

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 Ottawa River Power Corporation for an Order or Orders approving just and reasonable distribution rates and other service charges for the distribution of electricity, effective May 1, 2016.

INTERROGATORIES

FROM THE

SCHOOL ENERGY COALITION

Exhibit 1 - Administration

1-SEC-1

Attached is a table, in both pdf. and Excel formats, comparing the most recent (2014 RRR, and 2014 benchmarking) results of thirteen Ontario distributors similar to the Applicant, including the Applicant. With respect to these comparison tables:

- a. Please identify any distributors on the list that the Applicant feels are not appropriate comparators, and provide reasons for that conclusion. Please identify any distributors that the Applicant feels should be on the list, and are not, and provide reasons for that conclusion.
- b. With respect to the OEB efficiency assessment:
 - i. Please explain the declines in efficiency in the 2011 and 2013 results, relative to 2010 and 2014. If the reason for the anomaly is an accounting adjustment, please recalculate the 2011 and 2013 predicted and actual costs without the adjustment.
 - ii. Please explain why four of the other utilities, COLLUS, E.L.K., Grimsby and Wasaga, consistently have substantially better cost performance than the Applicant. If the Applicant has any documents containing data or analysis showing the reason for this relative performance, please provide those documents. Please describe any plans or strategies of the Applicant to bring cost performance more in line with these best in class competitors, or provide reasons why targeting their performance would not be in the best interests of the Applicant's customers.

- iii. Please confirm that, even with a 21% rate increase in 2016 based on forecast increases in cost of service, the Applicant expects to remain below predicted costs in 2016. If confirmed, please provide calculations or other details.
- c. Please confirm that the Applicant's OM&A per customer is 5th best of the comparator distributors, and the Applicant's Distribution Revenue per customer is 4th best of the comparator distributors. Please provide details of any data inconsistencies or other anomalies known to the Applicant that would make these comparisons incorrect.
- d. Please provide any studies, reports or other materials in the possession of the Applicant explaining the relatively low Aging Ratio, which indicates that the weighted average age of the Applicant's assets may be high relative to other LDCs in the comparator group. If a material reason for this result is past underinvestment in infrastructure causing the Applicant to have a relatively old system, please provide reasons for that history, including the nature of the underinvestment, and the reasons for failure to keep capital investment at appropriate levels. If a material reason for this result is capital contributions, please provide details of the pattern of capital contributions. If a material reason is past accounting policies, please provide details of those policies and how they drove the ratio of Gross to Net PPE.

1-SEC-2

[Ex. 1/1/1, p. 6] Please provide details with respect to the Roving Energy Manager.

1-SEC-3

[Ex. 1/1/1, p. 18 and 2/1/4, p.23] Please explain why there are no System Service expenditures in 2011-2013, and substantial expenditures in that category in 2014 and onward.

1-SEC-4

[Ex. 1/3/1, p. 29] Please provide details on the roles, if any, played by the municipal shareholders and their councils in a) controlling the rate increases allowed to the Applicant, and b) communicating the outcomes sought by customers and the reasonable costs they are willing to pay to achieve those outcomes.

1-SEC-5

[Ex. 1/3/1, p. 29 and 1/9/1, p. 70] Prior to the RRFE, what were the primary methods used by the Applicant to get feedback from its customers, and to learn their preferences? Please advise what changes in customer engagement strategy were implemented as a result of RRFE, the cost of those changes, and the incremental knowledge of customer preferences, concerns, and input that have arisen as a result of those changes. Please provide a list of customer preferences and feedback that the Applicant heard in the customer engagement relating to this Application, and were not previously known to the Applicant.

1-SEC-6

[Ex. 1/4/1, 2014, p. 5] Please calculate actual achieved ROE on a regulatory basis for each of 2014 and 2015.

1-SEC-7

[Ex. 1/4/1, 2014, p. 15] Please provide the most recent financial statements for Ottawa River Energy Solutions Inc.

1-SEC-8

[Ex. 1/4/1, 2014, p. 17 and 5/1/3, p. 15] Please provide copies of each of the 7.25% promissory notes. If any of the current promissory notes is not the original promissory note issued at the time the indebtedness was first incurred, please provide the original promissory note, and any intervening notes, as well as the current note. Please provide any agreements, resolutions, or other documents, other than the agreement already filed in this proceeding, dealing with the interest rates on each of the notes.

1-SEC-9

[Ex. 1/7/1, p. 57] Please describe any challenges the Applicant faces because of the non-continuous nature of the service area. Please describe the operationally and geographically optimum service area of the Applicant if the Applicant were able to acquire service areas of other distributors that are contiguous to the Applicant's service areas.

1-SEC-10

[Ex. 1/8/2, p. 68] Please provide a copy of the Shareholders Agreement, plus any agreements since 2009 amending the shareholders agreement.

1-SEC-11

[Ex. 2/5/2, unnumbered presentation] With respect to the Powerpoint presentation, please provide the date it was presented, the audience for the presentation, the purpose of the presentation, and the results of that meeting or other event, if any.

1-SEC-12

[Ex. 4/1/1, Table 4-1] Please confirm that the label "2012 Board approved" should be "2010 Board approved", and the figure \$394,196 should be \$694,196.

1-SEC-13

[Ex. 4/1/1, p. 5, App. 2-JA] Please confirm that the proposed increase in OM&A from 2010 actual to 2016 proposed is 40.6%. Please confirm that no part of the increase relates to accounting changes from the shift to Modified CGAAP/IFRS.

1-SEC-14

[Ex. 4/2/1, p. 8] Please provide details of the amounts included in Test Year OM&A for storms.

1-SEC-15

[Ex. 4/2/2, p. 11] Please recalculate the table App. 2-L excluding from number of customers the number of connections.

1-SEC-16

[Ex. 4, App. 2-K] Please explain why total compensation per employee has increased 26.9% from \$68,600 in 2010 to \$87,047 in 2016.

1-SEC-17

[Ex. 4/4/5, p. 53] Please advise which of the listed assets have been sold, and provide details of how the proceeds of those sales have been reflected in the accounts and in the derecognition expense. Please explain each case in which the assets have not been sold. Please explain why the asset “Load Management Controls...” was not fully depreciated by 2014.

1-SEC-18

[Ex. 8] Please recalculate the proposed rates for GS>50 on the assumption that the monthly fixed charge is set at the Minimum System plus PLCC cap.

Submitted by the School Energy Coalition January 6, 2016.

Jay Shepherd
Counsel for School Energy Coalition

[illegible]