



PUBLIC INTEREST ADVOCACY CENTRE
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Michael Buonaguro
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October 20, 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-2008-0237 Niagara-on-the-Lake Hydro Inc. – 2009 Electricity
Distribution Rate Application

Please find enclosed the interrogatories of the Vulnerable Energy Consumers Coalition (VECC) in the above-noted proceeding. We have also directed a copy of the same to the Applicant.

Thank you.

Yours truly,

Michael Buonaguro
Counsel for VECC
Encl.

cc: Mr. Jim Huntingdon
Niagara-on-the-Lake Hydro Inc.

Niagara-on-the-Lake Hydro Inc.
2009 Rate Application (EB-2008-0237)

VECC INTERROGATORY REQUESTS

QUESTION #1

Reference: Exhibit 8, Tab 1, Schedule 2, page 1

- a) Please provide a copy of NOTL's Cost Allocation Informational Filing as submitted to the OEB in December 2006.
- b) Please confirm that for purposes of the 2006 Cost Allocation Informational Filing:
 - The Revenues are based on distribution rates (excluding the discounts for transformer ownership allowance)
 - The Costs include the cost of the Transformer Ownership Allowance
 - The cost of the Transformer Ownership Allowance is allocated to all customer classes
- c) Please confirm that (per Exhibit 9, Tab 1, Schedule 1, page 5), NOTL is proposing to allocate the cost of the Transformer Ownership Allowance to just the GS>50 class.
- d) Please provide the results of an alternative cost allocation run which is consistent with NOTL's current proposed treatment of the Transformer Ownership Allowance where:
 - The Revenues by class are based the rates reduced by the transformer ownership allowance where applicable
 - The Costs allocated exclude the "cost" of the Transformer Ownership Allowance.(Note: For purposes of the response please just file the revise Output Sheet O1)

QUESTION #2

Reference: Exhibit 8, Tab 1, Schedule 2, page 3, lines 11-15
OEB Decision re: Wellington North's 2008 Rates (EB-2007-0693)

Preamble: On page 29 of the Board's EB-2007-0693 Decision the Board's Findings state:

An important element in the Board's report on cost allocation was its express reservation about the quality of the data underpinning cost allocation work to date. The report frankly indicated that the Board did not consider all of the data underpinning the report to be so reliable as to justify the application of the report's findings directly into rate cases. For this reason, among others, the Board established the ranges depicted above and mandated the migration of revenue to cost ratios currently outside the ranges to points within the ranges, but not to unity. In short, the ranges reflect a margin of confidence with the data underpinning the report. No point within any of the ranges should be considered to be any more reliable than any other point within the range. Accordingly, there is no particular significance to the unity point in any of the ranges.

- a) Given the Board's findings (as quote above), why is it appropriate to propose that the Residential and GS < 50 revenue to cost ratios be moved 50% of the way towards the 100% level when the current values are already within the Board's target range for each class?

QUESTION #3

Reference: Exhibit 8, Tab 1, Schedule 2, page 3, line 4 to page 4, Table 4

- a) Using the results from Question 1 c) as the starting point, please provide results for the following "alternative approach":
- For Street Lights class, move the revenue to cost ratio 50% of the way to the bottom end of the OEB's target range
 - For the GS>50 class, move the ratio to the top end of the OEB's target range for the class.
 - Allocate any revenue shortfall/excess from the preceding two adjustments to the remaining rate classes

QUESTION #4

Reference: Exhibit 8, Tab 1, Schedule 2, page 4, lines 11-15

- a) Please confirm that the service revenue proportions by customer class from the 2006 cost allocation study are based on a allocation of cost that reflects the 2006 customer class loads.
- b) Please complete the following schedules:
- kWh by Customer Class (delivered)

Customer Class (all)	Cost Allocation Filing		2009 Application	
	kWh	% of Total	kWh	% of Total
Total				

- Number of Customers/Connections

Customer Class (all)	Cost Allocation Filing		2009 Application	
	# Customers/ Connections	% of Total	# Customers/ Connections	% of Total
Total				

- c) Based on the results from part (b), please comment on the appropriateness of assuming that the revenue requirement proportions from the 2006 Cost Allocation study represent “what would be a 100% revenue to cost ratio” for 2009.

QUESTION #5

Reference: i) Exhibit 8/Tab 1/Schedule 2, page 4 (lines 11-15)
ii) Exhibit 9/Tab 1/Schedule 6, page 2 (lines 6-12)

- a) Since the customers from the Sentinel Lighting class will be shifted to the USL and Street Lighting classes, why shouldn't the revenue shortfall be pro-rated across these two classes?

QUESTION #6

Reference: Exhibit 9, Tab 1, Schedule 1, page 3
OEB, Application of Cost Allocation for Electricity Distributors,
Report of the Board, EB-2007-0667, November 28, 2007

- a) Please provide a schedule that sets out the target range for the service charge for each customer class based on the results of NOTL's Cost Allocation Informational Filing and the OEB's November 2007 Report.

QUESTION #7

Reference: Exhibit 9, Tab 1, Schedule 3, page 1

- a) NOTL states that it is accruing the disputed charges from Hydro One Networks. Does this accrual affect the balances in NOTL's regulatory asset accounts? If so, which accounts and what is the impact as of December 2007?
- b) Please explain what is meant by the statement – "The current Retail Transmission Rates reflect the accrual process".

QUESTION #8

Reference: Exhibit 9, Tab 1, Schedule 9, page 1

- a) What is the forecast average monthly residential use for 2009?
- b) Based on a recent 12 consecutive months of actual billing data, please indicate the percentage of total residential customers that:
 - Consume less than 100 kWh per month
 - Consume 100 -> 250 kWh per month
 - Consume 250 -> 500 kWh per month
 - Consume 500 -> 750 kWh per month
 - Consume 750 -> 1000 kWh per month
- c) Please provide comparable residential bill impact tables based on:
 - 250 kWh use
 - 500 kWh use
 - 750 kWh use

QUESTION #9

Reference: Exhibit 1, Tab 1, Schedule 2, page 2

- a) Please provide a copy of the non-demand promissory note to the shareholder.

QUESTION #10

Reference: Exhibit 1, Tab 1, Schedule 2, page 3

Preamble: With respect to the first goal of the mission statement, “providing the highest standard of safety, service and reliability,” NOTL’s goal is to “target performance within the top 25% of all municipal electric utilities.”

- a) Please indicate the metric or metrics used in assessing NOTL’s performance with respect to this goal and provide NOTL’s actual historical performance with respect to the “top 25%.”

QUESTION #11

Reference: Exhibit 1, Tab 1, Schedule 15, page 2

- a) Please provide the most recent copy of the service agreement between NOTL and Energy Services Niagara Inc.

QUESTION #12

Reference: Exhibit 2, Tab 3, Schedule 1, pages 1 and 2

- a) Please provide a copy of the previous five-year capital plan, i.e., the five-year plan that immediately preceded the plan filed as Table 1.

QUESTION #13

Reference: Exhibit 2, Tab 3, Schedule 1, pages 12, 20, 28, and 34
Exhibit 2, Tab 3, Schedule 1, page 2, Table 1

Preamble: Page 12 indicates that in 2006, NOTL spent \$14,470 on computer hardware; page 20 of the evidence indicates that the comparable 2007 figure was \$21,275, with the average expenditure being \$17,873 per year for these two years.

For the 2008 Bridge year and the 2009 Test Year, expenditures on computer hardware are \$15,000 and \$10,000 respectively, for an average annual expenditure of \$12,500 over these two years.

- a) Given that the description of the expenditure on computer hardware is described as "Scheduled replacement/upgrade of workstation desktop units and associated equipment as part of the Asset Management Lifecycle of three to four years of active service," and given that NOTL's evidence states that it has 19 full time employees, please provide details of the actual hardware expenditures for 2006 and 2007, and forecasted for 2008 and 2009 (e.g., number of workstations replaced/upgraded each year).

QUESTION #14

Reference: Exhibit 2, Tab 3, Schedule 6, pages 1 and 2

Preamble: The Service Reliability Indices, SAIDI, SAIFI, and CAIDI spiked upwards in 2007. In addition, there appears to be an upward trend in these indices since 2003.

The text states that “in general, the three service reliability indices are adversely affected by cyclic severe inclement weather patterns. NOTL Hydro’s annual analysis of the indices is continuously cognizant of years that are above and below average storm activity levels.”

- a) Please elaborate with respect to the recent trends in the indices and indicate how NOTL is planning to mitigate adverse movements in the indices.

QUESTION #15

Reference: Exhibit 2, Tab 4, Schedule 1, page 4

http://www.oeb.gov.on.ca/OEB/Documents/EB-2004-0205/rpp_price_report_20081015.pdf

- a) Please provide an update of the working capital calculation that reflects the most recent HOEP forecast of \$50.16/MWh per the OEB’s Regulated Price Plan Report (page 5) dated October 15, 2008.

QUESTION #16

Reference: Exhibit 4, Tab 2, Schedule 5, page 3

With respect to the Senior Management Bonus Plan:

- a) Please indicate whether the amounts allocated to this plan are in the revenue requirement which is to be escalated after the test year,
- b) Please provide the financial targets for the test year,
- c) Please provide the metrics used to assess the efficiency of planning and leadership, and
- d) Please provide the actual bonuses earned by senior management for 2006 and 2007.

QUESTION #17

Reference: Exhibit 9, Tab 1, Schedule 1, page 7

- a) What is NOTL's current status in terms of government authorization to proceed with smart meter acquisition and installation?