

INTERROGATORIES FROM THE CONSUMERS COUNCIL OF CANADA

FOR KINGSTON HYDRO CORPORATION - EB-2015-0083

2016 - 2020 COST OF SERVICE ELECTRIC RATE APPLICATION

1-CCC.1

On March 12, 2015, the Board released its Decision regarding the Hydro One Inc. rate application for a five-year custom plan (EB-2014-0247). In that Decision the Board set out a number of reasons why Hydro One's application is insufficient as a Custom IR application under the RRFE. In light of the conclusions reached by the Board in that case, please explain how Kingston Hydro's application is compliant with the RRFE.

1-CCC.2

Please provide a copy of all materials provided to the Board of Directors in approving this application. Please also provide a copy of the Applicant's most recent Business Plan.

1-CCC.3

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

1-CCC.4

Please provide Kingston Hydro's 2013 Scorecard as referenced in Ex1/T8/S1 as well as copies of any other corporate scorecards Kingston Hydro has had in place. Please provide results and targets for the past 5 years and targets for the rate plan period, if available. If not available, why are they not available?

1-CCC.5

(Ex.1/T2/S1/p. 6)

It is stated on pg 6 that "the structure of investments is significantly more consistent, smoother, reflective of customer preference and resources available and intended to ensure the long term viability of the distribution assets." It also states that 2016 of the proposed rate application is to be a standard rebasing year (Ex1/T3/S1/p14-15) and that for 2017-2020 Kingston is requesting approval of the proposed capital expenditures/additions for 2017-2020. Please explain how with this structure of investments and requests for approval, this application is different from a Cost of Service application for capital and 4th GIRM for OM&A?

1-CCC.6

(Ex.1/T2/S1/p. 6)

Referring to Table 2 please provide the depreciation and multiplier for 2011 – 2015.

1-CCC.7

(Ex.1/T2/S1/p. 6)

How do the multiple factors for each year shown in Table 3 compare with other LDCs?

1-CCC.8

(Ex.1/T2/S1/p. 7)

RE: Annual Deteriorated Overhead Infrastructure Program:

This program suggests redesign and rebuilds of continuous sections of an overhead line. The evidence goes on to say that if there is insufficient funding the poles will be replaced like for like which had previously been described as inefficient. If this is high priority work why are the funds not made available from other work programs according to their priority to ensure a long term rather than a short term fix?

1-CCC.9

(Ex.1/T2/S1/p. 8)

RE: Obsolete Oil Switch Replacement Project:

Please explain why this work could not be accommodated through ICM or ACM as part of a 4th GIRM application?

1-CCC.10

(Ex.1/T2/S1/p. 9)

What is the average difference in cost between Greenfield development and infill development electrical infrastructure for the same facility type (as an example, 50 unit condo building)?

1-CCC.11

(Ex.1/T2/S1/p. 13)

Please expand Table 5 – Annual Estimate Savings - to include a column showing the total OM&A costs for that year.

1-CCC.12

(Ex.1/T2/S1/p. 13)

What does “adjusted 2015 dollars” mean in this context?

1-CCC.13

(Ex.1/T2/S1/p. 14)

Please expand Table 5 to include 2010 through 2014, including the addition the total OM&A costs for each year.

1-CCC.14

(Ex.1/T2/S1/p. 14)

Is the service delivery model the only reason why Kingston’s OM&A cost per customer is lower than the average since 2010?

1-CCC.15

(Ex.1/T2/S1/p. 15)

Please include Total cost per customer for 2010 – 2012.

1-CCC.16

(Ex.1/T2/S1/p. 15)

Please include the number of customers for each year in Table 7.

1-CCC.17

(Ex.1/T2/S1/p. 23)

Table 8 illustrates the demonstrated savings to Kingston Hydro ratepayers through the shared services model. What else is the utility doing to demonstrate operational effectiveness?

1-CCC.18

(Ex.1/T2/S1/p. 24)

It states that the utility is working on smart grid implementation to facilitate distributed generation and storage of electricity. Please list the projects that the utility will undertake (including costs) from 2016 – 2020 in the areas of distributed generation facilitation and storage of electricity.

1-CCC.19

What is the proposed materiality value for any Z-factor that Kingston Hydro may apply for?

2-CCC.20

(Ex.2/T2/S1/Att. 1)

Re: Third party Infrastructure Development Requirements:

Please prepare a Table showing the breakdown of actual costs between Kingston Hydro contributions and total project costs for each third party project from 2010 – 2014 and the forecast breakdown between Kingston Hydro and the third party for each project in the proposed capital expenditures from 2015 - 2020.

2-CCC.21

(Ex.2/T2/S1/Att. 1, p. 181)

With the large amounts of 44kV and 5kV PILC cables in service, which are known to have high asset failure issues, why has Kingston Hydro not undertaken more of this work to either replace or refurbish the asset to date?

2-CCC.22

(Ex.2/T2/S3)

Please list the proposed individual projects and the associated costs within each of the four capital expenditure categories that are greater in cost than the materiality threshold, as shown on Appendix 2-AB for 2015 – 2020.

4-CCC.23

(Ex.4/T3/S2/p. 4)

Please provide copies of the industry and local market compensation surveys Kingston Hydro has participated in.

4-CCC.24

(Ex.4/T3/S2/p. 4)

Please explain how Kingston Hydro evaluates whether the employees perceive that they are being rewarded fairly either according to the relative value of their jobs within the organization or in relation to those who perform similar jobs in other organizations?

4-CCC.25

(Ex.4/T3/S7)

Please explain why the Customer Satisfaction survey conducted in 2014 has been allocated to 2014 regulatory costs?

4-CCC.26

(Ex.4/T3/S7/Att. 1)

Please identify the resources involved in operating expenses associated with other resources (as asked for in Appendix 2-M).

4-CCC.27

(Ex.4/T3/S7/Att. 1)

Please list and provide copies of the consultant studies that correspond to the \$102,091 shown in Appendix 2-M. Please include all details including for each study the hours and hourly rates used to derive the \$102,091 amount.

4-CCC.28

(Ex.4/T3/S7/Att. 1)

Please list the activities associated with the estimated legal fees for this application. Please include all assumptions including hours and hourly rates used to derive the \$120,428 amount.

4-CCC.29

(Ex.4/T3/S7/Att. 1)

What do the "other costs for on-going regulatory matters" refer to (App. 2-M/l.11)?