

**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 Orangeville  
Hydro Limited 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?***

**1.1-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?***

**1.2-SEC-2**

[Ex. 4/3/1, p. 8]

Please provide a comparison of the applicant's formal vs. informal customer engagement activities both in the past year, and planned for the coming year, and the respective value of formal vs. informal activities in light of the size of the utility and its community.

**1.2-SEC-3**

[Ex. 4/3/1, p. 8]

Please provide an estimate of the incremental annual cost of complying with the Board's new customer engagement requirements.

## ***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-4**

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

### **2.1-SEC-5**

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

Please provide details of networking with other utilities, and specific examples of sharing of best practices.

### **2.1-SEC-6**

Please advise whether the Applicant has compared its OM&A cost per customer, OM&A cost per FTE, and customer per FTE metrics with other LDCs? If not, please explain? If such comparisons have been made for internal purposes, and the comparisons have not been included in response to other questions, please provide them.

### **2.1-SEC-7**

[Ex.2/5/5, p. 63]

Please advise what steps, if any, the Applicant has taken to make the Outage Management System they developed available to other distributors.

## ***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-8**

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

Please confirm that the Applicant serves eighteen schools belonging to two school boards. Please advise how many schools are in each of the GS<50 and GS>50 rate classes. Please advise how many schools have more than one account associated with a single school (e.g. for portables, etc.).

### **3.1-SEC-9**

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

Please provide an estimate of the percentage of the Applicant's annual revenues that comes from customers that are not municipal taxpayers of Orangeville or Grand Valley.

### **3.1-SEC-10**

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-11**

Please provide a copy of any surveys, questionnaires or other methods that the Applicant used to collect customer feedback and preferences in respect of this Application. 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-12**

[Ex. 2]

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 current or future OM&A costs?

### **4.1-SEC-13**

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

Please provide an explanation of the phrase "reduce response requirements".

### **4.1-SEC-14**

[Ex.1/3/1/C, p. 24]

Please provide details of the lawsuit in Note 8.

***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-15**

[Ex. 1/1/7, p. 1]

Please reconcile the "Payroll & Benefits" cost increase on the second table with the figures in Appendix 2-K [Ex. 4/4/1, p. 2]. If the sole reason for the difference is employees allocated to capital projects, please add a line to the 2-K showing the portion of total compensation allocated to capital for each year.

### **4.2-SEC-16**

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

**4.2-SEC-17**

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

Please provide a copy of the current collective agreement, together with a brief summary of its key terms.

**4.2-SEC-18**

[Ex.4/1/1/p.2]

Please confirm that employees who achieve a professional designation are promoted to the level of manager whether or not their duties will involve management or supervision of others, or even whether or not their duties will change at all.

**4.2-SEC-19**

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

Please advise whether four years is a typical length of time to progress to the top level for a position. If it is not, please estimate the typical length of time.

***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-20**

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

Please provide the current Board of Directors approved budget for the Applicant for 2014.

**4.3-SEC-21**

[Ex.1/1/4, p. 2]

Please provide two lists: one of the top three capital projects not approved for 2014, and the second the bottom three capital projects approved for 2014. Please provide any explanation available that will show why the three approved were prioritized to proceed, and the three not approved were given the lesser priority.

**4.3-SEC-22**

[Ex.2/5/4, p. 1]

Please provide a copy of the "draft Asset Management Plan" referred to.

**4.3-SEC-23**

[Ex.2/5/5]

Please confirm that this plan, marked "Draft", is actually the final Distribution System Plan. If it is not, please provide the final plan. Please confirm that this plan has been approved by the Applicant's Board of Directors. Please provide the document that sets out the scope of work and other instructions for the engineering firm that prepared this document.

**4.3-SEC-24**

[Ex.2/5/5, p. 37]

Please advise the tree-trimming cycle used for each of the years 2000 through 2013. If the number of years in the cycle has changed during that period, please provide the reason for the

change, and any cost analysis done at the time of the change or subsequently. Please provide any documents that deal with requirements by either of the municipal owners relative to the utility's tree-trimming activities.

#### **4.3-SEC-25**

[Ex.2/5/5, p. 53-56]

Please add five columns to each of Tables 28, 29 and 31 to include 2009-2012 actuals and 2013 actuals (or most recent 9+3 or 10+2 forecast if actuals are not yet available).

#### **4.3-SEC-26**

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

Please provide a list of all categories of capital assets that are operated on a "run to failure" basis.

### ***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?***

#### **6.1-SEC-27**

[Ex.1/3/1/C, p. 28]

Please explain the rationale behind the special \$1.5 million dividend.

#### **6.1-SEC-28**

[Ex.1/5/6, p. 1]

Please provide the current Shareholders Agreement or Shareholders Declaration. If the current information on "the desired rate of return on its investment" is not completely contained within the Shareholders Agreement or Shareholders Declaration, please provide any additional documents in which the Shareholder's expected return is set out.

#### **6.1-SEC-29**

[Ex.1/3/4, p. 4 and 11]

Please advise the reason for the amount of \$3,253,312 in Account 2220 for each of 2013 and 2014.

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

#### **6.2-SEC-30**

[Ex.4/2/1/p.3]

Please restate Appendix 2-L using the customer numbers in the Board's annual Electricity Distribution Yearbook for 2010-2012, and consistently derived figures for 2013 and 2014.

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

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

### **7.1-SEC-31**

[Ex. 2/5/1, p. 1]

Please confirm that parts of a conversion project are considered complete for rate base purposes only when they are energized.

***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?***

### **7.4-SEC-32**

[Ex.4/5/1, p. 6]

Please confirm that billing and collecting costs have increased 41.7% over the last four years. Please explain why the allocations to the Town of Orangeville for Water Billing have not increased by a similar amount.

### **7.4-SEC-33**

[Ex.4/5/1, p. 6]

Please confirm that OM&A expenditures have increased 32.4% over the last four years. Please explain why the allocations to the Town of Orangeville for Streetlight Maintenance have not increased by a similar amount.

***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?***

### **7.7-SEC-34**

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

Please restate Table 1.1 using the up to date cost of capital parameters applicable to the Applicant.

## ***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?***

**9.2-SEC-35**

[Ex.1/5/1, p. 1]

Please provide a list of all ways in which the Application is inconsistent with the Filing Requirements.

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

*Original signed by*

---

Jay Shepherd  
Counsel for the School Energy Coalition