December 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-2016-0105 – Thunder Bay Hydro – 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


Cindy Speziale, Vice President Finance, Thunder Bay Hydro
Email: cspeziale@tbhydro.on.ca

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## 1.0   ADMINISTRATION (EXHIBIT 1)

1.0-VECC-1
Reference:   E1/pg.13

a) With respect to the planned Local Advisory Council, when is this customer engagement initiative expected to begin?
b) What is the expected annual cost of this initiative?

1.0-VECC-2
Reference: E1/Attachment 1-F

a) Attachment 1-F is listed as a draft scorecard.  Please provide the 2015 final Scorecard results (or confirm no changes to the filed scorecard).

1.0-VECC-3
Reference:   E1/pgs. 43- / Attachments 1-

a) Please explain the difference and reason for doing multiple similar surveys:
   a. UtilityPulse Survey
   b. Public Awareness of Electrical Safety Survey
   c. Decision Partners /Mental Models Survey
   d. Bill Impact Survey
b) What differences were found between the results of these surveys?
c) What was the cost of each of these surveys?
d) Which surveys are done annually?

## 2.0   RATE BASE (EXHIBIT 2)

2.0-VECC-4
Reference:     E2/Pgs.5-

a) Please update Tables 2-1, 2-4, 2-8 to include 2016 actuals.
b) Please update Table 2-9 to show any adjustment to 2017 due to changes in 2016 forecast versus actuals.


2.0 – VECC 5
Reference:     E1/pg.21 & Appendix 2-B DSP/pg.44

a) TBH notes that nearly one quarter of all outages can be attributed to defective equipment.  What specific capital and maintenance projects are proposed during the rate period with an objective of lowering outages due to this cause?
b) Please provide the breakdown of outages by duration by cause for each of the years 2012 through 2016.


2-VECC-6
Reference:     E2/pg.24

a) Has the 2016 meter sampling program been completed?  If so please provide the results and the impact of the program on the 2017 meter replacement program.

2-VECC-7
Reference: E2/pg.25 & Appendix 2-AA (Excel) / Table 2-20

a) Please update Appendix 2-AA  (Table 2-20) to show 2016 actuals.

2-VECC-8
Reference: E2/Table 2-11/pg.34

a) Please provide the actual and forecast capital contributions for each year by category of expenditure (i.e. System Access, System Renewal, System Service and General Plant.
b) Please explain how the 2017 capital contributions forecast is estimated.

2-VECC-9

Reference:     E2/pg.43/Table 2-19

a) Please amend Table 2-19 to show the year end 2016 actual work in progress as well as any other necessary changes to 2016 and 2017 as a result of 2016 actual results.


2-VECC-10

Reference:     E2/Appendix 2-B/ DSP/pg.2

a) Please identify separately all material capital projects for each year 2017 through 2021 which are specifically required by the IRRP.


2-VECC-11

Reference:     E2/Appendix 2-B/ DSP/

a) What metrics are proposed by TBH to assess whether the capital budget plan in each year is executed (that is projects planned are projects completed)?
b) What metrics does TBH use to understand the efficiency of its capital budgeting (e.g. engineering and planning costs as a proportion of asset in-service etc.).
c) If outages due to defective equipment are noted as a significant driver for capital replacement why is there no metric in TBH's proposal which measures the impact of the DSP on outages caused by defective equipment?

2-VECC-12

Reference:     E2/Appendix 2-B/ DSP/pg.60

a) Please provide an explanation as what constitutes each of the inspection methods used for assets (i.e. Visual, DGA, Detailed).
b) Specifically, please explain how poles and underground plant are inspected and their health index determined.

2-VECC-13

Reference:     E2/Appendix 2-B/ DSP/pg.74

a) Please provide a table which shows the number of 25kv poles that have been or are planned for replacement in each year 2012 through 2021.
b) Please add a row for each year showing the cost for 25kv pole replacement in each year.
c) At page 74 of the DSP it states that 10% or 2084 poles are in Very Poor (238) or Poor (1846) condition.  Please add another row which shows for each year the number of poles at year end (i.e. after of that year's capital plan) that are forecast to be in either very poor or poor condition.
d) Please provide the same a) through c) for 4kV poles.

2-VECC-14

Reference:     E2/Appendix 2-B/ DSP/

a) The Kinectrics assessment of UG cable health shows only 2% of conductor km in very poor or poor condition (pg.  99).  Please provide a similar table to that in 2-VECC-13 for underground cable renewal projects using km of cable and which shows the km in very poor and poor condition at the end of each year 2013 through 2021.

2-VECC-15

Reference:     E2/Appendix 2-B/Appendix C: Kinectrics ACA/ Table III-4/pg.22

a) The "data gap" shown in this table for wood poles and underground cables is medium to high.  Kinectrics notes in their summary of data assessment results: "*even if an asset group has a high DAI, this does not mean information for this asset group is complete. i.e. if there are numerous data gaps, the degree of confidence that the Health Index reflects true condition may still be low*" (pg.21).  Please explain the level of confidence in the health index that is being purported for wood pole and underground cables in this study.
b)  Specifically explain what percentage of the pole population was subject to hammer test and rocking test.
c) For poles that are subject to visual inspection does TBH have a of database indicating general condition (e.g. noting soil condition, shell rot or decay, holes etc.)?.
d) Please explain how pole age is determined by TBH.  Specifically does TBH have an asset data base showing all pole ages?

## 3.0  OPERATING REVENUE (EXHIBIT 3)

3.0 –VECC -16
Reference:    E3/ pg. 5

a) Please provide details regarding the power purchased method/equation referenced at lines 26-27 (i.e. explanatory variables used, resulting "equation" and regression statistics).
b) Using this method please provide a forecast of 2017 power purchases and indicate the values used for the explanatory variables.

3.0 –VECC -17
Reference:    Exhibit 3, pages 8 - 10

a) It is noted that the for each of three equations the coefficient for the CDM variable is materially greater than 1.0, particularly for the GS 50-999 class where it is in excess of 3.0.  Please explain these results given that one would expect that there would be close to a 1:1 relationship between changes in CDM levels and changes in class billed energy.
b) For each of the three classes please outline what other explanatory variables were tested and why they were rejected.
c) If not addressed in part (b), please explain why customer count was not used an explanatory variable for each class.

3.0 –VECC -18
Reference:    Exhibit 3, pages 10 - 12

a) Please provide the reports/documentation supporting the CDM impacts from 2006-2015 CDM programs in the years 2006-2017 as set out in the CDM Tab of the Load Forecast model and summarized in Table 3-4.
b) Please confirm that for the 2011-2014 period the CDM values used reflect not only the results for the year as initially reported but also reflect any subsequent adjustments that were made in subsequent reports.
c) Please confirm that for 2016 & 2017 the CDM variable only reflects the persisting impact of 2006-2015 CDM program activity.
d) In the Load Forecast Model's CDM Activity Tab, many of the 2006-2015 CDM programs do not have persisting effect through to 2015 and beyond. Please indicate whether in these cases the lack of persistence indicated in the Tab is due to:  i) confirmation by the IESO or ii) just a lack of information/verification of continued savings.

3.0 –VECC -19
Reference:     Exhibit 3, pages 14-15

a) Are the values reported in Table 3-9 year-end or average annual values?
b) Please provide a schedule that sets out the customer/connection count by class as of June 30, 2015, June 30, 2016 and, also, the most recent month available for 2016.
c) What would have been the forecast customer count for GS>1000, Sentinel Lighting and USL if the historic geomean growth rate for each class had been used to forecast the 2017 values?

3.0 –VECC -20
Reference:     E3/pgs. 15 - 16

a) What accounts for the decline in the average use per customer for the GS>1000 class in 2015 relative to 2014?
b) For the GS>1000 class, please provide the actual sales in 2016 as of the most recent month available and provide the sales for the comparable months in 2014 and 2015.

3.0 –VECC -21
Reference:     E3/pages 16 – 17 and Attachment 3-D

a) With respect to Table 3-16, the 2015 total value does not match the 2015 value from the 2025-2020 Plan (per Attachment 3-D).  Please reconcile.
b) Please provide a copy of the IESO report(s) regarding Thunder Bay's 2015 verified CDM savings and their persisting savings through to 2017.
c) Please provide more details regarding the Street Lighting & GS>1000 classes' CDM savings from 2015 programs (in terms of what the programs were and when they were implemented).

3.0 –VECC -22
Reference:     Exhibit 3, page 18

a) Please explain why, for GS>1000, the 2015 values were not included in the LRAMVA baseline for 2017 as they were included in the manual adjustment.
b) Please confirm that the values shown in Tables 3-18 and 3019 are the one applicable to the Application and not those set out in Appendix 2-I.

3.0 –VECC -23
Reference:    Exhibit 3, pages 18 - 20

a) With respect to Tables 3-20 and 3-21, please confirm that for the GS<50-999 class the ratios are based on actual kW divided by actual kWh for each year.  If not, please replicate the calculation using this approach.

3.0 –VECC -24
Reference:    E3/pgs. 31-33
              Appendix 2-H

a) Please provide the current status of the three decommissioned sub stations scheduled to be sold in 2016 (per page 33).

## 4.0   OPERATING COSTS (EXHIBIT 4)

4.0-VECC-25
Reference:    E4/pg.9

a) Please show the calculation supporting the increase of $244,359 in postage costs since 2013 Board approved.
b) Please show the calculation supporting the increase of $134,212 for Memberships, licences and fees.

4.0-VECC-26
Reference:    E4/pg.47

a) Please provide the annual membership fees for the EDA for each year 2013 through 2017.
b) Please provide the MEARIE premiums paid for each year 2013 through 2017 (forecast).
c) TBH states that some MEARIE benefits are sourced from other insurers (Desjardins – pg.38).  Please explain why TBH would not directly insure with a carrier rather than through MEARIE.
d) Please explain why MEARIE productions are single sourced.
e) When was the last time that TBH tendered for insurance products?

4.0-VECC-27
Reference:    E4/pg.10, pg.50

a) Please provide the Board letter/notification indicating the increase for OEB assessments by 118k.

4.0-VECC-28
Reference:    E4/Table 4-5/pg.10

a) Please provide the actual annualized Ontario CPI (statistics Canada) for each of 2013 through 2016.

4.0-VECC-29
Reference:    E4/pg.11

a) Please provide the annual OM&A incremental cost related to the change out of MIST meters.

4.0-VECC-30
Reference:    E4/pg.12 /pg. 23

a) Please provide a table showing all the incremental costs being incurred by TBH in moving to monthly billing.
b) What are the annual incremental billing costs related to implementing the OESP policy?
c) Please breakdown the 2017 increase in customer billing increase as between that due to monthly billing and that related to other causes.

4.0-VECC-31
Reference:    E4/

a) Please provide the amount forecast for storm and unexpected costs in the 2013 and 2017 OM&A budgets.

4.0-VECC-32
Reference:     E4/pg.16, pgs. 61-

a) Please explain why depreciation on the garage is not attributable to capital accounts?


4.0-VECC-33
Reference:     E4/pg. 21/Table 4-9

a) Please provide the actual bad debt costs for 2016.
d) Please explain how the bad debt forecast of $146,946 was calculated.
e) What reductions to bad debt are expected as a result of more frequent billing periods?

4.0-VECC-34
Reference:     E4/pg.32

a) Please amend Table 4-12 to include the amount of compensation capitalized in each year.

4.0-VECC-35
Reference:     E4/pg.32

a) Thunder Bay's explanation as to the variances in FTEs for Board approved as compared to actuals all relate to delayed hiring.  Yet TBH had a deficit of approximately 9 FTEs for the entire prior rate period.  Please explain why in its last cost of service application TBH proposed funding of rates of 143 FTEs when this was higher than its actual needs over the subsequent 3 years.
b) Please provide the annual savings in FTEs costs from Board approved for each year 2013 through 2016.


4.0-VECC-36
Reference:     E4/Appendix 2-M

a) Please provide the one-time application costs incurred to date as broken down in table 2 of Appendix 2-M.

4.0 -VECC -37

Reference:     E4/pgs. 71-78 & Appendix 4-W

LRAMVA Work Form

a) With respect to the 2013 program savings, please confirm that the 1,320,952 kWh in savings are Program Enabled Savings and not TOU Savings as shown on the Work Form.

4.0 -VECC -38

Reference:     E

a) TBH is proposing a significant increase in tree trimming OM&A expenses for 2017.  Please provide the study or analysis which shows the benefit of expanding the current budget.

b) TBH notes that tree contact account for 25% of outages during 2015. What percentage of outages were caused by tree contacts in each of 2013 through 2016.

c) In light of the perceived need to increase tree trimming in 2016 please explain why TBH decreased its tree trimming budget as between 2015 and 2016.

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

5.0-VECC-39

Reference:     E5/pg.5-7

a) Has TBH completed the planned debenture expected to be in place September 15, 2016?  If yes please update for the actual rate if different from the 3.58% shown in Table 5-2.

b) Please update Table 5-2 with the most recent debenture information.

5.0-VECC-40

Reference:     E5/pg. 7

a) The current (December 27) LDC lending rates for long-term loans are between 3.31% (15 year serial) and 3.93% (30 year amortizer).  Given this please explain the basis for the forecast 4.54% used in Table 5-2 for calculating the weighted cost of debt.

b) Please update Table 5-2 using a forecast rate for the 2017 debenture of $2,783,167 of 3.93%.

5.0-VECC-41
Reference:     E5/ Attachment 5-A

a) Please update Appendix 2-OA using the Board cost of capital parameters for short-term debt issued on October 27, 2016 and the weighted long-term debt rate calculated with the 2017 debenture rate of 3.93%.

## 6.0   CALCULATION OF REVENUE DEFICIENCY/SURPLUS (EXHIBIT 6)

## 7.0   COST ALLOCATION (EXHIBIT 7)

7.0 – VECC –42
Reference:     Exhibit 7, pages 6 - 7

a) Please provide the analysis supporting the proposed 0.6 Billing & Collecting weighting factor for GS<50.
b) Please provide the analysis supporting the 0.5 Meter Reading weighting factors for the GS>1000 and Large Use classes.

7.0 – VECC –43
Reference:     Exhibit 7, page 8

a) Was the load profile for the GS>1000 class adjusted to account for the removal of the one customer that is now Large Use?  If yes, how?
b) Please provide a schedule that sets out for the GS>1000 class the following values based on the 2004 Informational Filing:
   - Ratio of 4 NCP to Annual kWh
   - Ratio of 12 CP to Annual kWh
c) Please provide a schedule that sets out for the GS>1000 and Large Use classes the following values based on the data used in the current Application:
   - Ratio of 4 NCP to Annual kWh
   - Ratio of 12 CP to Annual kWh

7.0 – VECC –44
Reference: E7/ Cost Allocation Model, Tab I6.2

a) Please indicate the number of Street Lighting customers and reconcile that value with the number of bills.
b) Please indicate the number of Sentinel Light customers and reconcile that value with the number of bills.

## 8.0   RATE DESIGN (EXHIBIT 8)

8.0 –VECC - 45
Reference: Exhibit 8, page 10

a) What is Thunder Bay's policy regarding when customers are required to own their own transformers and is the fact that all customers in the GS>1000 class do not receive the transformer allowance consistent with this policy?

## 9.0   DEFERRAL AND VARIANCE ACCOUNTS (EXHIBIT 9)

9.0 –VECC -46
Reference: E9/ Proposed Rate Riders

a) Since the deferral account balances were accumulated in the years prior to 2017 (when the Large Use class is being introduced) please explain why the riders applicable to the Large Use class should not be the same as those applicable to the GS>1000 class – as all these customers were in the same classes prior to 2017.

9.0-VECC-47
Reference: E9/pg.29

a) With respect to the constructive obligation of the future decommissioning of stations assets in the amount of $228,306:
    i.   Provide the station name and current net book value.
    ii.  Please explain the difference with respect to this entry as between

IAS 37 and Canadian GAAP.

iii. Please explain the rationale for the year in which this item is recorded, specifically please explain when and how the high degree of certainty was reached as to this obligation

iv. Please explain what legal obligations TBH has in respect to this asset.

End of document