



**PUBLIC INTEREST ADVOCACY CENTRE**  
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March 19, 2008

**VIA MAIL and 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: Vulnerable Energy Consumers Coalition (VECC)**  
**EB-2007-0928 Erie Thames Powerlines Corporation – 2008 Electricity**  
**Distribution Rate Application**

Please find enclosed the 2<sup>nd</sup> round of interrogatories from VECC in the above-noted proceeding.

Thank you.

Yours truly,

Michael Buonaguro  
Counsel for VECC  
Encl.

**Erie Thames Powerlines Corporation (ETPL)**  
**2008 Electricity Rate Application**  
**Board File No. EB-2007-0928**

**VECC's Interrogatories**  
**Second Round**

**Question #26**

**Reference:** i) OEB Staff #1 a)

- a) For each of the years 2006, 2007 and 2008 there is difference between the total amounts recorded in Accounts #5605 and #5610 and the amounts transferred from ETPC:
- 2006: \$136,814
  - 2007: \$ 25,435
  - 2008: \$ 23,607
- Please explain what these differences represent.

**Question #27**

**Reference:** i) OEB Staff #1 b) and c) and #2

- a) The original question requested the aggregate cost incurred for each employee category. However, the response only provided a total. Please respond to the original question.
- b) The response provided to OEB Staff #1 c) states that the total aggregate costs for 2007 and 2008 were \$637,393 and \$810,988 for all employee categories. These are the same values reported in the response to #1 a) as the total cost for just Executive and Management Salaries and Expenses (i.e., Accounts #5605 and #5610). Please reconcile.
- c) Do the employee numbers reported in OEB Staff #2 represent "full time equivalents (FTE)" or just "head count". Please provide a schedule that for 2006 (Actual), 2007 and 2008 sets out: i) the full time equivalent values for each year by employee category; ii) the total salary, wages and benefits paid by employee category; iii) the overtime paid by employee category; iv) the total cost of wages, salaries and benefits; and v) the average cost of total wages, salaries and benefits per FTE.

### **Question #28**

**Reference:** i) OEB Staff #9

- a) Please describe the nature of the Work Order information used to allocated Billing and Collecting costs and why this approach is preferable to that used for 2006.

### **Question #29**

**Reference:** i) OEB Staff #10 a) and b)

- a) Please indicate in which USOA account the costs set out in each row of the table are recorded.
- b) Please provide a breakdown of the total costs of the 2008 Rate Application.
- c) Where is the one-third value captured in the current Application?

### **Question #30**

**Reference:** i) OEB Staff #12  
ii) OEB Staff #13

- a) Please reconcile the total expenses paid to affiliates in 2008 as reported in Reference (ii) (\$3,951,866) with the individual expense values reported in Reference (i).
- b) Why in Reference (i) is RDI Consulting considered an “affiliate”?

### **Question #31**

**Reference:** OEB Staff #15

- a) The response to part (a) simply refers to OEB Staff #1 where revised values are provided. The increase in Executive Services costs paid to ETPC between 2006 and 2008 is still significant (over 50%). Please explain the reason for the increase:
- How much of it is due to a change in the “allocation factor” versus a change in the “total costs” to be allocated.
  - Please explain the reasons for any year to year changes in either the “allocator” or the total costs to be allocated.

### **Question #32**

**Reference:** OEB Staff #17 b)

- a) The response states that, in reality, ETPL's costs did not increase between 2006 and 2008. What were the pre-July 2006 costs for Wholesale and Retail settlement services from Utilismart?

### **Question #33**

**Reference:** i) OEB Staff #21 b) and c)

- a) The original questions requested information on an individual project basis and in a specific format. Please provide as requested.
- b) The response to part #21 a) identifies over \$350,000 in deferred projects for 2006. However, the response to part (b) suggests there were only \$161,504.80 in carry-over projects. Please reconcile.

### **Question #34**

**Reference:** i) OEB Staff #22  
ii) OEB Staff #24 a) & b)

- a) Please provide the results of ETPL's Optimization process for its 2007 and 2008 capital projects. For each year please indicate the value and risk profiles assigned to each of the projects included in the capital spending program. Please also indicate those projects that were excluded from the final capital spending program and provide their value and risk profiles. Please ensure the projects identified in OEB Staff #24 a) are each included in the response.

### **Question #35**

**Reference:** i) OEB Staff #23  
ii) VECC #8

- a) There does not appear to be a VECC Schedule #8 – please provide.
- b) The updated schedule to OEB Staff #23 still shows an increase in both Transmission Connection and Network charges for 2008 over 2007.

Please provide a response to OEB Staff #23 and VECC #8 b) – both of which request an explanation for the increases.

**Question #36**

**Reference:** i) OEB #25 c)

- a) Please describe what the “Replace Report” represents. Is this the Number of Poles that currently require replacement by age group?
- b) How frequently are the “replace assessments” done? When was the last one completed? Is each replacement assessment based on 100% sampling?

**Question #37**

**Reference:** i) OEB Staff #30, Schedule 30 A

- a) Please confirm that per page 10 of the Shareholders Agreement, the loans made by Shareholders to ETPL are payable upon demand. If this is not the case please explain what the repayment arrangements are and provide the supporting documentation.

**Question #38**

**Reference:** i) OEB Staff #41  
ii) OEB Staff Un-Number (Between #43 & #44)  
iii) VECC #3 e)

- a) Since Hydro One utilizes ETPL’s distribution facilities to effect delivery to a portion of its service area (Reference (iii)), please explain more fully why Hydro One’s deregistration of 2 metering points makes it an “embedded distributor” within ETPL.
- b) In the early part of the Application (Exhibit 5, Tab 1, Schedule 3) ETPL calculated a regulatory asset rate rider for Embedded Distributors. However, in the response to OEB Staff #41 (Schedule C) it appears the regulatory asset rate rider is now zero. ETPL explains the change on the basis that Hydro One should only be responsible for regulatory asset costs incurred after it became a customer. Please explain why Hydro One as a new customer should not be responsible for recover of prior regulatory assets where as new customers connecting to ETPL’s system in one of existing rates classes (e.g. residential or GS<50) are.

- c) With respect to Reference (ii), please provide copies of:
- The Review and Vary Application
  - The OEB's Decision regarding the Application.

**Question #39**

**Reference:** i) OEB Staff #42

- a) Please provide the requested Input and Output Tables from Run 3 of ETPL's Cost Allocation filing.

**Question #40**

**Reference:** i) VECC #3 f)

- a) Does ETPL's customer count as shown in Exhibit 3 for 2007 (and earlier years) include the two Hydro One delivery points – i.e., one point as a GS > 1,000-2,999 customer and the second as a Large Use customer?

**Question #41**

**Reference:** i) OEB Staff #43  
ii) VECC #4

- a) The response to part (b) of Reference (i) suggests that the Table used in Step 3 of Exhibit 8, Tab 1, Schedule 3 should exclude LV charges and Transformer Ownership Allowance. If this is the case the total costs allocated would be \$6,901,889 (per VECC #4). However, the revised Table (per Schedule #43) has the same total as Exhibit 9, Tab 1, Schedule 7. Please reconcile.
- b) Please provide a schedule that shows:
- a. The revenue requirement allocated per Step 3 of Exhibit 8, Tab 1, Schedule 2 to each class
  - b. The LV costs allocated to each class
  - c. The transformer ownership allowance discount "costs" allocated to each class.
  - d. The total costs allocated to each class
- c) While the response to Reference (i) {Schedule #43} has the same total as Exhibit 9, Tab 1, Schedule 1; the values for the individual customer classes are different. Please reconcile why the proposed rates for each customer class do not recover the allocated revenue requirement.

#### **Question #42**

**Reference:** i) VECC #4  
ii) Energy Probe #23  
iii) Energy Probe #12

- a) Please reconcile the Return on Capital value of \$1,672,631 reported in Reference (i) with the \$1,672,567 value reported in response to VECC #18 and Energy Probe #23
- b) Please reconcile the \$28,131 value for Taxes Other than Income reported in Reference (iii) with the \$28,458 value for Property and Capital Taxes reported in Reference (ii).
- c) Please reconcile the Provisions for PILs value of \$418,118 reported in Reference (i) with the value of \$621,084 for Income Taxes reported in Reference (ii).

#### **Question #43**

**Reference:** i) VECC #6  
ii) Exhibit 3, Tab 2, Schedule 1, page 2

- a) Based on the actual new customer connections in 2007 please update the customer count table shown in Reference (ii).

#### **Question #44**

**Reference:** i) VECC #10

- a) Does the response to part (b) include Hydro One's two delivery points as individual customers in the GS >1,000-2,999 class and the Large Use Class. If not, why not and please re-do the schedule including Hydro One's two delivery points?
- b) Please confirm whether the differences between the 2007 rates presented in response to VECC #4 (Schedule #4 A) and VECC #10 (Schedule #10) are the result of excluding the Smart Meter rate adder from the Schedule #4 fixed rates and excluding the LV rate adder from the Schedule #10 rates.

#### **Question #45**

**Reference:** i) VECC #11 a)

- a) The Retail NAC for residential reported in Exhibit 3, Tab 2, Schedule 1, page 4 would produce a weather normalized 2004 Retail usage of 119,457,975 kWh (9,893 x 12,075). This is virtually equivalent to the Wholesale weather normalized use of 119,453,498 reported in Exhibit 3 (i.e., difference is 0.0037%). This difference is far less than the reported loss factor of 4.27%. Please reconcile.

**Question #46**

**Reference:** i) VECC #17 a)

- a) Please provide the requested information for the other Regulatory Asset accounts with non-zero balances as of December 31, 2006.

**Question #47**

**Reference:** i) VECC #20

- a) The response provided to part (d) refers to LV expenses and LV revenues. However, the question posed was regarding Hydro One's LV charges as a host distributor to ETPL. Please confirm if these "charges" were included in the cost allocated as part of the Cost Allocation Informational filing and whether the revenues by customer class used in the filing included the revenue from the LV rate adder.
- b) Based on the corrected values for the revenue requirement (per Reference (i), parts (a) & (b)), please provide the corrected tables for steps 1, 2 and 3 as set out on pages 1-3 of Exhibit 8, Tab 1, Schedule 2. Note: Please include in the Tables only those 2008 costs that were actually allocated using the results of the CA informational filing.
- c) Per the response to part (f), please confirm that neither the Board Staff's draft guidelines nor the final Board Guidelines regarding Cost Allocation make reference to the percentage revenue allocations derived for each rate class by the Cost Allocation model. Rather, both deal only with the revenue to cost ratios arising from the informational filing.
- d) Please provide the information requested in parts (f) through (g) (Note: The reference in parts (g) and (h) should be to part (f) and not (e)). This series of questions only assumes a different starting point (i.e., Step 1) for the application of the results of the Cost Allocation informational filing. They do not preclude the subsequent application of steps 2 and 3 to



rebalance the allocation of costs to better reflect cost causality in accordance with the Cost Allocation filing.

**Question #48**

**Reference:** i) VECC #21

- a) Please provide a schedule showing the actual calculation of the \$14.83 value and the sources of the various inputs used (part (a)).
- b) Please provide a schedule showing the actual calculation of the 57.52% and the sources of the various inputs used (part (b)).

**Question #49**

**Reference:** i) VECC #23

- a) The responses provided do not appear to include Schedule #23. Please provide.

**Question #50**

**Reference:** i) Energy Probe #5 a)  
ii) OEB Staff #23

- a) The Schedules attached to these responses have different Working Capital values for 2008 – please reconcile.
- b) In Reference (i), the Transmission Connection Charges increase from 2007 to 2008, despite the 5% reduction in rates. Please explain why.
- c) In Reference (ii) both the Transmission Network and Connection Charges increase from 2007 to 2008, despite the reduction in the associated rates. Please explain why.