

July 17, 2018

Kirsten Walli  
Board Secretary  
Ontario Energy Board  
2300 Yonge Street  
P.O. Box 2319  
Toronto, Ontario  
M4P 1E4

Dear Ms. Walli:

**Re: EB-2017-0071 – PUC Distribution Inc. – 2018 Rates**

Please find, attached, interrogatories on behalf of the Consumers Council of Canada for PUC Distribution Inc. pursuant to the above-referenced proceeding.

Please feel free to contact me if you have questions.

Yours truly,

*Julie E. Girvan*

Julie E. Girvan

CC: All Intervenors  
PUC Distribution Inc.  
John Vellone, BLG

**INTERROGATORIES FOR PUC DISTRIBUTION INC.**

**FROM THE CONSUMERS COUNCIL OF CANADA**

**2018 DISTRIBUTION RATES**

**EB-2017-0071**

**CCC-1**

Re: Ex. 1

Please provide all materials that were presented to the Board of Directors when seeking approval of this rate application. Please indicate when the Application was approved by the Board of Directors.

**CCC-2**

Re: Ex. 1/p. 7

What was PUC Distribution's allowed and achieved ROE for 2017? Please describe the factors that contributed to the significant decline in ROE from 2015 to 2016.

**CCC-3**

Re: Ex. 1/p. 12

Please explain what factors contributed to the late filing of the Application. Is PUC Distribution still seeking an effective date of May 1, 2018?

**CCC-4**

Re: Ex. 1/pp. 27-28

For each of the items described as drivers of the deficiency please attach a dollar value. For example, how much of the deficiency is related to maintaining current capital investment levels?

**CCC-5**

Re: Ex. 1/pp. 28-30

Please explain the difference between the customer numbers set out in Table 1-7 and the "expected number of customers/connections for the 2018 Test Year" of 42,026.

**CCC-6**

Re: Ex. 1/p. 31

Please provide a schedule in the same format as Table 1-9 Planned Capital Expenditures that sets out actual capital expenditures for the period 2013-2017.

**CCC-7**

Re: Ex. 1/p. 32 and Ex. 4/p. 12

Please explain why total compensation has increased by an average of 3.97 % each year since 2013. Please reconcile this with the Compensation Trend Summary found

in Table 4-5 of Exhibit 4, which shows the variance between 2013 and 2018 as 7.70%. How much of the \$9.7 million in total compensation is capitalized?

**CCC-8**

Re: Ex. 1/p. 34

What are the increased costs associated with each of the following items?:

- Increased costs for the mandated PCB transformer testing;
- Increased cost for the mandated MIST meter conversion;
- Additional staff resources to address the increased and still increasing regulatory burden; and
- Additional costs for the Distribution/Transmission station maintenance/inspection program.

**CCC-9**

Re: Ex. 1/p. 38

PUC Distribution is proposing to increase the monthly service charge to residential customers by almost 50%. It is moving from \$16.79 to \$24.87. What will be the annual increases in the monthly service charge for the years 2019 and 2020? Please describe how PUC Distribution is communicating this change to its customers.

**CCC-10**

Re: Ex. 1/p. 46

Table 1-13 sets out "Quantification of Efficiencies". Please explain how these numbers were derived.

**CCC-11**

Ex. 1/p. 52

Please provide the terms of reference for the Business Improvement Committee.

**CCC-12**

Re: Ex. 1/p. 57

Please indicate how the Fair Hydro Plan impacts PUC Distribution's revenue requirement.

**CCC-13**

Re: Ex. 1/Appendix 4

Please provide the 2017 Scorecard results. What are the 2018 Scorecard targets?

**CCC-14**

Re: Ex. 1/Appendix 5

What was the total cost of the Utility Pulse 2017 Electric Utility Customer Satisfaction Survey? Was the survey work subject to an RFP process? If not, why not? Are those costs included in the 2018 revenue requirement?

**CCC-15**

Re: Ex. 1/Appendix 6

Please file the Audited Financial Statements for 2017.

**CCC-16**

Re: Ex. 1/Appendix 8

Please file the most recent Annual Report.

**CCC-17**

Re: Ex. 1/Appendix 12

PUC Distribution has provided its Business Plan for the period 2017-2021. Is this the most recent Business Plan? If not, please provide the most recent Business Plan. Please describe the process PUC Distribution goes through in developing its Business Plan.

**CCC-18**

Re: Ex. 1/Appendix 12, p. 9

In the 2017-2021 Business Plan it states that the Business plan is based on a distribution revenue increase in 2018 of approximately \$1.6 million. PUC Distribution is now requesting an increase of \$3.68 million. Please explain the reason for the difference.

**CCC-19**

Re: Ex.2/p. 6

Please add 2017 actuals to Table 2-4 Contributions.

**CCC-20**

Re: Ex.2/p. 12

Please report 2013 actuals in Table 2-6 on an MIFRS basis.

**CCC-21**

Re: Ex.2/p. 40

Please provide the # of resources (FTEs) in Engineering for each of the years 2013 to 2017 and the forecast for 2018.

**CCC-22**

Re: Ex. 2/p. 48

Please allocate the variance in System Access and System Renewal costs shown in Table 2-20 to the each of the drivers listed under System Access and System Renewal.

**CCC-23**

Re: Ex. 2/p. 57

Does PUC undertake any asset improvements that are expensed? If yes, please explain.

**CCC-24**

Re: Ex. 2/p. 67

Preamble: In Table 2-27, PUC provides a summary of PUC's Major Events between 2012 and 2016 as reported in the RRR. Please add the Major Events in 2017 to the table.

**CCC-25**

Re: Ex. 2/App. 9

With respect to Service Reliability, please provide the data for 2017 actuals.

**CCC-26**

Re: Ex. 2/App. 2/p. 30

- a) Please provide a version of Table 6 that reflects without interruptions due to loss of supply, major events excluded, and Scheduled Outages excluded.
- b) Please provide a breakdown of SAIDI and SAIFI by the 10 OEB Cause Codes for each of the years 2012 to 2017.
- c) Please provide a breakdown of the Defective Equipment Cause Code by type of equipment for each of the years 2012 to 2017.

**CCC-27**

Ref: Ex. 2/App. 2/p. 30

- a) Please provide the total number of Customer Interruptions for each of the years 2012 to 2017.
- b) Please provide the total number of Customer hours of Interruption for each of the years 2012 to 2017.

**CCC-28**

Re: Ex. 2/App. 2/p. 31

Preamble: Equipment failures in service have been the predominant cause of outages on PUC Distribution's supply network during the past several years.

- a) Please provide the number of pole failures in each of the years 2013 to 2017.
- b) Please provide the number of transformer failures in each of the years 2013 to 2017.
- c) Please provide the number of switchgear failures in each of the years 2013 to 2017

**CCC-29**

Re: Ex. 2/App. 2/p. 35

With respect to Capital Expenditure Variations in 2016, please explain further how the actual was less than the budget amount by about 7% primarily due to equipment failures, leaking transformers and deteriorated poles.

**CCC-30**

Re: Ex. 2/App. 2/p. 36

Preamble: The evidence indicates “A proactive project management approach was implemented between 2014 and 2016, to ensure continuous improvement in resource planning and project management on capital projects.”

- a) Please explain further the need for the improved approach, the expected outcomes and any performance metrics put in place regarding project management.

**CCC-31**

Re: Ex. 2/App. 2/p. 39

Please provide the Total Cost per Customer for 2017 (Figure 3).

**CCC-32**

Re: Ex. 2/App. 2/p.54

Preamble: The evidence states, “By taking into account asset demographic information, results of physical inspections and in-situ testing, the condition of each major asset in service was assessed. Numeric health indices, normalized to a scale of 100, were used to express the health and condition of assets; and this procedure allowed separation of the assets in “very good”, “good” and “fair” condition that require minimal risk mitigation from those in “poor” and “very poor” condition

- a) Please provide the asset groups where asset health was determined based on age only.
- b) Please list the asset groups that are subjected to in-situ testing.

**CCC-33**

Re: Ex. 2/App. 2/p. 66 & App. G Project Description Project #8 Overhead Renewal Poles

Preamble: The evidence states “This DSP proposes renewal of approximately 30 poles, annually, determined to be in “very poor” condition, through pole testing.”

- a) Please confirm the specific pole testing used to determine poles in very poor condition.
- b) Please provide the number of poles renewed under Overhead Renewal – Poles for each of the years 2013 to 2017.

- c) Please provide the annual costs under Overhead Renewal – Poles for each of the years 2013 to 2017.
- d) Please provide the forecast number of poles to be renewed under Overhead Renewal – Poles for each of the years 2019 to 2022 and the proposed annual budget.

**CCC-34**

Re: Ex. 2/App. 2/p. 67 Figure 17

- a) Please add 2016 and 2017 actuals to the table.
- b) Please provide Figure 17 for the years 2018 to 2022.

**CCC-35**

Re: Ex. 2/App. 2/p. 67 Figure 18

- a) Please add 2016 and 2017 actuals to the table.
- b) Please provide Figure 18 for each of the years 2018 to 2022.

**CCC-36**

Re: Ex. 2/App. 2/p. 70

- a) Please provide the metres of 3-phase cable circuits installed in direct buried configuration.
- b) Please provide the metres of 1-phase cable circuits installed in direct buried configuration.
- c) Please provide PUC's cable circuit failure data for the years 2012 to 2017.
- d) Please provide the average age of cable circuit failures for the years 2012 to 2017.
- e) Please provided the metres of direct buried 3-phase cable circuits replaced in each of the years 2013 to 2017 and forecast for each of the years 2018 to 2022 and the unit costs for each year.
- f) Please provided the metres of direct buried 1-phase cable circuits replaced in each of the years 2013 to 2017 and forecast for each of the years 2018 to 2022 and the unit costs for each year.

**CCC-37**

Re: Ex. 2/App. 2/p. 83

Preamble: PUC Distribution employs the results of visual inspections, in-situ testing

and service age of assets to determine the condition of assets by deriving a health index for each asset. The health index is related to the probability of failure for the asset by relating the health of the asset to an effective age and corresponding known failure curve. The probability of failure data is multiplied by the consequences of failure for assets within a project area to arrive at a risk score.”

- a) Does PUC track actual failure data by major asset group? If yes, for which asset groups.
- b) Does PUC track the age an asset fails? If yes, please indicate the asset groups where PUC has age data that corresponds to the asset failure data.
- c) If PUC tracks failure data by major asset group, please explain why PUC is using the probability of failure data instead of actual asset failure data to arrive at a risk score.

**CCC-38**

Re: Ex. 2/App. B/p. 30

- a) Please explain the basis for the age of the pole assigned a weighting of 3.
- b) Please explain the basis for assigning visual inspection of poles, insulators and hardware a weighting of 1.
- c) Please explain the basis for assigning pole testing a weighting of 4.

**CCC-39**

Re: Ex. 2/App. B/p. 48

Preamble: Figure 4.9 shows the percentage of poles found in various conditions of strength through pole testing from 2003 to 2013.

- a) Please provide Figure 4.9 with the results of 2013 only.
- b) Please explain why Pole testing was not done during 2014 and 2015.
- c) Was pole testing undertaken in 2016 and 2017? If not, why not?
- d) Please provide the current number of poles in very poor condition, and poor condition.

**CCC-40**

Re: Ex. 2/App. B/p.48

Preamble: The evidence states “Since a portion of the poles found in poor condition are employed on 4 kV lines, approximately half of the poles found in poor condition are simply retired from service during implementation of voltage upgrade program.”

Please provide the number of poor condition poles retired from service during implementation of the voltage upgrade program for the years 2013 to 2017 and forecast for 2018.

**CCC-41**

Re: Ex. 2/App. B/p. 66 Table 5-1

- a) For each of the relevant projects listed in Table 5-1 please provide the forecast asset quantities to be replaced in 2018 and the unit cost.

**CCC-42**

Re: Ex. 2/App. G/Project #7

Please provide a breakdown of total project costs by year.

**CCC-43**

Re: Ex. 2/App. 2/App. G/Project #9, #11 & #13 Overhead Renewal Restricted Wire

- a) Please provide the actual total length (m) of Overhead Renewal Restricted Wire projects for each of the years 2012 to 2017 and forecast for 2018.
- b) Please provide the forecast total metres of Overhead Renewal Restricted Wire projects for each of the years 2019 to 2022.
- c) Please provide the actual total costs of Overhead Renewal Restricted Wire projects for each of the years 2012 to 2017.

**CCC-44**

Re: Ex. 2/App. 2/App. G/Project #10 & #12 Voltage Conversion

- a) Please provide the total actual length (m) of Voltage Conversion work for each of the years 2013 to 2017 and the forecast for 2018.
- b) Please provide the forecast length (km) of Voltage Conversion work for each of the years 2019 to 2022.
- c) Please provide the actual total costs of Voltage Conversion work for each of the years 2012 to 2017.

**CCC-45**

Re: Ex. 2/App. 2/App. G

Preamble: Projects #7, #8, #10 each reference O&M savings.

Please discuss if the total savings are material and if these savings have been reflected in the 2018 O&M budget.

**CCC-46**

Re: Appendix 2-AA

Please make the following additions to Appendix 2-AA and provide an excel version of Appendix 2-AA that reflects these changes:

- a) Please add 2013 Board Approved as a new column.
- b) Please add 2013 Capital Projects on an MIFRS basis as a new column.
- c) Please add 2017 Actuals as a new column.

CCC-47

Re: Ex. 4/p. 14 Table 4-8

Please explain how the non-labour and labour inflation rates in Table 4-8 are used for budgeting purposes. Does this show an overall increase of 5% in labour costs from 2016-2018?

CCC-48

Re: Ex. 4/ p. 13

Please provide a copy of PUC Distribution's overtime policy. Is overtime included in the overall compensation forecast of \$9.7 million for 2018? If so, how much is included?

CCC-49

Re: Ex. 4/p. 24

Please explain who actually owns the new integrated office and service centre building. Please explain why the current arrangement with PUC Services and the Public Utilities Commission represents the most cost-effective approach for ratepayers. Why was there such a large increase in property taxes?

CCC-50

Re: ex. 4/p. 37

The evidence indicates that a new collective bargaining process was to begin in May 2018. When is the collective bargaining process expected to be completed? What has PUC Distribution assumed in deriving the 2018 revenue requirement regarding wage increases?

CCC-51

Ex. 4/p. 48

Please provide evidence to demonstrate that – The executive group salaries, a portion of which are allocated to PUC Distribution, are at or near the average of the LDCs surveyed.

CCC-52

Ex. 4/p. 57

Has PUC Distribution considered undertaking a new review of its shared services arrangements given the last study was undertaken in 2008? If not, why not?

CCC-53

Ex. 4/p. 57

How much of the overall building is paid for by PUC Distribution customers? Please describe all of the services that the Public Utilities Commission provides (water, sewage etc.)

CCC-54

Ex. 4/p. 62

Please provide a detailed budget for the \$400,000 in consulting and legal expenses related to the application and the DSP and AMP?