



Jay Shepherd

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BY EMAIL and RESS

March 31, 2015
Our File: EB20140099

Ontario Energy Board
2300 Yonge Street
27th Floor
Toronto, Ontario
M4P 1E4

Attn: Kirsten Walli, Board Secretary

Dear Ms. Walli:

Re: EB-2014-0099 – North Bay Hydro Distribution Limited – SEC Interrogatories

We are counsel to the School Energy Coalition (“SEC”). Enclosed, please find interrogatories on behalf of SEC.

Yours very truly,
Jay Shepherd P.C.

Original signed by

Mark Rubenstein

cc: Wayne McNally, SEC (by email)
Applicant and intervenors (by email)

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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 North Bay Hydro Distribution Limited for an Order or Orders approving or fixing just and reasonable rates and other service charges for the distribution of electricity as of May 1, 2015.

INTERROGATORIES

ON BEHALF OF THE

SCHOOL ENERGY COALITION

1-SEC-1

[Ex.1] Please provide a copy of all materials provided to the Board of Directors in approving this application, and the underlying Test Year budgets. Please also provide a copy of the Applicant's most recent Business Plan.

1-SEC-2

[Ex.1] Please provide copies of all benchmarking studies, reports, and analysis, undertaken by the Applicant itself or by a third-party, that are not already included in the application.

1-SEC-3

Does the Applicant have a corporate scorecard? If so, please provide the 2014 and 2015 version.

1-SEC-4

Please explain why the Applicant filed its application late.

1-SEC-6

[Ex.1, p.80] What is the Northern LDC Buying Consortium? Please explain the Applicant's methodology for calculating the forecasted test year savings of \$115,000.

1-SEC-7

[Ex.1, p.104] The evidence states that the Applicant is to conduct its affairs, in part, "[i]n a matter consistent with the policies established by the Shareholder from time to time, and "[i]n accordance with the financial performance objectives of the Shareholder." Please provide copies of:

- a. Current policies established by the Shareholder.
- b. The current financial performance objectives of the Shareholder

1-SEC-8

[Ex. 1-Appendix 1-A.7] What modifications, if any, were made to the application as a result of the Customer Engagement Report findings?

1-SEC-9

[Ex.1, p.25] The Applicant indicates it has maintained the staff overtime within the industry target of <10% of hours worked per year. Please provide a reference for the industry standard.

1-SEC-10

[Ex.1, p.25] The Applicant indicates it has experienced sicktime hours that met its business target and industry target and the trend of sick days per employee per year has decreased since 2010 from 8.97 in 2010 to 5.74 in 2013. The Applicant's target is 5 sick days per employee per year. Please provide:

- a. The Applicant's historical and forecast target for each year between 2010-2015.
- b. A reference for the industry targets.

1-SEC-11

[Ex.1, p.35] Please discuss the nature of the \$213,239 asset management related costs in 2010 which are not required in the Test Year.

2-SEC-12

[Ex.2] Please add a column to the following Board appendices for 2014 year-end actuals, and explain any material variances between the year-end 2014 forecast and actuals:

- a. 2-AA
- b. 2-AB

2-SEC-13

[Ex.2] Please update the following Board appendices/forms for 2014 year-end actuals:

- a. 2-BA (2014)
- b. 2-BA (2015)
- c. 2-CD (2014)
- d. 2-CD (2015)
- e. Revenue Requirement Workform

2-SEC-14

[Ex.2, p.65] Please explain the lack of AM activities in 2012 for a variance of \$180,303.

2-SEC-15

[Ex.2, p.65] Please explain the nature of the further reduction of \$103,671 compared to 2012.

2-SEC-16

[Ex.2, p.73, Table 2-33] Please identify the discretionary projects for the Test Year.

2-SEC-16

[Ex.2, p.98] Please explain in more details the year over year changes in overhead rates related to Engineering, Operations Administration and Store Costs.

2-SEC-17

[Ex.2-Appendix 2-A, p.25] With respect to Customer Engagement:

- a. Please advise if the Applicant advised customers of the bill impact based on dollar or percentage increase. Please explain why the Applicant chose the method it did.
- b. Please confirm if the Applicant provided the bill impact information at distribution, delivery or total bill level.

2-SEC-18

[Ex.2-Appendix 2-A, p.37] Please advise if internal staff incentive pay is related to the planning quality indicators and if yes, please provide details.

2-SEC-19

[Ex.2-Appendix 2-A, p.38] Is it the Applicant's goal to improve its 2013 Group 3 ranking within a specific timeframe? If so, please provide details.

2-SEC-20

[Ex.2-Appendix 2-A, p.39-40] With respect to reliability:

- a. Please discuss if the Applicant considered setting specific reliability targets for SAIFI and SAIDI beyond the Board's requirements to be within an historic range to reflect its 5 year Distribution System Plan and associated investments.
- b. Please provide the Applicant's views on the following statement - Reliability Indices provide a better indication of distribution system performance when loss of supply, major event days and scheduled outages are excluded from the calculation.
- c. Please complete the following Table separately for Historical SAIFI and Historical SAIDI to provide the indicated data values.

		2007	2008	2009	2011	2012	2013	2014
1	Total							
2	Excluding Loss of Supply (LOS)							
3	Excluding LOS and Major Event Days (MED)							
4	Excluding LOS, MED and Scheduled Outages (SO)							

2-SEC-21

[Ex.2-Appendix 2-A, p.41] The Applicant indicates that going forward voltage issues will be recorded so that they can be monitored and a metric reported. Please indicate the data to be gathered and the type of metric that could potentially be reported.

2-SEC-22

[Ex.2-Appendix 2-A, p.41] The Applicant indicates that going forward power quality issues will be recorded so that they can be monitored and a metric reported. Please indicate the data to be gathered and

the type of metric that could potentially be reported.

2-SEC-23

[Ex.2-Appendix 2-A, p.43] Does the Applicant consider Defective Equipment at 14% a major contributor to outages?

2-SEC-24

[Ex.2-Appendix 2-A, p.44] Please provide a breakdown of Tree Costs by year and work activity.

2-SEC-25

[Ex.2-Appendix 2-A, p.45] Please discuss if the Applicant considered unit costs as a potential Operating Efficiency Indicator i.e. improvement in cost) to replace a pole, transformer, switch, circuit breaker over time. If not, why not?

2-SEC-26

[Ex.2-Appendix 2-A, p.45] Please provide the percentage and value of the Applicant's capital plan that is contacted out for the years 2010 to 2014 and forecasted for the Test Year.

2-SEC-27

[Ex.2-Appendix 2-A, p.45] Does the Applicant track internal capital costs compared to contractor costs for the same unit of work? Please discuss.

2-SEC-8

[Ex.2-Appendix 2-A, p.45, Future 3-5] Please provide a breakdown/listing of the units by asset type that make up the total units in the poor, very poor and fair categories that are included in the Health Index Results.

2-SEC-29

[Ex.2-Appendix 2-A, p.70] With respect to assets that the Applicant runs to failure:

- a. Please provide the rationale for running distribution transformers to failure.
- b. Please provide a summary of all assets that the Applicant runs to failure in this application and discuss any changes in this approach since 2010.

2-SEC-30

[Ex.2-Appendix 2-A, p.73] Please provide a list of the asset groups that were prioritized using the Feeder Investment Model.

2-SEC-31

[Ex.2-Appendix 2-A, p.77] With respect to vegetation management:

- a. Please explain what is meant by topping of trees and why this practice has stopped.
- b. Please explain why trees needed to be removed and provide the number of trees removed in each of the last three years and the typical tree removal cost.

2-SEC-32

[Ex.2-Appendix B] With respect to the Asset Condition Assessment:

- a. Please confirm the assets where historic failure rates are included in the Health Index Calculation.
- b. Please provide the Applicant's view on the appropriateness of a level of customer outage costs used in the Feeder Investment Model and the assumed value of \$30/connected kVA. (p.88)
- c. The Applicant indicates assets in poor condition based on their health index are given a failure probability multiplier (p.88). Please explain how assets not in poor condition are treated in the analysis.

2-SEC-33

[Ex.2-Appendix 2-AA] Please complete the attached excel spreadsheet. Please also confirm the already populated data in the spreadsheet is accurate.

2-SEC-34

[Ex.2-Appendix 2-AA] For all Test Year material capital projects, please provide the forecasted date they are planned to go in-service.

2-SEC-35

[Ex.4] Please add a column to the following Board appendices for 2014 year-end actuals, and explain any material variances between the year-end 2014 forecast and actuals.

- a. 2-JA
- b. 2-JB
- c. 2-JC

2-SEC-36

[Ex.4, p.6] The Applicant states that "[s]ince the cost of service application in 2010, NBHDL has gained a better understanding of the amount of labour hours that are required to support capital and maintenance activities". Please provide details.

2-SEC-37

[Ex.4, p.18] Please explain the significant variance between 2010 Board-approved and actual OM&A expenses.

2-SEC-38

[Ex.4, p.35] Please provide a copy of the referenced Electricity Distributor Association's Emergency Task Force report.

2-SEC-39

[Ex.4, p.48] With respect to Appendix 2-K:

- a. Please add rows showing the total compensation capitalized, and total charged to OM&A.
- b. Please provide a version of the Appendix 2-K for showing a split between union and non-union employees.

2-SEC-40

[Ex.4, p.77] Please provide a breakdown of 'Consultants costs including Legal'.

2-SEC-41

[Ex.5, p.3] Please explain why the Applicant believes it is prudent to structure part of its long-term debt as a swap agreement.

Respectfully submitted on behalf of the School Energy Coalition this 31st of March, 2015.

Original signed by

Mark Rubenstein
Counsel for the School Energy Coalition