factors (page 4, line 25)?
- b) Please confirm in what USOA Account the costs of answering and responding to customers' billing enquiries is recorded?
- c) The Application states that Wellington North receives fewer calls from GS<50 than Residential customers. For every 10 calls received from Residential customers how many call would the utility receive from GS<50 customers?

- d) Given that the Billing and Collecting weighting factors are meant to reflect the relative costs per bill why is the fact that the volume of Street Lighting and Sentinel Lights bills are extremely low (page 5, lines 15-16 and lines 20-21) relevant in the determination of the weighting factor for these two classes?
- e) Doesn't Wellington North annually review the load profiles for Street Lighting and Sentinel Lights? If yes, why wouldn't their weighting factors be the same as that for USL (i.e., 1.0)?

7.0 – VECC –39

Reference: E7/page 8
E3/page 32

- a) Given that Wellington North has deemed that using a 10 year average for determining the kW/kWh ratio (Exhibit 3, page 32) is not representative of the current billing load profile for demand billed classes, doesn't this suggest that, while it may be the only load profile data available, there may be problems with using load profiles for cost allocation that are based on analysis done using 2004 data?

7.0 – VECC –40

Reference: E7/page 17
Board Report, EB-2010-0219, page 36

- a) Please outline how Wellington North's cost allocations have been improved such that it is justified in moving the revenue to cost ratios for GS<50, GS 1,000 to 4,999, and Sentinel Lights closer to 100% than indicated by the Board's target policy range for these classes.

7.0 – VECC –41

Reference: E7/page 16

- a) Assuming the ratio for GS<50 remains at 119.93% and that the ratios for GS 50-999; Street Lighting and USL are all reduced to 120%, what (common) revenue to cost ratio for the remaining customer classes would be required to make up the revenue deficiency?

8.0 RATE DESIGN (EXHIBIT 8)

8.0 –VECC - 42

Reference: E8/pages 5-6 and 8-9

- a) What is Wellington North's rationale for not maintaining the current fixed-variable split for GS<50 but rather increasing the MSC to maximum level indicated by the Cost Allocation model?
- b) What is Wellington North's rationale for not maintaining the current fixed-variable split for USL but rather proposing an MSC that results in a lower fixed percentage?
- c) What is Wellington North's rationale for not maintaining the current fixed-variable split for Sentinel Lighting but rather proposing an MSC that results in a higher fixed percentage?
- d) What is Wellington North's rationale for not maintaining the current fixed-variable split for Street Lighting but rather proposing an MSC that results in a lower fixed percentage?
- e) Overall, what is Wellington North's rationale for proposing for some classes a monthly service charge that results in a lower fixed-variable split than the current rates whereas in for other classes the result is a higher fixed variable split than current rates?

8.0 –VECC - 43

Reference: E8/page 14
EB-2015-0294

- a) Please update Table 8.11 to reflect the reduction in the WMS charge for 2016 per EB-2015-0294.
- b) Please also update the cost of power calculations used for the working capital calculation.

8.0 –VECC - 44

Reference: E8/page 26

- a) Please provide the basis for the annual Supply Facilities Loss Factor values used in Table 8.21.

8.0 –VECC - 45

Reference: E8/pages 31- 32
Appendix 2-W

- a) On page 32 Wellington Hydro indicates that it has removed the DRC from both the current Board Approved bill amount and the proposed 2016 bill amounts. However, in Appendix 2-W, the DRC charge is included in the bill at current rates. Please revise Appendix 2-W as needed.
- b) With respect to page 31, the text suggests that the total bill impact for Residential is 0.77%. However, using the values provided (\$5.05/\$143.08) the impact is 3.53%. Please reconcile.
- c) Based on the responses to parts (a) and (b), please revise Appendix 2-W and Table 8.24 as required.

9.0 DEFERRAL AND VARIANCE ACCOUNTS (EXHIBIT 9)

N/A

End of document