

Ontario Energy Board

IN THE MATTER OF the *Ontario Energy Board Act, 1998*,
S.O. 1998, c. 15, (Schedule B);

AND IN THE MATTER OF an application by Greater
Sudbury Hydro Inc. for an order approving just and reasonable
rates and other charges for electricity distribution to be
effective May 1, 2013.

**INTERROGATORIES OF
ENERGY PROBE RESEARCH FOUNDATION
("ENERGY PROBE")**

January 21, 2013

**GREATER SUDBURY HYDRO INC.
2013 RATES REBASING CASE
EB-2012-0126**

**ENERGY PROBE RESEARCH FOUNDATION
INTERROGATORIES**

EXHIBIT 1 – ADMINISTRATIVE DOCUMENTS

1.0-Energy Probe-1

Ref: Exhibit 1, Tab 1, Schedule 10

- a) Are any of the costs associated with the Board of Directors of any of the corporate entities shown on the chart recovered in the revenue requirement of Greater Sudbury Hydro Inc., other than those of its own Board of Directors? If so, please quantify and explain why it is appropriate to recover these costs from ratepayers of the regulated entity.**
- b) Please provide the cost associated with each of the Board of Directors of Greater Sudbury Hydro Inc. and Greater Sudbury Utilities Inc. for each of 2009 through 2013. Please also provide the number of members of each Board, along with the number of people that serve on both Boards.**

1.0-Energy Probe-2

Ref: Exhibit 1, Tab 1, Schedule 11, Attachment 1

- a) Has Greater Sudbury reflected the BDR recommendation "*that rate of return be included in the cost base for rates charged to affiliates for vehicle usage. BDR also recommends that allocated vehicle usage costs is a reasonable basis for allocation of building costs for the garage*". If not, please explain why not. If yes, please show the impact on the hourly rate charged for vehicles.**
- b) Is the cost of vehicles used in support of street lighting services costed in the same manner as vehicles in Table ES-2?**

1.0-Energy Probe-3

Ref: Exhibit 1, Tab 2, Schedule 1

On page 4, the evidence states that Greater Sudbury has updated the CGAAP accounting policies for capitalization of assets that will reflect the requirements of MIFRS and that it will adopt new useful lives for the purposes of amortizing capital assets as of January 1, 2013.

- a) Does this imply that there would be minimal differences between the revenue requirement estimated under MIFRS as compared to CGAAP in 2013? For example, when Greater Sudbury calculates the amount in the PP&E Deferral Account based on 2013 data, will there be any difference in the 2013 rate base under MIFRS compared to CGAAP? Please explain any significant difference expected.**
- b) Please provide a list of any additional differences that would exist in 2013 between CGAAP and MIFRS.**
- c) Please confirm that the new capitalization policies are effective January 1, 2013. If this cannot be confirmed, please indicate when the new capitalization policy went into effect.**
- d) What is the impact on the 2013 test year OM&A expense of the new capitalization policy noted above?**

EXHIBIT 2 – RATE BASE

2.0-Energy Probe-4

Ref: Exhibit 2, Tab 1, Schedule 1, Attachment 1

Does the calculation of rate base in Attachment 1 of Exhibit 2, Tab 1, Schedule 1 reflect an opening balance for 2013 that includes the impact of the addition of smart meters and removal of stranded meters? If not, please provide a revised Attachment 1 that reflects the impact of the smart and stranded meters in the opening balance for 2013.

2.0-Energy Probe-5

Ref: Exhibit 2, Tab 2, Schedule 3

- a) Please confirm that the rates set for 2009 under the last cost of service application also reflected use of the half year rule for depreciation.**

- b) **Please confirm that assets added in January and December of the same year would both attract a half year of depreciation expense.**

2.0-Energy Probe-6

Ref: Exhibit 2, Tab 3, Schedule 2, Attachment 2

- a) **Please update the fixed asset continuity schedule for 2012 to reflect actual data for 2012. If actual data for all of 2012 is not yet available, please update the schedule to reflect the most recent year-to-date information available, along with an estimate for the remainder of the year.**
- b) **Please update the fixed asset continuity schedule for 2013 to reflect any changes from part (a) above.**

2.0-Energy Probe-7

Ref: Exhibit 2, Tab 4, Schedule 2

- a) **Please confirm that each of the following projects with forecasted in-service dates in 2012 have been completed and placed into service by the end of 2012:**
 - i) **Lorne Street Rebuild;**
 - ii) **Herbert/Garland;**
 - iii) **Copper Cliff Gardens;**
 - iv) **Westmount Restricted Conductor;**
 - v) **Donwood Park - Underground Rebuild;**
 - vi) **Control Room Mapping; and**
 - vii) **West Nipissing.**
- b) **Please confirm that each of the following projects with forecasted in-service dates in 2013 are still expected to be completed and placed into service by the end of 2013:**
 - i) **44 kV Motorized Switches;**
 - ii) **Vanier Lane;**
 - iii) **Hillsdale, Mark, Lakeview conversion;**
 - iv) **Prete, Benny, Connaught conversion;**
 - v) **Gary/Madison;**
 - vi) **Eden Point Underground Rebuild;**
 - vii) **Sunnyside Rd Rebuild;**
 - viii) **West Nipissing conversion;**
 - ix) **McFarlane Lk Rd;**
 - x) **Beatty St. Rebuild;**
 - xi) **Renewable Generation Connections;**

- xii) Copper Cliff Rebuild;
- xiii) Outage Management System;
- xiv) Arthur Substation; and
- xv) Digital Relay Modernization.

- c) Please provide more details on the number and type of vehicles forecast to be purchased and replaced in both 2012 and 2013.

2.0-Energy Probe-8

Ref: Exhibit 2, Tab 4, Schedule 5 & Attachment 1

- a) Please reconcile the figure of \$284,913 shown on page 1 of the exhibit with the figure of \$50,000 shown in Table 1 and the net distributor cost of \$3,000 shown on page 21 of Attachment 1.
- b) Based on the table at the top of page 22 of Attachment 1, how much OM&A has Greater Sudbury included in the test year revenue requirement for OM&A related to the GEA plan?
- c) Is Greater Sudbury proposing a deferral or variance account for expenditures related to the GEA plan?

2.0-Energy Probe-9

Ref: Exhibit 2, Appendix D

Did Greater Sudbury modify its Basic GEA Plan to response to the OPA's statement that the renewable generation forecast in Section 4.3 of GSHI's GEA Plan may be somewhat high? If yes, what modifications were made? If not, please explain why not.

2.0-Energy Probe-10

Ref: Exhibit 2, Tab 5, Schedule 1

- a) Please confirm that Greater Sudbury did not calculate the cost of power based on both RPP and non-RPP prices.

- b) **Please confirm that the Filing Guidelines state (page 18) that the commodity price estimated used to calculate the Cost of Power should be determined in a way that bases the split between RPP and non-RPP customers on actual data and used the most current RPP price.**
- c) **Please update the cost of power used in the WCA calculation to reflect the RPP and non-RPP prices and volumes. Please also provide a table that shows the actual data used to generate the RPP and non-RPP volumes.**

2.0-Energy Probe-11

Ref: Exhibit 2, Tab 5, Schedule 1

Please indicate which rate classes Greater Sudbury bills on a monthly basis and which classes are billed on a bi-monthly basis, or some other frequency.

EXHIBIT 3 – REVENUE

3.0-Energy Probe-12

Ref: Exhibit 3, Tab 1, Schedule 1

- a) **Please explain how the normalized values for 2011 have been calculated in Tables 3 and 4.**
- b) **Please provide revised Tables 3 and 4 that show normalized figures for 2009 and 2010 calculated using the same methodology as described in (a) above.**
- c) **If available, please update Tables 3 and 4 to reflect actual and normalized actual data for 2012.**

3.0-Energy Probe-13

Ref: Exhibit 3, Tab 1, Schedule 2, Attachment 1

Please update Table 12 to reflect data for 2012.

3.0-Energy Probe-14

Ref: Exhibit 3, Tab 1, Schedule 3, Attachment 1

Please explain why no OPA programs with persistence for 2011 are shown in the table. Has it been assumed that the 2013 savings are 100% persistent with whatever the 2011 level is?

3.0-Energy Probe-15

Ref: Exhibit 3, Tab 3, Schedule 1, Attachment 1

- a) Please update the first table in Appendix 2-F to reflect actual data for 2012. If actual data for all of 2012 is not yet available, please provide the most recent year-to-date figures that are available for 2012 in the same level of detail as shown in the first table in Appendix 2-F, along with the figures for the corresponding period in 2011.**
- b) Please explain why there is no gain shown for the sale of vehicles (account 4355), when Greater Sudbury appears to be replacing a significant number of vehicles in the 2013 test year.**
- c) What is the expected sale/scrap value of the vehicles being replaced in 2013?**
- d) For each of 2011, 2012 and 2013, please provide the amount of the related party balances (account 4405) and the interest rate received on these balances. How were the interest rates set in each year?**
- e) Please provide a copy of all the agreements associated with the related party balances.**
- f) Please explain the significant decrease in late payment penalties (account 4225) between 2011 and 2012.**

3.0-Energy Probe-16

Ref: Exhibit 3, Tab 3, Schedule 2, page 2

The significant reduction in specific service charges between 2011 and 2012 is explained as that beginning in 2012 revenues associated with account setup charges, collection trips and disconnect/reconnect were split 50% electricity related and 50% water related.

- a) **Has Greater Sudbury included any costs in the OM&A forecast associated with the expenses related to the water related activities noted above? If yes, please quantify.**
- b) **Have the water related revenues noted above been used to reduce the OM&A expenses incurred in providing these water related services?**

EXHIBIT 4 – OPERATING COSTS

4.0-Energy Probe-17

Ref: Exhibit 4, Tab 1, Schedule 1, page 3

What is the current status of the City of Sudbury with respect to the water billing contract?

4.0-Energy Probe-18

Ref: Exhibit 4, Tab 2, Schedule 1, Attachment 1

Please update Appendix 2-I to reflect actual data for 2012. If actual data for all of 2012 is not yet available, please provide the most recent year-to-date actual information available for 2012 in the same level of the detail as shown in the table. Please also provide the figures for the corresponding period in 2011.

4.0-Energy Probe-19

Ref: Exhibit 4, Tab 2, Schedule 1, Attachment 2

- a) **Please provide the actual customer billing expense for 2012.**
- b) **Please provide the actual bad debt expense for 2012.**
- c) **Please provide the actual miscellaneous general expense for 2012.**
- d) **If actual data for all of 2012 is not yet available, please provide the most recent year-to-date figures for each of the items requested in parts (a) through (c), along with the figures for the corresponding period in 2011.**
- e) **Please explain the increase in community relations -sundry in 2013 from nothing in previous years.**

- f) Which account does Greater Sudbury use to record the costs associated with corporate memberships such as membership in the Electricity Distributors Association ("EDA")?
- g) Please provide the actual and forecasted costs in 2009 through 2013 associated with each individual corporate membership identified in part (f) above.

4.0-Energy Probe-20

Ref: Exhibit 4, Tab 2, Schedule 1, Attachment 3

Please provide an updated version of Appendix 2-L that reflects actual data for 2012.

4.0-Energy Probe-21

Ref: Exhibit 4, Tab 2, Schedule 2

- a) Please disaggregate the cost increase associated with the loss of the water billing function between the loss of revenues from the city and the increase in the cost associated with going to monthly billing for electricity customers. Please provide details to support the increase in costs associated with the movement to monthly billing.
- b) What is the status of moving to monthly billing for electricity customers?
- c) Did Greater Sudbury do any analysis or business case for moving to monthly billing? If no, please explain why not. If yes, please provide a copy of the analysis or business case that was completed.

4.0-Energy Probe-22

Ref: Exhibit 4, Tab 2, Schedule 3, Attachment 1

It appears that Greater Sudbury has forecast \$450,000 in costs associated with the current rates application and has amortized this amount over a four year period at \$112,500 per year.

- a) Please confirm that the above is correct.
- b) Please explain why the \$62,000 shown for 2012 is not a double counting of this amount.

- c) **Please confirm that the 2012 OM&A forecast does not include the \$62,000 shown that is associated with the current rates application.**
- d) **Please reconcile the 2012 figure of \$420,927 shown in Attachment 1 with the figure of \$517,528 shown for account 5655 in Appendix 2-G in Exhibit 4, Tab 2, Schedule 1, Attachment 2.**

4.0-Energy Probe-23

Ref: Exhibit 4, Tab 4, Schedule 1 & Appendix 2-K

- a) **Please update Table 1 to reflect 2012 data.**
- b) **Please expand Table 1 to reflect the forecasted hours and dollars associated with overtime in 2013.**
- c) **Please update Appendix 2-K to reflect actual data for 2012.**

4.0-Energy Probe-24

Ref: Exhibit 4, Tab 8, Schedule 1, Attachment 4 & Exhibit 2, Tab 3, Schedule 2, Attachment 2

- a) **Please explain why computer hardware in the amount of \$371,500, as shown in Exhibit 2, Tab 3, Schedule 2, Attachment 2 in 2012 has been included in CCA class 10 rather than class 50 in Schedule 8 CCA - Bridge Year in Attachment 4 to Exhibit 4, Tab 8, Schedule 1.**
- b) **Please provide revised CCA schedules for the bridge and test years that show the computer hardware being added to CCA class 50 in the bridge year.**
- c) **Does Greater Sudbury have any positions that qualify for the Ontario apprenticeship tax credit, the Ontario co-operative education tax credit and/or the federal job creation tax credit? If yes, please explain why no tax credits have been claimed for the 2013 test year. If yes, please show the amount of the tax credits that are available for the 2013 test year.**
- d) **Has Greater Sudbury claimed any of the tax credits noted above in part (c) or the SR&ED tax credit in 2009 through 2011? If yes, please quantify.**

EXHIBIT 5 - COST OF CAPITAL AND CAPITAL STRUCTURE

5.0-Energy Probe-25

Ref: Exhibit 5, Tab 1, Schedule 1, page 2

- a) Has Greater Sudbury entered into the term loan from the TD Bank shown with a start date of January 1, 2013? If yes, please provide a copy of the loan agreement showing the amount of the loan, the term and the applicable interest rate.**
- b) If the response to part (a) above is no, please indicate when Greater Sudbury now expects to enter into the agreement. Please confirm that amount now expected to be borrowed, the term of the loan and the current interest rate applicable.**
- c) Did Greater Sudbury consider borrowing any of the new funds required in 2013 from Infrastructure Ontario? If not, why not?**
- d) What is the current interest rate available from Infrastructure Ontario for a 15 year term loan?**

EXHIBIT 6 - REVENUE DEFICIENCY OR SUFFICIENCY

6.0-Energy Probe-26

Ref: Exhibit 6, Tab 1, Schedule 1

Please explain the difference between the \$22,495,379 noted at line 5 and the total shown in Table 2 of \$22,710,472. Please confirm that the latter figure has been used in the RRWF.

EXHIBIT 7 – COST ALLOCATION

7.0-Energy Probe-27

Ref: Exhibit 7, Table 2

Table 2 indicates that all costs associated with services are allocated to residential customers.

- a) Please confirm that there is no net book value associated with services for any rate class other than residential customers.**

- b) Please confirm that there is no depreciation expense associated with meters for any class other than the residential class.
- c) Please confirm that all of the maintenance expenses associated with services are for residential customers only. If this cannot be confirmed, please explain how these maintenance costs are being allocated to the rate classes.

7.0-Energy Probe-28

Ref: Exhibit 7, Table 3

- a) Please explain why the GS > 50 billing and collecting complexity has been determined to be no different from residential customers.
- b) Is there any aggregation of connections used in the billing of street light or USL connections? If so, why isn't there a higher weighting assigned to these customers?

7.0-Energy Probe-29

Ref: Exhibit 7, Tables 4 and 5

- a) Please provide a revised version of Table 5, using the same methodology as used by Greater Sudbury, but assuming the USL and GS <50 ratios are both reduced to 120%.
- b) Please explain why Greater Sudbury is proposing to reduce the GS < 50 ratio below the top of the Board approved range.

EXHIBIT 8 - RATE DESIGN

8.0-Energy Probe-30

Ref: Exhibit 8, Tab 2, Schedule 1, Table 6

Please explain why the proposed fixed rate shown in Table 6 for the GS < 50 and GS > 50 classes is higher than the maximum charge shown.

8.0-Energy Probe-31

Ref: Exhibit 8, Tab 4, Schedule 2 & Attachment 2

Please reconcile the total bill percent changes shown in Table 1 with the bill impacts shown in Appendix 2-W in Attachment 2. For example, in Table 1 the total bill impact for a GS < 50 customer consuming 2,000 kWh is shown as 2.60%, while in Appendix 2-W the total bill impact is shown as 4.47% for an RPP customer and 4.15% for a TOU customer.

EXHIBIT 9 - DEFERRAL AND VARIANCE ACCOUNTS

9.0-Energy Probe-32

Ref: `Exhibit 9, Tab 1, Schedule 3

- a) Please explain why Greater Sudbury is proposing to allocate the stranded meter costs by customer numbers for the residential and GS < 50 classes rather than the weighted number of customers, where the weight applied is the relative cost of the meters that were stranded.**

- b) Please re-calculate the rate riders shown in Table 1 using an allocation of the cost by weighted customers where the weights reflect the relative meter costs if Greater Sudbury has information to calculate these costs, or in the absence of this information, the relative weights of meter costs used in the 2009 cost allocation filing.**