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BY EMAIL and RESS

December 21, 2016
Our File: EB20160096

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

Attn: Kirsten Walli, Board Secretary

Dear Ms. Walli:

Re: EB-2016-0096 – Northern Ontario Wires Inc. – SEC Interrogatories

We are counsel to the School Energy Coalition (“SEC”). Enclosed, please 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)

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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 Northern Ontario Wires Inc. under Section 78 of the *Ontario Energy Board Act, 1998* an Order or Orders approving or fixing just and reasonable rates and other service charges for the distribution of electricity as of May 1, 2017.

INTERROGATORIES

ON BEHALF OF THE

SCHOOL ENERGY COALITION

1-SEC-1

[Ex.1] Please provide a copy of the Applicant's most recent business plan.

1-SEC-2

[Ex.1] Please provide a copy of all documents provided to the Applicant's Board of Directors for the purposes of approving the application and the underlying budget.

1-SEC-3

[Ex.1] Please provide copies of all benchmarking studies, reports, and analysis that the Applicant has undertaken or participated in since 2013, and are not already included in the application.

1-SEC-4

[Ex.1] Please provide a list of measurable outcomes that ratepayers can expect the Applicant to achieve during the test year. Please explain how those outcomes are incremental and commensurate with the rate increase the Applicant is seeking in this application.

1-SEC-5

[Ex.1] Please provide a step-by-step explanation of the the Applicant's budgeting and capital planning process.

1-SEC-6

[Ex.1, Ex. 2-2-1, Attachment 1] With respect to metrics and outcomes:

- a. Does the Applicant have a corporate scorecard? If so, please provide copies of each of the 2013 to 2017 versions.
- b. If not, please explain what metrics the management and Board of Directors uses to measure and monitor the Applicant's activities.
- c. The Applicant includes an identified number of performance metrics in its Distribution System Plan (p.19). Please explain how the Applicant will utilize these metrics within the business.
- d. Please provide a version of the table included on (p.19) that provides the 2017 test year targets for each metric.

1-SEC-7

[Ex.1-5-2, p.2] Please provide a more thorough breakdown of how the Applicant made the assumption that material costs will increase by 3% in the test year, including full details regarding the cost trends evaluation “based on invoices and suppliers costs provided to NOW”.

1-SEC-8

[Ex.1-5-3] Please provide a breakdown of table 1, by each of the Applicant’s three service territories.

1-SEC-9

[Ex.1-6-1, p.5] With respect to the Electric Utility Customer Survey:

- a. Did the Applicant design and conduct the entire survey themselves, or did they utilize the services of a third-party? If they did utilize the services of a third-party, please provide details.
- b. Please explain what changes, if any, were made to the application as a result of the survey.

1-SEC-10

[Ex.1-9-1, p.2] Please quantify the forecast test year expected savings from the listed productivity initiatives.

1-SEC-11

[Ex.1-9-1, p.2] Please provide a similar list of productivity initiatives undertaken since 2013 and quantify the savings.

2-SEC-12

[Ex.2, Appendix 2-AB] Please provide a completed version of Appendix which shows the Applicant’s internal budgeted amounts in the ‘Plan’ columns. Please also indicate the date basis of the internal budget used.

2-SEC-13

[Ex.2] Please update the following tables to provide 2016 year-end actuals and explain all material differences from the forecasted amounts:

- a. Appendix 2-AA
- b. Appendix 2-AB
- c. Appendix 2-BA (2016 and 2017)

2-SEC-14

[Ex-2-2-1, p.15] Please provide the forecasted in-service date for each material 2017 capital project.

2-SEC-15

[Ex. 2-2-1, Attachment 1] For each major asset category, please provide:

- a. The number of assets,
- b. The number of assets in each of, i) good, ii) fair, and iii) poor condition
- c. The number of assets NOW has or plans to replace in each year between 2013 and 2021.

2-SEC-16

[Ex. 2-2-1, Attachment 1] For each major asset category that the Applicant does not collect condition data or regularly assess their condition, please explain how it determines the need to replace a given asset.

2-SEC-17

[Ex. 2-2-1, Attachment, p.87] With respect to the GIS update project, please:

- a. Confirm the total cost of the project is \$368,964.
- b. Provide an update of the status of the project.
- c. Provide details regarding procurement method for the project.
- d. Provide copies of the original business case and project budget.
- e. Please explain any variance between the forecast final project cost and the original budget.

2-SEC-18

[Ex. 2-2-1, Attachment, p.87] With respect to the CIS upgrade, please provide further details regarding the project, including but not limited to, the scope of the new system, the procurement method, and the status of the project.

2-SEC-19

[Ex.4] Please update the following tables to provide 2016 year-end actuals and explain all material differences from the forecasted amounts:

- a. Appendix 2-JA
- b. Appendix 2-JB
- c. Appendix 2-JC

3-SEC-20

[Ex.3-1-2, Attachment 1] For each rate class, please provide a 2016 year-end:

- a. Customer/connections count
- b. Actual and normalized KWh and KW forecast (as applicable)

3-SEC-21

[Ex.3-1-2, Attachment 1] Please explain the increase in the GS>50 KW and KWh forecast between 2014 and 2015.

4-SEC-22

[Ex.4-4-1, p.4-5) Please provide an explanation of the variances between 'current year depreciation expense' (Column H) and 'depreciation expenses per Appendix 2 BA fixed assets' (column J)

4-SEC-23

[Ex.4-2-1, Attachment 2] Please revise the Appendix 2-JB table to show the cost drivers by incremental activities or cost drivers, and not by programs.

4-SEC-24

[Ex.4-3-1, p.14] With respect to 'tree trimming and vegetation control expenditures:

- a. Please explain the reduction in expenses between 2013 and 2014.
- b. Please explain the increase in expenses between 2016 and 2017.

4-SEC-25

[Ex.4-3-1, p.21] Please explain the basis for the 2017 test year forecast of bad debt expenses.

4-SEC-26

[Ex.4-3-3] With respect to the shared service agreement between the Applicant and Cochrane Telecom Services (“CTS”):

- a. Please provide a summary of all changes made to service agreement in January 2016. Please provide a copy of the agreement in place before the revisions were made.
- b. [Attach 2, p.8] Please explain the basis of the 12% mark-up on certain costs.
- c. [Attach 2, p.8] The agreement contemplates that the affiliates (which includes the Applicant) and CTS will negotiate a bonus to be paid to CTS and as an incentive for cost savings. Has such an agreement been reached? If so, please provide a copy.

4-SEC-27

[Ex.4-3-5, p.1] Please provide a breakdown of ‘Consultant Costs.’

4-SEC-28

[Ex.4-3-2, p.11] Has the Applicant, or its Board of Directors, considered an incentive compensation program. If so, please provide details. If not, please explain why it has not.

4-SEC-29

[Ex.4-3-2, p.12] Please provide a row to the Appendix 2-K table that shows the amount of total compensation allocated to OM&A for each year.

4-SEC-30

[Ex.4-3-2, p.17] With respect to the additional lineman position being added in 2017:

- a. When does the Applicant next forecast a retirement of a lineman to take place? What is the basis for the forecast?
- b. Please confirm that reference to filling a position vacated previously is that of the Lead Hand position vacated in 2014.
- c. Is the Applicant planning on hiring a journeyman or an apprentice?

4-SEC-31

[4-4-1, p.4] With respect to the asset service lives used for depreciation purposes:

- a. Please provide a copy of the report or other final work product of the consultant used to review the Applicant’s asset service lives.
- b. The Applicant states that “distribution station building and infrastructure is below the Kinetrics range due to the fact that Now Inc. is working to eliminate the distribution stations.” Please explain this statement more fully. Would the asset service lives be any different if the Applicant was not working to eliminate these distributions stations?

5-SEC-32

[Ex.5-1-1, p.2] Has the Applicant inquired with Caisse Populaire regarding the rate it may be able to get to renew the loan whose term end on July 31st 2017? If so, please provide details. If not, please do and so provide copies of the request and Caisse Populaire’s response.

6-SEC-33

[Ex.6] Please revise the revenue requirement request and result bill impact model to include the Board’s update cost of capital parameters for 2017 issued on October 27, 2016.

Respectfully submitted on behalf of the School Energy Coalition this December 21st, 2016.

Original signed by

Mark Rubenstein
Counsel for the School Energy
Coalition