



## **Jay Shepherd**

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### **BY EMAIL and RESS**

February 6, 2014

Ontario Energy Board  
2300 Yonge Street  
27<sup>th</sup> Floor  
Toronto, Ontario  
M4P 1E4

**Attn: Kirsten Walli, Board Secretary**

Dear Ms. Walli:

**Re: EB-2013-0115 – Burlington Hydro 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)

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**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 Burlington Hydro  
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?***

**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.1/2/2]

With respect to the UtilityPULSE 15<sup>th</sup> Annual Electric Utilities Customer Satisfaction Survey. Please provide:

- a) A breakdown of Burlington customer respondents by customer class.
- b) A list of all other participating Ontario utilities.
- c) Copy of all questions asked to Burlington customers.
- d) The full results (raw data) for all Burlington customers.

## **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, (4) efficiency benchmarking, support the application?***

### **2.1-SEC-3**

With respect to the Applicant's performance on delivering on Board-approved plans from its most recent cost of service decision:

- a) Please provide a copy of all Board-approved plans from the Applicant's most recent cost of service decision.
- b) For each plan provided, please explain how the applicant is delivering upon it.

### **2.1-SEC-4**

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

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

[Ex.4/2/1/Appendix 2-L]

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-6**

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-7**

Please provide a copy of any surveys, questionnaires or other methods that the Applicant used to collecting customers feedback and preferences?

## **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-8**

Please explain how the Applicant has demonstrated that its Distribution System Plan will support continuous improvements in productivity?

#### **4.1-SEC-9**

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

Regarding employee compensation:

- a) Has the Applicant undertaken any salary benchmarking studies or analysis for union, non-union, and management employees? If so, please provide a copy.
- b) Please provide a copy of the Hay Group review conducted in November 2011.

***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-10**

What are the Applicant's objectives that it believes are appropriate to drive its OM&A expenses?

#### **4.2-SEC-11**

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

Please revise Appendix 2-JD to show OM&A cost driver by program or cost event, not USofA account.

#### **4.2-SEC-12**

[Ex.1/5/11/p.1]

Is it the Applicant's position that it cannot quantify any operational efficiencies due to its deployment of smart meters or that it cannot identify the cost savings from any operational efficiencies due to its deployment of smart meters?

#### **4.2-SEC-13**

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-JA
- b) Appendix 2-JB
- c) Appendix 2-JC

#### **4.2-SEC-14**

[Ex.4/2/2/]

Please provide an analysis of the variance between 2010 Board-approved OM&A expenses and 2010 actuals.

#### **4.2-SEC-15**

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

Who has the Applicant retained for consulting services for each area identified (lines 5-12)?  
What is the cost for each area?

**4.2-SEC-16**

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

Please provide a copy of the Applicant's current collective agreements with IBEW 636.

**4.2-SEC-17**

What is the wage increase that the Applicant is forecasting for its unionized workforce after the expiry of its current collective agreement on April 1, 2014? What is the basis for that forecast?

**4.2-SEC-18**

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

What market data has the Applicant used to determine the 2014 merit pay increase? Please provide a copy of all organizations survey/study that that were utilized.

**4.2-SEC-19**

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

For each year since 2010, what was the total incentive pay paid to management, and what was the potential maximum that could have been paid.

**4.2-SEC-20**

[Ex.4/7/1/Attachment 1]

Please explain why the Applicant does not have a competitive procurement process for: a) employee benefits, and b) liability & property insurance. How does the Applicant ensure that the costs are reasonable?

***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-21**

[Ex.2/5/3/Attachment 5/p.68]

Regarding the Asset Lifecycle Optimization Politics and Practices":

- a) Has this "draft proposal" been adopted and implemented? If so, what was the date of implementation?
- b) Are all the Applicant's proposed material Test Year in-service additions determined in accordance with these policies?
- c) In footnote 1, the Applicant states that "[u]nless there is inherent value to the customer by exceeding the required minimal performance standards (i.e. the enhanced performance standard is something the customer would willingly pay for), then no additional value can be attributed to this factor in the cost analyses described in this document". How does the

Applicant determine on an individual asset basis if the enhanced performance standard is something the customer would willingly pay for?

#### **4.3-SEC-22**

[Ex.2/5/3/Attachment 5/p.71]

For each Test Year in-service addition above the materiality threshold for which an asset is either replaced or refurbished, please provide analysis provided pursuant to the “Policy on the Evaluation of Asset Replacement or Refurbishment”.

#### **4.3-SEC-23**

[Ex.2/5/3/Attachment 5/p.184]

For each Test Year in-service addition above the materiality threshold, please provide a chart setting out the 2013 budgeted amount and the 2013 year-end actual amount. Please explain any variance.

### ***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?***

#### **7.1-SEC-24**

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?***

***7.3 Are the proposed levels of taxes appropriate?***

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

**7.4-SEC-25**

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

What miscellaneous services does the Applicant provided to Burlington Electricity Services Inc.

***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?***

***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 6<sup>th</sup> day of February, 2014.

*Original signed by*

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Mark Rubenstein  
Counsel for the School Energy Coalition