



September 2, 2014

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

Dear Ms. Walli:

**Re: Z-Factor Application for Recovery of December 2013 Ice Storm Related Restoration
Costs – Responses to Vulnerable Energy Consumers Coalition Interrogatories
Halton Hills Hydro Inc.,
OEB Proceeding: EB-2014-0211**

Halton Hills Hydro Inc. ("HHHI") hereby submitted its response to Vulnerable Energy Consumers Coalition Interrogatories in relation to HHHI's Z-Factor Application to the Ontario Energy Board ("the Board") for recovery of restoration costs related to the December 2013 Ice Storm.

A copy of the response has also been electronically mailed to the Board Secretary.

In the event of any additional information, questions or concerns, please contact David Smelsky, Chief Financial Officer, at dsmelsky@haltonhillshydro.com or (519) 853-3700 extension 208, or Tracy Rehberg-Rawlingson, Regulatory Affairs Officer, at tracyr@haltonhillshydro.com or (519) 853-3700 extension 257.

Sincerely,

(Original Signed)

Arthur A. Skidmore, CPA, CMA
President & CEO

Cc: David J. Smelsky, CPA, CMA, CFO, HHHI
Interested Parties in proceeding EB-2014-0211
Richard King, Counsel, HHHI

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Halton Hills Hydro Inc. (“HHHI”)
2014 Z-Factor Application
EB-2014-0211
Response to VECC Interrogatories

VECC Question #1

Ref: Z-Factor Application

Preamble: Halton Hills is applying for recovery of a total Z-Factor claim of \$1,561,372.

- a) Please confirm the costs included in the Z-Factor amount are incremental costs and that that all regular payroll costs and the associated truck/vehicle costs were deducted from the total cost claim.
- b) Please identify the annual storm damage costs included in current base rates.
- c) Page 4 – How many customers had damage or continued tree contact to customer owned private equipment and lines as of December 29, 2013.
- d) Page 4 – Please provide a summary of the invoiced costs for each of the 11 LDCs, 3 contractors and 5 tree contractors.
- e) Page 10 Table 3 - Please breakdown the “Other External Costs” separately between Halton Hills, Line contractors, Tree contractors and utilities.
- f) Page 10 Table 3 – Please provide a breakdown of the \$15,253.13 in communication costs.
- g) Page 10 Table 3 – Please provide the cost of materials and confirm the materials acquired were at normal rates from regular suppliers. If not, please provide an explanation and breakdown of the premium paid.
- h) Page 10 Table 3 – Please provide a breakdown of overtime of \$245,341.20 by overtime hours by department and management and any other relevant categories.
- i) Please provide a description of Halton Hydro’s meal allowance and mileage policies for Halton Hill’s staff and distributors & contractors and confirm that these policies were followed.
- j) How are overtime hours for vehicles treated in this application?

Response:

- a) HHHI confirms the costs included in the Z-Factor amount are incremental costs and that that all regular payroll costs and the associated truck/vehicle costs were deducted from the total cost claim.
- b) Please see HHHI's response to Energy Probe Interrogatory #3a).
- c) HHHI does not maintain outage records for customer owned /private equipment and lines.
- d) Please see HHHI's response to Board Staff interrogatories, Table IRR3 – Detailed External Contractor Costs and Table IRR4 – Detailed Costs-Assisting LDCs.
- e) All “Other External Costs” are costs to HHHI.
- f) Communication Costs include HHHI's external call centre service to take overflow calls.
- g) The total cost of materials is \$26,046. HHHI confirms the invoiced costs were acquired at regular rates.
- h) Please see HHHI's response to Board Staff interrogatories Table IRR1 - Break down of Internal Labour Costs.
- i) HHHI's meal allowance can be seen in HHHI's response to Board Staff interrogatories, Appendix IRR-B as per Article 10.04. The mileage policy, as a section of the staff expense policy, states “(s)taff will be reimbursed mileage at the Corporation's approved mileage rate per km. for travel to and from the function”. The current mileage rate is \$0.50/km.
- j) No vehicle time was included in the application.

VECC Question #2

Ref: Z-Factor Application, Appendix C, Presentation by President and CEO

- a) Please provide the date of the presentation.
- b) Slide - Impact of Storm: Please discuss the reasons why 100% of Halton Hill's customers were without power compared to neighbouring utilities with a much lower % of customers out.
- c) Slide - Impact of Storm: 3 properties with extensive private property damage on unused properties will be addressed in spring. Please explain how this work impacts this application.
- d) Slide – Customer Reaction: Please explain the nature of the 3 insurance claims, the status and what resulting costs are included in this application.
- e) Slide – Halton Hills Hydro Staff involved in Storm Response: Please add two columns, # of staff and cost, to the table.
- f) Slide – Cleanup: Please confirm if any of the cleanup costs listed are included in the application for recovery.
- g) Slide – Damage to our system: Please provide a complete description and breakdown of the total cost of Halton Hill's damaged distribution infrastructure and explain how these costs are accounted for in the application.
- h) Slide – Tree Trimming – Halton Hills entire system is trimmed under emergency conditions. Please provide the rationale.
- i) Slide – Cost Recovery Options – Please explain why option 1 – Partner with Town for Ontario Disaster Relief Assistance Program funding was not the recommended option. How much funding would be available to Halton Hills under this program?

Response:

- a) The date of the presentation was Monday, January 27, 2014.
- b) Please refer to HHHI's response to Board Staff interrogatory Scope of System Damage part a.
- c) The work described does not affect this application.
- d) The three (3) insurance claims are customers claiming for damages. There are no costs related to these claims included in this application.

- e) Please see Table IRR13 – Halton Hills Hydro Staff involved in Storm Response-revised.

Table IRR13 – Halton Hills Hydro Staff involved in Storm Response-revised

Department	% of Staff Working	# of Staff	Cost
Operations	100%	13	\$ 126,209
Management	92%	11	\$ 70,973
Customer Care	77%	10	\$ 20,277
All other departments	67%	8	\$ 27,932
Total	85%	42	\$ 245,391

- f) Please refer to HHHI's response to Board Staff interrogatory – Applicable Time Frame and Effective Date part c.
- g) Please refer to HHHI's response to Board Staff interrogatory - Capital Costs.
- h) HHHI's entire system was affected by trees contacting, freezing and/or pulling down distribution lines. As a result, there was extensive emergency tree trimming performed throughout the distribution system.
- i) Please see HHHI's response to Board Staff interrogatory – Cost Recovery Options.