



January 29, 2014

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319, 27th Floor
2300 Yonge Street
Toronto, ON M4P 1E4

Re: Oakville Hydro Electricity Distribution Inc.
2014 Electricity Distribution Rates - COS Application
Board File No. EB-2013-0159

Dear Ms. Walli:

Attached please find AMPCO's interrogatories in the above proceeding.

Please do not hesitate to contact me if you have any questions or require further information.

Sincerely yours,

A handwritten signature in blue ink, appearing to read "Adam White", with a long horizontal flourish extending to the right.

Adam White
President
Association of Major Power Consumers in Ontario

Copy to: Oakville Hydro Electricity Distribution Inc.

Oakville Hydro Electricity Distribution Inc.
2014 Cost of Service Distribution Rate Application
AMPCO Interrogatories

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?

Interrogatory #1

Reference: Exhibit 1, Tab 1, Schedule 1, Page 4

Preamble: Oakville Hydro indicates it is introducing a Sustainability Program into its strategic direction as a multi-year initiative to minimize incremental costs to its customers and ultimately improve the sustainability of services offered to the residents of Oakville.

- a) Please provide more details on this program and discuss the need, timing, key milestones and multi-year costs of this initiative including the costs included in the 2014 Test Year.
- b) Please discuss how the Sustainability Program interacts with Oakville Hydro's other strategic programs.

Interrogatory #2

Reference: Exhibit 4, Tab 2, Schedule 1, Page 5

- a) Please provide a summary of the established cycles in 2014 for the following maintenance activities: infrared thermography testing, planned visual inspections, planned tree trimming, overhead and pad-mounted load break switch maintenance, transformer room maintenance, insulator washing, and cleaning and inspection of underground vaults compared to the 2010 cost of service application.

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

Interrogatory #3

Reference: Exhibit 1, Tab 2, Schedule 1

Preamble: In this Exhibit Oakville Hydro provides information on its customer engagement activities.

- a) Please discuss how Oakville Hydro evaluates the success of its customer engagement activities.
- b) Page 17 – Please discuss the uptake of the GS>1000 kW customer class regarding attendance at planned information sessions and level of contact with the key account manager. Please provide a summary of key issues discussed with the account manager.

Interrogatory #4

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Reference: Exhibit 1, Tab 2, Schedule 1, Page 2

Preamble: Over the past three years Oakville Hydro has engaged a third party to conduct customer satisfaction surveys.

- a) Please identify the customer engagement activities that are new/incremental (beyond the customer survey) since Oakville's 2010 Cost of Service application.
- b) Please identify the customer engagement activities that have been halted since Oakville's 2010 Cost of Service application.
- c) In Oakville Hydro's experience, please discuss the customer engagement activities that have proven to be ineffective and why.

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?

Interrogatory #5

Reference: Exhibit 2, Tab 5, Schedule 7, Reliability Performance

- a) Please provide information on interruptions by cause (cause code statistics) for the years 2008 to 2013.
- b) Please provide a further breakdown of interruptions based on causes related to defective equipment for the years 2008 to 2013. Please explain how this information has been used in asset management planning.
- c) Does Oakville Hydro track momentary outages (i.e. MAIFI)? If yes, please summarize this indicator for 2008 to 2013 and explain how it is used in asset management planning. If no, please discuss Oakville Hydro's ability and future plans to track this information.
- d) Please discuss Oakville Hydro's use of customer specific reliability indicators.

3. Customer Focus

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

Interrogatory #6

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Reference: Exhibit 1, Tab 2, Schedule 1, Page 13, Billing Accuracy

Preamble: Oakville Hydro customer survey results indicate that although many customers would prefer monthly billing they would not be willing to pay more to acquire monthly billing.

- a) Please summarize the rationale to move to monthly billing for residential and GS<50 kW customers.

Interrogatory #7

Reference: Exhibit 1, Tab 3, Schedule 3, Page 47

- a) Please provide the rationale for including non-utility business activities in Oakville Hydro's rate base.

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?

4.2 Are the applicant's proposed OM&A expenses clearly driven by appropriate objectives and do they show continuous improvement in cost performance?

Interrogatory #8

Reference: Exhibit 4, Tab 1, Schedule2, Page 2

Preamble: Oakville Hydro indicates in 2013 it will complete a meter to cash process review to examine its procedures and implement changes to realign staff and automate various billing and collections processes to minimize inaccuracies and improve operating efficiencies.

- a) Please explain this process in more detail and provide an update on this work.
- b) Please provide a summary of any planned or implemented changes including realignment of staff.

Interrogatory #9

Reference: Exhibit 6, Tab 1, Schedule 2, Page 3, Revenue Deficiency Cost Drivers

Preamble: Oakville Hydro indicates \$1.407 million of the \$5.381 million revenue deficiency is due to incremental distribution system operation, maintenance and administration.

- a) Please provide a breakdown and description of the costs that make up the OM&A component of the \$1.407 million.

Interrogatory #10

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Reference: Exhibit 1, Tab 3, Schedule 3, Page 15

Preamble: Oakville Hydro provides a high-level organization chart.

- a) Please provide an expanded organization chart that shows the next layer and reporting structure of Oakville Hydro's departments.

Interrogatory #11

Reference: Exhibit 4, Tab 1, Schedule 2, Page 4

Preamble: The evidence indicates Oakville Hydro negotiated with the union to hire part-time customer service representatives, resulting in cost savings and additional flexibility.

- a) Please confirm when these negotiations took place and the compare the number of part-time customer service representatives in the 2014 Test Year compared to prior years.
- b) Please quantify the savings.

Interrogatory #12

Reference: Exhibit 4, Tab 1, Schedule 2, Page 5

Preamble: Oakville Hydro indicates it has searched for opportunities to minimize costs through collaboration with other distributors and has partnered with a number of other utilities in GridSmartCity with a focus on achieving increased purchasing power.

- a) Please summarize Oakville Hydro's collaboration activities with other distributors and quantify any savings.
- b) Please summarize any shared procurement opportunities in 2014.

Interrogatory #13

Reference: Exhibit 4, Tab 1, Schedule 2, Page 9

Preamble: Oakville Hydro indicates its management team has undergone many changes since its last Cost of Service application.

- a) Please explain this statement more fully.

Interrogatory #14

Reference: Exhibit 4, Tab 1, Schedule 2, Page 11, Inflation Rates Used

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Preamble: Oakville Hydro's 2014 Test year budget includes an inflationary index of 2% for non-union employees.

- a) Please provide the rationale for using a 2% increase.

Interrogatory #15

Reference: Exhibit 4, Tab 2, Schedule 1, Budget Process

- a) Page 2 - For 2014, please summarize the discretionary costs or cost areas that have been delayed to future years in order to contain costs.
- b) Page 2 - For 2014, please summarize any delays in hiring for succession planning.
- c) Page 2 – Please confirm the percentage of costs partially recovered for the Accountant and Control Room Operator.
- d) Page 4 - Please provide the total number of executives, management, union and non-union FTEs included in Engineering and Operations.
- e) Page 10 - Please provide the total number of executives, management, union and non-union FTEs included in Customer Service and Organizational Effectiveness.
- f) Page 12 – Please provide a summary of telephone inquiries per year for the years 2008 to 2013.
- g) Page 14 - Please provide the total number of executives, management, union and non-union FTEs included in Corporate Services and Regulatory Affairs.

Interrogatory #16

Reference: Exhibit 4, Tab 3, Schedule 3, Variance Analysis, Page 1

- a) In 2014 Oakville Hydro plans to conduct a safety audit of substation sound grids (one substation annually). Is this a new activity for 2014? Please provide the annual cost of this safety audit.

Interrogatory #17

Reference: Exhibit 4, Tab 3, Schedule 4

- a) Appendix 2-K - Please confirm the number of vice-presidents, directors, managers and supervisor FTEs for 2010 Board Approved, 2010 Actual, 2011 Actual, 2012 Actual, 2013 Actual and 2014 Test Year.
- b) Appendix 2-K - Please provide the number of existing vacancies.

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- c) Appendix 2-K - Please confirm the number of part-time FTEs for 2010 Board Approved, 2010 Actual, 2011 Actual, 2012 Actual, 2013 Actual and 2014 Test Year.
- d) Please update Table 4-13 to include 2013 Actuals.

Interrogatory #18

Reference: Exhibit 4, Tab 3, Schedule 5

- e) Page 6 – Please summarize the detailed analysis of other vehicle maintenance service providers in the area compared to using the Town of Oakville.
- f) Page 6 – Please provide the results of the independent assessment of the space at 861 Redwood Square to demonstrate that the lease renewal was within current market prices.

Interrogatory #19

Reference: Exhibit 4, Tab 3, Schedule 6

- a) Page 5 – Please provide the Non-Affiliate Purchased Products or Services for 2013.

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?

Interrogatory #20

Reference: Exhibit 2, Tab 1, Schedule 2, Page 1

Preamble: In 2010, Oakville Hydro capitalized \$16,615,311 or \$1,894,084 more than planned.

- a) Please identify the additional expenditures that were discretionary in nature.

Interrogatory #21

Reference: Exhibit 2, Tab 5, Schedule 2, Page 7, Table 2-32

- a) Please update Table 2-32 to include 2013 actual capital additions.

Interrogatory #22

Reference: Exhibit 2, Tab 5, Schedule 2

- a) Page 7 – In 2010, please confirm the need to add a transformer replacement and voltage conversion in the Woodhaven Park for \$422,435.

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- b) Page 9 – In 2011, please explain the need for the higher spending of \$601,914 on the continued conversion of GIS.

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?

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?

7.3 Are the proposed levels of taxes appropriate?

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

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

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?

Interrogatory #23

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

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Preamble: Oakville Hydro has developed weighting factors based on discussions with staff experienced in the subject area.

- a) Please discuss Oakville Hydro's knowledge of other electricity distributors that have developed and proposed weighting factors for accounts 1855 and 5315-4340 (excluding 5335) for Board approval in relation to its proposed weighting factors.

Interrogatory #24

Reference: Exhibit 7, Tab 1, Schedule 3, Page 1

Preamble: Oakville Hydro indicates it is proposing to realign its revenue-to-cost ratios by reducing the revenue to cost ratios for those rate classes that are outside of the Board's policy range to the upper or lower end of the range as applicable, and allocating the revenue to the remaining rate classes proportionately. The proposed ratios are provided in Appendix 2-P on page 3.

- a) Please provide more specific details on the strategy/methodology by customer class to move from the previously approved ratios in 2012 (most recent year) to the proposed ratios for the 2014 Test Year. Please discuss how the status quo ratios from the cost allocation model were considered.
- b) Please explain why Oakville Hydro proposes to move the revenue to cost ratio farther away from unity for the residential customer class.
- c) Please provide the revenue to cost ratios for 2013.

Interrogatory #25

Reference: Exhibit 7, Tab 1, Schedule 3, Page 6

Preamble: Oakville Hydro updated its cost allocation study for 2014. Oakville Hydro notes it made certain corrections to the load profiles provided by Hydro One.

- a) Please summarize other key data improvements or changes in the updated study.

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

Interrogatory #26

Reference: Exhibit 8, Tab 2, Schedule 1, Page 2

Preamble: Oakville indicates it has developed its fixed rate components as per Table 8-4 as these rates have historically been higher and the primary purpose of maintaining its existing fixed/variable revenue splits by customer class.

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- a) Please explain this statement more fully.

Interrogatory #27

Reference: Exhibit 8, Tab 2, Schedule 1, Page 2, Table 8-4, Table 8-5, Table 8-6

- a) Table 8-4: Under the column Minimum System with PLCC Adjustment, please explain the value (74.84) for the GS>1000 kW customer class.
- b) Please provide Tables 8-4, 8-5 and 8-6 if the fixed monthly service charge for the GS>50 kW and GS>1000 kW customer classes is held constant at the existing 2013 approved monthly service charge.
- c) Please provide Tables 8-4, 8-5 and 8-6 if the fixed monthly service charge for the GS>50 kW and GS>1000 kW customer classes are moved to the Minimum System with PLCC Adjustment values.
- d) Table 8-6: Please add a column that shows the existing variable rate by customer class.

8.4 Are the proposed Total Loss Adjustment Factors appropriate for the distributor's system and a reasonable proxy for the expected losses?

Interrogatory #28

Reference: Exhibit 8, Tab 9, Schedule 1, Page 2

Preamble: Oakville Hydro indicates it will be implementing a load flow program, integrated with the existing GIS to perform more efficient and sophisticated studies to optimize system performance and minimize technical issues.

- a) Page 2 - Please provide an update on the status of load flow program.
- b) Please summarize how this program will impact this application and the 2014 Test Year revenue requirement.

Interrogatory #29

Reference: Exhibit 8, Tab 9, Schedule 1, Page 3

- a) Page 3, Appendix 2-R - Please provide historical data for 2013.
- b) Page 4 - Please explain why 1% of transformer losses was subtracted in the TLF for primary metered customers calculation (i.e. $1.0372 * 0.99 = 1.0268$).

8.5 Is the proposed forecast of other regulated rates and charges including the proposed Retail Transmission Service Rates appropriate?

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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?

Accounting

9.1 Are the proposed deferral accounts, both new and existing, account balances, allocation methodology, disposition periods and related rate riders appropriate?

Interrogatory #30

Reference: Exhibit9, Tab 9, Schedule 1, Page 7

Preamble: Oakville Hydro indicates the 2012 LRAM amounts were calculated based on the OPA's 2012 4th Quarter preliminary results and that the calculation will be updated once the OPA provides final verified results.

- a) Please discuss when Oakville Hydro expects to receive the OPA's final 2012 verified CDM results and update its LRAM request.
- b) Please confirm the LRAM rate riders are rounded to four decimal places.

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?