



Jay Shepherd

Professional Corporation
2300 Yonge Street
Suite 806, Box 2305
Toronto, ON M4P 1E4

BY EMAIL and RESS

January 28, 2014

Ontario Energy Board
2300 Yonge Street
27th Floor
Toronto, Ontario
M4P 1E4

Attn: Kirsten Walli, Board Secretary

Dear Ms. Walli:

Re: EB-2013-0174 – Veridian Connections Inc. – Interrogatories

We are counsel to the School Energy Coalition ("SEC"). Enclosed please find interrogatories on behalf of SEC in the above-noted proceeding.

Yours very truly,
Jay Shepherd P.C.

Original signed by

Mark Rubenstein

cc: Applicant and Intervenors (by email)

T. (416) 483-3300 F. (416) 483-3305

mark.rubenstein@canadianenergylawyers.com
www.canadianenergylawyers.com

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

AND IN THE MATTER OF an Application by Veridian
Connections Inc. for an Order or Orders approving or fixing just
and reasonable rates and other services charges for the distribution
of electricity as of May 1, 2014.

INTERROGATORIES
ON BEHALF OF THE
SCHOOL ENERGY COALITION

[Note: All interrogatories have been assigned to issues. However, please provide answers that respond to each question in full, without being restricted by the issue or category. Many interrogatories have application to multiple issues, but all have been asked only once to avoid duplication.]

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?

4.3-SEC-1

Please provide a copy of all documents that were provided to the Applicant's Board of Directors in approving this application and the associated Test Year budget.

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

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-SEC-2

Please provide details and copies of all performance efficiency benchmarking undertaken by the Applicant.

2.1-SEC-3

[Ex.4/1/2/]

Has the Applicant compared its OM&A cost per customer, OM&A cost per FTE, and customer per FTE metrics with other LDCs? If not, please explain?

3. Customer Focus

3.1 Are the applicant's proposed capital expenditures and operating expenses appropriately reflective of customer feedback and preferences?

3.1-SEC-4

[Ex.1/2/1/p.3]

Regarding business planning informed through customer contract with Key Account Representatives, please detail the capital and OM&A spending proposed in this application informed through this process.

3.1-SEC-5

Please provide all customer feedback and preferences received, by customer class, with respect to the Applicant's Test Year:

- a) Capital expenditures
- b) OM&A expenses

3.1-SEC-6

Please provide a copy of any surveys, questionnaires or other methods that the Applicant used to collecting customers feedback and preferences? Please provide full results for any survey or questionnaire undertaken.

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 level of associated revenue requirement requested by the applicant?

4.1-SEC-7

[Ex.3/3/14] Does the Applicant expect that its proposed Test Year capital additions will result in continuous improvements in productivity? If so, can the Applicant quantify the improvements in productivity such as a reduction in OM&A costs?

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-SEC-8

Please detail the objectives has the Applicant set for its OM&A activities.

4.2-SEC-9

[Ex.4/1/2/]

Please explain how the Applicant's change in OM&A cost per customer, OM&A cost per FTE and customer per FTE, shows a continuous improvement in cost performance.

4.2-SEC-10

Please revise the following tables to include 2013 year-end actuals and explain any material variances. (If 2013 actual data is not yet available, please provide the most recent year-to-date actuals available, along with a forecast for the remaining period in 2013):

- a) Ex.4/1/1/p.4 Table 2
- b) Appendix 2-JA
- c) Appendix 2-JB
- d) Appendix 2-JC

4.2-SEC-11

[Ex.4/3/1/p.4]

The Applicant states that in setting the compensation for its management and non-union positions that a "[c]omparison to market compensation rates are carried out on an ongoing basis through information collected during recruitment, as part of exit interviews, and through industry market surveys". Please provide a copy of this information including all industry market surveys.

4.2-SEC-12

[Ex.4/3/1/p.5]

Please provide a copy of the current collective agreement between the Applicant and IBEW Local 636.

4.2-SEC-13

[Ex.4/3/1/p.7]

Does the Applicant benchmark and compare non-base wage elements of its collective agreement (i.e. benefits, performance pay, vacation, sick leave) with other LDCs? If so, please provide.

4.2-SEC-14

[Ex.4/3/1/p.6-7]

What year was each collective agreement set out in Table 3 entered into?

4.2-SEC-15

[Ex.4/1/p.24] Regarding the Applicant's overtime costs:

- a. What is the actual year-end 2013 total annual overtime costs?
- b. Why has the increased number of proposed FTEs for 2014 not led to a decrease in annual total overtime costs?

4.2-SEC-16

[Ex.4/3/1.Appendix 2-K]

Please explain the significant difference between 2010 Board-approved FTEs and 2010 actuals.

4.3 Are the applicant's proposed operating and capital expenditures appropriately paced and prioritized to result in reasonable rates for customers, or is any additional rate mitigation required?

4.3-SEC-17

[Ex.2/3]

Please provide a list of all material capital projects forecasted to go in-service in 2013, and the actual in-service date. Please provide an explanation for any projects that did not go in-service in 2013.

4.3-SEC-18

[Ex.2/3/8/2.1/p.2]

Please provide a breakdown of actual and forecasted capital contributions from 2010 to 2014.

4.3-SEC-19

[Ex.2/3/13/p.60]

Please explain why the Applicant is not forecasting any capital contributions for the Port Hope Relocation project.

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?

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?

7. Revenue Requirement

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

4.3-SEC-20

Please revise the following tables to include 2013 year-end actuals and explain any material variances. (If 2013 actual data is not yet available, please provide the most recent year-to-date actuals available, along with a forecast for the remaining period in 2013):

- a) Appendix 2-AA
- b) Appendix 2-AB
- c) Appendix 2-BA

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-SEC-21

[Ex.4/6/2/Attach 5]

For each asset in which the Applicant has departed from the range of typical useful lives set out in the *Asset Depreciation Study for the Ontario Energy Board* by Kinectrics Inc dated July 8, 2010, please provide an explanation.

7.3 Are the proposed levels of taxes appropriate?

7.4 Is the proposed allocation of shared services and corporate costs appropriate?

7.4-SEC-22

[Ex.4/4/1/1]

Please explain what the Applicant means by "employee related costs".

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

7.5-SEC-23

[Ex.5/1/1/Appendix 2-OB]

Please provide copies of all third-party debt instruments. .

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?

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

8.3 Is the proposed rate design including the class-specific fixed and variable splits and any applicant-specific rate classes appropriate?

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?

8.6 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?

9.2 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?

Submitted by the School Energy Coalition on this 28th day of January, 2014

Original signed by

Mark Rubenstein
Counsel for the School Energy Coalition