



**PUBLIC INTEREST ADVOCACY CENTRE  
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April 13, 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-2016-0356 – Hydro One Sault Ste. Marie LLP – 2017 Rate Application  
Interrogatories of Vulnerable Energy Consumers Coalition (VECC)**

Please find enclosed the interrogatories of VECC in the above-noted proceeding. As per Procedural Order No. 1 we have also directed copies to the Applicant, their Counsel and all intervenors via email.

Yours truly,

Cynthia Khoo  
Counsel for VECC

Cc: Hydro One SSM – Duane Fecteau – [dfecteau@hydroonessm.com](mailto:dfecteau@hydroonessm.com)  
All Intervenors – via email

<b>REQUESTOR NAME</b>	<b>VECC</b>
<b>TO:</b>	<b>Hydro One Sault Ste. Marie (Hydro One SSM)</b>
<b>DATE:</b>	<b>April 13, 2017</b>
<b>CASE NO:</b>	<b>EB-2016-0356</b>
<b>APPLICATION NAME</b>	<b>2017 Rate Application</b>

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

### 1.0-VECC-1

Reference: E1/T1/S1, page 3

- a) What is the percentage increase in the revenue requirement for Hydro One SSM that the Company is seeking to include in the determination of the UTR for 2017 (i.e., after the disbursal of deferral and variance account balances are also taken into account)?

### 1.0-VECC-2

Reference: E1/T1/S1, page 3

- a) Does the OEB provide any guidelines as to when Transmitters requesting rates effective January 1 are expected/required to file their rate applications?

### 1.0-VECC-3

Reference: E1/T1/S1, page 4

- a) At lines 14-15 reference is made to “standard average of performance” with respect to reliability. Please indicate: i) what this standard is, ii) how it is was established and iii) how Hydro One SSM’s performance compares to it.
- b) Reference is made (at lines 15-16) to the threshold set by the IESO for unsupplied energy. Please indicate what this threshold is and how it is used by the IESO.

1.0-VECC-4

Reference: E1/T2/S2, page 1

- a) Please provide a schematic of Hydro One SSM's system indicating where/how it is connected with its neighbouring utilities.
- b) Is Hydro One Networks Inc. a transmission customer of Hydro One SSM or is the connection just transmitter to transmitter?

1.0-VECC-5

Reference: E1/T2/S5, page 1

- a) Has the Board addressed Hydro One SSM's request that its current revenue requirement be made interim as of January 1, 2017? If yes, please provide a copy of the relevant order.

1.0-VECC-6

Reference: E1/T2/S12, page 1

- a) The Application states that Hydro One SSM has "materially" followed the filing requirements applicable to revenue cap index proposal as set out by the Board. Recognizing that this is its first such application, what aspects of the filing requirements does Hydro One SSM consider it has not followed and why?

1.0-VECC-7

Reference: E1/T2/S14, page 1

- a) Please explain how matters that may be considered to be non-utility business are "segregated" from Hydro One SSM's rate-regulated activities.

1.0-VECC-8

Reference: E1/T2/S15, page 3

- a) Please provide the necessary data to demonstrate that GLPT (now Hydro One SSM) has successfully managed its overall OM&A expenses within the Board-approved envelopes for the 2015 and 2016 test years (per lines 17-18).

## **2.0 MANAGEMENT SUMMARY (EXHIBIT 2)**

2.0 – VECC -9

Reference: E2/T1/S1, page 3

- a) Please confirm that the proposed annual adjustment for 2017 is not based on “expected inflation” but rather the historic inflation observed over 2014-2015.
- b) What is Hydro One SSM’s estimate of expected inflation for 2017 over 2016?

2.0-VECC-10

Reference: E2/T1/S1, page 4

- a) Please confirm that Hydro One SSM is not specifically requesting, at this time, the approval of a Z-factor deferral account and that the request for any such deferral account (along with the amounts involved) would be made within six months of the unforeseen event.

## **3.0 SERVICE QUALITY AND RELIABILITY PERFORMANCE REPORTING (EXHIBIT 3)**

3.0 –VECC -11

Reference: E3/T1/S2, pages 5 and 9-10

Preamble: In Table 3-1-2A Hydro One SSM sets out a number of improvement initiatives to improve the measurement of its performance. These are described further on pages 9-10.

- a) Please confirm that Hydro One SSM expects to have the necessary systems and processes in place to report on all of the measures in the proposed scorecard by the end of 2017.
- b) If this is not the case, please indicate: i) those measures for which the necessary reporting capabilities will not be in place by the end of 2017 and ii) when the Hydro One SSM expects it will be able to report on these measures.

### 3.0 –VECC -12

Reference: E3/T1/S2, pages 7-10

- a) Did Hydro One SSM consult with any external stakeholders and/or customers in the development of its proposed scorecard?
  - If yes, please outline the nature of the consultation.
- b) Please compare Hydro One SSM's proposed scorecard and performance measures with those proposed by Hydro One Networks in its most recent cost of service application (EB-2016-0160, Exhibit B2/T1/S1, Table 1). Please comment on any differences and why they are appropriate.
- c) Please update the schedule on pages 7-8 to include, where available, 2016 results.
- d) Why are there no historic values reported for the two Market Regulatory Compliance measures related to NERC/NPCC Reliability Standards Compliance?
- e) Given the importance of cost to customers why is there no performance measure relating to total overall costs borne by ratepayers (e.g., total costs / MW delivered)?
- f) Has Hydro One SSM benchmarked its performance with respect to any of the scorecard measures against the performance of its peers?
  - If yes, please provide the results?
- g) Does Hydro One SSM have any plans to further benchmark its performance with respect to its proposed scorecard measures against that of its peers?
  - If yes, please outline such plans.
  - If not, why not?

### 3.0 –VECC -13

Reference: E3/T1/S3, pages 2-4

- a) Do the Delivery Point Standards also apply to generators connected to Hydro One SSM and are they included in the values reported on page 4?
- b) Is ten years' worth of data available for each of Hydro One SSM's customers such that baseline (inlier) triggers been established for all customers? If not, for how many customers have triggers not been established?
- c) Do the performance measures (both outliers and inliers) include planned outages or just unplanned outages?
- d) Please provide the minimum, the maximum and the median values for the current baseline triggers.

- e) Please update the tables on page 4 to include 2016 data if available.
- f) Were there any “extraordinary events (as per E3/T1/S3, Appendix A, page 3) that impacted performance during 2012-2015 (2016)?
  - If yes, what were they?
  - If yes, what were the impacts in each year?
  - If yes, are the impacts included in values reported on page 4?

### 3.0 –VECC -14

Reference: E3/T1/S3, pages 5-11

- a) It is noted that the Unsupplied Energy data goes back to 2004. Is there T-SAIFI and T-SAIDI data available for the years prior to 2012 (even for just the system overall)? If so, please provide.
- b) With respect to pages 7-8 and page 10, is there a difference in the nature of the supply to the upper load vs. lower load categories (e.g. single circuit vs. multiple circuit) that would explain some of the difference in reliability?

### 3.0 –VECC -15

Reference: E3/T1/S4/Appendix A, pages 2-3

- a) Page 2 indicates that data is available for the years 2007-2015. Please redo the line graphs in Figures 1, 2 and 3 to include the earlier years.
- b) Please provide the 2007-2015 (and 2016 if available) numerator and denominator values for Hydro One SMM used to calculate the metric – Total O&M plus A&G per Gross Assets for the Company.

### 3.0-VECC-16

Reference: E3/T1/S5

- a) The compliance discussion focuses on the management of compliance with NERC reliability standards. Are there any other standards set by either the IESO or the Ontario Energy Board that Hydro One SSM is expected to be compliant with?
  - If yes, what are they?
  - If yes, why were they not considered for inclusion in the proposed performance scorecard?

## **4.0 REVENUE REQUIREMENT AND ANNUAL ADJUSTMENT (EXHIBIT 4)**

4.0-VECC-17

Reference: E4/T1/S1, page 4

- a) It is noted (see <http://www.ontarioenergyboard.ca/oeb/Industry/Regulatory%20Proceedings/Applications%20Before%20the%20Board/Electricity%20Distribution%20Rates/2017%20Electricity%20Distribution%20Rate%20Applications>) that the inflation factor for distribution utilities is based on a 70/30 weighting of Non-Labour and Labour inflation indices. Please explain why this split is also applicable and appropriate to Hydro One SSM's transmission business. If it is not, what would be the appropriate split?

4-VECC-18

Reference: E4/T1/S1, pages 2-3

- a) Please confirm that, in terms of cost performance, while Hydro One SSM is below the average of its peers it is much closer to the average performance and Q2 performance than to Q1 performance.

## **5.0 DEFERRAL AND VARIANCE ACCOUNTS (EXHIBIT 5)**

5.0-VECC-19

Reference: E5/T1/S1, page 4

- a) Please indicate what the base cost for the Property Tax and Use and Occupation Permit Fees Variances account will be and how it is determined.

5.0-VECC-20

Reference: E5/T1/S2, page 8

- a) The application states that the "forecast" cumulative in-service additions for 2015 and 2016 are equal to the Board-approved amount. Please indicate whether the actual cumulative in-service additions for 2015 and 2016 were also equal to the Board-approved amount. If not, what was the variance?

**6.0 COST ALLOCATION (EXHIBIT 6)**

N/A

**7.0 RATE DESIGN (EXHIBIT 7)**

N/A

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