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October 11, 2018 **VIA E-MAIL**

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board

Dear Ms. Walli:

**Re: Energy+ Inc. (Energy+) 2019 Cost of Service Application**
**OEB File Number EB-2018-0028**
**VECC Interrogatories to Toyota Motor Manufacturing Canada Inc**

In accordance with Procedural Order No. 1, please find attached VECC`s interrogatories to Toyota Motor Manufacturing Canada Inc. (TMMC) in the above noted proceeding. Energy+ and all intervenors have been copied on this filing.

Yours truly,

*Bill Harper*

Consultant for VECC

**REQUESTOR NAME**: Vulnerable Energy Consumers Coalition (VECC)
**INFORMATION REQUEST ROUND NO:** #1
**TO:** Toyota Motor Manufacturing Canada Inc. (TMMC)
**DATE:** October 11, 2018
**APPLICATION NAME**: Energy + Inc. 2019 Cost of Service Application
**OEB FILE:** EB-2018-0028

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**1.0 Reference: Written Evidence of Jeffry Pollock, page 8 (lines 4-10) and page 19 (Table 1)**

**Preamble:** The written evidence states: "As a result of certain adjustments that Energy+ has erroneously made to the Large Use class demands and the corresponding demand allocation factors, the CCOSS overstates the cost of serving the Large Use class. The 12CP, 4NCP and 12NCP demands used to allocate costs to the Large Use class in the CCOSS do not reflect the load profile of the Large Use class; instead, they reflect a load profile adjusted for the assumed impact of TMMC's LDG facility."

1.1 Please confirm that the "adjustments" Mr. Pollock is referring are those set out in Table 1 (page 19). If not, what are the adjustments that are being referred to?

1.2 The footnotes to Table 1indicate that the values in the last row were taken from Tab I-18 of Energy+'s updated CCOSS as referenced in interrogatories TMMC-4 and 1-Staff-2. Please confirm whether the correct reference is Tab I-8.

1.2.1 If yes, please confirm whether the values for the last row in Table 1 were taken directly from the CCOSS or whether any adjustments were made to them.

**2.0 Reference: Written Evidence of Jeffry Pollock, page 8 (lines 10-14) and page 24 (line 16) to page 25 (line 8)**

**Preamble:** Mr. Pollock's evidence references those sections of the Board's EB-2005-0317 Report (Board Directions on Cost Allocation Methodology for Electricity Distributors) that deal with Load Displacement Generation as a separate Rate Classification (i.e., Section 11.5.2).

2.1 Please confirm that Energy + is not proposing a new and separate rate classification for customers with load displacement generation but rather is proposing that these customers remain part of the main customer classifications (i.e., Large Use, GS >1,000-4,999 and GS>50-999) per Energy + Exhibit 7, page 14.

2.2 If confirmed, please explain why Mr. Pollock's evidence referenced and relied on Section 11.5.2 of the Board's EB-2005-0317 Report as opposed Section 11.5.3.

**3.0 Reference: Written Evidence of Jeffry Pollock, page 9 (lines 9-14); page 19 (Table 1) and page 21 (lines 5-11)**
**Written Evidence of Melody Collis, page 7 (lines 105-108)**

**Preamble:** The written evidence of Jeffry Pollock states (page 21): "The LDG adjustments shown in Table 1 above assume that an outage of TMMC's LDG would occur simultaneously with the Large Use class's coincident and non-coincident peak demands in each and every month."

The written evidence of Melody Collis state (page 7): "The CHP Facility comprises two gas-fired turbine generators, each with a nameplate capacity of 4.6 MW".

3.1 With respect to Mr. Pollock's written evidence please confirm (yes or no) whether with respect to Table 1:

3.1.1 The Energy+ LDG adjustment applicable to the 12CP value is 110,400 kW (i.e., 12 months x 4.6 MW x 2).

3.1.2 The Energy+ LDG adjustment applicable to the 12NCP values is 110,400 kW (i.e., 12 months x 4.6 MW x 2).

3.1.3 The Energy+ LDG adjustment applicable to the 4NCP values is 36,800 kW (i.e., 4 months x 4.6 MW x 2).

3.2 If not confirmed, please explain the basis for the referenced quote from page 21 of Mr. Pollock's written evidence.

**4.0 Reference: Written Evidence of Jeffry Pollock, page 24 (lines 5-12)**
**Energy + Application, Exhibit 7, pages 3-4 and Response to 7-Staff-84**

**Preamble**: The written evidence of Mr. Pollock claims that Energy+ provided no explanation as to why it assumed no diversity for TMMC's generator outages.

4.1 Please confirm that at the above references Energy+ provided an explanation as to why it relied on the 2004 load profiles as opposed to the 2016 load profiles (which would have reflected the operation of TMMC's load displacement generation).

**5.0 Reference: Written Evidence of Jeffry Pollock, page 25 (lines 11-14) and page 29 (lines 4-9)**

5.1 Are there any other revisions to Energy+'s CCOSS that Mr. Pollock is recommending apart from the two set out on page 29?

5.1.1 If yes, what other revisions to the CCOSS is Mr. Pollock recommending?

5.2 Is it Mr. Pollock's view that, with these revisions, the cost allocated to the Large Use class will reflect the cost of providing both Supplementary Service (as defined on page 25 at lines 9-11) and Standby Service?

5.2.1 If yes, please explain why.

5.2.2 If not, what do the CCOSS results represent?

5.2.3 If not, what other adjustments would need to be made to the CCOSS in order that the results reflect the "costs" of both services?

**6.0 Reference: Written Evidence of Jeffry Pollock, page 26 (lines 5-7) Written Evidence of Melody Collis, page 5 lines 72-74**

**Preamble:** The Pollock evidence states: "TMMC is served directly from Hydro One's Preston TS through two dedicated 27.6 KV feeders, M24 and M30."

The Collis evidence also states: "The Cambridge Plant is connected to the electricity distribution system of Energy+ via two dedicated 27.6 kV feeder lines (M24 and M30) that are connected to Hydro One's Preston Transformer Station ("Preston TS")."

6.1 Does TMMC have any formal agreement or contract with Energy + whereby it is granted/guaranteed exclusive use of the two feeders or (conceivably) could Energy + connect other customers to these lines?

6.2 If a formal agreement/contract exists please provide a copy.

**7.0 Reference: Written Evidence of Jeffry Pollock, page 26 (lines 3-11) and Schedule JP-2.**

7.1 Mr. Pollock's evidence indicates that both Large Users receive their electricity service via 27.6 kV feeder(s) connected to a Hydro One owned transformer station. Given this similarity in the nature as to how they are served, please explain more fully Mr. Pollock's vew that there is "stark difference" in the service the two customers receive.

**8.0 Reference: Written Evidence of Jeffry Pollock, page 26 (line 19) to page 27 (line 10) and Schedule JP-3**

**Preamble:** The written evidence states: "The methodology is essentially identical to the process used by Energy+ to quantify the total demand-related primary distribution costs in its CCOSS."

8.1 With respect to Schedule JP-3, please confirm that, in column 1, the gross plant investment value excludes investment in General Plant (per CCOSS Tab O1, row 47) whereas the accumulated depreciation value used includes General Plant (per CCOSS Tab O1, rows 47-49).

8.2 The footnote to Schedule JP-3 indicates that column 1 excludes Embedded Distributors. Please explain why this is the case, particularly since not all distribution plant costs attributed to the Embedded Distributors is directly allocated (per CCOSS Tab O1, row 47).

8.3 At page 27 (lines 6-9) the evidence notes that the gross and net plant ratios were used to determine the amount of each cost component that would be attributed to the dedicated feeders that serve TMMC. For each of the cost components please indicate whether it was the gross or net plant ratio that was used.

8.4 Please confirm that in the case of General and Administrative Expense the Board's CCOSS methodology does not use either the gross or net plant ratio to allocate these costs – but rather primarily uses an allocator based on O&M costs (see CCOSS Tab E4, rows 176-204).

8.4.1 If confirmed, why did Mr. Pollock not use a similar approach?

8.5 It is not clear from the explanation whether or not the costs attributed to the dedicated feeders include a portion of Energy+ General Plant costs. Please confirm whether or not provision for these costs has been included in the analysis.

8.5.1 If yes, please indicate/explain how this was done.

**9.0 Reference: Written Evidence of Jeffry Pollock, page 27 (line 13) to page 28 (line 2); page 29 (lines 5-6)**

9.1 The evidence references a Board statement regarding the direct assignment of cost to rate classifications. However, Mr. Pollock is proposing not only to directly assign the cost of the dedicated feeders to the Large Use rate class but to also charge the costs to only one of the customers in the class. Can Mr. Pollock point to any Board directions/reports that support the direct assignment of costs to individual customers within a customer class for purposes of the CCOSS and/or rate-setting?

**10.0 Reference: Written Evidence of Jeffry Pollock, page 28 (lines 12-14) and Schedule JP-4**

10.1 The evidence states that TMMC represents 81% of the Large Use class energy sales. Please indicate what year or years of usage this value is based on.

10.2 Schedule JP-4 indicates that the portion of Energy+ forecast 2019 sales attributable to Customer 1 was provided by Customer 1. Please explain how Customer 1 determined what portion of the forecast (prepared by Energy+) would be attributable to it.

10.3 For purposes of preparing JP-4 did Mr. Pollock assume that both Customer 1 and Customer 2 had the same load profile as the Large Use class overall?

10.3.1 If yes, what tests were performed to determine that this assumption was appropriate?

10.3.2 If no, what was the load profile used for each customer and how were they established?

**11.0 Reference: Written Evidence of Jeffry Pollock, page 28 (line 6) to page 29 (line 2)**

**Preamble:** Mr. Pollock is proposing that the TMMC load be removed from the factors used to allocate all other primary distribution plant with the exception of Poles, Towers and Fixtures-Primary (USoA 1830-4).

11.1 Please confirm that Mr. Pollock is recommending that the TMMC load be removed from the allocation factor for Underground Conduit-Primary (USoA 1840-4).

11.2 If this is the case, wouldn't the allocation factor used for the other customer classes for USoA 1830-4 also need to be adjusted to remove any loads served via Underground Conduit-Primary? Otherwise won't customers with these loads be inappropriately allocated a share of USoA 1830-4?

11.2.1 If not, please explain why.

**12.0 Reference: Written Evidence of Jeffry Pollock, page 30 (line 2) to page 31 (line 1); page 37 (lines 14-17) and Schedule JP-5**
**Energy+ 2019 CCOSS (Updated)**

12.1 Please confirm that for the TMMC Revised CCOSS the only demand allocation factors that were changed in Tab I8 (from those used in the Energy+CCOSS) were those associated with the Large Use class.

12.1.1 If not confirmed please explain why.

12.2 Please confirm that in the Energy+ CCOSS not all distribution plant costs attributed to the Embedded Distributors are directly assigned and that some are allocated using the demand allocators.

12.2.1 If confirmed, please explain why the costs allocated to the various Embedded Distributors do not change under the TMMC Revised results.

12.3 Please confirm that the changes proposed by Mr. Pollock effectively reduce the primary distribution asset costs allocated to the Large Use class and, correspondingly, increase the costs to be allocated to other customer classes.

12.3.1 If not confirmed please explain why.

12.4 Please explain why (per Table 4) the TMMC Revised CCOSS increases the costs allocated to the Residential class while reducing the costs allocated to the GS<50; GS 50-999 and GS 1,000-4,999 classes. (Note: Based on the changes proposed one would have expected the costs allocated to all of these classes to increase and that the percentage increase would have been greater for those classes that make less use of Energy+'s secondary assets).

12.5 It is noted that in Schedule JP-5 the revenue at current rates (line 1) is the same as in the Energy + CCOSS. However, for the Energy+ CCOSS the 2019 Large Use load used to determine the revenue at current rates (i.e., 361,276 kW) include the LDG Adjustment (Note: This can be seen in the revised Load Forecast model, Rate Class Load Model Tab, Cell E11). Please confirm that the Large Use load (kW) used in the TMMC Revised CCOSS for purposes of determining revenue at current rates included the LDG adjustment.

12.5.1 If confirmed, please explain why this is appropriate given Mr. Pollock's proposal to remove the LDG adjustment from the

allocators and from the loads used for purposes of rate design (page 37).

**13.0 Reference: Written Evidence of Jeffry Pollock, page 33 (lines 1-17) And Schedules JP-5 and JP-6**

13.1 At page 3, line 1 the evidence states that the Revised CCOSS allocates $67,078 of customer-related costs to the Large Use class. However, at line 11 the evidence states that the Large Use customer-related costs are $6,181. Please reconcile.

13.2 Please provide a schedule (with references to Schedule JP-3 and JP-5 as required and in confidence if necessary) that shows how each element (lines 1-10) of the Total Large Use Class revenue requirement in Schedule JP-6 was broken down as between columns 2 through 6.

**14.0 Reference: Written Evidence of Jeffry Pollock, page 34 (line 1) to page 38 (line 10) and page 46 (lines 14-16)**

14.1 Please confirm that the rate in Table 5 for the "Feeder Costs" is only applied to TMMC?

14.1.1 If yes, why wouldn't it be more appropriate to recover these costs based on a fixed monthly charge of $7,132.67 (i.e., $85,592 divided by 12)?

14.2 Is the forecast billing demand used to determine the rate for Bulk Distribution in Table 5 the same as that used to determine the rate for Associated Poles?

14.2.1 If not, why not?

14.3 In accordance with page 37 (lines 16-17), please confirm that demands (kW) associated with the use of Standby Distribution service were removed from the billing demands used to calculate all of the rates in Table 5.

14.4 It is noted that the resulting rates in Table 5 have been redacted and are deemed to be confidential. If the Board were to adopt Mr. Pollock`s approach could the rate schedule for the Large Use class be made public or would it have to be confidential?

14.4.1 If the later, is Mr. Pollock or TMMC aware of any previous case where the OEB approved rates for distribution service but did not make them publically available?

**15.0 Reference: Written Evidence of Jeffry Pollock, page 41 (lines 2-4)**

**Preamble**: The written evidence states: "Energy+ ignored the reduction in the amount of capacity it has to reserve as a result of TMMC's LDG".

15.1 Please explain what "capacity" the evidence is referring to and how TMMC`s LDG reduces the amount that has to be reserved.

**16.0 Reference: Written Evidence of Jeffry Pollock, page 41 (lines 10-20)**

16.1 Please confirm that Energy+`s demand rates for basic distribution service to all of its demand billed customers are based on the highest recorded peak demand in each month.

16.1.1 If confirmed, please explain why applying such an approach to Standby distribution service is discriminatory as between an LDG and a non-LDG customer in the same class (or a different class).

**17.0 Reference: Written Evidence of Jeffry Pollock, page 43 (line 4) to page 44 (line 2)**

17.1 The example set out in the evidence in Table 3 assumes that Customer 3 owns LDG. Please confirm that the example could equally apply to three customers (with the prescribed load characteristics) where none of them owned LDG.

17.2 In such circumstances, please confirm that under the rate-setting practices used by Ontario distribution utilities in setting rates to be approved by the OEB, if all three customers were in the same rate class they would all face the same $/kW charge for their distribution service even though the per unit demand costs to serve are different.

**18.0 Reference: Written Evidence of Jeffry Pollock, page 44 (line 11) to page 45 (lines 11)**

**Preamble:** The evidence focuses on outages and new peak demands that occurred during the on-peak period.

18.1 What is Mr. Pollock`s definition of "on-peak"?

18.2 Has Mr. Pollock reviewed the load profile data provided by Energy+ (i.e., the 2019 Energy+ Load Profile Model – excel file) and confirmed that all of the Large Use class peaks occurred during the on-peak period"?

**19.0 Reference: Written Evidence of Jeffry Pollock, page 46 (lines 4-7)**

**Preamble:** The written evidence states: "Assuming that Standby distribution service is separately priced, it would be appropriate to account for the incremental revenues in determining the revenues that need to be recovered from the rates for Supplementary distribution service".

19.1 If there is no Standby distribution service taken over the course of a year will the rates set out in Table 5 fully recover the costs as set out in the table – assuming actual loads for basic distribution service are equivalent to the forecast referenced at page 37 (i.e., with the LDG adjustment removed)?

19.1.1 If not, how are the revenues from Standby distribution service considered to be "incremental?

19.2 How would these incremental revenues be accounted for (i.e., would they be used to reduce the rates for all customers in the same rate class as the LDG customer or for all customers overall)?

**20.0 Reference: Written Evidence of Jeffry Pollock, page 47 (lines 12-14)**

20.1 Please explain what is meant by the term "net peak demand". In particular does this refer to the peak demand when standby service is not being provided?

**21.0 Reference: Written Evidence of Jeffry Pollock, page 50 (lines 17-23); and page 44 (lines 5-10) and Schedule JP-8**

21.1 It is noted that the Daily Volumetric Rate is derived by dividing the Large Use Bulk Distribution Volumetric Rate by the number of weekdays in a month. Would the Daily Volumetric Rate be applicable only if the outage occurred on a weekday?

21.2 If LDG is as reliable as Mr. Pollock suggests and provides system benefits accordingly, why should the rate derivation be based on the total number of weekdays in the month as opposed to a lower value?

21.3 If LDG is as reliable as Mr. Pollock suggests and provides system benefits accordingly, would it not be reasonable to put a limit on the number of days (either monthly or annually) that the Daily Rate would apply – after which the rate would equal the applicable Large Use rate?

**22.0 Reference: Written Evidence of Jeffry Pollock, page 51 (lines 2-3 & 16-23) and page 52 (lines 7-14)**
**Written Evidence of Melody Collis, page 12 (lines 251-253)**

22.1 With respect to page 51 of Mr. Pollock, please clarify what is meant by "the previously established monthly peak demand" as used at line 11.

22.2 Given the seasonal nature of TMMC`s load, why is it appropriate to use the difference between the previously established monthly peak demand and the peak demand during the outage to determine the daily demand that the Daily Volumetric Rate would apply to?

22.3 Given that the Contract Demand will only be adjusted on a going forward basis (Pollock Evidence, page 51, lines 12-13), what is the incentive for a customer to initially establish a realistic Contract Demand as opposed to setting one that is too low?

**23.0 Reference: Written Evidence of Melody Collis, page 8 (lines 138-147)**

**Preamble:`** The evidence states: "Most of the CHP unit outages that occurred in the period January 2018 to June 2018 did not have the effect of increasing maximum monthly demands on the Energy+ system". (emphasis added)

23.1 The evidence suggests that during the January 2018 to June 2018 period some of CHP unit outages did have the effect of increasing the maximum monthly demands on the Energy+ system. Please confirm if this was the case.

23.1.1 If confirmed, please indicate in which months this occurred.

23.2 During the period January 2016 to December 2017 did any CHP outages have the effect of increasing TMMC`s maximum monthly demands on the Energy+ system?

23.2.1 If yes, in which months did this occur?

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