



**PUBLIC INTEREST ADVOCACY CENTRE
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October 28, 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-2008-0233
Innisfil Hydro Distribution Systems Limited – 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

cc: Laurie Ann Cooledge
Innisfil Hydro Distribution Systems Limited

**INNISFIL 2009 RATE APPLICATION
(EB-2008-0233)**

VECC INTERROGATORY REQUESTS

Question #1

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

- a) Please provide a copy of Innisfil's Cost Allocation Informational Filing as submitted to the OEB in January 2007.
- b) Please confirm that for purposes of the 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, Table 7), Innisfil 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 Innisfil'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

- a) Please provide the cross references as to where in the Cost Allocation Informational Filing the values used to derive Column A can be found.
- b) Please explain how the allocation of the 2009 Miscellaneous Revenues to customer classes (Column J) was determined.

Question #3

Reference: Exhibit 8/Tab 1/Schedule 2, page 4 and Table 4

a) Please complete the following schedules:

- kWh by Customer Class (delivered)

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

- Customer/Connection Count

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

- b) Based on the results from part (a), 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.
- c) Based on the results from part (a), please also comment on the appropriateness of assuming that the allocation of miscellaneous revenues from the 2006 Cost Allocation study represents an appropriate allocation for 2009.

Question #4

Reference: Exhibit 8/Tab 1/Schedule 2, page 4

- 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: i) the monthly service charges excluding the smart meter rate adder; ii) variable charges excluding any charges for LV cost recovery and iii) rates

net of the transformer ownership allowance (i.e., reduced by the allowance) where appropriate.

The resulting schedule should also show the following:

- The percentage of total revenues attributed to each customer class
 - The percentage of revenues from each customer class associated with the fixed and the variable charges
- b) Innisfil is proposing to decrease slightly the R/C ratio for residential customers. One would typically expect that a reduction in R/C ratio would mean a reduced allocation of revenue requirements. Please contrast the percentage of revenue attributed to the residential class in response to part (a) versus that shown in Table 4 – Column F. If the former is the smaller of the two values, please reconcile the apparent inconsistency.
- c) Please explain any discrepancies between the fixed revenue proportion determined for each class in response to part (a) and the fixed revenue proportions set out in Table 5 of Exhibit 9/Tab 1/Schedule 1.

Question #5

Reference: Exhibit 9/Tab 1/Schedule 1, pages 3-5
OEB, Application of Cost Allocation for Electricity Distributors, Report of the Board, EB-2007-0667, November 28, 2007

Question:

- a) Please provide a schedule that sets out the target range for the service charge for each customer class based on the results of Innisfil's Cost Allocation Informational Filing and the OEB's November 2007 Report.
- b) Please reconcile the statements on page 4 (lines 9-11) and page 5 (lines 1-3). Page 4 suggests that Innisfil is changing the fixed/variable portions of its rates for 2009 while page 5 suggests that it is not.

Question #6

Reference: Exhibit 9/Tab 1/Schedule 2

- 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 250 kWh per month
- Consume 250 -> 500 kWh per month
- Consume 500 -> 750 kWh per month
- Consume 750 -> 1000 kWh per month
- Consume 1000 -> 1500 kWh per month
- Consume 1500 -> 2000 kWh per month
- Consume more than 2000 kWh per month

Question # 7

Reference: Exhibit 1/Tab 1/Schedule 6, p.1

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

Question #8

Reference: Exhibit 2/Tab 4/Schedule 1
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 cost of electricity as shown in the most recent OEB Regulated Price Plan Report (page 5) dated October 15, 2008.

Question #9

Reference: Exhibit 2/Tab3/Schedule 1p.6 and
 Exhibit 2/Tab 3/Schedule 2, pp 10-15

Please provide an update as to the projected 2008 capital expenditures, i.e., is Innisfil on track to complete the projects shown on Table 5 for the amounts shown? If some projects have been deferred or are behind schedule, please identify.

Question #10

Reference: Exhibit 2/Tab3/Schedule 1, p.7 and
 Exhibit 2/Tab 3/Schedule 2, pp 16-24

With respect to the 2009 proposed capital expenditures, please identify the projects which are (i) not deferrable, (ii) potentially deferrable, and (iii) deferrable.

Question #11

Reference: Exhibit 2/Tab 1/Schedule 1, p. 10

- a) Please provide the current five-year budget plan approved by the Board of Directors and the five-year budget plan approved last year.

Question #12

Reference: Exhibit 1/Tab 2/Schedule 1

- a) With respect to the OM&A forecast expenses, the application states that “[a]ll unavoidable increases and unmet needs from the prior budget period are identified and reviewed in detail.” Please identify and quantify the OM&A expense items budgeted for 2008 and 2009 that fit this criterion.

Question #13

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

- a) Please provide a schedule setting out the rates and volumes by customer class supporting the 2009 test year revenues reported in Table 1.
- b) Please clarify whether the rates used in part (a) included:
 - Charges for LV recovery
 - Smart Meter charges
 - Discounts for transformer ownership where applicable.

Question #14

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

- a) Please provide the F-statistic computed by the regression equation.
- b) What was the source and publication date for the forecast of the real GDP monthly index used in the THES rate application?
- c) Are more recent forecasts of the real GDP monthly index available? If so, please provide and update the load forecast accordingly.

Question #15

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

- a) Please provide a schedule that sets out the weather normalized system purchases for the years 2002 to 2007 inclusive.

Question #16

Reference: Exhibit 3/Tab 2/Schedule 3, page 7 and page 9

- a) The Residential and GS<50 classes annual usage per customer values set out in Table 9 will be influenced weather in the year concerned per page 9).
 - Given this fact, please confirm that the calculated growth rates for these two classes will be affected by historical variations in weather.
 - Why is it appropriate to use the growth rate in usage per customer/connection (non weather-normalized) to forecast usage for 2008 and 2009?
- b) Innisfil's load forecast methodology assumes there is some consistency between:
 - It's forecast of overall system purchases based on econometric analysis, and
 - It's forecast of # of customers and average customer use based on simple growth trends.

Please explain why this is reasonable to assume when these two approaches are conceptually different.