



PUBLIC INTEREST ADVOCACY CENTRE
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September 28, 2016

VIA E-MAIL

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

Dear Ms. Walli:

**Re: EB-2016-0061 – Canadian Niagara Power Inc. – 2017 Rate Application
Interrogatories of Vulnerable Energy Consumers Coalition (VECC)**

Please find enclosed the interrogatories of VECC in the above-noted proceeding.

Yours truly,

Michael Janigan
Counsel for VECC

Gregory Beharriell, Manager, Regulatory Affairs
Email: regulatoryaffairs@fortisontario.com

REQUESTOR NAME	VECC
TO:	Canadian Niagara Power Inc. (CNPI)
DATE:	September 28, 2016
CASE NO:	EB-2016-0061
APPLICATION NAME	2017 COS Application

1.0 ADMINISTRATION (EXHIBIT 1)

1.0-VECC-1

Reference: E1/T1

- a) Please provide an analysis showing the incremental costs and savings in moving to monthly billing.

1.0-VECC-2

Reference: E1/T3/S1/pg.3 / Appendix 4-B

- a) Please explain how the 88% satisfaction rate of Ontario residents was calculated or derived.

1.0-VECC-3

Reference: E1/T1/S2

- a) Please provide the SAIFI and SAIDI figures (and graph) excluding major event days (MED).

1.0-VECC-4

Reference: E1/T1/S2/Appendix A Business Plan

- a) Please provide the assigned stretch factors and productivity offset (if applicable) for CNPI for each of the years 2012 through 2016.

1.0-VECC-5

Reference: E1/T1/S2 Appendix A Business Plan & E4/T4/S1

- a) Please provide the results of the review of the credit and collection process referred to at page 7 of the Business Plan.

- b) Please also explain the first and second level collection agency program, its results and the impact on this program on arrears collections.

1.0-VECC-6

Reference: E1/T3/S1/pg.8

- a) Please explain why the Direct Mail Pilot Program is not being made available to low income customers.

2.0 RATE BASE (EXHIBIT 2)

2.0 – VECC - 7

Reference: E2/T1/S8

- a) Please confirm that the \$3.60 monthly rate rider recovery of stranded meter costs is to be applied to only the GS>50 rate class.

2.0 – VECC - 8

Reference: E2/T2/Appendix A – DSP/ 5.2.2.1- / 5.4.1.5

- a) Please identify any capital projects in 2016 through 2021 that have been identified as requirements of the Niagara or Peterborough to Kingston Regional Plans.

2.0 – VECC - 9

Reference: E2/T2/Appendix A – DSP/ 5.4.4

- a) Please provide an update on the current status of the Gilmore distribution stations providing the amount spent to date and the current ins-service forecast. Please use the table shown at 5.4.6.1 (pg. 107 of the DSP) to show the actual vs forecast costs.
- b) Has the bucket truck (200k) forecast in 2016 been purchased? If yes what was the purchase cost.

2.0 – VECC - 10

Reference: E2/T2/Appendix A – DSP/ 5.2.2.1- / 5.4.1.5

- a) Please provide an update on the SAP project showing the amounts spent to date and the current estimated in-service date.
- b) Please provide a table showing the various IT SAP components and the allocation of these costs to CNPI affiliates.

2.0 – VECC - 11

Reference: E2/T2/Appendix A – DSP/ Appendix 2-AA

- a) Please explain how the capital contribution forecasts for 2016 (\$1,470,207) and 2017 (550,000) were derived.
- b) Please provide the actual capital contributions for 2016 to date.

2.0 – VECC - 12

Reference: E2/T2/Appendix A – DSP/ 5.4.6.1

- a) The DSP contain a number of separate tables showing the costs of Delta-Wye conversion projects. Please provide a single table showing all the related projects, the spending by year, and the expected completion dates.
- b) Has the Delta-Wye conversion program been reviewed by an independent third party? If yes, please provide their report. If not please explain how CNPI verified its conclusions with respect to this program.

2.0 – VECC - 13

Reference: E2/T2/Appendix M – DAMP section 9 & /E2/T8/S1

- a) Please provide the outage statistics SAID/SAIFI by cause code.
- b) Please explain what target metric is used by CNPI with respect to outages due to equipment failure. For example, does CNPI target reductions in outages due to equipment failure as part of the measurement of the effectiveness of its Distribution System Plan. If not please explain why not.

2.0 – VECC - 14

Reference: E2/T2/Appendix G – DSP

- a) Are inspection reports produced as part of the distribution system inspection program? If yes please produce the Reports for 2015 and 2016.

2.0 – VECC - 15

Reference: E2/T2/Schedule 2 / Appendix 2-AA

- a) The average capital expenditures on Distribution upgrades and expansions between 2012 and 2015 were \$1.56million. In 2017 CNPI proposes to spend approximately \$2.1 million in this category. If the Board were, for the purpose of rates, approve only the 5 year average, or about \$500,000 less in capital spending proposed in this category, what projects would CNPI delay. Please explain the risk in delaying these projects.

2.0 – VECC - 16

Reference: E2/T2/S2/ Appendix 2-AA

- a) Please explain the \$100,000 in Environment Health and Safety capital costs and why no similar amounts were spent in either 2014 or 2015.

3.0 OPERATING REVENUE (EXHIBIT 3)

3.0 –VECC -17

Reference: E3/T1/S2, Appendix A (Elenchus Report), page 4

- a) Please explain why the data used to estimate the load forecast model did not use any historical information prior to 2009.
- b) It is noted that economic activity was rejected as an explanatory variable since there is no data regarding economic activity that is published on a monthly basis. However, since it was ultimately determined that Ontario employment provided a better statistical result than regional employment data, did CNPI/Elenchus test a model using Ontario economic activity as one of the explanatory variables? If not, why not?

3.0 –VECC -18

Reference: E3/T1/S2, Appendix A (Elenchus Report), pages 4 and 19

- a) It is understood that the IESO can provide distributors with information regarding the persistence of CDM program savings. Please provide a schedule that sets out the persisting annual savings from CDM programs introduced in 2009-2015 over the period 2009-2015 using the following format:

	Calendar Year						
Program Year	2009	2010	2011	2012	2013	2014	2015
2009							
2010							
2011							
2012							
2013							
2014							
2015							
Total							

- b) Please comment on whether or not CNPI/Elenchus views the “Trend” variable used in its load forecast model as capturing the some/all of the impact of CDM programs over the 2009-2015 period.
- c) It is noted that CNPI/Elenchus continues to increase the Trend variable for its 2016 and 2017 forecasts. Please comment on whether doing so and then also making a manual adjustment for 2016 and 2017 CDM programs will lead to a double counting of CDM impacts in those two years.

3.0 –VECC -19

Reference: E3/T1/S2, Appendix A (Elenchus Report), pages 7-8

- a) Please provide a schedule that compares the forecasts for 2016 and 2017 (based strictly on the load forecast models results) using a 10 year average definition of weather normal versus a 20 year trend definition of weather normal.

3.0 –VECC -20

Reference: E3/T1/S2, Appendix A (Elenchus Report), page 8

- a) If available, please update the employment forecasts available from the four banks and the resulting averages for 2016 and 2017.

3.0 –VECC -21

Reference: E3/T1/S2, Appendix A (Elenchus Report), pages 9-18

- a) Please confirm that the 2009-2015 normalized actual usage for each customer class is calculated by apply the class’ actual percentage of total utility wholesale purchases to the year’s weather corrected value for

wholesale purchases.

- b) If (a) is confirmed, please explain how the result represents weather normal usage when the percentage used is calculated using non-weather normalized data.
- c) In the Customer Connection tab of the Load Forecast model the cells showing the calculation of the growth rate forecast used for each customer class' customer/connection count growth are not accessible (e.g., E11, J11 and O11). Please provide a version that permits these cells to be reviewed.
- d) In Table 22 the values for Sentinel are reported to be "connections". However, in the Cost Allocation model (Tab I6.2), the same 2017 value (695) is reported as the number of devices and the number of connections is different (313). Please reconcile and correct the models as required.
- e) On page 16, the Application indicates that the actual Street Light and Sentinel usage for 2015 was used as the forecasts for 2016 and 2017, but the values in Table 24 and 26 are different. Please reconcile.
- f) For USL the Application states that the actual usage for 2014 was used as the basis for the energy forecast. However, the 2016 and 2017 values in Table 28 do not match the 2014 actual. Please reconcile.

3.0 –VECC -22

Reference: E3/T1/S2, Appendix A (Elenchus Report), pages 19-21
Appendix 2-I (Filing Requirements)

- a) Please provide the 2015-2020 CDM Plan that CNPI submitted to the IESO.
- b) Please provide any reports CNPI had received from the IESO regarding the actual results for 2015.
- c) How was the customer class allocation of the CDM savings for 2015-2020 as set out in Table 30 established?
- d) With respect to Table 34, given that the OEB's LRAMVA calculations used annualized CDM savings even for a program's first year, please explain why the LRAMVA should include ½ year of 2015 savings.
- e) The LRAMVA value in Appendix 2-I differs from that in the Application-please reconcile.
- f) Please explain what the values reported in Table 35 represent and why they differ from those in Table 34.
- g) Please provide the details underlying the values in Table 36 and correct total values shown.

3.0 –VECC -23

Reference: E3/T4/S1, pages 1-3

- a) Please confirm that the Costs and Expenses for Merchandising, Jobbing, etc. (Acct. 4330) are not include in the OM&A discussed in Exhibit 4.
- b) Why is CNPI not forecasting any Interest and Dividend Income for 2016 and 2017?
- c) Where are the revenues from the microFlt service charge reported and what are the values for 2014-2017?

3.0 –VECC -24

Reference: E3/T4/S2
E3/T4/S3

- a) Please provide a schedule that sets out the calculation of the Assets and Depreciation underpinning the Asset Utilization portion of the 2017 Fees for Services as discussed in E3/T4/S2, page 1.

4.0 OPERATING COSTS (EXHIBIT 4)

4.0 – VECC - 25

Reference: E4/T4/S1/Appendix A

- a) Please provide the OM&A variance analysis as between 2013 Board approved and 2013 actuals.

4.0 – VECC - 26

Reference: E4/T2/S2/Table 4.2.2.1

- a) Please provide a description/explanation of the \$199k and \$191k in miscellaneous OM&A increases in 2016 and 2017 respectively.

4.0 – VECC -27

Reference: E4/T4/S1/Appendix A

- b) Please amend Appendix 2-K to show the amount of employee costs capitalized in each year.
- c) Please provide the restated employee costs for 2013.

4.0 – VECC - 28

Reference: E4/

- a) Is CNPI a member of the EDA? If yes please provide the annual membership fees for 2012 through 2017.
- b) Please provide any industry membership which has an annual fee of \$25,000 or more.

4.0-VECC-29

Reference: E1/T1/S2 Appendix A Business Plan & E4/T4/S1

- a) Please explain how/if the corporate targets shown in Section 9 of the business plan are related to compensation.
- b) Please provide a list of the corporate targets for senior management for 2016 and 2017.

4.0 – VECC - 30

Reference: E2/T1/S1/pg.3

- a) Please confirm that the reference to Exhibit 4, Tab 7, Schedule 1 at Exhibit 2 (pg.3 of 3 lines 17-18) is meant to refer to E4/T5/S1 and not E4/T7/S1.
- b) Please show the comparable costs for the \$1,139,217 in IT and shared equipment as between 2013 Board approved and the 2017 test year. In doing so please distinguish as between IT and equipment costs.

4.0 -VECC -31

Reference: E4/T16/S1
E9/T6/S1

- a) Has CNPI received the verified CDM results for 2015 from the IESO? If so, please amend the LRAMVA claim accordingly.
- b) Please confirm that the Settlement Agreement (page 22) regarding CNPI's 2013 Rates only made reference to the impact of 2012 and 2013 CDM programs not being included in the load forecast and provided that CNPI could seek recovery for the impacts from these programs in future years.
- c) Why has CNPI included the impact from 2011 CDM programs in its current claim?

- d) It is noted that, for the years 2013 and 2014, apart from the impact of the Residential 2012 CDM programs the CDM savings values used by Burman for 2012-2014 program impacts do not appear to reconcile with those reported by the IESO (taking into account adjustments in subsequent years). Please provide a reconciliation of the values used by Burman with those reported by the IESO and correct the LRAMVA claim as necessary.

5.0 COST OF CAPITAL AND RATE OF RETURN (EXHIBIT 5)

5.0-VECC-32

Reference: E5/T1/S3

- a) Please explain the increase in the affiliated promissory note interest rate of 4.03% and 4.54% in 2017.
- b) What was the prevailing prime rate at the time the note was negotiated in January of 2013?
- c) What fees are charged by Fortis Ontario with respect to this note?

6.0 CALCULATION OF REVENUE DEFICIENCY/SURPLUS (EXHIBIT 6)

N/A

7.0 COST ALLOCATION (EXHIBIT 7)

7.0 – VECC –33

Reference: E7/T1/S1, page 2

- a) Why was the Revenue to Cost ratio for the Embedded Distributor set at 95.37% as opposed to 100% as has been the practice in other distributors' Applications?

7.0 – VECC –34

Reference: E7/T1/S2, page 1

- a) Does CNPI carry out the metering itself or is this a contracted service? If a contracted service what is the basis for the charge for meter reading and does it vary by customer class?

7.0 – VECC –35

Reference: E7/T1/S2, page 3 (lines 12-14)

- a) What the physical characteristics of the embedded distributor's supply point?

7.0 – VECC –36

Reference: E7/T1/S2, Appendix A (Elenchus Report), page 9
Cost Allocation Model, Tab I8

- a) Please explain why GS>50 NCP for Primary is less than the full class NCP. Are there GS>50 customers that do not require the use of CNPI's primary distribution system and, if so, what are their supply arrangements?

8.0 RATE DESIGN (EXHIBIT 8)

8.0 –VECC - 37

Reference: E8/T1/S1, page 8

- a) Please restate the USL ceiling value for the Monthly Service Charge – expressed on a per customer basis.

8.0 –VECC - 38

Reference: E8/T1/S7, page 3

- a) What were the actual Low Voltage costs for 2013 and 2014?

9.0 DEFERRAL AND VARIANCE ACCOUNTS (EXHIBIT 9)

9.0 –VECC -39

Reference: E9/T3/S1

- a) Please provide the net present value of installing MIST meter for the 133 customers which includes both the stranded and new meter costs.
- b) What would be that value if CNPI had deferred MIST meter implementation until the required mid 2020 period?

End of document