



## **Jay Shepherd**

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**BY EMAIL and RESS**

July 13, 2015  
Our File: EB20150108

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

**Attn: Kirsten Walli, Board Secretary**

Dear Ms. Walli:

**Re: EB-2015-0108 – Waterloo North Hydro – 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)

**ONTARIO ENERGY BOARD**

**IN THE MATTER OF** the *Ontario Energy Board Act, 1998*, S.O. 1998, c.15, Schedule B;

**AND IN THE MATTER OF** an Application by Waterloo North Hydro Inc. for an Order approving rates and other service charges for the distribution of electricity as of January 1, 2016.

**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**

Does the Applicant have a corporate scorecard or similar document? If so, please provide the 2014 and 2015 versions.

**1-SEC-3**

Please explain the Applicant's budgeting process. Please provide any internal budget guidance documents that were issued.

**1-SEC-4**

Please provide copies of all benchmarking studies, reports and analysis, that the Applicant has undertaken or participated in, since 2012, that are not already included in this application.

**1-SEC-5**

Please provide details of all efficiency and productivity measures the Applicant has undertaken since 2012.

**1-SEC-6**

[Attachment 1-8, 14] Please provide a copy of the workbook.

**2-SEC-7**

[Ex. 2, p.13] The evidence indicates 2012 was impacted in part by the disposal of a Service Centre and Administration Land and Building.

- a. Please provide the sale dates and the disposal amounts for the Service Centre and Administration Land and Building, separately.

- b. Please provide the analysis to support that the sale of the Service Centre and Administration Land and Building reflect fair market value.
- c. Please indicate whether each asset was sold to a private party or an affiliate.
- d. Please provide the variance between the asset amounts identified as disposals in the 2011 COS application compared to the actual disposal amounts.
- e. Please provide the 2011 Board Approved Fixed Asset Continuity Schedule.

## **2-SEC-8**

[Ex. 2, p.13] Table 2-31 shows the Applicant's Capital Expenditure Summary (Appendix 2-AB) and includes historical actuals for the years 2011 to 2014, budget for 2015 and forecast for 2016-2020. Plan amounts for the years 2011 to 2014 are shown as N/A.

- a. Please provide the Board Approved capital budget amounts for 2011.
- b. Please provide the Applicant's internally budget amounts for the years 2011, 2013 and 2014, and provide copies of the documents that set out the internally budgeted amount.
- c. Please provide year to date actuals for 2015 and the forecast to year end.

## **2-SEC-9**

[Ex. 2, p.32 Table 1-17] Please provide a Table to show the costs associated with: Computer Software, Fleet/Rolling Stock and Tools & Equipment, by year, for the years 2011 to 2015.

## **2-SEC-10**

[Ex. 2, p.68] The evidence indicates Table 2-38 is consistent with Appendix 2-AA and when contributed capital is removed, reconciles to Table 2-31. Please provide a summary Table that shows the reconciliation based on contributed capital.

## **2-SEC-11**

[Ex. 2, p.69 Table 2-38] Please identify the proposed 2016 capital projects that are considered discretionary.

## **2-SEC-12**

[Ex.2, Attachment 2-1, p. 36] Please explain specifically how the experience from other utilities has been used to determine the Typical Use Life of the Applicant's assets and identify the asset classes impacted.

## **2-SEC-13**

[Ex.2, Attachment 2-1, p. 38] The evidence states the Applicant has approximately 517 km of underground lines in three distinct groups. Please provide the number of km of line for each distinct group.

## **2-SEC-14**

[Ex.2, Attachment 2-1, p. 38; Ex.2 Attachment 2-1, p. 29] At the first reference, the evidence states that the 4.16 kV distribution system will be fully retired by the end of 2018. At the second reference, the evidence states that the 4.16 kV distribution system will be completely retired by the end of 2016. Please reconcile.

## **2-SEC-15**

[Ex.2, Attachment 2-1, p. 45] Please provide the total costs savings expected to be achieved in 2016. Please confirm the Applicant has reflected these savings in the Test Year. Please provide the specific cost areas where these savings have been incorporated i.e. Reactive Maintenance.

## **2-SEC-16**

[Ex.2, Attachment 2-1, p. 45] The Applicant states that the renewal of assets that are past their useful life will result in less reactive based maintenance and lower the risk of failure and safety issues. It has not quantified these expected savings. When and how does the Applicant expect to quantify these savings?

## **2-SEC-17**

[Ex.2, Attachment 2-1, p. 68] The evidence states the Applicant undertakes an analysis of bill impacts for all customer classes at the distribution, delivery and total bill impact level as a performance indicator (including the percentage and absolute dollar impact).

- a. Does the Applicant set an annual distribution, delivery and total bill impact level target? If not, why not?
- b. Please provide a summary of bill impacts (percentage and absolute dollar impact) at the distribution, delivery and total bill impact level for the years 2010 to 2016.

## **2-SEC-18**

[Ex.2, Attachment 2-1, p. 73] Please provide the total percentage of contracted services for capital and O&M for the historical years 2010 to 2014 and forecast for 2015 to 2020.

## **2-SEC-19**

[Ex.2, Attachment 2-1, p. 75] The evidence indicates the Applicant developed a condition assessment rating internally and relies on the evaluation capabilities of its staff. Kinetrics was engaged to develop a health index for wood poles, which is utilized in this DSP, and health indices for substations, underground cable and other assets will be developed in 2015 and 2016.

- a. Please discuss why the Applicant did not engage Kinetrics to develop a more complete Asset Condition Assessment (ACA) of its asset base beyond wood poles to inform this DSP.
- b. Has the Applicant retained Kinetrics in the past to undertake a complete ACA? If yes, please provide copies of all reports and summarize the trends.

## **2-SEC-20**

[Ex.2, Attachment 2-1, p. 80-82] With respect to reliability:

- a. [Table 2-13] Please provide a Table that shows a 5 year side-by-side comparison of Historical Customer Interruptions, Gross and EME.
- b. [Table 2-14] Please provide a table for the years 2010 to 2014 that shows reliability performance excluding Loss of Supply, Major Event Days and Scheduled Outages.
- c. Please recast Table 2-15 to show Reliability Event Causes separately by year for the years 2010 to 2014.
- d. [Table 2-15] The Applicant does not have a Reliability Event Cause for Unknown/Other causes. Is the Applicant able to determine all causes of outages on its system?

## **2-SEC-21**

[Ex.2, Attachment 2-1, p. 82 Table 2-15] Please provide a further breakdown of Defective Equipment to show the outage causes by year for the years 2010 to 2014.

## **2-SEC-22**

[Ex.2, Attachment 2-1, p. 98-99] For the inspection frequencies provided for Overhead and Underground Lines, Stations, Fleet/Rolling Stock, and Information Technology, please identify all inspections where the frequency has changed in the last 5 years.

**2-SEC-23**

[Ex.2, Attachment 2-1, p. 100-101] For the Testing & Maintenance frequencies provided for Lines, Stations, Information Technologies and Fleet/Rolling Stock, please identify where the frequency has changed in the last 5 years.

**2-SEC-24**

[Ex.2, Attachment 2-1, p. 103] In determining the consequence of failure, the Applicant indicates it considers the known failure modes of the asset along with the asset type, distribution system impacts (supply & reliability), its physical proximity to the workers and the public (safety), proximity to sensitive areas (environmental) cost of asset failure(cost of replacement), and consequential damages (customer service). Please explain how the Applicant considers loading impacts on the asset in determining the consequences of failure.

**2-SEC-25**

[Ex.2, Attachment 2-1, p.110-138] Please complete the attached spreadsheet to provide a summary of the quantities of assets in very poor, poor, fair, good and very good and the proposed replacement rate.

**2-SEC-26**

(Ex.2, Attachment 2-1, p. 152] The Applicant indicates it does not have the historical data available to capture the performance of an index that measures the impact of System Renewable Investments on routine O&M costs. Please explain what data would be needed to establish this metric.

**2-SEC-27**

[Ex.2, Attachment 2-1, p. 153] Please provide a summary of the assets the Applicant currently runs to failure and identify any changes in assets run to failure since the Applicant's last Cost of Service application.

**2-SEC-28**

[Ex.2, Attachment 2-1, p. 154] Please provide the reactive based maintenance costs for the years 2010 to 2014 and the forecast budget for 2015 to 2020.

**2-SEC- 29**

[Ex. 2, Attachment 2-154] Please provide the reactive based capital costs for the years 2010 to 2014 and forecast budget for 2015 to 2020.

**2-SEC- 30**

[Ex. 2, Attachment 2-p. 154] Please explain why the Applicant anticipates no material changes in O&M expenditures due to capital investments proposed during the forecast period. Please explain.

**2-SEC-31**

[Ex. 2, Attachment 2-p.178-179] In Table 4-2a and Table 4-2b, the Applicant provides 2016 Material Capital Investments that include a Driver Column. Please add an additional Outcome Column to address the proposed outcome of the proposed investments.

**2-SEC-32**

[Ex. 2, Attachment 2-1, p. 204] The Applicant provides areas where reductions in future O&M costs are expected due to capital investments. Please provide a breakdown of the savings (\$) by year.

**2-SEC-33**

[Ex.2, Attachment 2-1, Appendix G] Please provide a step by step description of how the Applicant builds a cost estimate for a capital project.

**2-SEC-34**

[Ex.2, Attachment 2-1, Appendix G] Please provide the source of the construction standards utilized by the Applicant. Please discuss if the Applicant has made any revisions to its construction standards since its last Cost of Service application and if it is proposing any changes for the Test Year and beyond.

**2-SEC-35**

[Ex.2, Attachment 2-1, Appendix G] Please complete the attached excel spreadsheet.

**2-SEC-36**

[Ex.2, Attachment 2-1, Appendix G, p. 42] For each of the projects listed for 2016, please provide the number of asset units that form the basis of the estimate for each project. For each of the historical years, please provide a breakdown of the quantities of each asset replaced and the corresponding cost.

**2-SEC-37**

Please provide an update on the forecasted in-service date for all 2015 material capital projects.

**2- SEC-38**

[Ex.2, p. 163] With respect to Vegetation Management:

- a. Please confirm the Applicant's tree trimming rotation.
- b. Please provide a summary of other vegetation management activities beyond tree trimming undertaken by the Applicant.
- c. Please provide a breakdown of the cost and unit quantities for each vegetation management activity (for example tree trimming per km) that makes up the total vegetation management spending by year for the years 2010 to 2014 and forecast for 2015 and 2016, split between in-house and contracted services.

**4-SEC-39**

[Appendix-JC] Please provide a copy of Appendix 2-JC showing 2015 year-to-date actuals.

**4-SEC-40**

[Ex.4, p.16] Please explain why the Applicant is forecasting utilizing less student/contract FTEs in the Test Year than in the past.

**4-SEC-41**

[Ex.4, p.16] Please explain why the Applicant's actual Permanent FTEs were lower in each year between 2011 and 2014 than the 2011 Board approved amount.

**4-SEC-42**

[Ex.4, p.16] For each year between 2011 and 2015, how many vacancies measured in FTEs has the Applicant had?

**4-SEC-43**

[Ex.4, p.25] The Applicant states, "[b]eyond May 31, 2016, WNH has provided for an inflationary increase in union wages that is indicative of current wage settlements." Please provide the specific inflationary increase it is using.

**4-SEC-44**

[Ex.4, p.47, Appendix 2K] Please provide two additional rows to Appendix 2-K to show for each year the amount of compensation costs allocated to OM&A and capital.

**4-SEC-45**

Please provide a version of Appendix 2-K which shows employees categorized between unionized and non-unionized.

**4-SEC-46**

[Ex.4, p.53] In the last 5 years, what is the average time between when an employees is eligible to retire, and their actual date of retirement.

**4-SEC-47**

[Ex.4, p.54] Please provide a table in the form of Tables 4-19 showing 2011 Board Approved to 2011 Actual FTEs.

**5-SEC-48**

[Ex.5] Please provide the Applicant's actual regulated ROE for each year between 2011 and 2014. Please provide the forecasted regulated ROE for 2015.

**5-SEC-49**

[Ex.5, p.5] Does the Applicant have any short-term debt? If so, please provide details.

Respectfully submitted on behalf of the School Energy Coalition this 13<sup>th</sup> day of June, 2015.

*Original signed by*

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Mark Rubenstein  
Counsel for the School Energy Coalition

**Waterloo North**  
**Asset Condition Assessment Summary - units**  
**2-SEC-25**

[illegible]



<u>Capital Investments Summary</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>Source</u>
<b>SYSTEM ACCESS</b>							
<b><u>Expansions</u></b>							
Subdivisions - # of lots						200	App G Page 10
Subdivisions - cost	\$1,009,825	\$1,458,126	\$833,390	\$737,710	\$386,520	\$593,795	App G Page 10
<b><u>Retail Meters</u></b>							
Residential Meters (Retail) - # meters							
Residential Meters (Retail) - cost					\$220,898	\$210,467	Table 2-AA; App G Page 13
C&I Meters >50kW (Retail) - # meters							
C&I Meters >50kW (Retail) - cost						\$70,750	App G Page 13
C&I Meters >50kW (Retail) - # meters							
C&I Meters >50kW (Retail) - cost			\$178,613		\$313,457	\$306,402	Table 2-AA; App G Page 13
<b>SYSTEM RENEWAL</b>							
<b><u>Overhead Line Renewal - 1</u></b>							
# sections							
total length							
% urban							
# poles							
cost	\$1,744,362	\$465,712	\$1,205,957	\$945,198	\$0	\$431,911	App G Page 16
<b><u>Underground Line Renewal</u></b>							
4 kV cable - metres							
4 kV cable - cost	\$2,129,653	\$1,456,577	\$1,277,244	\$1,528,386			App G Page 19
15 kV cable - metres							
15 kV cable - cost					\$1,021,180	\$809,117	App G Page 19
<b><u>OverheadLine Renewal - Failing Conductor</u></b>							
Small conductor lines - rural metres							
Small conductor lines - cost	\$264,226	\$660,333	\$316,749				App G Page 23
Small conductor lines - back lot metres							
Small conductor lines - back lot cost				\$2,729,338			App G Page 23
<b><u>Overhead Line Renewal - 8 kV</u></b>							
# sections							
total length							
% urban							
# poles							
cost	\$2,006,420	\$2,665,999	\$1,213,787	\$1,829,531	\$1,622,886	\$1,841,523	App G Page 27
<b><u>Overhead Line Renewal - 4 kV</u></b>							
# sections							
total length							
% urban							
# poles							
cost	\$1,903,795	\$2,225,135	\$1,346,130	\$1,095,305	\$885,015	\$1,904,888	App G Page 31
<b><u>Overhead Line Refurbishment - 4 kV</u></b>							
# sections							
total length							
% urban							
# poles							
cost	\$0	\$0	\$0	\$99,682	\$107,017	\$484,953	App G Page 35

Please fill out the shaded cells