

November 25, 2015

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

Dear Ms. Walli:

Re: EB-2015-0065 – Enersource Hydro Mississauga Inc. – 2016 Rates

Please find, attached, interrogatories for Enersource Hydro Mississauga Inc. for the above-referenced proceeding.

Yours truly,

Julie E. Girvan

Julie E. Girvan

CC: Gia DeJulio, Enersource
All Intervenors
Fred Cass, Aird & Berlis

INTERROGATORIES FROM THE CONSUMERS COUNCIL OF CANADA
FOR ENERSOURCE HYDRO MISSISSAUGA INC. (ENERSOURCE) – EB-2015-0065

APPLICATION FOR DISTRIBUTION RATES EFFECTIVE JANUARY 1, 2016

Tab 2- Manager's Summary:

2-CCC-1

(T2/pp. 22-23)

As set out in Table 5 the total gross capital budget in the four investment categories for 2015 is \$76,688,724, which is approximately the same as the 2016 forecast of \$76,738,831. It states that the increased forecasted capital expenditures for 2015 are not included in the rates approved by the Board in EB-2012-0033 and are not part of the incremental capital requested by Enersource in this application. If Enersource did not need to request an Incremental Capital Module (ICM) for 2015 where the forecasted capital budget is approximately the same as the 2016 forecast and \$29M above the materiality threshold in both years (excluding the Hydro One TS payments) why is Enersource applying for an ICM in 2016?

2-CCC-2

(T2/pp. 31-32)

Why is the Province of Ontario, in support of the Moving Ontario Forward Plan, not paying the capital dollars to carry out the work required to accommodate construction of the Hurontario LRT (relocation of overhead assets)?

2-CCC-3

(T2/pp. 42-44)

Please set out the distribution rate increases for residential customers arising out of this application (at 800 and 1000 kWh/month consumption levels). How much of that increase is related to the ICM?

2-CCC-4

(T2/p. 42)

The Council is interested in seeing the actual bill impacts that will be experienced by customers in 2016. Please provide a schedule setting out the bill impacts (at 800 and 1000 kWh/month consumption levels) including the elimination of the Debt Retirement Charge, the elimination of the Ontario Clean Energy Benefit, the implementation of the Ontario Electricity Support Program and the RPP change effective November 1, 2015.

Supplementary Evidence – Filed October 2, 2015:

Supp-CCC-5

(Supplementary ICM Evidence Summary p. 1)

The eligibility for Incremental Capital Investment includes:

- Materiality: A capital budget will be deemed to be material, and as such reflect eligible projects, if it exceeds the Board-defined materiality threshold. Any incremental capital amounts approved for recovery must fit within the total eligible incremental capital amount (as defined in this ACM Report) and must clearly have a significant influence on the operation of the distributor; otherwise they should be dealt with at rebasing.
 - Need: The distributor must pass the Means Test (as defined in the ACM Report). Amounts must be based on discrete projects, and should be directly related to the claimed driver. The amounts must be clearly outside of the base upon which the rates were derived.
 - Prudence: The amounts to be incurred must be prudent. This means that the distributor's decision to incur the amounts must represent the most cost-effective option (not necessarily least initial cost) for ratepayers.
- a) Please provide Enersource's definition of "significant Influence on the operation of the distributor" as it has been used in determining which projects should be eligible for ICM treatment.
- b) Enersource's supplementary evidence states that each discrete business case (project) was prioritized based on the drivers: Customer Focus; Operational Effectiveness; Public Policy Responsiveness; and Financial Performance. Please match each business case (project) to the claimed driver.

Supp-CCC-6

(Supplementary Evidence – 2016 Capital Expenditure Projects Budget pp. 1-5)

Please provide a table listing Enersource's capital expenditure projects similar to the table provided for 2016, for 2014 actuals and 2015 forecast.

Supp-CCC-7

(Supplementary Evidence - 2016 Capital Expenditure Projects Budget p. 3/Supplementary ICM Evidence Summary p. 2)

The total spend for System Access is shown to be \$10,276,581 in the Supplementary Evidence - 2016 Capital Expenditure Projects Budget and \$12,007,831 in the Supplementary ICM Evidence Summary. Please explain the difference between these dollar values.

Supp-CCC-8

(Supplementary ICM Evidence Summary Table 1 p. 6)

Please allocate the Contributions in Aid of Construction to the appropriate discrete project.

Supp-CCC-9

(PowerStream Inc. EB-2013-0166 Settlement Agreement dated February 4, 2014, p. 9)

In PowerStream's approved Settlement Agreement it was determined that for projects to be eligible for ICM they must meet one or more of the following criteria: (1) Statute, code, provincial policy, or equivalent external requirement; (2) Considerations of safety for the public and for workers operating in, on, or around equipment; (3) Existing or imminent reliability degradations*; (4) Existing or imminent capacity shortages*; (5) A material increase in cost (beyond the time value of money), if the project is necessary but undertaken at a later time.

*Inclusion in the non-discretionary category is dependent on the level of risk - only projects rated as "High Risk" are included. Please match each of the discrete projects that Enersource is requesting ICM treatment for with one or more of the criteria listed above

General Questions:

CCC-10

Is Enersource's Application being filed on a stand-alone basis, or does it assume that the proposed merger between Enersource, PowerStream Inc., Horizon Utilities Inc. and the acquisition of Hydro One Brampton Inc. will go ahead? Now that all of the relevant municipalities and shareholders have approved plans to merge how does this impact Enersource's Application?

CCC-11

Please provide all materials provided to Enersource's shareholders pursuant to their consideration of the merger.

CCC-12

To the extent the merger is approved by the OEB, how will Enersource ensure that merger savings will flow to its customers going forward?

CCC-13

If the proposed merger occurs, and it results in savings for the merged entity, why is it appropriate to set rates for Enersource at this time on a stand-alone basis? Why would this be in the best interests of Enersource's customers?