



PUBLIC INTEREST ADVOCACY CENTRE
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March 31, 2015

VIA E-MAIL

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

Dear Ms. Walli:

Re: EB-2014-0099
North Bay Hydro Distribution Ltd.

Please find enclosed the interrogatories of VECC in the above-noted proceeding.

Yours truly,

Michael Janigan
Counsel for VECC

Cc: North Bay Hydro – Ms. Melissa Casson – mcasson@northbayhydro.com

REQUESTOR NAME	VECC
INFORMATION REQUEST ROUND NO:	# 1
TO:	North Bay Hydro Distribution Ltd. (North Bay)
DATE:	March 30, 2015
CASE NO:	EB-2014-0099
APPLICATION NAME	2015 Electricity Distribution Rate Application

1.0 ADMINISTRATION (EXHIBIT 1)

1.0 – VECC - 1

Reference: E1/pgs. 9-12

- a) At the above reference North Bay sets out a number of business objectives and targets (e.g. target for overtime < 10% of hours worked). Are any of these targets/objectives incorporated into employee compensation plans? If yes, please explain.
- b) Do any of these targets form a part of the rate proposal in this application? If yes, please explain how.

1.0 – VECC - 2

Reference: E1/pgs. 43-44

- a) At the above reference North Bay has identified responsibilities incremental to its 2010 cost of service application. Please assign the 2015 incremental cost for each of these categories.

1.0 – VECC - 3

Reference: E1/pgs. 56-60

- a) Please provide the costs of:
 - the residential and business customer meetings (all costs including consultant/hosting etc.);
 - the Utility Pulse Survey; and
 - the innovative Research Customer Consultation Report.

1.0 – VECC - 4

Reference: E1/pgs. 56-60

- a) Please explain what follow up, reports and analysis were completed with respect to customer-utility transactions.
- b) If transactional surveys or reports are undertaken please provide them.

1.0 – VECC - 5

Reference: E1/pg. 66

- a) What are the source, derivation and calculation of the rate impacts shown in Tables 1-29 and 1-30 for the years 2016 through 2017?

1.0-VECC-6

Reference: E1/pg.76 & 77

- a) The evidence states North Bay has “*eliminated the provision of printed past due notices*”. Please confirm that the Utility is compliant with section 4.2 of the Distribution Code which requires written notice prior to disconnection.
- b) North Bay also explain that it has created an automated disconnect work order process. Please explain in more detail how these changes have affected late paying customers.

1.0-VECC-7

Reference: E1/pg.79

- a) Please explain how the third-party meter-cash report has improved North Bay’s understanding of its working cash requirements.

1.0-VECC-8

Reference: E1/pg.100

- a) In reviewing North Bay’s website we were unable to find any information regarding its LEAP program or the Utility’s Conditions of Service. Is this information available online? I
- b) Who is North Bay’s LEAP partner?

1.0-VECC-9

Reference: Appendix 1-G/

- a) Who owns the City street lighting assets?
- b) Who pays for winter decorative (Christmas) lights? What was that cost in 2014?

2.0 RATE BASE (EXHIBIT 2)

2.0 – VECC - 10

Reference: E2/pg.20 & pg.28-29

- a) Please update Table 2-17 and 2-18 (2014 Continuity Schedules in CGAAP and MIFRS format) for 2014 actual data.

2.0-VECC-11

Reference: E2/pg.15 & 38

- a) Table 2-5 shows the Total Gross asset as between 2010 Board approved and 2010 actuals as \$2,565,535 (i.e. \$89,171,054-\$86,605,519). At page 38 it states distribution assets were different by \$2,115,159. Please explain this apparent discrepancy.
- b) Please explain why the gross fixed asset opening value for 2010 Board approved was different from the actual 2010 opening balance.
- c) Please calculate both the 2010 and 2015 revenue requirement amount for either the \$2.5 or \$2.1 million underspending (whichever figure North Bay believes best represents the 2010 North Bay's gross asset underspending).

2.0-VECC-12

Reference: E2/Appendix 2-A/DSP

- a) Please explain what metrics are being implemented to measure the of the distribution system plan.
- b) Please explain how these metrics relate to compensation at North Bay Hydro.

2.0-VECC-13

Reference: E2/pg.74/Table 2-33

- a) Please explain the difference in costs as between the Distribution stations construction of MS # 19 (\$88k), MS # 20 (\$2.167m), MS #21 (\$1.418m) and MS #22 (\$2.46m).
- b) Please explain what work has been completed to on the MS #22 station.
- c) Please provide the construction schedule for MS #22 station.

2.0-VECC-14

Reference: E2/Appendix 2-A/pg.42 & E2/pg. 103 Appendix 2-G

- c) Please update figure 2-5 (outages by cause) for each year 2010 through 2014.
- d) Please update Appendix 2-G to include 2014 data.

2-VECC-15

Reference: E2/Appendix 2-4/pg.43 / Appendix L / E4/pg.12

- a) Please explain what, if any, analysis has been undertaken to study the relationship between tree trimming programs and outages due to tree contacts?
- b) If no such analysis has been undertaken please explain what measures or metrics are being used to understand the value of increased spending on tree trimming.
- c) The increase in the tree trimming budget appears to be in response to a singular incident involving a station. In addition to this event what other factors caused North Bay to reconsider its current vegetation program.

2-VECC-16

Reference: E2/Appendix E

- a) Who is the author of the IT Assessment Report?
- b) The report does not appear to include any project cost projections. Please explain if a five year IT cost plan was developed. If so please provide the spending forecast.

3.0 OPERATING REVENUE (EXHIBIT 3)

3.0 –VECC -17

Reference: E3/pg. 4 & 5

For data for parts c) and d) see the following link:

<http://www5.statcan.gc.ca/cansim/a26?lang=eng&retrLang=eng&id=2820122&paSer=&pattern=&stByVal=1&p1=1&p2=35&tabMode=dataTable&csid=>

- a) As opposed to Ontario Monthly Real GDP, did North Bay test any variables, such as regional unemployment or work force levels, that provide a more local measure of economic activity?
- b) If yes, please indicate the variables tested and provide the results (i.e. both the resulting regression equations and regression statistics).
- c) If not, please do so using the monthly unemployment rate for Northeastern Ontario as published by Statistics Canada. Please provide the resulting equation and regression statistics. If the resulting coefficient for the variable is significant, please provide the supporting excel worksheet.
- d) If not, please do so using Northeastern Ontario Employment levels as published by Statistics Canada. Please provide the resulting equation and regression statistics. If the resulting coefficient for the variable is significant, please provide the supporting excel worksheet.

3.0 –VECC -18

Reference: E3/pg. 10 and 20

Statistics Canada – Labour Force Statistics

<http://www5.statcan.gc.ca/cansim/a26?lang=eng&retrLang=eng&id=2820123&paSer=&pattern=&stByVal=1&p1=1&p2=35&tabMode=dataTable&csid=>

Preamble: Statistics Canada reports the following employment levels and unemployment rates for Northeastern Ontario:

Table 282-0123 Labour force survey estimates (LFS), by provinces, territories and economic regions based on 2011 census boundaries, annual (persons unless otherwise noted)(1,2,3,4,5)															
Survey or program details:															
Labour Force Survey - 3701															
Geograph Labour force characteri	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	
Northeast Employment (x 1,000) (250.9	251.7	254.6	257.4	259.5	258.8	263.2	264.7	250.6	254.1	260.8	255.3	253.7	256.8	
Northeast Unemployment rate (%)	8.2	8.9	8.1	8	7.1	7.2	6.6	6.2	9.1	8.7	8	7.3	7.5	6.9	
Footnotes:															

- The employment data for Northeastern Ontario suggests that the slowing of economic conditions started in 2009. Please re-do the regression analysis setting the North Bay Economy variable at 1.0 as of this date. Based on the results, please provide the resulting equation and Tables similar to 3-5 and 3-6.
- The employment data for Northeastern Ontario also suggests that the economy may be improving as of 2014. Please provide evidence to support the claim that slower economic conditions are expected to continue for 2014 and 2015 (similar to 2012 and 2013).
- Please complete the following schedule of North Bay's verified CDM results for 2009 through 2013.

	CDM Results (GWh - from current and previous years' CDM Programs)				
Program Year	2009	2010	2011	2012	2013
2009					
2010	X				
2011	X	X			
2012	X	X	X		
2013	X	X	X	X	
Total					

- Can any of the decline in electricity sales starting as of the end of 2011 be attributed to increased CDM activity?

3.0 –VECC -19

Reference: E3/pg. 13

- What was the average historical loss factor for the 1999-2013 period used in the regression analysis?
- Please explain how economic conditions are expected to affect the loss factor (per line 16).
- Please provide the actual system purchases for 2014.
- Please provide the actual HDD and CDD values for 2014.

- e) Please calculate the weather-normalized 2014 system purchases by providing a schedule that sets out:
 - i. The 2014 Actual System Purchases.
 - ii. The difference between the actual 2014 and weather normal CDD values multiplied by 82,485.
 - iii. The difference between the actual 2014 and weather normal HDD values multiplied by 24,866.
 - iv. The 2014 Actual System Purchases – (i) – (ii).

3.0 –VECC -20

Reference: E3/pg. 11-13

- a) Please update the regression analysis to include actual 2014 data and provide the resulting regression equation along with updated Tables 3-5 and 3-6.

3.0 –VECC -21

Reference: E3/pg. 14-16

- a) With respect to Table 3-8, please provide the Geo Mean growth rates for each class based on 2003-2013.
- b) Given that the City of North Bay's street light retrofit program started in November 2011, why is the number of connections set out Table 3-7 constant through to the end of 2013?
- c) Please provide the actual sales by class for 2014.
- d) Please update Tables 3-7 through 3-11 for the 2014 actual values. For purposes of calculating the Geo Mean in Tables 3-8 and 3-11, please use 2012-2014.
- e) The text on page 16 (lines 13-15) claims that North Bay's customer base is very sensitive to weather, especially during the winter months. However the values for the HDD and CDD coefficients in the regression model provided on page 11 suggest that the number of Cooling Degree days have a greater impact on load than the number of Heating Degree days. Please reconcile.

3.0 –VECC -22

Reference: E3/pg. 15 & 17

- a) The discussion on page 15 makes reference to a reduction in the number of street light connections (line 10) and a reduction in the

number of fixtures/devices (line 13). Was there a change in the devices/connections ratio as a result of the retrofit?

- b) By how much (in percentage terms) did the introduction of LED technology reduce the energy usage of each street light device?

3.0 –VECC -23

Reference: E3/pg. 19-21

E4/Appendix 4-O, pg. 7

Filing Requirements, Chapter 2, Appendix 2-I

E-4/Appendix 4-N, IndEco Report, pages 5-6

- a) Please explain why the entries in Table 3-15 differ from those in Appendix 4-O, page 7. For example, in Table 3.5 the savings in 2011 from 2011 CDM programs are shown as 2.63 GWh, where as in Appendix 4-O the amount is 2.4 GWh.
- b) With reference to Appendix 2-I, please explain why North Bay is assuming that 70.71% of its 2015-2020 CDM Target will be achieved in 2015, as opposed to just 1/6th of the target.
- c) With respect to page 21, please provide the derivation of the 1,241,072 kWh of CDM savings attributed to the Street Light Retrofit. {Note – Since the program started in late 2011, using 2010 as the base would yield a before retrofit usage of 3,326,484 kWh (597 kWh/connection x 5,572 connections) while the 2015 usage is projected to be 2,021,287 kWh (373/connection x 5,419 connections) – for a difference of 1,305,197 kWh}.
- d) With respect to page 21, why is North Bay attributing all of the Street Lighting retrofit savings to 2015 when, as noted on page 15 of Exhibit 3, the program was implemented over the period November 2011 to January 2014 and savings from the Street Lighting Retrofit have been included in the 2012 and 2013 LRAM claim calculations (IndEco Report, pages 5-6)?
- e) Based on the foregoing responses what revisions, if any are required to the Application?

3.0 –VECC -24

Reference: E3/pg. 21

Filing Requirements, Chapter 2, Appendix 2-I

- a) Please confirm that the CDM savings included in the load forecast for 2015 due to programs implemented in 2011-2013 are all based

on actual final results verified by the OPA.

- b) If this is the case, why is it necessary to include the values for these years in any future LRAM variance calculation for 2015?

3.0 –VECC -25

Reference: E3/pg. 22

- a) For each of the years 2011, 2012 and 2013 what proportion of the total GS 3,000-4,999 class load was attributable to the customer that shut down in 2014?

3.0 –VECC -26

Reference: E3/pg. 24

- a) With respect to Table 3-20, what was the historical kW/kWh ratio for each year from 2010 to 2013 for the currently remaining GS 3,000-4,999 customer?
- b) Please confirm that, in Table 3-18, 0.4 GWh and 0.7 GWh were deducted from the 2014 and 2015 respective forecasts for the GS 3,000-4,999 class to account for CDM programs implemented in 2013-2015.
- c) Using the ratios from Table 3-20, what billing kW reductions are associated with these CDM savings?
- d) Why is it necessary to reduce the billing demand for 2014 and 2015 by a further 720 kW and 180 kW respectively (per line 7)?

3.0 –VECC -27

Reference: E3/pg. 25

- a) With respect to Table 3-22 what are the projected system purchases for 2014 and 2015 after all of the adjustments proposed by North Bay?

3.0 –VECC -28

Reference: E3/pg. 38

- a) Please update Table 3-36 with the actual results for 2014.
- b) Where are the revenues from Microfit Service charges recorded and what are the actual/forecast revenues for 2013-2015?
- c) Please explain why the revenue from specific service charges are projected to increase in 2014 (over 2013 actual values) but then decrease in 2015 to a value below the 2013 level.

3.0 –VECC -29

Reference: E3/pg. 41

- a) Please provide a schedule that for 2012-2015 breaks down the Revenues from Non-Utility Operations (Acct. #4375) by source and that also does the same for Expenses of Non-Utility Operations (Acct. #4380).
- b) Please provide a schedule that for 2012-2015 provides a breakdown of the various sources of Miscellaneous Non-Operating Income (Acct. #4390).

4.0 OPERATING COSTS (EXHIBIT 4)

4.0 -VECC -30

Reference: E-4/Appendix N-4, IndEco Report

- a) Please confirm that Table B-5 sets out the impact of the 2012 CDM programs on 2012 load by customer class (as opposed to the impact of both 2011 and 2012 CDM programs on 2012 load).
- b) Similarly, please confirm that Table B-6 sets out the impact of the 2013 CDM programs on 2013 load by customer class (as opposed to the impact of 2011, 2012 and 2013 CDM programs on 2013 load).
- c) Please provide separate schedules for 2011, 2012 and 2013 that show the total GWh impact of the 2011-2013 CDM programs (by program year) for each year by customer class (including those that are demand billed), such that the totals reconcile with Table 5 in the OPA's 2013 Final Reported Results. For example, the schedule for the 2011 programs would be set out as follows:

2011 Programs	Calendar Year (GWh)		
	2011	2012	2013
Residential			
GS<50			
GS 50-2,999			
Street Lighting			
Total			

- d) With respect to Tables B-4 to B-6, the footnote suggests that for demand billed customer classes the billing determinant impact of the CDM programs was calculated as 12x the reported impact on system peak. Please confirm that this is the case.
- e) If part (d) is not confirmed, please explain how the impact on the billing determinant for these classes was determined for each program with reported results for these classes.

4.0-VECC-31

Reference: E4/pg.6 / pg.23

- a) Please provide the number of new management staff in each of 2010 through 2015.

4-VECC-32

Reference: E4/pg.11

- a) Please provide the incremental cost of smart meter activities in each year 2014 and 2015. Please provide a description of the major costs.

4-VECC-33

Reference: E4/pg.18/Table 4-3

- a) Please provide Table 4-3 showing 2014 actuals in both CGAAP and MIFRS formats.

4-VECC-34

Reference: E4/pg.20/Table 4-4

- a) Please identify all the 2015 cost driver amounts that are for one-time costs.
- b) Please identify the retirement costs in 2015 and the one-time training and succession costs in that year.

4-VECC-35

Reference: E4/pg.26 & 39

- a) Please provide the bad debt amounts for each of 2010 through 2015 (forecast).
- b) Please explain how the 2015 forecast is derived.

4-VECC-36

Reference E4/pg.41& pg.74 Appendix 4-27

- a) Please provide the annual EDA fees paid in each of 2010 through 2015 (forecast).
- b) Please provide cost of locates for 2010 through 2015.

4-VECC-37

Reference: E4/pg.41 & Appendix 2-JC

- a) Please provide a breakdown of the line labeled "Executive, Financial, Regulatory & Insurance" to show Insurance and Regulatory costs separate from the other categories and for the years 2010 through 2015 (forecast).
- b) Does North Bay purchase from the MEARIE group? If yes please show the premiums for each of 2010 through 2015 and indicate when the last time this contract was competitively tendered.
- c) Please provide the insurance premium costs for 2010 through 2015.

4-VECC-38

Reference: E4/pg. 43 & Appendix 2-JC

- a) Please provide the Training/Health & Safety line broken down for (a) training outside workers (b) all other training and conferences; and for years 2010 through 2015 (forecast).

4-VECC-39

Reference: E4/pg.48

- a) Please amend Appendix 2-K so as to show Management, non-union, and union employee information separately.

4-VECC-40

Reference: E4/pg.62 & 66 Table 4-26

- a) Please explain why a 15% administration fee is not applied to North Bay's streetlight services provided to the City.
- b) Please provide a table showing the street light maintenance costs for each of 2010 through 2015.
- c) Please explain the variation in these costs, specifically the increase to \$506k in 2012 and the absence of any costs in 2015 (as shown in Appendix 2-N).

4.0 – VECC - 41

Reference: E4/pg.77/Appendix 2-M

- a) Please explain how the amount of \$111,272 in incremental operating expenses related to regulatory activities of this application was derived.
- b) Please explain if the resources were North Bay staff or outside contract or consulting staff.
- c) Please explain the rationale for recovering this cost over 5 years.

5.0 COST OF CAPITAL AND RATE OF RETURN (EXHIBIT 5)

4.0-VECC-42

Reference: E5/pg.3 / Appendix

- a) With respect to the 2015 TD Loan please provide the source of the forecast interest rate.
- b) Please update this rate for the most recent available forecast.

6.0 CALCULATION OF REVENUE DEFICIENCY/SURPLUS (EXHIBIT 6)

7.0 COST ALLOCATION (EXHIBIT 7)

7.0 – VECC – 43

Reference: E7/ pg.3

- a) The Application states that North Bay “charges customers for all new and upgraded service unless the change to servicing falls under an internal capital project and involved correcting non-standard or outdated servicing”. Does this include services for Residential and GS<50 customers?
- b) If yes, why are costs in Account #1885 virtually all assumed to be associated with the Residential and GS<50 classes?
- c) If not, please clarify the quoted statement in part (a).
- d) The Application states that Street Light assets are connected to North Bay’s secondary buses. Who owns the connection assets and, if it is North Bay, in what USOA account are the costs recorded?

7.0 – VECC – 44

Reference: E7/ pg.4

- a) Are all of North Bay’s customers billed on a monthly basis?
- b) If not, how many customers in each class are billed on an alternative basis and what on what basis are they billed?
- c) Is fact that the IESO undertakes meter data verification for those customers with smart meters whereas for larger customers this

function must be performed by North Bay taken into account in the billing and collection weighting factors?

7.0 – VECC -45

Reference: E7/ pg. 9

- a) Please confirm that Hydro One Networks is not registered as a market participant at either delivery point and that North Bay's power purchases (per Exhibit 3) include the power delivered to Hydro One Networks.

8.0 RATE DESIGN (EXHIBIT 8)

8.0 –VECC -46

Reference: E8/ pg. 7

- a) Please update the RTSR calculations to reflect the OEB approved 2015 UTRs and Hydro One Networks proposed 2015 RTSR's per its EB-2013-0416 Application.
- b) Please provide a schedule that contrasts North Bay's proposed RTSRs and the RTSR's resulting from part (a) with its approved 2014 RTSRs.

8.0 –VECC -47

Reference: E8/ pg. 9

- a) Please provide a schedule that contrasts North Bay's actual 2014 LV rates with its proposed 2015 LV rates.
- b) What were the actual Low Voltage charges billed by Hydro One Networks in each of 2013 and 2014?

9.0 DEFERRAL AND VARIANCE ACCOUNTS (EXHIBIT 9)

9.0 –VECC -48

Reference: E9/pg.12

- a) Please provide the current IFRS transition cost balance.

End of document