

**Niagara Peninsula Energy Inc.**  
**2015 Cost of Service Application**  
**EB-2014-0096**

**Board Staff Interrogatories**

**Exhibit 1 Administration**

**1 Staff 1. Updates**

Upon completing all interrogatories from Board staff and intervenors, please provide an updated RRWF in working Microsoft Excel format with any corrections or adjustments that the Applicant wishes to make to the amounts in the previous version of the RRWF included in the middle column. Please include documentation of the corrections and adjustments, such as a reference to an interrogatory response or an explanatory note.

Also upon completing all interrogatories from Board staff and intervenors please provide any updates to the following Microsoft Excel documents in working format: PILS, any Appendix 2 changes (e.g. cost allocation, rate design, and bill impacts, and so on as required), EDDVAR spreadsheet, and the updated cost allocation model reflecting the revised revenue requirement in the updated RRWF.

**1 Staff 2. Benchmarking**

**Reference**

1. Scorecard  
<http://www.ontarioenergyboard.ca/documents/scorecard/2013/Scorecard%20-%20Niagara%20Peninsula%20Energy%20Inc..pdf>

**Preamble**

On August 14, 2014, the Board established the stretch factor assignments for 2015 rates in the Report of the Board: Rate Setting Parameters and Benchmarking under the renewed Regulatory Framework for Ontario's Electricity Distributors. The applicant was assigned to Group III out of five groups; unchanged from the prior assignment.

- a) Please provide details on any initiatives undertaken to improve the applicant's assignment in future years

NPEI's Total Cost per Customer may be trending down, for in 2011 it was \$690, and has consistently dropped to \$672 in 2013.

- b) What is NPEI's target for 2015?
- c) What is NPEI's five year target?

For CDM, Distributor Targets are stated as demand levels, while the actuals are stated as percentages.

- d) Please state what the 2009 – 2013 percentages are in terms of demand.
- e) Are the target demands based on projects that were not completed in the historical years? If not please explain the trends.

### **1 Staff 3. Customer Engagement**

#### **Reference**

1. Appendix 2-AC

#### **Preamble**

NPEI states that for "1. Definition and Schedule of Customer Engagement Plan":

"Identification that in order to document and respond to customer needs and preferences, plan needed to be in place. Within the plan, define principles of customer engagement, the documentation and process to be followed to track customer needs and preferences. Schedule quarterly meetings. Follow through on lessons learned."

- a) Please provide a progress report and target dates for any item of the plan that has not been implemented.
- b) Is NPEI maintaining quarterly meetings? If so please provide any agendas and presentations for the meetings.
- c) What lessons were learned and what were the follow-ups from the meetings?

NPEI states in "2. Identify customer needs, preferences, priorities: use of data analytics from customer surveys, customer call activity, outages. Take a long term perspective by applying principles of customer engagement over a 5 year period of distribution system plan:"

“Customer needs and preferences identified: utility response time, communication and education to customers on how to save on their monthly bill. Integration of customer needs/preferences/priorities in DS planning and plan.”

- d) Please state the integration with the DSPlan, stating changes that were made.
- e) What forms of outreach were employed to explain how the current application serves the needs and expectations of customers? If none were employed, please explain why.

For conservation, “5. Conservation program access and Site Visits”, NPEI stated:

“NPEI completed data collection and consultation to determine key market characters within service area. NPEI completed market character interviews and site visits. NPEI will integrate tracking consultation topics into CDM engagement activities.”

- f) What topics is NPEI tracking?
- g) What has NPEI learned from this?

NPEI engages directly with its customers in “6. Educate and inform customers” and “7. Customer Consultations”

- h) What feedback did NPEI receive from its customers, and what actions as a result did NPEI undertake or is planning?

## **Exhibit 2 Rate Base**

### **2 Staff 4. Capitalization Policy**

#### **References**

1. Exhibit 1 Tab 6 Schedule 22
2. Chapter 2 Cost of Service Rate Application based on a Forward Test Year
3. Exhibit 2, Tab 2, Schedule 3, p. 2

#### **Preamble**

NPEI last rebased in 2011. In Reference 1, NPEI indicated that it changed its capitalization policies effective January 1, 2011 and therefore, Appendix 2-Y is not applicable. However, NPEI did change its depreciation policy effective January 1, 2013.

In Reference 2 it states that revenue requirement impacts of any changes in accounting policies must be separately quantified in Appendix 2-Y.

- a) Please quantify the impact of depreciation changes to revenue requirement in Appendix 2-Y.
- b) Please confirm that the capitalization policy changes were already captured in NPEI's last cost of service rate application EB-2010-0138.

In Reference 3, under labour burden, NPEI indicated since January 1, 2011, it no longer capitalized any portion of stores, garage or training expenses. However, NPEI subsequently indicated that there will be an impact relating to general and admin burden under IFRS.

- c) Please clarify whether there has been a change in capitalization policy since NPEI's last rebasing application for the period of June 1, 2011 to April 30, 2014. If there has been a change, please quantify the impact of the change.

## **2-staff-5. Performance Measurement for Continuous Improvement – Key Performance Indicators; Asset Management Process**

### **Reference**

1. Distribution System Plan, p. 8
2. Distribution System Plan, pages 22-25

### **Preamble**

At Reference 1, NPEI provides key performance metrics that provide input to its asset management plan and capital expenditure planning process: reliability performance, safety performance, customer satisfaction, regulatory compliance, and asset health indices. NPEI provides little commentary on how these performance metrics are weighted in the evaluation of various "strategic objectives and "technical alternatives" in its asset management planning process. .

At page 22 of Reference 2 an asset management decision and process chart is included. NPEI discusses "strategic investments" and "technical alternatives". At page 24 NPEI discusses how it develops business cases that are evaluated based on evaluation criteria. At page 25 of Reference 2 NPEI discusses supporting inputs and outputs related to capital expenditure planning.

- a) NPEI provides little commentary on how performance metrics are tracked, measured, or otherwise used to provide useful feedback for NPEI's planning cycles for the asset management plan and the capital planning process (and DS Plan.) Please elaborate for both the asset management plan and the capital planning process.

The use of a table or matrix may supplement the following interrogatory responses:

- b) Please elaborate on the evaluation criteria and how these are quantitatively used to develop a score to rank projects to propose for implementation, and conversely which projects should be deferred.
- c) How are the supporting inputs and outputs quantitatively applied to the capital expenditure planning process? It is not clear why one project would be preferred over another.
- d) Please describe how NPEI quantify and compare the benefits from projects, and how these benefits flow to customers?

## **2-staff-6. Asset Management Process – Values & Strategy**

### **Reference**

1. Distribution System Plan, page 24

### **Preamble**

Business cases are developed for projects identified at the highest priority levels. NPEI states that business cases are in-line with corporate business values and strategic objectives.

Please explain how these corporate values & strategic objectives align with goals of providing customer value, price, and reliability.

## **2-staff-7. Capital Plan Variance Analysis – General**

### **References**

1. Exhibit 2 Tab 2 Schedule 1
2. Appendix 2-AA

### **Preamble**

At reference 2, NPEI provides commentary with respect to its Consolidated Distribution System Plan and includes a comparison of plan versus actual capital expenditures by Category for 2010-2014. NPEI did not provide a table indicating year-to-year variances between plan and actual expenditures.

- a) Please provide a variance analysis for each year, starting in 2010, between plan and actual expenditures. Please present this information in tabular form.

- b) Please provide the table at page 1 of the first reference with the smart meter variance (328.1%) removed, so as to show variances without the impact of smart meter recovery approval. Provide the same variance table as in part a) of this interrogatory except with the table adjusted to remove smart meter recovery approval.
- c) With reference to the table to be provided in part a) above, please explain in detail why NPEI's actual expenditures for 2011, 2012, and 2013 were significantly below planned expenditures.
- d) Revenues for the planned expenditures were in the rates NPEI was charging. Please explain how NPEI re-allocated the funds. Did this increase net income?
- e) With reference to the table to be provided in part a), please explain in detail why NPEI's actual expenditures for 2014, the bridge year, were approximately 15% higher than 2013.
- f) Please explain to what extent deferred investments have resulted in any backlog of work, into the 2015 test year or otherwise.
- g) Please explain if and how NPEI's lower actual capital expenditures impacts system reliability at its current levels, given that the customer survey shows that reliability is a major concern for customers. With respect to 2013, please explain why general plan purchases original budgeted for 2013 were deferred until 2014.

## **2-staff-8. Capital Plan Variance Analysis – Cancellation of \$2.4M System Renewal Asset Purchase**

### **Reference**

1. Exhibit 2 Tab 2 Schedule 1 p. 2

NPEI has indicated that a system renewal project involving a 2012 planned purchase of a \$2.4M asset from Hydro One did not occur.

- a) Please explain what was the asset to be purchased, referring to previously filed evidence in other proceedings before the Board where necessary, and state why it was not purchased, what alternative courses of action were contemplated, and how NPEI arrived at that decision.
- b) Given this was a system renewal project, what effect did the decision not to purchase this investment have on subsequent system renewal decisions, and on service reliability? Were costs incurred on other projects that would have achieved the same goals that the asset purchase would have achieved?

- c) What contingency plans were made in lieu of the purchase?
- d) Does NPEI still have future plans to purchase the \$2.4M asset? If so, when, and at what cost?

## **2-staff-9. – Capital Plan Variance Analysis – Yard works**

### **References**

- 1. Exhibit 2 Tab 2 Schedule 1 p. 2
- 2. Exhibit 2 Tab 2 Schedule 1 p. 8
- 3. Exhibit 2 Tab 2 Schedule 2 p. 71

### **Preamble**

In Reference 2, NPEI State:

“In 2013, NPEI engaged a third party consultant to review the purchasing, receiving, and issuance of inventory processes and procedures. In 2014, the consultant was engaged to implement various changes to processes and procedures related to NPEI’s supply chain management. The current Niagara Falls small stores area is over 30 years old in its design, layout and shelving. NPEI constructed a new wire building which received occupancy at the end of 2013.”

- a) Please provide a copy of the consultant’s report discussed in the passage above, and a copy of the original NPEI business case study justifying the project investment and any updates to that study that includes further justification for the project. Please include options and alternatives that were considered and a ranking of these options, and how this expenditure provides value for customers, or generates efficiencies at NPEI.
- b) Please explain whether or not the work associated with yard projects (totalling \$1.875M) was contemplated in NPEI’s previous asset management planning cycle.
- c) Is any of the space in these new facilities being shared with NPEI ‘s unregulated affiliates? If yes, please indicate how NPEI intends to assign or recover shared costs.
- d) At the third reference, High Mast lighting is included at a cost of \$435,000. What are the benefits of this expenditure? Did this lighting replace an existing end-of-life yard lighting solution?

## **2-staff-10. – Service Reliability Raw Data**

### **Reference**

1. Distribution System Plan 5.2.3.1, p.10-18

### **Preamble**

Graphs have been provided in Reference 1, but not discrete values, except for a few of these at Appendix 2-G.

- a) Please provide the underlying data-points associated with the following figures in excel format: Figures 5.4, 5.5, 5.7, 5.10, 5.11, 5.12, 5.15, 5.16, and 5.17
- b) Please provide the historical three-year average for the period 2010-2012 and the figures for 2013 in both raw form, and adjusted to remove severe weather events (such as those in 2011 and 2013) as well as loss of supply (e.g. upstream stations).

## **2-staff-11. Service Quality and Reliability Performance (Appendix 2-G)**

### **References**

1. Distribution System Plan 5.2.3.1, Figure 5-10
2. Exhibit 2, Tab 3

NPEI has provided graphs of the reliability indicators, but has provided limited commentary on adverse deviations from trend or targets, as stipulated in 2.5.2.5 of the Chapter 2 Filing Requirements.

- a) Please provide a brief explanation, particularly with respect to the degradation in annual SAIFI statistics from 2010 to 2013.
- b) Please provide an indication if any of the figures fall outside the three-year average for SAIDI, SAIFI, and CAIDI.
- c) Please also state how the information has been incorporated into the DS Plan and has been used to continuously improve the asset management and capital expenditure planning process. Please point to projects that have been planned.
- d) Please state what NPEI is doing to improve the service quality measures. In the response please point to specific DSP projects, the year it will be built and the cost.



## 2-staff-12. Outage Management System

### Reference

1. Distribution System Plan, p.18 and Figure 5-17

NPEI indicates at the reference that:

“Prior to 2012, NPEI manually reviewed outage statistics to identify poor performing feeders. With the implementation of an outage management system that leverages AMI data for outage and restoration notification messages, NPEI is able to provide an accurate depiction of feeder performance.”

When in 2012 was the Outage Management System rolled-out and fully operational?

## 2-staff-13. Missing Station and Feeder Information

### References

1. Distribution System Plan, Appendix C (NPEI Feeder Reliability)
2. Distribution System Plan, page 27

It appears that many feeders on the system are missing from the table provided at Appendix C for both 2012 and 2013, particularly those stations which are “DS” stations. A list of feeders is provided in the DS Plan at page 27, and many of these feeders are missing.

- a) Information for the following stations and feeders, and possibly others, are omitted: Compden DS, Greenlane DS, Smithville DS, Jordan DS, Murray TS (Feeder 3M28). Why are certain stations and feeders missing from this table, or why were they not filed?
- b) Please provide a complete table showing all feeder information. If requested information is not available, please explain why.

The table at Appendix C is sorted by “SAIDI Average Hours of Interruption / Customer”.

- c) Please provide additional versions of these tables sorted by what NPEI has termed “SAIFI Average # of Interruptions / Customer”.
- d) Please provide commentary on the worst performing feeders as measured by SAIFI as well.
- e) Please indicate any capital projects associated directed with these worst performing circuits.

## **2-staff-14. Lightning Protection**

### **References**

1. ICF International NPEI Customer Engagement Baseline Report, DS Plan, Appendix G.
2. Distribution System Plan, Appendix E, Kinectrics Distribution Asset Condition Report

### **Preamble**

At page 6 of Reference 1, ICF International states that:

“From the Lincoln/West Lincoln area, review of information has determined a requirement to fortify lightning mitigation equipment within the system, as highlighted by a large number of failed transformer/step-down units during large lightning event.”

There appear to be no specific projects in the DS Plan or asset management plan addressing lightning mitigation through the active use of lightning arrestors, surge suppressors, or through advance means such as lightning detectors.

- a) Were lightning strikes experienced in 2013 and in prior years a contributor to degradation of any assets, particularly poles, power transformers, large-pad mounted transformers, and pole-top transformers?
- b) Given that lightning mitigation was cited as a critical prong of system planning in the ICF Report, why has NPEI not responded to these consultant recommendations in the customer engagement report? Given the number of power transformers recommended for replacement, in Ref 2, would it not be prudent for NPEI to install lightning protection systems, especially to protect these new assets, and/or critical infrastructure?

## **2-staff-15. Kinectrics Asset Condition recommendations**

### **Reference**

1. Distribution System Plan, Appendix E, Kinectrics Report, page 28

The Kinectrics report stated that:

“It is recommended that information gathered from visual inspections and ultrasonic and infrared scans [of underground cables] be incorporated into the Health Index.”

- a) Please indicate how NPEI has implemented this recommendation in its DS Plan and capital expenditures planning. If the recommendation has not been implemented, please explain why.

- b) Has this recommendation placed upward pressure on the budget allocated for underground cable inspection in the future?

## **2-staff-16. Wi-max Project**

### **References**

1. Exhibit 2 Tab 1 Schedule 2 pages 66-68
2. Exhibit 1 Tab 2 Schedule 7 p. 4

### **Preamble**

NPEI has included significant capital expenditures in the prior period, as well as in the DS Plan period.

- a) Has the Wi-max project been fully deployed? If not, when will it be in service?
- b) What is the total projected cost of the Wi-Max project over the past period, 2010-2019 period?
- c) NPEI has not indicated that it has the necessary licences with respect to the 1800-1830 MHz band on which the Wi-Max network will function. What is the timeline for these approvals?
- d) NPEI has outlined the qualitative value to customers from this project at page 67 of the first reference. How does NPEI intend to quantify the value to customers received from rollout of the Wi-Max project?

## **2-staff-17. Capital Expenditure Summary**

### **Reference**

1. Distribution System Plan, p. 48

NPEI has provided a capital expenditures summary table. Please provide a readable table in the size, format, and orientation as provided for at page 18 of *Chapter 5 of the Filing Requirements for Electricity Transmission and Distribution Rate Applications*.

## **2-staff-18. Wholesale Pole Replacement Projects**

### **References**

1. Distribution System Plan, p. 34, page 38
2. Distribution System Plan, Appendix E, Kinectrics Report

3. Exhibit 2 Tab 1 Schedule 2 p. 56 – SR31

At page 34 of the DS Plan NPEI states that:

“Areas with a high concentration of pole deficiencies are identified as targets for wholesale system renewal rather than individual change-outs. The decision to perform a wholesale rebuild is deemed to be more efficient when the area encompasses distribution transformers also at or near end of life...”

At page 38 of the DS Plan NPEI lists a description of material projects, including the replacement of “poles identified with limited structural integrity” for a total capital expenditure of approximately \$1.2M.

- a) What value is created through these wholesale replacement programs? Please quantify efficiencies realized through wholesale change-outs.
- b) How is a “high concentration of pole deficiencies” defined? What analysis establishes whether wholesale change-out is preferable to individual change-out? Do these wholesale change-outs result in the replacement of poles that are not near end of life or at high risk of failure? How is the residual value of assets factored into the decision to replace on a wholesale vs. individual basis? What risk assessment is performed?
- c) At page 25 of the second reference found at Appendix E to the DS Plan indicated for Wood Poles that, “Wood poles showed very significant improvement in overall health. This change may be due to the significant increase in sample size (i.e. improved knowledge about the asset population).” At page 28 it further states that, “In year 1 it is estimated that 79 and 216 pole-top transformers and wood poles respectively will require attention.”
  - i. If there is an overall increase in the health index with respect to poles, how has this impacted NPEI’s planning and prioritizing of capital projects? Some information regarding NPEI’s pole replacement program has been provided. Please include the percentage of the total number of poles that are replaced in each year of the pole replacement program.
  - ii. Does NPEI track interruptions caused by pole failure? If not, why not? If so, why aren’t interruptions caused by pole failure a proposed performance metric?
- d) As an example, what is the typical or average cost per replaced pole:
  - i. In the wholesale pole replacement project.
  - ii. In the case of one-off pole replacements.

- e) Were customers informed of the rate increases associated with these pole replacements?
- f) With respect to the SR31 capital program, why do the averages for 2014 bridge and 2015 test year budgets vary so greatly from the expenditures from 2010-2013? (2014 is roughly 50% less than the 2010-2013 average for pole replacements under SR31.)

**2-staff-19. Material Projects: Demand Based System Reinforcements for New Commercial Services**

**Reference**

- 1. Distribution System Plan p. 38;
- 2. Appendix 2-AA

**Preamble**

NPEI has included approximately \$2.4M of capital expenditures over the bridge and test year in respect of demand based reinforcements for new commercial services. In its load forecast evidence, NPEI has indicated a 3.1% decline in kWh consumption from 2011 to 2015 forecast. Similarly, NPEI’s forecast billed demand from 2011 to 2015 forecast has shown a 4.2% decline.

At reference 2 NPEI has provided historical (2010-2013) and forecast (2014 bridge and 2015 test) expenditures for demand based reinforcements:

	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014 B</b>	<b>2015 T</b>
<b>Demand Based Reinforcements</b>	453,393	573,712	711,788	1,011,493	1,410,778	1,007,500

- a) NPEI has provided little commentary on how it defines “demand based reinforcement”. Please explain what this term means, with examples from past and/or future projects.
- b) Please explain the significant increases, year over year, from 2010 onwards, when NPEI was at the same time experiencing a prolonged period of declining consumption and demand. Are the high year-to-year variations as a result of deferrals of planned work from earlier years to into later years? If yes, please identify and discuss the causes, and if value was provided to customers through these deferrals.

- c) Please provide a summary of these projects, or indication of which specific projects (as included in the Appendix M- Project Narratives) are associated with these expenditures.

**2-staff-20. Vehicle Replacements**

**Reference**

1. Distribution System Plan Appendix F
2. Appendix 2-AA
3. Exhibit 2 Tab 1 Schedule 2 p. 98

NPEI has provided a table of planned replacements and variances from age of replacements at Appendix 2-AA. NPEI has indicated that it has a policy of prioritizing the replacement of vehicles with the lowest ratings first.

- a) In the table at Appendix F, what does the code “RBD” refer to?
- b) An INTER 4900 bucket truck purchased in 2001 with a condition score of 38 and a variance of 0 from replacement year is recommended for replacement at a cost of \$364,140. If the bucket truck is in good condition, why is it being replaced, regardless of planned replacement year?
- c) Two other trucks large trucks are scheduled for purchase in 2018 and 2019 to replace trucks purchased in 1993 and 1992. Why is the truck purchased in 2001 being replaced first instead of these older trucks? Please explain how this provides value to customers.
- d) At the second reference the following is provided in the Capital Projects Table:

	2010	2011	2012	2013	2014 Bridge	2015 Test
<b>Vehicles</b>	869,037	541,643	1,160,649	1,329,696	672,000	698,878

At the third reference, NPEI indicates that the 5-year average of \$3,494,390 is included in the 2015 test year, \$698,878.

- e) What were the capital planning drivers of the 100% increase from 2011 to 2012-2013, and the subsequent 50% decline in 2014 and 2015? Is there a reason that fleet replacements are not performed in a manner that smooths capital expenditures from year-to-year? For instance, were there unexpected replacements in 2012 and 2013?

## **2-staff-21. Low Voltage Connections**

### **Reference**

1. Exhibit 2 Tab 3 Schedule 1 p. 6;
2. Appendix 2-G

At the reference NPEI discusses its lost efficiencies in the installation of new subdivision connections in 2013. NPEI indicates that it has engaged a private contractor, and reached agreement for the provision of these services.

- a) Please discuss how the costs of the previous arrangement with Enbridge compare with the new arrangement with the Enbridge contractor. Please substantiate the change in costs and if NPEI sought competing bids to perform the work, or negotiated with the sole contractor.
- b) Please provide a copy of the contract with the new “Enbridge contractor”. What did this change in business relationship have on forecast capital expenditures at Appendix 2-AA?
- c) At Appendix 2-G, NPEI provides service reliability figures for Low Voltage Connections. Is the change in contractor solely responsible for the decrease in service reliability below the OEB minimum standard of 90%?
- d) NPEI indicated that the reduced need for NPEI crews at site will, “further streamline the process for service connections, and the statistics should reflect these changes in 2014. Year to date, has NPEI seen an improvement in 2014 service reliability, over the drop observed in 2013 for Low Voltage Connections?

## **2-staff-22. Gross Assets – Scope, Urgency, and ‘Demand Projects’**

### **Reference**

1. Exhibit 2 Tab 1 Schedule 2 p. 4

NPEI provides variance analysis with respect to numerous categories of Gross Assets. With respect to variances, NPEI indicates that, “due to changes in scope, urgent projects, or demand projects, the actual costs were higher on the conductor and lower on the conduit that originally budgeted.” NPEI provides this explanation for several accounts.

- a) For each of the projects listed under Accounts 1830, 1835, 1840, and 1845 at pages 4 and 5 (2011):
  - i. What were the changes in scope and why?

- ii. How does an urgent project affect costs?
  - iii. How do 'demand projects' drive variances?
- b) Ultimately, do changes in scope, urgency, and 'demand projects' provide or detract from value to customers versus planned expenditures?

## **2-staff-23. SA43 – Line Relocations**

### **Reference**

1. Exhibit 2 Tab 1 Schedule 2 p. 33

NPEI's evidence suggests that line relocations have averaged approximately \$380,000 from 2010-2014, including a 2014 budgeted cost of \$539,910.

- a) What has NPEI spent year to date in 2014 on line relocations associated with SA43?
- b) Why has NPEI budgeted \$500,000 for line relocations when the average over the past five years was approximately \$380,000?
- c) Please explain any changes to strategy at the City of Niagara that validates the estimate.

## **2-staff-24. Niagara Parks Commission Asset Purchase**

### **Reference**

1. Exhibit 2 Tab 1 Schedule 2 p. 34

NPEI has indicated that it intends to acquire assets from the Niagara Parks Commission in 2015 at a forecast cost of \$818,905.

- a) Has NPEI executed an agreement to acquire the assets at the budgeted costs? When does NPEI expect to do so? If the agreement has not yet been signed, what is NPEI's confidence interval with respect to the budgeted estimate provided in this application?
- b) Please provide the business case and approvals associated with this purchase.
- c) Please provide a description of the plant NPEI intends to acquire, the basis for the acquisition costs NPEI expects, and the value that the purchase and assets will provide to customers.



**2-staff-25. 4kV Conversion**

**Reference**

1. Exhibit 2 Tab 1 Schedule 2 page 35-36 – SA40

NPEI plans to replace legacy 4.16kV underground system with 15kV underground conductor and pad-mounted transformation.

- a) Please provide a copy of the original business case study justifying the conversion project investment and any updates to that study that includes justification for the continued conversion investment in this DSP period.
- b) Please identify the steps that were taken to elicit the views of customers on this project, its merits, and the willingness of customers to abide by the associated rate increases
- c) Please indicate how customers' views were factored into the plan and its timing.

**2-staff-26. Municipal Substation Rehabilitation SR9**

**Reference**

1. Exhibit 2 Tab 1 Schedule 2 p. 41

NPEI states in evidence that the existing transformer will be re-utilized as part of the design based on the results of the asset condition assessment (ACA) study.

- a) What was the outcome of the ACA study with respect to the existing transformer?
- b) Was the existing 5000kVA power transformer re-utilized? If not, please provide the cost of a new transformer and variance to 2014 expenditures.

**2-staff-27. Overhead to Underground Primary Conversion – Rolling Acres**

**Reference**

1. Exhibit 2 Tab 1 Schedule 2 pages 52 – SR28

NPEI has included a system renewal project for 2014/2015 with respect to the Rolling Acres subdivision at a cost of approximately \$1.3M. NPEI indicates that the primary facilities are currently situated on an inaccessible rear lot pole line within private property. 106 residential customers are affected by this renewal work.

- a) Why have the primary facilities become inaccessible?

- b) Have customers in the Rolling Acres subdivision experienced comparatively inferior service (e.g. more frequent outages, longer outages) when compared to average residential customers elsewhere in NPEI's service area?
- c) Please explain the expected service improvements for the 106 affected customers that will result from undergrounding
- d) Explain how this project was prioritized and ranked compared to other system renewal projects. What is the cost per avoided interruption?
- e) Please identify the steps that were taken to elicit the views of customers on this project, its merits, and the willingness of customers to abide the associated rate increases.
- f) Please indicate how customers' views were factored into the plan and its timing.

**2-staff-28. SR30 – System Sustainment Allowance**

**Reference**

1. Exhibit 2 Tab 1 Schedule 2 p. 54

At the reference NPEI provides its forecast sustainment expenditures allowance for 2015. The average of sustainment expenditures for 2010-2014 is approximately \$516,000.

- a) Please describe the process by which NPEI arrived at its 2015 budget allowance of \$680,000 for system sustainment. In particular, please comment on the current loading of NPEI's stations.
- b) Please break out the prior year actual costs, in absolute and percentage terms, between:
  - i. Underground failures;
  - ii. Overhead failures;
  - iii. Distribution modifications and component replacements; and
  - iv. Other

**2-staff-29. SR57 – NWTs Metering Replacement**

**Reference**

1. Exhibit 2 Tab 1 Schedule 2 p. 57

NPEI indicates that there were several failures of the primary metering units at NWTS. NPEI indicates that these replacements will minimize system wide outages which occurred during the metering failures.

- a) Were these metering failures expected?
- b) What was the cause of these metering failures and was the distributor or transmitter deemed responsible?
- c) Were these metering units under warranty? Or were these metering units at end of life?

## **2-staff-30. Mobile 27.6kV/8.32kV Substation**

### **Reference**

1. Exhibit 2 Tab 1 Schedule 2 p. 65

NPEI indicated that, "All of the distribution substations in the Lincoln/West Lincoln portion of NPEI's service territory are islanded and to [sic] not tie to other sources." NPEI listed the four stations: Campden DS, Greenlane DS, Smithville DS, and Jordan DS).

- a) Do any of the feeders associated the stations above appear in NPEI's worst performing feeders list at Appendix C?
- b) Did NPEI explore other alternatives with respect to providing these stations with an additional (permanent) level of redundancy through contingency planning?
- c) Does the DS Plan address the contingency issues with respect to Lincoln / West Lincoln and its service reliability?
- d) Please identify the steps that were taken to elicit the views of customers on this project, its merits, and the willingness of customers to abide by the associated rate increases.
- e) Please indicate how customers' views were factored into the plan and the alternatives.

## **Exhibit 3 Operating Revenues**

### **3 Staff 31. Load Forecast Model**

#### **Reference**

1. Niagara\_appl\_CoS\_Weather Normalization Regression\_20140923.XLSX

## Preamble

In the Purchased Power Model tab of the Reference NPEI determines the statistical parameters of the proposed regression model. There is no parameter that tested for autocorrelation.

Please review the models results, specifically the residuals, and comment on the autocorrelation of the model.

### 3 Staff 32. Load Forecast Adjustments

#### References

1. Exhibit 3 Tab 1 Schedule 1 p. 24 Table 3-18
2. Report of the Board Renewed Regulatory Framework for Electricity Distributors: A Performance-Based Approach October 18, 2012
3. Report of the Board Review of the Board's Cost Allocation Policy for Unmetered Loads EB-2012-0383. November 19, 2013

## Preamble

In *Table 3-18: Growth Rate in Usage per Customer/Connection for Energy* the forecast for Street Lighting declines slightly for 2013 and 2014. Board staff is aware that there is a trend in communities to install more efficient street Lighting. Board staff is also aware of a similar trend for other unmetered loads. In Reference 2 in regards to customer input, the Board stated:

***“Customer Focus:*** services are provided in a manner that responds to identified customer preferences.<sup>1</sup>

In Reference 3, the Board commented on communications between distributors and unmetered load customers:

*“The Board believes that there should be ongoing communication between distributors and unmetered load customers. This will enable the municipalities and other unmetered load customers to bring to the attention of their distributor any technological changes that impact the electricity consumption or the load profiles of their unmetered loads. Unmetered load customers should be able to determine, and distributors should be able to validate, what the appropriate*

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<sup>1</sup> Page 2

*consumption levels and load profiles are for particular devices that will reflect the technology used in street lights and other unmetered loads.”<sup>2</sup>*

Board staff is interested in determining the level of customer engagement NPEI has undertaken in preparing this application.

1. Please state if NPEI discussed street lighting plans regarding plans related to technology for new and replacement devices that would affect electricity loads in the municipalities that it serves. If it did not please describe how the reduction was developed.
2. Please state if NPEI discussed with other unmetered load customers plans related to technology for new and replacement devices that would affect electricity loads. If it did not please describe how the reduction was developed.
3. If NPEI did not engage its customers to assist in setting a forecast of electricity demand, please, on a best efforts basis, consult with them and review the forecast in light of the discussion.

### **3 Staff 33. Load Forecast 2015 CDM Adjustment**

#### **References**

1. Exhibit 3 Tab 1 Schedule 1 p. 27
2. <http://www.powerauthority.on.ca/opa-conservation/conservation-first-framework-tool-kit/targets-and-budgets>

#### **Preamble**

NPEI states in Reference 1 that there are no details regarding the CDM programmes, and so it relied upon its 2011 – 2014 target of 58.0 GWh to estimate a savings value by applying 5% to the target. In Reference 2, the OPA has published a *Draft LDC CDM Target and Budget Allocations as of September 4, 2014* in which the OPA has set 74.4 GWh as NPEI’s CDM target for the period 2015 to 2020.

- a) Please state why NPEI did not use that target?
- b) Please update the 2015 CDM adjustment for 74.4 GW, or in the alternative a more probable target if NPEI has, discussed this with OPA
- c) Please update Appendix 2-I Load Forecast CDM Adjustment Work Form (2015) for 74.4 GW, or in the alternative a more probable target if NPEI has, discussed this with OPA.

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<sup>2</sup> 3.1.4 The Board’s Approach

### **3 Staff 34. Obsolete Inventory**

#### **References**

1. Exhibit 4 Tab 1 Schedule 1 p. 8
2. Exhibit 3 Tab 3 Schedule 1 p. 16 - 17

#### **Preamble**

In Reference 1 NPEI states that it engaged a third party consultant to review the purchasing, receiving, and issuance of inventory processes and procedures. This resulted in scrapping obsolete inventory. Reference 2 are Other Operating Revenue accounts 4355 Gain on Disposition of Utility and Other Property and 4360 Loss on Disposition of Utility and Other Property.

Please state the amount, in which account, and what year any loss or proceeds were recorded.

### **3 Staff 35. Non-Utility Revenue and Expenses**

#### **References**

1. Exhibit 3 Tab 3 Schedule 1 p. 18
2. <http://www.powerauthority.on.ca/opa-conservation/conservation-first-framework-tool-kit/targets-and-budgets>

#### **Preamble**

In reference 1 are Accounts 4375 Revenue from Non-Utility Operations and 4380 Expenses from Non-Utility Operations. Horizon is forecasting no revenue or expense for the OPA CDM programmes. In Reference 2, the OPA has published a *Draft LDC CDM Target and Budget Allocations as of September 4, 2014* in which the OPA has set \$19,056,865 as NPEI's CDM budget for the period 2015 – 2020.

In Reference 1 it appears that revenues exactly offset expenses in the historical years, except for 2014 where revenues are expected to be less than expenses.

- a) On the premise that the OPA fully compensates NPEI for its CDM, why is there a 2014 variance?
- b) Based on the OPA Draft in Reference 2, please provide a revenue and expense forecast for 2015.

## Operating Costs

### 4 Staff 36. Water Billing

#### Reference

1. Exhibit 4 Tab2 Schedule 1 P. 7

#### Preamble

NPEI ceased water billing, customer service, and collections service for NPEI's affiliate, Niagara Falls Hydro Services Inc. Effective May 1, 2014. This resulted in costs that were incurred for providing these services being stranded in the distribution company. As a result NPEI has seen its revenue requirement increase. NPEI states that it gave notice to its union and unionized staff of its restructuring plan.

- a) Direct labour to provide water billing services is \$476K. Were there any supervision charges to water billing services?
- b) Please provide the restructuring plan for NPEI.
- c) Please state the alternatives NPEI considered in developing its plan to address the water billing cost impact.
- d) Please explain why the variable cost of \$337K for providing water services is considered a cost driver and not a cost that it now avoids incurring.
- e) Please provide a table of variable costs items and annual cost with an explanation of the cost item. State also why the variable cost is not avoidable.
- f) Please provide an explanation of any options NPEI explored in an attempt to retain providing the billing services, and why they were rejected.
- g) Please provide a version of Appendix 2-L with the costs that are being absorbed by NPEI for the water billing removed.

### 4 Staff 37. Staffing, Wages and Benefits

#### References

1. Appendix 2-K
2. Exhibit 4 Tab 3 Schedule 2 Table 4-7 FTE's by Revenue Source

#### Preamble

Based on Appendix 2-K, NPEI has reduced its non-management staff by 10 FTEs, which is 9.4% of the staffing levels proposed in 2011. During the same period, NPEI hired 7

management including executives FTEs, increasing the FTEs by 24.1%. Over this period salaries and benefits for management, including executives increased by 42 % or 10% per annum. In total, for NPEI, Salaries and benefits increased 36.4%, or 5.8% per year. NPEI now has a non-management FTE to management and executive FTE ratio of less than 3:1.

- a) Please state the business case for the trend. Please provide any strategic analysis or plans that NPEI has developed.
- b) Please state the longer term improvements that NPEI expects to achieve in regards to the four RRFE outcomes (Customer Focus, Operational Effectiveness, Public Policy Responsiveness, and Financial Performance) that will arise from this trend.

Table 4-7 FTE's by Revenue Sources indicate that between 2012 and 2013 NPEI reduced part-time FTEs and increased Unionized FTEs.

- c) Please explain the business case for this change in staffing. Please provide any strategic analysis or plans that NPEI has developed.
- d) Please state the longer term improvements that NPEI expects to achieve in regards to the four RRFE outcomes that will result from this trend.

#### **4 Staff 38. Regulatory Costs**

##### **Reference**

1. Exhibit 4 Tab 3 Schedule 6

##### **Preamble**

NPEI state that legal costs are \$225K of which \$200K is for an oral hearing. At the moment NPEI's application is an written hearing which will go to ADR.

What is the total estimate if a full settlement is reached and approved?

#### **4 Staff 39. Other Post-Employment Benefits ("OPEB")**

##### **Reference**

1. Exhibit 4, Tab 3, Schedule 2, Attachment 2

##### **Preamble**

As per the cover letter of the Actuarial Valuation report on Post-Retirement Non-Pension Benefit Plan in Reference 1, there is a \$1,570,620 reduction in the net liability which NPEI will record in retained earnings on transition to IFRS.



- a) Please explain how NPEI has addressed this reduction in the liability in this rate application.
- b) Is NPEI going to refund the amount to ratepayers? If no, please explain why not.

**4 Staff 40. OPEB**

**Reference**

- 1. Exhibit 4, Tab 3, Schedule 2

**Preamble**

NPEI has recovered OPEB through its revenue requirement in prior applications.

- a) Please indicate if OPEBs were recovered on a cash or accrual accounting basis for each year since NPEI started to recover OPEBs.
- b) Please complete the table below in a live Excel worksheet to show how much more than the actual cash benefit payments, if any, have been recovered from ratepayers from the year NPEI started recovering amounts for OPEBs.

OPEBs	First year of recovery to 2011	2012	2013	2014	2015	Total
Amounts included in rates						
OM&A						
Capital expenditures						
Sub-total						
Paid benefit amounts						
Net excess amount included in rates greater than amounts actually paid						

- c) Please describe what NPEI has done with the recoveries in excess of cash benefit payments, if any.

**4 Staff 41. PILS Model**

**Reference**

- 1. Exhibit 4, Tab 5, Schedule 1, Attachment 1, PILS Model

## Preamble

The recent Ontario government budget, which received Royal Assent, changed the Ontario small business credit.

- a) Please indicate if NPEI believes changes to the PILs calculation for 2015 are required as a result of the passage of the Ontario budget.
- b) Irrespective of the response to part a), please provide a calculation for the 2015 PILs that reflects the change in the Ontario small business credit.

## Cost of Capital

### 5 Staff 42. Long Term Debt

#### References

1. Exhibit 5 Tab 2 Schedule 1 p. 3
2. Appendix 2-OB
3. Exhibit 5 Tab 2 Schedule 1 Attachment 2 of 8
4. Board Letter November 20, 2014: Cost of Capital Parameter Updates for 2015 Applications

#### Preamble

In Reference 1 NPEI indicates that it is planning to issue a request for proposal (RFP) from 5 banks and one credit union for financing in the amount of \$10,000,000 in September 2014 and that for the purposes of this application estimated an interest rate of 3.05%.

- a) Please state the status of the RFP.
- b) Please provide the terms if negotiations are complete.
- c) If NPEI has not completed negotiations, when is the estimated date it will complete and NPEI will be able to update its proposed debt costs?

NPEI borrowed \$9 million from the TD Bank starting July 20, 2009 for 10 years. On Appendix 2-OB, NPEI has recorded interest for 2015 of \$193,728 which is the total interest for 2015 from the Loan Amortization in Reference 3. However, NPEI is stating that the Principal to which this applies is the opening 2016 balance of \$3,645,616.

- d) Please provide Appendix 2-OA with the average 2015 principal of \$4,111,207.

- e) If NPEI is of the opinion that the average principal balance is not appropriate, please explain why

NPEI has included \$21 million of notional debt in Appendix 2-OB at the deemed rate of 4.88%. This results in a weighted cost of debt reported in Appendix 2-OA of 4.28%.

- f) Please provide a rationale, and any regulatory direction that supports the proposal for setting a rate for notional debt.
- g) Please remove the \$21 million notional debt from the calculation of the average cost of debt.

In Reference 4, the Board issued new cost of capital parameters for 2015 applications. In the interrogatories above, some other parameters in NPEI's cost of capital proposal may have changed.

- h) Please provide a complete update to Appendix 2-OA and 2-OB.

## **Cost Allocation**

### **7 Staff 43. Connections/Customers**

#### **Reference**

- i. Cost Allocation Model

#### **Preamble**

On Tab I6.2 Customer Data Worksheet, NPEI records number of customer and number of connections for street lighting, sentinel lighting, and USL. For street lighting there are 4 customers and 1,299 connections, a ratio of 327.5 connections to customer.

- a) What has NPEI done to determine the number of connections?
- b) How does NPEI maintain the records for connections to customer?

### **7 Staff 44. Revenue-to-Cost Ratios**

#### **Reference**

- 1. Exhibit 7 Tab 4 Schedule 1 Attachment 1 of 1

#### **Preamble**

NPEI is proposing to lower the Revenue-to-Cost ("R:C") ratio for General Service >50 ("GS>50") kW class in three steps over the 2015 – 2017 period. The proposal also is to make up the revenue shortfall by raising the residential R:C ratios over the same period.

- a) What would the rate impact to the residential customer be if GS>50 kW was set at 120% for 2015?
- b) Why is NPEI proposing to balance revenues by only adjusting the residential class?
- c) Could GS>50 kW be set at 120 in 2015 by adjusting all other classes? Please explain.
- d) What steps did NPEI take to engage its customers on this proposed resolution? What were the views of the two affected classes? What changes, if any, did NPEI make to its proposal given the feedback it received?

## Rate Design

### 8 Staff 45. Fixed Charges

#### Reference

- 1. Exhibit 8 Tab 1 Schedule 1

#### Preamble

NPEI proposes to increase the fixed/variable split for the Residential and General Service < 50 kW classes, and to maintain the existing fixed/variable split for the General Service > 50 kW, Unmetered Scattered Load, Sentinel Lights and Street lighting classes.

This results in fixed charges for the GS<50 kW and USL moving above the ceiling, and GS>50 kW dropping below the ceiling. This is illustrated in the following table:

From Table 8-3

	<i>col. 1</i>	<i>col. 2</i>	<i>col. 3</i>	<i>col. 4</i>
	<b>Maintaing</b>			
	<b>Current</b>	<b>Split</b>	<b>Proposed</b>	<b>Ceiling</b>
Res	16.06	17.97	19.96	28.59
GS<50	37.79	39.13	46.39	38.26
GS>50	179.58	159.22	159.22	179.58
USL	19.53	20.14	20.14	19.53
Sent	12.87	15.26	15.26	24.43
Street	1.15	1.19	1.19	16.53

Moving up

Moving down

On April 3, 2014, the Board released its *Draft Report on Rate Design for Electricity Distributors (EB-2012-0410)*, which proposes implementing a fixed monthly charge for distribution services for the Residential and General Service < 50 kW classes. The draft rate design report sets out three rate design proposals for revenue recovery.

NPEI states on page 3 of Reference 1 that does not propose to adopt any of the three specific proposals described in the draft report for its 2015 rates. However, given that the Board has determined it will proceed with revenue decoupling for the low volume classes, NPEI submits that it is appropriate to begin increasing the fixed proportion of the Residential and General Service < 50 kW classes at this time.

- a) Given NPEI's position, why is it lowering the fixed charge for GS>50 kW?
- b) Street Lighting and sentinel lighting have fixed charges considerably below the ceiling. Why is there not a larger increase?

## **Deferral and Variance Accounts**

### **9 Staff 46. EDDVAR Continuity Schedule**

#### **Reference**

1. Exhibit 9, Tab 1, Schedule 1, Attachment 1, EDDVAR Continuity Schedule

#### **Preamble**

In year 2014 of the EDDVAR continuity schedule, the Principal Disposition and Interest Disposition during 2014 instructed by the Board for Account 1595 (2010) and Account 1595 (2011) is different than that as approved in NPEI's 2014 IRM Decision and Rate Order EB-2013-0154.

Please reconcile the difference and adjust the EDDVAR continuity schedule as applicable.

### **9 Staff 47. 1592 PILs and Tax Variances, Sub-account HST/OVAT Input Tax Credits (ITCs)**

#### **Reference**

1. Exhibit 9, Tab 3, Schedule 1, p 4

#### **Preamble**

In its 2010 IRM, NPEI was directed to use Account 1592 PILs and Tax Variances, Sub-account HST/OVAT Input Tax Credits (ITCs) until its next cost of service. NPEI's next cost of service was in 2011.

Please explain why this account was not disposed in NPEI's 2011 cost of service?

**9 Staff 48. Account 1576 Accounting Changes Under CGAAP**

**Reference**

1. Exhibit 9, Tab 3, Schedule 1, p 5

**Preamble**

With regards to Account 1576, in the past, the Board has typically approved the disposition of Account 1576 with no true-up to actuals. In addition, given that it is currently November 2014, NPEI should be able to reasonably forecast the 2014 PP&E value.

Please explain why NPEI is requesting to true up the account.

**9 Staff 49. Account 1508 Other Regulatory Assets, Sub-account Deferred IFRS Transition Costs**

**References**

1. Exhibit 9, Tab 3, Schedule 7, p. 1, Table 9-13
1. Chapter 2 Cost of Service Rate Application based on a Forward Test Year

**Preamble**

NPEI recorded costs in Account 1508 Deferred IFRS Transition Costs for 2009 to 2012. There does not appear to be any costs recorded or forecasted from 2013 to 2015. In Reference 2, an applicant should request for review and disposal of the account for the balance including the unaudited actuals for the bridge year and a forecast of any remaining costs to be incurred for the test year.

- a) Please confirm whether NPEI is indicating that no further costs were incurred or will be incurred from 2013 to 2015.
- b) If not, please quantify or forecast these costs and the related carrying charges and update the evidence.

**9 Staff 50. Account 1575 CGAAP Transitional PP&E**

**References**

1. Exhibit 2, Tab 2, Schedule 6
2. Exhibit 9, Tab 3, Schedule 7, Page 1

### **Preamble**

In Reference 1, NPEI indicated that beginning in 2015, it will begin to derecognize grouped assets at the end of their actual service lives as required under IFRS.

- a) In the transition to IFRS in 2014, has NPEI identified and recognized any derecognition gains or losses for grouped assets?
- b) If yes, how much were the gains or losses and please explain why they were not captured in Account 1575

In Reference 2, NPEI indicated that “since NPEI will remain on CGAAP until December 2014, NPEI has not recorded any balances in Account 1575”. Account 1575 is to record differences arising as a result of accounting policy changes caused by the transition from previous Canadian GAAP to modified IFRS relating to PP&E. NPEI is transitioning to IFRS in 2014 and adopting IFRS in 2015.

- a) Please confirm that there are no further differences in PP&E arising from the adoption of IFRS.
- b) If there are differences, please quantify the differences in Account 1575 and update the evidence.

### **9 Staff 51. Differences in PP&E Balances**

#### **References**

1. Exhibit 9, Tab 3, Schedule 8, Attachment 1 Appendix 2-BA
2. Exhibit 9, Tab 3, Schedule 8, Attachment 1 Appendix 2-EC

#### **Preamble**

The 2013 and 2014 ending net book values under former and revised CGAAP in Reference 1 do not agree with that as shown in Reference 2 by \$1,141,805.

Please explain and reconcile the difference in PP&E values.

### **9 Staff 52. Accounts 1518 and 1548**

#### **Reference**

1. Exhibit 9, Tab 3, Schedule 9, Pages 1-2

In the variance calculation of Accounts 1518 and 1548, please explain:

- a) What the expenses for interest on prudential letter of credit pertains to and why they are included in Accounts 1518 and 1548.

- b) On what basis is the direct labour costs calculated and why it is so high

### **9 Staff 53. Allocation and Rate Rider Design**

#### **Reference**

1. Niagara\_appl\_CoS\_EDDVAR\_Continuity Sched\_20140923.XLSM

#### **Peramble**

On Tab 5 Allocation of Balances, Board staff suggests that there is an error in the number of customers allocator, specifically for Street Lighting.

- a) Please review and correct, or comment if NPEI considers the allocators correct.

NPEI is proposing to return Account 1576 over two years while it is proposing to return the remaining DVA balances over 1 year.

- b) Please explain why NPEI is proposing to allocate 1576 over two years while it is proposing to return the DVA balances over 1 year, and not both over the same term

### **9 Staff 54. LRAMVA**

#### **Reference**

1. Exhibit 9, Tab 3, Schedule 10, Page 1 of 2, LRAMVA Preamble

#### **Preamble**

NPEI notes that its actual CDM savings for 2011 programs (10,053,956 kWh) and 2012 (5,615,949 kWh) are greater than the CDM component (11,600,000 kWh) that was included in its approved load forecast as part of its 2011 cost of service application (EB-2010-0138). As the actual CDM savings are greater than that included in its load forecast, the resulting lost revenue amount is a debit balance to NPEI. NPEI has decided to not make an LRAM claim for 2011 or 2012.

- a) Please discuss if NPEI has updated its LRAMVA amount to include final 2013 CDM results which were included in NPEI's 2013 CDM Annual Report filed on September 30, 2014. If not, please update Table 9-16: Final CDM Results to include 2013 CDM savings.
- b) Please provide further rationale as to why NPEI has opted to not make an LRAM claim for 2011 or 2012.



- c) Please confirm that NPEI will not make an LRAM claim for 2011 or 2012 CDM savings in a future rate application.
- d) Please discuss if NPEI has considered whether it will make an LRAM claim in relation to its 2013 final CDM savings.
- e) Please expand Table 9-16 and include all relevant detailed lost revenue calculations, including CDM initiative-specific savings in each program year that NPEI delivered and that produced verified CDM results, the rate allocation of the savings from each CDM initiative, the applicable rate for each rate class, the CDM amount embedded in rates and the resulting lost revenue for each rate class. The following table can be used as an example:

