

**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 Oakville Hydro  
Electricity Distribution 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**

### **HVAC 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.]*

#### **3. Customer Focus**

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

3.1-HVAC-1

[Ex. 1/1/1, p. 1]

Please confirm that the utility's Mission is intended to refer only to regulated activities. If it is intended to refer to unregulated activities as well, please list the unregulated activities to which it applies.

#### **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?***

6.1-HVAC-2

[Ex. 1/3/3, p. 22]

Please provide a copy of the most recent Board self-assessment.

6.1-HVAC-3

[Ex. 1, App. D]

Please provide a copy of the most recent "annual Board Work Plan".

#### 6.1-HVAC-4

[Ex. 1, App. D, p. 4]

Please provide a copy of any document that imposes “limits on the business activities” of the utility pursuant to section 5.1(f) of the Mandate.

#### 6.1-HVAC-5

[Ex. 1, App. D, p. 6]

Please provide a list of the last five matters referred to the board of the utility by the parent company pursuant to section 5.5 of the Mandate.

#### 6.1-HVAC-6

[Ex. 1, App. C]

With respect to the consolidated audited financial statements of Oakville Hydro Corporation:

- a) Please file the 2013 consolidated financial statements of Oakville Hydro Corporation as soon as they are available.
- b) P. 3. Please explain the main reasons why the percentage of revenues from unregulated activities increased from 17.0% to 20.3% from 2011 to 2012. Please advise whether this is a long term trend, and whether this is part of the Corporation’s strategic plan.
- c) P. 3. Please disaggregate the figures for Amortization for each year between the regulated utility and each of the other entities consolidated in these statements (including subsidiaries of subsidiaries).
- d) P. 17. Please advise the total of all amounts paid by the Applicant to the EDA and to MEARIE in each of 2011 through 2013, and forecast for 2014. With respect to the 2013 and 2014 amounts, please advise how much of those amounts was or will be allocated to each of the affiliates, if anything.
- e) P. 21. Please advise the total of all expenses incurred by the Applicant to date with respect to the transition to IFRS. Please advise how much of those amounts was or will be allocated to each of the affiliates, if anything.

### ***7. Revenue Requirement***

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

#### 7.4-HVAC-7

Please provide a detailed description of how the HVAC and water heater equipment and services business is divided up between OHESI and Sandpiper Energy Solutions.

#### 7.4-HVAC-8

[Ex. 1/1/1, p. 12]

Please provide a detailed explanation as to all ways, if any, that OHESI or Sandpiper Energy Solutions are expected to use the “new web presentation tool” or any of the data it presents.

#### 7.4-HVAC-9

[Ex. 1/1/1, p. 21]

Please advise how many employees who provide services to, or are employed by, each of the affiliates are covered by the current collective agreement.

#### 7.4-HVAC-10

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

Please provide details of any services the new Communications and Website Co-ordinator will provide, directly or indirectly, to each of the affiliates.

#### 7.4-HVAC-11

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

With respect to the provision of billing and related services by the utility to OHESI and Sandpiper Energy Solutions,

- (a) Please provide details of all billing and related services provided to the two affiliates relating to billing of water heater rentals, rentals of any other HVAC equipment, or provision of any HVAC services.
- (b) To the extent that billing and related services are provided as described in (a), please advise whether the billing is on the utility bill, or on separate bill. If both types of billing are provided, please provide details on the respective percentages, charges for each and their basis, and any plans to change these arrangements.
- (c) If any of the goods and services described in (a) are billed on the utility bill, please explain in detail what arrangements have been made, or are planned, to ensure that the affiliate's competitors have similar access to the bill, or to ensure that the affiliate's exclusivity is or will be removed or the subject of fair market value compensation.

#### 7.4-HVAC-12

[Ex. 4/3/5, p. 9]

Please add two lines to Table 4-17 showing:

- (a) The total amount of all salaries and wages included in the lines of the current version of the table.
- (b) The total FTEs represented by those salaries and wages for each of the years on the table.

#### 7.4-HVAC-13

[Ex. 4/3/5, p. 9]

Please advise which affiliates have operations in "separate locations", which of those also have operations in locations shared with the utility, and in each of the affiliates with both separate and shared locations, the percentage of activities and costs for each of separate and shared locations.

#### 7.4-HVAC-14

[Ex. 4/3/5, p. 13/4]

Please provide two tables, one for each of 2013 and 2014, showing, for each category of expenditures that is incurred by the Applicant but includes any work done for or services provided to any affiliate:

- (a) The total amount of the expenditure for that category in the accounts of the Applicant, before any allocations or charges to any affiliates;

- (b) The amount allocated to each of the affiliates, by name, using direct allocation, and the basis for determining the amount of the direct allocation;
- (c) All amounts allocated or charged to each of the affiliates, by name, using any method other than direct allocation, and the allocation method used.
- (d) The total number of FTEs included in the FTEs of the Applicant for that category of expenditures, before any allocations or charges to any affiliates; and
- (e) The FTEs allocated to each of the affiliates, by name, for that category of expenditures.

#### 7.4-HVAC-15

[Ex. 4, App. C]

With respect to the BDR study:

- (a) P. 12. Please explain what steps BDR took to ensure that the one month of time logging was a representative month on which annual extrapolations could be made.
- (b) P. 14. Please confirm that only legacy water heaters are billed on the OHEDI bill, and all other water heaters and HVAC goods and services are billed on bills separate from the utility bill. If that is not true, please provide details.
- (c) P. 15. Please explain how bad debts associated with water heaters or other HVAC goods or services provided by affiliates and billed by the utility are treated.
- (d) P. 16 and others. Please confirm that all of BDR's recommendations have been implemented for the purposes of the figures in the Application.
- (e) P. 16. Please confirm that all references to "Oakville Hydro" in the report refer to the Applicant, and not to Oakville Hydro Corporation.
- (f) P. 18. Please explain what steps BDR took to ensure that allocating Warehousing and Purchasing costs based on value of inventory, rather than on different types of inventory based on the time involved, or any other methodology, was the most reasonable allocation method.

#### 7.4-HVAC-16

With respect to the Services Agreement between the Applicant and OHESI:

- (a) P. 3. Please advise the number of people that will be included in the definition of Management and Office Personnel in the Test Year, and the number in respect of whom some or all of their time will be allocated to services provided to OHESI.
- (b) P. 3. Please advise the number of people that were included, in 2013, and are expected to be included, in 2014, in the definition of Service Personnel.
- (c) P. 7. Please provide the full detailed calculation of all amounts calculated pursuant to Section 3.6 for each of 2013 and 2014. Please ensure that the response includes express disaggregation of the amounts in (i), (ii) and (iii) of that Section.
- (d) P. 8. Please provide a copy of each work order prepared under Section 4.1 with respect to services to be provided to OHESI in 2013. Please provide the budget for these amounts in 2014, and the basis for that budget.
- (e) P. 10. Please provide the Time Sheets referred to in Section 4.4.
- (f) P. 10. Please provide the current rates chargeable for each category of Service Personnel in 2014, and the full calculation that forms the basis of those rates.
- (g) P. 12. For each Service Provider who directly or indirectly provided services to both the Applicant and OHESI during 2013, please provide the nature of the contract, the total

value, the nature of the services provided to each of the Applicant and the affiliate, the amounts allocated, and the basis of the allocation.

- (h) P. 12. Please provide details of all instances in 2013 in which Section 6.1 applied.
- (i) P. 14. Please describe in detail how the cost or value for the use of computer hardware and software is incorporated into each of the other charges referred to in the Agreement.
- (j) P. 15. Please provide details of all insurance policies under which both the Applicant and OHESI are insured, the total annual cost of each policy, the amounts allocated to each, and the basis of the allocation.
- (k) P. 16. Please provide details of the office and warehouse space used by OHESI in 2013, or expected to be used by OHESI in 2014, to which Section 10.1 has applied or will apply. Please include the area of each type used, the amount of all costs to Applicant per square foot or meter for such space, and the amount allocated to the affiliate.
- (l) P. 18. Please provide any presentation provided by management or any consultant at the meeting referred to in Section 12.4.
- (m) P. 22. Please confirm that both parties have complied with Section 19.1, and the first date such compliance was in place.
- (n) P. 23. Please advise the name of the current Chief Executive Officer of each of the parties to this Agreement.
- (o) P. 24. Please provide a copy of any “prior written consent” provided by the Applicant to OHESI.
- (p) Sched 1. Please confirm that the amount of \$32,000 per annum is for billing of legacy water heater rentals. Please confirm that this is made up of monthly billing of approximately 900 legacy water heaters at \$1.50 per bill per month. If that is not the case, please provide the basis of this charge.
- (q) Sched. 1. Please break down the amount of \$137,500 between the components to which it applies, and show the calculations that produce that final total.

#### 7.4-HVAC-17

With respect to the Services Agreement between the Applicant and Sandpiper Energy Solutions:

- (a) P. 3. Please advise the number of people that will be included in the definition of Management and Office Personnel in the Test Year, and the number in respect of whom some or all of their time will be allocated to services provided to Sandpiper Energy Solutions.
- (b) P. 3. Please advise the number of people that were included, in 2013, and are expected to be included, in 2014, in the definition of Service Personnel.
- (c) P. 7. Please provide the full detailed calculation of all amounts calculated pursuant to Section 3.6 for each of 2013 and 2014. Please ensure that the response includes express disaggregation of the amounts in (i), (ii) and (iii) of that Section.
- (d) P. 8. Please provide a copy of each work order prepared under Section 4.1 with respect to services to be provided to Sandpiper Energy Solutions in 2013. Please provide the budget for these amounts in 2014, and the basis for that budget.
- (e) P. 10. Please provide the Time Sheets referred to in Section 4.4.
- (f) P. 10. Please provide the current rates chargeable for each category of Service Personnel in 2014, and the full calculation that forms the basis of those rates.
- (g) P. 13. For each Service Provider who directly or indirectly provided services to both the Applicant and Sandpiper Energy Solutions during 2013, please provide the nature of the

contract, the total value, the nature of the services provided to each of the Applicant and the affiliate, the amounts allocated, and the basis of the allocation.

- (h) P. 13. Please provide details of all instances in 2013 in which Section 6.1 applied.
- (i) P. 16. Please describe in detail how the cost or value for the use of computer hardware and software is incorporated into each of the other charges referred to in the Agreement.
- (j) P. 17. Please provide details of all insurance policies under which both the Applicant and Sandpiper Energy Solutions are insured, the total annual cost of each policy, the amounts allocated to each, and the basis of the allocation.
- (k) P. 17. Please provide details of the office and warehouse space used by Sandpiper Energy Solutions in 2013, or expected to be used by Sandpiper Energy Solutions in 2014, to which Section 10.1 has applied or will apply. Please include the area of each type used, the amount of all costs to Applicant per square foot or meter for such space, and the amount allocated to the affiliate.
- (l) P. 20. Please provide any presentation provided by management or any consultant at the meeting referred to in Section 12.4.
- (m) P. 24. Please confirm that both parties have complied with Section 19.1, and the first date such compliance was in place.
- (n) P. 24. Please advise the name of the current Chief Executive Officer of each of the parties to this Agreement.
- (o) P. 25. Please provide a copy of any “prior written consent” provided by the Applicant to Sandpiper Energy Solutions.
- (p) Sched 1. Please confirm that the amount of \$32,000 per annum is solely for billing of water heater rentals. Please confirm that this is made up of monthly billing of approximately 900 legacy water heaters at \$1.50 per bill per month. If that is not the case, please provide the basis of this charge.
- (q) Sched. 1. Please advise why there is no amount for the services to be provided under Section 3.6 of the Agreement, as listed in this Schedule. If that amount has been included in the Application, but inadvertently omitted from this Schedule, please provide the amount as well as a full breakdown of that amount between the services listed on this Schedule, and the full calculation of the total.

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

7.6-HVAC-18

[Ex. 1/3/3, p. 16]

Please confirm that all references in the Application to “Oakville Hydro” refer to the regulated utility OHEDI, and not to Oakville Hydro Corporation, the parent company.

Submitted by the HVAC Coalition on this 29<sup>th</sup> day of January, 2014

*Original signed by*

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Jay Shepherd  
Counsel for the HVAC Coalition