PUBLIC INTEREST ADVOCACY CENTRE
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November 1, 2024 **VIA E-MAIL**

Ms. Nancy Marconi
Registrar (registrar@oeb.ca)
Ontario Energy Board
Toronto, ON

Dear Ms. Marconi:

Re: EB-2024-0058 Welland Hydro-Electric Systems Corp. (WHESC)
May 1, 2025 Cost of Service Rates
Interrogatories of the Vulnerable Energy Consumers Coalition (VECC)

Please find attached the revised interrogatories of VECC in the above-noted proceeding. We have also directed a copy of the same to the Applicant.

Yours truly,

Mark C. Garner Digitally signed by Mark C. Garner
Date: 2024.11.01 16:25:37 -04'00'

Mark Garner
Consultants for VECC/PIAC

Email copy:
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John A. D. Vellone, Counsel to Festival Hydro
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REQUESTOR NAME	**VECC**
TO:	**Welland Hydro-Electric System Corp. (WHESC or Welland Hydro)**
DATE:	**November 1, 2024**
CASE NO:	**EB-2024-0058**
APPLICATION NAME	**2025 Cost of Service Rate Application**

1.0 ADMINISTRATION (EXHIBIT 1)

1.0-VECC-1

Reference: Exhibit 1, page 30-

a) Please provide the cost of the UtilityPulse survey.

b) Was the Application specific survey undertaken by WHESC internal staff? If not what was the cost of this survey.

1.0-VECC-2

Reference: Exhibit 1

a) For the most recent period for which data is available please provide the number of residential customers receiving paper and (separately) e-bills). Please contrast this with the number of ebilled customers in 2017 and provide an estimate of the cost savings due to the migration to ebilling.

b) What initiatives are planned during the rate term to promote ebilling?

c) Does Welland Hydro accept credit card payment? If so please explain if this service is provided through a third party and the cost per transaction of that service.

2.0 RATE BASE AND CAPITAL (EXHIBIT 2)

2.0-VECC -3

Reference: Exhibit 2, Appendix 2-E, DSP

a) WHESC significantly overspent its previous 2017 distribution system plan (DSP) estimates. Please explain what material unanticipated projects were undertaken in the category of General Plant between the years 2017 and 2021 that were not anticipated in the prior DSP.

b) WHESC significantly overspent as compared to the 2017 DSP in the category of System Renewal beginning in 2019. Please describe (and provide the cost) of the system renewal projects which were unanticipated during this period of the prior plan.

c) What changes has WHESC implemented to be better manage its ability to be within the budged plan presented in this application?

2.0-VECC -4

Reference: Exhibit 2, Appendix 2-E, DSP

a) Given the proposed large increase in the average annual amount spend on overhead line renewal (i.e., 828k on average spending between 2017 and 2023 as compared to $1.122 million on average between 2024 and 2029) why are the forecasts for reactive replacements of overhead during the rate period significantly increasing (i.e., from 72k on average between 2017and 2023 as compared to an average spend between 2025 and 2029 of $160.5k)?

b) Similarly, WHESC is forecasting an average increase in the reactive spending on underground replacements not withstanding it is also proposing to significantly increase its underground renewal spending during the rate period. Please explain why.

2.0-VECC -5

Reference: Exhibit 2,

a) Please explain the methodology used to estimate capital contributions during the rate plan period.

2.0-VECC -6

Reference: Exhibit 2, Appendix 5-A Material Investments - Meters

a) A number of Ontario electricity utilities are implementing wholesale smart meter replacements (so called Smart Meter/AMI 2.0 see for example Essex Powerlines Corporation EB-2024-0002). Does Welland Hydro have any plans to upgrade its current AMI system?

2.0-VECC -7

Reference: Exhibit 2, Appendix 2-AA

a) What explains the lack of any investments in Substations in 2023 and 2024 (whereas there was annual spending in this category in all years before)?

2.0-VECC -8

Reference: Exhibit 2, Appendix 5-A Material Investments – Rear Lot Conversions

3. Historical and Future Capital Expenditures

Category	Historical Period							Bridge	Forecast Period				
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000
Gross Capital Expenditure	-	-	-	-	-	-	-	-	1,100	1,440	570	360	380
Capital Contributions	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Capital Expenditure	-	-	-	-	-	-	-	-	1,100	1,440	570	360	380

a) It is unclear how the forecast spending shown in the table above reconciles with the amounts shown in Appendix 2-AA (presumed to be included in lines 29 and 30 – Overhead Line and Underground Line Renewal respectively). Please reconcile.

b) For each of the three projects described under this category (i.e., Bishop Rd, First St, Dover Road) please provide the forecast spending in each of the rate plan years and indicate whether the replacement is forecast to be new overhead or new underground plant.

c) Please provide the criteria for choosing underground versus overhead replacement.

d) What is the incremental cost for replacement of overhead with underground plant?

2.0-VECC -9

Reference: Exhibit 2, Appendix 5-A Material Investments-OH Renewal

3. Historical and Future Capital Expenditures

Category	Historical Period							Bridge	Forecast Period				
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000
Gross Capital Expenditure	-	-	-	-	992	811	556	800	500	1,025	945	1,392	600
Capital Contributions	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Capital Expenditure	-	-	-	-	992	811	556	800	500	1,025	945	1,392	600

a) It is unclear how the forecast spending shown in the table above reconciles with the amounts shown in Appendix 2-AA (presumed to be included in lines 29 and 30 – Overhead Line and Underground Line Renewal respectively). Please reconcile.

2.0-VECC -10

Reference: Exhibit 2, Appendix 5-A Material Investments -Pole, Transformer and Reactive Replacements

Category	Historical Period							Bridge	Forecast Period				
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000
Gross Capital Expenditure	-	-	-	-	-	33	-	250	257	265	273	281	289
Capital Contributions	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Capital Expenditure	-	-	-	-	-	33	-	250	257	265	273	281	289

Category	Historical Period							Bridge	Forecast Period				
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000
Gross Capital Expenditure	329	721	644	486	852	805	606	355	666	686	706	728	749
Capital Contributions	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Capital Expenditure	329	721	644	486	852	805	606	355	666	686	706	728	749

a) The above tables are provided in the material investments section. The total spending from both tables in 2025 is $923k. Please reconcile with the amounts shown for 2025 in Appendix 2-AA Capital projects (lines 31 through 34).

3.0 OPERATING REVENUE (EXHIBIT 3)

3.0-VECC -11

Reference: Exhibit 3, page 6, Table 3-1

a) Please explain the large (greater than 5%) year over year changes in weather normalized billed GWH in 2015, 2018 and 2022?.

b) In WHESC's view is the 2020 reduction in billed GWh of 8.6% all due to COVID?

3.0-VECC -12

Reference: Exhibit 3, page 9
DVA Continuity Schedule, Tab 4
Load Forecast Model, Rate Class Energy Model Tab

Preamble: The Application states (page 9): "*An equation to predict total system purchased energy is developed using a multivariate regression model with the independent variables outlined below.*

The DVA Continuity Schedule indicates that WHESC distributes power to one or more whole market participants."

a) Do the historic system sales used to develop the regression model include: i) purchases from embedded generation (e.g. microFIT) and ii) energy delivered to the wholesale market participant(s) in WHESC's service area?

i. If yes, please provide a schedule that breaks down the annual actual

purchases for 2014-2023 (per Rate Class Energy Model Tab, Column B, Rows 3-12) into the three components.

ii. If not, please re-do the load forecast with these loads included in the historic purchased power values. Please also provide a schedule that that breaks down the annual actual purchases for 2014-2023 into the three components.

3.0-VECC -13

Reference: Exhibit 3, pages 7-8, Tables 3-2 and 3-3

a) Do the volumes and customer counts for the GS>50 class include the wholesale market participant(s) in WHESC's service area?

b) If not, please provide revised tables that include the wholesale market participant(s).

3.0-VECC -14

Reference: Exhibit 3, pages 5 and 9
Load Forecast Model, Inputs Tab

Preamble: The Application states (page 5):
"*As a starting point, WHESC used the same regression analysis methodology approved by the Ontario Energy Board (the "Board") in its 2017 Cost of Service ("COS") Application (EB-2016-0110) and updated the analysis for actual power purchases to the end of 2023*."

The Application states (page 9):
"*The multivariate regression model has determined the drivers of year-over-year changes in WHESC's load growth are:*

- *weather (heating and cooling degree days);*
- *calendar variables (days in month and seasonal spring/fall flag);*
- *the number of customers in the Residential, GS <50kW and GS 50 to 4,999kW rate classes*.".

a) In the current Application, did WHESC use the same independent variables in its regression model as were used in its 2017 COS?

i. If not, what changes were made and why?

b) Did WHES test any other variables to determine whether they should be used as "drivers" in the regression model?

i. If yes, what variables were tested and why were they rejected?

c) If not addressed in part (b), did WHESC test whether a COVID-related variable should be included as a "driver"?

i. If not, please provide the load forecast results where the "drivers" also include a flag for those months when there was a provincial shut-down due to COVID.

3.0-VECC -15

Reference: Exhibit 3, page 12

a) Please provide the actual customer/connection count for each customer class for each of the months in 2024 where such data is available.

3.0-VECC -16

Reference: Exhibit 3, page 12, Table 3-7 and page 20

Preamble: The Application states (page 20):
"*At the same time, 2021 observed the addition of 49 GS<50kW customers, and the loss of 21 GS>50kW customers. Though some GS<50kW additions were the result of growth, and some GS>50kW customer losses were the result of moves and shutdowns, WHESC attributes the majority of these changes in commercial customer composition to the reclassification of customers from GS>50kW into the GS<50kW rate class*".

a) For each of the GS<50 and GS>50 customer classes, how much of the change in customer count between 2020 and 2021 was due to customer reclassification?

b) Has there been any reclassification of customers between the GS<50 and GS>50 customer classes since 2021?

   i. If yes, please set out the reclassifications that have occurred since 2021.

3.0-VECC -17

Reference: Exhibit 3, page 13

Preamble: The Application states:
"*As can been seen from the above table, usage per customer/connection is variable throughout the historical period. It is WHESC's view that this variability is largely attributed to year-over-year fluctuation in the occurrence of extreme cold/heat periods. The variability in usage per connection can be generally correlated to Heating Degree Day and Cooling Degree Day data*."

a) Please provide any analysis WHESC has undertaken to demonstrate/test whether "variability in usage per connection can be generally correlated to Heating Degree Day and Cooling Degree Day data".

4.0 OM&A (EXHIBIT 4)

4.0 -VECC -18

Reference: Exhibit 1, page 50

"*WHESC has included a significant component of rear-lot voltage conversion in its DSP, leading to the reduction of rear-lot installed primary. This will place downward pressure on vegetation management costs over time***"**

a) Given the above statement by WHESC, why is the tree trimming costs for 2025 significantly higher than the 2017-2023 annual average actual amounts?

4.0 -VECC -19

Reference: Exhibit 4, pages 19-

a) Does the 2025 OM&A locates forecast include WHESC's estimates of any incremental costs for implementing the Getting Ontario Connected Act? If yes, please explain how those incremental costs were estimated.

4.0 -VECC -20

Reference: Exhibit 4, page 47

a) Please provide Welland Hydro's postage costs for each year 2017 through 2025 (forecast).

4.0 -VECC -21

Reference: Exhibit 4, page

Table 4-36: Bad Debt Program Costs

Expenses	2017 Board Approved	2017 Actual	2018 Actual	2019 Actual	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Bridge	2025 Test Year	Variance (2025 Test Year vs 2023 Actuals)	Variance (2025 Test Year vs 2017 OEB Approved)
Bad Debt Expense	96,222	87,698	79,375	89,561	187,175	10,471	150,177	113,684	117,094	120,607	6,923	25,385

a) Please describe how the 2025 bad debt estimate of $120,607 was calculated.

4.0 -VECC -22

Reference: Exhibit 4, page 50

Table 4-37: Community Relations Program Costs

Expenses	2017 Board Approved	2017 Actual	2018 Actual	2019 Actual	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Bridge	2025 Test Year	Variance (2025 Test Year vs 2023 Actuals)	Variance (2025 Test Year vs 2017 OEB Approved)
Community Relations	144,123	136,009	164,682	153,685	60,039	37,440	48,883	53,068	60,367	62,438	9,369	- 81,685

a) Please modify the above table by showing separately the costs for Energy Conservation (5415).

4.0 -VECC -23

Reference: Exhibit 4, pages 70-

a) In the shared service tables 4-51 (2017) through 4-59 (2025) there is a change starting in 2021 in that the "Total Street Light" portions of the table are removed. Please explain the change that occurred between 2020 and 2021.

4.0 -VECC -24

Reference: Exhibit 4, page 79 Section 4.3.5

a) Please provide the OEB Assessment Costs for each year 2017 through 2025 (forecast).

4.0 -VECC -25

Reference: Exhibit 4

a) IF WHESC is a member of the EDA, CHEC Group, USF or UtilSmart please provide the annual membership fees (separately) for each year 2017 through 2025 (forecast).

5.0 COST OF CAPITAL (EXHIBIT 5)

5.0-VECC-26

Reference: Exhibit 5

a) Please provide WHESC's current forecast for the 2024 regulatory return on equity.

5.0-VECC-27

Reference: Exhibit 5

a) In October 2024 the Bank of Canada lowered its key interest rate by 50 basis points. Please provide an updated interest rate forecast for the expected January 1, 2025 long-term note ($2.5 million).

5.0-VECC-28

Reference: Exhibit 5

a) Please update Table 5-2 (Appendix 2-OA) for updated 2025 cost of capital parameters issued by the Board on October 31, 2024.

b) Please update the revenue requirement request for the parameter update (and for any other changes made in conjunction with responding to the interrogatories of parties).

6.0 REVENUE REQUIREMENT (EXHIBIT 6)

6.0-VECC-29

Reference: Chapter 2 Appendices, Appendix 2-H
Exhibit 6, pages 14 and 18

a) With respect to Account #4086, please explain the reduction in SSS Admin revenues between 2023 and 2024.

b) With respect to Account #4210, provide the details supporting the 2023, 2024 and 2025 Joint Pole Use revenues (i.e., number of poles and annual rate).

c) With respect to Account #4210, please explain the change in Rent from Property (Buildings) as between 2021 and 2023.

d) Please explain why there are no values included for Accounts #4375 and #4380 for the years 2024 and 2025.

e) With respect to Account #4405, please confirm that the $100,000 forecast value for 2025 does not include any interest debits/credits related to DVAs.

7.0 COST ALLOCATION (EXHIBIT 7)

7.0-VECC-30

Reference: Cost Allocation Model, Tab 5.2
Exhibit 3, page 6

Preamble: The Application states:
"*In determining the weighting factors for Billing and Collecting, WHESC conducted an analysis of the significant components of Billing and Collecting costs, such as relative staff time spent on various account types and the cost of postage based on relative e-bill adoption*."

a) Please provide a copy of the referenced analysis that supports the proposed Billing and Collecting Weights?

7.0-VECC-31

Reference: Cost Allocation Model, Tab 7.2
Exhibit 7, page 6

Preamble: The Application states:
"*All of WHESC's customers now have smart meters or MIST meters. Given that physical meter reading is no longer required, the effort related to meter reading is relatively the same across all rate classes*."

a) Does Welland read its own meters or is metering done by a 3rd party?

b) Please provide additional details to support the claim that meter reading efforts and costs are the same for smart meters and MIST meters.

7.0-VECC-32

Reference: Exhibit 7, pages 6 and 8

a) Are the costs associated with maintaining/updating the records regarding the kWh and kW use per device/connection for the Street Lighting, Sentinel and USL classes tracked and allocated to the respective classes?

   i. If yes, in what account(s) are they tracked and where is the allocation done in the CA Model?

   ii. If not, in what account(s) are they tracked and how are they subsequently allocated to customer classes?

7.0-VECC-33

Reference: Cost Allocation Model, Tab 6.2
Exhibit 3, pages 6 and 8

Preamble: The Application states (Exhibit 3, page 6):
"*Customer/Connection values are on an average basis for the purpose of rate design. Street Lights, Sentinel Lights and Unmetered Scattered Loads are measured as connections*."

a) Exhibit 3 indicates that Street Lights are measured as connection and there are 7,464 connections forecast for 2025. However, the CA Model shows 3,719 connections and 7,464 devices for Street Lights in 2025. Please reconcile.

7.0-VECC-34

Reference: Cost Allocation Model, Tab 6.2 and Tab 8

a) For the GS<50 class Tab 6.2 shows the followings values: i) CCP – 1,869, ii) CCLT – 1,859 and iii) CCS – 1,868. This suggests that there are 9 GS<50 customers that own the transformer but WHESC owns the secondary assets on the low side of the customer-owned transformer. Please confirm that this is the case.

b) For the GS<50 class Tab 8 shows that the LTNCP4 value is greater than the SNCP4 value. However, as noted in part (a) the CCLT value is less than the CCS value. Please reconcile.

c) For the GS>50 class Tab 6.2 shows the followings values: i) CCP – 137, ii) CCLT – 112 and iii) CCS – 127. This suggests that there are 15 GS>50 customers that own the transformer but WHESC owns the secondary assets on the low side of the customer-owned transformer. Please confirm that this is the case.

d) For the GS>50 class Tab 8 shows that the LTNCP4 value is greater than the SNCP4 value. However, as noted in part (c) the CCLT value is less than the CCS value. Please reconcile.

7.0-VECC-35

Reference: Exhibit 7, page 7
Exhibit 3, page 9

a) Please provide a schedule that set out the total actual HDD and CDD values for each of 2021, 2022 and 2023 along with the assumed 10-year (2014-2023) average annual HDD and CDD values.

8.0 RATE DESIGN (EXHIBIT 8)

8.0-VECC-36

Reference: Exhibit 8, page 9
RTSR Workform, Tabs 3 and 5

a) With respect to the RTSR Workform, please confirm that the billing units in Tab 5 are based on the same year as the customer class usage data in Tab 3.

8.0-VECC-37

Reference: Exhibit 8, page 11

Preamble: The Application states:
"*WHESC is proposing to maintain the Specific Service Charges as approved in its 2017 cost of service application (EB-2016-0110) with one exception. WHESC currently has a MicroFIT monthly service charge of $11.00 as approved by the Board in its Decision and Rate Order (EB-2016-0110) effective May 1, 2017. WHESC is proposing to use the OEB's generic monthly microFIT service charge of $4.55 as stated in the OEB's letter dated November 29, 2023 effective May 1, 2025*."

a) What was the rationale for the MicroFIT monthly service charge of $11.00 as approved by the Board in its Decision and Rate Order (EB-2016-0110)?

b) Please explain why the $11.00 charge is no longer appropriate.

8.0-VECC-38

Reference: Exhibit 8, page 12
Load Forecast Model, Rate Class Energy Model Tab

a) Please reconcile the annual purchases for 2019-2023 as set out in the Rate Class Energy Model Tab (Column B) with the A(1) and A(2) wholesale purchases for the same years set out in Table 8-11.

DEFERRAL AND VARIANCE ACCOUNTS (EXHIBIT 9)

9.0 –VECC -39

Reference: Exhibit 9, page 14

"On February 9, 2016 the OEB released a letter noting its adoption of recommendations to update its Cost 14 Assessment Model (CAM), further noting the OEB had increased its budget for the first time since 2011. In 15 the same letter, the OEB established a variance account to record any material differences between OEB 16 cost assessments currently built into rates, and cost assessments that will result from the application of the 17 new cost assessment model. WHESC recorded $32,868 to this account in 2018, which with carrying 18 charges amounts to a requested disposition in this application of $39,987."

a) Welland Hydro had cost of service rates approved by the Board May 4, 2017 (EB-2016-0110). Please explain why there was an amount recorded in the OEB cost assessment variance account if these rates had incorporated the new assessment methodology. Specially please show how the amount of $32,868 was calculated.

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