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**BY E-MAIL**

February 16, 2017

Kirsten Walli  
Board Secretary  
Ontario Energy Board  
2300 Yonge Street, 27<sup>th</sup> Floor  
Toronto, ON M4P 1E4

Dear Ms. Walli:

**Re: Rideau St. Lawrence Distribution Inc. (Rideau St. Lawrence Distribution)  
Application for 2016 electricity distribution rates  
OEB Staff Interrogatories  
Ontario Energy Board File Number: EB-2015-0100**

In accordance with Procedural Order No. 1, please find attached OEB staff's interrogatories in the above noted proceeding. Rideau St. Lawrence Distribution and all intervenors have been copied on this filing.

Rideau St. Lawrence Distribution's responses to interrogatories are due by March 9, 2017.

Yours truly,

*Original Signed By*

Donald Lau  
Project Advisor – Rates Major Applications

Attach.

**OEB Staff Interrogatories**  
**2016 Electricity Distribution Rates Application**  
**Rideau St. Lawrence Distribution Inc. (Rideau St. Lawrence Distribution)**  
**EB-2015-0100**  
**February 16, 2017**

**Exhibit 1 – Administration**

**1-Staff-1**

**Application General**

Due to the timing of this application, the forecasted 2016 test year data used in support of this application can be updated with 2016 actuals. Since Rideau St. Lawrence Distribution is requesting rates effective January 1, 2017 all information within the application should be updated with the latest available data.

- a) Please update all 2016 forecasts with 2016 actuals on all models and calculations provided in the application.
- b) Please update the cost of capital parameters, Rural or Remote Rate Protection, and 2015 deferral and variance account balances. All models are to be refiled with the latest information and recalculated.

**1-Staff-2**

**Chapter 2 Appendices Update**

**Ref: Chapter 2 Appendix 2-BA**

- a) Note 8 of the December 31, 2015 audited financial statements presents a net book value for PP&E that is not consistent with the net book value presented for 2015 in Appendix 2-BA. Please explain / reconcile this difference.

**1-Staff-3**

**Inconsistent Evidence**

**Ref: Table 1.5 Capital Expenditure Summary**

**Ref: Table 1.10 Bill Impacts**

**Ref: Table 2.19 Appendix 2-AB Capital Expenditure Summary**

**Ref: Table 8.20 Summary of Bill Impacts**

- a) Rideau St. Lawrence Distribution provided a summary of capital expenditures by category for the 2016 test year in both Table 1.5 and Table 2.19. Please explain the inconsistency for 2016 System Renewal expenditure between the two tables.
- b) Rideau St. Lawrence Distribution provided a summary of the bill impacts as a result of this application in Table 1.10 and Table 8.20. Please explain the discrepancy between the proposed total bill impacts.

**1-Staff-4****Responses to Letters of Comment****Ref: Sections 2.4.2 and 2.4.5 of the Filing Requirements**

Following publication of the Notice of Application, at this point, the OEB received 1 letter of comment. Sections 2.1.6 of the Filing Requirements state that distributors will be expected to file with the OEB their response to the matters raised within any letters of comment sent to the OEB related to the distributor's application. If the applicant has not received a copy of the letter, they may be accessed from the public record for this proceeding.

Please file a response to the matters raised in the letter of comment referenced above. Going forward, please ensure that responses are filed to any subsequent letters that may be submitted in this proceeding. All responses must be filed before the argument (submission) phase of this proceeding.

**1-Staff-5****Updated Revenue Requirement Work Form (RRWF)****Ref: RRWF workbook**

Upon completing all interrogatories from OEB staff and intervenors, please provide an updated RRWF in working Microsoft Excel format with any corrections or adjustments that the Applicant wishes to make to the amounts in the populated version of the RRWF filed in the initial applications. Entries for changes and adjustments should be included in the middle column on sheet 3 Data\_Input\_Sheet.

Please include documentation of the corrections and adjustments, such as a reference to an interrogatory response or an explanatory note. Such notes should be documented on Sheet 10 Tracking Sheet, and may also be included on other sheets in the RRWF to assist understanding of changes.

**1-Staff-6****Updated Appendix 2-W, Bill Impacts****Ref: Appendix 2-W**

Upon completing all interrogatories from OEB staff and intervenors, please provide an updated Appendix 2-W for all classes at the typical consumption / demand levels (e.g. 304 kWh and 750 kWh for residential, 2,000 kWh for GS<50, etc.).

**1-Staff-7**

**Customer Engagement**

**Ref: Exhibit 1/Tab 3/ Sch. 3**

Rideau St. Lawrence Distribution stated that they receive feedback from customers when they come into Rideau St. Lawrence Distribution's office and information is exchanged regularly with every customer interaction.

- a) Does Rideau St. Lawrence Distribution formally document the customer information and comments when they come in to the office?
- b) If not, how does Rideau St. Lawrence Distribution keep track of the comments for the purpose of planning the Distribution System Plan? How did these comments play a role in the development of the Distribution System Plan?
- c) Have any comments from customers in this method of customer engagement or any other customer engagement caused a revision to the Distribution System Plan?

**1-Staff-8**

**Customer Engagement**

**Ref: Exhibit 1/Tab 3/ Sch. 5**

Rideau St. Lawrence Distribution had hosted a public forum that provided an opportunity for all customers to learn about the company's distribution system investment plans. Rideau St. Lawrence Distribution stated that customers supported the Distribution System Plan, particularly the focus on replacing aging infrastructure. Rideau St. Lawrence Distribution also provided an example of a notice sent to customers to inform them of upcoming projects and also provide a contact for comments, concerns, and questions.

- a) How many customers attended this meeting?
- b) Please provide a copy of the presentation presented at the meeting?
- c) When presenting the distribution plan was it made clear to customers the potential impact they would see on their bill?
- d) The notice provided by Rideau St. Lawrence Distribution informs customers of upcoming projects and appears to only allow the customer to ask questions related to project construction and not whether the project is preferred by Rideau St. Lawrence Distribution's customers. Does Rideau St. Lawrence Distribution have a customer consultation plan for unforeseen projects not discussed as part of the distribution system investment plans?

## **Exhibit 2 – Rate Base**

### **2-Staff-9**

#### **Gross Asset Variance Analysis – Computer Software**

**Ref: Table 2.10 Detailed Gross Asset Breakdowns by Major Plant Function**

**Ref: Distribution System Plan Section 3**

Rideau St. Lawrence Distribution provided gross asset variance analysis for account 1611 – Computer Software for a variance of \$92,521 in 2014. Rideau St. Lawrence Distribution stated that the variance was due to the discontinuation of software support on their current Customer Information System and the purchase of a GIS Asset Management System. These programs would help provide good service to customers and assist with the Distribution System Plan.

The following question pertains to the Customer Information System upgrade.

- a) Was a business case completed for this project to consider other possible vendors, needed functionality, and internal software support? If so, please provide.

The following questions pertain to the GIS Asset Management System

- b) Was a business case completed for this project to consider the cost-to-benefit to customers, functionality for distribution planning, costs to input data, and vendor comparison? If so, please provide.

### **2-Staff-10**

#### **GIS System**

The asset management process in the Distribution System Plan describes the GIS as a central database for all asset information, which will allow Rideau St. Lawrence Distribution better data mining and improved decision making. The outcome of the data mining is the asset condition assessments (ACA), which is used to justify each material project. The ACA is based on a weighted quantitative score which is used for prioritization.

- a) Could this method of data mining and a weighted composite score not be reproduced in existing programs such as Excel? Please provide any other functionality the GIS system provides.
- b) Does the GIS Asset Management System provide logistics planning for asset replacement? (e.g. replacing an area with high density of old poles, conductors, and transformers)

- c) With aging infrastructure and the pressure on rates, does the GIS Asset Management System provide pacing of asset replacement, such that all assets will be replaced before criticality while maintaining rate stability?

## **2-Staff-11**

### **Gross Asset Variance Analysis – Transportation Equipment**

**Ref: Table 2.10 Detailed Gross Asset Breakdowns by Major Plant Function**

Rideau St. Lawrence Distribution has made investments in Account 1930 – Transportation Equipment for replacing a 2004 truck and a 2010 digger truck at end-of-life.

- a) The evidence seems to imply that the equipment purchased was a like-for-like replacement. Was a business case completed for each investment to review the continued need for the equipment, renting versus buying, and comparison of new versus used? If so, please provide.
- b) In the last 4 years there have been 3 vehicle replacements but there are no forecasted investments in the following 4 years. Please provide an analysis of the demographics of transportation equipment assets and confirm that there are no unforeseen costs.

## **2-Staff-12**

### **Gross Asset Variance Analysis – Distribution Station Equipment <50kV**

**Ref: Table 2.10 Detailed Gross Asset Breakdowns by Major Plant Function**

Rideau St. Lawrence Distribution purchased a spare transformer for Iroquois MS1 due to the possibility of prolonged outages as a result of a single source supply for the region. Rideau St. Lawrence Distribution stated that this does not alter their current reliability statistics but will protect Rideau St. Lawrence Distribution customers from a potential lengthy outage in the future.

- a) Was a business case done for this project considering factors such as historical reliability trends, cost-to-benefit ratio, lead time for reactive replacement and possible alternatives such as rental of mobile unit substations? If so, please provide.
- b) Is the new transformer at Iroquois MS1 on potential and if so what is the electrical configuration of the station? If not, what are the storage and maintenance costs?

## **2-Staff-13**

### **Historical Capital Projects**

**Ref: Table 2.20 Appendix 2-AA Capital Projects Table**

Rideau St. Lawrence Distribution provided a list of material projects for each historical year for capital expenditures in Appendix 2-AA and in the list there is a miscellaneous line item for each category. It is unclear what type of work is done in these miscellaneous line items.

- a) Please explain the general work done in each of the miscellaneous line items and explain if the work can be grouped to provide better clarity on the costs spent in each category.
- b) In the System Access category the miscellaneous cost for 2013 and 2014 are significantly higher than other year. Please explain the reasons or projects that have caused the cost increase.
- c) The spending in the System Renewal miscellaneous category and the System Renewal as a total fluctuates a great deal. Has there been a historical pacing plan to better forecast asset replacement?

## **2-Staff-14**

### **Capital Expenditures**

**Ref: Distribution System Plan Table 4 – Five Year System Performance Summary**

**Ref: Distribution System Plan Table 5 – Historical Budget and Actual Expenditures**

**Ref: Distribution System Plan Table 18 – Rideau St. Lawrence Distribution Station Health Index Summary**

**Ref: Distribution System Plan Table 38 – Capital Expenditure Summary 2011-2020**

**Ref: Distribution System Plan 4.5.2 Material Investments**

Rideau St. Lawrence Distribution has provided a summary of historical expenditures and forecasted future expenditures for the next 5 years. Rideau St. Lawrence Distribution justified the forecasted 5 years based on forecasted load and existing asset condition assessments.

- a) In table 5 the total historical to actual expenditure has been higher for distribution station equipment, distribution line and feeders, and underground conductors. What has Rideau St. Lawrence Distribution done within its 5 year forecast to mitigate the possibility of underestimating the capital expenditures?
- b) The System Access category does not have any investments forecasted in 2017-2020. Although the load forecast shows overall load is declining and only a modest growth in residential customers historically there have always been investments needed to connect new customer developments. Does Rideau St.

Lawrence Distribution believe it is prudent to not forecast any spending in System Access and what is the extent of research done for the possible developments in each community?

- c) The System Access category has a project to build a feeder for the Westport Sewage Plant due to relocation and redesign. Please provide a business case for this project showing the existing feeder configuration, the proposed feeder configuration, any considered alternative options, and any additional costs due to the aggressive completion schedule. Please also provide a breakdown of the total project cost and capital contributions from the customer, if any.
- d) In the System Renewal category there is a project to replace Prescott MS#1 breakers. Was a business case done to consider other options such as retiring the station and transferring load to neighbouring stations to reduce both capital and OM&A costs, while fully utilizing spare capacity in other stations? If so, please provide a copy.
- e) In the System Renewal category there are several projects to replace restricted conductor, PCB transformers, and poles. Does Rideau St. Lawrence Distribution complete an analysis to group the 3 types of replacement work geographically such that the most amount of replacements can be done per project? If so, please identify for the material projects where there is overlap (e.g. how many old poles are replaced during the restricted conductor replacement).
- f) The System Renewal category forecasts approximately \$100k each year that does not have a specific project listed in section 4.5.2 Material Investments. Please provide an explanation of how the funds will be spent and provide the business planning involved with these expenditures.
- g) The System Service category has no investments from 2016-2019 yet in 2015 the SAIDI score in Table 4 has increased significantly. Does Rideau St. Lawrence Distribution not plan to invest any money to return the reliability to historical levels or is this addressed through other projects?
- h) The System Service category has a project in 2020 to build a new feeder at Morrisburg MS#2 for load transfer capabilities to Morrisburg MS#1 for better reliability. Table 18 show that both Morrisburg MS#1 and MS#2 are fairly new stations and in excellent condition. Please provide a business case, historical reliability issues, existing electrical configuration of feeders on a map, and the new proposed feeder routing. Rideau St. Lawrence Distribution has also stated that customers are generally satisfied with the current level of reliability and concerned about costs, how does this project fit with the customer engagement results?
- i) The General Plant category has an approximate total investment of \$50k per year. Please provide what type of capital work is expected in this category.



## **2-Staff-15**

### **Service Quality and Reliability**

**Ref: Table 2.23 Service Reliability Indicators**

**Ref: Distribution System Plan – Table 4 Five Year System Performance Summary**

**Ref: Distribution System Plan – Figure 3 Customer Hours of Interruption by Cause**

Rideau St. Lawrence Distribution has provided historical outage information including SAIDI, SAIFI, and CAIDI scores and interruption breakdown by causes. These statistics show that the overall reliability is trending downwards with increased outages duration and frequency.

- a) Please update Table 2.23 with the 2015 and 2016 Service Quality Indicators.
- b) Please update Table 4 in the Distribution System Plan with the 2016 reliability metrics and explain the increase in SAIDI for 2015 excluding loss of service from Hydro One.
- c) Rideau St. Lawrence Distribution stated that a large number of outages are caused by defective equipment due to old direct buried cables. Does Rideau St. Lawrence Distribution do any proactive cable testing or replacement to control unplanned outages? When replacing underground cables, has Rideau St. Lawrence Distribution considered the option of moving to overhead conductors?
- d) Foreign interference causes the longest duration of outages next to loss of supply. Please provide what type of foreign interference causes these outages and does Rideau St. Lawrence Distribution have any mitigation plan to reduce the number of hours?
- e) Does the reliability information provided take into account force majeure events? If so, please provide a comparison of reliability with and without force majeure events.

## **2-Staff-16**

### **Asset Management Process**

**Ref: Distribution System Plan – Table 6 Factors for Rating Projects**

Rideau St. Lawrence Distribution has provided a composite metric for evaluating individual projects and each substation on the basis of qualitative and quantitative data. The composite is used in support of Rideau St. Lawrence Distribution's asset management process.

- a) Please provide the rating system used for safety similar to those presented in Tables 7-11 in the Distribution System Plan.

## **2-Staff-17**

### **Station Summary**

#### **Ref: Distribution System Plan – 3.2.1.1 Station summary**

Rideau St. Lawrence Distribution provided a summary of the findings for each station after a recent assessment by a third party.

- a) Please provide the assessment report for each station in Rideau St. Lawrence Distribution's service territory.
- b) Please provide each station's single line diagram and operating diagrams showing the configuration between neighbouring stations.

## **2-Staff-18**

### **Tree Trimming**

#### **Ref: Distribution System Plan – 3.2.5.3 Overhead System**

Rideau St. Lawrence Distribution stated that their system has a relatively heavy mature tree cover where overhead hydro lines are in proximity to trees. Spending in vegetation management has also decreased in historical years.

- a) Does Rideau St. Lawrence Distribution have a vegetation management plan to review all feeders? If so, what is the timing for each cycle?
- b) Please provide evidence that proper pacing for vegetation management has been taken into consideration.

## **2-Staff-19**

### **Metering**

#### **Ref: Distribution System Plan – 3.2.7 Metering and Monitoring**

Rideau St. Lawrence Distribution stated it has prepared a budget that included load growth over the next 5 years and also an expected number of failures among smart meters each year.

- a) Please explain the rational or historical trend to support the expected number of smart meter failures?
- b) Are the failures due to faulty equipment? If so, has Rideau St. Lawrence Distribution done a business case to consider other possible vendors?
- c) Where are the smart meter costs included in the capital expenditures?

## **Exhibit 3 – Operating Revenue**

### **3-Staff-20**

#### **Load Forecasting**

**Ref: Table 3.13 Growth Rate in Customer Numbers**

**Ref: Load Forecast Model Scenario 1 and 2**

Rideau St. Lawrence Distribution forecasts the total number of customers for each rate class based on a geomean of the past 10 year-to-year growth rates. Rideau St. Lawrence Distribution had adjusted the Street Lights and Sentinel Lights rate class from the geomean that is calculated for each rate class.

- a) Please explain the rationale for using a growth rate of 1.00 for both the Street Lights and Sentinel Lights rate class instead of the calculated 1.0047 and 1.0296.

In the load forecast model, Rideau St. Lawrence Distribution considered scenario 1 where customer count is a variable and scenario 2 where GDP is a variable. Rideau St. Lawrence Distribution stated that both these variables were excluded due to the negative coefficient that resulted from the regression results.

- b) Has Rideau St. Lawrence Distribution explored the reasons for the negative coefficient? Does Rideau St. Lawrence Distribution not expect any change to the load forecast in the event of increased customers?
- c) In a similar manner as above does Rideau St. Lawrence Distribution not expect any change to the load forecast in the event of increased GDP?

### **3-Staff-21**

#### **Other Revenues**

**Ref: Table 3.37 Appendix 2-H Other Operating Revenue**

**Ref: Table 3.39 2013 Actual vs 2012 Actual**

Rideau St. Lawrence Distribution forecasts the expected revenue from other distribution sources that are not in the distribution rates.

- a) Please provide the method and calculation for forecasted 2016 Other Operating Revenue.

Rideau St. Lawrence Distribution stated that the variance in account 4405 in Table 3.39 is due to the fact that Rideau St. Lawrence Distribution began to split the interest revenue and expense on Regulatory Assets. As per Chapter 2 Filing Requirements Section 2.3.3 Other Revenue, "Revenues or costs (including interest) associated with deferral and variance accounts must not be included in Other Revenue."

- b) Please confirm if any interest from deferral and variance accounts were included with Other Revenue.

## **Exhibit 4 – Operating Expenses**

### **4-Staff-22**

#### **Operating Expenses Variance Analysis**

**Ref: Table 4.3 OEB Appendix 2-JB – Recoverable OM&A Cost Driver Table**

**Ref: Table 4.4 OEB Appendix 2-JC – OM&A Programs Table**

In Table 4.3, Staffing costs have increased by \$170,537 since the last rebasing. This was due to union contract renegotiations, advancements in their classification levels, and hiring of additional staff. Rideau St. Lawrence Distribution stated that they hired regulatory staff and co-op students, which lead to an increase in FTEEs. Rideau St. Lawrence Distribution also expects a turnover of approximately 17% over the next 5 years.

- a) Please explain the additional need for increased staff from the last rebasing?
- b) With a turnover of approximately 17% what is Rideau St. Lawrence Distribution's succession plan to ensure the replacement staff will be experienced

Bad debt has increased by \$30k or 77% since the last rebasing. Rideau St. Lawrence Distribution has identified that this is caused by overall decline in the economy, combined with increased electricity rates. Although Rideau St. Lawrence Distribution tries to mitigate this through phone calls, follow-up calls, and hand delivered letters costs have still gone up significantly.

- c) Has Rideau St. Lawrence Distribution considered additional mitigation plans to reduce the amount of bad debts?
- d) What is the success rate of Rideau St. Lawrence Distribution's hand delivered letters to customers for collection? What is the cost of the employee compared to the bill they are collecting?
- e) Are the phone calls and follow-up calls automated or done by person? How many phone calls and follow-up calls are actually successful in reaching the customer and receiving payment? What is the cost of these phone calls?

Rideau St. Lawrence Distribution's underground maintenance program has increased by \$16k or 63% since the last rebasing. Rideau St. Lawrence Distribution stated that there have been outages caused by old direct buried cables, which needed replacement.

- f) Please provide the costs in this program related to the replacement of failed underground equipment and breakout the labour costs of each replacement to regular hours and overtime hours.

#### **4-Staff-23**

##### **Employee Compensation**

**Ref: Exhibit 4/Tab 3/ Sch. 3**

At the above reference, Rideau St. Lawrence Distribution has indicated that its employees are part of the OMERS defined benefit pension plan, which requires employees to make contributions from the date of hire, and are matched by the employer.

- a) Please provide the actual employer contributions made for 2016 in respect to OMERS and compare this to the amount that has been included in the test period revenue requirement. In providing the revenue requirement total, please break-out the balance between capital (if any) and OM&A
- b) For other post-employment benefits (OPEBs), please provide the amount that has been included in the test period revenue requirement. Please break-out this amount between capital (if any) and OM&A.
- c) With respect to OPEBs, please complete Appendix 2-KA in the Chapter 2 Appendices for 2017 Cost of Service Applications, released by the OEB on **July 21, 2016**

#### **4-Staff-24**

##### **Shared Services**

**Ref: Table 4.16 OEB Appendix 2-N Shared Services and Corporate Cost Allocation**

Rideau St. Lawrence Distribution shares services and costs with Rideau St. Lawrence Utilities in meter reading, billing, collecting, and shared office space. For billing Rideau St. Lawrence Distribution believes that 15% is an appropriate allocation of the shared meter reading costs even though the meter reads only make up 2.4% of the total. Rideau St. Lawrence Distribution also stated that the allocation factor for billing is 77%. Rideau St. Lawrence Distribution also pays a corporate charge associated with the return on investments made by Rideau St. Lawrence Utilities due to the shared office building.

- a) Although 15% allocation for billing has been used since 2012 please provide evidence to justify that 15% is an appropriate allocation.

- b) Rideau St. Lawrence Distribution has calculated that billing allocation should be 77% but the billing allocation for 2016 in Table 4.16 is 80%. Please explain the discrepancy.

#### **4-Staff-25**

##### **Payment in Lieu of Taxes Model**

**Ref: PILs Work-form, Tab T8 Schedule 8 CCA Test Year**

In the above reference, Rideau St. Lawrence Distribution uses the forecasted 2016 PP&E additions and disposals balance per Appendix 2-BA for purposes of performing the 2016 CCA calculation.

- a) Given that fiscal 2016 is now closed, please update the balances used in the calculation with the actual PP&E additions and disposals for 2016.

#### **4-Staff-26**

##### **Payment in Lieu of Taxes Model**

**Ref: PILs Work-form, Tab T1 Taxable Income Test Year**

- a) In Tab T1 please update the return on equity % parameter used in the test year PILs taxable income calculation using the OEB's updated cost of capital parameters effective January 1, 2017.
- b) The depreciation expense being added back in lines 104 and 106 represents the 2016 forecasted amounts per the continuity schedule in Appendix 2-BA. Given that fiscal 2016 is now closed, please update the balances used in the taxable income calculation with the actual depreciation expense for 2016.

#### **4-Staff-27**

##### **LRAM**

**REF: Burman Energy Report, filed September 22, 2017**

- a) Please confirm whether the persistence rates used in the LRAMVA calculation reflect the information provided by the IESO. If Rideau has not used IESO provided persistence rates, please discuss the appropriateness and source of the persistence information.
- b) Please clearly indicate (in a live excel file) the percentage of CDM savings allocated to each rate class for all CDM initiatives included in Rideau's LRAMVA request.
- c) Please confirm the monthly multiplier that was applied to demand savings initiatives which were used to estimate the lost revenues for demand related savings. Please confirm that the multiplier used is consistent with the OEB's [updated LRAMVA policy](#) issued on May 19, 2016.

- d) Please discuss how Rideau has applied the CDM manual adjustment (1,020,000 kWh) approved as part of its 2012 COS application in its LRAMVA calculations. As part of your response, please provide the detailed calculations (in excel format) that compare the forecasted CDM savings with the actual CDM savings. Further, please confirm that as part of its 2012 COS application and subsequent Settlement Proposal and OEB Decision that an LRAMVA threshold value was not approved in addition to the CDM manual adjustment of 1,020,000 kWh.
- e) Please confirm whether or not the savings filed in this LRAMVA calculation included any adjustments to savings that were verified by the IESO. If CDM savings adjustments have been included, please confirm they were provided by the IESO and clearly indicate how the CDM savings adjustments have been incorporated into the LRAMVA calculation.
- f) Please file the live excel version of the LRAMVA calculations that was completed by Burman.
- g) Please provide a copy of the IESO verified 2011-2014 final results report and the IESO verified adjustments in live excel format.
- h) Please confirm the carrying charges associated with the LRAMVA claim.

## **Exhibit 5 – Cost of Capital**

### **5-Staff-28**

#### **Promissory Note Debt Rate**

#### **Ref: Appendix 5.1 – Promissory Note**

Rideau St. Lawrence Distribution has two promissory notes with the Township of Edwardsburgh/Cardinal and Township of south Dundas. The promissory notes states the interest rate per annum is determined by the Directors or as negotiated annually.

- a) Has Rideau St. Lawrence Distribution tried to negotiate a lower interest rate?
- b) How does Rideau St. Lawrence Distribution evaluate a fair interest rate for these promissory notes?

## **Exhibit 7 – Cost Allocation**

### **7-Staff-29**

#### **MicroFIT Charges**

**Ref: Table 7.7 Calculation of microFIT Charges**

Rideau St. Lawrence Distribution has proposed to change the microFIT meter reading expense to \$10.00 as this will reflect the monthly fee per microFIT meter point incurred from Utilismart.

- a) What is the difference between a MicroFIT meter read and a normal meter read that requires higher costs?
- b) Has Rideau St. Lawrence Distribution done a business case or competitive bidding for microFIT settlement? If so, please provide the details.

## **Exhibit 8 – Rate Design**

### **8-Staff-30**

#### **Fixed Floor and Ceiling**

**Ref: Table 8.7: 2016 Customer Unit Cost per Month per Cost Allocation Model**

**Ref: Table 8.8: 2016 Fixed Charge Boundary Values**

Rideau St. Lawrence Distribution provided a summary table of the floor and ceiling for fixed charge per rate class. The values in Table 8.7 and Table 8.8 should reflect the same number.

- a) Please explain the discrepancy between the values in Table 8.7 and 8.8

### **8-Staff-31**

#### **Low Voltage Costs**

**Ref: Table 8.15: Low Voltage Costs Allocated by Customer Class**

Rideau St. Lawrence Distribution stated that the proposed LV rates are allocated based on the proportion of the proposed retail transmission connection revenue collected from each class. The volumes used in Table 8.15 are forecasted volumes which is not the same volumes used in calculating the retail transmission connection rates.

- a) Please explain the choice of volumes and the discrepancy with the retail transmission connection revenue.



### **8-Staff-32**

#### **Loss Adjustment Factors**

##### **Ref: Table 8.17 Calculation of Proposed Loss Factor**

Rideau St. Lawrence Distribution's total loss factor calculated in Table 8.17 has increased to 1.0830 from 1.0797 since the last cost of service.

- a) Does Rideau St. Lawrence Distribution have any strategic plans to reduce the total loss factor?

### **8-Staff-33**

#### **Foregone Revenue**

Rideau St. Lawrence Distribution has requested that foregone revenue be considered in the Final Rate Decision and Order

- a) What effective date does Rideau St. Lawrence Distribution propose to be taken into consideration for foregone revenue?

### **Exhibit 9 – Deferral and Variance Accounts**

### **9-Staff-34**

#### **Ref: EDDVAR Continuity Schedule Model Tab 4. Billing Determinants**

#### **Ref: EDDVAR Continuity Schedule Model Tab 6. Rate Rider Calculations**

Rideau St. Lawrence Distribution provided billing determinants for the General Service 50 to 4,999kW rate class in the EDDVAR model on Tab 4 that are counter intuitive. On Tab 4 of the model the billed kWh and kW for Non-RPP customers are greater than the total metered kWh and kW.

- a) Please explain how this is possible?

As per Chapter 2 Filing Requirements “effective in 2017, the billing determinant and all the rate riders for the GA will be calculated on an energy basis (kWhs) regardless of the billing determinant used for distribution rates for the particular class.”

- b) Please update the Global Adjustment rate riders to be on a per kWh basis.

### **9-Staff-35**

#### **Updated Continuity Schedule**

##### **Ref: EDDVAR Continuity Schedule**

Section 2.9 of Chapter 2 of the Filing Requirements For Electricity Distribution Rate Applications - 2016 Edition for 2017 Rate Applications – requires that each applicant submit a continuity schedule for the period from the last disposition to the present, showing separate itemization of opening balances, annual adjustments, transactions, interest and closing balances. OEB staff notes that certain group 1 account balances were not disposed of in the utility’s last cost of service. The version EDDVAR continuity that was submitted by Rideau St. Lawrence Distribution within its current application does not provide a full continuity of Group 1 account balances from the utility’s last cost of service and also excludes certain Group 2 account balances.

- a) Please provide a complete continuity schedule for the period from the Rideau St. Lawrence Distribution’s last cost of service application.

### **9-Staff-36**

#### **2015 Deferral and Variance Account Balance**

##### **Ref: EDDVAR Continuity Schedule**

The audited December 31, 2015 deferral and variance account balances are available.

- a) Please update EDDVAR continuity schedule to include balances up to December 31, 2015 to be brought forward for disposition in Rideau St. Lawrence Distribution’s current cost of service application. In doing so, please use the template titled Deferral and Variance Account (Continuity Schedule) Work-form version 2.7 released by the OEB on **July 21, 2016**.
- b) Please also provide a reconciliation between the December 31, 2015 closing balances and the balances presented in Note 13 of Rideau St. Lawrence Distribution’s December 31, 2015 audited financial statements.

**9-Staff-37****Account 1575 Rate Rider calculation****Ref: EDDVAR Continuity Schedule**

The December 31, 2014 closing balance in account 1575 has been included in the rate rider calculation in tab 6 of EDDVAR continuity (Rate Rider Calculation). The balance in 1575 was approved for disposition in the applicant's last cost of service application. Disposition of the balance was to occur over a 4-year period starting in 2012, to be amortized on a straight line basis as a reduction to depreciation expense. The remaining balance of account 1575 at the end of 2014 represents the last year of amortization that will occur in 2015 and therefore this balance should be excluded from the current rate rider calculation.

- a) Please update the rate rider calculation to reflect this.

**9-Staff-38****Global Adjustment Rate Rider calculation****Ref: EDDVAR Continuity Schedule**

Chapter 2 Filing Requirements Section 2.9.5.1 states, "Effective in 2017, the billing determinant and all the rate riders for the GA will be calculated on an energy basis (kWhs) regardless of the billing determinant used for distribution rates for the particular class." Currently Rideau St. Lawrence Distribution's calculation per tab 6 of the EDDVAR continuity uses a combination of kW and kWh.

- a) Please update the rate riders to be calculated on a kWh basis.

**9-Staff-39****Global Adjustment True-up****Ref: Exhibit 9/Tab 1/ Sch. 5**

At the above reference Rideau St. Lawrence Distribution also indicated that an annual true-up is completed for Global Adjustments.

- a) Please confirm that the December 31, 2014 GA balance (1589) and RSVA Power (1588) includes the true-up(s) related to the 2014 RPP Settlements with the IESO.
- b) If the true-up has not been included, please include it within the EDDVAR continuity in the column titled "Principle Adjustments during 2014".

- c) If the December 31, 2015 deferral and variance account balances will be brought forward for disposition as part of this cost of service rate application, then please perform the above to the December 31, 2015 balances for accounts 1588 and 1589.

#### **9-Staff-40**

#### **IFRS Transition Costs**

**Ref: Exhibit 9/Tab 1/ Sch. 7**

At the above reference, Rideau St. Lawrence Distribution has requested the disposition of account 1508, sub-account Deferred IFRS Transition Costs. Rideau St. Lawrence Distribution has adopted IFRS for financial reporting purposes for its fiscal year January 1, 2015 and has submitted audited costs for recovery up to December 31, 2014. OEB staff notes that section 2.9.1 of the Chapter 2 of Filing Requirements for Electricity Distribution Rate Applications states:

“The balance requested for disposition may include actual audited incremental transition costs to date, the unaudited actuals for the bridge year and a forecast of any remaining costs to be incurred for the test year, if any.”

Rideau St. Lawrence Distribution has indicated that there are additional IFRS consulting fees incurred during 2015 that have not been brought forward for disposition as part of this application, OEB staff proposes that these additional amounts be included in the account balance brought forward for disposition.

- a) Please update the EDDVAR continuity to include them in the column “Principle Adjustments during 2014” (Note that if the 2015 deferral and variance account balances are brought forward for disposition as part of this cost of service application, then the above can be disregarded since the 2015 balance will include the remaining consulting fees).
- b) Rideau St. Lawrence Distribution should then request to discontinue the use of account 1508, sub-account Deferred IFRS Transition Costs as the transition to IFRS is complete and all related one-time costs have been brought forward for disposition.

### **9-Staff-41**

#### **New CGAAP Transition**

**Ref: Exhibit 9/Tab 1/ Sch. 8**

At the above reference Rideau St. Lawrence Distribution discusses the usage of accounts 1575 and 1576. OEB staff notes that the balance currently presented in account 1575 represents the impact of adopting the OEB's capitalization and depreciation policies from Rideau St. Lawrence Distribution's last cost of service application and therefore should be presented in account 1576, not 1575.

- a) Please adjust the EDDVAR continuity schedule accordingly.
- b) Since Rideau St. Lawrence Distribution transitioned to IFRS in 2015, was there an impact to PP&E as a result of this transition (in addition to what has already been included in account 1575 from the previous cost of service application)?
- c) If so, has the impact been accumulated in account 1575 during 2015.
- d) Please provide a completed Appendix 2-EA in the Chapter 2 Appendices for 2017 Cost of Service Applications, released by the OEB on **July 21, 2016** to support the balance in account 1575.

### **9-Staff-42**

#### **Smart Meter**

**Ref: Exhibit 9/Tab 1/ Sch. 10**

At the above reference, Rideau St. Lawrence Distribution has requested disposition of Account 1555 which includes a balance for MDMR costs incurred by Rideau St. Lawrence Distribution related to its Smart Meter implementation. Rideau St. Lawrence Distribution has indicated that both the OEB guideline titled "Smart Meter Funding and Cost Recovery – Final Disposition (G-2011-0001) and the December 2010 APH FAQ support the recovery of these types of costs. Rideau St. Lawrence Distribution had disposed of account 1555 during its last cost of service application. OEB staff notes that the aforementioned guideline and FAQ were each available at that time.

- a) Given that the MDMR related costs had already been incurred (or a reasonable forecast could have been made), why were they not included as part of the disposition of account 1555 at that time?