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June 1, 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-2016-0105 – Thunder Bay Hydro – 2017 Rate Application
Interrogatories of Vulnerable Energy Consumers Coalition (VECC)
Evidence of Yury Tsimberg**

Please find enclosed the interrogatories of VECC in the above-noted proceeding.

Yours truly,

Mark Garner

Cindy Speziale, Vice President Finance, Thunder Bay Hydro
Email: cspeziale@tbhydro.on.ca

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REQUESTOR NAME**VECC****TO:****Thunder Bay Hydro or TBH****DATE:****June 1, 2017****CASE NO:****EB-2016-0105**

Note:

References to the “ACA Report” or “2015 ACA Report” are references to Exhibit 2 – B_TBHESI_DSP Appendix 2-B, Appendix C, Thunder Bay Hydro 2015 Asset Condition Assessment, August 11, 2015.

References to the “Independent Assessment” or “IA Report” are references to the Tsimberg Report, Independent Assessment of Thunder Bay Hydro Electricity Distribution Inc. System Renewal Capital Requirements, May 11, 2017

ER-VECC-1

Reference: IA Report pg. 3

At page 3 of the report it states:

“It is important to note that the final System Renewal budget for 2017 was not directly and exclusively derived from the Health Index distribution in the ACA report (the relationship is described in detail in the body of this report).”

However at Exhibit 2, page 40 it also states:

“Thunder Bay Hydro expects a cost increase in System Renewal capital expenditures from 2016 to 2017 of \$1,215,053. The increase in expenditures is a direct result of the Asset Condition Assessment which was performed in 2016 by Kinectrics and provided a Health Index (“HI”) of the entire asset base. The Health Index distribution provided Thunder Bay Hydro a comprehensive view into the condition of assets, and resulted in a suggested level of annual asset renewal in the form of a “Flagged for Action Plan”.

- a) Is the author suggesting that TBH increase in capital spending is not a direct consequence of the findings of the Kinectrics’ ACA study?
- b) Does the TBH proposed capital expenditures for the 2017 to 2021 period reflect “flagged for action plan” presented in the Kinectrics 2015 ACA?
- c) If not, for each asset category how does it differ?

ER-VECC-2

Reference: ACA Report

- a) Please explain the role of Ms. Katrina Lotho in preparing the ACA report and the role of Mr. Tsimberg in reviewing the report.
- b) The ACA methodology requires assessment of condition parameters or asset characteristics. Which author carried or verified the TBH's asset condition testing?
- c) Specifically, which author verified the sample size (shown in Table III-1) and made the "data gap" assessment shown in Table III-4.
- d) Which author inspected the assets characteristics for the assets listed in Table III-1?

ER-VECC-3

Reference: ACA Report/pg.10

- a) The IA Report provides a comparison of TBH with selected LDCs. Why did the author choose these utilities to compare with TBH?
- b) Did the IA author review the distribution system plans and most recent asset condition assessments for the comparator group of utilities?
- c) What study did the author make of the reliability statistics so as to differentiate between weather related outages and outages due to equipment failure? If no such study why is not reasonable to conclude that the variance in reliability statistics is due to variances in weather or other factors beyond the control of the utilities management?
- d) In the absence of knowledge as to the comparator group's asset condition why is it meaningful to compare total cost per customer or their reliability statistics?

ER-VECC-4

Reference: E4/Attachment 4-O / IA pgs. 11-12 Table 1

- a) Appendix 2-BB shown at the above reference appears to show that TBH is not proposing any asset category TUL's outside of the Board approved ranges with the exception of transportation equipment and computer hardware and software. Table 1 of IA Report suggests otherwise. Please explain this apparent inconsistency.
- b) Please provide the reference to where in the ACA Report Kinectrics proposes new TULs for the assets categories shown in Table 1.

ER -VECC -5

Reference: IA Report pg. 14

- a) What study has Kinectrics done which would show the veracity of the statement “...*planned replacements represent a much more efficient use of capital funds since planned replacement unit cost is always lower than forced replacement unit cost*”?

ER -VECC -6

Reference: ACA/pg. 16 Table III-2

- a) For each asset category please provide a comparison of Table III-2 10 year levelized Flagged for Action Plan in the ACA with TBH's capital expenditure proposals for 2017 through 2021.
- b) Given the ACA is based on 2015 data please explain how 2016 actual capital expenditures are being considered in the response to a).
- c) For each asset category please provide both the quantity of assets TBH has or proposes to replace in 2016 and 2017 and provide a comparison to the first year amount flagged in the ACA action plan. Please comment on any differences.
- d) Please provide the change in reliability risk if TBH were to replace the number of assets recommended but equally over 10 years.
- e) Table III-2 generally shows a larger quantity of asset replacements in year 1 then would be the case if assets were replaced on as an equal amount over the ten years. Please explain why and what difference would occur if TBH replaced a greater number of assets in 2 or 3, rather than year one of its capital plan. That is how does altering the pace of asset replacement affect reliability?

ER -VECC -7

Reference: ACA pg.20

- a) Please provide the assessment as to how TBH's distribution system plan address the data gap summarized in Table III-4.
- b) Please explain the implications to the ACA of the large number of assets with Medium -High or High data gaps.

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