



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

ONE Nicholas Street, Suite 1204, Ottawa, Ontario, Canada K1N 7B7
Tel: (613) 562-4002 ext. 26 Fax: (613) 562-0007 e-mail: mjanigan@piac.ca

January 24, 2014

VIA 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-2013-0160 Orangeville Hydro Limited
Interrogatories of the Vulnerable Energy Consumers Coalition
(VECC)**

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

Yours truly,

Michael Janigan
Counsel for VECC

cc. Orangeville - Jan Howard - jhoward@orangevillehydro.on.ca

REQUESTOR NAME	VECC
INFORMATION REQUEST ROUND NO:	# 1
TO:	Orangeville Hydro Limited
DATE:	January 22, 2014
CASE NO:	EB-2013-0155
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?

1.1 - VECC - 1 Reference: Exhibit 2, Tab 5, Schedule 5 –
Distribution System Plan, pg.26, Table 11

Please explain the spike in pole replacements in 2013 (59) and the low estimate for pole replacement in 2014 (12). What were the actual number of poles replaced in 2013?

1.1 - VECC - 2 Reference: Exhibit 2, Tab 5, Schedule 5 –
Distribution System Plan, pg.26, Table 18

Please show the Plan's estimated of the number of smart meter replacements for 2014 through 2018.

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

1.2 - VECC - 3 Reference: Exhibit 2, Tab 5, Schedule 5

Customer Surveys:

a) What customer survey(s), if any, had OHL undertaken between 2009 and 2012? Please provide the results of these surveys.

b) At page 7 of the OHL Distribution System plan it states that OHL participated in a Utility Pulse Survey. Please provide the results of that survey.

c) Does OHL 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 - 4 Reference: Exhibit 1, Tab 2

Please explain how OHL communicates the availability of LEAP assistance.

1.2 - VECC - 5 Reference: Exhibit 1, Tab 2, Schedule 1

Does OHL 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 - 6 Exhibit 2, Tab 5, Schedule 5, pg. 12 /Tab 8, Schedule 1, pg.1

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 - 7 Reference: Exhibit 2, Tab 5, Schedule 5
Distribution System Plan

What customer concerns regarding service plant has OHL 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 - 8 Reference: Exhibit 2, Tab 5, Schedule 5 –
Distribution System Plan Plan

Please explain what metrics (reliability targets etc.) or other objectives that OHL is using to assess the success of business plan. Specifically discuss the separate metrics used to judge; (1) the success of the plan itself (e.g. in achieving 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 - 9

Reference: Exhibit 1, Tab 1, Schedule 7, pg. 2.

Please identify the incremental expenses since 2010 for infrared patrolling that were previously capitalized.

4.2 - VECC - 10

Reference: Exhibit 4, Tab 1, Schedule 1, pg.3

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 - 11 Reference: Exhibit 1, Tab 1, Schedule 6, pgs.1-2/
Exhibit 4, Tab 1, Schedule 1

Please provide the annual CPI rates provided by MEARIE for 2010 through 2014.

4.2 - VECC - 12 Reference Exhibit 1, Tab 5, Schedule 11, pg.2
OHL explains that there are a number of savings related to the ODS system and other aspects of the smart meter program. Has OHL quantified these savings? If so please provide the estimates.

4.2 - VECC - 13 Reference Exhibit 4, Tab 1, Schedule 1, pg. 2/Tab 4,
Schedule 2, pgs. 1-3

OHL has noted that is has budgeted for a lines apprentice in anticipation of a future retirement.

a) In what year is this retirement expected?

b) Has OHL budgeted for a full year salary for the new lines apprentice in 2014?

c) Is this the only position added since 2010?

4.2 - VECC - 14 Reference: Exhibit 4, Tab 1/2, Schedule 1, pg. 4
Using the categories shown in the table Appendix 2-JA, please identify the adjustment to 2013 and 2014 OM&A (separately) for changes to capitalization policy.

4.2 - VECC - 15 Reference: Exhibit 4, Tab 3, Schedule 2, pg.4
Please provide all training, conference and travel costs for each year 2010 through 2014.

4.2 - VECC - 16 Reference: Exhibit 4, Tab 3, Schedule 1, pg. 13
Please update Appendix 2-JC for 2013 actual OM&A (unaudited).

4.2 - VECC - 17 Reference: Exhibit 4, Tab 6

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

4.2 - VECC - 18 Reference: Exhibit 4, Tab 4

For all MEARIE 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 - 19 Reference Exhibit 2, Tab 2, Schedule 1 & 2 /Tab 5, Schedule 3, pg.1

OHL states that it spent \$357,017 less than Board approved in 2010. Gross fixed assets were \$2,220,796 less than Board approved.

- a) OHL notes that SCADA development and CIS upgrades were not completed as forecast in 2010. Are either of these projects forecast to be carried out over the next 5 years? In doing this specifically address the comments at page 62 of the Distribution System Plan which states that "*system control and operation will also become more complex and the supporting systems will need to be sophisticated enough to support these operational needs*". (Exhibit 2, Tab 5, Schedule 5, pg.63).
- b) At Table 2:9 it shows that in 2010 OHL significantly underspend on Line Transformers and services, IT assets, Office and Transportation and other equipment. Please explain the reason for these areas of underspending.

4.3 - VECC - 20 Reference: Exhibit 2, Tab 5, Schedule 2, Appendix 2-AA – Capital Projects Table

Please file an amended Appendix 2-AA which shows the 2010 Board Actuals. Please include in this table capital contributions for each year and remove all smart meter related additions.

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 - 21 Reference: ALL

Please provide OHL's estimate of the cost of meeting all new government and OEB obligations established since 2010. Please categorize by requirement.

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?

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

6.2 - VECC - 22

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

7. Revenue Requirement

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

7.1 - VECC - 23 Reference Exhibit 2, Tab 3, Schedule 1

Has OHL changed its billing cycle since 2010?

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?

7.2 - VECC - 24 Reference: Exhibit 2, Tab 2, Schedule 4, pg.2

Change in useful lives:

a) Please provide a table showing those assets which OHL has determined should not fall within the useful service life

recommended in the Kinectrics Report.

b) Please provide an estimate of the revenue requirement impact of the cumulate departures shown in a).

7.2 - VECC - 25 Reference Exhibit 2, Tab 2, Schedule 2 /
Appendix 2-BA

Please provide an amended Appendix 2-BA for 2010 showing only the Costs and Accumulated Depreciation of the Grand Valley acquisition.

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: Exhibit 4, Tab 5, Schedule 1
OHL states it charges cost plus 10% for streetlighting services. To OHL's knowledge which streetlight services providers operate in the Orangeville area? Has OHL compared the result of these charges with existing service providers of streetlighting services such as Black and MacDonald.

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

7.5 - VECC - 27 Reference: Exhibit 5, Tab 1, Schedule 1,
pgs.1-2, 7

OHL states that is currently paying 3.38% on \$5,366,868 loan that was re-negotiated with the TD Bank in 2012 and is due in 2022. However, the accompanying table at page 7 (Appendix 2-OB) for 2014 shows a principal amount of \$4,803,653 @ 3.38%. Please explain the discrepancy

7.5 - VECC - 28 Reference: Exhibit 5, Tab 1, Schedule 1
The evidence states that OHL renegotiated a loan at 4.25% to 3.38% in 2012. OHL also negotiated another loan in the latter part of 2012 at 2.79%. Please explain why OHL believes it will

be unable to secure a new loan in 2013 below 3.4%. In providing this explanation please provide the prime rate posted at the time when the prior two loans were negotiated . Please also provide the current prime rate.

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

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 - 29

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

- a) What are the actual 2013 kWh Purchases?
- b) Please provide a schedule that sets out:
 - i) The actual 2013 purchases
 - ii) The actual CDD and HDD values for 2013
 - iii) The assumed weather normal CDD and HDD values
 - iv) The difference between the Normal and Actual CDD values multiplied by 36,588.4
 - v) The difference between the Normal and Actual HDD values multiplied by 6,173.1
 - vi) The addition of items (i), (iv) and (v)

8.1 - VECC - 30

Reference: Exhibit 3, Tab 1, Schedule 2, page 7
Exhibit 3, Tab 2, Schedule 2, page 4

- a) The 2012 actual customer counts by rate class differ as between Tables 3-27 and 3-3. Please reconcile.
- b) Based on this reconciliation are corrections required to any of the other Tables in Exhibit 3?

8.1 - VECC - 31

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

- a) What is the source for the 2013 and 2013 Ontario Employment Numbers used in the load forecast?

8.1 - VECC - 32

Reference: Exhibit 3, Tab 2, Schedule 3, page 8

- a) Please confirm that the 2013 customer count for the GS>50 class was calculated by first applying the geometric mean growth of -1.3% to the 2012 count and then reducing the result further to allow for the loss of Plastiflex.
- b) If not, please explain how the 2013 customer count was derived.
- c) If yes, why wasn't assumed that the loss of Plastiflex was already captured in the negative value for the geometric mean growth rate?
- d) Please provide both the 2012 and 2013 year end customer counts by customer class.

8.1 - VECC - 33

Reference: OHL's Excel Load Forecast Model

- a) Please provide a working copy of model with the formulae and cell linkages intact.

8.1 - VECC - 34

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

Exhibit 3, Tab 2, Schedule 5, page 1

- a) Please confirm that for the monthly CDM activity variable OHL has used one-twelfth of the "annualized" CDM savings reported even for the first year a CDM program is in effect.
- b) Why is it reasonable to include ½ year of 2012 CDM savings in the manual adjustment when the regression model inputs for 2012 used the full "annualized" savings in 2012 – thereby fully account for all 2012 program impacts?

8.1 - VECC - 35

Reference: Exhibit 3, Tab 2, Schedule 5, page 1

- a) Please provide any preliminary or interim reports that OHL has received from the OPA regarding the results of its 2013 CDM programs.

- b) What is OHL's current expectation as the "annualized" savings it will achieve in 2013 from 2013 CDM programs?

8.1 - VECC - 36

Reference: Exhibit 3, Tab 2, Schedule 5, page 2

- a) Please confirm that the kWhs associated with OHL's proposed 2014 LRAMVA are 5,006,666.67.
- b) Please show how this value is allocated by customer class.
- c) For the demand billed classes, please show how the allocated kWhs are converted to billing kW.

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

8.2 - VECC - 37

Reference: Exhibit 3, Tab 2, Schedule 1, page 2

Exhibit 7, Tab 1, Schedule 1, Appendix A, page 3

- a) Street Light connections in the first reference are reported as 2,870 but as 1,524 in the second reference. Please reconcile.

8.2 - VECC - 38

Reference: Exhibit 7, Tab 1, Schedule 2, page 1

- a) Please confirm that the customers in classes other than Residential and GS<50 own and are responsible for the maintenance/repair/replacement of service assets.
- b) If not confirmed, why are the weighting factors for these classes zero?

8.2 - VECC - 39

Reference: Exhibit 7, Tab 1, Schedule 1, page 2

- a) Please explain how the 2014 demand values (Sheet I8) were derived based on the 2014 weather normalized load forecast.

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 - 40

Reference: Exhibit 8, Tab 3, Schedule 5, page 1

- a) Please update Table 8-11 for the actual 2013 LVDS kW.
- b) Please update Table 8-10 for the approved 2014 ST rates.

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?

8.5 - VECC - 41

Reference: Exhibit 8, Tab 3, Schedule 1, page 1

a) Please update the 2014 RTSR calculation to reflect the approved 2014 UTRs and HON ST Rates.

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: Exhibit 9, Tab 3, Schedule 1, pg.4

Orangeville Hydro Substation Remediation

a) Did OHL seek Board approval for the establishment of a deferral account for the remediation costs of the station site? If so please provide the order for that account.

b) Please confirm that the site is adjacent to both a city parkette and a large apartment building.

c) OHL has stated that the market value of the land is \$100,000. Please provide the report on land valuation.

d) There appears to be a recently built building without a basement foundation across the street from the site (Dickinson + Hicks). Please confirm if this is correct. If so does OHL know when that building was built and at what value it sold?

e) Has OHL attempted to sell the land? If not why not.

f) Has the value of this land been removed from OHL's regulated rate base. If not why not. If yes, please provide the value removed from rate base and in what year.

g) When and from whom did OHL acquire the property. If the property was acquired from the City please indicate what efforts were made to recover remediation costs.

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*****