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BY EMAIL and RESS

March 31, 2017
Our File: EB20160066

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

Attn: Kirsten Walli, Board Secretary

Dear Ms. Walli:

Re: EB-2016-0066 – E.L.K. Energy Inc. – SEC Interrogatories

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

Yours very truly,
Jay Shepherd P.C.

Original signed by

Mark Rubenstein

cc: Wayne McNally, SEC (by email)
Applicant and intervenors (by email)

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ONTARIO ENERGY BOARD

IN THE MATTER OF the *Ontario Energy Board Act, 1998*, S.O. 1998, c.15, Schedule B;

AND IN THE MATTER OF an Application by E.L.K. Energy Inc. under Section 78 of the *Ontario Energy Board Act, 1998* for an Order or Orders approving or fixing just and reasonable rates and other service charges for the distribution of electricity as of May 1, 2017.

INTERROGATORIES

ON BEHALF OF THE

SCHOOL ENERGY COALITION

1-SEC-1

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

1-SEC-2

[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.

1-SEC-3

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

1-SEC-4

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

1-SEC-5

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 use to measure and monitor the Applicant's activities.

1-SEC-6

[Ex.1, p.19, Ex.3, p.35] With respect to the Kingsville Satellite location property:

- a. [Ex.1, p.19] The Applicant states that "Kingsville Satellite location did not sell until Q2 of 2016, and as such is not part of this Cost of Service Application". Please explain why the sale is not part of this application if the sale occurred in Q2 2016.

- b. [Ex.3, p.35] The Applicant also states that “ELK has recorded ½ of the gain in the gain on disposition of property account and the remaining 1/2 in account 1508-09 Other Reg Assets-Sub Account Gain on Disposition refundable to ratepayers in 2016”/
 - i. What is the current balance in Account 1509-09 Other Reg Assets – Sub Acct Gain on Disposition?
 - ii. Is the Applicant seeking to dispose of the balance in the account in this application? If not, please explain why.
- c. What is the value of the gain on disposition of the sale? Please provide a breakdown of the calculation.
- d. Please provide the value of 50% of the gain on disposition.

1-SEC-7

[Ex.1, p.82] With respect to the list of ‘Cost Reductions and Productivity Improvements’:

- a. Please quantify the forecast incremental test year expected savings from the listed cost reduction and productivity improvements.
- b. Please explain how “communisation of our company strengths and accomplishments to our customers and shareholders” and “anticipate and react quickly to constant legislative and regulatory changes” are cost reduction or productivity improvements.

1-SEC-8

[Ex.1, p.99] With respect to Oracle Poll Customer Survey Report:

- a. Please provide a copy of the full interview script.
- b. Please provide a copy of all responses to open-ended or un-aided follow-up questions.

2-SEC-9

[Ex.2, p.33] Please provide a copy of the 2012 Distribution Asset Management Plan.

2-SEC-10

Please provide a revised version of the following appendices with 2016 year-end actuals. Please explain all material variances between 2016 forecast and actuals.

- a. 2-AA
- b. 2-AB
- c. 2-BA

2-SEC-11

[Ex.2, Appendix 2-A, p.22] Please confirm that the Board did not approve any specific capital expenditure amounts for the Applicant in 2013, 2014 and 2015.

2-SEC-12

[Ex.2, Appendix 2-A, p.41] Please provide a table that shows, for each year between 2011 and 2016, the number of outages by cause.

2-SEC-13

[Ex.2, Appendix 2-A, p.85-86] Please provide a similar table showing historical information for each year between 2012 and 2015. Please provide a copy of both the existing table and the requested table in an Excel spreadsheet.

2-SEC-14

[Ex.2, Appendix 2-A, p.86] Does the Applicant have any condition information for any of its major asset categories? If so, please provide it and explain how the information is utilized in its system renewal program.

2-SEC-15

[Ex. Ex.2, Appendix 2-A, Appendix H] Please provide similar capital project summaries for all projects that went in-service between 2013 and 2016. If no such summaries existed at the time they were approved, please provide a contemporaneous business case or other description of the project and their forecast budget.

3-SEC-16

[Ex.3, p.31] Please provide a revised version of Appendix 2-H with 2016 year-end actuals. Please explain all material variances between 2016 forecast and actuals.

3-SEC-17

[Ex.3, p.31] Please explain the basis for the test year forecast of the following other distribution revenue categories:

- a. Revenues for non-utility operations
- b. Expenses from non-utility operations
- c. Late payment charges
- d. Interest and Dividend Income

4-SEC-18

[Ex.4] Please provide a revised version of the following appendices with 2016 year-end actuals. Please explain all material variances between 2016 forecast and actuals.

- a. 2-JA
- b. 2-JB
- c. 2-JC
- d. 2-K
- e. 2-CF

4-SEC-19

[Ex.4, p.7] Over the last 10 years, how long after an employee becomes eligible for retirement, do they, on average, actually retire?

4-SEC-20

[Ex.4, p.8] With respect to the 2 new linemen being trained, are they being hired to replace anticipated future retirements, or the lineman who has “just retired” and the one who planned to retire at the end of October 2016?

4-SEC-21

[Ex.4, p.8] With respect to the 4 new hires the Applicant proposes to make in 2017:

- a. Please provide the status of each of the new hires the Applicant proposes to make in 2017 and each of their anticipated start-dates.
- b. For the purpose of the budget, what assumptions did the Applicant make regarding their start-date?

4-SEC-22

[Ex.4, p.27] Please breakdown the 2017 Payroll and Benefits cost driver into incremental costs for a) salary and wage increases for existing employees and positions, and b) new positions added.

4-SEC-23

[Ex.4, p.47] Has the Applicant ever considered an incentive compensation mechanism for management employees? If so, please provide details.

4-SEC-24

[Ex.4, p.47] Please provide a version of the updated Appendix 2-K (requested in IR 4-SEC-18), showing a breakdown of total compensation allocated to each of OM&A and capital.

4-SEC-25

[Ex.4, p.55] With respect to services provided to its affiliates:

- a. Please explain how the Applicant determines the fully burdened employee rate.
- b. Please provide details regarding the ‘cost plus mark-up’ method used for charging the Town of Essex for water & sewer billing services. Please explain how the cost is determined, what the mark-up is, and the basis of it.

4-SEC-26

[Ex. 4, p.78] Please provide a revised version of Table 4-32 to include 2016 actuals.

5-SEC-27

[Ex.5] For each year between 2012 and 2016, please provide the Applicant’s actual regulatory return on equity.

Respectfully submitted on behalf of the School Energy Coalition this March 31st, 2017.

Original signed by

Mark Rubenstein
Counsel for the School Energy
Coalition