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Niagara
on-the-Lake
HYDRO

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2019 Cost of Service Rate Application

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Niagara-on-the-Lake Hydro Inc. (NOTL Hydro)

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EB-2018-0056

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Reference: 3-VECC-1 7b) & c) and 3-VECC-21

- a) VECC-17 c) indicates that there were 29 USL connections as of June 2018. However, VECC-21 indicates there were 26. Please reconcile and indicate whether the reconciliation changes the USL customer/load forecast for 2019.
- b) What was the Street Light connection count as of June 30, 2018?
- c) The response to VECC 17 b) shows a net growth in GS<50 customers of 10 over 2 years which would suggest an average growth of 5 per year not 3 as shown in the response. Please reconcile.

RESPONSE

- a) The customer counts included in the response to 3-VECC-17 included 3 Christmas light accounts are only billed once annually. These accounts were not billed in March – June 2018 and are therefore not included in the actual usage or accounts billed in response to 3-VECC-21
- b) 2,116
- c) The average growth in GS<50 customers is 10 over the past 2 years for an average of 5, not 3 as indicated in the response to 3-VECC-17 b

VECC - 51

Reference: 3-VECC-20

Exhibit 3, Tables 3.23 and 3.24

- a) Please confirm whether the 2011-2017 weather normalized purchase values presented in Tables 3.23 and 3.24 were calculated using: i) the average HDD and CDD values for 2011-2017 or ii) the actual HDD and CDD values for the year concerned.

RESPONSE

- a) The weather normalized purchase values in Tables 3.23 and 3.24 for 2011 – 2017 were calculated using the actual HDD and CDD values for the year concerned.

VECC - 52

Reference: 3-VECC-18 b)

a) Please provide the full excel load forecast model consistent with the response to part (b).

RESPONSE

a) Load forecast excluding Daylight hours variable and Blended rate variable is attached to these responses.

VECC - 53

Reference: 3-Staff-34

- a) Please confirm whether the 5 MW forecast for the new Large Use customer includes the load that will be served by the customer-owned generator when it is operating.

RESPONSE

Confirmed.

VECC - 54

Reference: 3-VECC-22 a)

Exhibit 3, pages 34-35 (Tables 3.30 & 3.32)

- a) Please reconcile the forecast CDM savings set out in Table 3.30 with the annual planned savings per NOTL's 2015-2020 CDM Plan.
- b) Has or will the new large user receive any funding from the IESO (under NOTL's 2015-2020 CDM Plan) for its new CHP generator?

RESPONSE:

- a) The savings indicated in Table 3.30 represents the savings that NOTL Hydro is forecasting for its conservation totals. The most recent CDM Plan submitted in June 2018 does not reflect our projected performance, but has been used primarily as a budgeting tool (it has never been used for forecasting internally). The forecasted spend for the most recent CDM plan were produced in early 2017 as the 2018 update was due to a change in program offering. NOTL Hydro removed an industrial program due to an expected project with a very high incentive that was not in our budget. IESO's own forecast of NOTL Hydro's savings indicates a much higher expected savings (November 2018 Participation & Cost Report, see below).

From the November 2018 IESO Participation & Cost Report from the IESO

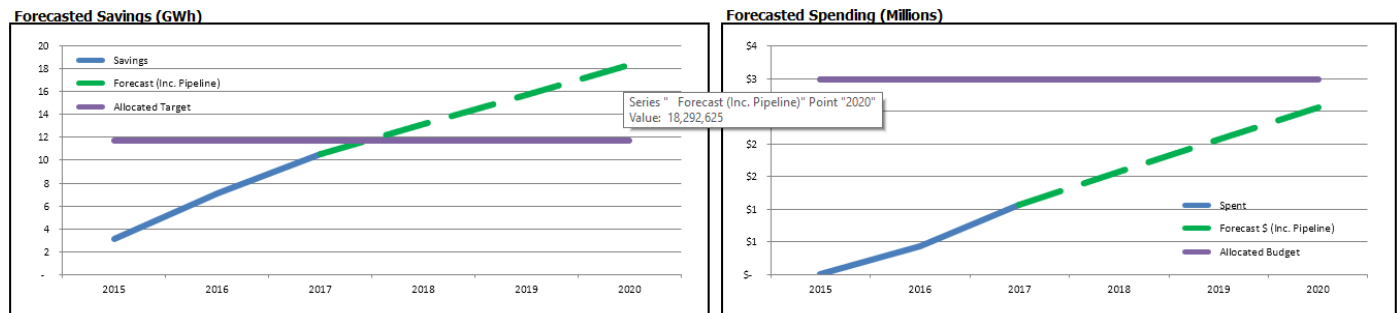


Table 3.30: 2015-2020 CDM Program

6 Year (2015-2020) kWh Target:							
11,680,000							
	2015	2016	2017	2018	2019	2020	Total
	%						
2015 CDM Programs	5.20%	5.19%	5.19%	5.11%	5.11%	5.11%	30.92%
2016 CDM Programs		6.72%	6.72%	6.72%	6.71%	6.65%	33.50%
2017 CDM Programs			6.21%	5.75%	5.75%	5.74%	23.44%
2018 CDM Programs				2.56%	2.54%	2.53%	7.62%
2019 CDM Programs					1.74%	1.73%	3.47%
2020 CDM Programs						1.04%	1.04%
Total in Year	5.20%	11.91%	18.12%	20.13%	21.85%	22.80%	100.00%
kWh							
2015 CDM Programs	3,119,882.00	3,115,781.00	3,115,689.00	3,066,757.00	3,065,932.00	3,063,490.00	18,547,531.00
2016 CDM Programs		4,029,459.00	4,029,459.00	4,028,659.00	4,022,774.00	3,988,118.00	20,098,469.00
2017 CDM Programs			3,722,902.00	3,448,140.00	3,447,680.00	3,445,057.00	14,063,779.00
2018 CDM Programs				1,533,536.37	1,524,390.03	1,515,298.24	4,573,224.64
2019 CDM Programs					1,045,247.50	1,039,013.42	2,084,260.91
2020 CDM Programs						625,490.86	625,490.86
Total in Year	3,119,882.00	7,145,240.00	10,868,050.00	12,077,092.37	13,106,023.53	13,676,467.52	59,992,755.42

b) The new large user has applied for funding from the IESO for its new CHP generator under the IESO CDM plan. Because of uncertainty risks NOTL Hydro was not able to provide funding under its CDM plan. As it is no longer involved, NOTL Hydro does not know the status of this application with the IESO.

VECC - 55

Reference: 7-Staff-57 and 7-VECC-38 & 44

1-Staff-1 (Updated Cost Allocation Model, Tab I7.1)

- a) Please confirm that customers requiring greater than 200 amp service pay the full cost of the “service” installation?

RESPONSE

- a) Confirmed

VECC - 56

Reference: 7-VECC 39, Appendix 7-VECC-39.1

- a) What activities are included under Labour (#185320) and why is it reasonable for the weights for GS>50 interval, USL and Street Light all to be zero?

RESPONSE

- a) 185320 includes internal labour related to the collection of accounts. It is reasonable to assume weights of zero for collection related labour for these classes. GS>50 interval include NOTL Hydro's largest customers that are mostly on pre-authorized payment or EFT payments. There has only been 1 account that required collection labour since the beginning of 2015. USL and Street light customers include the Town, Region as well as Bell and Cogeco. These rate classes do not have any recent history of collections.

VECC - 57

Reference: 7-Staff-59

1-Staff-1 (Updated Cost Allocation Model, Tab I7.1)

- a) The response states that "Utilismart bills NOTL Hydro the same rate for street light accounts and interval metered customers". Furthermore, the Application (Exhibit 7, page 9) states that there is an incremental cost with reading interval meters. However, the relative cost for Street Lights (54.38) is less than that for GS>50 customers (58.58), where the later involves both interval and demand meters. Please reconcile.

RESPONSE

- a) The calculation of the weighting factors is included below. Please note that GS>50 demand customer weighting of 1 for Utilismart reflects the fact that they will be reading these meters as well once they are transitioned to MIST meters.

185310	2019 Budget	Residential	GS<50	GS>50 Interval	GS>50 demand	Large User	Street	Unmetered	Total
Sensus Canada Inc	72,028.65	1.00	1.00	-	-	-	-	-	2.00
Truck-time	945.93	1.00	1.00	1.00	1.00	-	1.00	1.00	6.00
Utilismart Corporation	56,844.04	-	-	1.00	1.00	-	1.00	-	3.00
Olameter Inc	-	-	-	-	-	-	-	-	-
185310 Total	129,818.62	2.00	2.00	2.00	2.00	-	2.00	1.00	11.00
185310 Labour	4,232.99	-	-	1.00	1.00	-	-	-	2.00

185310		Residential	GS<50	GS>50 Interval	GS>50 demand	Large User	Street	Unmetered	Total
Sensus Canada Inc		\$ 61,876	\$ 10,153	\$ -	\$ -	\$ -	\$ -	\$ -	72,028.65
Truck-time		\$ 799	\$ 131	\$ 3	\$ 10	\$ -	\$ 0	\$ 3	945.93
Utilismart Corporation		\$ -	\$ -	\$ 13,793	\$ 40,961	\$ -	\$ 2,090	\$ -	56,844.04
Olameter Inc		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
185310 Total		62,674.83	10,283.88	13,796.27	40,970.75	-	2,090.34	2.55	129,818.62
185310 Labour		\$ -	\$ -	\$ 1,066	\$ 3,167	\$ -	\$ -	\$ -	4,232.99
	Total Allocated Costs	62,674.83	10,283.88	14,862.60	44,137.41	-	2,090.34	2.55	134,051.61
	Forecast Customers	8,152.38	1,337.67	33.00	98.00	1.00	5.00	26.00	
	Cost per Customer	7.69	7.69	450.38	450.38	-	418.07	0.10	
	Overall Weighting Factor	1.00	1.00	58.58	58.58	-	54.38	0.01	

VECC - 58

Reference: 9-VECC-47 d)

7-Staff 58

Exhibit 1, page 28

Exhibit 2, pages 30-31

1-Staff-1 (Updated Cost Allocation Model, Tab I9)

Preamble: VECC 47 states:

NOTL Hydro has installed a new feeder line with all the required protection and control devices at both the NOTL Hydro MTS and the customer site. This equipment has the capacity to provide a full 20 MW load. The full cost of the upgrade was paid for by the customer.

- a) In determining the need for additional transformation capacity at the NOTL Hydro station what was the load level attributed to the new Large Use customer?
- b) In what USOA account is the cost of the new breaker and related equipment referenced in Exhibit 2, page 31 recorded? Was this fully funded by customer contributions?
- c) Is the new breaker and related equipment referenced in Exhibit 2, page 31 the same as the protection and control equipment referred to in the response to VECC 47? If not, what was the cost of the protection and control equipment referred to in the response to VECC 47 and in what USOA is it recorded?
- d) Exhibit 2 indicates that the cost of the facilities to service the new Large Use customer are \$800 k (\$635 k for the new feeder and \$165 k for the new breaker and related equipment). However, the Cost Allocation model only shows a direct allocation to the customer of \$273 k to the Large Use customer. Please reconcile.
- e) The response to Staff 58 indicates that the increase in the new Large Use customer's load will be met by shifting other customers' load off the feeder used to serve that customer such that no new feeder is required. However, the response to VECC 47 and the discussion in Exhibit 2 indicates that a new feeder was constructed to serve this customer. Please reconcile. In doing so, please outline: i) the facilities previously used to serve this customer and the extent to which these facilities were also used to serve other NOTL customers and ii) the facilities that will be used to serve the customer in 2019 and subsequent years along with the extent to which these facilities will also be used to serve other NOTL customers.

RESPONSE:

- a) The primary driver in determining the need for new transformation at NOTL MTS was the condition of the old 25 MVA transformer. Its expected life is limited and NOTL Hydro did not want to end up with just the 2015 50 MVA transformer at this station as the peak loads are now much higher than 50 MVA.

In analyzing future loan NOTL Hydro attributed a peak demand of 20 MW

from the Large Use customer. However, the following two facts should be noted:

- i. NOTL Hydro currently has a summer peak while the Large Use customer is expected to have a winter peak. At a 20 MW demand NOTL Hydro will have similar summer and winter peaks; both of which will be over 50 MVA.
 - ii. By adjusting its feeder routes, NOTL Hydro can serve any customer from any station. The capacity on any one feeder route is limited so the Large Use customer will always be on a feeder line with few other customers. However, this customer could still be served from York MTS. Therefore, in analyzing station capacity and load, NOTL Hydro focuses on total load and ensuring there is redundant capacity at both stations.
- b) This was fully funded by the customer and included in USoA Account 1815
- c) Both references are to the same equipment.
- d)
- e) To clarify, a feeder consists of the primary wire which serves the customers along the feeder and the breaker and connected equipment which connects the primary wire to the transmission station. The Large Use customer and a large number of other customers were previously served by the F4 feeder line.

A new breaker and connected equipment were needed at the station to serve the load of the Large Use customer. The number of feeders from the NOTL MTS therefore increased from three to four. However, NOTL Hydro was able to connect this breaker to the same primary line that served the Large Use customer and a few other residential customers. This became the F3 feeder (we previously had the F1, F2 and F4 feeders). This prevented the need to build a new feeder lines of poles and wires. The existing F4 feeder still serves the large number of remaining customers but has a changed route that no longer includes the short bit of line to the Large Use customer.

VECC - 59

Reference: 7-VECC-41

1-Staff-1 (Updated Cost Allocation Model, Tab I6.1)

- a) Please confirm that the load forecast for the new Large Use customer is 60,000 kW or 5,000 kW per month.
- b) Please explain how, based on this forecast, the 4 NCP value for the new Large Use class is only 14,359 kW as opposed to 20,000 kW (i.e., 5,000 x 4).

RESPONSE

- a) Confirmed – the load forecast is based on an average monthly demand of 5,000 kW per month
- b) The 4 NCP value based on the demand projections provided by the customer should be 25,640 kW. The peak demand for January – April and August – December is projected to be 6,410 kW, therefore the 4 NCP amount should be 25,640.

VECC - 60

Reference: 8-VECC-46 a)

- a) As per the original question, please indicate which of the activities set out in Tab O3.6 will be performed by Utilismart.

RESPONSE

- a) Microfit and FIT customers are paid monthly through a manually process. The time required to bill the customers is charged to Customer Premises Labour 5070 and Admin and General. The current process takes approximately one full business day per month to complete. Utilismart will enable NOTL Hydro to bill these customers through our CIS system as well as allow customers to access their meter data on-line. It is expected that once fully implemented the process will take approximately one hour per month. The cost will be charged to Customer Billing (5315). This software will also simplify the labour required for monthly 1598 reporting that is captured under Admin and General Expenses.