

## **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.

Response:

RSL has updated the models with 2016 actuals as of the time of this filing. RSL's external audit begins March 20th, 2017. The 2016 amounts used to update the models should be very close to the final amounts. The amounts shown in the revised models are unaudited.

- 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.

Response:

The revised models contain the changes requested.

### **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.

Response:

The following table reconciles the amount in our audited financial statement with Appendix 2-BA.

Transaction	Amount		Notes
Balance per Financial Statement	5,669,573		
Less: Deferred Revenue GL Balance	- 34,722		Liability in Financial Statement
Less: Construction in Progress	- 15,775		Not in Appendix 2-BA
Plus: Smart Meter Computer Costs	3,947		In Acct 1555, disposal requested
Balance per Appendix 2-BA	<u>5,623,023</u>		

### 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.

Response:

Table 2.19 was incorrect. We have updated Appendices 2-AA and 2-AB. Below is the updated Table 2.19:

Table 2.19  
Appendix 2-AB Capital Expenditure Summary

First year of Forecast Period: 2016

CATEGORY	Historical Period (previous plan <sup>1</sup> & actual)															Forecast Period (planned)				
	2011			2012			2013			2014			2015			2016	2017	2018	2019	2020
	Plan	Actual	Var	Plan	Actual	Var	Plan	Actual	Var	Plan	Actual	Var	Plan	Actual <sup>2</sup>	Var					
	\$ '000	%		\$ '000	%		\$ '000	%		\$ '000	%		\$ '000	%		\$ '000				
System Access	NA	67,115	--	NA	33,538	--	NA	271,968	--	NA	107,687	--	NA	12,003	--	161,526	--	--	--	--
System Renewal	NA	196,434	--	NA	292,408	--	NA	86,427	--	NA	183,561	--	NA	478,054	--	216,930	388,832	389,632	411,987	246,730
System Service	NA	13,822	--	NA	--	--	NA	71,023	--	NA	4,180	--	NA	--	--	--	--	--	--	76,731
General Plant	NA	308,399	--	NA	41,384	--	NA	91,904	--	NA	158,685	--	NA	138,354	--	430,000	70,000	60,000	45,000	130,000
<b>TOTAL EXPENDITURE</b>	-	585,770	--	-	367,330	--	-	521,322	--	-	454,113	--	-	628,411	--	808,456	458,832	449,632	456,987	453,461
System O&M			--			--			--			--			--					

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.

Response:

It appears Table 1.10 did not update to reflect the final changes. Below is the corrected table:

Table 1.10: Bill Impacts

Rate Class	Monthly kWh	Monthly kW	# of Connections	Subtotal of A + B + C (Delivery)				Total Bill (Delivery+Regulatory+Commodity+HST)			
				Current Board- Approved		Proposed		Current Board- Approved		Proposed	
				\$	%	\$	%	\$	%	\$	%
Residential TOU	750			46.73	48.45	1.72	3.68%	145.87	147.10	1.23	0.84%
Residential Retailer	750			46.36	50.22	3.85	8.31%	131.78	135.42	3.63	2.76%
Residential TOU (Low usage)	304			27.25	31.20	3.94	14.47%	68.69	72.85	4.17	6.06%
Residential Retailer (Low usage)	304			27.11	31.91	4.81	17.74%	62.98	68.12	5.14	8.17%
General Service <50 kW TOU	2,000			103.85	106.77	2.92	2.82%	380.88	382.28	1.40	0.37%
General Service <50 kW Retailer	2,000			102.87	111.49	8.62	8.38%	343.30	351.13	7.83	2.28%
General Service 50 to 4,999 kW	147,135	297		3,007.12	3,186.63	179.51	5.97%	22,046.79	22,159.03	112.24	0.51%
Street Lighting	22,825	62	690	3,560.92	3,774.19	213.27	5.99%	7,111.69	7,338.63	226.94	3.19%
Sentinel Lighting	294	1	2	27.94	30.39	2.45	8.76%	70.77	73.26	2.49	3.51%
Unmetered Scattered Load	727			36.97	37.24	0.27	0.73%	137.75	137.36	(0.39)	-0.28%

## 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.

Response:

RSL responded immediately to our customer's comment, but did not file the response with the OEB. The response has been filed. Here is the email exchange with our customer:

Hello again Mr. DePratto,

Absolutely! I will be emailing the organizer of the Community Meeting so that your comments can be included.

Thanks again,

Peter Soules

**From:** Marg DePratto [<mailto:depratto@ripnet.com>]

**Sent:** January 16, 2017 11:49 AM

**To:** 'RSLU' <[rslu@rslu.ca](mailto:rslu@rslu.ca)>

**Subject:** RE: OEB hydro rate change meeting/reply

Hello Mr. Soules:

Definitely, could I be copied on your letter to the OEB.

Great response time!

Regards;

Richard DePratto

**From:** RSLU [<mailto:rslu@rslu.ca>]

**Sent:** Monday, January 16, 2017 11:32 AM

**To:** [depratto@ripnet.com](mailto:depratto@ripnet.com)

**Subject:** RE: OEB hydro rate change meeting

Good morning Mr. DePratto,

Thank you very much for your insightful letter. We appreciate your comments. With your permission, I would like to share your letter with the Ontario Energy Board.

Thanks again,

Peter Soules, CPA, CMA

Chief Financial Officer

Rideau St. Lawrence Distribution Inc.

**From:** Marg DePratto [<mailto:depratto@ripnet.com>]

**Sent:** January 16, 2017 11:15 AM

**To:** [rslu@rslu.ca](mailto:rslu@rslu.ca)

**Subject:** OEB hydro rate change meeting

To: Rideau St. Lawrence Distribution Inc;  
Prescott, ON

From: Concerned Citizen

As our local utility, I appreciate that costs continue to rise and equipment life cycles come to an end.

However, bear in mind that the average Ontario citizen cannot keep pace with Hydro cost which exceed inflation rates, fixed pensions, minimum wage earners salaries and all businesses which use hydro.

My expectations are that the Ontario government needs to hear from small utilities like ours that things must change to accommodate a new surge of economic growth and prosperity, not crippling rates and pie in the sky schemes. I would hope that your energies would include contacting mayors of small towns to enlist their assistance along with business owners to find solutions which could include bulk buying of electrical equipment by the province, shared computer resources and expertise from electrical professionals and more.

I am not attending tonight's meeting to speak, because that is not my forte, however, with a united front armed with new ideas or good old fashion ones, you could start a wave of improvement. The mayor and your organization installed LED devices throughout the town to improve costing and efficiencies. That was great but bear in mind that without taming the costs you pay Ontario Hydro (both the remaining government portion and the private organization) nothing will improve. Prosperity is dependent on innovation, growth and sound business strategies which our Ontario governing body must promote.

Our educational, governmental institutions (hospitals, post offices, town halls and more) and leisure industries will suffer the consequences. Reach out to industry leaders for better methods and find the next graduates from our colleges, universities and community trade schools for some schemes that will work. It is not the \$3.78 per month increase that hurts us all it is the out of control costs of energy, food, government waste, carbon tax without a plan and more.

Regards;

Richard DePratto

Prescott, Ontario

Cc file copy to Mayor Brett Todd, via town website

### **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.

Response:

RSL has updated Sheet 10 of the RRWF.

### **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.).

Response:

Appendix 2-W has been updated.

## **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?

Response:

RSL does not formally document the feedback received as customers meet with Customer Service Staff, with the exception of the comments that pertain specifically to the customer's premise.

However, some customers will ask to speak with RSL management, usually about their property, but also about potential projects that could occur.

We also have periodic, unscheduled meetings with members of our Board, who represent the 4 municipalities of our service area. Our Board members provide valuable insight into the current and future events in their towns and villages.

- 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?

Response:

RSL has a small service territory, made up of small towns and villages. As such, it is not difficult to remember the conversations with customers and Board members.

- 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?

Response:



Comments received from our customers through these interactions have not caused specific revisions to the DSP. The comments were considered as the DSP was created. The DSP is a complex document with many inputs.

The comments received have been useful in highlighting the importance of activities that are important to our customers, such as tree trimming, and pole replacements.

Customers have indicated to us that reliability is of the greatest importance to them. Our DSP focuses on reliability and safety, with the replacement of aging infrastructure.

## **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 provide a contact for comments, concerns, and questions.

a) How many customers attended this meeting?

Response: Three customers attended the meeting.

b) Please provide a copy of the presentation presented at the meeting?

Response:

The presentation Powerpoint file has been included, "Open House Presentation.pptx".

c) When presenting the distribution plan was it made clear to customers the potential impact they would see on their bill?

Response: Yes, the presentation included the potential bill impact. RSL management discussed the bill impact with the customers who attended the meeting.

- 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?

Response:

The notice on page 38 of Exhibit 1 as submitted is not used for the purpose of two-way consultation with customers. Rather, the notice is information that we provide to our customers to let them know that work will be occurring in their neighbourhood, so they can plan around an outage. The example was included in our application as one of the ways that we reach out to inform our customers.

RSL does not have a customer consultation plan for unforeseen projects. The reason is because of the nature of "unforeseen" projects. These projects are typically customer-driven or are safety-related and time-sensitive.

## **1-VECC-1**

### **Reference: E1/T2/S9/Table 1.10 E1/T6/S6**

- a) Please update Tables 1.10 and 1.13 (Bill Impacts) for the adjustments for the most recent Board approved cost of capital variables and any other changes made as a result of the interrogatory responses.

Response:

Updated Table 1.10

Rate Class	Monthly	Monthly	# of	Subtotal of A + B + C				Total Bill			
				(Delivery )				(Delivery+Regulatory+Commodity+HST)			
	kWh	kW	Connections	Current Board- Approved	Proposed	Change		Current Board- Approved	Proposed	Change	
				\$	\$	\$	%	\$	\$	\$	%
Residential TOU	750			47.31	48.66	1.35	2.85%	154.02	156.29	2.27	1.47%
Residential Retailer	750			47.98	53.98	6.00	12.51%	155.76	163.28	7.53	4.83%
Residential TOU (Low usage)	304			27.49	31.09	3.60	13.09%	71.99	76.36	4.37	6.07%
Residential Retailer (Low usage)	304			27.76	33.24	5.48	19.75%	72.69	79.19	6.50	8.94%
General Service <50 kW TOU	2,000			105.39	107.44	2.05	1.95%	402.60	406.90	4.30	1.07%
General Service <50 kW Retailer	2,000			107.18	121.63	14.46	13.49%	407.23	425.56	18.32	4.50%
General Service 50 to 4,999 kW	147,135	297		3,007.12	3,768.72	761.60	25.33%	25,924.29	26,972.33	1,048.04	4.04%
Street Lighting	22,825	62	690	3,560.92	3,684.29	123.37	3.46%	7,713.21	7,881.69	168.49	2.18%
Sentinel Lighting	294	1	2	28.17	29.71	1.54	5.46%	73.96	75.99	2.03	2.74%
Unmetered Scattered Load	727			37.54	37.51	(0.02)	-0.06%	145.65	146.34	0.70	0.48%

Updated Table 1.13

		2015	2016		
		Distribution	Distribution	Dollar	%
Customer Class	Consumption	Charge	Charge	Change	Change
Residential	750 kWh	24.44	27.77	3.33	13.64%
General Service < 50 kW	2,000 kWh	48.92	56.64	7.72	15.78%

1-VECC-2

Reference: E1/T2/S9/Table 1.15

a) Please update Table 1.15 (Scorecard) to add the 2016 results.

Response:

The data in the Scorecard is populated with the data filed in the annual RRR submissions, due April 30, 2017. The following table provides preliminary Scorecard results for the measures listed.

Preliminary Scorecard Results	2016
New Residential/Small Business Services Connected On Time	100.0%
Scheduled Appointments Met On Time	94.5%
Telephone Calls Answered On Time	74.0%
First Contact Resolution	98.8%
Billing Accuracy	99.7%
Customer Satisfaction Survey Results	A
Average Number of Hours that Power to a Customer is interrupted	0.92
Average Number of Times that Power to a Customer is interrupted	0.34
Distribution System Plan Implementation Progress	83.0%

### 1-VECC-3

#### Reference: E1/Appendix 1.2

a) Please explain the objective of the ESA Public Awareness Survey.

Response:

Preamble: The requirement for the Public Awareness of Electrical Safety Measure is detailed in the following letter to all distributors dated November 25, 2015.

**Ontario Energy Board**  
P.O. Box 2319  
27<sup>th</sup>. Floor  
2300 Yonge Street  
Toronto ON M4P 1E4  
Telephone: 416- 481-1967  
Facsimile: 416- 440-7656  
Toll free: 1-888-632-6273

**Commission de l'énergie  
de l'Ontario**  
C.P. 2319  
27<sup>e</sup> étage  
2300, rue Yonge  
Toronto ON M4P 1E4  
Téléphone: 416- 481-1967  
Télécopieur: 416- 440-7656  
Numéro sans frais: 1-888-632-6273

November 25, 2015

To: All Licensed Electricity Distributors  
All Other Interested Parties

**Re: Component A Public Awareness of Electrical Safety Measure for Licensed Electricity Distributors**

In the *Report of the Board on Scorecard on Performance Measurement for Electricity Distributors: A Scorecard Approach* (EB-2010-0379) dated March 5, 2014 (Scorecard Report), the Ontario Energy Board (OEB) stated that, “looking at the scorecard from a customers’ point of view, safety of the distribution system is very important, and the Board believes that customers would find that public safety is an important aspect of overall value for money.”<sup>1</sup> The OEB further stated that it would consult with the Electrical Safety Authority (ESA) and will include a public safety measure on the scorecard. The Board expected that the measure will have a target.

<sup>1</sup> EB-2010-0379, Report of the Board on Scorecard on Performance Measurement for Electricity Distributors: A Scorecard Approach, March 5, 2014, page 21.

On May 13, 2015, the OEB issued a letter to electricity distributors regarding the implementation of a public safety measure for the 2014 Scorecard. The OEB amended section 2.1.19 (d) of the Electricity Reporting & Record Keeping Requirements (RRR) to include the definitions for the public safety measure and performance targets. In its letter, the OEB stated that the scorecard public safety metric will have the following components:

- Component A - Public Awareness of Electrical Safety
- Component B - Compliance with Ontario Regulation 22/04
- Component C - Serious Electrical Incident Index **Ontario Energy Board**

**Component A – Public Awareness of Electrical Safety Measure**

The Public Awareness of Electrical Safety component of the public safety measure is expected to measure the level of awareness of key electrical safety precautions among public within the electricity distributor’s service territory. It measures the degree of effectiveness for distributors’ activities on preventing electrical accidents.

During the development of Components B and C, it was determined further consultation was required to finalize Component A. The ESA was expected to consult with distributors to develop biennial (i.e., every second year) standardized questions for survey of statistically representative sample of distributor’s service territory’s population. To achieve this objective, the ESA established an electricity distributor Working Group with representatives of 15 electricity distributors and held meetings in August and September 2015. The Electricity Distributors Association and the OEB attended the ESA Working Group sessions

as observers. The ESA conducted a public consultation from October 8, 2015 to November 9, 2015 and invited comments on the ESA's recommendation to the OEB for Component A - Public Awareness of Electrical Safety.

Upon conclusion of its public consultation, the ESA provided recommendations to the OEB for its consideration. The OEB has now accepted the ESA's recommended a methodology and an implementation guide (see Appendix A) as well as a set of biannual standardized questionnaire that electricity distributors should use to conduct either a telephone or an online survey of a statistically representative sample of distributor's service territory's population regarding Component A - Public Awareness of Electrical Safety Measure (see Appendices B and C).

Distributors will be expected to demonstrate the impact of their public education efforts through biannual surveying of adults residing in their territory. The performance target for public awareness of electrical safety will be established once three years of data is gathered from the distributors.

### **Implementation Dates for Tracking and Reporting of Component A - Public Awareness of Electrical Safety**

Starting in 2016, all electricity distributors will be required to file RRR 2.1.19 (d) Component A - Public Awareness of Electrical Safety Measure for the preceding calendar year by April 30 as a part of their annual Reporting & Record Keeping Requirement (RRR) filings. Although the distributors will execute the survey every two years, they are still required to annually report the performance results for Public Awareness of Electrical Safety Measure.

### **Ontario Energy Board**

While the OEB retains oversight for the overall scorecards for the electricity distributors, the ESA will continue to provide assistance to the electricity distributors for the public safety elements including assessments of the effectiveness of the survey and possible future updates to the survey questions. The OEB expects that the first reporting of Component A - Public Awareness of Electrical Safety Measure will be shown on the distributor scorecards for 2015.

### **Components B and C**

For the purposes of the 2014 scorecard, the ESA provided to the OEB the performance results for 2010 to 2014 regarding the level of compliance with Ontario Regulation 22/04 and serious electrical incident index on behalf of distributors which were published in the electricity distributor's 2014 scorecards.

Starting in April 30, 2016, all electricity distributors will be required to directly file the performance results for Components B and C alongside Component A under section RRR 2.1.19 (d) Public Safety. The electricity distributors are expected to work with the ESA prior to the annual RRR filing due date to ensure the accuracy of the data reported.

The OEB takes this opportunity to thank the ESA and its Working Group for the work in developing the scorecard public safety measure.

All inquiries regarding the public safety measures and Component A Public Awareness of Electrical Safety Measure must be forwarded to [IndustryRelations@ontarioenergyboard.ca](mailto:IndustryRelations@ontarioenergyboard.ca) or 1-877-632-2727 (toll-free within Ontario).

Yours truly,

*Original Signed By*

Kirsten Walli

Board Secretary

Appendix A: Scorecard Methodology and Implementation Guide for Component A - Public Awareness of Electrical Safety

Appendix B: Biannual Standardized Scorecard Public Awareness of Electrical Safety Telephone Questionnaire

Appendix C: Biannual Standardized Scorecard Public Awareness of Electrical Safety Online Questionnaire

The objective of the Public Awareness Survey Developed by ESA and mandated by the OEB is to “measure the degree of effectiveness for distributors’ activities on preventing electrical accidents” according to the November 25, 2015 letter.

b) Is this survey mandated by the ESA?

Response:

The requirement to perform the survey is mandated by the OEB.

c) Does the ESA publish the results of the survey?

Response:

Results of the survey are included as a component of each distributor’s annual scorecard. We are not aware that the ESA publishes the survey results independently.

e) Please provide the cost of that survey.

Response:

Costs for the last survey undertaken was: \$9,700.00

#### **1-VECC-4**

- a) Please confirm that RSL is seeking to set 2017 rates on the basis of the 2016 historical costs? If this is the case please explain how this complies with the current Board filing guidelines?

Response:

This application uses 2016 as the Test Year, with an effective date of January 1, 2017. RSL is requesting 2016 rates. RSL's application was accepted as submitted.

- b) If this is not confirmed please explain why the application contains no 2017 proforma evidence?

Response:

As per part a), this is a 2016 application.

- c) Has RSL completed its 2017 budgeting exercise?

Response:

Yes, RSL has completed its 2017 budgeting exercise.

- d) What is the rate plan (adjustment formula) that RSL is seeking in this application and what is the term (period) which it is seeking.

Response:

The rate plan that RSL is seeking in this application is Cost of Service. RSL will follow the IRM adjustment plan going forward. It is expected that RSL will file a Cost of Service application for 2021 rates.



**1-VECC-5**

**Reference: E1/pg. 118**

- a) RSL states that it is requesting RSL existing rates be declared interim. Has an order been issued by the Board granting this request?

Response:

Yes, an order has been issued.

- b) If yes please provide a copy of that order.

Response: Please see below.

**Ontario Energy  
Board**

**Commission de l'énergie  
de l'Ontario**



**EB-2015-0100**

**Rideau St. Lawrence Distribution Inc.**

**Application for Rates and other  
charges effective January 1, 2017**

**INTERIM RATE ORDER  
December 21, 2016**

Rideau St. Lawrence Distribution Inc. (Rideau St. Lawrence Distribution) filed an application with the Ontario Energy Board (OEB) on October 21, 2016 under section 78 of the *Ontario Energy Board Act*, 1998, S.O. 1998, c. 15, (Schedule B) (the Act) and under the *OEB's Filing Requirements for Cost of Service Rate Applications* seeking approval for changes to its electricity distribution rates to be effective January 1, 2017.

Rideau St. Lawrence Distribution filed the application late, which led to the application not being approved in time to be implemented on January 1, 2017.

The OEB will not be in a position to render a final decision in time to implement new rates on January 1, 2017. The OEB is prepared to make Rideau St. Lawrence Distribution's current rates interim pending the Rideau St. Lawrence Distribution final decision. This determination is made without prejudice to the OEB's ultimate decision on Rideau St. Lawrence Distribution's application, and should not be construed as predictive, in any way whatsoever, of the OEB's final determination of the effective date for rates arising from the application.

**THE ONTARIO ENERGY BOARD THEREFORE ORDERS THAT:**

1. Rideau St. Lawrence Distribution Inc.'s current Tariff of Rates and Charges shall be made interim as of January 1, 2017 and until such time as a final rate order is issued by the OEB.

**1-SEC-1**

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

Response:

RSL has submitted its Distribution System Plan as a part of this rate application. The DSP, along with the other exhibits of this application, forms RSL's business plan.

**1-SEC-2**

[Ex.1] Please explain why the Applicant only filed its application on October 21, 2017.

Response:

The application was filed on October 21, 2016.

It was RSL's intention to file the application much earlier. Unfortunately, we found that the amount of effort required to create the application was far greater than originally believed. RSL was in contact with Board Staff during this process.

### **1-SEC-3**

[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.

Response:

The RSL Board of Directors approved the Distribution System Plan, and the 2016 Operating and Capital budgets. The documents shared with the Board were the Distribution System Plan and a summary of the application. The following is the summary provided to our Board at the meeting held October 6, 2016:

#### **Cost of Service Rate Application**

The Cost of Service rate application is in the last stages of completion. The models have been completed, and the exhibits have been written. We are comparing our work with the OEB's filing checklist to verify that all of the required information is in the submission. Bruce Bacon of Borden Ladner Gervais has reviewed our Load Forecast, and is currently reviewing our Cost Allocation and Rate Design. Bruce is very experienced with rate applications, and his review of our work will go a long way in making the process smoother. We have received a final version of the Distribution System Plan from Peter Krotky of Oakley Engineering to include in the application.

The following information summarizes some of the key elements of our application, and shows comparisons of the amount approved in our 2012 Cost of Service application with our 2016 application:

#### **Revenue Requirement:**

The Revenue Requirement displays the costs that will be recovered through our Distribution Revenues. Operation Maintenance and Administrative (OM&A) expenses have increased by 20% since our last rate application. Approximately 8% can be attributed to inflation. The rest of the increase is due to staffing additions, smart meter system costs, and new regulatory-related costs such as the Customer Satisfaction Survey and the Safety Awareness Survey.

Particular	Board Approved	2016 Test	Var \$	Var %
OM&A Expenses	1,820,000	2,182,787	362,787	20%
Amortization Expense	337,177	385,492	48,315	14%
Property Taxes	23,300	18,400	- 4,900	-21%
Total Distribution Expenses	2,180,477	2,586,679	406,202	19%
Regulated Return On Capital	413,697	395,633	- 18,064	-4%
Grossed up PILs	36,674	19,513	- 17,161	-47%
Service Revenue Requirement	2,630,848	3,001,825	370,977	14%
Less: Revenue Offsets	- 207,543	- 267,572	- 60,029	29%
Base Revenue Requirement	2,423,305	2,734,253	310,948	13%

#### Rate Base:

Our rate base has decreased since 2012, even though the net value of our capital assets has increased. The reason for the decrease is that the OEB decreased the Working Capital Allowance standard from 15% to 7.5%. Our Working Capital Allowance was reduced from 15% to 14% during the Settlement Conference for our last application.

The reduction to the Rate Base due to the change in the Working Capital Allowance reduced the Revenue Requirement by \$62,798.

Particulars	Board Appr 2012	Test Year 2016	Var \$	Var %
Net Capital Assets in Service:				
Opening Balance	5,349,238	5,619,076	269,838	5%
Ending Balance	5,369,839	5,872,734	502,895	9%
Average Balance	5,359,539	5,745,905	386,366	7%
Working Capital Allowance	1,732,905	1,289,318	-443,587	-26%
Total Rate Base	7,092,444	7,035,223	- 57,221	-1%

**Bill Impacts:**

For our customers, the overall impact on the bill is important. Of interest, the largest increase is for the low-usage customers. The reason is that the OEB has mandated that we implement a shift in our Distribution Rates from variable to fixed rates. The monthly flat charge increases for all Residential customers, but the impact of that change is greater for the low-usage customers.

Below are shown bill impacts for the total delivery line of the bill. In addition to RSL costs this line includes transmission (network, connection charges). For example – Residential TOU – Board approved \$46.73, proposed \$48.43 – the RSL charges would be \$28.20 (includes \$0.96 Rate Riders), Rate Riders + Low Voltage charge + line losses + Smart Metering Entity = \$16.35 , Transmission charges \$10.94 = Total Delivery Charge on bill.

Rate Class	kWh	kW	# of Connections	Subtotal of A + B + C				Total Bill			
				Current Board-Approved	Proposed	Change		Current Board-Approved	Proposed	Change	
						\$	%			\$	%
Residential TOU	750			46.73	48.43	1.70	3.64%	145.87	147.08	1.21	0.83%
Residential Retailer	750			46.36	50.20	3.83	8.27%	131.78	135.40	3.62	2.74%
Residential TOU (Low usage)	304			27.25	31.17	3.92	14.38%	68.69	72.83	4.14	6.02%
Residential Retailer (Low usage)	304			27.11	31.89	4.78	17.65%	62.98	68.09	5.12	8.12%
General Service <50 kW TOU	2,000			103.85	106.68	2.83	2.73%	380.88	382.17	1.29	0.34%
General Service <50 kW Retailer	2,000			102.87	111.40	8.53	8.29%	343.30	351.03	7.73	2.25%
General Service 50 to 4,999 kW	147,135	297		3,007.12	3,184.43	177.32	5.90%	22,046.79	22,156.55	109.76	0.50%
Street Lighting	22,825	62	690	3,560.92	3,768.15	207.23	5.82%	7,111.69	7,331.81	220.11	3.10%
Sentinel Light	294	1	2	27.94	30.35	2.41	8.63%	70.77	73.22	2.44	3.45%
Unmetered Scattered Load	727			36.97	37.21	0.23	0.63%	137.75	137.32	(0.43)	-0.31%

**1-SEC-4**

[Ex.1] Please provide copies of all benchmarking studies, reports, and analysis that the Applicant has undertaken or participated in since 2012, and are not already included in the application.

Response:

RSL has not undertaken any benchmarking studies, reports, or analysis that is not included in the application.

**1-SEC-5**

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

Response:

During 2016, there were several programs/events that benefited our ratepayers.

1. CDM programs
2. There were two major customer-driven capital projects. The Campbell Road Industrial Park extension in Morrisburg was completed on time and on budget. The Westport Sewage Plan line extension was mostly completed, with some work left to be done in 2017.
3. RSL provided an internet-based customer portal and eBilling. The service provides information and convenience for our customers.
4. There was no change to RSL's distribution rates in 2016.
5. The annual Scorecard displays measurable outcomes that ratepayers achieve.
6. The Customer Satisfaction Survey provided statistically valid feedback. Reliability Standards met the customer's expectation 91% of the time. Customers placed emphasis on reducing outages and shortening outages, and were willing to pay a small amount more. Generally, customers would pay more for services such as increased tree trimming, but were not willing to pay more for "enhanced" services such as outage management systems.

## 1-SEC-6

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

Response:

RSL's budget is prepared by the CFO and CEO, and is approved by the Board of Directors at a meeting held prior to the beginning of the budget year.

- The CEO and CFO consider high level strategic issues impacting RSL, either from within the company, customers, industry, or government.
- The CEO meets with our four Municipalities to discuss regional planning.
- The CEO, CFO, and Operations Manager meet to discuss the work to be done in the coming year. The discussions involve capital, OM&A, and staffing requirements.
- The Distribution System Plan is reviewed and updated, with assistance from a third-party Engineer.

- The capital budget is developed, based on the ranking of projects in the DSP, and overall affordability (pacing).
- OM&A is reviewed: current year forecast, prior year actual, and next year budget. Variances between the current year forecast and current year budget, and between the current year forecast and prior year actual results are discussed and considered during the preparation of the budget.
- Consideration is given to identified customer needs. Examples include customer-driven projects, tree trimming, and online services.
- Review payroll and vehicle burden rates.
- Finalize operating budget, taking into consideration negotiated pay increases for union staff, newly mandated costs (such as surveys), and other factors like inflation.
- Present the Operating and Capital Budgets to the RSL Board of Directors for their review.
- Make changes (if necessary) to the Budgets as instructed by the RSL Board.
- Record the resolution by the RSL Board to accept the Budget.

## **1-SEC-7**

Does the Applicant have a corporate scorecard? If so, please provide copies of each of the 2013 to 2017 versions. If not, please explain what metrics the management and Board of Directors uses to measure and monitor the Applicant's activities.

Response:

RSL does not have a corporate scorecard.

There are several tools that RSL uses to measure and monitor activities:

1. OEB Scorecard
2. Customer Satisfaction Survey
3. Feedback from municipal councils
4. Smart meter data collection metrics from MDM/R
5. Financial updates provided at Board meetings

6. ESA Survey
7. SAIDI/SAIFI results