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September 10, 2018 **VIA E-MAIL**

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board

Dear Ms. Walli:

Re: EB-2018-0038 Erie Thames Powerline Corp. (EPTL) 2018 Distribution Rates Pre-ADR Questions of the Vulnerable Energy Consumers Coalition (VECC)

Please find enclosed VECC's clarification questions of interrogatories and separately questions regarding issues for which the Board did not anticipate further discovery. As we continue to review the interrogatory responses of other parties we may have further questions at the time of the settlement conference.

Yours truly,
Mark Garner
Consultant for VECC

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Scott Stoll, Aird & Berlis LLP - sstoll@airdberlis.com

A. <u>FOLLOW-UP ON ISSUES SUBJECT TO INITIAL DISCOVERY</u>

NB: Numbering continues from VECC's last interrogatory

<u>1) Rate Base</u>

Is the rate base element of the revenue requirement reasonable, and has it been appropriately determined in accordance with OEB policies and practices?

VECC - 37

Reference: VECC-1 a) & b)

Preamble: The response to VECC 1 a) states that "t*he town of Mitchell provided the Applicant with notice that it would not extend the lease for the Applicant's existing service centre in Mitchell beyond 2017*."

The response to VECC 1 b) indicates that the Applicant has not yet built a new service centre in Mitchell.

a) Does Erie Thames have a service centre in Mitchell in 2018?
b) If yes, please describe the arrangements for the service centre and what costs related to this service centre are included in the proposed 2018 revenue requirement,

<u>2) Distribution System Plan (DSP) and Capital Expenditures</u>

Are ETPL's proposed capital expenditures appropriate and have the trade-offs with the proposed level of Operating Costs been given adequate consideration?

VECC –38

Reference: VECC-10 /CCC-22

a) Please the variance in capital expenditures on poles shown in the table as shown in response to VECC-10 and that shown in Appendix 2-AA (see CCC-22)

7) Cost Allocation

a) Are ETPL's proposed revenue-to-cost ratios appropriate, particularly given the shifts in the revenue-to-cost ratios produced in the cost allocation model from the previously approved ratios in 2012 to the status quo ratios, which are used to derive the proposed ratios in this application?

VECC - 39

Reference: VECC-25 d)

a) No response has been provided to this question. Please respond to the original question.

VECC - 40

Reference: VECC-26 b) and c)

a) No responses have been provided to these questions. Please respond to the original questions.

VECC - 41

Reference: VECC-28 a)

a) No response has been provided to this question. Please respond to the original question.
b) With respect to GS 1,000 to 4,999 kW, please explain why, in Tab I6.2 of the Cost Allocation Model, there is a customer count of 4 for the secondary customer base but no customer count for the line transformer customer base.

VECC - 42

Reference: VECC-31 b)
Staff-18 a)
Exhibit 7, Tab 3, Schedule 1, Attachment 6

a) With respect to Attachment 6, did the 2016 load data used for the load profile determinations include or exclude Maple Leaf Foods?
b) The Application indicates that the load profiles presented in Attachment 6, page 3 are the final demand allocators. However, they do not match the values used in Tab I8 of the Cost Allocation Model. Please explain which are the correct values.

c) VECC 31 b) indicates that the change in load profiles has a material effect on the revenue to cost ratio results for a number of rate classes that were not subject to weather normalization. Please provide the 2012 Load Profiles used in the response to VECC-31 b) in a format comparable to that in Tab I8 of the Cost Allocation Model.

VECC - 43

Reference: VECC-33 a)

a) Apart from changes to the costs input into the Cost Allocation Model (i.e., Tabs I3 and I4) were any other changes made to arrive at the Model filed with the interrogatory responses? If so, what were they?

b) Is ETPL's proposal for a final standby rate appropriate?

VECC - 44

Reference: Exhibit 3, Tab 4, Schedule 1, Attachment 1, Section 4.4
Exhibit 7, Tab 1, page 2
VECC-36 d) i)
TMMC-2 (1) through 2 (5)

a) Does the one Intermediate customer to whom the standby rate would apply currently have behind the meter generation?
b) If the response to part (a) is yes, in what year was it installed?
c) If the response to part (a) is yes and the generation was installed prior to 2017, please confirm that the historic Intermediate class energy values used in Section 4.4 do not include plant load served by customer-owned generation.
d) If the response to part (a) is yes and the generation was installed prior to 2017, please provide a revised kW history for the Intermediate class for the relevant years where, for the customer concerned, the billing kWs reported are based on gross billing.

VECC - 45

Reference: VECC-36 a) and c) iii)
Staff-67 a) and b)
Revised Tariff and Bill Impact Excel File, Tab 4.2

Preamble: VECC 36 a) and Staff 67 a) indicate that the Tariff Sheet will include reference as to how standby rates and gross billing are handled:

The revised Tariff Sheet includes a the following statement which indicates which charges are subject to gross billing, but does not explain how the billing determinant under "gross billing" will be calculated.

> *For those customers who install behind the meter generation they will be billed on a Gross Load basis for the distribution variable charge and Network and Connection Charges.*

The response to Staff 67 b) indicates that Erie Thames' Conditions of Service will be updated to include an explanation of gross load billing but VECC 36 c) iii) indicates that the definition of the new billing determinant under "gross billing" is to be determined.

a) Please provide the definition that Erie Thames is proposing for gross load billing and how the monthly billing determinate will be calculated.

VECC -46

Reference: VECC-35 a) and b)
VECC 36 c)
Revised Tariff and Bill Impact Excel File, Tab 4.2
Toyota 1.1 and 1.2
EB-2017-0049, Exhibit H1, Tab 2, Schedule 2, Attachment 1, pages 10 & 19 (Hydro One Network's currently approved ST Rates)
EB-2017-0049, Exhibit H1, Tab 2, Schedule 1, pages 11 & 21 (Hydro One Networks Proposed 2018 ST Rates)

Preamble: VECC 36 c) and Toyota 1.1 & 1.2 indicate that gross billing will apply to the volumetric charges for Transmission Network, Transmission Connection and Distribution Service.

The revised Tariff Sheet includes the following statement which indicates which charges are subject to gross billing:

> *For those customers who install behind the meter generation they will be billed on a Gross Load basis for the distribution variable charge and Network and Connection Charges.*

VECC 35 a) and b) indicate that Hydro One Networks applies its Retail Transmission Rate – Line Connection Rate; Retail Transmission Rate – Transformation Connection Service Rate and its volumetric ST rates on a gross lad basis. This is confirmed in both Hydro One Networks current and proposed tariff schedules as filed in EB-2017-0049.

a) Please explain why Erie Thames is proposing to use gross billing for its Retail Transmission Rate – Network Service Rate when it is not billed for this service on a gross load basis by Hydro One Networks.
b) Please explain why Erie Thames is not proposing to use gross load billing for LV Service Rate since Hydro One Networks bills for this service on a gross load basis.
c) Please explain why Erie Thames is not proposing to use gross load billing for the rate riders for any of the variance accounts associated with charges that were initially billed on a gross load basis.

B. CLARIFICATION QUESTION ON ISSUES NOT SUBJECT NOT SUBJECT TO INITIAL DISCOVERY

5) Load Forecast and Other Revenue (written submissions only)

a) Is ETPL's proposed Load Forecast appropriate, including the interrelationship with, and impacts of, other issues?

VECC - 47

Reference: Exhibit 3, Tab 1, Schedule 2, page 3
Exhibit 3, Tab 4, Schedule 1, Attachment 1, Section 4.3

a) Please confirm that the historical customer counts set out in Table 3-3 are based on the average of the 12 monthly values for the year.
b) What accounts for the significant change in the number of GS>50 customers in 2015 vs. 2014? Are these the same changes as mentioned in Section 4.3 of the Load Forecast Report?
c) What year/month were the two larger customers moved from the GS>50 to the Intermediate class?
d) Based on the explanation provided to part (b), why is it reasonable to include this annual change in the calculation of the geomean growth rate used to forecast the future customer count for the GS>50 class?
e) Please provide the customer/connection count by customer class as of June 30, 2018.

VECC - 48

Reference: Exhibit 3, Tab 1, Schedule 3, page 1
Exhibit 4, Attachment 12 (LRAMVA Report), page 11

a) The LRAMVA Report indicates that the claim for the impact of 2016 CDM programs is based on 2016 verified results. However, the verified results for 2016 do not appear to have been used for purposes of the CDM adjustments made in developing the load forecast. Please confirm that this is the case and explain why the 2016 verified results were not used in developing the load forecast.
b) What would be impact if the actual 2016 verified results were used to develop the load forecast?

VECC - 49

Reference: Exhibit 3, Tab 1, Schedule 3, page 1
Load Forecast Model, Historic CDM Tab
LRAMVA Work Form, 2011-2014 LRAM Tab and 2015-2020 LRAM Tab

a) What is the basis for assuming 100% persistence for programs delivered in 2016-2020 (Exhibit 3, Tab 1, Schedule 3, page 1, lines 14-16)) when the 2015 results reported by the IESO show a loss of persistence after 2015?
b) The historic 2011-2015 CDM values used on the Load Forecast model do not appear to reconcile with those used in LRAMVA Work Form. To illustrate, for the total annualized impact in 2014 from 2014 CDM programs the Load Forecast uses 10,984.1 MWh whereas the LRAMVA Work Form uses 8,798.2 MWh. Similar issues exist in other years. Should the values not be the same and, if so, which values are correct?

VECC - 50

Reference: Exhibit 3, Tab 4, Schedule 1, Attachment 1, Section 2.2
Load Forecast Model, GS<50 Normalized Monthly Tab

a) In the GS<50 Normalized Monthly Tab the monthly London FTE values for 2017 and 2018 are purportedly based on the previous year's monthly value escalated by a growth factor. However, the referenced Tab/Cell in the formula is blank such that the 2017 and 2018 values are exactly the same as those for 2016. Was this intended or is it an error? What revisions are required?

VECC - 51

Reference: Exhibit 3, Tab 1 Schedule 2, page 4
Exhibit 3, Tab 4, Schedule 1, Attachment 1, Section 4.4
Staff-18
Load Forecast Model, Normalized Annual Summary Tab

a) In Section 4.4 was the one customer identified as discontinuing operations Maple Leaf Foods?
b) Section 4.4 states that the historical consumption for this customer was removed from the totals used. Please clarify whether:
    i. The 2007-2016 kWh data in Section 4.4 includes or excludes this one customer. The text would suggest this customer's use is excluded
    ii. The historical 2007-2016 customer count of 7 includes or excludes this one customer. It would appear the customer has been included.
c) Based on the responses to part (b) does the average 2007-2016 usage used to forecast Intermediate use need to be revised?
d) Based on the response to Staff-18, is the GS Assembly plant operations for 2018 expected to be materially different than in previous years in terms of either monthly billing demand or energy use?

b) Is ETPL's proposed Other Revenue appropriate, including the interrelationship with, and impacts of, other issues?

VECC - 52

Reference: Exhibit 3, Tab 4, Schedule 1, Attachment 6
Exhibit 3, Tab 3, pages 7-9

a) Please explain the forecast decline in Miscellaneous Service Revenue Account 4235) in 2017 and 2018 versus the actual values for 2015 and 2016.
b) Please explain why both SSS revenues (Account 4080) and Retailer related revenues (Accounts 4082 & 4084) are lower in 2017 and 2018 versus the actual values for 2015 and 2016 when the customer count is forecast to increase.
c) Why is there no Interest and Dividend Income (Account 4405) forecast for either 2017 or 2018?
d) Please provide the actual 2017 Other Revenues by USOA account.

<u>8) Rate Design (written submissions only)</u>

a) Are ETPL's proposed bill impacts related to the Sentinel Lighting rate class appropriate?
b) Are any changes to ETPL's proposed rate design needed as a result of the hearing of other issues?

VECC - 53

Reference: Chapter 2 Appendices – Appendix 2-R Loss Factors
Exhibit 8, Tab 10, Schedule 1, page 2 (Table 8-23)
Tariff and Bill Impact File, Tab 4.2

a) The loss factor calculated in Appendix 2-R differs from that in Table 8-23 and in the Tariff Schedule. Please explain why the proposed loss factor is based on a 3 year average (excluding 2012 and 2013) as opposed to a 5 year average per Appendix 2-R.

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