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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-2008-0241 Peterborough Distribution Inc. – 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
Encl.

Peterborough Distribution Inc. (Peterborough)
2009 Electricity Rate Application
Board File No. EB-2008-0241

VECC's Interrogatories
(LF/CA/RD)

Question #1

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

- a) Please reconcile the differences between the 2009 values reported in the two exhibits for:
- Other Distribution Revenues (\$1,530,851 vs. \$1,618,851)
 - Distribution Revenue (\$13,627,922 vs. \$14,134,398 {\$1,542,189 + \$12,592,209})
- b) Please provide a table setting out the determination of the 2009 revenues by customer class in reference (i) showing the rates and volumes used. Please confirm whether the rates used in reference (i) for 2009:
- Were 2008 or 2009 rates
 - Included the smart meter rate adder
 - Included the LV charge adder
- c) Please provide a similar schedule for 2009 but with the following adjustments (as necessary):
- Use existing 2008 rates instead of 2009 proposed rates
 - Show the distribution revenue for each customer class excluding the LV charge adder.
 - Exclude the smart meter rate adder (if required)
 - Show the revenue reduction due to the transformer ownership allowance

Question #2

Reference: i) Exhibit 3/Tab 2/Schedule 2, page 1
ii) Peterborough's 2006 EDR Applications and 2008 Rate

Orders

- a) Please provide a table that sets out the customer count for Peterborough's service areas (i.e., Peterborough, Lakefield and Asphodel-Norwood) for

2002, 2003 and 2004 as filed the 2006 EDR Applications (showing the corrections as per the 2008 Rate Orders where appropriate).

- b) Please reconcile any differences between the customer count total in part (a) and that provided in reference (i) for 2002, 2003 and 2004.
- c) How were the projected trend growth values for each customer class calculated (per Table 1)?

Question #3

Reference:

- i) Exhibit 3/Tab 2/Schedule 2, page 2 (Table 2)
- ii) Exhibit 8/Tab 1/Schedule 3, Appendix A, Sheet I6

- a) Please reconcile the differences in the customer count values for GS<50 and GS>50 as reported in the two references.
- b) Please reconcile the weather normalized kWh reported in the two references for the Residential, GS<50 and GS>50 classes. (Note: Adjusting the values in reference (ii) to account for losses does not reconcile the differences).
- c) The discussion on page 2 of reference (i) does not describe how the 2008 and 2009 Large Use kWhs were forecast. Please provide an explanation.
- d) Please provide the supporting kWh and kW data used to calculate the kW/kWh ratios for the GS>50, Large Use, Street Lighting and Sentinel Lighting classes.

Question #4

Reference:

- i) Exhibit 3/Tab 1/Schedule 2, page 1
- ii) Exhibit 3/Tab 2/Schedule 8, page 2

- e) Please reconcile the differences in the class distribution revenues for 2009 as reported in the two references.

Question #5

Reference:

- i) Exhibit 3/Tab 2/Schedule 2, page 2 (Table 2)
- ii) Exhibit 8/Tab 1/Schedule 3, Appendix A, Sheet I6

- a) Please reconcile the differences in the customer count values for GS<50 and GS>50 as reported in the two references.

Question #6

Reference: i) Exhibit 8/Tab 1/Schedule 2, pages 2-3

- a) Please complete the following schedules:

- kWh by Customer Class (delivered)

Customer Class (all)	Updated 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.

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 confirm that (per Exhibit 9, Tab 1, Schedule 1, page 6) Peterborough 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 Peterborough'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 #8

Reference: i) Exhibit 8/Tab 1/Schedule 2, pages 3-5
ii) Exhibit 9/Tab 1/Schedule 9, Appendix A

- a) With respect to reference (i), please provide supporting schedules that show the derivation of the revenue split by customer class per Table 4 based on the proposed revenue to cost ratios set out in Table 3.

- b) In responding to part (a), how has Peterborough reconciled the fact that the "revenue" values used in determining the revenue to cost ratios included miscellaneous revenues but the proposed revenue splits in Table 4 are applied to the base revenue requirement net of miscellaneous revenues?

- c) Please confirm (per reference (ii)) that the total bill impact for Large Use customers is less than 1%.

- d) Applying the same methodology as outlined on pages 3-4 please provide the results of an alternative 2009 revenue to cost ratio scenario where the same approach is used but the Large Use revenue to cost ratio is increased to 85%. In terms of the results, please provide:
- The revenue to cost ratios for each class
 - The bill impacts for the Large Use class.
 - The bill impacts for the Residential class, by service area.

Question #9

Reference: i) Exhibit 9/Tab 1/Schedule 1, pages 3-4
ii) Exhibit 9/Tab 1/Schedule 2

- a) Please provide a schedule that sets out the derivation of the fixed and variable revenue proportions by customer class shown in Table 4 (reference (i)).
- b) Please confirm that the rates used in determining Table 4:
- 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.
- If not, please re-do Table 4 with these adjustments and provide the supporting calculations.
- c) Please provide a schedule that sets out the floor and ceiling amounts for the Monthly Service Charge for each customer class based on the Board's Guidelines as discussed on page 3 of reference (i).
- d) With respect to page 4 of reference (i), please confirm that in the case of Norfolk Power's proposal:
- It was only Residential customers using less than 100 kWh that had bill impacts exceeding 10%.
 - The bill impact for a 100 kWh Residential customer was 10.8%.

Question #10

Reference: Exhibit 9/Tab 1/Schedule 1, pages 6-7

- a) Please provide a schedule setting out the derivation of the \$505,453 for 2009 LV costs. What HON LV rates were used to determine the value?
- b) Please provide a schedule setting out the derivation of the Retail Transmission Connection Revenue by class used in Table 7.

Question #11

Reference: i) Exhibit 9/Tab 1/Schedule 3
ii) Exhibit 9/Tab 1/Schedule 5

- a) Please confirm that Peterborough's current distribution rates vary by service area (per reference (ii)).
- b) If Peterborough's rates currently vary by service area, why is the data to determine kWhs and kW by class by service area not readily available (per reference (i) – page 1, 7-8)?

Question #12

Reference: Exhibit 9/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
- b) Based on a recent 12 consecutive months of actual billing data, please indicate the percentage of total residential customers that are in the Asphodel-Norwood Service area and:
 - Consume less than 100 kWh per month
 - Consume 100 -> 250 kWh per month

Question #13

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

- a) With respect to the funding PDI provides for FUSE, please provide the amounts provided by PDI for 2006 and 2007, the amounts of on-bill contributions by customers for 2006 and 2007, and the number of low-income utility customers assisted by FUSE in 2006 and 2007.

- b) Please indicate whether there has been an increased emphasis in avoiding disconnection of low-income customers rather than restoring to service disconnected low-income customers under FUSE.
- c) Please provide the amounts of FUSE funding that PDI is making for 2008 and 2009 and the number of low-income customers that are expected to be assisted under FUSE for 2008 and 2009.

Question #14

Reference: Exhibit 1/Tab 2/Schedule 1, page 6

- a) Please provide updates with respect to the negotiations with the Fairness Commissioner-designated vendor for AMI infrastructure and with respect to the schedule for full implementation of Smart Meters in 2009.

Question #15

Reference: Exhibit 1/Tab 2/Schedule 1, page 10

The evidence states that “Operating and maintenance costs have been updated to reflect the impact of: 1. Inflation 2. Increased labour costs from PDI’s service provider...”

- a) Please provide the total labour costs charged by PDI’s service provider for each year, 2004 – 2007 and for the 2008 Bridge Year and the 2009 Test Year. Please provide a justification for any annual increases in excess of the inflation rate.
- b) Please indicate how separate adjustments for inflation and increased labour costs were calculated and applied in deriving the 2008 and 2009 O&M costs.

Question #16

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

- a) Please provide a copy of the most recent 5-year capital budget forecast.
- b) For the years 2006 and 2007, please indicate the size of the capital budgets, the amount of contingency funding included, and the actual capital expenditures.

Question #17

Reference: Exhibit 1/Tab 3/Schedule 5, Appendix A, 2006 Annual Report

- a) With respect to the cash payments made by CoPHI to the City of Peterborough over the period 2000-2006, please identify the amounts contributed by PDI for each year.
- b) Please provide a copy of the CoPHI 2007 Annual Report.

Question #18

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

- a) Please provide the year-to-date spending on the Smart Meter Initiative.

Question #19

Reference: i) Exhibit 2/Tab 3/Schedule 4, page 2
ii) Exhibit 2/Tab 2/ Schedule1, pages 3 and 4

The evidence states that “[t]here is no requirement for a short-term strategy to replace meters as the Smart Meter Initiative will likely result in the replacement of all PDI’s meter assets in the next few years.”

- a) Please indicate the number of meters in 2008 to date that PDI has replaced with Smart Meters.
- b) Please indicate how PDI treats the replaced meters in terms of recorded disposals, salvage value, and treatment of any revenues that are received in the disposition of replaced meters.
- c) Please explain why there are no disposals shown for 2008 and 2009 in the Fixed Asset Continuity Schedules in respect of meter replacement.

Question #20

Reference: Exhibit 2/Tab 3/Schedule 3

- a) Regarding the 2009 Lansdowne St. West project being undertaken “for the widening and improvements to the street requested by the Municipality” as

described on page 1, please indicate the amount recoverable from the Municipality and how the amount was determined.

- b) Please indicate the number of meters expected to be replaced in 2009.
- c) The General Projects described on page 6 do not contain an entry for replacing meters. Does this mean that no meters will have been replaced in 2008?
- d) For each of the 2008 and 2009 projects, please provide the amount of contingency funding included in the total project cost.

Question #21

Reference: Exhibit 2/Tab 3/Schedule 4, Appendix A, 2008 Asset Management Report, pages 5, 10, and 18.

- a) Table 3 on page 5 indicates that the six Breaker Stations have an average age of 49 years and an expected lifespan of 50 years. Does this situation indicate prudent asset management?
- b) The first 24 row entries in this table appear to understate Station Age by 7 years in each case. Please confirm that the actual age of each of the first 24 Stations is 7 years greater than shown in this Table.
- c) Table 7 also indicates that Breaker Stations MS #11, #13, and #14 are at least 69 years old (and likely 76 years old). Please explain why these three Breaker Stations have not been replaced yet.
- d) On page 18 it is stated that “[s]ince deregulation in 1998, the mandate of the utility industry has been to minimize costs.” Please cite the source wherein this mandate is stated.
- e) On page 18, the evidence goes on to state that “[t]he long-term implications of these cost savings have not been fully considered for assets over the long term.” Does not prudent utility management require considerations of the long-term implications of cost savings?

Question #22

Reference: Exhibit 4/Tab 2/Schedule 4, page 1 and Table 1 on page 13.

- a) Please indicate when the Activity Based Costing System (ABCS) currently employed was first implemented and used for regulatory purposes.

- b) If the response to part a) is post 2000, please describe the system that was used to allocate costs pre-ABCS.
- c) If the response to part a) is post 2000, for each year please provide the total costs of PUSI and the amounts of these costs allocated to PDI pre-ABCS.
- d) For each year that ABCS has been operational, please provide the total costs of PUSI and the costs allocated to PDI.
- e) Please add columns to Table 1 to show the total PUSI costs for each line item for each year (2006 and 2007 on an actual basis, 2008 and 2009 projected).

Question #23

Reference: Exhibit 4/Tab 2/Schedule 4, page 14, Table 2.

- a) Please extend Table 2 to show annual allocations for all years since 2000.

Question #24

Reference: Exhibit 4/Tab 2/Schedule 5

- a) Please provide forecasted Third party Purchases > \$10,000 for 2008 and 2009 in a similar format to Tables 1 and 2 provided for 2006 and 2007.
- b) Please describe the process followed by PDI in obtaining third-party services.