January 13, 2016

 **VIA E-MAIL**

**Joanne Tackaberry**

**Wasaga Distribution Inc.**

**950 River Road West**

**Wasaga Beach, ON L9Z 1A2**

**Dear Ms. Tackaberry:**

**Re: EB-2015-0107 – Wasaga Distribution Inc. (“Wasaga”)**

**2016 Rate Application**

**Pre-ADR Clarification Questions**

In accordance with Procedural Order No. 1 a Settlement Conference with respect to above application is scheduled to be convened starting January 18, 2016. After reviewing the Application VECC has identified a number areas requiring clarification before we can meaningfully participate in the Settlement Conference.

Typically these questions would be raised at a technical conference. However, no such conference has been scheduled for this proceeding. In order to expedite the process VECC is providing questions of clarification at this time and so that Wasaga will have an opportunity to address them on or before January 18th.

We continue to review the interrogatory responses and may have further questions. We will do our best to provide these in advance of January 18th.

Yours truly,

*B.Harper /for*

Michael Janigan

Counsel for VECC

cc. Ontario Energy Board, Board Secretary

Georgette Vlahos, Georgette.Vlahos@ontarioenergyboard.ca

Registered Intervenors

**WASAGA DISTRIBUTION INC. (“Wasaga”)**

 **2016 RATE APPLICATION (EB-2015-0107)**

**VECC’S PRE-ADR CLARIFICATION QUESTIONS**

**3.0 OPERATING REVENUE (EXHIBIT 3)**

**VECC –CQ 41**

Reference: Energy Probe #8

1. Please confirm that Wasaga has not been contacted by any potential GS>50 customers with a view to receiving service starting in either 2015 or 2016.

**VECC – CQ 42**

Reference: VECC #14 c)

 Energy Probe 10

1. The response to VECC #14 c) states that CPI and Electricity Price Index were both specifically filtered for Ontario. However, cells A5 to A7 of Tab X.4 in the updated Load Forecast model (referred to in Energy Probe 10) indicate that the two indexes are for Canada overall. Please reconcile and correct the Load Forecast model as needed.

**VECC – CQ 43**

Reference: VECC #14 a)

 VECC #16

1. VECC #14 indicates that all customer classes (except Street Light connections) were included in the Customer Count variable. However the total customer counts used in the model (per Table 3.12) do not match the totals for the individual classes (excluding Street Lighting) as reported in VECC 16. For example, for January 2013 the model used 12,595 whereas the total from VECC 16 is 12,592. Similarly, for February 2013 the model uses 12,601, whereas the total from VECC 16 is 12,596. Please reconcile and correct VECC 16 and/or the Load Forecast model as needed.

**VECC – CQ 44**

Reference: VECC #12 d), e) & f)

 VECC #17

Preamble: *The response to VECC #12 suggested that Wasaga did not apply the ½ year rule when determining the CDM adjustments to be made to historical purchase data.*

 *The response to VECC #17 acknowledges that the adjustments made to the historical individual customer class data to account for CDM do not match the IESO verified results but suggests the differences are small*

1. The following table compares the adjustments made to the purchase data (column 2) and the customer class data (column 3) with the verified CDM results reported by the IESO both on an annualized basis (column 6) and with the ½ year adjustment (column 7). It can be seen from the table that: i) except for 2006, the annual adjustments to the purchase data do not match the IESO verified results, either with or without the ½ year adjustment and ii) except for 2006 and 2007 the annual customer class adjustment also don’t’ match. Furthermore, in the latter case, the discrepancies are not always immaterial. Please revise the adjustments made to the annual purchase and customer class data so that they reconcile with the IESO verified data (adjusted for the ½ year rule) and update the load forecast as needed.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| (kWh) | Annual Adj. per Purch. Model (Tab X.1) | Annual Adj used for Customer Class Fcst (VECC 17) | IESO Verified CDM (Tab X.2) | IESO Verified with ½ current year adj.  |
|  | Persisting from previous years | Current Year | Total (annualized) |
| 2006 | 344,370 | 344,370 | - | 688,739 | 688,739 | 344,370 |
| 2007 | 1,411,584 | 1,067,214 | 688,739 | 756,950 | 1,445,689 | 1,067,214 |
| 2008 | 1,711,798 | 1,671,908 | 1,107,104 | 452,437 | 1,559,541 | 1,333,323 |
| 2009 | 2,025,078 | 1,906,068 | 1,452,332 | 693,054 | 2,145,387 | 1,798,860 |
| 2010 | 2,097,142 | 2,353,519 | 1,542,483 | 416,265 | 1,958,748 | 1,750,615 |
| 2011 | 2,245,380 | 2,120,093 | 1,877,951 | 318,592 | 2,196,543 | 2,037,247 |
| 2012 | 2,608,149 | 2,613,878 | 2,140,007 | 617,693 | 2,757,700 | 2,448,853 |
| 2013 | 3,164,453 | 2,940,658 | 2,741,487 | 213,898 | 2,955,385 | 2,848,436 |
| 2014 | 3,267,586 | 3,426,778 | 2,762,927 | 781,079 | 3,544,006 | 3,153,467 |

**4.0 OPERATING COSTS (EXHIBIT 4)**

**VECC – CQ 45**

Reference: VECC #34 b)

1. The model provided in response to VECC #34 b) suggests that for the CDM programs impacting on demand billed customers the IESO definition of “peak” includes all 12 months of the year (with the exception of DR programs). However, the IESO’s Final Report: Evaluation of Business Incentive Programs states (page D-14) that “the IESO has judged that summer peak demand savings should be used for reporting”. This report can be found at <http://cms.powerauthority.on.ca/sites/default/files/conservation/2014-Evaluation-Business-Initiatives.pdf>

Also, in EB-2015-0083, Kingston Hydro in response to Technical Conference Undertaking JT2.7 as to the definition of peak period stated:

From the definitions in the Master CDM Agreement executed between all Ontario LDCs and the IESO:

“**Peak Demand Savings**” means electricity peak demand savings determined pursuant to the OPA EM&V Protocols.

From ERII Schedule F, EM&V Protocols Section 3:

**Demand Savings** (kW) are the maximum reduction in electricity demand between the Base Case and the Energy Efficient Case occurring in the same hour between 11 a.m. to 5 p.m. on business days, May through October.

Please provide the IESO documentation supporting Wasaga’s contention that the peak period applicable to CDM programs impacting demand billed customers extends over the each of the 12 months of the year.

**7.0 COST ALLOCATION (EXHIBIT 7)**

 **VECC – CQ 46**

 Reference: VECC #35

1. Please explain why, for the Residential class the number of meters is greater than the number of customers, whereas for all other metered classes the two values are the same.
2. Please confirm that all of Wasaga’s secondary underground cable is direct bury and does not involve the use of conduit.

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