



PUBLIC INTEREST ADVOCACY CENTRE  
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March 3, 2017

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-2016-0056 – Atikokan Hydro 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,

M. Garner /for M.Janigan

Michael Janigan  
Counsel for VECC

Jennifer Wiens, CEO, Secretary/Treasurer  
Email: <mailto:jen.wiens@athydro.com>

<b>REQUESTOR NAME</b>	<b>VECC</b>
<b>INFORMATION REQUEST ROUND:</b>	<b># 1</b>
<b>TO:</b>	<b>Atikokan Hydro Inc. (Atikokan)</b>
<b>DATE:</b>	<b>March 1, 2017</b>
<b>CASE NO:</b>	<b>EB-2016-0056</b>
<b>APPLICATION NAME</b>	<b>2017 COS Application</b>

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## **1.0 ADMINISTRATION (EXHIBIT 1)**

1.0-VECC-1

Reference: E1/pg. 19

- a) We are unable to locate the customer engagement survey referenced in Appendix 2-AC. Please file the survey if it has not been included in the application.

1.0-VECC-2

Reference E1/pg.19

- a) How many customers (by class) are on e-billing?
- b) Are all Atikokan customers on monthly billing?
- c) When did Atikokan make the move to monthly billing?

## **2.0 RATE BASE (EXHIBIT 2)**

2.0 – VECC -3

Reference: E2/pg.5

- a) Please update Table 2-2 for 2016 (unaudited) actuals.

2.0-VECC-4

Reference: E2/pg.9

- a) Please clarify how the variance of \$99,984 as between 2012 Board approved and actuals was due to smart meter recognition. Specifically please provide the EB-2011-0293 Draft Rate Order revision (July 16, 2012) approved continuity schedule for 2012 and explain the variance as between the 2012 schedule filed at page 9.

2.0-VECC-5

Reference: E2/pg.19

- a) Please explain why prior to 2013 *“The number 4 of poles and structures replaced cannot be accurately quantified;”*
- b) Please provide the number of poles replaced in each year 2013 through 2016 and the forecast number for 2017.

2.0-VECC-6

Reference: E2/pg.29

- a) Please update the working capital allowance for
  - i. The Board October 14, 2016 updated Regulated Price Plan Price Report – if necessary.
  - ii. The October 27, 2016 Board updated cost of capital parameters (see IR 5-VECC-32 below).

2.0-VECC-7

Reference: E2/pg.36 Attachment DSP/pg. 15

- a) Please update Table 2-18 (Service Reliability) to include 2016 results.
- b) Please explain the spike in outages and outage duration (excluding loss of supply) in 2013.
- c) Please revise Table 2-5 (outage causes) to include 2016 results.

2.0-VECC-8

Reference: E2/pg. 38

- a) Please update Appendix 2-AB to include:
  - i. 2016 results;
  - ii. 2012 Board approved
  - iii. The budget amounts for years 2013 through 2016.

2.0-VECC-9

Reference: E2/Attachment DSP

- a) Was Atikokan’s DSP developed internally? If not please provide the name of the firm/consultant who developed the plan.

- b) Has the DSP been reviewed by a third party?
- c) Please show the Moose Lake transformer station in relation to the major feeders of Atikokan and surrounding highways.
- d) Please identify the location of the one LTLT customers and explain why the assets involved cannot be transferred/purchased by either Atikokan or Hydro One.

2.0-VECC-10

Reference: E2/Attachment DSP/pg. 23

- a) Please update the Scorecard to include 2015 and 2016 actual results.

2.0-VECC-11

Reference: E2/Attachment DSP/pg. 32

- a) Please explain what steps were taken in the “complete 360” and which has led to the resumed profitability at Atikokan.

2.0-VECC-12

Reference: E2/Attachment DSP/pg.44

- a) If an asset health index is available please provide a table showing, by asset category (poles, transformer etc.), the total asset population and the percentage of assets in good, fair or poor condition (or whatever asset condition characterization is used by Atikokan).

2.0-VECC-13

Reference: E2/Attachment DSP & E4/pg.16

- a) Please provide the presentation of the annual budget OM&A that was approved by the Board of Directors.

2.0-VECC-14

Reference: E2/Attachment DSP/pg. 103

- a) Please compare the table below taken from Atikokan’s last cost of service filing and comment on its comparison to the table shown at 5.4.5.1.

Specifically address:

- i. Why the major fleet purchases were not made in 2015 and 2016.
- ii. The significant increase in capital expenditures over the budgets proposed in the 2012 cost of service application – especially the major increase in 2014 as compared to all other years (net of meters)

**Table 2-21 Six Year Capital Budget (EB-2011-0293 E2/T2/S3/pg.1)**

Asset Category	USofA	Budget 2012	Budget 2013	Budget 2014	Budget 2015	Budget 2016	Budget 2017
Transformer Station Equip >50 kV	1820	\$8,000	\$8,000	\$35,000	\$35,000	\$1,000	\$1,000
Poles, Towers & Fixtures	1830	\$58,800	\$55,000	\$45,000	\$30,000	\$45,000	\$85,000
O/H Conductors & Devices	1835	\$0	\$9,880	\$6,000	\$0	\$6,000	\$6,000
Line Transformers	1850	\$7,000	\$3,000	\$3,000	\$0	\$0	\$3,000
Services	1855	\$0	\$14,000	\$0	\$0	\$0	\$0
Meters	1860	\$0	\$2,500	\$3,000	\$0	\$0	\$2,500
Buildings and Fixtures	1908	\$8,500	\$4,000	\$4,000	\$1,000	\$1,000	\$1,000
Office Furniture and Equipment	1915	\$0	\$3,200	\$1,000	\$1,000	\$1,000	\$1,000
Computer Equipment - Hardware	1920	\$12,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
Computer Equipment - Software	1925	\$8,000	\$0	\$1,000	\$0	\$0	\$0
Fleet	1930	0	\$0	\$-	\$50,000	\$325,000	\$0
Tools, Shop & Garage Eq	1940	\$16,500	\$5,000	\$1,000	\$1,000	\$1,000	\$1,000
Measure & Test Equip	1945	\$0	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
Miscellaneous Equipment	1960	\$0	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
<b>Total</b>		<b>\$118,800</b>	<b>\$110,580</b>	<b>\$105,000</b>	<b>\$124,000</b>	<b>\$386,000</b>	<b>\$106,500</b>

2.0-VECC-15

Reference: E2/Attachment DSP/

- a) Please provide the capital contributions (deferred revenue) for each year 2012 through 2017 forecast.

### 3.0 OPERATING REVENUE (EXHIBIT 3)

#### 3.0 –VECC -16

Reference: Exhibit 3, page 6 (lines 3-4); page 10 (lines 17-18) and pages 13-15

- a) Please explain (per page 6) how the “average” customer/connection count for each year was determined (e.g. monthly averages, average of opening and closing year values, etc.).
- b) Please provide the actual 2016 customer/connection count for each customer class calculated on a similar basis.
- c) Did the Intermediate Use customer cease operation in 2012 or was it transferred to another customer class?
- d) Please re-do Tables 3-8 and 3-9 where:
  - 2016 actual values are included in the calculation of the geometric mean for Residential and GS<50 and the result is applied to the 2016 actual counts to forecast 2017
  - The actual averages for 2016 are used to forecast 2017 values for GS>50 and Street Lights.

#### 3.0 –VECC -17

Reference: Exhibit 3, pages 2 and 8-9

- a) Do the purchased power values used by Atikokan in its regression model include purchases from microFIT, FIT or other forms of local generation? If not, what would the monthly purchases of such generation be for the period 2002 to 2015?
- b) Did Atikokan test to see whether some other economic activity variable (besides GDP) would be a statistically significant explanatory variable? If yes, what were the results? If not, why not?
- c) How were the values for the customer/connections variable determined (i.e. what classes were included)?
- d) If the Intermediate Use customer ceased operation in 2012, why wasn't the usage data for this customer simply removed from the power purchased values used in the regression equation (as opposed to introducing an Intermediate class flag)?
- e) Please provide: i) the actual purchases for 2016; ii) the actual HDD and CDD value for 2016 and iii) the predicted purchases for 2016 using Atikokan's load forecast model.
- f) Please provide an alternative regression model using the same

explanatory variables (except the Intermediate class flag) and where the purchased power variable is adjusted to i) include any local generation per part (a) and ii) exclude the usage by the Intermediate Customer per part (d). Please also indicate what the resulting forecast 2017 power purchases and billed energy forecast would be prior to any adjustments for CDM.

### 3.0 –VECC -18

Reference: Exhibit 3, page 8 (Table 3-4) and pages 15-17

- a) Please provide the actual billed energy (and kW where applicable) by rate class for 2016.
- b) Please update Tables 3-10 and 3-11 to include actuals for 2016.
- c) Please re-do Tables 3-12, 3-13 and 3-21 using:
  - 2016 actual usage per customer as the basis for the Residential, GS<50 and Street Light customer class forecasts.
  - an average of 2015 and 2016 usages per customer as the basis for the GS>50 customer class forecast.

### 3.0 –VECC -19

Reference: Exhibit 3, pages 18-20

- a) Please provide Atikokan's 2015-2020 CDM Plan (page 18, line 13).
- b) Please provide the IESO Report for Atikokan's Actual Verified 2015 CDM Results along with any reports from the IESO regarding the persisting effects of verified 2015 CDM programs.

### 3.0 –VECC -20

Reference: Exhibit 3, page 35 and Appendix

- a) Please explain the material reduction in Retail Services Revenues (Account #4082) for 2016 and 2017 versus prior years' actual values.
- b) Please explain the why the difference between Merchandise & Jobbing Revenue (#4325) and Merchandising & Jobbing Costs (#4330) has fallen from over \$67,000 in 2015 to less than \$36,000 in the 2017 forecast.
- c) Please confirm whether the 2017 forecast value for Interest and Dividend Income (#4405) includes interest on regulatory accounts.
- d) Please update Appendix 2-H for actual (unaudited) 2016 values.

## 4.0 OPERATING COSTS (EXHIBIT 4)

### 4.0-VECC-21

Reference: E4/Pg.7

- a) Please update the following tables for 2016 (unaudited) results:
- i. Appendix 2-JA (Table 4-4)
  - ii. Appendix 2-JB (Table 4-5)
  - iii. Appendix 2-JC (Table 4-6)
  - iv. Appendix 2-L (Table 4-7)

### 4.0-VECC-22

Reference: E4/pg.13

- a) Who did Atikokan switch insurance carriers from/to in order to make savings in 2014?

### 4.0-VECC-23

Reference: E4/Table 4-6

- a) Please explain the requirement for significantly more OM&A spending in 2017 as compared to 2012 Board approved/actuals in the following areas:
- i. Vegetation Maintenance – please also explain why the amounts for this declined sharply in 2014 and 2015;
  - ii. Customer billing (94k vs 143k);
  - iii. OH/Distribution lines (235k vs 324k) – please also explain why 2012 actuals for this category were significantly below Board approved.

### 4.0-VECC-24

Reference: E4/pg.14

- a) Please provide any EDA membership fees paid for each of the years 2012 through 2017 (forecast).
- b) Please provide the same for fees paid to the Utility Standards Forum.
- c) Does Atikokan pay any other (corporate) membership fees? If yes, please identify these.



#### 4.0-VECC-25

Reference: E4/pg.20 Table 4-16

- a) Please update appendix 2-K to show 2016 actuals and to include a row showing the total compensation capitalized in each of the years 2012 through 2017 (forecast).

#### 4.0-VECC-26

Reference: E4/pg. 25

- a) Why did the 2014 shared service costs with Enercom – especially streetlight maintenance- spike in 2014?

#### 4.0-VECC-27

Reference: E4/

- a) Please provide a table showing the property taxes paid for each of the years 2012 through 2017 (forecast).
- b) Please provide a table showing the actual PILs paid for each of the years 2012 through 2017 (forecast).

#### 4.0 -VECC -28

Reference: Exhibit 4, LRAMVA Work Form

- a) Please provide the a copy of the source for the persisting kWh values used in Table 12 of the LRAMVA Work Form, Tab 6 - Persistence Rates.
- b) Please provide any reports from the IESO regarding the persisting savings of 2011-2014 CDM programs.
- c) Why don't the first year values in Table 12 (Tab 6) match the results reported in the IESO Report or Tab 4?
- d) The LRAMVA Work Form (2011-2014 LRAM Tab) values do not all reconcile with those reported in the IESO Report (Exhibit 4, Attachment C). For example, the reported Residential savings for 2013 for 2013 CDM programs in the LRAMVA Work Form (7,531 kWh) does not appear to include the subsequent adjustment of 635 kWh noted in the IESO Report. Please review and correct the inputs to the LRAMVA model as needed.

#### 4.0 -VECC -29

Reference: Exhibit 4, LRAMVA Work Form  
EB-2011-0293, Load Forecast Model and Board Decision

- a) Please confirm that in its EB-2011-0293 Decision (page 8) the Board accepted Atikokan's proposed CDM adjustment for its 2012 Rate Application.
- b) Please confirm that this adjustment was based on 100% of the forecast savings from 2011 and 2012 programs – totaling 232,000 kWh and broken down as follows:
  - Residential – 110,787 kWh
  - GS<50 – 55,193 kWh
  - GS>50 – 60,654 kWh
  - Street Light – 5,367 kWh
- c) Please confirm that these values were not used in Tab 2 of the LRAMVA Work Form as filed and, if so, provide a revised/corrected version of the work form.

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

#### 5.0-VECC-30

Reference: E5

- a) What is the basis of the TD Trust car loan estimate rate of 4.54% (i.e. how was this derived)?
- b) Please provide the current TD prime rate.

#### 5.0-VECC-31

Reference: E5

- a) When are the two vehicle loans (rows 4 and 5 in Table 5) expected to be finalized.
- b) If the loans are not in place until Dec 1, 2017 why has Atikokan calculated the long-term debt rate based on 12 months (rather than 1 month) of interest?

## 5.0-VECC-32

Reference: E5/pg.4/Table 5-1

- a) Please recalculate Table 5-1 using the Board October 2016 cost of capital parameters for long-term debt (3.72%) for the TD 10 year loan and 5 year loan and prorate for a December 1, 2017 start date
- b) Please recalculate Appendix 2-AO using the response to (a) and the Board October 2016 ROE value of 8.78%.

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

## 7.0 COST ALLOCATION (EXHIBIT 7)

### 7.0 – VECC –33

Reference: Exhibit 7, pages 3-4

Cost Allocation Model – as filed by Atikokan

- a) Please explain why there are no costs recorded in Account 1855. Is it because all customer classes “pay” for the cost of Services or are these costs recorded in another account? If the later, in what account are they recorded and for what customer classes are such costs incurred?
- b) What is the basis for the relative meter reading weights used in Tab I7.2 of the Cost Allocation Model?
- c) With respect to Tab I6.2 of the Cost Allocation model, please confirm that each Street Light device is separately connected to Atikokan’s distribution system.

### 7.0 – VECC –34

Reference: Exhibit 7, page 4 (lines 20-24)

Cost Allocation Model, Tab O3.6

- a) Does Atikokan perform all the meter reading and billing required for microFIT customers internally or is some of this activity contracted out? If part is contracted out please outline what services are provided externally and what the cost per customer per month is.
- b) When was the uniform microFIT charge last updated by the OEB and when does Atikokan expect the next update to be available?

## 7.0 – VECC –35

Reference: Exhibit 8, pages 11-12  
Cost Allocation Model, Tab I4

- a) Exhibit 8 states that Atikokan owns/maintains 23 kilometers of 44 kV sub transmission line. However the CA model does not show any break out of sub transmission assets for Accounts #1830 or #1835. Please explain why.
- b) Please revise Tab I4 of the CA model to include a breakout of sub transmission based on the cost of this line for accounts #1830 and #1835 and provide the resulting revised CA model results.

## 8.0 RATE DESIGN (EXHIBIT 8)

### 8.0 –VECC - 36

Reference: Exhibit 8, page 14

- a) How many of Atikokan's Residential customers are currently enrolled with the OESP and, of these, how many have usage at/below the 10<sup>th</sup> percentile?
- b) Why is it appropriate to consider the removal of the provincial portion in the determination of the customer bill impacts when this action occurred part way through Atikokan's 2016 rate year?
- c) Please re-do Table 2-9 assuming the Residential fixed-variable split was held constant at the current values.

## 9.0 DEFERRAL AND VARIANCE ACCOUNTS (EXHIBIT 9)

### 9.0 –VECC -37

Reference: Exhibit 2/pg.30

- a) Is Atikokan seeking to close account 1555 (Stranded Assets related to smart meters)?
- b) Please confirm the approved SMRR rate rider of \$0.39 was only in place from July1, 2012 to June 30, 2015.

9.0-VECC-38

Reference E9

- a) Please provide a table shown the amounts sought for May 1, 2017 disposition including any adjustments for 2016. See below for a sample table format (figures are demonstrative only)

**Accounts Submitted for 2017 Disposition**

Account Description	USoA	Balances to Dispose		2016 Adjustments	Projected Interest Jan/16- Apr/17	Total Claim
		Principal	Interest			
<b>Group 1 Accounts</b>						
Smart Metering Entity Charge Variance Account	1551	-2,118	-31	0	-31	-2,180
RSVA-Wholesale Marketing Service Charge	1580	-725,611	-4,237	0	-10,643	-740,490
RSVA-Retail Transmission Network Charge	1584	-148,772	-1,360	0	-2,181	-152,313
RSVA-Retail Transmission Connection Charge	1586	-70,493	-600	0	-1,033	-72,126
RSVA-Power (Excluding Global Adj)	1588	504,522	2,310	0	7,400	514,232
RSVA-Global Adjustment	1589	200,038	-127	0	2,933	202,844
Disposition Rec/Ref of Regulatory Balances (2014)	1595	-58,565	-5,207	0	-859	-64,633
<b>Subtotal Group 1 Accounts</b>		<b>-300,999</b>	<b>-9,252</b>	<b>0</b>	<b>-4,414</b>	<b>-314,666</b>
<b>Group 2 Accounts</b>						
Other Regulatory Assets - IFRS Transition Costs	1508	11,765	216	14,250	172	26,403
Other Regulatory Assets - Lead/Lag Study	1508	450	1	-450	-1	0
<b>Subtotal Group 2 Accounts</b>		<b>12,215</b>	<b>217</b>	<b>13,800</b>	<b>171</b>	<b>26,403</b>
<b>Other Accounts</b>						
LRAM Variance Account	1568	34,250	715	-22,068	187	13,083
Renewable Generation Connection OM&A Deferral	1532	9,968	0	6,489	0	16,457
IFRS-CGAAP Transition PP&E Amounts Balance	1575	35,287	0	29,320	0	64,607
<b>Total Other Accounts</b>		<b>79,505</b>	<b>715</b>	<b>13,741</b>	<b>187</b>	<b>94,147</b>
<b>Total</b>		<b>-209,279</b>	<b>-8,320</b>	<b>27,541</b>	<b>-4,056</b>	<b>-194,115</b>

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