

ECONALYSIS CONSULTING SERVICES

**34 KING STREET EAST, SUITE 630, TORONTO,
ONTARIO M5C 2X8**

www.econalysis.ca

June 2, 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-2016-0085 InnPower Corporation 2017 Rates
Interrogatories of the Vulnerable Energy Consumers Coalition (VECC)**

Please find enclosed the Notice of Intervention of VECC in the above-noted proceeding. We have also directed a copy of the same to the Applicant.

Yours truly,

Mark Garner

Consultant for VECC

Brenda L. Pinke
Email: brendap@innpower.ca

REQUESTOR NAME	VECC
TO:	InnPower Corporation
DATE:	June 2, 2017
CASE NO:	EB-2016-0085
APPLICATION NAME	2017 COS Application
	Page 1/12

1.0 ADMINISTRATION (EXHIBIT 1)

1.0-VECC-1

Reference: Exhibit 1(Nov28)/pg.61

- a) Please provide the Board Staff compliance report provided to InnPower as a result of the November 2013 Board Audit.
- b) Please provide any other Board audit reports provided to InnPower since 2013.

1.0-VECC-2

Reference: Exhibit 1(Nov 28)/pg. 79

- a) Please clarify – are the InnPower's Corporations Corporate Headquarters are located at the Town of Innisfil Campus and not at the new underutilized Yonge Street building?
- b) What are the rental/leasing costs of the Town Campus location?

1.0-VECC-3

Reference: Exhibit 1(Nov28)/pg.79

- a) Have the savings of \$166,234 identified in the table at page 79 been incorporated into the calculation of the OM&A of this application?

2.0 RATE BASE (EXHIBIT 2)

2.0 – VECC - 4

Reference: Amended filing/pages 13-22

- a) It is unclear as to whether the 2016 Bridge year has been updated for actual results. If not please provide the 2016 updates to:
- Table 2.2,
 - Table 2.8A;
 - The capital expenditure tables 2-14A and Appendix 2-AB

2.0-VECC-5

Reference: Exhibit 2

- a) Please provide a variance analysis for Appendix 2-AA as between the 2016 original filing (Nov 28) and the amended filing (May 8).

2.0-VECC-6

Reference: E2/Appendix B/Distribution System Plan (DSP)/pg.19

- a) Using Table 2-1 (amended for updates as necessary) please provide the actual and forecast capital contributions by category.
- b) Please explain how the 2017 capital contribution forecast was calculated.
- c) Please clarify if Table 2-1 shows capital expenditures net of capital contributions or is showing the gross amount.

2.0-VECC-7

Reference: DSP/pg.20

- a) *“The forecast period for this DSP includes system access allowances for unplanned capital, such as legacy property trespasses of equipment.”*
Please provide the amount of spending under this category for each year in the 2017 to 2021 period.

2.0-VECC-8

Reference: DSP/pgs.24-25 /pgs. 87-88

- a) Please provide the fleet inventory in 2013 showing year of vehicle and the proposed inventory at the end of 2017.
- b) Please provide the vehicle capital expenditures for each of the years 2012 through 2017 and which also shows the number of vehicles purchased and retired in each year.

2.0-VECC-9

Reference: DSP/pg. 40 /section 4.15 pg. 102

- a) Please identify separately all projects and project capital expenditure in each year 2017 to 2021 which are directly a part of the Integrated Regional Resource Plan.

2.0-VECC-10

Reference: DSP/pg.51

- a) Please provide the outage frequency and duration by cause code separately for each of the years 2012 through 2016.

2.0-VECC-11

Reference: DSP/pg.65

- a) Please reforecast Figure 3-5 to provide the asset health condition for each of the years 2017 through 2021 on the basis of the proposed DSP capital expenditures.

2.0-VECC-12

Reference: DSP/4.1.3.2/pg.94

- a) Please provide the actual and forecast capital expenditures for line reclosers for each of the years 2012 through 2021.

2-0-VECC-13

Reference: DSP/Table 4-1/pg.96

- a) Please explain the amount and components of the other 50% of “Base 1” capital spending.
- b) Please explain how the municipal capital contributions for road widening are calculated.

2.0-VECC-14

Reference: E2/Amended May 28/pg.28 / DSP section 4.2.3.2

- a) Please explain the reliability risk change if InnPower were to reduce system renewal capital expenditures in 2017 by \$200,000.
- b) Please identify which projects would be delayed if InnPower were to expend no more than the average of the past three year's capital additions rather than the 2017 proposal.

2.0-VECC-15

Reference: DSP Appendix E: Distribution Asset Condition Assessment/Tab 1/pg. 8

- a) For each asset class shown in Table 1 please show the population size and the sample size used to determine asset condition.
- b) For each asset class shown in Table 1 please describe the method(s) used to ascertain asset condition

3.0 OPERATING REVENUE (EXHIBIT 3)

3.0 –VECC -16

Reference: Exhibit 3, pages 3; 9-12 and 18

- a) Do the purchased power values used by InnPower 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 2006 to 2015?
- b) Do the purchase power values used by InnPower in its regression model include the Hydro One load transfers (per page 18)? If not included, please explain why.
- c) Did InnPower test to see whether some economic activity variable (e.g. GDP or regional employment) would be a statistically significant explanatory variable? If yes, what were the results? If not, why not?
- d) Please provide: i) the actual purchases for 2016; ii) the actual HDD and CDD values for 2016 and iii) the predicted purchases for 2016 using InnPower's load forecast model as submitted in its Application.

3.0 –VECC -17

Reference: Exhibit 3, pages 13-14 and 18

- a) Please explain the basis for the historical customer count values shown in Table 3-9 (i.e., are they year-end values, the average of the 12 months for year, the averages, average of opening and closing year values, etc.?).
- b) Do the customer count values in Table 3-9 include or exclude the Hydro One load transfer customers discussed on page 18.
- c) Please provide the actual 2016 customer/connection count for each month in 2016 by customer class.
- d) Please re-do Table 3-9 where 2016 actual values are included in the calculation of the geometric mean for each customer class.
- e) Please clarify the basis for the GS 50-4999 forecast customer count. At page 14 (lines 5-6), the Application states that the forecast is not based on the geomean analysis but there is no explanation of how the forecast was done.

3.0 –VECC -18

Reference: Exhibit 3, pages 6 and 15-16

Load Forecast Model, Rate Class Energy Model Tab

- a) Please explain how the values set out in Table 3-12 were calculated. In particular, did both the numerator and denominator used exclude (respectively) the kWh and customer count associated with Hydro One load transfers?
- b) Please provide the actual billed energy (and billed kW where applicable) by rate class for 2016, both including and excluding Hydro One load transfers.
- c) Please provide the actual customer/connection count by rate class for 2016, both including and excluding Hydro One load transfers, using the same count basis as in the Application per part (a).
- d) Please confirm that the billed energy values set out in Table 3-3 include Hydro One load transfers.

3.0 –VECC -19

Reference: Exhibit 3, page 18

- a) Has the number of load transfer customers remained constant over the 2006-2015 period? If not, how have the numbers changed?
- b) What were the actual kWh of load transfers in 2016 and did the number of customers change from 2015-2016?

3.0 –VECC -20

Reference: Exhibit 3, page 19

- a) Please provide InnPower’s 2015-2020 CDM Plan (page 15, line 17).
- b) Please provide the IESO Report for InnPower titled – “Final 2015 Annual Verified Results – Annual Persistence Report”.

3.0 –VECC -21

Reference: Exhibit 3 (Amended Filing), Figure 3.42 and Appendix 2-H

- a) Please update Appendix 2-H (Figure 3.42) for actual (unaudited if necessary) 2016 values.
- b) Please provide the basis for the 2017 forecast value for Late Payment Charges.

4.0 OPERATING COSTS (EXHIBIT 4)

4.0 -VECC -22

Reference: Exhibit 4,

- a) Please provide the membership costs of the EDA for the years 2011 through 2016 and the amount forecast for 2017.

4.0-VECC-23

Reference: Exhibit 4 (Amended May 8)

- a) InnPower’s actual 2016 OM&A was \$149,268 below its original application forecast of \$5,838,082. Please explain the variance.

4.0-VECC-24

Reference: Exhibit 4 (Amended May)/pg. 3 / Exhibit 4 (Nov 28)/pg.4

- a) Please confirm the current OM&A request for 2017 is \$5,990,356 and that the Nov 28/16 request was \$6,187,625 (or a \$197,269 reduction).
- b) If correct please explain what OM&A reduction of \$676,897 noted at page 3 of the May 8 amended application refers to.

- c) Please explain how the OM&A reduction (197k or 676k) is being achieved in 2017.

4.0-VECC-25

Reference: Exhibit 4/ (Nov 28)/pg. 15

- a) Please update Table 4-3 for the revised application amendments.

4.0-VECC-26

Reference: Exhibit 4(Nov28)/pg.18

- a) InnPower identifies \$114,000 in incremental costs related to the new corporate headquarters. However, some of the costs identified appear to be capital related (furniture) whereas others are one-time (moving). Please provide the incremental ongoing costs of the new location as compared to the forecast location costs in 2013.

4.0-VECC-27

Reference: Exhibit 4 (Nov 28)/pg. 19

- a) Please explain the driver for increase in maintenance costs in 2016 and 2017 as compared to 2014 and 2015. Specifically address why system maintenance are costs increasing so rapidly and at the same time as InnPower is proposing to significantly increase system renewal capital expenditures.

4.0-VECC-28

Reference: Exhibit 4 (Nov28)/pg.35

- a) Please provide the tree trimming (vegetation management) actual and budget for each year of 2013 through 2017.

4.0-VECC-29

Reference: Exhibit 4 (Nov 28)/pg. 41

- a) In light of Appendix 2-K showing that the Board approved and actual FTEs were the same (i.e. 30 FTEs) please clarify what is meant by: *"InnPower Corporation has not fulfilled the EB-2012-0139 Human Resources Plan for resources identified beyond 2013."*

4.0-VECC-30

Reference: Appendix 2-K /Table 4:16 pg. 45

- a) Please revise Appendix 2-K to show:
 - i. The total amount of compensation capitalized in each year;
 - ii. Provide non-management positions into union and separately non-unionized FTEs (and associated wages and benefits by group)
- b) If Appendix 2-K does not show 2016 actuals please update the table for this as well.
- c) Please reconcile the 44 FTEs noted for 2016 with the statement at Exhibit 4, page 42 (Nov 28) which states that "*InnPower Corporation has 38 full-time employees and three part-time employees*".

4.0-VECC-31

Reference: Exhibit 4 (Nov 28)/Table 4-16

- a) Please provide a list of the incremental positions from the 39 FTEs approved in 2013 to the 44 FTEs shown in 2017.
- b) Please identify any position created to backfill any pending retirements

4-VECC-32

Reference Exhibit 4/pg.46

- a) Please provide an update on the status of the PWU collective agreement.

4.0-VECC-33

Reference: Exhibit 4 (Nov 28)/Tables 4-17 to 4-21

- a) Please explain why the cost for water waste billing have remained virtually unchanged (i.e.190k in 2013 vs 193.5k in 2017).
- b) Please provide the number of customers water billed in 2013, the number billed in 2016 and the projected number to be billed in 2017.
- c) Please file the most recent negotiated agreement with the Town of Innisfil. If this agreement has changed since 2013 please describe the changes.

4.0-VECC-34

Reference: Exhibit 4(Nov 28)/Tables 4-19 to 4-21 / Exhibit 1(Nov 28)/pg.75

- a) Prior to InnPower who provided the financial services to InnServices?
- b) What business does InnServices carry on?
- c) Prior to the 2015 agreement with InnServices services did InnServices or its predecessors provide services to InnPower or vis-versa?
- d) If yes, please provide the differences between the prior agreement and the 2015 agreement provided in Appendix

4.0-VECC-35

Reference: Exhibit 4

- a) Are all customers of InnPower on monthly billing?
- b) If yes, when did this occur? If not please provide the date when the various customer classes are expected to be changed to monthly billing.

4.0-VECC-36

Reference: Exhibit 4/Appendix 2-M/pg.52 &

- a) Please reconcile Appendix 2-M showing \$217,500 in total regulatory costs, Table 4-26 showing one-time regulatory costs associated with this application and the forecast regulatory costs of \$97,000 shown in Appendix 2-JC (4-May-17).

4.0-VECC-37

Reference: Exhibit 4/(Nov 28)/Table 4-34

- a) Please amend Table 4-34 to show the Board Approved Kinectrics Min/Max TUL for the various accounts shown.
- b) Please comment on the materiality of the change if InnPower were required to be within the Board approved TUL ranges for all assets.

4.0-VECC-38

Reference: Exhibit 4/(Nov 28)/Section 2.4.5/pg.66

- a) Please provide a table showing the actual taxes (PILs) paid in each of the years 2012 through 2016.

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

5.0-VECC-39

Reference: E5/E1 2013 Financial Statements/E5 & E1/pg.60 Scorecard

- a) Please provide the actual and achieved return on equity for the years 2011 through 2016 (unaudited if necessary).
- b) Please provide a table showing the earnings before PILS and net earnings for each of the years 2011 through 2016 (unaudited if necessary).
- c) Please explain the significant under earning in 2012. Please also explain why 2012 reported returns (1.96%) were less than 2013 reported earnings (6.70%) whereas net earnings in 2013 were lower (\$218,973) as compared to 2012 (\$712,414).

5.0-VECC-40

Reference: E5/(Nov 28)/pg.5

- a) Please provide the start date of the TD commercial loans shown at rows 10, 11 and 12 of Table 5-6.
- b) Have these loans all been negotiated?
- c) Please explain the variance in TD loan rates for the three loans negotiated in 2015 (9-Jan @ 3.68% ; 26-Jun @ 2.81% ; and 2015 @ 4.00%)
- d) Please provide the loan agreements for the TD loans in rows 10 through 12.

6.0 CALCULATION OF REVENUE DEFICIENCY/SURPLUS (EXHIBIT 6)

N/A

7.0 COST ALLOCATION (EXHIBIT 7)

7.0 – VECC –41

Reference: Exhibit 7, pages 5-6

- a) Please provide the details regarding the allocation of billing and collecting costs to customer classes that resulted in both the percentage allocations set out in Table 7.5 and the resulting cost per bill.

7.0 – VECC –42

Reference: Exhibit 7 (Amended), page 82, Table 7.12 (Amended)

- a) The Status Quo ratio of 160.04% for Streetlights in Table 7.12 (Amended) does not match the value in the amended Cost Allocation model (205.58% per previous page). Please provide a corrected version of Table 7.12 (Amended) and, in doing so, indicate which classes' revenue to cost ratios will be adjusted to address the revenue deficiency that occurs when the Streetlight ratio is changed from 205.58% to 160%.

8.0 RATE DESIGN (EXHIBIT 8)

8.0 –VECC - 43

Reference: Exhibit 8 (Amended), page 88

- a) Are the costs described at lines 10-15 one-time costs or are they incurred annually?
- b) Please provide any analysis that InnPower has undertaken to support the proposed \$10/month charge for microFIT installations.

8.0 –VECC - 44

Reference: Exhibit 8 (Amended), pages 88-89

- a) Why didn't InnPower use the Board's 2017 RTSR Workform issued in July 2016?
- b) Please update the proposed 2017 RTSRs to reflect Hydro One Distribution's approved 2017 rates (EB-2016-0081).

8.0 –VECC - 45

Reference: Exhibit 8 (Amended), pages 98

- a) Please clarify whether the four year average in Table 8-15 is based on the annual LV charges collected from InnPower's customers or the annual charges paid to Hydro One.
- b) If the average is based on the annual LV charges collected from InnPower's customers, please provide a four year history and the resulting average for the amounts paid to Hydro One for LV service.

8.0 –VECC - 46

Reference: Exhibit 8 (Amended), page 99

- a) Can InnPower explain the material increase in the Distribution System loss factor for 2015 (i.e., increased to 6.14%)?

9.0 DEFERRAL AND VARIANCE ACCOUNTS (EXHIBIT 9)

9.0 –VECC -47

Reference: Exhibit 9, Amended pg. 116

- a) Please clarify - is InnPower is withdrawing its request to dispose of the LRAM balance of \$26,641 at this time or for all time.

End of document (12/12)