



PUBLIC INTEREST ADVOCACY CENTRE
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November 13, 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-2008-0247
Welland Hydro-Electric System Corp. – 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

Welland 2009 RATE APPLICATION

EB-2008-0247

VECC's Interrogatories

Question #1

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

- a) Please clarify whether the rates used in Table 1 for 2009 revenues at current rates include Smart Meter charges.
- b) If the response to part (a) is yes, please redo the table excluding the Smart Meter rate adder.

Question #2

Reference: Exhibit 3/Tab 2/Schedule 1, pages 1-2

- a) Please provide a schedule that sets out, using 2007 values:
 - The average use (per customer) for those GS < 50 customers that were not affected by the customer re-classification
 - The average per customer for those customers that were transferred from the GS>50 to the GS<50 class
 - The average use per customer for those customers that were transferred from the GS<50 to the GS>50 class
- b) Please provide a schedule that sets out, using 2007 values:
 - The average use (per customer) for those GS > 50 customers that were not affected by the customer re-classification

Question #3

Reference: Exhibit 8/Tab 1/Schedule 1, pages 1-2
Board Staff IR #4

- a) If not filed in response to the Board Staff IR, please provide a copy of the Cost Allocation informational filing that supports the values presented in Table 1 (prior to the PILs increase).
- b) Please confirm that for purposes of Welland's 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 provide the results of a cost allocation run with an alternative 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 #4

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

- a) Please explain more fully the reference to Welland Hydro's "revised OEB-approved 2006 electricity distribution rates" (per lines 21-23).
 - Were the rates used in the Cost Allocation Informational filing not Welland's final 2006 approved rates?
 - Why were there "additional PILs related expenses"?
 - Why weren't these additional PILs related expenses allocated to customer classes in the same manner at the PILs in the original Cost Allocation Informational filing?
- b) Please provide an updated run of the Cost Allocation Informational filing where both cost and rates reflect the additional PILs related expenses. Note: Only output sheet O2 needs to be provided.

Question #5

Reference: Exhibit 8/Tab 1/Schedule 2, page 2 (Table 3)

- a) Please provide a schedule that shows how the percentages in Table 3 under the column "Cost Allocation" were derived from the data presented in Exhibit 8/Tab 1/Schedule 1, Table 1.
- b) Please provide a schedule that shows how the percentages in Table 3 under the column "Existing Rates" were determined. Note: The percentages don't seem to reconcile with the revenues at existing rates as set out in Exhibit 3/Tab 1/Schedule 2, page 1.
- c) 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

- d) Based on the results from part (c), 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.
- e) Table 1 (/Exhibit 8/Tab 1/Schedule 1) indicates that the current revenue to cost ratio for Residential is 127.24%. However, per Table 3, existing rates produce 132.2% more revenue (i.e., 73.79/55.82) than allocated costs. Please reconcile.

Question #6

Reference: Exhibit 8/Tab 1/Schedule 2, page 3

- a) Please provide a schedule that sets out the derivation of the values for the 2009 revenue to cost ratios by customer class (e.g., how was the 114.46% value for Residential calculated?).

Question #7

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

- a) Please confirm whether the Base Revenue Requirement set out in Table 1 includes the “cost” of the transformer ownership allowance.
- If it is, where is it reflected?
 - If not, how is the lost revenue associated with the transformer ownership allowance accounted for and recovered?

Question #8

Reference: Exhibit 9/Tab 1/Schedule 1, page 4
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 Welland’s Cost Allocation Informational Filing and the OEB’s November 2007 Report.

Question #9

Reference: Exhibit 9/Tab 1/Schedule 8

- 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 #10

Reference: Exhibit 2/Tab 1/Schedule 1, pages 3-5

- a) The evidence implies that Welland Hydro does not engage in capital budget planning save for the upcoming year, i.e., that Welland does not currently have a five year capital spending plan. Please confirm this understanding is correct; if unable to so confirm, please provide the most recent multi-year capital budget.
- b) Please indicate whether Welland Hydro intends to implement a multi-year capital plan once it has received the report on its complete distribution system.
- c) Please provide the budgeted/forecasted capital expenditures for 2005-2007 that correspond to the actual amounts spent as shown on page 4 of this exhibit.

Question #11

Reference: Exhibit 1/Tab 3/Schedule 3

- a) Please provide details with respect to the 2008 Extraordinary Gain of \$271,632.24.

Question #12

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

- a) Please indicate the number of poles that Welland Hydro expects to replace under its Miscellaneous Pole Replacement project in 2008 and 2009.
- b) Please provide the number of poles replaced annually by Welland Hydro in the years 2005-2007 inclusive.
- c) Please provide the annual budgeted/forecast amounts for this program for the years 2005-2007 inclusive.
- d) Please indicate whether Welland Hydro has a long-term plan in respect of pole replacement.

Question #13

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

- a) Please indicate whether Welland Hydro has a long-term plan in respect of its Miscellaneous Underground Rebuild program.
- b) Please provide the annual amounts budgeted/forecast for this program for the years 2005-2007 inclusive.

Question #14

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

- a) For each year, 2006-2009, please provide the sub-account amounts for office supplies for accounts 5605, 5610, and 5615 that were formerly recorded as an aggregate amount in account 5620.

Question #15

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

- a) Please explain how the 10% mark up for billings to the City of Welland was determined.
- b) Please indicate how the split of the 10% mark up to Welland Hydro and Welland Hydro Energy Services was determined.
- c) Please indicate whether the 10% mark up is a mark up over fully allocated cost or represents a return on assets.

Question #16

Reference: Exhibit 4/Tab 2/Schedule 6, Table 7, pages 6-7

- a) Please confirm that this table indicates that the average total compensation per FTE has increased at an annual average rate of 3.9% per year over the period 2006-2009.

