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BY E-MAIL

November 27, 2014

Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

Dear Ms. Walli:

**Re: Cambridge and North Dumfries Hydro Inc. (“CND”)
2015 IRM Distribution Rate Application
Board Staff Interrogatories
Board File No. EB-2014-0060**

In accordance with the Notice of Application and Hearing, please find attached Board Staff interrogatories in the above proceeding. Please forward the following to CND and to all other registered parties to this proceeding.

CND’s responses to interrogatories are due by December 16, 2014.

Yours truly,

Original Signed By

Suresh Advani

Encl.

**Cambridge and North Dumfries Hydro Inc. (“CND”)
 2015 IRM Electricity Distribution Rates
 EB-2014-0060
 Board Staff Interrogatories**

1. Existing Tariff

Ref: Rate Generator Model - Sheet “4. Current Tariff Schedule”

Ref: IRM Application, Appendix A

A portion of Sheet 4 is reproduced below.

Service Charge	\$	11.00
Rate Rider for Recovery of Stranded Meter Assets – effective until April 30, 2015	\$	4.33
Rate Rider for Recovery of Forgone Revenue - effective until December 31, 2014	\$	(1.31)
Rate Rider for Smart Metering Entity Charge - effective until October 31, 2018	\$	0.79
Distribution Volumetric Rate	\$/kWh	0.0178
Low Voltage Service Rate	\$/kWh	0.0001
Rate Rider for Disposition of Global Adjustment Sub-Account (2013) - effective until April 30, 2015 Applicable only for Non-RPP Customers	\$/kWh	(0.0048)
Rate Rider for Disposition of Deferral/Variance Accounts (2013) - effective until April 30, 2015	\$/kWh	(0.0020)
Rate Rider for Recovery of Forgone Revenue - effective until December 31, 2014	\$/kWh	0.0016

Board staff notes that for all rate classes, CND’s current Tariff of Rates and Charges filed in Appendix A indicates the “effective until” date for the rate riders pertaining to Forgone Revenue as October 31, 2014, whereas Sheet 4 indicates the “effective until” date as December 31, 2014.

Board staff also notes that for all rate classes, CND’s current Tariff of Rates and Charges indicates the year associated with the rate riders pertaining to Global Adjustment and Deferral/Variance Accounts as 2014, whereas Sheet 4 indicates 2013.

- a. If the inputs in Sheet 4 are an error, Board staff will make the relevant corrections.

2. Board-Approved Disposition 2011 – 2013

Ref: Rate Generator Model - Sheet "5. 2014 Continuity Schedule"

Board staff notes that with respect to Board-Approved dispositions in the years 2011 to 2013, for Group 1 Accounts 1550, 1551, 1580, 1584, 1586, 1588, 1589 and 1590, the following columns are unpopulated in Sheet 5:

- Columns Q and V related respectively to principal and interest – 2011
- Columns AA and AI related respectively to principal and interest – 2012
- Columns AN and AV related respectively to principal and interest – 2013

Board staff further notes that in CND's 2011 IRM Decision (EB-2010-0068) and 2013 IRM Decision (EB-2012-0111), the Board approved the disposition of balances for Group 1 accounts as indicated below. In the 2012 IRM Decision (EB-2011-0156), the Board found that no disposition was required at that time.

2011 IRM Decision (EB-2010-0068)

Account Description	Account Number	Principal Amounts A	Interest Amounts B	Total Claim C = A + B
LV Variance Account	1550	53,546	5,383	58,929
RSVA - Wholesale Market Service Charge	1580	(478,275)	(46,865)	(525,140)
RSVA - Retail Transmission Network Charge	1584	98,276	(8,233)	90,043
RSVA - Retail Transmission Connection Charge	1586	(1,079,752)	(41,520)	(1,121,272)
RSVA - Power (Excluding Global Adjustment)	1588	(1,532,834)	61,984	(1,470,850)
RSVA - Power (Global Adjustment Sub-account)	1588	7,778,468	171,365	7,949,833
Recovery of Regulatory Asset Balances	1590	0	(13,335)	(13,335)
		<u>4,839,429</u>	<u>128,779</u>	<u>4,968,208</u>

2013 IRM Decision (EB-2012-0111)

Account Name	Account Number	Principal Balance A	Interest Balance B	Total Claim C = A + B
LV Variance Account	1550	\$127,156	-\$1,345	\$125,811
RSVA - Wholesale Market Service Charge	1580	-\$2,763,667	-\$53,812	-\$2,817,479
RSVA - Retail Transmission Network Charge	1584	\$2,462,040	\$81,535	\$2,543,575
RSVA - Retail Transmission Connection Charge	1586	\$675,984	\$40,640	\$716,624
RSVA - Power (excluding Global Adjustment)	1588	-\$141,018	\$40,490	-\$100,528
RSVA - Power – Global Adjustment Sub-Account	1588	\$3,076,310	\$64,868	\$3,141,178
Total Group 1 Excluding Global Adjustment Sub-Account		\$360,495	\$107,508	\$468,003
Total Group 1		\$3,436,805	\$172,376	\$3,609,181

- a. If the lack of inputs in Sheet 5, related to the dispositions ordered in the 2011 and 2013 IRM Decisions are an error, Board staff will make the relevant corrections.

3. Total Claim Amount

Ref: Rate Generator Model - Sheet "5. 2014 Continuity Schedule"

Ref: Manager's Summary, Table 3, page 13

A portion of Sheet 5 is reproduced below.

Account Descriptions	Account Number	Closing Principal Balances as of Dec 31-13 Adjusted for Dispositions during 2014	Closing Interest Balances as of Dec 31-13 Adjusted for Dispositions during 2014	Projected Interest from Jan 1, 2014 to December 31, 2014 on Dec 31 -13 balance adjusted for disposition during 2014 ²	Projected Interest from January 1, 2015 to April 30, 2015 on Dec 31 -13 balance adjusted for disposition during 2014 ³	Total Claim
Group 1 Accounts						
LV Variance Account	1550	102,546	927	1,507	502	105,483
Smart Metering Entity Charge Variance	1551	66,924	550	984	328	68,786
RSVA - Wholesale Market Service Charge	1580	(1,025,044)	(18,015)	(15,068)	(5,023)	(1,063,150)
RSVA - Retail Transmission Network Charge	1584	(80,823)	13,429	(1,188)	(396)	(68,978)
RSVA - Retail Transmission Connection Charge	1586	(141,323)	845	(2,077)	(692)	(143,248)
RSVA - Power (excluding Global Adjustment)	1588	(1,371,483)	4,710	(20,161)	(6,720)	(1,393,654)
RSVA - Global Adjustment	1589	1,987,769	37,519	29,220	9,740	2,064,248
Recovery of Regulatory Asset Balances	1590	0	0	0	0	0
Disposition and Recovery/Refund of Regulatory Balances (2008) ⁴	1595	0	0	0	0	0
Disposition and Recovery/Refund of Regulatory Balances (2009) ⁴	1595	0	(4,896)	0	0	(4,896)
Disposition and Recovery/Refund of Regulatory Balances (2010) ⁴	1595	(156,258)	160,788	0	0	4,530
Disposition and Recovery/Refund of Regulatory Balances (2011) ⁴	1595	156,258	(155,015)	2,297	766	4,306
Disposition and Recovery/Refund of Regulatory Balances (2012) ⁴	1595	0	0	0	0	0
RSVA - Global Adjustment	1589	1,987,769	37,519	29,220	9,740	2,064,248
Total Group 1 Balance excluding Account 1589 - Global Adjustment		(2,449,203)	3,323	(33,706)	(11,235)	(2,490,822)
Total Group 1 Balance		(461,434)	40,842	(4,486)	(1,495)	(426,573)

Table 3 is reproduced below.

Table 3 Deferral and Variance Accounts to be Disposed

Account Number	Account Description	Principal Balance at December 31, 2013	Carrying Charges to April 30, 2015	Total Claim
1550	LV Variance Account	\$102,546	\$2,937	\$105,483
1551	Smart Metering Entity Charge Variance	\$66,924	\$1,862	\$68,786
1580	RSVA - Wholesale Market Service Charge	(\$1,025,044)	(\$38,107)	(\$1,063,151)
1584	RSVA - Retail Transmission Network Charge	(\$80,823)	\$11,845	(\$68,978)
1586	RSVA - Retail Transmission Connection Charge	(\$141,323)	(\$1,925)	(\$143,248)
1588	RSVA - Power (excluding Global Adjustment)	(\$1,371,483)	(\$22,171)	(\$1,393,654)
	Subtotal	(\$2,449,203)	(\$45,559)	(\$2,494,761)
1589	RSVA - Global Adjustment	\$1,987,769	\$76,480	\$2,064,248
	Total	(\$461,434)	\$30,921	(\$430,513)

Board staff notes that the total claim amount related to the total Group 1 balance in the rate generator model is a credit of \$426,573, whereas the corresponding number in Table 3 is a credit of \$430,513. Board staff further notes that the amount in the rate generator model is correct and the two amounts differ because the amount in Table 3 does not include the balances in Account 1595.

- a. Please confirm if CND concurs with Board staff in this matter.

4. Wholesale Market Participants (“WMP”) and Class A Customers

Ref: Rate Generator Model - Sheet “6. Bill Det. For Def-Var”

Ref: Manager’s Summary, Table 5, page 15

A portion of Sheet 6 is reproduced below.

Rate Class	Unit	Metered kWh	Metered kW	Billed kWh for Non-RPP Customers
RESIDENTIAL	\$/kWh	400,646,088		31,090,136
GENERAL SERVICE LESS THAN 50 KW	\$/kWh	155,607,417		22,469,711
GENERAL SERVICE 50 TO 999 KW	\$/kW	434,548,089	1,403,590	292,059,771
GENERAL SERVICE 1,000 TO 4,999 KW	\$/kW	221,369,807	526,573	221,369,807
LARGE USE	\$/kW	252,967,286	508,268	207,072,349
UNMETERED SCATTERED LOAD	\$/kWh	1,746,895		3,494
STREET LIGHTING	\$/kW	9,594,439	25,751	9,594,439
EMBEDDED DISTRIBUTOR	\$/kW	43,430,869	102,844	12,613,577
microFIT				

WMP

Chapter 3 of the Filing Requirements¹ notes that “Distributors must establish separate rate riders to recover the balances in the RSVAs from Market Participants (“MPs”) who must not be allocated the RSVA account balances related to charges for which the MPs settle directly with the IESO (e.g. wholesale energy, wholesale market services).”

Board staff notes that if CND has any customers in the GS 50-999, GS 1,000-4,999 and Large Use rate classes that are WMPs, Board staff will modify CND’s rate generator model in a manner such that the RSVA account balances mentioned above for the WMP subset are handled in accordance with the Filing Requirements.

With respect to CND’s customers in the three rate classes mentioned above:

- a. Are any of CND’s customers registered as WMPs?
- b. If yes, please provide the Metered kWh and Metered kW attributable to these customers.

¹ http://www.ontarioenergyboard.ca/oeb/ Documents/Regulatory/Filing_Reqs_Dx_Applications_ch_3.pdf
 pages 8 & 9

Class A Customers

Chapter 3 of the Filing Requirements also note that “Distributors who serve Class A customers per O.Reg 429/04 (i.e. customers greater than 5 MW) must propose an appropriate allocation for the recovery of the global adjustment variance balance based on their settlement process with the IESO.”

Board staff notes that Table 5 is consistent with the Filing Requirements. Board staff further notes that Billed kWh for Non-RPP Customers should be zero for Large Use or Class A customers.

- c. Please confirm if CND concurs with Board staff in this matter, and if yes, staff Board staff will make the relevant correction.

5. Tax Sharing

Ref: Rate Generator Model - Sheet "11. STS – Tax Change"

Ref: Manager's Summary, page 23

Board staff notes that Sheet 11 is unpopulated as CND's sharing of tax savings is zero. Board staff further notes that from a completeness perspective, Sheet 11 should be populated.

- a. Please confirm if CND concurs with Board staff in this matter, and if yes, staff Board staff will make the relevant correction.

6. RRR Billing Determinants

Ref: Rate Generator Model - Sheet "14. RTSR RRR Data"

Ref: IRM Application, Appendix A

A portion of Sheet 14 is reproduced below.

Rate Class	Rate Description	Unit	Non-Loss Adjusted Metered kWh	Non-Loss Adjusted Metered kW	Applicable Loss Factor
RESIDENTIAL	Retail Transmission Rate - Network Service Rate	\$/kWh	384,916,688	-	1.0286
RESIDENTIAL	Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	384,916,688	-	1.0286
GENERAL SERVICE LESS THAN 50 KW	Retail Transmission Rate - Network Service Rate	\$/kWh	156,590,626	-	1.0286
GENERAL SERVICE LESS THAN 50 KW	Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	156,590,626	-	1.0286
GENERAL SERVICE 50 TO 999 KW	Retail Transmission Rate - Network Service Rate	\$/kW	429,293,182	1,243,381	-
GENERAL SERVICE 50 TO 999 KW	Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	429,293,182	1,243,381	-
GENERAL SERVICE 1,000 TO 4,999 KW	Retail Transmission Rate - Network Service Rate	\$/kW	234,825,352	630,469	-
GENERAL SERVICE 1,000 TO 4,999 KW	Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	234,825,352	630,469	-
LARGE USE	Retail Transmission Rate - Network Service Rate	\$/kW	232,484,435	477,382	-
LARGE USE	Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	232,484,435	477,382	-
UNMETERED SCATTERED LOAD	Retail Transmission Rate - Network Service Rate	\$/kWh	1,988,577	-	1.0286
UNMETERED SCATTERED LOAD	Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	1,988,577	-	1.0286
STREET LIGHTING	Retail Transmission Rate - Network Service Rate	\$/kW	9,566,350	26,970	-
STREET LIGHTING	Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	9,566,350	26,970	-
EMBEDDED DISTRIBUTOR	Retail Transmission Rate - Network Service Rate	\$/kW	13,176,711	92,130	-
EMBEDDED DISTRIBUTOR	Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	13,176,711	92,130	-

Board staff notes that per CND's most recent reported RRR billing determinants, the Non-Loss Adjusted Metered kW for the Embedded Distributor rate class is 19,938 kW, whereas Sheet 14 indicates 92,130 kW.

Board staff also notes that the applicable loss factor per CND's current Tariff of Rates and Charges filed in Appendix A is 1.0335, whereas Sheet 14 indicates 1.0286.

- a. If the inputs in Sheet 14 are an error, Board staff will make the relevant corrections.

7. Hydro One Sub-Transmission Rate Rider 9A

Ref: Rate Generator Model - Sheet "15. RTSR – UTR & Sub-Tx"

Ref: Hydro One Networks Tariff, p.10, EB-2013-0141

A portion of Sheet 15 is reproduced below.

Hydro One Sub-Transmission Rate Rider 9A	Unit	Effective January 1, 2013	Effective January 1, 2014	Effective January 1, 2015
Rate Description		Rate	Rate	Rate
RSVA Transmission network - 4714 - which affects 1584	kW	\$ -	\$ 0.1465	\$ 0.1465
RSVA Transmission connection - 4716 - which affects 1586	kW	\$ -	\$ 0.0667	\$ 0.0667
RSVA LV - 4750 - which affects 1550	kW	\$ -	\$ 0.0475	\$ 0.0475
RARA 1 - 2252 - which affects 1590	kW	\$ -	\$ 0.0419	\$ 0.0419
RARA 1 - 2252 - which affects 1590 (2008)	kW	\$ -	-\$ 0.0270	-\$ 0.0270
RARA 1 - 2252 - which affects 1590 (2009)	kW	\$ -	-\$ 0.0006	-\$ 0.0006
Hydro One Sub-Transmission Rate Rider 9A	kW	<u>\$ -</u>	<u>\$ 0.2750</u>	<u>\$ 0.2750</u>

Board staff notes that the Hydro One Sub-Transmission Rate Rider 9A is effective until December 31, 2014, and therefore should be set to zero in the "Effective January 1, 2015" column.

- a. Please confirm if CND concurs with Board staff in this matter, and if yes, staff Board staff will make the relevant correction.

8. Lost Revenue Calculations (LRAMVA)

Ref: Manager's Summary, page 20-21 (Table 9)

CND notes that it has used the 2013 Draft Verified Results Report for OPA-Contracted Province-Wide CDM Programs as this was the most up-to-date source of results at the time it filed its application. CND further noted that it will update the LRAMVA balances when the final results are issued.

Further, CND has provided the detailed lost revenue calculations, including energy (kWh) and peak demand (kW) savings it realized in 2013 that are the result of CDM programs delivered in 2011, 2012 and 2013.

- a. Please update all lost revenue calculations using the 2013 Final Verified Results. Discuss any energy (kWh) or peak demand (kW) savings amounts included in the calculation table that do not match the net incremental energy (kWh) or peak demand (kW) amounts included in CND's 2013 Final Results Report issued by the OPA.
- b. Please discuss the rationale for CND to assume 100% persistence of 2011 and 2012 energy savings in 2013. If available, please provide any supporting documentation received from the OPA related to persisting savings.

9. Offsetting Load Reductions (LRAMVA)

Ref: Manager's Summary, page 21 (Table 9)

CND has not included any offsetting load reductions due to the effects of CDM being included in its load forecast. In its 2014 cost-of-service application, CND received approval of an updated load forecast that included a CDM component as outlined below.

CND's 2014 LRAMVA Allocation per Customer Class (from EB-2013-0116)									
	Residential	GS < 50 kW	GS > 50-999 kW	GS 1,000-4,999 kW	Large User	Direct Market Participant	Street Lights	Unmetered Loads	Totals
kWh	11,108,643	4,314,499	12,006,086	6,095,436	5,684,186	1,259,827	263,370	47,953	40,780,000
kW			38,780	14,499	11,778	2,174	707		67,938

- a. Please confirm that CND's 2013 forecast did not include a CDM component.
- b. Please confirm that future LRAMVA calculations will use the amounts included in the table above to offset any lost revenues from CDM programs.

10. Accounting Standard (Z-factor)

Ref: Board's letter² dated July 17, 2012

- a. Please provide the accounting standard under which CND's Z-factor claim has been filed.
- b. Please confirm whether or not CND's Z-factor application is reflective of the capitalization policy changes as per the Board's letter "Regulatory accounting policy direction regarding changes to depreciation expense and capitalization policies in 2012 and 2013" dated July 17, 2012.

²

http://www.ontarioenergyboard.ca/oeb/Documents/Regulatory/Board_Ltr_Accounting_Changes_Under_CGAAP_2012_2013.pdf

11. Causation (Z-factor)

Ref: Manager's Summary: page 29

Board staff notes that based on the Board's Report on 3rd Generation Incentive Regulation for Ontario's Electricity Distributors³ dated July 14, 2008, causation is one of the three eligibility criteria to be considered for recovery by way of a Z-factor.

- a. Are the components of the total claim amount of \$497,314 directly related to the Z-factor event?
- b. Is the total claim amount of \$497,314 clearly outside of the base upon which rates were derived?

³ http://www.ontarioenergyboard.ca/oeb/ Documents/EB-2007-0673/Report_of_the_Board_3rd_Generation_20080715.pdf

12. Recovery – Hydro One Networks (Z-factor)

Ref: Manager's Summary: page 26, lines 17 to 19

Ref: Manager's Summary: page 28, Table 12

Board staff notes that CND has recorded a cost recovery of \$19,072 for an amount billed to Hydro One Networks based on work completed on behalf of Hydro One customers.

- a. Please provide a breakdown of the \$19,072 recovery amount by the cost categories (Subcontractors, Overtime Labour and Vehicles, Materials and Miscellaneous Expenses) listed in Table 12.

13. Incremental Internal Labour Costs (Z-factor)

Ref: Manager's Summary: page 26, lines 9 to 13

Ref: Manger's Summary: page 32, lines 11 to 17

Ref: Manager's Summary: page 33, Table 14

Board staff notes that CND is applying for recovery of incremental OM&A costs, which excludes labour costs incurred by CND staff during CND's regular work days.

- b. Please provide the method used to determine the level of incremental overtime hours worked by CND staff that are included in the Z-factor claim.
- c. Please include a description of the method for tracking overtime hours and labour rates.
- d. In addition to the overtime hours provided in Table 14, please also provide the regular hours by department worked by CND staff in the restoration effort.
- e. For additional clarity, please confirm that the Z-factor claim does not include the costs of these regular hours.

14. External Contractors (Z-factor)

Ref: Manger's Summary: page 31, lines 11 to 15

Ref: Manger's Summary: page 32, lines 4 to 17

Ref: Manager's Summary: page 36, Table 17

Board staff notes from Table 17 that CND Hydro utilized a total of nine external contractors in the restoration effort. Board staff also notes that CND was not able to explicitly follow all of its normal purchasing policies and processes.

- a. Please confirm whether or not CND utilized the services of any external contractors that would be in addition to the nine contractors listed in Table 17.
- b. Please provide a copy of CND's procurement policies.
- c. Please provide details about CND's deviation from its normal purchasing policies and processes including the tendering of purchases.
- d. With respect to the work performed by external contractors during CND's regular work days, please clarify if the invoiced costs are based on regular labour rates or premium rates, and if the latter, please explain why.
- e. Please confirm if CND verified the hours worked by the external contractors in the restoration effort.
- f. Please confirm if CND checked how the invoiced costs for labour rates and equipment were determined by the external contractors.

15. Other Electricity Distributors (Z-factor)

Ref: Manager's Summary: page 31, lines 26 to 29

Ref: Manager's Summary: page 32, lines 1 to 3

Ref: Manager's Summary: page 28, Table 12

Ref: Utility Partners - GridSmartCity⁴

Board staff notes that CND is one of ten utility partners in GridSmartCity. Board staff also notes that through the Electrical Distributors Association ("EDA"), CND obtained a list of Local Distribution Companies ("LDC") that had crews available to assist utilities in crisis mode and CND took advantage of that opportunity.

- a. Did CND reach out to GridSmartCity to seek help regarding the restoration?
- b. Based on the EDA's recommendation, did CND use restoration services from any LDC?

A. If yes, please provide:

- i. The names of the LDCs.
- ii. Description of the services provided by the LDCs.
- iii. Details of the invoice cost from the LDCs.
- iv. Are these costs included in Table 12 and any other cost related table provided in the application.
- v. With respect to the work performed by LDCs during CND's regular work days, please clarify if the invoiced costs are based on regular labour rates or premium rates, and if the latter, please explain why.
- vi. Please confirm if CND verified the hours worked by the LDCs in the restoration effort.
- vii. Please confirm if CND checked how the invoiced costs for labour rates and equipment were determined by the LDCs.

B. If no, please explain why not.

⁴ <http://gridsmartcity.com/partners/utilities/>

16. Tree Trimming (Z-factor)

Ref: Manager's Summary

- a. Please confirm whether or not CND has a tree trimming policy, and if yes:
 - i. Please provide a copy of the policy.
 - ii. Further, please confirm whether or not CND's tree trimming policy was adhered to in the period prior to the onset of the ice storm, i.e. in the duration of the prior tree trimming time cycle.

17. Allocation of Recovery Costs (Z-factor)

Ref: Manager's Summary: page 40, Table 21

Board staff notes that Table 21 shows the recovery of ice storm Z-factor costs by way of a monthly fixed rate rider based on allocating the ice storm recovery costs to all customer classes in proportion to CND's Board approved distribution revenue resulting its 2014 cost-of-service rate application (EB-2013-0116) and CND's actual customer counts as of December 31, 2013.

- a. Please re-calculate the rate riders provided in Table 21 by using connection rather than customer counts as of December 31, 2013 for the Street Light and USL classes⁵ and maintaining customer counts for all other classes.
- b. Please also calculate rate riders resulting from customer/connection counts at the end of 3rd quarter 2014.
- c. Please provide estimated bill impacts based on the rate riders calculated in a) and b).

⁵ Actual connection counts as of December 31, 2014: Street Lights 12,838; USL 484

18. Alternate Allocation of Recovery Costs (Z-factor)

Ref: Manager's Summary: page 38, lines 22-24

Ref: Manager's Summary: page 39, Table 20

Ref: Manager's Summary: page 40, lines 3-8

Board staff notes that Table 20 addresses the recovery of ice storm Z-factor costs by using customer numbers as the basis of allocation, resulting in approximately 89% of the costs being allocated to residential customers. Board staff also notes CND's preference for this allocation method over allocation in proportion to distribution revenue.

- a. Please provide details regarding the nature of the distribution plant that sustained damage and the kinds of customers affected by the storm.
- b. Please explain how these details support CND's preferred allocation method.

19. Shareholder Contributions (Z-factor)

Ref: CND's 2014 cost-of-service rate application⁶ (EB-2013-0116), exhibit 1, tab 2, schedule 1, page 1

Ref: CND's Corporate Structure⁷

Board staff notes that CND is a corporation incorporated pursuant to the *Ontario Business Corporations Act*, and is a wholly-owned subsidiary of the Cambridge and North Dumfries Energy Plus Inc. which is 100% jointly owned by the Corporation of the City of Cambridge and the Corporation of the Township of North Dumfries.

- a. Are CND's shareholders, i.e. City of Cambridge and Township of North Dumfries making any contribution to the restoration cost?
 - i. If not, why not?
 - ii. If yes, please provide details.

⁶

http://www.rds.ontarioenergyboard.ca/webdrawer/webdrawer.dll/webdrawer/rec/411879/view/CambridgeND_CoS_administrative%20docs_EX1_20131001.PDF

⁷ <https://www.camhydro.com/en/ourcompany/corporatestructure.asp>

20. Emergency Preparedness (Z-factor)

Ref: Manager's Summary: page 31, line 5

Board staff notes that CND invoked its Emergency Plan shortly after the onset of the ice storm.

- a. Please provide a copy of CND's Emergency Plan.
- b. Please comment on the degree to which CND's response to the ice storm accorded with the provisions of the plan, and explain the main reasons for any deviation from it.

21. Budget (Z-factor)

Ref: Manager's Summary: page 29, lines 19 to 23

Ref: Manager's Summary: page 30, lines 4 to 8

Ref: Manager's Summary: page 30, Table 13

Board staff notes from Table 13 in the application that CND's storm costs budget was over spent in 2011 and 2012. Board staff further notes that in the following year, i.e. 2013, CND's storm costs budget was over spent by 53% prior to the occurrence of the ice storm on December 21st and 22nd.

- a. Please explain the basis for the storm cost budget amounts in 2010 through 2013.
- b. Please explain the reasons for significant overspending in this budget category in certain years.
- c. Please describe whether CND has plans to alter its storm costs budgeting strategy for 2015 and onward.

22. Insurance and Other Funding Sources (Z-factor)

Ref: Manager's Summary: page 28, lines 9 to 11

Board staff notes that CND states that there is no property insurance coverage available to offset the costs of restoration.

- a. Did CND attempt to obtain funding to offset the costs of restoration from other sources, including but not limited to the Ontario Disaster Relief Assistance Program⁸?
 - i. If yes, please provide details.
 - ii. If not, why not?

⁸ <http://www.mah.gov.on.ca/Page237.aspx>

23. Power Restoration (Z-factor)

Ref: Manager's Summary: page 24, lines 12 to 26

Board staff notes that CND states that approximately 30,000 of CND's customers were impacted by the storm at various times, representing almost 60% of its customer base, and at the peak of the storm, 5,500 customers, or approximately 10% of CND's customer base, were without power.

Board staff further notes that CND states that 99% of customers had full electricity restored within 48 hours.

- a. Please confirm that 99% of customers had full electricity restored by December 24th, i.e. within 48 hours of December 22nd, the second day of the two-day ice storm.
- b. Please provide the number of customers without power for each day of the ten day period commencing the first day of the ice storm, i.e. December 21st.

24. True-up (Z-factor)

Ref: Manager's Summary

- a. Please provide CND's views on the treatment of any over-or under-recoveries that may arise at the end of the 12-month cost recovery period.