

Board Staff Interrogatories
2009 Incentive Regulation Mechanism Rate Application
Veridian Connections Inc.
EB-2008-0214

Input and Avoided Cost Assumptions

1. Has Veridian Connections Inc. deviated from the list of input assumptions or avoided cost assumptions posted on the Board's website?
2. If so, please provide detailed evidence to support the alternative data. This evidence should include (at a minimum): a completed "Input Assumptions Template," which can be found in Appendix C of EB-2008-0037, Guidelines for Electricity Distributor Conservation and Demand Management ("the Guidelines").

LRAM Calculations

Ref: Manager's Summary – Section 2.2.4 – LRAM Calculation

3. Veridian reported that residential weighted volumetric distribution rates per calendar year were used to make LRAM calculations. The weighted volumetric distribution rates for residential customers were set at \$0.0134 in 2005, \$0.0153 in 2006, and \$0.0158 in 2007. Please provide the calculations used to determine the residential weighted volumetric distribution rates used in the LRAM calculations.

Ref: Manager's Summary – Partially Effective Factors (Tables 7A, 7B, 7C)

4. Staff is unclear as to how the partially effective factors used in LRAM calculations were determined, as they appear to have been used inconsistently. For example, the CFL Distribution program and the Switch to Cold Water Wash program both started on January 1st, 2006. CFL Distribution has a partially effective factor of 0.5 and Switch to Cold Water Wash has a partially effective factor of 0.42. Please explain how the partially effective factor used in the LRAM calculation was determined for each CDM Program.

Ref: Manager's Summary – Table 7B – Switch to Cold Water Wash

5. No fully effective kWh savings were provided for the Switch to Cold Water Wash program. Please provide the 2006 fully effective kWh savings amounts for this program, or explain why none are available.

Carrying Charges

Ref: Manager's Summary – Section 2.2.6 – Carrying Charges and Table 3

6. In Section 2.2.6, carrying charges are calculated as \$21,250. However, in the "Notes" section of Table 3, the carrying charges are stated as \$20,082. Please confirm the correct carrying charges.

SSM Calculations

Ref: Manager's Summary – Free Rider Rates (Tables 8A, 8B, 8C)

7. The following programs have been assigned two free rider rates: Fall Retail Campaign, OPA EKC Fall Campaign, The Great Exchange, and Water Heater Tune Up. Please explain why two free rider rates were assigned for these programs.
8. Where two free rider rates were assigned, please explain the method used to apply the two separate free rider rates to a single CDM program.

Ref: Manager's Summary – Table 8A – The Fall Retail Campaign

9. No Gross kWh savings or Gross kW savings were provided for The Fall Retail Campaign. Please provide the 2005 Gross kWh and Gross kW savings amounts for this program, or explain why none are available.

Ref: Manager's Summary – Table 8C – Water Heater Tune Up Program

10. No Gross kW savings were provided for the Water Heater Tune Up program. Please provide the 2007 Gross kW savings amounts for this program, or explain why none are available.

Ref: Manager's Summary – Table 8C – PeakSaver Program

11. The free ridership rate applied to the PeakSaver program is 0%. Please explain why the Gross kW/kWh savings differ from the Net kW/kWh savings for the PeakSaver program.

Ref: Manager's Summary – Table 8C – CFL Distribution Program

12. No TRC costs were provided for the CFL Distribution program. Please provide the 2007 TRC costs for this program, or explain why none are available.

Ref: Manager's Summary – OPA Programs (Tables 8B & 8C)

The Board's "Guidelines for Electricity Distributor Conservation and Demand Management", issued March 28, 2008, state, in part:

The SSM is not available for utility-side expenditures or programs that are not funded through distribution rates, such as those funded by the OPA.

13. For 2006 and 2007, the OPA's Every Kilowatt Counts Spring and Fall Campaigns were included in Veridian's request for SSM incentive recovery. Please confirm whether these programs are funded by the OPA?
14. If yes, please explain why these OPA-funded programs should be eligible for SSM recovery.

Tier 2 Adjustments

Ref: OEB Decision and Order RP-2005-0020/ EB-2005-0426 (April 12, 2006)
OEB Decision and Order EB-2007-00879 (March 19, 2008)

In the 2006 EDR rate application RP-2005-0020/ EB-2005-0426 Scugog Hydro requested and was approved to include amounts for capital and operation expenses as Tier 2 adjustments. Page 4 of the OEB Decision and Order RP-2005-0020/ EB-2005-0426 April 12, 2006 itemized the adjustments.

Tier 2 Adjustments

Scugog Hydro requested in its Application, Tier 2 adjustments in the amount of \$269,000 in deferred capital projects and \$26,667 in deferred maintenance activities. They justify their position based on negative returns in 1999. They maintain that due to financial constraints the utility has been constrained in making annual capital investments and has reduced maintenance and other expenses. It is their intention to reactivate these programs and to complete them before year-end 2006.

The Board finds that Scugog Hydro is eligible for the Tier 2 adjustments and will allow these funds to be collected in rates. The maintenance activities are important. The Board wants to ensure they are completed in a timely fashion and therefore directs Scugog Hydro to report quarterly to the Chief Regulatory Auditor on the progress of the programs and to confirm their completion by the end of 2006.

The Tier 2 operating expense of \$26,667 was awarded as a one year adjustment. This amount should have been removed from rates in 2007. It could be concluded that Scugog Hydro has over collected this adjustment.

In the 2008 IRM application EB-2007-0879 Veridian Connections harmonized the rates of Scugog into Veridian Connections.

15. Per the 2006 decision Scugog Hydro was to report quarterly to the Chief Regulatory Auditor. Please provide for the record details on actual operating expenditures versus the planned operating expenditures of \$26,667 from the 2006 EDR, including a copy of the most recent report filed.
16. Would Veridian Connections agree that per the Boards decision extract above Scugog Hydro was approved the Tier 2 plan for the 2006 rate year only? Did Veridian - Scugog or Veridian Connections attempt to address discontinuation of the collection of the amount of \$26,667 with the Board prior to this application? If so, please provide supporting evidence.
17. Does Veridian Connections have a proposal for how the Board could handle this issue?

Rural or Remote Electricity Rate Protection (“RRRP”)

18. By letter dated December 17, 2008, the Board informed the electricity distributors of the approval it has given to the IESO regarding the level of charge the IESO may apply to its Market Participants for the Rural or Remote Electricity Rate Protection (RRRP) program. In that letter, the Board stated: “Distributors that currently have a rate application before the Board shall file this letter as an update to their evidence along with a request that the RRRP charge in their tariff sheet be revised to 0.13 cents per kilowatt-hour effective May 1, 2009.”
- If Veridian has not done so, please file the required addition to the evidence as outlined in the December 17th letter.