

## **Board Staff Interrogatories - Generic Issues Hearing**

### **RP-2005-0020 / EB-2005-0529**

#### **1. Smart Meters**

##### **Bluewater Power Distribution Corp. EB-2005-0340**

Ref. Section 1: Overview pages 4 - 6

1. As stated "The total capital expenditure for smart meters in 2006 will be \$500,000". Please prepare an overview of the implementation plan to install the 2,500 smart meters and the ability of Bluewater Power to complete the installations.
2. Please provide a detailed schedule by each customer class for the 2006 smart meter implementation plan.
3. Please provide a detailed calculation to support the average cost per smart meter to be \$200.00.
4. Please provide a detailed calculation to support the \$125,000 in additional expenses required to implement and operate the 2,500 smart meters in 2006.

##### **Enersource Hydro Mississauga Inc. EB-2005-0360**

Ref: Smart Meters, Sheet ADJ 1 and ADJ 3 and Tab 4, pages 5-6 of Pre-filed Evidence.

1. Other than the Applicant's smart meter pilot program, does the Applicant have a smart meter program approved by its Board of Directors? If the answer is "yes", please provide a copy of the program. If the answer is "no", please provide an explanation for the appropriateness of proposing smart meter spending in the absence of an implementation plan.
2. Please state the percentage of the Applicant's total customer base that is targeted by the proposed 2006 program. Please include a breakdown by customer type for the targeted group.
3. Please provide an update on the progress of the Applicant's smart meter pilot program approved by the Board on February 3, 2005. Please include a breakdown of the timeline and the milestones of the project, the progress to date in meeting those milestones and the reasons why any key deadlines or milestones were not met (if any).

4. Please provide an updated breakdown of the actual costs to be incurred by the Applicant to complete the smart meter pilot program as of November 2005 and compare these costs to the operating and capital costs proposed for the 2006 program.
5. For the 2006 program, the Applicant has proposed to recover operating costs in the amount of \$351,000 based on an incremental operating cost of a smart meter at \$1.03. This amount appears to be fairly consistent with the proposed number of meters to be installed and commissioned (29,250). Please provide a detailed calculation showing a breakdown of the proposed capital portion of the Applicant's smart meter program, in the amount of \$16,968,000.
6. Please provide an update on when and how the Applicant feels it will deliver a smart meter program for its remaining customers and include a descriptive overview of the ongoing smart meter operational process outlining the Applicant's ability to complete installations.

#### **Greater Sudbury Hydro EB-2005-0370**

1. "On November 3, 2005 the "Energy Conservation Responsibility Act, 2005" received first reading in the Ontario Legislature. The act, if passed, will implement the introduction of smart metering technology in Ontario. This legislation sets the framework for an entity that will oversee Ontario's smart metering communications systems and technologies. The responsibilities of this organization could include facilitating the procurement of smart meter systems and the collection and management of data. Local distribution companies will own, install, operate and maintain the new meters, and they will retain their important role in working for their customers." Based on the above please provide discussion on how this announcement will influence or impact on your smart meter plans as described in your 2006 rates application.
2. Please prepare a description overview of the smart meter implementation plan outlining Greater Sudbury Hydro ability to complete installations.
3. Greater Sudbury Hydro has neither requested a variance account be established for smart meters, or for any additional spending. Please provide a description on how the applicant would propose to proceed with smart meter implementation?

#### **Kingston Electricity Distribution Ltd EB-2005-0385**

1. The installation of a pilot programme for smart meters was an approved CDM initiative for KEDL (RP-2004-0203/EB-2004-0541). Please provide the following:

- a.) The budgeted versus the actual direct installation, operation and maintenance costs broken into labour, equipment and materials. Use only direct costs. Do not apply any non direct costs such as return and A&G overheads.
  - b.) A statement of whether the installation was outsourced. If outsourced, state whether the installations were performed by an affiliate, or an independent third party.
2. State the estimated benefits expected from smart meters and any measured benefits found. If a feasibility analysis was performed as a CDM screening, or otherwise, please provide those calculations as well. The observed benefits should include current existing rates for the class that the customer is in and any Time of Use rates that the utility is contemplating, and the HOEP from the IESO.

#### **Toronto Hydro EB-2005-0421**

1. Reference Appendices 6-B and 6-C  
Is the Smart Meter / Load control component of the forecast shown in Appendix 6-C, in the amount \$90,000, additional to Public Awareness Campaign in the amount \$250,000 shown in Appendix 6-B (table attached to paragraph 9)?
2. Please provide the unit costs assumed in the Smart Meter program, distinguishing if applicable between start-up costs and on-going costs.

#### **Veridian Connections EB-2005-0422**

1. “On November 3, 2005 the “Energy Conservation Responsibility Act, 2005” received first reading in the Ontario Legislature. The act, if passed, will implement the introduction of smart metering technology in Ontario. This legislation sets the framework for an entity that will oversee Ontario’s smart metering communications systems and technologies. The responsibilities of this organization could include facilitating the procurement of smart meter systems and the collection and management of data. Local distribution companies will own, install, operate and maintain the new meters, and they will retain their important role in working for their customers.” Based on the above please provide discussion on how this announcement will influence or impact on your smart meter plans as described in your 2006 rates application.
2. Please prepare a description overview of the smart meter implementation plan outlining Veridian Connections ability to complete installations.

3. Summary of Application Page 12 of 45 Paragraph 3.31: Veridian Connections has requested a variance account be established for smart meters. Please provide a description on how the applicant would propose this account would work.

### **Welland Hydro-Electric System Corp. EB-2005-0428**

1. Ref.: Paragraph 1.5 in Exhibit B/ Tab 1/ Page 2 and Paragraphs 3.3 through 3.5 in Exhibit B/ Tab 3/ Page 1 of September 20, 2005 Manager's Summary  
Welland Hydro-Electric System Corp. requests that the Ontario Energy Board establish a deferral account to allow the recording, for recovery at a later date, of the costs, if any, that Welland Hydro will be required to incur on account of implementation of smart meters in accordance with the Provincial Government's and the Board's requirements in this regard, when those requirements are determined and put in place. What accounting requirements for the reporting and monitoring of smart meter spending have been established or would be proposed by Welland Hydro?

## **2. Deferral Accounts**

### **2.1 Regulatory Costs**

#### **Brantford Power Inc. EB-2005-0342**

Ref. Paragraph 1.4 in Exhibit B / Tab 1 / Page 1 and Paragraphs 8.7 through 8.10 in Exhibit B / Tab 8 / Page 2 of August 12, 2005 Manager's Summary

1. Brantford Power Inc. ("Brantford Power") requests that the Board modify the scope of Account 1508 – Other Regulatory Assets sub-account OEB Cost Assessments ("Account 1508") or establish a new variance account to allow the recording, for reconciliation at a later date, of differences, if any, between the amounts recoverable in Brantford Power's revenue requirement on account of Electrical Safety Authority fees and regulatory costs associated with regulatory proceedings (including, without limitation, intervenor, consultant, and legal costs) and the actual costs incurred by Brantford Power in this regard.

In sheet "ADJ 3 (Distrib Exp – Tier 1)" of the 2006 EDR Model, Brantford Power entered the amounts of \$34,083 and \$92,270 for "OEB Annual Dues and Other Regulatory Agency Costs" for 2004 and 2005 respectively, showing an increase of \$58,187 for Tier 1 adjustment with respect to Account 5655 – Regulatory Expenses. Please indicate what the estimated total amount for the Tier 1 adjustment would have been, if it were the case that the Board allowed the additional categories of

expenses requested by Brantford Power, and provide a breakdown by category.

2. At the end of Paragraph 8.10, Brantford Power states “The Applicant requests that the aforementioned modification, or the establishment of the new variance account, be effective May 1, 2006.” Please confirm if Brantford Power proposes that the actual regulatory costs be recorded from May 1, 2006 onwards or January 1, 2006?

#### **EnWin Powerlines EB-2005-0359**

1. Ref: Rate Adjustment Application, page 3 of 9:  
A proposal is made that the Board modify the scope of EnWin Powerlines Account 1508 or establish a new variance account to allow the recording, for reconciliation at a later date, of the differences, if any between the amounts recoverable in the Applicant’s Board-approved revenue requirement related to various regulatory costs and the actual costs incurred by the Applicant in this regard. Please provide a breakdown of the Applicant’s regulatory costs for the years 2002 to 2004 and an estimate as to what they will be for 2005.

#### **Niagara Falls Hydro EB-2005-0394**

1. Niagara Falls Hydro has requested that the scope of the account 1508 be modified to allow the recording of the differences between the amounts recoverable in its OEB-approved revenue requirement on account of Electrical Safety Authority fees and regulatory costs associated with regulatory proceedings and the actual costs incurred in this regard. Please confirm whether NFH has included any costs other than the OEB Cost Assessments in this account. If so, please submit the total of the other costs and each major component of the total amount. If applicable, please provide contributors, methods, formulas and policies or rules used to determine the costs other than the OEB Cost Assessments.

#### **PowerStream Inc. EB-2005-0409**

1. Ref: Application, page 2 of 4:  
A proposal is made that the Board establish a variance account for PowerStream’s incremental regulatory expenses during calendar 2005 and calendar 2006. Please provide a breakdown of the Applicant’s regulatory expenses for the years 2002 to 2004 and an estimate as to what they will be for 2005.

**Veridian Connections EB-2005-0422**

1. Veridian Connections has requested the establishment of variance account for unexpected regulatory costs. Using 2004 as the base year and 2005 as a test year, please provide an itemized example of the actual costs incurred that would be included in the variance account.

**Welland Hydro-Electric System Corp. EB-2005-0428**

Ref: Paragraph 1.4 in Exhibit B/ Tab 1/ Pages 1 & 2 and Paragraphs 8.7 through 8.10 in Exhibit B/ Tab 8/ Page 2 of September 20, 2005 Manager's Summary

1. Welland Hydro requests that the Board modify the scope of Account 1508 – Other Regulatory Assets sub-account OEB Cost Assessments (“Account 1508”) or establish a new variance account to allow the recording, for reconciliation at a later date, of differences, if any, between the amounts recoverable in Welland Hydro’s revenue requirement on account of Electrical Safety Authority fees and regulatory costs associated with regulatory proceedings (including, without limitation, intervenor, consultant, and legal costs) and the actual costs incurred by Welland Hydro in this regard.

In sheet “ADJ 3 (Distrib Exp – Tier 1)” of the 2006 EDR Model, Welland Hydro, having selected Option 1 for its application, did not enter any amounts for “OEB Annual Dues and Other Regulatory Agency Costs” for the years 2004 and 2005, showing an increase of \$0 for Tier 1 adjustment with respect to Account 5655 – Regulatory Expenses. Please indicate what the estimated total amount for the Tier 1 adjustment would have been, if it were the case that the Board allowed the additional categories of expenses requested by Welland Hydro, and provide a breakdown by category.

2. At the end of Paragraph 8.10, Welland Hydro states “The Applicant requests that the aforementioned modification, or the establishment of the new variance account, be effective May 1, 2006.” Please confirm if Welland Hydro proposes that the actual regulatory costs be recorded from May 1, 2006 onwards or January 1, 2006.

**2.2 Revenue Losses Attributable to Unforecasted Distributed Generation**

### 3. Standby Rates for Load Displacement Generation

#### COLLUS Power Corp. EB-2005-0353

Ref: Back-up/Standby Power, Sheet 6-1, Schedule 9-1 and Tab 1, page 21.

1. Please clarify the Applicant's request for the proposed back-up/standby power rate. Is the Applicant proposing a new rate or just a placeholder for a future rate?
2. If the response to part A is for the latter, please explain why the Applicant feels it is necessary to receive approval for a placeholder at this time rather than applying to the Board for actual stand-by rates and charges in a future proceeding when the details involving the affected customer(s) are known.
3. Please provide any updated information that the Applicant may have on the development and/or commissioning of facilities requiring back-up/standby rates and charges in its service area and how the Applicant expects to determine the appropriate rates and charges. Please include an overview of the general methodology that will be used in calculating all the applicable rates and charges, a discussion on what may constitute appropriate distribution rates for the affected customer(s) (both volumetric and fixed monthly charges), any additional monthly facilities or administration charges, appropriate billing determinants, and any relevant information on any connection agreements that the Applicant may be negotiating at this time.

#### Horizon Utilities EB-2005-0375

In its 2006 distribution rate application RP-2005-0020/EB-2005-0375 and EB-2005-0376, in Exhibit B, Tab 10, under Standby Charges, Horizon Utilities states the following:

10.16 St. Catharines Hydro has an approved standby charge as part of the 2005 rates. Horizon Utilities proposes to apply the existing approved standby charge as updated by the 2006 EDR Model for 2006 rates across its entire service area, and has completed Schedule 10-6, but only to the extent necessary to confirm that it will continue to use standby charges.

1. In Exhibit B, Tab 2, Schedule 2-4(b) please identify the currently approved standby charge applicable within the St. Catharines service area.
2. If the standby charge is not already provided, please update Schedule 2-4(b).

3. Please provide documentation, including examples if appropriate, on how the currently approved standby charge is applied.
4. Does Horizon Utilities currently have customers within the St. Catharines service area to which it applies Standby Charges.

### **Hydro One Networks Inc. EB-2005-0378**

1. Reference Exhibit G2 Tab 93 Schedule 1 page 9 of 13
  - (a) Please confirm that the time estimates provided for the Standby Administration Charge are intended to be monthly, as opposed to one-time initial time required to establish a Standby contract or to modify an existing contract.
  - (b) Please justify the time estimate of 2 hours per month of MP4 time for each Standby Service customer. Would the time estimate be decreased if there were more contracts involving Standby Service?
  - (c) If the time estimates are intended to spread the initial time requirement over a number of months, would the monthly Administration Charge be lowered after the contract had been in place for a period of time such as one or two years?
2. Does Hydro One intend to introduce a volumetric charge for Standby Service in the future; for example, after the completion of a cost allocation study? Would the Administration Charge be made lower if it were accompanied by a volumetric charge?
3. Has Hydro One considered that the level of the Standby Administration Charge may have a discouraging effect on the growth of efficient and necessary generation in its service territory, especially amongst customers with the potential for a small amount of generation?

### **Kingston Electricity Distribution Ltd EB-2005-0385**

On Schedule 10-6: Standby Charges, KEDL states "...the standby rate be equal to the fixed monthly charge for the appropriate customer class and a demand charge based on the name plate rating of the generation units." However the Fixed Monthly Charge quoted for Commercial > 50 kW and the Variable Monthly Charge differ from that on 10-1 RATE SCHEDULES (Part 1) of the EDR model.

1. Please confirm that KEDL is seeking approval to:
  - a.) Charge the same Fixed Monthly Charge of \$3860 to:
    - a Large User with no generation,
    - a former Large User who installs Load Displacement generation capable of serving its entire load except for when it requires Standby Service, and
    - a former Large User who installs Load Displacement generation capable of serving part of its load;

- b.) Charge the same Fixed Monthly Charge of \$236.22 to a customer over 50 kW in the situations described in part (a).
2. Please reconcile to inconsistency between the two schedules, Schedule 10-6 Standby Charges and Schedule 10-1 RATE SCHEDULES (Part 1).
  3. Please provide a rationale for charging the fixed monthly charge and the variable demand charge.
  4. Please confirm that:
    - a.) KEDL is seeking approval to charge the Variable Monthly Charge on the basis of the name plate rating of the installed generation in the event that standby service is not utilized, and
    - b.) KEDL is seeking approval to charge on the basis of the highest hourly consumption in the event that standby service is utilized at some time during the month.
    - c.) Please confirm that the latter billing demand would be used even in the case that the highest amount actually utilized is substantially lower than the nameplate rating of the generation.
    - d.) Given the “lumpiness” of generation plant, (i.e. generators are manufactured in discrete sizes), if the load the generator is displacing is less than the rating of the generator, why would you use the generator’s rating, rather than the displaced load?
  5. Reference Managers Summary p. 9 of 18. To clarify the application, please define “previously un-serviced load”, and confirm that “sample methodology provided by the Board” refers to the table included in the Handbook Schedule 10-6.
  6. Would KEDL seek approval of a site-specific Standby Charge based on the Handbook Schedule 10-6 in the event that a new customer approached KEDL for Standby Service (i.e. a load that was not previously served by KEDL)?

### **Kitchener-Wilmot Hydro Inc. EB-2005-0386**

In its rate application, Kitchener-Wilmot Hydro has indicated in Schedule 10-7 (Tab 37 of Book #1) that it proposes to retain its currently approved stand-by charges and the conditions of service under which they are applied. In Schedule 2-4 (Tab 4 of Book #1), Kitchener-Wilmot Hydro indicates the following under Specific Service Charges:

Standby Facilities Charge (back up power) per kW of Customer’s Generation Capacity or Contracted Amount – Applicable Customer Class Distribution (volumetric) Rate

1. Please provide further elaboration on how Kitchener-Wilmot Hydro's current Standby Facilities Charges are charged to customers, including examples.
2. Please indicate if Kitchener-Wilmot Hydro currently has customers subject to the Standby Facilities Charge.
3. Please indicate if the Standby Charge applies to:
  - i. Back-up for a Customer's self-generation or cogeneration in the event that the customer's self supply is unavailable;
  - ii. Merchant or distributed generation directly connected to Kitchener-Wilmot Hydro's distribution system.

### **Orillia Power Distribution EB-2005-0401**

1. Reference Schedule 2-4 p. 3 of 3 and Appendix A Please confirm that Orillia Power has previously obtained approval for a Standby Service rate of \$1.00 per kW per month, and that it is applying for approval of the same rate for 2006.
2. Please provide information on the definition of the billing demand for the Standby Charge.
3. Please provide the Conditions of Service for Standby Service, or a copy of a summary document or contract that would be made available to a customer seeking this service.
4. Please provide data on the number and size of contract(s) for Standby Service, and data on the frequency of providing emergency service to the customers.
5. Please confirm that Orillia Power currently has no monthly administration charge, and that the application is to continue to have no monthly administration charge.
6. If Orillia Power has any information on the administrative cost of providing Standby Service, please provide a summary of the information (for example, using the Handbook Schedule 11-2 as a framework).

### **Toronto Hydro EB-2005-0421**

1. Has Toronto Hydro considered that the level of the Standby Charge, being equal to the Distribution Charge for electricity actually consumed, may have a discouraging effect on the growth of efficient and necessary generation in its service territory?

2. Has Toronto Hydro considered that the ratchet design in the Backup Overrun Adjustment provision may have a discouraging effect on the growth of efficient and necessary generation in its service territory?
3. References: Tab 1 Appendix 1-A, Tab 2 Schedule 2-4, and Tab 10 pages 6 – 10 of 11, and Tab 10 Appendix 10-D
  - (a) Toronto Hydro's application refers to "independent generation facilities" (Tab 10 paragraph 26), "parallel generation" (paragraph 27), "load displacement facility" (paragraphs 28 and 32). Please clarify the situations that the Standby Charges proposed in Tab 1 Appendix 1-A would apply to, and which situations the charges would not apply to.
  - (b) Would the Standby Charges be applicable in any way to situations where the customer might occasionally supply electricity into the system?
  - (c) Toronto Hydro's application refers to the existing charges as "Cogeneration Standby / Backup" (Schedule 2-4, p. 3 of 6). The policy paper (Appendix 10-D) refers to 'Parallel Generation'. Please clarify the situations that the existing charges and policy apply to, and which situations are not applicable.
4. References Tab 1-A and Tab 2 Schedule 2-4
  - (a) Please confirm that the application is for approval, for customers up to 1000 kW with interval meters, to increase the Standby Charge to \$5.23 per kVA per month from the current levels that range from \$1.60 to \$3.36.
  - (b) Please confirm that the application is for approval, for customers from 1000 kW to 5000 kW, to increase the Standby Charge to \$4.38 per kVA per month from the current levels that range from \$1.60 to \$3.36.
  - (c) Please confirm that the application is for approval, for customers over 5000 kW, to increase the Standby Charge to \$3.74 per kVA per month from the current levels range from \$1.00 to \$1.34.
  - (d) Has Toronto Hydro analyzed the likely bill impact on customers in any of the size ranges for a typical month or year from the increases outlined in parts a – c?
5. Please provide data on the amount of Standby or Backup service provided by Toronto Hydro during the period 2002 – 2004.
6. Please provide information on the amount of administrative effort that has been required for the Standby/Backup Charge during the period 2002 – 2004.
  - (a) If possible, provide the information in the form of the Handbook Schedule 11-2. (Information from some of the Offices would be acceptable, but the total cost across all Offices would be preferable.)
  - (b) Please provide additional information on the one-time cost of setting up a new contract for Standby service, including typical cost of engineering studies, initial communication with the customer, and other non-recurring costs that may be identified.

7. Reference Tab 10 paragraph 31 Please explain how the revenue from the current rates is reported in the application, in particular clarifying whether there is currently an administration charge reported as a customer charge.
8. Reference Appendix 10-D
  - (a) To assist in understanding the examples on pages 6-9 of 9, please provide examples of monthly bills based on the rates proposed by the applicant for 2006, corresponding to the three peak day load profiles in Examples 1 - 3. Include illustrative amounts of monthly energy delivered, so that the effect of the Large User rate, loss factors, Retail Transmission Service rates and any other applicable charges may be understood, along with the effect of the Standby Charge and Standby Administration Charge. With respect to Example 2, ensure that the meaning of the footnote to the illustration is clear.
  - (b) Please include an example corresponding to Example 4 in Appendix 10-D, to illustrate Backup Overrun as described at Tab 10 page 8 of 11 paragraph 29.
  - (c) Please provide an example to illustrate a situation of Backup Overrun as it would apply over several months, as described at Tab 10 paragraph 30 (p. 9 of 11).
9. Reference Tab 10 Toronto Hydro rejects the Handbook Schedule 10-6 on the basis that it yields site-specific standby rates (paragraph 34).
  - (a) Please support the view that Schedule 10-6 produces site-specific charges, as distinct from “applicant-specific” charges.
  - (b) Please explain the relevance of the dense urban environment to the feasibility of using Schedule 10-6.
10. Reference Tab 10 The costing methodology appears to assume that additional distribution capacity in the full amount of the Contract Demand is required as the Standby Facility (paragraph 26).
  - (a) Would the outcome of the analysis be altered (and the resulting proposed rates be lower) if some degree of diversity amongst the backup service and the loads of neighbouring customers were assumed?
  - (b) Would the outcome of the analysis be altered if the backup service can be provided from facilities that are underutilized or not used at all for other purposes (e.g. became stranded assets when the load displacement generation was installed)?

## **4. Other Deferral Accounts**

### **4.1.1 Rate mitigation revenue shortfalls**

### **4.1.2 Low Voltage Charge Variances**

### **4.1.3 Material Bad Debt**

#### **Enersource Hydro Mississauga Inc. EB-2005-0360**

1. Ref: Tab 4, page 27 of Prefiled Evidence. In the reference, the Applicant states, "If this account is not provided, then Enersource's shareholder is obliged to assume the risk of a large customer failing and the write-of of a material amount when management has fewer tools than it did previously to manage such situations." Please explain what the Applicant means by having "fewer tools than it did previously".