

Ontario Energy Board

IN THE MATTER OF sections 25.20 and 25.21 of the *Electricity Act, 1998*;

AND IN THE MATTER OF a Submission by the Ontario Power Authority to the Ontario Energy Board for the review of its proposed expenditure and revenue requirements for the year 2014.

**INTERROGATORIES OF
ENERGY PROBE RESEARCH FOUNDATION
("ENERGY PROBE")
To
ONTARIO POWER AUTHORITY
("OPA")**

June 18, 2014

ONTARIO POWER AUTHORITY
Review of Proposed 2014 Expenditure and Revenue Requirements
EB-2013-0326

ENERGY PROBE RESEARCH FOUNDATION

INTERROGATORIES

Most 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. Some interrogatories relate to multiple issues.

General

General-Energy Probe-1

Ref: 2014-2016 Business Plan

Preamble:

2014-2016 Goals

The Ontario Power Authority's 2014-2016 Business Plan is based on five goals:

- 1. Sustain Ontario's leadership in energy efficiency while promoting a culture of conservation through innovation, cost-effective customer-focused solutions and verified resources.**
- 2. Develop integrated and regional power system plans and communicate with stakeholders.**
- 3. Ensure Ontario ratepayers benefit from environmentally sustainable electricity generation through cost-effective procurement and contracts with effective risk sharing.**
- 4. Develop and maintain organizational capacity and be recognized as a partner in achieving the 2014-2016 goals.**
- 5. Engage with stakeholders, ratepayers, government and business partners to shape and support the activities that help the OPA to fulfill its mandate.**

- (a) Please provide a chart that links the Operating Resources for 2014 to the 5 goals. This should include Operating Expenses broken out by each major category e.g. Compensation and Benefits (indicate FTEs) Professional and Consulting fees, Conservation/technology, Other OM&A expenses and Allocation of Shared Services. Ensure this chart reconciles to the Total operating Budget.**
- (b) Please provide a chart that shows the Revenues for each of the 5 goals.**
- (c) Please provide a Revenue Requirement Calculation for each of the 5 goals.**

General-Energy Probe-2

Ref: Exhibit A, Tab 2, Schedule 1, Pages 37-40, 2014-16 Business Plan

- (a) Please confirm the external consultants' report indicated is the CEA report filed at Exhibit C Tab 4 Schedule 1.**
- (b) Where applicable, for each goal please provide the relationship of 2014 Operating Expenses and FTE to program spend and contribution to energy targets set out in the 2013 LTEP.**

General-Energy Probe-3

Ref: Exhibit A, Tab 1, Schedule 2

Preamble:

In 2014, the OPA has a planned operating budget of \$60.3 million. This is a reduction of nearly 6% compared to the OPA's Board-approved 2011 operating budget. This reduction has been achieved through a combination of administrative and process efficiencies, carried out while the OPA's mandate has expanded and it addresses a growing volume and complexity of work. As well, pursuant to the April 23, 2010 directive, new grants under the Conservation Fund are being recovered through the OPA's program spending rather than through fees.

- (a) Please provide a schedule that shows the breakout, by major category, of the administrative efficiencies relative to the 2011 operating budget.**
- (b) Please provide appropriate notes and explanations.**

Issue 1. CONSERVATION

1.1 2014 Operating Budget for Goal 1 – Conservation

- Is the Operating Budget of \$10,588 thousand allocated to Goal 1 reasonable?**

1.1-Energy Probe-4

Ref: Exhibit B, Tab1, Schedule 1, Appendices A-D

- (a) In the context of 2013 LTEP Targets, please provide OPA estimates of the 2014 CDM Savings, Cost effectiveness, TRC PAC and LDC projections.**
- (b) Please compare to 2012 results and, if available, 2013 preliminary results/estimates.**

1.1-Energy Probe-5

Ref: Exhibit C, Tab1, Schedule 1, Page 7

- (a) Please apply the cost effectiveness tests to the procurement and operations categories in Table 1. How does the 2014 line 2.1 relate to the LTEP target?**
- (b) Please explain or provide the basis of the allocation of shared services to Conservation.**
- (c) Please explain why 2014 delivery cost per kwh will go down. Is this due to changes in incremental savings in 2014 or other factors?**

1.1-Energy Probe-6

Ref: Exhibit C, Tab 1, Schedule 1, Page 5 of 19

Preamble:

The OPA argues that the “Culture of Conservation metric represents the collective results of the entire sector's efforts to engage people with energy conservation, and is not an informative measure of the OPA’s efficiency in delivering conservation initiatives.”

- (a) Can OPA please explain why the take up – or non-take up – of its conservation programs should not be considered an “informative measure” of its efficiency?**
- (b) The OPA is proposing three new conservation metrics: residential customers’ satisfaction, business customers’ satisfaction and LDC satisfaction. Can OPA explain how those would be measured and why these are better metrics?**

1.1-Energy Probe-7

Ref: Exhibit C, Tab 1, Schedule 1, Page 4 of 19

Preamble:

The OPA says that “while the megawatts contracted by the OPA are targeted to increase by nearly 30 percent between 2011 and 2014, the number of contracts the OPA manages is expected to increase by more than 130 percent for the same period.”

- (a) Can the OPA provide an average cost of managing each contract?**
- (b) Can the OPA provide an average cost of managing each contract for each year since 2006? Has the cost of managing an average contract increased or decreased over that time?**

1.1-Energy Probe-8

Ref: Exhibit C, Tab 1, Schedule 1, Page 10 of 19

Preamble:

The OPA states that Culture of Conservation metric measures the “public awareness of energy conservation over time. The metric shows a decline in public awareness of energy conservation over the reporting period.”

Can the OPA please explain why this has been declining?

Issue 2. POWER SYSTEM PLANNING

2.1 2014 Operating Budget for Goal 2 - Power System Planning

- Is the Operating Budget of \$5,749 thousand allocated to Goal 2 reasonable?**

2.1-Energy Probe-9

Ref: Exhibit B, Tab 2, Schedule 1, Page 7

Please provide the specific outcomes related to the 2014 budget such as Regional Studies Completed. Where possible please provide quantitative longer term outcomes such as transmission capacity/kilometers of line, Demand Response and CDM Gwh and Peak savings. Relate these outcomes to the Goals of the Conservation and as applicable, other groups at OPA.

Issue 3. ELECTRICITY RESOURCES

3.1 2014 Operating Budget for Goal 3 – Electricity Resources

- Is the Operating Budget of \$15,028 thousand allocated to Goal 3 reasonable?

3.1-Energy Probe-10

Ref: Exhibit B Tab 3 Schedule 1Pages15-16

Preamble:

Qualitative results for 2012-2013 are provided in the Reference.

- (a) Please provide the expected 2014 outcomes for each of the ER groups. Where possible provide quantitative outcomes such as procurements and capacity MW for each type of resource (Clean, Renewable etc.).
- (b) Please compare to the LTEP Targets.

3.1-Energy Probe-11

Ref: Exhibit C1, Tab 1, Page 12, Tables 2 and 3

Please relate the 2014 targets to the 2013 LTEP.

Issue 4. CORPORATE SUPPORT

4.1 2014 Operating Budget for Goal 4 – Organizational Capacity

- Is the Operating Budget of \$24,577 thousand allocated to Goal 4 reasonable?

4.1-Energy Probe-12

Ref: Exhibit B, Tab 4, Schedule 1, Page 2

- (a) Please provide the Specific outcomes for 2014 for the office of the CEO.
- (b) Please provide the 2014 specific outcomes related to the 4 strategic initiatives of the BSS Group.

- (c) Please provide 2011-2014 headcounts for the group.
- (d) Please provide the percentage of the total operating budgets associated with BSS 2011-2014.

Issue 5. COMMUNICATIONS

5.1 2014 Operating Budget for Goal 5 – Communications

- Is the Operating Budget of \$4,398 thousand allocated to Goal 5 reasonable?

5.1-Energy Probe-13

Ref: Exhibit B, Tab 5, Schedule 1, Page 9

- (a) Please provide the specific outcomes for the Communications group for 2014.
- (b) Please provide the 2011-2014 headcount.

Issue 6. GENERAL

6.1 Proposed Usage Fee

- Is the proposed usage fee reasonable?

6.1-Energy Probe-14

Ref: Exhibit D, Tab1, Schedule Table1

Preamble:

The 2014 OPA operations revenue requirement is \$60.3 million, the same as its 2014 operating expense budget. The 2014 revenue requirement is forecast to be \$19.5 million lower than the total 2011 revenue requirement of \$79.9 million. In 2014, the OPA proposes to not include the registration fees and other income in the usage fee calculation due to the uncertainty associated with registration income experienced in the past few years, as evidenced by the reimbursement of Feed-in Tariff (“FIT”) registration fees in 2012 and 2013.

- (a) Please indicate the FVDA and RCSDA amounts for 2012 and 2013.
- (b) Please provide an estimate for 2014 based on the prior years and planned activity in 2014 Include the 2014 FVDA

6.1-Energy Probe-15

Ref: Exhibit D, Tab 1, Schedule 2 –Shared Services, Table 1

- (a) Please confirm that no time studies were performed.**
- (b) Please provide a copy of a typical shared service time/transactions allocation questionnaire.**
- (c) Was this approach applied to all support services areas? If so, please indicate why certain common functions were not allocated but assigned equally to the 3 operating divisions. (CEO, VP etc.)**
- (d) Please confirm no common operating (space) or capital costs (computers) were assigned to either operating or support groups.**

6.2 Proposed Registration Fee

- Are the proposed registration fees reasonable?**

6.2-Energy Probe-16

**Ref: Exhibit D, Tab 2, Schedule 1 and
Exhibit D, Tab 3, Schedule 1**

Preamble:

In 2014, the OPA proposes to not include the registration fees and other income in the usage fee calculation due to the uncertainty associated with registration income experienced in the past few years, as evidenced by the reimbursement of Feed-in Tariff (“FIT”) registration fees in 2012 and 2013. Registration fees will not be recognized as income for accounting purposes until the associated projects have reached commercial operation and, accordingly, the income from such fees will be reflected in future revenue requirement submissions by the OPA.

- (a) Has OPA prepared an outlook of registration activity and fees in the following years? Please provide this.**
- (b) Please discuss if the variances are significant enough to include a base fee revenue amount in 2014 and use a variance account for differences (as opposed to deferring the amount)**

6.2-Energy Probe-17

Ref: Exhibit D, Tab 2, Schedule 1, Table 2-Payroll and Total Compensation

(a) Please provide a schedule similar in format to following:

2011	Compensation						Benefits		TOTAL
REPRESENTN	TOTAL # EMPLOYEES	TOTAL WAGES	Base Pay	Overtime	Incentive/ Other	Average Base Pay	Pension	Other	
PWU									
Society									
Management									
Executive									

(b) Please complete the table for 2011-2014.

(c) Please provide a variance table comparing 2014 to prior years. (average base pay, benefits and Total only required)

(d) Has OPA participated in compensation benchmarking studies such as the 2013 Mercer study for Hydro Networks? If so, please provide the results relative to the peer group(s). If not, has a benchmarking study ever been performed? If so, please provide a copy.

(e) Does OPA participate in a larger pension plan? Please provide details.

(f) Please provide the latest Actuarial review and calculation for the OPA pension plan.

6.2-Energy Probe-18

Ref: Exhibit D, Tab 2, Schedule 1, Table 4

(a) Please explain the 2014 increase in Other Professional and Consulting fees.

(b) Provide a Summary of the Work Plan and Budgets. Provide expected major outcomes. Reference the four activities listed on page 4. Compare to 2013 activity levels and budgets