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*By Email and RESS*

August 4, 2015

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

**Re: PowerStream Inc 2016-2020 Distribution Rates (EB-2015-0003) -  
SIA Interrogatories**

Dear Ms. Walli,

Please find attached the interrogatories of the Sustainable Infrastructure Alliance of Ontario (the "SIA") in the above noted proceeding. In following the OEB's guidance in Procedural Order #1, the SIA has greatly minimized its own interrogatories by relying, in part, on the responses to the many interrogatories already filed by other intervenors in earlier phases of this proceeding.

Sincerely,

*[original signed by]*

Dionisio Rivera

## **EB-2015-0003**

### **PowerStream Inc. Application for electricity distribution rates for the period from January 1, 2016 to December 31, 2020.**

#### **Interrogatories on behalf of the Sustainable Infrastructure Alliance of Ontario**

##### Section I

###### **I-SIA-1**

[Ref: Section I, Tab 1, Schedule 1, page 1]

PowerStream explains its need for a Custom IR application primarily on the need to fund its capital program.

- a) Does PowersStream also consider its OM&A requirements as a reason for the need to file a CIR application?
- b) Please explain what unique challenges PowerStream faces in terms of OM&A spending drivers that would justify a unique approach to OM&A funding. That is, why would a custom approach to capital investment but a standard (I-X) approach to OM&A (using the 4th Generation IRM parameters) not be appropriate for PowerStream's circumstances?

##### Section II

###### **II-SIA-2**

[Ref: Exhibit I, Tab 1, page 1]

With regard to specific service charges, PowerStream notes that it “is not proposing to alter the list or change the charges during the term of the Custom IR.”

Given the need to fund significant capital expenditures during the rate term, please explain why

PowerStream does not believe it to be appropriate to consider updating its specific service charges, both for cost causality reasons and/or as an additional source of revenue?

### **II-SIA-3**

[Ref: Exhibit I, Tab 1, Page 5 of 5, Table 3]

- a) Please recalculate the table of service charges using current cost inputs, and following the calculation methodology included in Schedule 11-2 of the Distribution Rate Handbook, updating for PowerStream's current actual vehicle and labour rates.
- b) Please provide a comparison of the annual specific service charge revenue forecast under existing rates, and the potential revenue under the updated rates in a) above.
- c) Would PowerStream have any objections or concerns were it to be directed to implement the new rates calculated in a) above during the term of the rate plan?

### **II-SIA-4**

[Ref: Exhibit J, Tab 2, page 2, Appendix 2K]

- a) Please reproduce Appendix 2K by splitting the "Management" category into Executives, Management (Directors and Managers), and Professionals (Supervisors and Professionals) and the "Non-Management" category into Union and Non-Union separately.
- b) Using the revised Appendix 2K as per a) above, please show Average Salary and Wages, Average Benefits, and Average Total Compensation per employee by employee type (i.e. Executive, Management, Professionals, Non-union, Union, Total)

### **II-SIA-5**

[Ref: Exhibit F, Tab 1, page 3]

PowerStream notes that "Based on the Board's approach under price cap IR, PowerStream concludes that the Board's expectation would be for PowerStream to demonstrate annual productivity savings of 0.3% or greater."

Does this expectation not also assume that overall costs are to be constrained to a range limited by inflation minus productivity? That is, does PowerStream believe that strictly looking at "savings" in isolation is meaningful without considering them in the context of the overall proposed annual OM&A increase?

### **II-SIA-6**

[Ref: Exhibit G, Tab 3, page 1]

The application is based on a working capital allowance of 13%. Will PowerStream be updating this factor to 7.5% to align with the OEB's most recent direction in its June 3, 2015 letter to distributors?

### **II-SIA-7**

[Ref: Exhibit M, Tab 1, page 4]

With regard to the fixed-variable split, PowerStream notes that "PowerStream has not

incorporated any of the rate designs as outlined in the Draft Report of the Board at this time. However, should the OEB issue direction to LDCs related to this consultation, PowerStream is prepared to incorporate changes as applicable.”

Given the release of the OEB’s April 2, 2015 Board Policy decision, and the follow-up July 16 2015 letter, will PowerStream be updating its fixed-variable split for its proposed rates, such that it is in compliance with the four year implementation requirements set out by the OEB?

#### **II-SIA-8**

[Ref: Exhibit G, Tab 2, page 2]

PowerStream's spending under the System Renewal category is forecast to increase by 94% between 2011-2015 and 2016-2020.

- a) Did PowerStream consider a more gradual or moderate pace of increase in renewal spending? If so, why was it rejected in favor of the proposed approach. If not, why not?
- b) To what extent was this level of increased spending made known to customers during the various customer engagement activities?

#### **II-SIA-9**

[Ref: Exhibit G, Tab 2, page 5 and 6]

PowerStream states that it has begun using its new Oracle-based Customer Information System (“CIS”) in 2015, but also notes that "The investments included for the CIS Replacement project are \$19.9 million for 2016-2020". Please break out in detail these additional CIS costs that are planned over 2016-2020.

#### **II-SIA-10**

[Ref: Exhibit G, Tab 2, Section 5.2.3, page 11]

PowerStream notes that following the Ice Storm in 2013 "One of the recommendations was to analyze and provide recommendations for improvements to PowerStream’s distribution grid to make the system more resilient to these types of events. An RFP to acquire the services of an external consultant firm was issued and awarded with respect to 'System Hardening'. A report was prepared, and several recommendations were provided."

- a) Please provide the above referenced report.
- b) Please list the referenced recommendations, and provide a status for each as to whether it was implemented or is in the process of being implemented. For any recommendations that PowerStream has chosen not to adopt, please explain why.

#### **II-SIA-11**

[Ref: Exhibit G, Tab 2, Section 5.2.3, page 13]

Please provide SAIFI and SAIDI broken down by cause code, both including and excluding major event days.

**II-SIA-12**

[Ref: Exhibit G, Tab 2, Appendix F, page 50]

PowerStream states that "While most customers feel that PowerStream's rate increase is necessary, many want to be reassured that rates do not continue to increase indefinitely at such a significant level."

What reassurance has PowerStream put forward, or what long term rate trends has PowerStream forecast, that address this condition of its customers' acceptance of the proposed rate increases over the 2016-2020 timeframe of this application.