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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-2008-0248 West Coast Huron Energy Inc. – 2009 Electricity Distribution
Rate Application

Please find enclosed the interrogatories of the Vulnerable Energy Consumers Coalition (VECC) in the above-noted proceeding.

Thank you.

Yours truly,

Michael Buonaguro
Counsel for VECC
Encl.

West Coast Huron Energy Inc. (WCHE)
2009 Electricity Rate Application
Board File No. EB-2008-0248

VECC's Interrogatories

Question #1

Reference: i) 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/exclude the smart meter rate adder.
 - Recognize the lower revenues realized due to the transformer ownership allowance discount.
- b) Please confirm that the 2009 revenues are calculated using 2008 approved rates.
- c) If different from the filed schedule, please provide a similar schedule for 2009 but with the following adjustments:
 - Use existing 2008 rates (if required)
 - Exclude the smart meter rate adder (if required)
 - Recognize the lower revenue due to the transformer ownership allowance discount (as required).

Question #2

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

- a) Please provide the current customer count by class and indicate the month it is based on.
- b) The text on page 3 suggests there were Street Lighting additions in 2008. However, the customer count on page 2 remains unchanged. Please reconcile.

Question #3

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

- a) Please provide the Retail NAC by customer class calculated based on the Hydro One weather normalized 2004 data.
- b) Please confirm whether the data presented on page 4 is weather normalized or not. Note: The title suggests that it is and the data for 2008 matches the weather normalized data in Exhibit 3/Tab 2/Schedule 1, page 7. However the data for 2006 and 2007 matches the actual data for those years as presented in Exhibit 3/Tab 2/Schedule 1, page 7.
- c) Page 3 states that the forecast for Residential, GS<50 and GS>50 is based on the 2004 NAC. If the data on page 4 is weather normalized why are the average use values for 2004 and 2008/09 different?
- d) The text on page 6 does not indicate how the forecast for GS 500-4999 was determined. Please explain.
- e) The GS customer class definitions on page 6 (last paragraph) differ from those shown on pages 4-5. Please reconcile.
- f) The text on page 6 suggests that the Large Use, USL, Sentinel Lights and Street Lighting usage for 2008 is based on historical use. However, in each case, projected sales (kWh) for 2008 are less than the 2007 values. Please reconcile and explain fully how the 2008 and 2009 values for these classes were determined.
- g) Please explain why, for USL, the 2008 kWh are less than the 2007 values but the 2008 kW's are higher than those in 2007.

Question #4

Reference: Exhibit 3/Tab 2/Schedule 1

- a) Please check and update the schedule as required. For example:
 - The actual values for 2006 and 2007 are the same for all classes except Residential.
 - The actual values reported here for 2006 match the normalized values reported in Exhibit 3/Tab 2/Schedule 1, page 4

Question #5

Reference: i) Exhibit 2/Tab 3/Schedule 2, page1
ii) Exhibit 3/Tab 2/Schedule 1, pages 2 & 4

- a) Reference (i) notes the need to connect new commercial additions due to big box stores being attracted to the area. Into what customer class(es) would such customers fall and are these additions accounted for in the customer count forecast in reference (ii)?
- b) Reference (i) discusses a Sifto plant expansion announced in 2007. However, this expansion does not appear to be reflected in the 2008 or 2009 large use forecast. Please reconcile.

Question #6

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

- 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)	Updated Cost Allocation Filing		2009 Application	
	# Customers/ Connections	% of Total	# Customers/ Connections	% of Total

- b) Based on the results from part (a), 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.

- c) Please provide a schedule that supports the \$2,618,540 Total Revenue Requirement for 2009 set out on page 2. Please provide cross-references to where in the Application each of the various component costs is developed.
- d) Please provide a copy of the Cost Allocation Informational filing supporting the 2006 CA RC Ratios reported on page 2. (Note: An electronic copy is sufficient)

Question #7

Reference: Exhibit 8/Tab 1/Schedule 2

- 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 provide the results of an alternative cost allocation 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 #8

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

- a) Please confirm that the GS 3,000-4,999 customer class referenced on page 1 should read GS 500-4,999.
- b) Please confirm that the references to GS 50-999; GS 1,000-2,999 and GS 3,000-4,000 on page 2 are incorrect. If not, please explain and reconcile with customer classes set out in Exhibit 9/Tab 1/Schedule 2
- c) Please provide a schedule setting out the derivation the \$114,113 “under recovery”.

- d) Why does the allocation to the Residential class result in a revenue to cost ratio greater than 85%, when none of the under recovery was allocated to residential?
- e) Why does the allocation to the Large Use class result in an increased revenue to cost ratio when the ratio is already over 100% and none of the under recover was allocated to this class?
- f) Why is the under recovery allocated in part to the GS 50-499 and GS 500-4,999 classes – both of which already have revenue to cost ratios at the upper bound of the target range?
- g) Please provide supporting schedules to demonstrate how the total revenue allocation percentages set out on page 2 yield the revenue to cost ratios set out in the same table. In doing so, please indicate how the calculation accounts for the fact that the allocation percentages are being applied to the distribution service revenue while the revenue to cost ratio determination also includes miscellaneous revenues as a component of total revenue (per page 1).
- h) Please provide an alternative version of Step #1 where the under recovery is allocated only to those rate classes whose revenue to cost ratio is less than 100%, in proportion to their allocated revenues (prior to addressing the under recover issue).

Question #9

Reference: Exhibit 8/Tab 1/Schedule 2, pages 2-3 (Step 2)
Reference: Exhibit 8, Tab 1, Schedule 2, page 3, lines 11-15
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 consider a cost allocation where all revenue to cost ratios are moved to 100%?
- b) Please provide supporting schedules to demonstrate how the total revenue allocation percentages set out on page 3 for Steps 2 and 3 yield the revenue to cost ratios set out in the same tables.

Question #10

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

- a) Please provide supporting schedules to demonstrate how the total revenue allocation percentages set out on page 5 yield the revenue to cost ratios set out in the same table.

Question #11

Reference: Exhibit 9/Tab 1/Schedule 6

- a) Please provide a schedule that sets out the proportion of revenue by customer class based on 2009 billing forecast billing determinants and current (2008) rates. For purposes of the calculation please:
 - Exclude the smart meter rate adder from the current rates used
 - Include the impact of the revenue reduction due to the transformer ownership allowance.
- b) Please provide a schedule that sets out the proposed 2009 transformer ownership allowance discount, the eligible kW by class and the total "cost" of the 2009 transformer ownership allowance by customer class.
- c) Please provide a "proof of revenue" schedule that sets out the proposed rates (excluding the smart meter adder) and billing determinants for each class for 2009 and the resulting fixed, variable and total revenues by customer class (including adjustments for transformer ownership). The total revenues should reconcile with the proposed distribution service revenue requirement of \$2,570,476 (per Exhibit 7/Tab 2/Schedule 1). If it does not, please reconcile.

Question #12

Reference: Exhibit 9/Tab 1/Schedule 8

- a) 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 -> 1,000 kWh per month
 - Consume 1,000 -> 1,500 kWh per month
 - Consume 1,500 -> 2,000 kWh per month
 - Consumer > 2,000 kWh per month.

Question #13

Reference: Exhibit 2/Tab 3/Schedule 4 and Appendix N

- a) Please clarify WCHE's policy with respect to capitalizing OM&A expenses.
b) For each year 2005-2009, please provide the dollar amount and percentage of OM&A expenses that were/will be capitalized.

Question #14

Reference: Exhibit 2/Tab 2/Schedule 1, pages 3 and 6,
Exhibit 2/Tab 3/Schedule 1 page 1,
Exhibit 2/Tab 3/Schedule 2, page 1, and
Exhibit 4, Tab 3, Schedule 3

- a) Please explain the nature of the \$13,524 additions to Account No. 1915, Office Furniture and Equipment, in 2007.
b) Please provide a list breaking out all items, their gross asset values, their depreciation rates, and accumulated depreciation amounts that are included in Account No. 1930, Transportation Equipment, for the years 2006-2009.
c) Does the accumulated depreciation figure for Account No. 1930 in 2008 reflect the writing off or disposal of a vehicle? If so, please provide details including how any revenue from the disposal is reflected in the current filing. If not, please explain the large increase in depreciation for the assets in this account in 2008.
d) Please indicate when the existing bucket truck was/will be removed from rate base.
e) Does the \$290,000 in additions for account 1930 in 2009 reflect the actual cost of the new truck that was ordered in 2008?

- f) With respect to the new bucket truck that was ordered, please provide the vendor's name and the process by which the vendor was chosen.
- g) Please indicate when WCHE expects delivery of the new bucket truck.
- h) Does WCHE follow "the half-year" rule in only reflecting a half-year impact of capital additions in rate base of new additions in the year in which they come into service?
- i) Please confirm that no \$ amount appears in Exhibit 4, Tab 3, Schedule 3 related to the disposition of the existing bucket truck.

Question #15

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

- a) Please explain why the 2006 Gross Asset Value opening balance for Account 1830, Poles, Towers, and Fixtures, is \$0 in 2006.
- b) Does WCHE have a long-term plan for pole replacement and relocation? If so, please provide the plan.
- c) For each year, 2006-2009, provide the number of poles replaced and the number of poles relocated.

Question #16

Reference: Exhibit 2/Tab 3

- a) Does WCHE develop a multi-year capital spending plan? If so, please provide the most recent plan approved by the Board of Directors. If not, please explain why not.

Question #17

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

- a) Please how indicate whether the components of operating revenue for 2008 (i) include a mix of some 2008 actual results plus some forecasted results or (ii) include no actual 2008 data.
- b) If the answer to a) is (ii) and if feasible please provide an update 2008 operating revenues based on the most recent actual monthly information available and forecasted amounts for the rest of 2008.

Question #18

Reference: Exhibit 3/Tab 2/Schedule 5, page 1

- a) The evidence states that “[f]or GS > 50 to 499 WCHE utilized our historical customer growth for that class of approximately 6%.” Please provide the data that supports the 6% growth rate.

Question #19

Reference: Exhibit 3/Tab 3/Schedule 1

- a) For the items Rent from Electric Property and Sales of Water and Water Power, actual 2006 amounts exceeded Board approved amounts significantly. Yet, in 2007 revenues from both these line items decreased significantly from their actual 2006 levels. Please explain the declines in these revenues in 2007 and also explain how the amounts for 2008 and 2009 were forecasted.

Question #20

Reference: Exhibit 4/Tab 2/Schedule 3, pages 5, 7, and 8 and
Exhibit 4/Tab 2/Schedule 1, pages 8 and 9.

- a) Please provide a breakout of the increases in costs in Account No. 5315 from 2006 to 2009 indicating (i) the increase due to system upgrades (\$), (ii) increases in wages and salaries (\$ and %), and (iii) additional data mining and settlement costs.
- b) Please provide a breakout of the increases in costs in Account No. 5615 from 2008 to 2009 indicating (i) the increase due to system upgrades (\$) and (ii) increases in wages and salaries (\$ and %)

Question #21

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

- a) Regarding shared services, for each year 2006-2009 please provide (i) the total cost of the parent’s executive team, (ii) the percentage of total costs allocated to the utility, and (iii) the details supporting the calculation of the amount allocated to the utility.