



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

July 15, 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-2016-0089 – Lakefront Utilities Inc. – 2017 Rate Application  
Interrogatories of Vulnerable Energy Consumers Coalition (VECC)**

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

Yours truly,

A handwritten signature in black ink, appearing to be 'Michael Janigan', written in a cursive style.

Michael Janigan  
Counsel for VECC

Adam Giddings, Manager of Regulatory Compliance and Finance  
Email: [agiddings@lusi.on.ca](mailto:agiddings@lusi.on.ca)

<b>REQUESTOR NAME</b>	<b>VECC</b>
<b>INFORMATION REQUEST ROUND:</b>	<b># 1</b>
<b>TO:</b>	<b>Lakefront Utilities Inc. (Lakefront)</b>
<b>DATE:</b>	<b>July 15, 2016</b>
<b>CASE NO:</b>	<b>EB-2016-0089</b>
<b>APPLICATION NAME</b>	<b>2017 COS Application</b>

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## **1.0 ADMINISTRATION (EXHIBIT 1)**

1.0-VECC-1

Reference: E1/T5/S8/pg. 61

- a) Please explain what capacity restrictions that have occurred which caused Lakefront to notify the public to reduce energy demand.
- b) What capital programs are being implemented to address these capacity issues?

## **2.0 RATE BASE (EXHIBIT 2)**

2.0 -VECC - 2

Reference: E2/T2/S1/pg.

- a) Please provide the reason for the \$638,736 higher spending on smart meters.
- b) Has the prudence of this overspending been reviewed by the Board in a prior application?

2.0-VECC-3

Reference: E2/T2/S1/pg.34 & 45

- a) Please provide an inventory of vehicles from 2012 and the forecast inventory for 2016.
- b) Please confirm that Lakefront purchased a new bucket truck at the time of its last at the last Cost of Service Application. Please provide the cost of that bucket truck.

2.0-VECC-4

Reference: E2/Attachment A/DSP; E4/T4/S4/Table 4.21

- a) Lakefront has identified 5 categories of assets which are outside the Kinectric Study TUL. Please comment on the materiality of these exceptions.

2.0-VECC-5

Reference: E2/Attachment A/DSP

- a) Please provide either a table or chart, similar to that at page 106 for of the DSP for poles, which shows the condition (good, poor etc.) of the major categories of distribution assets (e.g. padmount transformers, pole transformers, underground cable, overhead cable, switches etc.).
- b) Please explain how the condition of these assets was determined indicating if the entire population or a sample was tested and how.

2.0-VECC-6

Reference: E2/Attachment A/DSP/pg. 125

- a) What are the distribution system costs of the Downtown Vitalization/Waterfront program?
- b) What portion of this cost is being funded by contributions from the City/Municipality or other levels of government?

2.0-VECC-7

Reference: E2/Attachment A/DSP/pg. 38 & Table 2.16

- a) Given the condition assessment of poles shown in Figure 13 of the DSP, please explain why are there no pole replacements forecast for 2017?

2.0-VECC-8

Reference: E2/T5/S3/Table 2.16

- a) Please provide a breakdown of the material category spending under the category of "Distribution system equipment replacement" for the years 2012 through 2017.

2.-VECC-9

Reference: E2/T5/S3/Table 2.16

- a) Please provide a table showing for 2012 through 2017 all new and upgrades services costs and separately for each year the total capital contributions. Include any portion of the total capital contribution for each that is not associated with new or upgraded serve on a separate row.

2.0-VECC-10

Reference: E2/T5/S3/Table 2.16

- a) Please update Table 2.16 to show 2015 actuals to-date and (separately) the remaining year forecast. Please explain any material changes from the original forecast.

**3.0 OPERATING REVENUE (EXHIBIT 3)**

3.0 –VECC -11

Reference: E3/T1/S4

- a) Please confirm that the historical period used to determine the prediction model was 2006-2015 (per page 6, line 22) and not 2004-2015 (per page 9, line 9).
- b) With respect to Table 3.4, please clarify whether the values shown for Street Lighting are the number of devices or number of connections.
- c) With respect to Table 3.4, please provide the actual customer/connection count for each class as of June 30, 2016,

3.0 –VECC -12

Reference: E3/T1/S6

E3/T1/S11 – page 22 (lines 2-9)

- a) With respect to page 22, has Lakefront had any discussions with the Town of Cobourg regarding the current and planned level of activity associated with new residential developments?
- b) If so, what was the number of new residential units constructed in 2015 and what are the planned new residential unit additions for each of 2016 and 2017?
- c) Please reconcile the numbers provided in response to part (b) with the residential customer growth set out in Table 3.15.

### 3.0 –VECC -13

Reference: E3/T1/S7

- a) Please confirm that the values shown in Tables 3.6 and 3.7 are based on the metered quantities adjusted (i.e. increased) for losses.
- b) What were the loss factor values used in each table and how were they determined?

### 3.0 –VECC -14

Reference: E3/T1/S7 – Table 3.8  
E3/T1/S8

- a) Did Lakefront offer CDM programs prior to 2011 and, if so, why are their impacts not included in Table 3.8?
- b) Please provide a full legible copy of the 2011-2014 CDM Final Results Report (referenced on page 15).
- c) What is the basis for the 2015 CDM values set out in Table 3.8?
- d) If there are any preliminary or final reports from the IESO regarding 2015 CDM results, please provide.
- e) Please confirm that the values shown in Table 3.8 are based on the reported CDM savings adjusted (i.e. increased) for losses.
- f) Please indicate what the loss factor value(s) used were and how they were determined.
- g) If the loss factors differ from those used in Table 3.6 and 3.7, please explain why.
- h) Please confirm that for each of years 2011 through 2014, the totals shown in Table 3.8 represent the reported savings for the year concerned plus the persisting savings from previous years.
- i) Please explain why the values for 2015 do not include persisting saving from 2011-2015 CDM programs.
- j) Please explain why the monthly values for each year effectively assume that there are zero CDM savings as of the start of the year? Shouldn't the values for 2012 assume that the persisting savings from 2011 CDM programs are in place for all months of 2012 and that month over month increases for 2012 will reflect the impact of just the 2012 CDM programs? Similarly, shouldn't the monthly values for 2013-2015 assume that the persisting savings from prior years' CDM programs will affect all months of the year concerned?
- k) Based on the preceding responses, please revise Tables 3.8 and 3.10 as

needed.

- l) Based on the response to part (k) please provide an updated load forecast model as needed.

### 3.0 –VECC -15

Reference: E3/T1/S9

- a) Please provide a definition for the “Employment” variable included (per page 16, line 15) in the model and where the historic values were obtained from.
- b) Please explain how it differs from the “full Time Employment for Cobourg” variable excluded from the model.
- c) The discussion on page 18 (lines 13-16) indicates that “CPI” was included in the model. However, the model results set out on page 19 do not include CPI as a variable. Please reconcile.
- d) Please explain how the historical monthly values for the “Holiday Months” variable were determined.
- e) Please explain how the forecast 2016 and 2017 monthly values for the “Employment” variable were established.
- f) Please explain how the forecast 2016 and 2017 monthly values for the “Holiday Months” variable were determined.

### 3.0 –VECC -16

Reference: E3/T1/S9 & E3/T1/S12

- a) Schedule 9 (page 17) indicates that Lakefront used a 10-year average to define weather normal. However, Schedule 12 (page 28) indicates that a 20-year average was used. Please reconcile.
- b) Please provide the purchase power forecasts for 2016 and 2017 produced by the load forecast model using: i) a 10-year average; ii) a 20-year average; and iii) a 20-year trend for the HDD and CDD variables.
- c) What was Lakefront’s average loss factor over the 2006-2015 period used to estimate the model?
- d) Please confirm that the values set out in Table 3.17 are not used at all in the determination of the load forecast by customer class as set out in Schedules 13 and 14. If this is incorrect, please explain how the values in Table 3.17 influence the determination of the load forecast by customer class.

### 3.0 –VECC -17

Reference: E3/T1/S12

- a) At page 28 (lines 9-15) Lakefront describes the derivation of the weather corrected total billed load. Please indicate how the value of 248,176,449 kWh was determined using the purchase power forecast of 250,282,671 kWh and a loss factor of 3.69%.

### 3.0 –VECC -18

Reference: E3/T1/S13

- a) Please provide a schedule that sets out:
  - i. The actual 2015 purchases
  - ii. The actual CDD and HDD values for 2015
  - iii. The assumed weather normal CDD and HDD values
  - iv. The difference between the Normal and Actual CDD values multiplied by 39,804.22
  - v. The difference between the Normal and Actual HDD values multiplied by 6,515.51
  - vi. The addition of items (i), (iv) and (v)

### 3.0 –VECC -19

Reference: E3/T1/S13  
E3/T1/S14

- a) It is noted that with the exception of the Residential and GS<50 classes, the 2017 forecast kWh (not CDM adjusted) set out in Tables 3.18-3.24 do not match the values in Table 3.25. Please reconcile.

### 3.0 –VECC -20

Reference: E3/T2/S1  
Load Forecast Model, Tabs 10, 10.1 and A  
Appendix 2-I  
E4/T6/S1  
LRAMVA Model

- a) Please reconcile the 2011 CDM programs savings values of 1,410,000 kWh (as shown on page 34 and in Appendix 2-I) with the 1,500,000 kWh value in the Load Forecast model (Tab A) used to adjust the historic

- purchased power values.
- b) Please reconcile the total CDM savings reported for each year (2011-2014) in Appendix 2-I (Row 46) with total savings from the various programs as show in the LRAMVA model.
  - c) Please provide a copy of Lakefront's CDM plan for 2015-2020 as submitted to the IESO.
  - d) Please reconcile the 2,028,333 kWh value for savings from 2015 CDM programs as shown in Appendix 2-I (and used for the CDM adjustment to the load forecast) with the 1,600,000 kWh value in Tab A (used to adjust the historic purchased power values).

### 3.0 –VECC -21

Reference: E3/T2/S2

Load Forecast Model, Tabs 10, 10.1 and A  
Appendix 2-I

- a) The 3,776,908 kWh manual CDM adjustment for 2017 appears to be based on ½ of 2014 savings plus 100% of 2015 CDM savings plus ½ of 2016 CDM – all grossed up for losses (per Load Forecast model, Tab 10). Please explain why this is appropriate.
- b) Please explain why the adjustment should not be based on ½ of 2015 savings plus 100% of 2016 savings plus ½ of 2017 savings – with no adjustment for losses.
- c) Please confirm that the LRAMVA value for 2017 is 4,056,667 kWh. If not confirmed, please explain why.
- d) Please provide an allocation of the 2017 LRAMVA value to customer classes.

### 3.0 –VECC -22

Reference: E3/T5/S1

- a) With respect to page 50, please explain why regulatory interest income is included in the forecast Other Operating Revenue for 2017.
- b) Please explain where the revenues form MicroFit services charges are reflected in Appendix 2-H.

#### 4.0 OPERATING COSTS (EXHIBIT 4)

4.0 -VECC -23

Reference: E4/

- a) Please provide the annual fees paid to the EDA for 2012 through 2017 (forecast).

4.0 -VECC -24

Reference: E4/T3/S2/Appendix 2-JC

- a) Please provide the total bad debt (only and if different than the line Bad Debts and Collections) for 2012 through 2015.
- b) Please explain how Lakefront derived the 2016 and 2017 forecast for bad debts.

4.0 -VECC -25

Reference: E4/T3/S6/pg.27 Appendix 2-K

- a) Please amend Appendix 2-K to add a row showing the total amount of OM&A capitalized in each year.

4.0 -VECC -26

Reference: E4/T3/S2/Appendix 2-JC

- a) Please provide a list of positions (by category e.g. linemen; administration, engineering, executive etc.) in 2012 as compared to 2016.
- b) Lakefront has reduced the total FTE from 22.2 in 2012 to 18.50 in 2016/17. How many of these positions are/will be replaced by contracted out positions or by shared service positions?

4.0 -VECC -27

Reference: E4/T3/S4/Shared Services

- a) Please explain the increase in "Outside Services Employed" in 2012 (\$53,921) and 2017 (\$120,648).

#### 4.0 -VECC -28

Reference: E4/T6/S2  
LRAMVA Model  
4-Staff-51 and 52

- a) With respect to the LRAMVA model and LRAM calculations, were the 2011 rates as set out in the model in effect for all of 2011?
- b) Please explain how the savings by program/by year were derived from the 2011-2014 Final CDM Report for Lakefront.
- c) Based on the responses to the preceding questions and the OEB Staff interrogatories, please update the 2011-2014 LRAM claim as necessary.

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

#### 5.0-VECC-29

Reference: E5/T1/S3/Appendix 2-OB

Preamble: Lakefront appears to have miscalculated the long-term debt rate by including notional debt and by not adjusting the callable affiliate debt to the Board's current rate (please see Appendix G to the Settlement Agreement approved by the Board in EB-2011-0250).

- a) Please recalculate the long-term debt rate using only the current debt and the default Board rate for affiliated debt.
- b) Please provide the revenue requirement impact of this adjustment.
- c) If Lakefront is seeking to have a fixed rate of 7.25% apply to the affiliated debt please explain what circumstances have changed with regard to the affiliate debt agreement since 2012. Please file the documents showing Lakefront's agreement to those changes.

## **6.0 CALCULATION OF REVENUE DEFICIENCY/SURPLUS (EXHIBIT 6)**

6.0-VECC-30

Reference: E6/Table 6.6

- a) Please file a revised Table 6.6 incorporating any changes made as a result of the parties' interrogatories.

## **7.0 COST ALLOCATION (EXHIBIT 7)**

7.0 – VECC –31

Reference: E7/T1/S1 & Cost Allocation Model, Tabs I7.1 and I7.2

- a) The .Meter Capital Tab (I7.1) does not show any smart meters associated with the GS<50 class. However the Meter Reading Tab (I7.2) indicates that the meter reading cost for the GS<50 class are all related to smart meters. Please reconcile.

7.0 – VECC –32

Reference: Cost Allocation Model, Tab I6.2

EB-2011-0250, Amended CA Model (July 28), Tab I6.2

- a) The current Cost Allocation model (Tab I6.2) indicates that the number of Street Lighting devices and connections are the same – 2,699. However, in the Cost Allocation model filed in EB-2011-0250 the number of devices was greater than the number of connections. Please explain the basis for the change.
- b) How does Lakefront determine and track the number of Street Lighting connections?

## **8.0 RATE DESIGN (EXHIBIT 8)**

8.0 –VECC - 33

Reference: E8/T1/S3

- a) With the exception of the Residential class, the Application proposes to maintain the current fixed charge for each customer class. Please explain why.

- b) The maximum values set out in Table 8.2 do not match the results of the CA Model – Tab O2. Please provide a corrected version.
- c) As a result of the corrections made per part (a), are any revisions required to Lakefront’s proposed fixed charges for the various customer classes?

8.0 –VECC - 34

Reference: E8/T1/S10

- a) The Application states (page 17, lines 3-4) that the 2016-2017 LV charges were determined based on 2015 actuals. However, according to Table 8.14 the forecast LV charges for 2016 and 2017 are \$313,004 whereas the actual LV charges for 2015 were \$295,876. Please reconcile.
- b) With respect to page 18, please explain why the volumes use to determine the LV charges for purposes of the Power Supply Expense are loss adjusted.

## **9.0 DEFERRAL AND VARIANCE ACCOUNTS (EXHIBIT 9)**

None

End of document