



PUBLIC INTEREST ADVOCACY CENTRE
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November 14, 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)
Midland Power Utility Corporation OEB File No.: EB-2008-0236

Please find enclosed the interrogatories of VECC in the above noted proceeding.

Yours truly,

Michael Buonaguro
Counsel for VECC
Encl.

Midland Power Utility Corporation (MPUC)
2009 Electricity Rate Application
Board File No. EB-2008-0236

VECC's Interrogatories

Question #1

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

- a) Please confirm whether the rates used in each year to determine the revenues shown on page 1 include the smart meter rate adder.

Question #2

Reference: Exhibit 3/Tab 2/Schedule 1 – ERA Load Forecast
Attachment

- a) Page 2 states that the forecast is based on monthly class specific data for May 2002 to December 2007.
- How frequently does MPUC read the meters for its Residential and GS<50 customer classes?
 - How was the billing data adjusted to account for the effect of meter reading dates?
 - Please comment on the validity of simply prorating billing data to account for the effect of meter reading dates, when the weather and/or the occurrence non-holiday weekdays could vary significantly over the period requiring prorating.
- b) Page 3 indicates that the HDD and CDD data used was from that reported at the Pearson International Airport. Are there no weather stations closer to Midland that could have been used instead (e.g., Barrie)?
- c) Since ERA also forecasts number of connections by class, did ERA test a relationship that also included number of customers by class? If not, why not?
- d) Please provide a schedule that sets out, for the period January 2003 to December 2007, the monthly values for:
- HDD and CDD
 - Number of customers by class (month end)

- e) Please provide a schedule that sets out the average (per customer) weather normalized usage for the Residential and GS<50 classes for the years 2003, 2004, 2005, 2006, and 2007 based on the ERA weather normalization results. In the same schedule please include the average (per customer) usage forecast for 2008 and 2009.
- f) Please provide the average (per customer) weather normalized usage for each customer class as determined by Hydro One Networks and used for MPUC's Cost Allocation informational filing and confirm which year the data represents.
- g) With respect to page 8, what is the impact on the Residential and GS<50 usage forecast for 2008 and 2009 of using a 30 year definition of "climate normal"?
- h) With respect to page 9, are there more recent updates available for any of the economic forecasts presented in Table 5? If so, please provide and update the weather corrected consumption forecast in Table 6 accordingly.
- i) Page 4 states that the GS>50 class usage is not particularly well correlated with weather. However, there is no indication as to the extent to which peak days and economic variables explained historical GS>50 usage.
 - Please provide such a discussion
 - If peak days and/or economic variables were significant in explaining historical usage, please use the resulting equations to provide a forecast of GS>50 usage for 2008 and 2009.
- j) With respect to the customer connections forecast on page 11, please provide year end 2007 customer count and the current 2008 customer count (indicate which month) for each customer class.

Question #3

Reference: Exhibit 3/Tab 2/Schedule 4, page 1 (Table 28)

- a) Please confirm whether the historical customer count values reported for each year are:
 - Year end values
 - Average annual values (i.e., average of start and end of year values)

Question #4

Reference: i) Exhibit 8/Tab 1/Schedule 2, page 5, lines 15-20

- a) Please provide the analysis undertaken by MPUC to support the conclusion that the results from the Cost Allocation Informational filing will not change materially if updated for the 2009 Application data.
- 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

- Customer/Connection Count

Customer Class (all)	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 Cost Allocation Informational filing are appropriate to utilize for setting 2009 rates.

Question #5

Reference: Exhibit 8/Tab 1/Schedule 2

- a) 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
- b) Please confirm that (per Exhibit 9, Tab 1, Schedule 1, page 5) MPUC 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 MPUC'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 revise Output Sheet O1)

Question #6

Reference: Exhibit 8/Tab 1/Schedule 2, pages 5-6

- a) Why is MPUC proposing to reduce the revenue to cost ratio for USL from 117% to 100% but is reducing the Residential ratio to only 107% (from 118%)?
- b) Please provide a schedule that sets out the proportion of revenue by customer class based on 2009 billing forecast billing determinants and current rates. For purposes of the calculation please:
- Exclude the smart meter rate adder from the current rates used
 - Exclude the LV charge adder from the current rates used
 - Include the impact of the revenue reduction due to the transformer ownership allowance.
- c) Please compare the proportion of revenues proposed in Table 69 by customer class with those calculated in part (b). For those classes where the proposed directional change (increase or decrease) in the proportion of revenues does not match the proposed directional change in the revenue to cost ratios – please explain the anomaly.
- d) Please provide a schedule that shows how the revenue proportions set out in Table 69 (page 6) are derived using the proposed revenue to cost ratios in Table 68.

Question #7

Reference: Exhibit 9/Tab 1/Schedule 2, page 1

- a) Please confirm that the Base Revenue Requirement in Table 70:
- Excludes LV costs
 - Has not been increased to recover revenue shortfall due to the transformer ownership allowance.

Question #8

Reference: Exhibit 9/Tab 1/Schedule 2, page 3

- a) Please confirm that MPUC's Cost Allocation Informational filing excluded LV costs. If this is not the case please indicate how they were incorporated into the Informational filing and provide the relevant pages from the actual Cost Allocation run.
- b) Please provide a schedule that sets out the billing determinants; rates; and resulting revenues used to derive the Fixed/Variable %'s at Existing rates in Table 74 and confirm whether the rates used:
- Exclude the Smart Meter rate adder
 - Exclude the LV charge adder
 - Allow for the transformer ownership allowance.
- c) If different from that provided in response to part (b), please provide a schedule that sets out the 2009 fixed and variable billing determinants and revenues (dollars 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; b) variable charges excluding any charges for LV cost recovery and c) GS>50 variable revenues that include the transformer ownership discount (where applicable).

Question #9

Reference: Exhibit 9/Tab 1/Schedule 2, page 6
Board Staff IR #5

- a) Based on MPUC's proposed Retail Transmission Rates (Exhibit 9/Tab 1/Schedule 8 and Midland's response to Board Staff IR #5), please provide a schedule that sets out the proportion of the 2009 forecast transmission connection revenues that will be collected from each customer class. Please reconcile these percentages with those presented in Table 76.

Question #10

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

- 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 -> 1,000 kWh per month
 - Consume 1,000 -> 1,500 kWh per month

Question #11

Reference: Exhibit 1/Tab 1/Schedule 7, page 3

- a) Please provide a breakdown of the \$50,000 in 2009 regulatory costs shown in Table 8.

Question #12

Reference: Exhibit 1/Tab 1/Schedule 7, pages 3 and 4

- a) Please explain how the bad debt expense of \$80,000 per year was calculated or determined.
- b) Please clarify and provide specifics with respect to the following statement at line 10 of page 4: "In the alternative, MPUC requests that the distribution revenues only form a part of the bad debts and the balance of the receivable be allocated to the associated cost of power charges."

Question #13

Reference: Exhibit 1/Tab 1/Schedule 7, pages 4 and 5

- a) Please provide the extent to which income was overstated, capital asset balances were understated, and contributed capital was understated in the 2006 EDR due to the classification of Revenue from Merchandising/Jobbing with respect to contributed capital projects in 2004.

Question #14

Reference: Exhibit 1/Tab 3/Schedule 2, Attachment, Financial Statements for the year ending December 31, 2007, page19

- a) Please explain how the amount paid to the shareholder for lease fees for substation properties, \$30,000, was determined, i.e., by a market survey?
- b) Please indicate the nature of the services currently provided by the Corporation to its shareholder for "Maintenance of streetlighting and other services" and explain why revenues from these services increased by almost 46% in 2007 over 2006.
- c) Does MPUC have a service agreement with its shareholder? If so, please provide a copy.
- d) Please provide any promises made by the shareholder in respect of requesting repayment of the balance on the promissory note over the next three years.
- e) Please provide a copy of the promissory note payable to the shareholder.

Question #15

Reference: Exhibit 2/Tab 1/Schedule 1, pages 3 and 4

- a) Please confirm that the Scott substation project was completed and in-service in December 2007.
- b) Please indicate the current status of the Brandon substation project, i.e., is it completed or is it expected to be completed in 2008?
- c) Please update the power supply expense component of working capital shown in Table 15 (and calculated in Exhibit 2, Tab 4, Schedule 3) using the October 15, 2008 OEB forecasted rate.

- d) Please provide support for MPUC's determination that "in-house resources would provide the best economies to MPUC" in undertaking 2008 and 2009 projects.

Question #16

Reference: Exhibit 2/Tab 2/Schedule 3, page 44

- a) Please explain how MPUC determined the forecasted capital contributions of \$273.5K for 2008 and 2009.

Question #17

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

- a) Please provide MPUC's SAIDI and SAIFI targets for each year 2006-2009 inclusive.

Question #18

Reference: Exhibit 2/Tab 3/Schedule 1, pages 17-18

- a) Please provide the amount that had been budgeted for project #2007-04 (Scott Street Substation) broken down by account numbers as shown at the bottom of page 18.
- b) Please provide the capital spending budget for 2007 broken down by project.

Question #19

Reference: Exhibit 2/Tab 3/Schedule 1, pages 21-30

- a) Please provide the 2008 capital additions on a year-to-date basis using the most recent monthly information available. Is MPUC on target to complete its 2008 capital projects as projected in 2008 and as budgeted?
- b) Please provide any update re 2008 or 2009 capital spending, if applicable.
- c) Please provide a comparative table showing 2007 capital spending as it would have appeared for the same year-to-date period in 2007.

Question #20

Reference: Exhibit 2/Tab 3/Schedule 1, page 15

- a) Please advise as to the date that Harris Computer Systems purchased Advanced CIS.

- b) Was MPUC aware that Advanced CIS might be purchased when MPUC decided to choose Harris?
- c) How many billing software providers did MPUC consider before choosing Harris?
- d) Please provide the details as to why MPUC determined that Harris was to be preferred to other alternatives.

Question #21

Reference: Exhibit 2/Tab 3/Schedule 1

- a) Please provide the capital spending budgeted for 2005, 2006, and 2007 and provide an explanation for any variances exceeding 10% between the amount budgeted and amount spent in each year.
- b) Does MPUC develop a multi-year capital plan? If so, please provide the most recent plan.

Question #22

Reference: Exhibit 2/Tab 3/Schedule 7, page 1

- a) With respect to developer installed projects, please explain (i) how the expansion deposit has been determined and how it will be reduced, (ii) where the carrying costs/revenues of the deposit are recorded, (iii) how the transfer price for the assets is determined, and (iv) the relationship between the developers costs, the transfer, fee, and the associated change in rate base.

Question #23

Reference: Exhibit 2/Tab 3/Schedule 8, pages 2-3

- a) Please provide a list of MPUC's vehicles showing vehicle age, mileage, and expected replacement date for each vehicle.

Question #24

Reference: Exhibit 3/Tab 1/Schedule 4

- a) Please provide a table shlist of MPUC's vehicles showing vehicle age, mileage, and expected replacement date.

Question #25

Reference: Exhibit 4/Tab 2/Schedule 2, page 47

- a) Has the new management position been filled yet? If so, please indicate the date of hire and how the associated OM&A costs have been allocated. If not, please indicate the expected date of hire.

Question #26

Reference: Exhibit 4/Tab 2/Schedule 8

- a) Please explain why management incentive compensation has increased so much in 2008 and 2009 relative to 2006.
- b) Please explain why management incentives spiked in 2007.
- c) Please provide the escalations provided for in union wages and benefits in the current collective agreement.
- d) Please provide the term of the current collective agreement.

Question #27

Reference: Exhibit 6/Tab 1/Schedule 1, pages 2-3

- a) Please provide an update with respect to the additional debt that MPUC intends to secure for 2009.