



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

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Michael Janigan
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613-562-4002

February 06, 2014

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: EB-2013-0115 Burlington Hydro Inc.

Please find enclosed the interrogatories of VECC in the above-noted proceeding.

Yours truly,

A handwritten signature in black ink, appearing to be 'Michael Janigan', written in a cursive style.

Michael Janigan
Counsel for VECC

Attachment

cc: Burlington Hydro Inc. - Kathi Farmer - kfarmer@burlingtonhydro.com

REQUESTOR NAME	VECC
INFORMATION REQUEST ROUND NO:	# 1
TO:	Burlington Hydro Inc.
DATE:	February 6, 2014
CASE NO:	EB-2013-0115
APPLICATION NAME	2014 Cost of Service Electricity Distribution Rate Application

1. Foundation

1.1. Does the planning (regional, infrastructure investment, asset management etc.) undertaken by the applicant and outlined in the application support the appropriate management of the applicant's assets?

1.2. Are the customer engagement activities undertaken by the applicant commensurate with the approvals requested in the application?

1.2 - VECC - 1 Reference: E1/T2/S2

In respect to the UtilityPULSE survey please provide the following:

- a) What customer survey(s), if any, had Burlington undertaken prior to 2013? Please provide the results of these surveys.
- b) Does Burlington undertake transactional surveys (i.e. after engagement with a customer)? If so please provide a summary of these. If not, please explain why not.

1.2 - VECC - 2 Reference: Exhibit 1, Tab 2

Please explain how Burlington communicates the availability of LEAP assistance.

1.2 - VECC - 3 Reference: Exhibit 1, Tab 2, Schedule 1

Does Burlington track and categorize customer enquiries and complaints? If so please provide a summary of the annual results for 2010 through 2013.

2. Performance Measures

2.1. Does the applicant's performance in the areas of: (1) delivering on Board-approved plans from its most recent cost of service decision;

(2) reliability performance; (3) service quality, and (4) efficiency benchmarking, support the application?

2.1 - VECC - 4 E2/T5/S3 Distribution System Plan pgs. 26-27;
E2/T8/S1

Please provide a breakdown of the service reliability performance metrics into the different category of reasons for the outage (excluding supply loss Code 2 outages). The table below provides an example format.

Description	2010 Totals	2011 Totals	2012 Totals	2013 Totals
Scheduled				
Supply Loss				
Tree Contact				
Lightning				
Def. Equip.(other than pole)				
Pole Failure				
Weather				
Animals, Vehicle				
Unknown				
Total				

3. Customer Focus

3.1. Are the applicant’s proposed capital expenditures and operating expenses appropriately reflective of customer feedback and preferences?

3.1 - VECC - 5 Reference: E2/T5/S3/Distribution System Plan, pg.57

What customer concerns regarding service has Burlington identified and addressed in this application?
Please explain how these customer issues were identified.

4. Operational Effectiveness

4.1. Does the applicant's distribution system plan appropriately support continuous improvement in productivity, the attainment of system reliability and quality objectives, and the associated level of revenue requirement requested by the applicant?

4.1 - VECC - 6 Reference: E2/T5/S3; Distribution System Plan Plan
Please explain what metrics (reliability targets etc.) or other objectives that Burlington is using to assess the success of its business plan. Specifically, please discuss the separate metrics used to judge, (1) the success of the plan itself (e.g. in achieving any stated goals) and, (2) the success of the plan's implementation.

4.2. Are the applicant's proposed OM&A expenses clearly driven by appropriate objectives and do they show continuous improvement in cost performance?

4.2 - VECC - 7 Reference: E4/T3/S1 Appendix 2-JC
Please revise Appendix 2-JC to:
a) Show 2013 actuals
b) Add columns for 2013 and 2014 to show the impact of the change in capitalization policy on the OM&A categories.

4.2 - VECC - 8 Reference: E4/T1
Smart Meter Incremental Costs (the purpose of this interrogatory is to understand the elements which have caused billing and collection to increase from 2010 to 2014).
a) Please compare the cost components of Billing and Collection accounts 5305, 5310, 5315, 5320,5325, 5335, 5340 for 2010 for Board approved 2010, 2010 actuals and 2014 forecast.
b) Please compare and contrast the components of actuals 5315 Billing for 2010 actuals as compared to 2014 forecast costs.

4.2 - VECC - 9 Reference: E4/T2
Please provide all training, conference and travel costs for each year 2010 through 2014.

4.2 - VECC - 10 Reference: E4/T2/S4

Regulatory Costs:

- a) Please confirm that the regulatory costs for this application have been estimated at \$780,003.
- b) Please reconcile the figures in Appendix 2-M with the Table (below the Appendix Table) showing the one-time costs related to the application which will be amortized over the test and IRM period. Specifically address whether Burlington is seeking recover of 2013 historical and prior year spending.
- c) Please provide the amount spent to date for: 1) expert witness; 2) legal; 3) consultants.

4.2 - VECC - 11 Reference: E4/T6/S1/Attachment 1

For each year in the period 2010 through 2014 please provide the amounts for:

- a) EDA Fees
- b) MEARIE insurance premiums
- c) MEARIE Actuarial Services
- d) GridSmartCity LDC Membership (please include separately, if applicable, all company allocations).

4.2 - VECC - 12 Reference: E4/T2

For all MEARIE related purchased services please explain if these services were competitively tendered and if not why not. If they were not tendered please explain what due diligence is undertaken to ensure the services are purchased competitively priced.

4.3. Are the applicant's proposed operating and capital expenditures appropriately paced and prioritized to result in reasonable rate increases for customers, or is any additional rate mitigation required?

4.3 - VECC - 13 Reference: E2/T5/S1/pg.1

Please update Appendix 2-AA to show actual 2013 (unaudited) results.

4.3 - VECC - 14 Reference: E2/T5/S2

Capital Contributions:

- a) Please provide a table showing the capital contributions for 2010 through 2014 along with the capital expenditures associated with those contributions.
- b) Please provide a description of how the capital contribution forecast for 2014 is calculated.

4.3 - VECC - 15 Reference: E2/T5/Attachment 5, pgs.204-10

Please provide the number of residential and (separately) GS<50 connections in 2013 and the number forecast for 2014. Please provide the average cost of connection for each rate class.

5. Public Policy Responsiveness

5.1. Do the applicant's proposals meet the obligations mandated by government in areas such as renewable energy and smart meters and any other government mandated obligations?

5.1 - VECC - 16 Reference: ALL

Please provide Burlington's estimate of the ongoing cost in 2014 of meeting all new government and OEB obligations established since 2010. Please categorize each requirement.

5.1 - VECC - 17 Reference: E2/T5/S10

Please provide the OM&A and capital costs included in the calculation of 2014 rates for implementation of the GEA Plan.

6. Financial Performance

6.1. Do the applicant's proposed rates allow it to meet its obligations to its customers while maintaining its financial viability?

6.1 - VECC - 18 Reference: E1/T1/S6/pg.4 & E4/T1/S2/pg.2

Please provide the following inflation information for the period 2010 through 2013:

- a) CPI (Statistics Canada);

- b) GDPI;
- c) Burlington's IRM productivity factor, and
- d) Burlington's Stretch Factor.

6.2. Has the applicant adequately demonstrated that the savings resulting from its operational effectiveness initiatives are sustainable?

6.2 - VECC - 19

Please identify all "operational effectiveness initiatives" undertaken since 2010 and the annual savings each initiative has and will result in in 2014.

6.2 - VECC - 20 Reference: E4/T4/S1, Appendix 2-K

Please provide a detailed breakdown of the 7 positions approved by the Board in 2010 and not filled in that year.

6.2 - VECC - 21 Reference: E4/T4/S1/, Appendix 2

Please provide a description of each position added since 2012 along with the reason for adding the position. Please provide the incremental cost (salary and benefits) of these positions by categories, i.e. (1) Executive/Management; (2) Non-Union; (3) Union.

6.2 - VECC - 22 Reference: E4/T4/S1, Appendix 2

Please provide the number of positions that are currently employed and those forecast to be employed in 2014 for the purpose replacing an expected retirement. Please also provide the year of the associated expected retirement.

6.2 - VECC - 23 Reference: E4/T4/S1

The purpose of this interrogatory is to try to match incremental Utility responsibilities to the incremental increase in FTEs.

- a) Please separate the 2012 to 2014 incremental staff increase of 8 FTEs into the following categories:
 - i) Related to incremental Smart Meter/TOU activities;

- ii) Related to incremental regulatory and government mandated policy requirements;
- iii) Primarily related to customer growth (e.g. customer service, line crew);
- iv) Primarily related to enhanced system maintenance, reliability or safety (e.g. GIS, SCADA, etc.);
- v) Primarily related to governance (e.g. finance, HR, planning, etc.);
- vi) Primarily related to special projects (e.g. smart grid etc.);
- vii) Temporary backfilled position / training for an expected retirement;
- viii) Please comment on categories and FTE classifications as necessary to clarify the cost driver.

b) Please provide a dollar estimate for each category.

7. Revenue Requirement

7.1. Is the proposed Test year rate base including the working capital allowance reasonable?

7.1 - VECC - 24 Reference: E2/T2/S1

Please provide the Opening and Closing Balances for 2010 that were provided as part of the last cost of service application.

7.1 - VECC - 25 Reference: E2/T3/S1

Has Burlington changed its billing cycle for any customers since the last cost of service application?

7.2. Are the proposed levels of depreciation/amortization expense appropriately reflective of the useful lives of the assets and the Board's accounting policies?

7.3. Are the proposed levels of taxes appropriate?

7.4. Is the proposed allocation of shared services and corporate costs appropriate?

7.4 - VECC - 26 Reference: E4/T5/S1

Please explain the purpose of Burlington's membership in GridSmartClty. Please be specific as the financial benefits (if any) for ratepayers of this membership.

7.4 - VECC - 27 Reference: E4/T5/S1

The evidence states : *“During the 2014 Test Year and for the duration of the IRM period Burlington Hydro expects to provide Shared Support Services to BESI in the form of Water and Wastewater billing services for Region of Halton Water and Wastewater customers.”* Yet in Appendix 2-N it shows the shared services being from BESI to Burlington Hydro.

- a) Please clarify who provides the service and who purchases the service.
- b) Please explain why the amount for this service has declined since 2010.
- c) If Burlington Hydro provides billing services to BESI then please explain what due diligence Burlington Hydro has undertaken to see if the fee per bill is competitive with other companies offering billing services.

7.5. Are the proposed capital structure, rate of return on equity and short and long term debt costs appropriate?

7.5 - VECC - 28 Reference: E5/T1/S1 & S2/Attachment 6

Appendix 2-OA and Table 5-2 lists the long-term debt rate as 4.16%. Yet Appendix 2-OB lists the rate as 3.69%. Please explain the difference. Please also explain why Burlington has included \$18 million related to the IESO line of credit in the table Appendix 2-OB.

7.6. Is the proposed forecast of other revenues including those from specific service charges appropriate?

7.6 - VECC - 29

Reference: E3/T3S1, Attachment 1, page 2

- a) Please provide the 2013 actual Other Operating Revenue in the same format as Appendix 2-H.

- b) If the full twelve months of actual data are not available for 2013 please provide the actual year-to-date values available and the 2012 actual values for the same period using the format in Appendix 2-H.
- c) Please explain the basis for the forecast decline in Specific Service Charges revenues for 2013.
- d) Please explain why the projected Specific Service Charge revenues for 2014 are not expected to return to the levels experienced in 2011 and 2012.
- e) Please provide a breakdown of the annual actual and forecast amounts shown for Account #4390 and explain more fully the year over year changes.

7.7. Has the proposed revenue requirement been accurately determined from the operating, depreciation and tax (PILs) expenses and return on capital, less other revenues?

8. Load Forecast, Cost Allocation and Rate Design

8.1. Is the proposed load forecast, including billing determinants an appropriate reflection of the energy and demand requirements of the applicant?

8.1 - VECC - 30

Reference: E3/T1/S1, pages 3 and 5
E6/T1/S1, page 2

- a) The 2014 load forecast set out in Tables 3-3 and 3-4 does not match that in Table 3-5. Please reconcile.
- b) Please reconcile the 2014 USL Customers/Connections reported in Table 3-5 and Table 6-1.
- c) The 2014 Revenue at Current Rates in Table 3-4 does not match that in Table 6-1. Please reconcile.
- d) If the current Tables are not correct, please provide revised versions of Tables 3-3 – 3-5 and Table 6.1.
- e) Please advise if the load forecast used in the Cost Allocation requires correction.

8.1 - VECC - 31

Reference: E3/T1/S1, page 4

- a) Please confirm that the first sentence on the page is incorrect. If not, please reconcile with the second sentence at the top of the page.

8.1 - VECC - 32

Reference: E3/T1/S2, Attachment 1

- a) What explanation does Burlington have for the “permanent change in class throughput” apparently experienced by the GS<50 class in 2007 and the GS>50 class in October 2008 (per page 2)?
- b) Please provide the actual Excel Model for each customer class that sets out both the historical and forecast explanatory variable values for each class, the historical consumption by class and the calculations of the forecast consumption by class.

8.1 - VECC - 33

Reference: E3/T1/S2, Attachment 1

- a) For the Residential model, what other activity-related explanatory variables were tested apart from TorFTE and why were they rejected (per page 2)?
- b) With respect to the GS<50 and GS>50 classes (pages 4 and 6) what would be the effect of using TorFTE as the explanatory variable as opposed to d_TorFTE_1?
- c) For each of the GS<50 and GS>50 classes, please explain what is causing the growth in 2013 to be negative (per pages 9-10).
- d) Please provide the annualized d_TorFTE_1 values for 2011-2014 inclusive.
- e) Please confirm that by using d_TorFTE_1 as an explanatory variable, annual TorFTE levels can be increasing but if the increase for a particular year is less than that in the previous year then the overall level of consumption will be lower (assuming all other explanatory variables are the same in both years).
- f) If confirmed, please explain why this (intuitively) is a reasonable outcome.

8.1 - VECC - 34

Reference: E3/T1/S2, Attachment 1

- a) In the case of Street Lights and USL please confirm whether the customer/connection values shown are number of devices or number of connections.

8.1 - VECC - 35

Reference: E3/T1/S3, page 1

- a) Is the final OPA Annual CDM Report for 2012 available? If yes, please provide and indicate any required changes to Appendix 2-I. If not, please provide a copy of the August 2013 Draft Results.
- b) Has the OPA provided any interim reports regarding Burlington's 2013 CDM program results? If yes, please provide.

8.1 - VECC - 36

Reference: E3/T1/S3, pages 2-3

- a) Please confirm that the license kW target is based on kW system reduction at time of Burlington's system peak whereas the LRAMVA kW is the billing kW impact over 12 months.
- b) If confirmed, please explain why it is unacceptable for the LRAMVA kW value to exceed the license kW target value.

8.1 - VECC - 37

Reference: E3/T1/S3, page 2

- a) Please reconcile Burlington's proposal to include ½ of the 2012 program savings in its manual CDM adjustment with the Board's Decision regarding Sioux Lookout's 2013 Rates (EB-2012-0165, page 7) that it should be excluded.

8.2. Is the proposed cost allocation methodology including the revenue-to-cost ratios appropriate?

8.2 - VECC - 38

Reference: E7/T1/S1, page 2

- a) Please confirm that GS>50 customers own and maintain their Services.

8.2 - VECC - 39

Reference: Cost Allocation Model, Sheet I7.2 and Sheet I6.2

- a) Why are there no Meter Reading weighting factors for classes other than GS>50?
- b) Please explain how Burlington determined the number of Street Light connections.

8.2 - VECC - 40

Reference: E7/T1/S1, Attachment 1, pages 6 and 8

- a) Please provide a schedule that sets out the average use per customer in 2004 and now forecast for 2014 for the Residential GS<50 and GS>50 classes.

8.3. Is the proposed rate design including the class-specific fixed and variable splits and any applicant-specific rate classes appropriate?

8.3 - VECC - 41

Reference: E8/T2/S1, pages 1-3 2

- a) Please explain why a monthly charge of \$10.34 for USL is “more equitable”, as compared to maintaining the current fixed/variable split.
- b) Similarly, why is a monthly charge of &0.70 for Street Lights will “maintain an equitable fixed to variable split” as compared to using the existing fixed/variable split.
- c) Please explain more fully why Burlington is proposing to increase the fixed portion for the GS<50 class as opposed to maintaining the current ratio.
- d) Please explain more fully why Burlington is proposing to increase the fixed portion for the Residential class as opposed to maintaining the current ratio.

- 8.4. Are the proposed Total Loss Adjustment Factors appropriate for the distributor's system and a reasonable proxy for the expected losses?**
- 8.5. Is the proposed forecast of other regulated rates and charges including the proposed Retail Transmission Service Rates appropriate?**
- 8.6. Is the proposed Tariff of Rates and Charges an accurate representation of the application, subject to the Board's findings on the application?**

9. Accounting

- 9.1. Are the proposed deferral accounts, both new and existing, account balances, allocation methodology, disposition periods and related rate riders appropriate?**

9.1 - VECC - 42 Reference: E9/T2/S3

What is the proposed period over which the MDM/R rider will be collected?

9.1 - VECC - 43 Reference: E9/T2/S4

In calculating the Stranded Meter Rate Rider did Burlington use class specific meter costs? If not please recalculate the rider in the following way. In the absence of actual class-specific accounting of the conventional meters, sheet I7.1 of the Cost Allocation Model calculates the relative Capital Weighted Meter Cost. For the stranded conventional meters, sheet I7.1 from Burlington's last cost of service application would provide the appropriate weights.

- 9.2. Have all impacts of any changes in accounting standards, policies, estimates and adjustments been properly identified, and is the treatment of each of these impacts appropriate?**

*****End of document*****