



PUBLIC INTEREST ADVOCACY CENTRE
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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-2008-0226
COLLUS Power Corp. – 2009 Electricity Distribution Rate Application

Please find enclosed the Interrogatories of the Vulnerable Energy Consumers Coalition in the above-noted proceeding.

Thank you.

Yours truly,

Michael Buonaguro
Counsel for VECC

cc: Mr. Darius Vaiciunas
COLLUS Power Corp.

COLLUS Power Corp (COLLUS)
2009 Electricity Rate Application
Board File No. EB-2009-0226

VECC's Interrogatories

Question #1

Reference: i) Exhibit 1/Tab 1/Schedule 7 and Exhibit 1/Tab 1/Schedule 16

- a) Please confirm that there are no outstanding directives to COLLUS from previous OEB decisions.

Question #2

Reference: i) Exhibit 1/Tab 1/Schedule 12

- a) Is COLLUS fully embedded within Hydro One Networks' Distribution? If not, what percentage of its wholesale power purchases are received via Hydro One Networks' distribution facilities?

Question #3

Reference: i) Exhibit 1/Tab 1/Schedule 14

- a) Please confirm that COLLUS Power Corp. does not purchase any services from COLLUS Utility Services Corp and does not provide any services to COLLUS Utility Services Corp.

Question #4

Reference: i) Exhibit 1/Tab 2/Schedule 1, page 3, lines 1-9

- a) Please provide a schedule setting out the historical values for COLLUS's service reliability statistics for the years 2002-2007 inclusive.

Question #5

Reference: i) Exhibit 1/Tab 2/Schedule 1, page 5

- a) How was the average customer for each customer class defined for purposes of Table 1.2.1-2?
- b) What is COLLUS current status in terms of authorization to proceed with smart meter acquisition and installation?

Question #6

Reference: i) Exhibit 1/Tab 1/Schedule 14, Appendix B (Services Agreement)

ii) Exhibit 4/Tab 2/Schedule 4, pages 3-4

- a) The Exhibit 4 reference suggests that COLLUS Power Corp's costs for the service provided by COLLUS Solutions are cost-based and pro-rated (generally) based on time. However, the Service Agreement suggests a formulaic approach (see Section 5.02) linked to customer count and average distribution revenue per customer. Please reconcile.
- b) Please provide a schedule setting out the payments by COLLUS Power Corp to COLLUS Solutions for 2006 and 2007 and how they were determined.

Question #7

Reference: i) Exhibit 2/Tab 1/Schedule 1, page 8, lines 24-26

- a) Please outline the steps that COLLUS is taking to implement a formal Asset Management Program. What is the timeline for its implementation?

Question #8

Reference: i) Exhibit 2/Tab 3/Schedule 1, page 4 and Appendix C-5

- a) How long will the tendering process for the new Substation take? Assuming approval for the 2009 rates is received mid-April 2009, can the "mobilization" for the construction of the facility (as shown in Appendix C-5) start in July 2009?

Question #9

Reference: i) Exhibit 2/Tab 3/Schedule 1, pages 3 and 5

- a) Where is the spending on customer connections reflected in Table 1? Please break out the dollar amount, distinguishing between residential and non-residential customers for 2006-2009 and show the number of new connections each year.

Question #10

Reference: i) Exhibit 2/Tab 3/Schedule 1, page 5, lines 13-21
ii) Exhibit 2/Tab 3/Schedule 1, Appendix B

- a) Please provide further explanation regarding the need to pay developers a portion of capital contributions (Project 17600). Does Project 18000 represent the total cost of projects for which capital contributions will be received; while Project 17600 shows the credit that is given to developers through the DSC's economic evaluation?
- b) Please describe the projects that give rise to capital contributions in 2008 and 2009.

Question #11

Reference: i) Exhibit 2/Tab 3/Schedule 1, page 4 and Appendix C-2

- a) The second page of the Barkley Report (Appendix C-2) sets out a forecast summer peak. For what year is the forecast?
- b) How much of COLLUS service area (i.e., % of load) is served by the seven substations identified in the Barkley Report?
- c) Please confirm that the 2007 peak value shown on page 1 of the Barkley Report does not include any load associated with the ALCOA Wheel Products facility which was operational until August 2007?
- d) The Report is showing an increase of over 70% in summer peak. Please reconcile this increase with the load growth projected for 2009 (over 2007) as set out in Exhibit 3, Tab 2, Schedule 2, page 6, Table 6

Question #12

Reference:

- i) Exhibit 2/Tab 3/Schedule 1, page 5 (line12)
- ii) Exhibit 2/Tab 3/Schedule 1, Appendices B and D

- a) The text (page 5) makes reference to Project 17016 which according to Appendix B has an in-service date of 2009 and a cost of \$330,000. However, there is no Capital Project Report for this project in Appendix D. Please provide.

Question #13

Reference:

- i) Exhibit 2/Tab 3/Schedule 1, page 9 (lines 1-6)
- ii) Exhibit 2/Tab 3/Schedule 1, Appendices A-1 – A-4

- a) The Appendices do not provide any details on the selection process after the point where the CODAC Group determined that the tenders received through the RFP process were inadequate. What other options were considered once it was determined the SAP solution was not acceptable? How did COLLUS arrive at the decision that Harris Northstar would be the preferred option?

Question #14

Reference:

- i) Exhibit 2/Tab 4/Schedule 1, pages 4 and 5

- a) The costs for Transmission Network charges and Transmission Connection charges are based on COLLUS's retail transmission rates. Please demonstrate that these rates are reflective of Pooled Transmission Rates for Network and Connection service.
- b) Exhibit 9 only shows how the LV costs are allocated to customer classes. Please provide the basis for the \$550,000 forecast 2009 LV cost (i.e., what are the assumed deliveries from HON and what is the assume cost/kW?).

Question #15

Reference:

- i) Exhibit 3/Tab 1/Schedule 3, page 2 – Table 1

- a) Where is the revenue from the SSS Admin Fee reported in this table?

Question #16

Reference: i) Exhibit 3/Tab 2/Schedule 1, Appendix A, page 1
ii) Exhibit 3/Tab 2/Schedule 2, page 1, lines 12-15

- a) Was the 2009 customer count in GS<50 class adjusted to account for the transfer of newly metered USL customers? Was the retail NAC value for 2009 also adjusted? If yes, how?

Question #17

Reference: i) Exhibit 3/Tab 2/Schedule 4, page 2

- a) With respect to the Large User data, please explain the adjustment for the lost customer that was applied for 2002-2006.

Question #18

Reference: i) Exhibit 3/Tab 3/Schedule 5 – Distribution Revenue Data

- a) Please confirm that the revenues reported by class:
- Exclude the smart meter rate adder for metered customer classes
 - Allow for lower revenues due to the transformer ownership allowance for the appropriate classes.
- b) For 2009, please provide an equivalent table but based on 2008 approved rates.

Question #19

Reference: i) Exhibit 3/Tab 3/Schedule 5, page 3

- a) COLLUS is proposing that interest income be excluded from Other Distribution Revenue for purposes of establishing the 2009 revenue requirement. Can COLLUS point to any Board Decisions regarding 2008 Rates where this practice was adopted?

Question #20

Reference: i) Exhibit 4/Tab 2/Schedule 3, pages 3-7

- a) Please provide a schedule that for each year sets out the Total Compensation (from Table 2) reflected in the annual 2006 (actual) - 2009 totals for Operation and Maintenance expenses.
- b) Please provide a schedule that shows the year over year change in total Operations and Maintenance Expenses and provides a breakdown setting out the contribution of each of the following factors to the year over year changes:
 - Addition of new staff
 - Need to Back-Fill Staff on Leave
 - Annual Escalation in Compensation per Employee
 - Other Factors – broken down as deemed warranted
- c) When and by how much (# of customers) was COLLUS's service territory expanded (page 7)?

Question #21

Reference: i) Exhibit 4/Tab 2/Schedule 3, pages 8-10

- a) Please provide a schedule that for each year sets out the Total Compensation (from Table 2) reflected in the annual 2006 (actual) - 2009 totals for Billing, Community Relations and Administration Expenses.
- b) Please provide a schedule that shows the year over year change in total Billing, Community Relations and Administrative expense and provides a breakdown setting out the contribution of each of the following factors to the year over year changes:
 - Addition of new staff
 - Need to Back-Fill Staff on Leave
 - Annual Escalation in Compensation per Employee
 - Other Factors – broken down as deemed warranted
- c) Please provide a breakdown of the \$160,000 estimated cost for the 2009 Cost of Service Rate Application process (page 10, lines 22-27). Please also address the following questions:
 - How much of the \$160,000 is external costs as opposed to internal labour costs?
 - How much is expected to be incurred in 2008 and are any these costs included in the 2008 forecast?

Question #22

Reference: i) Exhibit 4/Tab 2/Schedule 4, pages 1-2

- a) Please where and how COLLUS's share of the cost the Finance Coordinator is included in its overall OM&A expenses. Is this cost reflected in COLLUS's employee compensation review (Schedule 5)?
- b) Please indicate COLLUS's share of the Bad Debt Insurance expense. Is this included in the overall Bad Debt Expense (Account 5335)? What does bad debt insurance "protect" against?
- c) Please describe more fully the current sharing arrangements with respect to the new CIS. Are there employees supporting the new CIS and the ongoing billing process that are shared by the 6 distributors? If so, is there an offset in terms of COLLUS staffing needs?

Question #23

Reference: i) Exhibit 4/Tab 2/Schedule 5, page 5

- a) Please confirm that COLLUS does not offer any incentive pay programs for any of its employee categories. If it does, please explain why there were no payments in 2006, 2007 or forecast for 2008/2009.
- b) Are the employees shown on Table 5 all direct employees of COLLUS Power Corp or does the table also include the employees of COLLUS Solutions who do work for the utility per the Service Agreement.
- c) Please explain each of the last three lines in Table 2. In doing so, please clarify:
 - What is meant by "Charged to O&M" in the first line – is this the total Salary, Wages and Benefits that is expensed or that is charged to the Operations and Maintenance related accounts?
 - What is the difference between the first and the third lines?
 - What is the total amount of Salary, Wages and Benefits that is expensed (as opposed to capitalized) in each year?

Question #24

Reference: i) Exhibit 5/Tab 1/Schedule 1, page 3

- a) Please confirm that COLLUS's requested disposition of Account #2405 has no impact on the proposed distribution revenue requirement for 2009 or the 2009 rates COLLUS is seeking approval for. If it does, please explain how.

Question #25

Reference: i) Exhibit 5/Tab 1/Schedule 1, page 4

- a) For each of COLLUS's Variance and Deferral accounts for which there is non-zero balance as of December 31, 2007 please provide a continuity schedule setting out the December 31, 2004 balance and the subsequent annual additions and interest charges.
- b) The text suggests there is a rate rider impacting account Account #1590 for 2008 and 2009. However, the schedule proposed 2009 rates (Exhibit 9, Tab 1, Schedule 7, page 1) does not show any value for this rate rider. Please reconcile.
- c) Please confirm that, other than the request regarding Account #2405, COLLUS is not seeking to dispose of the balances in any of its deferral or variance accounts.

Question #26

Reference: i) Exhibit 6/Tab 1/Schedule 1, page 2

- a) How current is the OSIFA information obtained?

Question #27

Reference: i) Exhibit 6/Tab 1/Schedule 3, page 1

- a) What is the basis for the 6.25% interest rate attributed to the Town of Collingwood's promissory note?

Question #28

Reference: i) Exhibit 8/Tab 1/Schedule 2, pages 1-2

- a) Please provide copies of Output Sheets O1 and O2 from COLLUS's Initial Cost Allocation filing.
- b) Please provide a full copy of the Updated Cost Allocation filing.
- c) Please confirm that using the numbers from the Updated Cost Allocation filing, the overall revenues from the remain customers would have to increase by \$310,817 in order for revenues to equal costs.
- d) Please recalculate the revenue for each customer assuming the distribution revenues (not total revenues including miscellaneous revenues) from each class were increased by the same percentage in order to recover the \$310.817 shortfall.
- e) Please recalculate the revenue to cost ratios for each class based on the results from (d).

Question #29

Reference: i) Exhibit 8/Tab 1/Schedule 2, page 3, lines 19-21

- a) Please provide the analysis undertaken by COLLUS to support this finding.
- b) Please complete the following schedules:
 - kWh by Customer Class (delivered)

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

- kW (billed)

Customer Class (where applicable)	Updated Cost Allocation Filing		2009 Application	
	kW	% of Total	kW	% of Total

- Customer/Connection Count

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

- c) Based on the results from part (b), please comment on the appropriateness of assuming that the revenue requirement proportions from the Updated 2006 Cost Allocation study are appropriate to utilize for setting 2009 rates.

Question #30

Reference:

- i) Exhibit 8/Tab 1/Schedule 2, page 4
- ii) 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 GS<50, Large User and USL class revenue to cost ratios be moved to 100%?
- b) Why is it appropriate to move the Large User class revenue to cost ratio to 100% (from 121.45%) while only reducing the Residential ratio from 111.97% to 109.52%.
- c) Please provide an alternate scenario that:
 - Leaves the USL and GS<50 ratios at current levels
 - Increases the GS>50 and Street Lighting ratios as proposed
 - First applies any increased revenues from the above changes to reduce the LU ratio to 112%
 - Applies any remaining excess revenue proportionally to the LU and Residential classes.

Question #31

Reference: i) Exhibit 8/Tab 1/Schedule 2, page 5

- a) Please provide the supporting schedules that show the derivation of Table 4 (e.g., how was it determined that allocating 66.716 % of revenues to the Residential class would yield a revenue to cost ratio of 109.52%).

Question #32

Reference: i) Exhibit 9/Tab 1/Schedule 1, page 3

- a) Please provide a schedule that sets out the 2009 fixed and variable billing determinants and revenues (dollar and %) by customer class based on current (approved 2008) rates. For purpose of the schedule please use: a) the monthly service charges excluding the smart meter rate adder and b) variable charges excluding any charges for LV cost recovery.
- b) Please reconcile the results from part (a) with those presented in Table 5.

- c) Do all of COLLUS's current monthly service charges fall within the target range for the service charges based on the results of COLLUS's Updated Cost Allocation Informational Filing and the OEB's November 2007 Report - Application of Cost Allocation for Electricity Distributors, EB-2007-0667?

Question #33

Reference: i) Exhibit 9/Tab 1/Schedule 1, page 7, lines 6-14

- a) Please confirm that for purposes of the 2006 Updated 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
- b) Please confirm that (per Exhibit 9, Tab 1, Schedule 1, page 7), COLLUS is proposing to allocate the cost of the Transformer Ownership Allowance to just the GS>50 class.
- c) Please provide the results of an alternative cost allocation run which is consistent with COLLUS's 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 revised Output Sheet O1)

Question #34

Reference: i) Exhibit 9/Tab 1/Schedule 9, Appendix A

- a) 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