



***PUBLIC INTEREST ADVOCACY CENTRE
LE CENTRE POUR LA DEFENSE DE L'INTERET PUBLIC***

ONE Nicholas Street, Suite 1204, Ottawa, Ontario, Canada K1N 7B7

Tel: (613) 562-4002. Fax: (613) 562-0007. e-mail: piac@piac.ca. <http://www.piac.ca>

Michael Buonaguro
Counsel for VECC
(416) 767-1666

December 5, 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)
Interrogatories: EB-2008-0245
Thunder Bay Hydro Electricity Distribution 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.

Thunder Bay Hydro Electricity Distribution Inc. (TBH)
2009 Electricity Rate Application
Board File No. EB-2008-0245

VECC's Interrogatories

Question #1

Reference: Exhibit 3/Tab 1/Schedule 2, page 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 2009 proposed rates.
- c) If different from the filed schedule, please provide a similar schedule for 2009 but with the following adjustments:
 - Use proposed 2009 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: Exhibit 3/Tab 2/Schedule 1, pages 5-8 and Appendix A

- a) Please explain how monthly population data was obtained from the Census population data.
- b) What was the source and publication date of the forecast 2008 and 2009 values for Thunder Bay's population and the Ontario real GDP monthly index?
- c) If based on a source earlier than May 2008, please update the Ontario real GDP monthly index forecast using a more recent source and re-do the forecast presented in Table 4 (page 8).
- d) With respect to the Table on page 8 (Table 4), using Thunder Bay's model please provide a table that sets out the weather normalized purchases for 1996 to 2007 inclusive.

- e) With respect to pages 8-9, why won't the actual lower purchases in 2006 and 2007 (as a result of customer shut downs/operation reduction and CDM) influence the results of the regression analysis undertaken using the data and therefore be already reflected in the model?
- f) Why is it reasonable (page 9, Tables 5 & 6) to adjust 2008 and 2009 for the full impact as opposed to just the incremental impact over 2007?
- g) To which customer class does each of the three customers in Table 6 belong?

Question #3

Reference: Exhibit 3/Tab 2/Schedule 1, pages 13-17

- a) With respect to page 13 (Table 11), please confirm that – for weather sensitive classes - the year to year growth in average customer usage will be impacted by year to year changes in weather. If this is confirmed, please explain why the average historical growth rate provides a reasonable forecast of non-weather normalized average use as suggested in the derivation of Tables 12 and 13.
- b) With respect to page 16, is it TBH's contention that 100% of Residential and GS<50 kW load is weather sensitive? If so, why is this contention reasonable? If not, what does the 100% represent?
- c) Please provide the Hydro One data and the TBH analysis that supports the percentages in Table 15.
- d) Please provide the Retail NAC by customer class calculated based on the Hydro One weather normalized 2004 data and in the same schedule set out the average weather normalized use per customer forecast by TBH for 2008 and 2009 by customer class.

Question #4

Reference: Exhibit 6/Tab 1/Schedule 1

- a) Please provide a schedule that sets out the calculation of the \$16,104,861 Distribution Revenue at existing rates, showing the rates, billing units and revenues by customer class.

- b) Please confirm whether the rates used to determine the Distribution Revenues (at existing rates):
- Excluded the smart meter rate adder.
 - Recognized the lower revenues realized due to the transformer ownership allowance discount.
- c) If different from the schedule prepared in response to part (a), please provide an alternate schedule for the rates, volumes and revenues by customer class for 2009 Distribution Revenues at existing rates that:
- Excludes the smart meter rate adder (if required)
 - Recognizes the lower revenue due to the transformer ownership allowance discount (as required).

Question #5

Reference: Exhibit 7/Tab 1/Schedule 2, pages 3-4

- a) Please provide the supporting calculations and schedules that show the revenue split set out in Table 4 yields the proposed revenue to cost ratios.
- 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)	Updated 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 as TBH has presumably done in deriving Table 4.

Question #6

Reference: Exhibit 7/Tab 1/Schedule 2, pages 3-4

- a) Given the bill impacts of TBH's proposed rates (including the cost allocation shifts) on the GS 50-999 and GS 1,000-4,999 are significantly less than 10% why is it not appropriate to move the revenue to cost ratios for these classes closer to the lower bound of the OEB's guidelines?
- b) Please provide the results of an alternative cost allocation for 2009 whereby:
- The ratios for GS<50; Street Light; Sentinel Light and USL are as proposed by TBH.
 - The ratio for Residential is reduced to 115%
 - The ratios for the remaining two GS classes are increased to make up the revenue loss from Residential.

In terms of results, please provide the resulting revenue to cost ratios for each class and the bill impacts for a typical customer in each class.

Question #7

Reference: Exhibit 8/Tab 1/Schedule 1, page 6

- 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 confirm that (per Exhibit 8/Tab 1/Schedule 1, page 6) TBH is proposing to allocate the cost of the transformer ownership allowance to the appropriate GS>50 Classes
- c) 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 revised Output Sheet O1)

- d) 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.

Question #8

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

- a) Please provide a schedule that sets out the derivation of the fixed/variable splits for each customer class as shown on page 4 (Table 5).
- b) Please provide a schedule that sets out the range for the monthly service charge for each customer class based on the OEB's guidelines and TBH's Cost Allocation run.
- c) Please confirm that the monthly service charges for GS 50-999; GS 1,000-4,999 and USL are all above the ceiling set out by the OEB in its November 28, 2007 Report (EB-2007-0667). If so, please explain why TBH is proposing to further increase these rates for 2009.
- d) Please provide a schedule that sets out the calculation of the Retail Tx Conn Revenue by customer class shown on page 7.

Question #9

Reference: Exhibit 8/Tab 1/Schedule 9, Appendix A

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

Question #10

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

Preamble: The aggregate amount spent on infrastructure projects that are each individually immaterial exceeds the aggregate amount spent on infrastructure projects that are each individually material in both 2008 and 2009: in 2008, the total spending on “material projects” is \$2,651,183 while the total spent on “immaterial projects” is \$2,661,468. Comparable figures for 2009 are \$3,531,513 and \$3,610,109 respectively.

- a) Please provide the names of all projects included in the “All Other Infrastructure Capital” category for (i) 2008 and (ii) 2009.

Question #11

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

- a) Please indicate how the estimated per unit cost of single pole replacement of \$9 - \$11K/pole was determined and how this figure compares with industry benchmark standards.
- b) Please provide a breakdown of the contractor and internal costs included in the Table at the top of page 4 indicating that “Total Overhead Line Replacement Cost” is estimated to be \$104.89M.

Question #12

Reference: Exhibit 2/Tab 3/Schedule 1, page 11

- a) Please provide a breakdown of the 2008 computer hardware-related capital expenditures of \$199,555 and explain why the total spending on this is so much higher than such spending in other years, given the three-year lifecycle utilized by TBH for such equipment (except for printers).

Question #13

Reference: Exhibit 4/Tab 2/Schedule 1, page 32 and
Exhibit 4/Tab 2/Schedule 2, page 7

- a) Please provide a breakdown of the dollar value of the cost driver components that resulted in the amounts in Account 5010, Load Dispatching, increasing significantly in each year since 2006.

Question #14

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

- a) Please explain the role of the personnel employed as “Management/Part-time.”

Question #15

Reference: Exhibit 4 /Tab 2/Schedule 4, page 1 and page 11, Table 3

- a) Please reconcile the headcounts for “Unionized” in 2008 and 2009 shown on page 1 with the FTEs shown in Table 3 in 2008 and 2009.
- b) Please reconcile the headcounts for “Unionized/Part-time” in 2008 and 2009 shown on page 1 with the FTEs shown in Table 3 in 2008 and 2009.