

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 Festival Hydro
Inc. for an Order or Orders approving or fixing just and reasonable
rates and other service charges for the distribution of electricity as
of January 1, 2015.

INTERROGATORIES
ON BEHALF OF THE
SCHOOL ENERGY COALITION

1-SEC-1

[Ex.1/2/1, p. 1] Please provide a copy of the strategy document that arose out of the “planning meetings in order to set the strategy for the organization”, i.e. the document setting out the strategy that was implemented by the Applicant. Please provide details of any approval of that strategy by the Applicant’s Board of Directors, and a copy of any presentations or other documents provided to the directors as part of obtaining that approval.

1-SEC-2

[Ex.1/2/2] Please confirm that the weighted average rate increase being requested, adjusting for the \$808,913 reduction in revenue requirement due to accounting changes, is 17.3% (calculated as \$1,758,528 (\$949,615+\$808,913) adjusted deficiency, divided by \$10,165,694 revenue at existing rates).

1-SEC-3

[Ex.1/3/1, p. 1] Please provide details of the storefront, including a description of its location and function, and an estimate of its costs of operation.

1-SEC-4

[Ex.1/3/1, p. 3 and 2/2/1, p. 7] Please provide a list of the “larger commercial and industrial customers” that were interviewed. If any were contacted but refused to be interviewed, please provide a list. If any presentations or other documents were provided to those customers interviewed, please provide copies. If a script or other interview outline was used in those interviews, please provide a copy.

1-SEC-5

[Ex. 1/4/1, Attach 3, Note 4] Please advise whether the 2013 and 2012 labels in the table are correct. If they are, please advise why the Transformer Station is listed in 2012 but not 2013.

1-SEC-6

[Ex.1/4/1, Attach 3, Note 17] Please provide a copy of the May 27, 2013 intercompany loan agreement. Please explain the reason the interest rate charged to FHSI was changed.

1-SEC-7

[Ex.1/4/1, Attach 3, Note 21] Please provide a copy of the most recent financial statements of FHSI. If an audit was performed on those financial statements, please provide the audited statements including the audit opinion.

2-SEC-8

[Ex. 2/2/1, p. 2] Please confirm that the 16% reduction in capital expenditures excludes the impact of the transformer station.

2-SEC-9

[Ex.2/2/1, p. 53] Please provide more information on Utilities Standards Forum (USF), including the Applicant's annual costs to be a member, and the Applicant's actual and forecast activities in the current and test years in support of USF.

2-SEC-10

[Ex.2/2/1, App. 1] Please provide the date the Asset Management Plan was completed. If it was approved by the Board of Directors, please provide the date of approval. If any external assistance was used in the preparation of the Asset Management Plan (other than the reports attached as Appendices 6, 7, 9, 10 and 11), please provide particulars. Please provide a high level summary of the major changes in the 2013 Edition of the Asset Management Plan relative to the Applicant's pre-existing practices.

2-SEC-11

[Ex.2/2/1, App. 5a] With respect to the 2013 Board Capital Plan:

- a. Please explain why the memorandum accompanying the plan is dated November 12, 2013, when the plan is for the year commencing January 1, 2013.
- b. Please explain why the 2013 plan does not contain a 5 year operating budget, as do the 2014 and 2015 plans.

2-SEC-12

[Ex.2/2/1, App. 5b] With respect to the 2014 Board Capital Plan:

- a. Please confirm that the 2014 and 2015 capital plans were submitted to the Board of Directors together, with the first dated November 21 and the second dated November 22.
- b. Please explain why the financial statements attached to the 2014 plan are dated November 22, the day after the date of submission.

2-SEC-13

[Ex.2 generally] Please provide a list of asset categories that the Applicant runs to failure. Has the Applicant changed which asset categories it runs to failure since its last cost of service application? If so, please provide details.

4-SEC-14

[Ex.4/1/1, p. 4] Please provide details of the issue of “parity of wages and benefits with neighbouring utilities”. Please provide details of the extent, if any, to which wages and benefits payable to employees of Hydro One Networks exert any influence, or have any impact, on the compensation costs of the Applicant.

4-SEC-15

[Ex.4/2/1, Attach. 3] Please confirm that, excluding the impacts of accounting changes, and the additional OM&A associated with the transformer station, OM&A per customer in 2015 is expected to be approximately 11% higher than actual OM&A per customer in 2010.

4-SEC-16

[Ex.4/3/2, Attach. 2] Please provide this table with two additional rows on the bottom, dividing the total amount of compensation costs in each column into the amounts allocated to OM&A and to capital.

4-SEC-17

[Ex.4/3/3, p.3] Please confirm that the costs in the table on this page are included in the OM&A costs of the Applicant in this Application. If confirmed, please confirm that the \$121,016 increase from 2010 to 2015 to deliver shared services is one of the drivers of the increase in OM&A cost, but is offset by a slightly larger increase in Other Revenues. If not confirmed, please advise where the impacts of the costs and revenues from shared services are reflected in the OM&A budget.

4-SEC-18

[Ex.4/3/6, p. 1 and Attach. 1] Please confirm that the figures for this cost-of-service Application are one-fifth of the forecast cost, and that the total cost is budgeted at \$201,000. Whether or not confirmed, please provide the basis for the forecast of costs for this Application.

5-SEC-19

[Ex.5/2/1, p.3] Please confirm that the weighted average cost of the \$30,380,081 of actual long term debt, at regulatory rates, is 4.23179%. Please confirm that if that rate is applied to the deemed long term debt of \$35,336,560, the total cost of long term debt in the test year would be \$1,495,369, a reduction of \$30,499 in revenue requirement.

8-SEC-20

[Ex. 8/1/1, p. 2] Please confirm that the maximum fixed rate for GS>50, per the cost allocation study, is \$66.41 per month, not \$227.57. Please confirm that, if the fixed monthly charge for GS>50 in the Test Year is set at the maximum, \$66.41, the variable charge would be \$3.1937 per KW.

8-SEC-21

[Ex. 8/2/1, p. 2] Please confirm that, as a result of the commissioning of the new transformer station in 2013, the transmission connection charges for the Applicant's customers are forecast to be reduced by about \$350,000 in the Test Year. Please provide a cost-benefit analysis, from the customers' point of view, showing the incremental costs they are bearing as a result of the transformer station (cost of capital, depreciation, PILs, OM&A, and any other costs), and the savings they are expected to enjoy as a result of the station (reduced transmission connection charges, line losses, station maintenance and other OM&A costs, and any other benefits). Please provide the cost-benefit analysis at least for the Test Year, and if possible also on a lifecycle basis.

Submitted by the School Energy Coalition on this 7th of August, 2014.

Jay Shepherd
Counsel for the School
Energy Coalition