EB-2016-0085

InnPower Corporation
Application for electricity distribution rates beginning July 1, 2017

VULNERABLE ENERGY CONSUMERS COALITION

(“VECC”)

OM&A/ RATE DESIGN

October 2, 2017

TAB 1

ONTARIO ENERGY BOARD

FILE NO.: **EB-2016-0085** **InnPower Corporation**

VOLUME: **Technical Conference**

DATE: **September 13, 2017**

your service life comparison 2BB to include the service lives you are actually proposing in this proceeding, and the depreciation rates that go with those service lives, to whatever number of decimals is necessary to get it right. Can you do that?

MS. COWLES: Yes, we can do that.

MR. SHEPHERD: Thank you.

MS. O'CONNELL: So include the service lives proposed in the proceeding and the rate?

MR. SHEPHERD: Yes.

MS. O'CONNELL: Okay. So that is JT2.5.

UNDERTAKING NO. JT2.5: TO REFILE YOUR SERVICE LIFE COMPARISON 2BB TO INCLUDE THE SERVICE LIVES YOU ARE ACTUALLY PROPOSING IN THIS PROCEEDING, AND THE DEPRECIATION RATES THAT GO WITH THOSE SERVICE LIVES, TO WHATEVER NUMBER OF DECIMALS IS NECESSARY TO GET IT RIGHT.

MR. SHEPHERD: Okay. Then next is -- I'm looking now at 4-VECC-30, and the response shows the direct labour capitalized by year, and it seems to be relatively consistent in the past until the forecast year where you are capitalizing a good deal more about, oh, I don't know, maybe 30 percent more.

Can you help me understand that?

MS. COWLES: I'm taking a stab at it. Really, to find out the ultimate answer, we’d have to go back to someone that's not here to provide the details for how they capitalized the labour into -- or how they estimated the capitalization of labour into the engineering and operation projects.

The -- if there is an increase in subdivision work and system access work, there will be additional labour internally going into those projects. However, the labour would be contributed against.

I don't think -- I'm not sure how the changes that they're revising the capital, how that would affect this column.

MR. SHEPHERD: I'm going to ask you to undertake to provide a response.

Here are the two things that I'd like you to look at in doing the response. First, the compensation costs are going down, and so the increase is actually a larger increase than you would otherwise think, because it is on a lower base. So the percentage of your compensation you're capitalizing is higher.

And secondly, your capital -- your net capital spending is going down relative to 2016, and that should also mean that, all other things being equal, your capitalized overheads would go down as well -- or your capitalized labour rather would go down as well.

So can you deal with those in the response when you are explaining the reason?

MS. COWLES: Yes, I can do that.

MS. O'CONNELL: That's JT2.6, it is regarding the amounts in part (a) of the response.

UNDERTAKING NO. JT2.6: TO EXPLAIN THE CAPITALIZATION

UNDERTAKING JT2.6

Undertaking:

TO EXPLAIN THE CAPITALIZATION OF THE DIRECT LABOUR COSTS AS DESCRIBED IN 4-VECC-30.

Reference: Transcript dated September 13, 2017 page 87, line 18 to page 89 line 1.

Response:

As stated in the undertaking, the compensation costs are going down, and percentage of our compensation capitalizing on is higher. However, the direct capitalized labour is increased in 2017 because it is a forecasted amount, which has not been adjusted to be levelled to reflect the internal staff hours to the external subcontract labour hours. In comparison 2013 to 2016 direct labour capitalized is the actual total amount, which has been levelled to the internally compensated staff, and subcontract amounts actually used.

Witness: Michael Davison

a) The growth has not yet reached the point of driving new assets. The assets are, in fact, quite old. Based on the last COS decision some of the planned maintenance work had been reduced. The increase in 2016/17 will enable InnPower to get back on track on its maintenance program.

4.0-VECC-28

Ref: Exhibit 4(Nov 28)/pg 35

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

InnPower Corporation Response:

ACCOUNT	ACTUALS				BUDGET
	2013	2014	2015	2016	2017
Vegetation	$ 188,102	$ 143,632	$ 119,801	$ 383,563	$ 170,229

4.0-VECC-29

Ref: 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*."

InnPower Corporation Response:

a) As a result of our former decision, we removed the approved positions. However, the utilization of student, contracts, etc. have contributed to the overall FTE remaining the same.

4.0-VECC-30

Ref: 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*".

InnPower Corporation Response:

a) The following table reflects the amount of direct labour capitalized by year:

2013	2014	2015	2016	2017 Forecasted
$ 558,509	$ 589,250	$ 572,333	$ 646,780	$ 818,471

b)

APPENDIX 2-K

Appendix 2-K
Employee Costs

	Last Rebasing Year - 2013- Board Approved	Last Rebasing Year - 2013- Actual	2014 Actuals	2015 Actuals	2016 Bridge Year	2017 Test Year
Number of Employees (FTEs including Part-Time)[1]						
Management (including executive)	11	11	11	10	10	10
Non-Management (union and non-union)	28	28	27	34	34	34
Total	39	39	38	44	44	44
Total Salary and Wages including ovetime and incentive pay						
Management (including executive)	$ 1,263,246	$ 1,367,623	$ 1,305,406	$ 1,289,707	$ 1,262,570	$ 1,276,423
Non-Management (union and non-union)	$ 1,876,914	$ 1,892,440	$ 2,109,248	$ 2,262,387	$ 2,593,631	$ 2,292,161
Total	$ 3,140,160	$ 3,260,063	$ 3,414,655	$ 3,552,094	$ 3,856,201	$ 3,568,584
Total Benefits (Current + Accrued)[2]						
Management (including executive)	$ 252,649	$ 252,649	$ 256,012	$ 260,564	$ 187,648	$ 232,278
Non-Management (union and non-union)	$ 375,383	$ 375,383	$ 417,326	$ 433,000	$ 385,257	$ 414,958
Total	$ 628,032	$ 628,032	$ 673,338	$ 693,564	$ 572,905	$ 647,236
Total Compensation (Salary, Wages, & Benefits)						
Management (including executive)	$ 1,515,895	$ 1,620,272	$ 1,561,418	$ 1,550,271	$ 1,450,218	$ 1,508,701
Non-Management (union and non-union)	$ 2,252,297	$ 2,267,823	$ 2,526,574	$ 2,695,387	$ 2,978,888	$ 2,707,119
Total	$ 3,768,192	$ 3,888,095	$ 4,087,993	$ 4,245,658	$ 4,429,106	$ 4,215,820

c) The reason for the difference between the statement "InnPower Corporation has 38 full-time employees and three part-time employees" and the 44 FTE's noted is that we neglected to include the contract employees in the original statement.

4.0-VECC-31

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

a) Please provide a list of the incremental positons 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

InnPower Corporation Response:

a) The following chart identifies the incremental positions from 2013 and the 2017 FTE's.

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Table 4:16: – OEB Appendix 2-K Employee Compensation

Appendix 2-K
Employee Costs

	Last Rebasing Year - 2013-Board Approved	Last Rebasing Year - 2013-Actual	2014 Actuals	2015 Actuals	2016 Bridge Year	2017 Test Year
Number of Employees (FTEs including Part-Time)[1]						
Management (including executive)	11	11	11	10	10	10
Non-Management (union and non-union)	28	28	27	34	34	34
Total	39	39	38	44	44	44
Total Salary and Wages including ovetime and incentive pay						
Management (including executive)	$ 1,263,246	$ 1,263,246	$ 1,280,059	$ 1,302,820	$ 1,161,540	$ 1,315,900
Non-Management (union and non-union)	$ 1,876,914	$ 1,876,914	$ 2,086,628	$ 2,165,000	$ 2,301,581	$ 2,363,053
Total	$ 3,140,160	$ 3,140,160	$ 3,366,687	$ 3,467,820	$ 3,463,121	$ 3,678,953
Total Benefits (Current + Accrued) [2]						
Management (including executive)	$ 252,649	$ 252,649	$ 256,012	$ 260,564	$ 225,513	$ 232,278
Non-Management (union and non-union)	$ 375,383	$ 375,383	$ 417,326	$ 433,000	$ 402,872	$ 414,958
Total	$ 628,032	$ 628,032	$ 673,337	$ 693,564	$ 628,385	$ 647,236
Total Compensation (Salary, Wages, & Benefits)						
Management (including executive)	$ 1,515,895	$ 1,515,895	$ 1,536,071	$ 1,563,384	$ 1,387,053	$ 1,548,178
Non-Management (union and non-union)	$ 2,252,297	$ 2,252,297	$ 2,503,954	$ 2,598,000	$ 2,704,453	$ 2,778,011
Total	$ 3,768,192	$ 3,768,192	$ 4,040,024	$ 4,161,384	$ 4,091,506	$ 4,326,189

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UNDERTAKING JT1.17

Undertaking:

TO EXPLAIN THE DISCREPANCIES BETWEEN APPENDIX 2H OF 1.0 STAFF 13, PAGE 28 AND FILED IN EXHIBIT 3 OF THE AUGUST 14TH, 2017 INTERROGATORY RESPONSES, PAGE 139; AND BETWEEN THE VERSION OF APPENDIX 2K OF FILED AUGUST 4TH AS PART OF INTERROGATORY 4.0 STAFF 49, PAGE 158; IN INTERROGATORY 4 STAFF 34, PAGE 183; INTERROGATORY 4.0 STAFF 53, PAGE 174; AND INTERROGATORY 4.0 VECC 30, PAGE 204.

Reference: Transcript dated September 12, 2017 page 130, line 17 to page 133 line 3.

Response:

InnPower has reviewed this undertaking and the associated transcript to provide a clear response. It is InnPower view that the concern is around Appendix 2-H Other Revenues and Appendix 2-K Employee Compensation.

Appendix 2-H Other Revenues

This Appendix is contained in the IRR document in response to,

1.0 Staff-13 page 28, and Section 2.3.3 Other Revenue Table 3.42 page 139,

Appendix 2-H presented on page 28 is the most up to date version and is reflected in the Chapter 2 Appendixes uploaded on August 2, 2017 and presented below.

Appendix 2-H
Other Operating Revenue

USoA #	USoA Description	2013 Actual	2014 Actual	2015 Actual[2]	Actual Year[2]	Bridge Year[2]	Test Year
		2013	2014	2015	2015	2016	2017
	Reporting Basis	CGAAP	CGAAP	CGAAP	MIFRS	MIFRS	MIFRS
4210	Rent from Electric Property	-$ 153,289	-$ 169,620	-$ 161,207	-$ 162,034	-$ 162,034	-$ 162,034
4225	Late Payment Charges	-$ 73,904	-$ 84,703	-$ 96,925	-$ 96,925	-$ 111,252	-$ 111,252
4235	Specific Service Charges	-$ 116,157	-$ 139,676	-$ 156,170	-$ 156,170	-$ 159,223	-$ 170,000
4245	Deferred Revenues - Contributions	$ -	$ -	$ -	-$ 313,330	-$ 376,051	-$ 522,116
4355	Gain on Dispositions	$ -	-$ 4,450	-$ 440,397	-$ 440,397	$ 8,791	$ 183,094
4375	Revenues from Non Utility Operations	-$ 682,460	-$ 801,855	-$ 775,120	-$ 775,120	-$ 1,354,978	-$ 1,087,311
4380	Expenses of Non Utility Operations	$ 627,785	$ 718,395	$ 689,823	$ 689,823	$ 1,250,847	$ 983,861
4390	Misc Non Operating Expense	-$ 11,015	-$ 10,882	-$ 30,116	-$ 30,116	-$ 57,992	-$ 60,000
4405	Interest and Dividend Income	-$ 26,558	-$ 39,974	-$ 27,918	-$ 27,918	-$ 29,388	-$ 30,000
	Total	-$ 435,598	-$ 532,765	-$ 998,029	-$ 1,312,186	-$ 991,280	-$ 975,758
Specific Service Charges		-$ 116,157	-$ 139,676	-$ 156,170	-$ 156,170	-$ 159,223	-$ 170,000
Late Payment Charges		-$ 73,904	-$ 84,703	-$ 96,925	-$ 96,925	-$ 111,252	-$ 111,252
Other Operating Revenues (4210 & 4245)		-$ 153,289	-$ 169,620	-$ 161,207	-$ 475,364	-$ 538,084	-$ 684,150
Other Income or Deductions (4355, 4375,4380, 4390, 4405)		-$ 92,248	-$ 138,766	-$ 583,728	-$ 583,728	-$ 182,721	-$ 10,356
Total		-$ 435,598	-$ 532,765	-$ 998,029	-$ 1,312,186	-$ 991,280	-$ 975,758

Table 3.42 on page 139 reflects a version that was submitted the May version of the application and did not reflect the 2017 correction to late payment charges from $75,000

To $111,252 or the changes in 4210 for pole attachments from $326,649 to $162,034. The entire Exhibit 3 was re-submitted with the IR responses and this error was not caught.

Appendix 2-K

This Appendix is contained in the IRR document in response to,

4.0-Staff-49 page 158, 4.0 Staff-53 page 174, 4.0-SEC-34 page 183 and 4.0 VECC-30 page 204,

Appendix 2-K presented on page 158, and 183 is the most up to date version and is reflected in the Chapter 2 Appendixes uploaded on August 2, 2017 and presented below.

Appendix 2-K
Employee Costs

	Last Rebasing Year - 2013- Board Approved	Last Rebasing Year - 2013- Actual	2014 Actuals	2015 Actuals	2016 Bridge Year	2017 Test Year
Number of Employees (FTEs including Part-Time)[1]						
Management (including executive)	11	11	11	10	10	10
Non-Management (union and non-union)	28	28	27	34	34	34
Total	39	39	38	44	44	44
Total Salary and Wages including ovetime and incentive pay						
Management (including executive)	$ 1,263,246	$ 1,367,623	$ 1,305,406	$ 1,289,707	$ 1,188,414	$ 1,140,261
Non-Management (union and non-union)	$ 1,876,914	$ 1,892,440	$ 2,109,248	$ 2,262,387	$ 2,514,913	$ 2,282,760
Total	$ 3,140,160	$ 3,260,063	$ 3,414,655	$ 3,552,094	$ 3,703,327	$ 3,423,021
Total Benefits (Current + Accrued) [2]						
Management (including executive)	$ 252,649	$ 252,649	$ 256,012	$ 260,564	$ 187,648	$ 232,278
Non-Management (union and non-union)	$ 375,383	$ 375,383	$ 417,326	$ 433,000	$ 385,257	$ 414,958
Total	$ 628,032	$ 628,032	$ 673,338	$ 693,564	$ 572,905	$ 647,236
Total Compensation (Salary, Wages, & Benefits)						
Management (including executive)	$ 1,515,895	$ 1,620,272	$ 1,561,418	$ 1,550,271	$ 1,376,062	$ 1,372,539
Non-Management (union and non-union)	$ 2,252,297	$ 2,267,823	$ 2,526,574	$ 2,695,387	$ 2,900,170	$ 2,697,718
Total	$ 3,768,192	$ 3,888,095	$ 4,087,993	$ 4,245,658	$ 4,276,232	$ 4,070,257

The Appendix 2-K tables reflected on page 174 and 204 reflect a version which was corrected after the table was pasted into the document for 4.0 Staff-53 and 4.0 VECC-30 due to timing as to when the IR's were answered.

Witness: Jennifer Cowles

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TAB 2

2.4.3.1 Workforce Planning and Employee Compensation

Human Resource Workforce Plans

InnPower Corporation's previous 5 year Human Resource Workforce Plan (EB-2012-0139) identified the addition of 5 FTE. Table 4-12: outlines the positions and proposed hiring year.

Table 4-12: EB-2012-0139 Human Resource Plan

EB-2012-0139 Human Resource Plan				
Position	**2013**	**2014**	**2015**	**2016**
Finacial Analyst	1			
Regualtory Suport PT	0.5			
Administrative Support PT	0.5			
CSR	1			
Business Analyst				1
SCADA/Meter Tech.				1
Dispatcher			1	
Total	3		1	2

InnPower Corporation has not fulfilled the EB-2012-0139 Human Resources Plan for resources identified beyond 2013.
This was a conscious decision on behalf of InnPower Corporation, as referenced in the Section 2.1.2 Executive Summary in Exhibit 1, InnPower Corporation has been operating under the following guiding principles:

1. Where feasible, minimize impacts on existing customers
2. Growth will pay for Growth as per the Economic Evaluation
3. Resources will be added when customer growth, demand and/or market changes dictate
4. Maintain InnPower Corporation's Performance ranking

In preparation of InnPower Corporation's 2016 5 Year Business Plan the following Human Resources Plan was outlined for EB-2016-0085.

Table 4-13: EB-2016-0085

EB-2016-0086 Human Resource Plan					
Position	**2017**	**2018**	**2019**	**2020**	**2021**
Administrative Support fT	0.5				
Regualtory Suport FT	0.5				
Eng Technologist	1				
Executive Assistant	1				
Accounting Clerk	1				
Network Admininistrator	1				
Locators	2				
Purchaser		1			
CSR		1			
Metering/IT Manager		1			
Meter Technician		1			
Sub Foreman		1			
Line Crew		2			
Eng & Ops Assistant		1			
Inspector		1			
HR/Admin Assist			1		
Total	**7**	**9**	**1**	**0**	**0**

Prior to hiring additional resources that have been identified in the EB-2012-0139 and EB-2016-0085 Human Resource Plans, InnPower Corporation will closely monitor performance indices throughout the IRM timeframe to ensure that targets are maintained. Continued process improvements/efficiencies (as documented in Exhibit 1 Section 2.1.10 InnPower Corporation Operational Efficiencies) and expansion of shared service opportunities throughout the IRM timeframe will be prioritized to mitigate additional FTE requirements.

Employee Complement

As explained in the description of the Corporate Organization at Exhibit 1, InnPower Corporation has 38 full-time employees and three part-time employees.

Compensation - Union

Compensation for unionized employees is negotiated through the collective bargaining process. When negotiating wage levels, consideration is given to the skill sets required to work within our distribution system, as well as the competitive wage levels of its geographic market.

NB: pages 167 - 169 removed) from response

4.0-Staff-50

Ref: Exhibit 4, pgs 5, 8, 9, 15, 41, 42

OEB staff has noted certain discrepancies in the InnPower evidence related to FTEs. Please see Table A and Table B, below:

Table A - EB-2016-0085: 2017 CoS Human Resources Plan

			2013 OEB Approved	2013 Actual	2014 Actual	2015 Actual	2016 Bridge	2017 Test	2018 Forecast	2019 Forecast	2020 Forecast	2021 Forecast
Ex 4, page 15, Table 4-3: Recoverable OM&A per Customer and Per FTE	Total FTE	A	39	39	38	44	44	44				
Ex 4, page 42, Table 4-13: EB-2016-0085	Proposed Incremental FTE (Forecast)	B						7	9	1	0	0
Total Actual and Proposed FTE		**A + B**	**39**	**39**	**38**	**44**	**44**	**51**	**60**	**61**	**61**	**61**
However, Ex 4, page 5, states "InnPower Corporation is not requesting any additional FTE headcount costs for this application nor did it fully acquire planned FTE from our last rebasing application"	Proposed Incremental FTE (Forecast)	C						0	0	0	0	0
Potential overstatement of proposed FTEs 2017 CoS - Ex 4, page 42 versus page 5		B - C						**7**	**9**	**1**	**0**	**0**
Cumulative Potential Overstatement of proposed FTEs - 2017 CoS								**7**	**16**	**17**	**17**	**17**

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	2016	Forecast 2017	Amended 2017	Vacant Positions & Start of Vacancy	Target Fill Date
President & CEO	1	1	1		
Executive Assistant	0	1	0		
HR Manager	1	1	1		
HR/Admin. Assistant	0.5	1	1		
CFO	1	1	1		
Accounting Manager	1	1	1		
Accounting Clerk	2	3	2		
Financial Analyst	1	1	1		
Business Analyst	1	1	1		
P/T Finance Support	0.5	0	0.5		
Regulatory/Cons. Mgr	1	1	1		
Regulatory Assistant	0.5	1	1		
VP, Corp Services	1	1	1		
Metering/IT Manager	0	0	0		
Meter Technician	1	1	1		
Network Administrator	1	2	1		
IS Analyst	1	1	1		
Customer Service Mgr	1	1	1	Vacant since April 13/17	July 2017
Customer Accounts Rep.	2.5	2.5	2.5		
Customer Service Rep.	6	6	6		
VP, Eng. & Opers.	1	1	1		
Eng. & Ops. Assistant	1	1	1		
Engineering Manager	1	1	1		
Smart Grid	1	1	1	Vacant since March 30/17	Fourth Quarter 2017
Engineering Supervisor	0	0	0		
Engineering Technologist	1	2	1		
Engineering Technician	2	2	2		
GIS Technician	1	1	1		
Inspector	0	1	0		
Dispatcher	0	1	0		
Locator	0	2	0		
Operations Manager	1	1	1	Vacant since August 12/16	Fourth Quarter 2017
Operations Supervisor	0	0	1		
Sub Foreman	1	1	1		
Line Crew	4	4	4		
Stockkeeper	2	2	2		
Purchaser	0	0	0		
Contract Project Mgr.	1	0	1		
Co-op Student	0	1	1		
Total	**41**	**49.5**	**44**		

4.0-Staff-51

Ref: Chapter 2 Appendices, Appendix 2-K

Appendix 2-K provides InnPower's employee costs.

a) Please describe the applicant's compensation strategy.

b) Please explain how this strategy has resulted in a 15% increase in management compensation per FTE since 2013 actual, while the corresponding increase for non-management compensation is 4%.

InnPower Corporation Response:

a) InnPower Corporation's compensation strategy consists of annual salaries that were a result of a comprehensive review and evaluation of all management positions in 2010. As positions change, and as new positions are created, subsequent evaluations are performed to comply with Pay Equity legislation. Also forming part of the strategy is a comprehensive benefits package and vacation entitlement. For management positions, a management incentive program was

InnPower Corporation Response:

a) The following table reflects the amount of direct labour capitalized by year:

2013	2014	2015	2016	2017 Forecasted
$ 558,509	$ 589,250	$ 572,333	$ 646,780	$ 818,471

b)

APPENDIX 2-K

Appendix 2-K
Employee Costs

	Last Rebasing Year - 2013- Board Approved	Last Rebasing Year - 2013- Actual	2014 Actuals	2015 Actuals	2016 Bridge Year	2017 Test Year
Number of Employees (FTEs including Part-Time)[1]						
Management (including executive)	11	11	11	10	10	10
Non-Management (union and non-union)	28	28	27	34	34	34
Total	39	39	38	44	44	44
Total Salary and Wages including ovetime and incentive pay						
Management (including executive)	$ 1,263,246	$ 1,367,623	$ 1,305,406	$ 1,289,707	$ 1,262,570	$ 1,276,423
Non-Management (union and non-union)	$ 1,876,914	$ 1,892,440	$ 2,109,248	$ 2,262,387	$ 2,593,631	$ 2,292,161
Total	$ 3,140,160	$ 3,260,063	$ 3,414,655	$ 3,552,094	$ 3,856,201	$ 3,568,584
Total Benefits (Current + Accrued)[2]						
Management (including executive)	$ 252,649	$ 252,649	$ 256,012	$ 260,564	$ 187,648	$ 232,278
Non-Management (union and non-union)	$ 375,383	$ 375,383	$ 417,326	$ 433,000	$ 385,257	$ 414,958
Total	$ 628,032	$ 628,032	$ 673,338	$ 693,564	$ 572,905	$ 647,236
Total Compensation (Salary, Wages, & Benefits)						
Management (including executive)	$ 1,515,895	$ 1,620,272	$ 1,561,418	$ 1,550,271	$ 1,450,218	$ 1,508,701
Non-Management (union and non-union)	$ 2,252,297	$ 2,267,823	$ 2,526,574	$ 2,695,387	$ 2,978,888	$ 2,707,119
Total	$ 3,768,192	$ 3,888,095	$ 4,087,993	$ 4,245,658	$ 4,429,106	$ 4,215,820

c) The reason for the difference between the statement "InnPower Corporation has 38 full-time employees and three part-time employees" and the 44 FTE's noted is that we neglected to include the contract employees in the original statement.

4.0-VECC-31

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

a) Please provide a list of the incremental positons 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

InnPower Corporation Response:

a) The following chart identifies the incremental positions from 2013 and the 2017 FTE's.

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2013 Positions	
Management	
President & CEO	1
HR Manager	1
VP, Corporate Serivces	1
VP, Engineering & Operations	1
CFO	1
Customer Service Manager	1
Accounting Manager	1
Regulatory/CDM Manager	1
Engineering Manager	1
Operations Manager	1
Metering/IT Manager	1
Total Positions	**11**
Non-Management (Union & Non-Union)	
HR Assistant	1
Customer Service Reps.	7
Meter Technician	1
Network Administrator	1
Engineering Technologist	1
Engineering Technician	2
Engineering & Ops. Assistant	1
Purchaser/Stockkeeper	2
Line Crew	4
Sub Foreman	1
Auto/Cad Technician	1
Smart Grid Engineer	1
Accounting Clerks	2
Financial Analyst	1
CDM Rep.	1
Customer Accounts Rep.	1
Total Positions	**28**

2017 Positions	
Management	
President & CEO	1
HR Manager	1
VP, Corporate Serivces	1
VP, Engineering & Operations	1
CFO	1
Cust. Relations & Engage Mgr	1
Accounting Manager	1
Regulatory/CDM Manager	1
Engineering Manager	1
Operations Manager	1
Total Positions	**10**
Non-Management (Union & Non-Union)	
HR Assistant	1
Customer Service Reps.	6
Meter Technician	1
Network Administrator	1
IS Analyst	1
Engineering Technologist	1
Engineering Technician	2
Engineering & Ops. Assistant	1
Purchaser/Stockkeeper	2
Line Crew	4
Sub Foreman	1
Auto/Cad Technician	1
Operations Engineer	1
Accounting Clerks	2
Financial Analyst	3
CDM Rep.	2
Customer Accounts Rep.	3
Project Manager	1
Total Positions	**34**

a) As noted in Exhibit 4 - Overview of Cost Drivers, there were no new positions created to backfill pending retirements. Replacement staff were hired one to two months in advance for training purposes only.

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TAB 3

Building Expenses - 7251 Yonge Street vs. 2073 Commerce Park Drive						
	New Building Expense					
	2016	2015	2016 Expense @13.47%	2015 Expense @13.47%	2016 Reductions Amount Charged to Exp	2015 Reductions Amount Charged to Expense
Property Taxes	101,489.21	86,203.70	13,668.83	11,610.13	9,568.18	8,127.09
Insurance	55,208.16	43,942.58	7,435.58	5,918.30	5,204.90	4,142.81
Hydro/Water/Sewer	55,577.75	44,704.58	7,485.35	6,020.93	5,239.75	4,214.65
Gas	9,914.03	12,560.68	1,335.25	1,691.70	934.67	1,184.19
Security	1,044.00	1,044.00	140.61	140.61	98.43	98.43
Janitorial	22,500.00	25,477.94	3,030.36	3,431.43	2,121.25	2,402.00
Snow Plowing	10,499.72	9,609.42	1,414.13	1,294.22	989.89	905.95
Grass Cutting	420.00	420.00	56.57	56.57	39.60	39.60
Phone/Internet	32,124.91	25,706.25				
Miscellaneous	21,801.22	2,658.94	2,936.24	358.11	2,055.37	250.68
	$ 310,578.99	$ 252,328.09	$ 37,502.91	$ 30,522.01	$ 26,252.03	$ 21,365.41
Total Building SQ FT	**41,802**					
Leasing Area SQ FT	**5,630**					
% of leasing area	**13.47%**					
Total Exp per Sq Ft	**$ 6.04**	@ 2015 expense				
Notes:						
1 All expenses exclude tax, except for hydro expenses						
2 Insurance is property only.						
3 Old building heated by electric, new building gas.						
4 Old building was on septic, new building has sewer included in new rates.						
5 400 Business Association security was not available for new building. (in misc line)						
6 When building expenses are allocated to clearing, that amount is removed from the above tables.						

4.0-Staff-49

Ref: (1) Appendix 2-K, Employee Costs
(2) Exhibit 1, pgs 58-80
(3) Appendix 2-JC_OMA Programs

This interrogatory addresses the Renewed Regulatory Framework for Electricity Distributors: A Performance-Based Approach (RRFE).

As per Reference 1, InnPower has proposed material (13%) increases in headcount and a 15% increase in total employee compensation (salary, wages, and benefits) for the 2017 Test Year relative to the 2013 levels.

Reference 2 provides general information regarding the four performance outcomes under the RRFE that the OEB expects distributors to achieve: (1) customer focus, (2) operational effectiveness, (3) public policy responsiveness, and (4) financial performance. However, it is not clear how the proposed increases in headcount and employee compensation will help achieve these four outcomes.

As per Reference 3, InnPower has proposed material increases (23%) in OM&A Programs for the 2017 Test Year relative to the 2013 OEB Approved levels.

a) **Please resubmit Exhibit 4 OM&A to reflect the 3% reduction in test year OM&A levels by program, describing cost drivers, significant changes, trends, and business environment changes. Please explain how the proposed increases in headcount, compensation, and all OM&A programs are necessary (Reference 1 and Reference 3), if InnPower is to achieve the program outcomes (Reference 2) that it has targeted in the capital and operating expenditure sections of its application. OEB staff also notes the amounts noted in Reference 1 will need to be updated to reflect the proposed 3% reduction in OM&A, as requested in IR 4-Staff-5 below (Chapter 2 Appendices OM&A).**

InnPower Corporation Response:

a) InnPower has updated Appendix 2-K Employee Costs, Appendix 2-JC OMA Programs and Appendix 2-JB to clarify the IR Staff- 49 questions. Appendix 2-L has also been updated to reflect the trends.

Appendix 2-K
Employee Costs

	Last Rebasing Year - 2013-Board Approved	Last Rebasing Year - 2013-Actual	2014 Actuals	2015 Actuals	2016 Bridge Year	2017 Test Year
Number of Employees (FTEs including Part-Time)[1]						
Management (including executive)	11	11	11	10	10	10
Non-Management (union and non-union)	28	28	27	34	34	34
Total	39	39	38	44	44	44
Total Salary and Wages including ovetime and incentive pay						
Management (including executive)	$ 1,263,246	$ 1,367,623	$ 1,305,406	$ 1,289,707	$ 1,188,414	$ 1,140,261
Non-Management (union and non-union)	$ 1,876,914	$ 1,892,440	$ 2,109,248	$ 2,262,387	$ 2,514,913	$ 2,282,760
Total	$ 3,140,160	$ 3,260,063	$ 3,414,655	$ 3,552,094	$ 3,703,327	$ 3,423,021
Total Benefits (Current + Accrued) [2]						
Management (including executive)	$ 252,649	$ 252,649	$ 256,012	$ 260,564	$ 187,648	$ 232,278
Non-Management (union and non-union)	$ 375,383	$ 375,383	$ 417,326	$ 433,000	$ 385,257	$ 414,958
Total	$ 628,032	$ 628,032	$ 673,338	$ 693,564	$ 572,905	$ 647,236
Total Compensation (Salary, Wages, & Benefits)						
Management (including executive)	$ 1,515,895	$ 1,620,272	$ 1,561,418	$ 1,550,271	$ 1,376,062	$ 1,372,539
Non-Management (union and non-union)	$ 2,252,297	$ 2,267,823	$ 2,526,574	$ 2,695,387	$ 2,900,170	$ 2,697,718
Total	$ 3,768,192	$ 3,888,095	$ 4,087,993	$ 4,245,658	$ 4,276,232	$ 4,070,257

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Appendix 2 JC - OM&A Programs (reflecting 2016 Actuals and 3% reduction)

Appendix 2-JC
OM&A Programs Table

Programs	Last Rebasing Year (2013 Board-Approved)	Last Rebasing Year (2013 Actuals)	2014 Actuals	2015 Actuals	2016 Bridge Year	2017 Test Year	Variance (Test Year vs. 2015 Actuals)	Variance Test Year to 2016 Actuals	Variance (Test Year vs. Last Rebasing Year (2013 Board-Approved)
Reporting Basis	CGAAP	CGAAP	CGAAP	MIFRS	MIFRS	MIFRS			
Operations									
1) Distribution Station	54,624	65,902	60,220	63,521	66,663	66,760	3,239	97	12,137
2) Overhead Distribution Operations	101,453	123,146	125,841	156,658	145,183	169,591	12,933	24,408	68,138
3) Underground Distribution Operations	71,932	107,020	121,324	118,116	111,574	136,637	18,521	25,063	64,704
4) Distribution Meters	215,732	186,719	215,366	241,353	239,835	262,730	21,378	22,896	46,998
5) Customer Workorders	42,222	139,974	155,948	156,993	141,486	173,206	16,213	31,720	130,984
6) Engineering/Systems Ops/Line Constru/SCADA/Ops Admin	748,268	701,238	664,279	684,928	647,351	722,204	37,276	74,853	-26,063
Sub-Total	1,234,230	1,323,999	1,342,978	1,421,569	1,352,091	1,531,128	109,559	179,037	296,898
Maintenance									
1) Overhead Distribution Lines/Feeders	379,731	326,707	275,315	281,961	545,783	410,167	128,206	-135,616	30,436
2) Underground Distribution Lines/Feeders	73,103	74,486	142,880	105,037	146,802	136,079	31,042	-10,723	62,976
3) Distribution Meters	34,732	27,299	23,803	23,319	23,216	27,888	4,569	4,672	-6,844
4) Distribution Transformers	18,595	34,660	29,480	17,208	15,441	73,628	56,420	58,187	55,033
							0		0
Sub-Total	506,161	463,151	471,477	427,525	731,242	647,761	220,236	-83,481	141,600
Community Relations									
1) Community Relations	8,586	5,419	5,663	8,066	14,699	11,640	3,574	-3,059	3,054
							0		0
Sub-Total	8,586	5,419	5,663	8,066	14,699	11,640	3,574	-3,059	3,054
Customer Service									0
1) Bad Debts	60,017	86,391	119,440	59,455	85,973	77,600	18,145	-8,373	17,583
2) Customer Service & Billings	610,762	613,080	690,010	691,348	608,683	702,939	11,591	94,256	92,176
3) Customer Collections	327,173	355,468	360,085	345,313	356,417	368,742	23,429	12,325	41,568
							0	0	0
Sub-Total	997,953	1,054,939	1,169,535	1,096,116	1,051,073	1,149,280	53,164	98,208	151,327
Administration									0
1) Information Systems	193,625	242,079	233,742	282,148	319,264	335,309	53,161	16,045	141,683
2) Insurance	82,174	94,194	95,797	93,838	110,826	106,700	12,862	-4,126	24,526
3) Audit, Legal and Consulting	132,208	123,227	131,529	199,342	129,454	175,667	-23,675	46,213	43,459
4) Building and Office Supplies	239,681	166,531	221,715	349,377	309,304	322,574	-26,803	13,270	82,893
5) Management, Administrative, Finance, Regulatory and IT	1,382,509	1,344,476	1,469,885	1,603,271	1,479,095	1,613,297	10,026	134,202	230,788
6) Regulatory Affairs (assessment & application costs)	113,064	177,188	82,330	120,339	191,767	97,000	-23,339	-94,767	-16,064
							0	0	0
Sub-Total	2,143,263	2,147,695	2,234,998	2,648,314	2,539,709	2,650,546	2,232	110,837	507,284
Miscellaneous				-44,000			44,000	0	0
Total	**4,890,192**	**4,995,203**	**5,224,651**	**5,557,591**	**5,688,814**	**5,990,356**	**432,765**	**301,542**	**1,100,164**

PROGRAM DELIVERY COSTS WITH VARIANCE ANALYSIS

Consistent with the outcomes-based approach as prescribed in the *Report of the Board, Renewed Regulatory Framework for Electricity Distributors: A Performance-Based Approach* (the "RRFE"), InnPower Corporation has summarized its OM&A costs on a Cost Centre/program basis.

In accordance with the Filing Requirements last revised on July 14, 2016, InnPower Corporation is presenting a variance analysis between the 2017 Test Year costs, the last Board approved costs and 2015 Actuals.

Materiality Threshold

For the purpose of the program variance analysis, InnPower Corporation is utilizing the amount of $60,000.

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This materiality threshold is 0.5% of InnPower Corporation's requested Service Revenue Requirement of $12,015,057.

2013 Board Approved Last Rebasing Year vs 2017 Test Year

Review of Appendix 2-JC OM&A Program Table (Table 4-5: Appendix 2-JC) identified the following variances for Operations Programs over the materiality threshold. The following narrative addresses each of the variances identified.

Table 4-6: Operations Program Variances 2013 Board Approved to 2017 Test Year

Operations	2013 Board Approved	2017 Test Year	Variance
Overhead Distribution Operations	$ 101,453	$ 169,591	$ 68,138
Underground Distribution Operations	$ 71,932	$ 136,637	$ 64,705
Customer Workorders	$ 42,222	$ 173,206	$ 130,984

Overhead Distribution Operations

The Overhead Distribution Operations program ended with a variance of $68,138 over the 2013 Board Approved amount of $101,453. The key contributor is on call duties, which is always offered to internal staff first versus contractor staff due to their knowledge of InnPower Corporation's distribution system.

Underground Distribution Operations

The Underground Distribution Operations program ended with a variance of $64,705 over the Board Approved amount of $71,932. The key contributor is the impact of the ON1CALL legislation for locates dealing with increased volumes and subcontracted labour to comply with the regulation. The costs in this OM&A program are for locates mainly dealing with primary express feeder cables and underground bus systems.

Customer Work Orders

The Customer Work Orders program ended with a variance of $130,984 over the 2013 Board Approved amount of $42,222. The key contributor is the impact of the ON1CALL legislation for locates dealing with increased volumes and subcontracted labour to comply with the regulation. The 5070 account is overspent on internal staff locates and administrative preparation for one call, Bill 8 legislation. The 5075 account is predominately made up of subcontracted labor which was used to meet the heavy volume of locates and comply with the regulation. The program also contains the internal staff vehicle costs to do both customer premises and primary feeder express locates. Both the 5070 and 5075 accounts are for locates mainly dealing with customer premises secondary cables.

Table 4-7: Maintenance Program Variances 2013 Board Approved to 2017 Test Year

Maintenance	2013 Board Approved	2017 Test Year	Variance
Underground Distribution Lines/Feeders	$ 73,103	$ 136,079	$ 62,976

Underground Distribution Lines/Feeders

The Maintenance of Underground and Distribution Lines/Feeders program ended with a variance of $62,976 over the Board Approved amount of $73,103. Contributors to this program variance are as a result *of increased secondary cable faults caused by a deep frost year in 2014. The deep frost caused complexities in the cable fault repairs. The cold weather also caused unanticipated cable failures and preventative maintenance.*

Table 4-8: Customer Service Program Variances 2013 Board Approved to 2017 Test Year

Customer Service	2013 Board Approved	2017 Test Year	Variance
Customer Service & Billing	$ 610,762	$ 702,939	$ 92,177

The Customer Service and Billing program ended with a variance of $92,177 over the Board Approved amount of $610,762. The main contributor to this variance is the addition of an additional CAR (Customer Account Representative) in 2014 to manage customer growth and account management.

Table 4-9: Administration Program Variances 2013 Board Approved to 2017 Test Year

Administration	2013 Board Approved	2017 Test Year	Variance
Information Systems	$ 193,625	$ 335,309	$ 141,684
Building and Office Supplies	$ 239,681	$ 322,574	$ 82,893
Management/Admin/Finance/Reg/IT	$ 1,382,509	$ 1,613,297	$ 230,788

Information Systems

The Information Systems program ended with a variance of $141,684 over the Board Approved amount of $193,625. The increase in this program is reflective of the new systems implemented in association with InnPower Corporations new Corporate Headquarters (security, IVR, phone system), IT requirements for staff complement (workstations. licensing, etc.), and software maintenance/upgrades.

Building and Office Supplies

The Building and Office Supplies program ended with a variance of $82,893 over the Board Approved amount of $239,681. The increase in this program is directly related to costs associated with InnPower Corporation's new Corporate Headquarters. The key driver is an increase of property tax from $24,132 in 2013 to $122,501 in 2017.

Management/Admin/Finance/Regulatory/IT

The Management/Admin/Finance/Regulatory/IT program ended with a variance of $230,788 over the Board Approved amount of $1,382,509. The increase in this program is reflective of new hires brought on throughout 2013 (1 Financial Analyst, 1/2 Regulatory Support, 1/2 Administrative Support) and the remaining full year impacts to 2017.

2017 Test Year vs 2015 Actuals

Review of Appendix 2-JC OM&A Program Table (Table 4-5: Appendix 2-JC) identified the following variances for the Operations and Maintenance Programs over the materiality threshold when comparing the 2017 Test Year to 2015 Actuals.

Table 4-11: Maintenance Program Variances 2015 Actuals to 2017 Test Year

Maintenance	2015 Actuals	2017 Test Year	Variance
Overhead Distribution Lines/Feeders	$ 281,961	$ 410,167	$ 128,206

Overhead Distribution Lines/Feeders

The Overhead Distribution Lines/Feeder program ended with a variance of $128,206 over the 2015 Actuals. The increase is attributed to allow for work that had been scheduled in the historical years but postpone due to budget restraints. Planned work includes;

- Overhauling and repairing line cut outs, line switches, line breakers, and capacitor installations.
- Cleaning insulators and bushings.
- Refusing line cut outs.
- Repairing line oil reclosers and associated relays and control wiring, repairing grounds.
- Resagging, retying, or rearranging position or spacing of conductors.
- Transferring loads, switching, and reconnecting circuits and equipment for maintenance purposes.

Appendix 2 JB - Cost Drivers (Adjusted for 2016 Actuals and 2017 3% OM&A Reduction)

Appendix 2-JB
Recoverable OM&A Cost Driver Table

OM&A	Notes:	Last Rebasing Year (2013 Actuals)	2014 Actuals	2015 Actuals	2016 Bridge Year	2017 Test Year
Reporting Basis			CGAAP	MIFRS	MIFRS	MIFRS
Opening Balance		$ 4,890,192	$ 4,995,203	$ 5,224,651	$ 5,557,591	$ 5,872,760
Locates/ON1CALL	1	$ 115,997	$ 30,278	-$ 2,352		
Human Resources	2		$ 225,603	$ 93,858	$ 111,457	$ 114,139
New Corporate Headquarters	3			$ 114,988		$ -
One time IFRS Adjustment to Emp Pensions/Benefits	4		$ -	$ 60,050	(60,050)	
Operations Impact	5			$ 25,987		
Maintenance Impacts	6				$ 263,762	$ -
Outside Services Employed	7				$ -	-
Other		-$ 10,986	(26,433)	$ 40,409		$ 3,457
Closing Balance		$ 4,995,203	$ 5,224,651	$ 5,557,591	$ 5,872,760	$ 5,990,356

Locates/ON1CALL

In 2013, Bill 8 legislation for ON1CALL came into effect. The impact of the legislation resulted in higher than normal cable-locate volumes, 2012 – 1,917, 2013 – 3,075 and 2014 – 4,449. In order to address the increased volumes and 5 day completion timeframes, InnPower Corporation found it necessary to look for external contracted assistance. The costs associated with software for locate management, locate completion, internal process changes and reporting are also reflected.

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With InnPower Corporation's current and forecasted growth (due to densification), cable locate volumes are forecasted to increase throughout the 2016 Bridge and 2017 Test Year.

Human Resources

As outlined in Section 2.4.1 Overview, InnPower Corporation experienced higher Human Resource activity than compared to historical years (prior to 2012). Retirements, s762uccession, resignations, maternity leaves and new hires were key components contributing to this driver. In addition to new FTE the following table sets out the additional factors for the Human Resources Cost Drivers for 2013 – 2017 timeframe.

Human Resources	Cost Drivers	2013	2014	2015	2016	2017
	Annual Increase		$ 60,031	$ 62,691	$ 51,285	$ 52,539
	New FTE's	$ 43,000	$ 115,000	$ -	$ -	$ -
	Performance Pay	$ -	$ -	$ -	$ 35,588	$ 36,300
	Benefit Increases		$ 50,572	$ 31,167	$ 24,584	$ 25,301
	Total HR Cost Driver	**$ 43,000**	**$ 225,603**	**$ 93,858**	**$ 111,457**	**$ 114,139**

New Corporate Headquarters

Increase of $114,000 reflects expense associated with the relocation to the new InnPower Corporation Headquarters from the previous service location (2073 Commerce Park Drive, Innisfil), and associated increased expenses (electricity, water, property tax, etc.) associated with maintaining the property. The key driver is an increase of property tax from $24,132 in 2013 to $122,501 in 2017.

Previous to the move all costs were allocated to departments based on the space utilized by the respective department with the 5 buildings on the site. Costs were allocated amongst Account 5340, 5085, and 5620. With one building the costs have now been re-allocated to 5620.

One Time IFRS Adjustment to Employee Pension Benefits

The transition from MIFRS to IFRS required a one-time adjustment to Employee Pension and Benefits of $60,050.

Operations Impacts

Cost Drivers for Operations total $242,474 for the 2013 – 2017 timeframe. The drivers are threefold:

1. *Increased Meter Expense due to customer growth and exchange pricing:*
    - *$25,987 in 2015, and*
    - *$11,892 in 2016, and*
    - *$9,485 in 2017*
2. *Increased Miscellaneous Distribution Expense:*
    - *$23,462 in 2016, and*
    - *$13,231 in 2017*

    InnPower Corporation has invested in advance technology and smart grid capability which includes the implementation of a fully operational SCADA system. The Operations Technology/SCADA team is responsible for the design, installation and support of technology

TAB 4

UNDERTAKING JT1.8

Undertaking:

IN OM&A, WHAT ARE THE INCREMENTAL COSTS AT BEING IN THE NEW BUILDING VS COSTS AT THE OLD BUILDING USING ACTUAL 2014-2016 AND FORECAST 2017 DATA.

Reference: Transcript dated September 12, 2017 page 59, line 9 to page 60, line 21.

Response:

The incremental OM&A costs at being in the new building vs. costs at the old building using actual 2014-2016 data are shown in the table below.

Table JT1.8 Building Expenses – 7251 Yonge Street vs 2073 Commerce Park Drive

Building Expenses - 7251 Yonge Street vs. 2073 Commerce Park Drive

	New Building			Old Building			2017 to 2014 Variance	2016 to 2014 Variance
	2017	2016	2015	2016	2015	2014		
Property Taxes	102,000.00	101,489.21	86,203.70		14,861.93	20,127.75	$ 81,872.25	$ 81,361.46
Insurance	56,000.00	55,208.16	43,942.58			36,678.00	$ 19,322.00	$ 18,530.16
Hydro/Water/Sewer	55,000.00	55,577.75	44,704.58		17,117.87	38,034.25	$ 16,965.75	$ 17,543.50
Gas	10,000.00	9,914.03	12,560.68			-	$ 10,000.00	$ 9,914.03
Security	1,044.00	1,044.00	1,044.00			1,044.50	-$ 0.50	-$ 0.50
Janitorial	22,500.00	22,500.00	25,477.94		813.48	14,100.00	$ 8,400.00	$ 8,400.00
Snow Plowing	11,000.00	10,499.72	9,609.42			13,111.90	-$ 2,111.90	-$ 2,612.18
Grass Cutting	420.00	420.00	420.00			480.00	-$ 60.00	-$ 60.00
Phone/Internet	32,000.00	32,124.91	25,706.25	18,480.00	-	33,042.75	-$ 1,042.75	-$ 917.84
Miscellaneous	22,000.00	21,801.22	2,658.94		2,456.54	16,630.93	$ 5,369.07	$ 5,170.29
	$ 311,964.00	**$ 310,578.99**	**$ 252,328.09**	**$18,480.00**	**$35,249.82**	**$173,250.08**	**$138,713.92**	**$ 137,328.91**

Net Incremental Costs at 7251 Yonge Street Vs 2073 Commerce Park Drive ($) **$138,713.92**

1. $101194.25 or 73% of the incremental cost of the new building for maintenance is directly attributable to the increase in property tax and insurance.
2. Hydro/Water/Sewer have increased due to waste water as 2061 Commerce was on septic
3. The cost per Sq Ft for maintenance expense in the new building is $7.46 for 2017 exxpenses (311,964 /41,800 sq ft)
4. The cost per Sq Ft for the maintenance expense at the old building site was $21.32 (173,250/8,128 sq ft)

Notes:

1 All expenses exclude tax, except for hydro expenses
2 Insurance is property only.
3 Old building heated by electric, new building gas.
4 Old building was on septic, new building has sewer included in new rates.
5 Internet at old building still exists for old building for communication network

Witness: Brenda Pinke

TAB 5

1.0-Staff-13

Ref: Community Meeting Summary
Exhibit 1, pg 15
Chapter 2 Appendices, Appendix 2-H

OEB staff notes that several customers at the community meeting appeared to express concerns with InnPower's disconnection procedures. InnPower has provided a link to its Conditions of Service in Exhibit 1 which does not appear to work.

a) Please provide a copy of InnPower's Conditions of Service or a functioning link.
b) Please describe InnPower's procedures in the event of late payment, including timing between the different steps and penalties applied.
c) Please indicate the number of times that InnPower has taken action in the event of late payment in each of 2014, 2015 and 2016. Please also include the number of disconnections over the period.
d) Please explain the factors that resulted in an increase in late payment revenues of 29% between 2014 and 2016.
e) Please explain the decrease of 28% in late payment revenues between 2016 and 2017, especially given the increase in customer numbers.
f) Please provide 2016 actual late payment revenues.

InnPower Corporation Response:

a) InnPower's conditions of service can be found http://www.innpower.ca/service.php?id=10.

b) InnPower bills monthly. InnPower allows 16 days after the date of the bill issued as a due date. Four (4) days after the due date, InnPower makes an automated reminder call to customers to remind them that at that time their account is past due and outstanding. The verbiage is as follows "This is an important reminder from InnPower Corporation. According to our records, your account has an unpaid balance of [overdue amount]. If you have paid this amount recently, or made payment arrangements, please disregard this reminder and accept our thanks. If you would like to make payment arrangements, or to enroll in the Ontario Energy Board's prescribed Arrears Management Program, or to advise of a payment made, please call 705-431-4321".

Ten (10) days after the due date, InnPower compiles a list of outstanding accounts where the outstanding balance is greater than $100.00 and no payment arrangements are made. These customers receive a hand delivered disconnection notice. A charge of 15.00 plus HST as per InnPower's Tariff "Collection of Account Charges" is applied to applicable customer accounts for the delivery of this notice. At a minimum of 48 hours an attempt to contact the customer is made prior to sending the disconnection order. If there is no contact or arrangements made, a service order for disconnection is issued. This is done within the allowed window for disconnection per the DSC. If the service is not disconnected within the allowed window, the process starts over to collect arrears. If an account is disconnected for non-payment and subsequently reconnected, the associated reconnection fee is applied to the customer's account at InnPower's approved rates for reconnection.

c) The following table identifies the number of disconnection notices and disconnections for 2014, 2015, and 2016.

ONTARIO ENERGY BOARD

FILE NO.: **EB-2016-0085** **InnPower Corporation**

VOLUME: **Technical Conference**

DATE: **September 12, 2017**

Thank you very much.

MR. VELLONE: Thanks. The witnesses are open for questioning.

MS. DJURDJEVIC: Mr. Garner, I believe you're up.

QUESTIONS BY MR. GARNER:

MR. GARNER: Thank you, and thank you for that statement.

The way I do my follow-ups is I put notes into your interrogatory responses, so it's a little bit -- a little bit difficult as I go through it. So it's with apologies as I get through these if I have to stumble in a few place to understand my note into your interrogatories.

But the first one I want to talk about is 1 Staff 13. And the reason I want to talk about 1 Staff 13, while it's being pulled up, is this is a response about disconnection. In the second paragraph of (b) in that response -- I believe it is the second paragraph. No, it's the first paragraph of (b). You talk about when someone gets disconnected and, first of all, I just want to see if I understand this correctly.

It says:

> "InnPower allows 16 days after the date of bill issued as a due date. Four (4) days after that, the customer gets an automated call if they haven't paid."

What I understood from this, and I'm trying to look through it, but I understood from this -- maybe you can help me with this. How many days after non payment does a customer get a disconnect notice at InnPower?

MR. BROWN: A customer at InnPower would receive a disconnection notice to the property if it was unpaid within ten days after the due date.

MR. GARNER: Now, that seems unusual for me for someone who habitually doesn't pay their hydro bill on time. Are you saying that if you don't pay your bill ten days after you get a -- after the due date you get a disconnection notice from InnPower? I just want to be clear.

MR. BROWN: That is correct.

MR. GARNER: And then when, if I don't respond to that disconnection, when do you disconnect?

MR. BROWN: We follow all of the processes outlined in the DSC. If a customer has a disconnection notice delivered to their property we make all efforts if we do not hear from them, including the 48-hour attempt to reach out to our customers. So following the disconnection notice in that time period that they are allowed to pay, if we still have not heard, made arrangements, heard from our customers, to delay any further collection activity we send a 48-hour call, making our best attempt to reach the customers.

MR. GARNER: Right. Are you aware of any other utility that sends out a disconnect notice ten days after the due date of a bill in Ontario?

MR. BROWN: I'd rather not speak to every utility's internal processes, but, yes, I am aware in the industry that utilities do --

MR. GARNER: That there are others that do the same practice that you have?

MR. BROWN: That is correct.

MR. GARNER: Okay. Thank you.

MR. SHEPHERD: Can I ask a follow-up question on that?

MR. GARNER: Sure, absolutely, jump in.

MR. SHEPHERD: The second page of that interrogatory response you show that your disconnection notices increased by 23 percent from 2014 to 2015. Was there some change of policy that caused that to happen? Why did that happen?

MR. BROWN: The answer to your first question is that there was no change in policy during that time frame.

The answer to the second part is I don't know at this time why the increase in disconnection notices.

MR. SHEPHERD: Can you undertake to find out?

MR. BROWN: Yes, I can.

MR. SHEPHERD: Thank you.

MS. DJURDJEVIC: That will be Undertaking JT1.3.

UNDERTAKING NO. JT1.3: TO EXPLAIN THE INCREASE IN DISCONNECTION NOTICES BETWEEN 2014 AND 2015.

MR. GARNER: And while we are still staying on that issue, if a customer pays their bill after the disconnection notice is provided, there is a penalty attached to -- other than the late-payment penalty that's normal for paying a bill after the due date, is there a separate penalty once you receive a disconnection notice?

MR. BROWN: Aside from the late-payment charges there is a disconnection notice delivery charge as specified in our approved rates and tariffs of $15 plus HST.

MR. GARNER: Right. Okay. Thank you. And that table that Mr. Shepherd was just speaking to that shows the late-payment revenues, is that number in 2016, $109,071, is that made up of both those fees that you -- those penalties you just spoke to and the late-payment penalty?

MR. BROWN: No, the late payment is -- that is the late-payment charges only. The other collection fees are assessed and charged on the individual customers' accounts. It is not recorded here.

MR. GARNER: Okay --

MR. SHEPHERD: Can I just follow up with that? Are they then in specific service charges? I'm looking for what line are they in in your other revenues.

[Witness panel confers]

MR. BROWN: Those amounts are not in these line items, and we'd have to take an undertaking.

MR. SHEPHERD: They're not in other operating revenue?

MR. BROWN: In this table here, no, I don't know where it is in the other revenue, and we ask -- we'd take an operating.

MR. SHEPHERD: This is your other operating revenue table, so this is everything that --

MR. BROWN: Well --

MR. SHEPHERD: -- is in distribution --

MR. BROWN: My apologies.

MR. VELLONE: Sorry, we have -- I think the witnesses are looking at what's on the screen. Can we --

MR. SHEPHERD: Oh, no, I'm looking at down the page is your table of other operating revenue, and I'm looking at what line is it in? These $15 charges, what line are they in? I would have assumed they are in specific service charges, but I could be wrong. They are?

MR. BROWN: That is correct.

MR. SHEPHERD: Okay. Thank you.

MR. GARNER: Well, for my purposes, what I'd like you to undertake to do is to provide a -- to provide for the same period, 2013 to 2016, both the late-payment revenues and the disconnection penalty revenues that you have charged.

MR. SHEPHERD: Can I just clarify something there? You have three categories, right? You have late payment, you have charges where you actually disconnected somebody, and you have a charge for sending them a letter saying you are going to be disconnected; is that right?

MR. BROWN: That is correct.

MR. SHEPHERD: Okay. Thank you.

MR. GARNER: Yes, and to Mr. Shepherd's point, thank you, maybe it would be more helpful -- it would be helpful to actually delineate all three of those so that we can understand them.

I'm particularly interested because the late-payment revenues, if I understand all of this, are only those revenues that get collected within ten days because they only become late payment. Everything else becomes part of the disconnection stream of income, so to speak. Would that be correct?

MR. BROWN: That is correct, and the late-payment charges are assessed within three days after the due date, not ten days. Ten days is -- for clarity, ten days is for the disconnection notice activity, which could if delivered have a charge to the customer account for the $15. Late payments are charged three days after the due date.

MR. GARNER: So a customer, though, gets to the stage of this disconnection notice, pays both a late payment and a disconnection notice; is that correct?

MR. BROWN: That's correct.

MR. GARNER: Thank you. So can we have that undertaking, or --

MR. VELLONE: Let's mark that undertaking.

MS. DJURDJEVIC: It will be JT1.4.

UNDERTAKING NO. JT1.4: TO AMEND THE TABLE FILED IN RESPONSE TO 1 STAFF 13 TO INCLUDE FOR 2013 TO 2016, TO ADD SEPARATE LINES THAT SHOW THE FEES COLLECTED FOR THE DELIVERY OF A DISCONNECTION NOTICE, AS WELL AS A DISTINCT LINE THAT SHOWS ANY FEES COLLECTED ON THE DISCONNECTION PROCESS ITSELF, AND A LINE FOR LATE-PAYMENT REVENUE.

MS. DJURDJEVIC: Is everybody clear on --

MR. VELLONE: So I'll try to restate it and make sure I got it right. It is to amend the table that's showing on the screen that was filed in response to 1 Staff 13 to include for the same years, 2014, '15, and '16 --

UNDERTAKING JT1.3

Undertaking:

TO EXPLAIN THE INCREASE IN DISCONNECTION NOTICES BETWEEN 2014 AND 2015.

Reference: Transcript dated September 12, 2017 page 16, lines 8-21.

Response:

To assist with the explanation as to why there was an increase in disconnect notices between 2014 and 2015, three table have been prepared. Table JT1.3A represents the comparison of usage and billed amounts for 2014 and 2015. Table JT1.3B represents the comparison of late monthly late payment charges for 2014 and 2015. Table JT1.3C represents the electric accounts receivable aging comparison for 2015 and 2015.

The increase in late payment charges can depend on a variety of factors. In Table JT1.3A below, there was an increase of billed amounts from 2014 to 2015 on an average of 10%. There were weather factors in 2015 that may have played a part for some customers. The extreme cold winter in 2015 may have seen many customer's bills increase, making it more difficult to pay on time. In addition, the summer of 2015 saw a spike in consumption and cost as it was much warmer than 2014.

Table JT1.3A Calculation of Average Cost Increases 2014 to 2015

Based on Residential Customers							
	2014		**2015**				
Month	**Sum of usage_**	**Sum of Billed Amount**	**Sum of usage_**	**Sum of Billed Amount**	**KWH delta**	**total cost delta**	
1	16379015.44	2631636.20	14844381.22	2629236.50	-9.37%	0%	
2	17466985.82	2813906.38	16906263.70	3023545.05	-3.21%	7%	
3	14955218.34	2432377.59	16266029.83	2941009.73	8.76%	21%	
4	15294722.68	2456850.83	14274593.86	2557288.70	-6.67%	4%	
5	11587580.06	1922741.38	10940774.95	2091171.69	-5.58%	9%	
6	9833121.96	1793406.15	10005423.69	2001652.14	1.75%	12%	
7	10541056.63	1929863.90	9913946.46	2022051.78	-5.95%	5%	
8	11450189.99	2057962.70	12836682.76	2509499.25	12.11%	22%	
9	11521627.57	2053961.49	12007589.77	2354077.10	4.22%	15%	
10	9968060.20	1848198.35	11180147.02	2222109.16	12.16%	20%	
11	10531538.10	1924292.36	10611037.56	2089290.83	0.75%	9%	
12	12848843.13	2329647.21	11257216.34	2286752.45	-12.39%	-2%	
						10%	Average Costs Increase

In addition, analysis on the late payment charges in Table JT1.3B indicate an average increase of late payment charges applied in 2015 of 19%. This increase represents a delay in payments received which can lead to more issues with disconnection notices should they remain unpaid without payment arrangements made.

Table JT1.3B Calculation of InnPower Late Payment Charges Increases 2014 to 2015

InnPower Late Payment Charges 2014/2015					
Month/Year	**Late Payment Charges**	**Month/Year**	**Late Payment Charges**	**2014-2015 % change**	
Jan-14	$ 6,790.45	Jan-15	$ 9,435.96	39%	
Feb-14	$ 6,205.67	Feb-15	$ 8,952.76	44%	
Mar-14	$ 6,525.58	Mar-15	$ 7,681.84	18%	
Apr-14	$ 7,675.05	Apr-15	$ 8,198.03	7%	
May-14	$ 7,426.93	May-15	$ 8,312.84	12%	
Jun-14	$ 5,905.45	Jun-15	$ 6,966.23	18%	
Jul-14	$ 6,486.49	Jul-15	$ 7,497.47	16%	
Aug-14	$ 6,448.35	Aug-15	$ 6,589.73	2%	
Sep-14	$ 6,903.56	Sep-15	$ 7,076.04	2%	
Oct-14	$ 5,943.56	Oct-15	$ 7,553.11	27%	
Nov-14	$ 5,740.98	Nov-15	$ 6,670.40	16%	
Dec-14	$ 4,684.81	Dec-15	$ 5,893.28	26%	
Total	$ 76,736.88		$ 90,827.69		
				19%	Average increase

As seen in table *Table JT1.3C* below, the aging reports show a 14% increase in receivables year over year in the 0-30 days bucket. This increase in receivables could place customers that may have been below the $100.00 collection threshold to be placed above the threshold, spawning an issuance of a disconnect notice should the account not be paid or arrangements made. In addition a 10 % increase annually extending into 31-60 days which indicates that customers were finding it more difficult to pay arrears in 2015.

Table JT1.3C InnPower Year over Year Increase in Aged Accounts 2014 to 2015

InnPower Electric Aging reports 2014/2015					
2014	**0-30 days**	**31-60 days**	**61-90 days**	**90-120 days**	**total**
Jan	3314580.57	50945.86	10596.46	210046.91	3586169.8
Feb	4013794.00	52405.09	17070.41	211947.3	4295216.8
Mar	3651503.25	61284.14	27617.72	224979.89	3965385
Apr	3708286.05	130052.8	19187.55	248980.4	4106506.8
May	2590706.05	229922.96	53144.59	251336.9	3125110.5
Jun	2591063.13	189131.24	95795.32	270744.01	3146733.7
Jul	2738843.82	169278.19	88807.19	308873.5	3305802.7
Aug	2786984.02	98954.79	97066.19	337727.4	3320732.4
Sep	2793947.17	80934.82	49911.7	331809.71	3256603.4
Oct	2686877.61	44549.41	13800.34	294393.44	3039620.8
Nov	2708732.52	45282.17	17341.7	292765.31	3064121.7
Dec	2213113.16	48445.01	11389.81	183745.22	2456693.2
Totals	35798431.35	1201186.48	501728.98	3167349.99	40668696.80
2015	**0-30 days**	**31-60 days**	**61-90 days**	**90-120 days**	**total**
Jan	3411960.24	134158.52	22066.63	189907.49	3758092.88
Feb	4154194.80	57534.13	30703.22	189901.41	4432333.56
Mar	4264681.99	64232.76	28064.86	202287.34	4559266.95
Apr	3850336.39	103747.65	27989.34	220394.29	4202467.67
May	3308642.77	190792.47	34792.29	226048.41	3760275.94
Jun	2962554.37	231007.64	49296.42	253501.98	3496360.41
Jul	2830029.48	185441.34	103565.18	278661.06	3397697.06
Aug	3369509.30	92855.42	86660.61	291054.6	3840079.93
Sep	3548744.57	99239.8	38488.67	309597.32	3996070.36
Oct	3436750.05	49150.85	24399.68	281847.15	3792147.73
Nov	2878970.97	44481.34	22124.41	268719.48	3214296.2
Dec	2693425.84	72297.58	16373.54	110811.07	2892908.03
Totals	40709800.77	1324939.50	484524.85	2822731.60	45341996.72
YOY Increase/Decrease	**14%**	**10%**	**-3%**	**-11%**	**11%**

Witness: Shannon Brown

UNDERTAKING JT1.4

Undertaking:

TO AMEND THE TABLE FILED IN RESPONSE TO 1 STAFF 13 TO INCLUDE FOR 2013 TO 2016, TO ADD SEPARATE LINES THAT SHOW THE FEES COLLECTED FOR THE DELIVERY OF A DISCONNECTION NOTICE, AS WELL AS A DISTINCT LINE THAT SHOWS ANY FEES COLLECTED ON THE DISCONNECTION PROCESS ITSELF, AND A LINE FOR LATE-PAYMENT REVENUE.

Reference: Transcript dated September 12, 2017 page 18, line 14 to page 20, line 17.

Response:

Please find Table JT1.4 below that includes the number of disconnection notices, disconnects and late payment revenues that has been amended to include 2013 as well as break down the fees collected in the disconnection process.

Table JT1.4 Disconnect Notice Delivery Charges, Disconnection/Reconnection Charges and Overdue Interest/Not Sufficient Funds Charges from 2013 – 2016

USoA#	USoA Description	Charge Type	2013	2014	2015	2016
		Disconnect Notices	3047	2761	3408	3344
		YOY Increase/Decrease		**-9%**	**23%**	**-2%**
		Disconnects	399	230	244	251
		YOY Increase Decrease		**-42%**	**6%**	**3%**
4235	Specific Service Charges	Disconnect Notice Delivery Charges	$43,020	$39,975	$48,510	$47,750
4235	Specific Service Charges	Disc/Reconnect Charges	$10,880	$7,688	$11,095	$13,009
4225	Late Payment Charges	Overdue Interest/NSF Charges	$73,904	$84,703	$96,925	$109,071

Witness: Shannon Brown

TAB 6

UNDERTAKING JT2.2

Undertaking:

TO PROVIDE A TABLE DETAILING AMOUNTS PAID BY INNSERVICES TO INNPOWER DURING THE TEST YEAR SHOWING AMOUNTS, REASON FOR PAYMENT, AND CALCULATION.

Reference: Transcript dated September 13, 2017 page 60, line 7 to page 62 line 8.

Response:

Please see Table JT2.2 for YTD amounts paid to InnPower from InnServices Utilities Inc., with amounts and service description as of July 31, 2017.

Table JT2.2 IPC Invoiced to InnServices

IPC Invoiced to InnServices					
		YTD July 31, 2017			
Service		**Cost**	**Admin @ 1%**	**HST**	**Total**
Financial Services	Labour	210,955	2,110	27,698	**240,762**
Rental		5,460		710	**6,170**
W/WW Billing services		142,620		18,541	**161,160**
Occupancy Charges		8,283		1,077	**9,360**
Reimbursements from IUI:					
Consulting		4,239			**4,239**
Mileage		266			**266**
Conference & Seminars		4,716			**4,716**
Other		267			**267**
Total					**426,941**

InnPower has $60,000 budgeted in other income for rental, however this figure includes rental from other customers, not just InnServices (ie. Garage space).

InnPower has budgeted $245,000 as revenue from W/WW Billing Services with an expense offset of $145,550 for labour and meter expense. From table above: $142,000/7*12=$244,491

InnPower has budgeted $4,000 for admin fees for financial services. From table above: $2110/7*12=$3,617

For the financial services labour component, InnPower recovers the burdened amount from InnServices. This amount was not budgeted within the other income accounts as it well below the materiality threshold.

2.4.3.2 Shared Services and Corporate Cost Allocation

In accordance with Chapter 2 of the Filing Requirements for Transmission and Distribution Application issued on July 14, 2016, InnPower Corporation is providing information on shared services/corporate cost allocation for Actual 2013, 2014 and 2015 Fiscal Years, together with projections for the 2016 Bridge Year and the 2017 Test Year are provided in Appendix 2-N (Tables 4-14: to 4-18).

Currently, InnPower Corporation provides Water/Waste Water Billing services for the Town of Innisfil. This billing service was implemented in mid-year 2013. InnPower Corporation entered into a negotiated bi-lateral agreement with the Town of Innisfil for a period of 5 years with the current agreement ending 2017. A copy of this agreement has been included in this Exhibit in Appendix I – InnPower Corporation Water/Waste Water Service Agreement.

In August of 2015, IPC enter into a shared services agreement with InnServices for the provision of financial services which includes payroll, monthly reconciliations and reporting, miscellaneous invoicing, accounts payable and managing the year-end audit. Payment for these services is at cost plus 1%. This provides an additional revenue stream to IPC which benefits our customers with regards to rates.

InnPower Corporation confirms that any Board of Director costs for affiliates are not included in LDC costs.

Table 4-17: Appendix 2-N 2013

Appendix 2-N

Shared Services and Corporate Cost Allocation [1]

Year: 2013

Shared Services

Name of Company		Service Offered	Pricing Methodology	Price for the Service	Cost for the Service
From	To			$	$
InnPower Corporation	Town of Innisifl	Water Waste Water Billing	Negoiated Agreement	251,044	190,269

Table 4-18: Appendix 2-N 2014

Appendix 2-N
Shared Services and Corporate Cost Allocation [1]

Year: 2014

Shared Services

Name of Company		Service Offered	Pricing Methodology	Price for the Service	Cost for the Service
From	To			$	$
InnPower Corporation	Town of Innisifl	Water Waste Water Billing	Negoiated Agreement	204,916	172,254

Table 4-19: Appendix 2-N 2015

Appendix 2-N
Shared Services and Corporate Cost Allocation [1]

Year: 2015

Shared Services

Name of Company		Service Offered	Pricing Methodology	Price for the Service	Cost for the Service
From	To			$	$
InnPower Corporation	Town of Innisifl	Water Waste Water Billing	Negoiated Agreement	238,308	184,243
InnPower Corporation	InnServices (TOI)	Financial Services	Negoiated Agreement	31,618	31,305

Table 4-20: Appendix 2-N 2016

Appendix 2-N
Shared Services and Corporate Cost Allocation [1]

Year: 2016

Shared Services

Name of Company		Service Offered	Pricing Methodology	Price for the Service	Cost for the Service
From	To			$	$
InnPower Corporation	Town of Innisifl	Water Waste Water Billing	Negoiated Agreement	235,000	185,650
InnPower Corporation	InnServices (TOI)	Financial Services	Negoiated Agreement	227,645	225,391

Table 4-21: Appendix 2-N 2017

Appendix 2-N

Shared Services and Corporate Cost Allocation [1]

Year: 2017

Shared Services

Name of Company		Service Offered	Pricing Methodology	Price for the Service	Cost for the Service
From	To			$	$
InnPower Corporation	Town of Innisifl	Water Waste Water Billing	Negoiated Agreement	245,000	193,530
InnPower Corporation	InnServices (TOI)	Financial Services	Negoiated Agreement	232,198	229,899

2.4.3.3 Purchases of Non-Affiliate Services

InnPower Corporation purchases many services and products from third parties. Tables 4-19 to 4-21 below provides InnPower Corporation's expenditures on purchased products and services. This table discloses expenditures for suppliers where total purchases were greater than the materiality threshold of $50,000 for years 2013 to 2014, and 2015.

InnPower Corporation strives to procure goods and services costing greater than $50,000 either through a formal Request for Tender (RFT) or Request for Proposal process (RFP) in accordance with the procurement policy below. In circumstances where goods and services are procured via a sole-source process, an assessment is made of the circumstances to ensure compliance with the company's procurement policy and then presented to the Board of Directors for approval to proceed.

InnPower Corporation Response:

I. Reference 3 in Exhibit 4, page 4, line 11 was incorrectly stated by InnPower, property tax should have been stated as PILS.

II. Reference 4 identifies the key cost drivers for OM&A increases. Reference 5 provides explanations by OM&A Programs, "Building and Office Supplies" is a program that consists of multiple accounts of which the largest increase is the property tax.

Contradictory statements regarding shared services:

i) There are different revenue and expense amounts stated between Reference 6 and Reference 7. The revenue and expense amounts disclosed in Reference 6 and Reference 7, primarily regarding the Waste Water Billing and Financial Services Shared Services, should match on a year-by-year basis.

a) Please explain and correct inconsistencies in InnPower's application as described above.

b) If necessary, please update the evidence, including the rationale.

c) Please describe how these inconsistencies are impacted by the proposed 3% reduction in OM&A.

InnPower Corporation Response:

a) The inconsistencies between Reference 6 and Reference 7 is that the Tables in Exhibit 4 Appendix 2-J reflected actuals and the Tables in Exhibit 3 were completed based on 2016 forecasts.

b) InnPower has updated Appendix 2-H and the sub-tables based on the actual numbers. Corrected Exhibit 3 Tables have been enclosed at the beginning of the Exhibit 3 interrogatories.

c) There is no impact to the proposed 3% reduction in OM&A. InnPower had updated the OM&A costs on Appendix J-A with the 3% reduction but did not update all the associated references.

4.0-Staff-53

Ref: Chapter 2 Appendices OM&A

This interrogatory addresses the Chapter 2 Appendices that need to be revised, primarily due to the proposed 3% reduction of OM&A.

Please refile the following items in order to reflect the impact of the proposed 3% reduction of OM&A and other data that needs to be updated (e.g. 2016 actual balances):

a) Line 34 - Appendix 2-JB was filed with original number of $6,187,625 instead of revised 2017 OM&A number of $5,990,356. Also the 2016 Actual column needs to be updated as the 2016 numbers are now known. Therefore Appendix 2-JB needs to be updated with revised 2016 and 2017 numbers.

b) Line 35 - Appendix 2-JC filed with revised 2017 OM&A number of $5,990,356 and 2016 actual number of $5,688,814. The column "Variance (Test Year vs 2016 Actuals)" need to be inserted, in addition to maintaining the current column "Variance (Test Year vs 2015 Actuals)" The 2016 actuals are now known.

c) Line 35 - Appendix 2-K filed with original numbers relating to 2016 and 2017. The 2017 Test year column needs to be updated to correspond with the proposed 3% reduction in OM&A. Also the 2016 Actual column needs to be updated as the 2016 numbers are now known. The columns "Last Rebasing Year - 2013 - Board Approved" and "Last Rebasing Year - 2013 - Actual" have the same balances recorded, instead of different balances that relate to the specific columns. Therefore Appendix 2-K needs to be updated with revised 2016 and 2017 numbers. Also different balances need to be recorded in the columns "Last Rebasing Year - 2013 - Board Approved" and "Last Rebasing Year - 2013 - Actual."

d) Line 36 - Appendix 2-KA filed with original numbers relating to 2016 and 2017. The 2017 Test year column needs to be updated to correspond with the proposed 3% reduction in OM&A. Also the 2016 Actual column needs to be updated as the 2016 numbers are now known. Therefore Appendix 2-KA needs to be updated with revised 2016 and 2017 numbers.

e) Line 37 - Appendix 2-N filed with original numbers relating to 2016 and 2017. The 2017 Test year column needs to be updated to correspond with the proposed 3% reduction in OM&A. Also the 2016 Actual column needs to be updated as the 2016 numbers are now known. Therefore Appendix 2-N needs to be updated with revised 2016 and 2017 numbers.

f) Line 38 - Appendix 2-M filed with original numbers relating to 2016 and 2017. The 2017 Test year column needs to be updated to correspond with the proposed 3% reduction in OM&A. Also the 2016 Actual column needs to be updated as the 2016 numbers are now known. Therefore Appendix 2-M needs to be updated with revised 2016 and 2017 numbers. Also the Appendix 2-M included in the PDF on Exhibit 4 page 52 & 53, Table 4-25 and Table 4-26, does not match the Excel Appendix 2-M. These documents need to be updated so that there are no discrepancies.

InnPower Corporation Response:

a) InnPower has updated Appendix 2 –JB; it has been updated to reflect 2016 actuals and the revised 2017 numbers.

Recoverable OM&A Cost Driver Table

OM&A	Notes:	Last Rebasing Year (2013 Actuals)	2014 Actuals	2015 Actuals	2016 Actuals	2017 Test Year
Reporting Basis			CGAAP	MIFRS	MIFRS	MIFRS
Opening Balance		$ 4,890,192	$ 4,995,203	$ 5,224,651	$ 5,557,591	$ 5,872,760
Locates/ON1CALL	1	$ 115,997	$ 30,278	-$ 2,352		
Human Resources	2		$ 225,603	$ 93,858	$ 111,457	$ 114,139
New Corporate Headquarters	3			$ 114,988		$ -
One time IFRS Adjustment to Emp Pensions/Benefits	4		$ -	$ 60,050	(60,050)	
Operations Impact	5			$ 25,987		
Maintenance Impacts	6				$ 263,762	$ -
Outside Services Employed	7				$ -	-
Other		-$ 10,986	(26,433)	$ 40,409		$ 3,457
Closing Balance		$ 4,995,203	$ 5,224,651	$ 5,557,591	$ 5,872,760	$ 5,990,356

b) InnPower has updated Appendix 2-JC as requested.

Appendix 2-N
Shared Services and Corporate Cost Allocation [1]

Year: 2016

Shared Services

Name of Company		Service Offered	Pricing Methodology	Price for the Service	Cost for the Service
From	To			$	$
InnPower Corporation	Town of Innisifl	Water Waste Water Billing	Negoiated Agreement	235,000	185,650
InnPower Corporation	InnServices (TOI)	Financial Services	Negoiated Agreement	227,645	225,391

Appendix 2-N
Shared Services and Corporate Cost Allocation [1]

Year: 2017

Shared Services

Name of Company		Service Offered	Pricing Methodology	Price for the Service	Cost for the Service
From	To			$	$
InnPower Corporation	Town of Innisifl	Water Waste Water Billing	Negoiated Agreement	245,000	193,530
InnPower Corporation	InnServices (TOI)	Financial Services	Negoiated Agreement	232,198	229,899

f) Appendix 2-M has been updated to reflect 2016 Actuals and the 3% Reduction in OM&A. The request of $217,667 represents the 3% reduction. The updates to the 2017 Regulatory costs reflect the increase in in OEB Assessment costs from $50,000 to $68,453 (2016 Actuals). The revised total of 2017 costs equalled $223,212 of which $151,500 are one-time costs. The 3% reduction has been applied to the one-time costs of $151,500 for a revised total of $145,955. Thus the total 2017 Regulatory forecast is $217,667.

4.0-VECC-32

Ref: Exhibit 4/pg 46

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

InnPower Corporation Response:

Following mediation, an agreement was met with the PWU on September 22, 2016. Increases were negotiated to vision and dental care, as well as meal allowance, safety boot allowance and standby/on-call rates. A 2% general wage increase was negotiated for the three years of the contract, 2016-2018.

4.0-VECC-33

Ref: 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.

InnPower Corporation Response:

a) The costs of water wastewater billing were higher during the first year of implementation, which makes it look like the actual costs have not increased. Increases would have been due to low growth numbers when pertaining to meter reading costs and staff labour. Other than these factors, staffing requirements remain fairly consistent.

b) Water and wastewater accounts at year end for 2013 was 9358. Accounts at year end 2016 was 10,285. As at the end of May 2017 water and wastewater accounts was 10,413. There is a potential to add anywhere from 100-300 accounts by the end of 2017 to an estimated 10,700 water/wastewater billings.

c) The Water / Waste Water agreement filed in 2013 is still valid. The agreement is currently being negotiated for the next 5 year period. InnPower has provided a copy of the 2013 agreement as attachment 4.0-VECC-33 Water Waste Water Agreement.

TAB 7

RESIDENTIAL RATE DESIGN

8.2 Rate Design Policy

InnPower Corporation proposed a 4 year transition to a 100% fixed rate for the Residential customer class in EB-2015-0081 which was approved, thus 2017 would be the 2nd transition year of 4.

In completing Tab 12: Res_Rate_Design in the RRWF OEB Model, InnPower Corporation entered the number of remaining transition years as 3 which resulted in a change in the fixed rate of $4.71.

Checks[3]	
Change in Fixed Rate	$ 4.71
Difference Between Revenues @ Proposed Rates and Class Specific	$1,946.86
	0.02%

In adjusting the remaining transition years to 4 the Change in Fixed Rate is calculated at $3.53. As such, InnPower Corporation is proposing an additional transition year to fully implement the transition to a fully fixed rate for the Residential rate class.

Table 8-5: Residential Test Year Base Rates

C Calculating Test Year Base Rates

Number of Remaining Rate Design Policy Transition Years[2]	4

	Test Year Revenue @ Current F/V Split	Test Year Base Rates @ Current F/V Split	Reconciliation - Test Year Base Rates @ Current F/V Split
Fixed	$ 6,146,717.06	32.15	$ 6,145,794.00
Variable	$ 2,696,678.89	0.018	$ 2,698,777.82
TOTAL	$ 8,843,395.95	-	$ 8,844,571.82

	New F/V Split	Revenue @ new F/V Split	Final Adjusted Base Rates	Revenue Reconciliation @ Adjusted Rates
Fixed	77.13%	$ 6,820,886.79	$ 35.68	$ 6,820,588.80
Variable	22.87%	$ 2,022,509.17	$ 0.0135	$ 2,024,083.36
TOTAL	-	$ 8,843,395.95	-	$ 8,844,672.16

Checks[3]	
Change in Fixed Rate	$ 3.53
Difference Between Revenues @ Proposed Rates and Class Specific	$1,276.21
	0.01%

Ontario Energy Board

Revenue Requirement Workform (RRWF) for 2017 Filers

New Rate Design Policy For Residential Customers

Please complete the following tables.

A Data Inputs (from Sheet 10. Load Forecast)

Test Year Billing Determinants for Residential Class	
Customers	15,459
kWh	149,174,008

Proposed Residential Class Specific Revenue Requirement[1]	$ 8,878,016.60

Residential Base Rates on Current Tariff	
Monthly Fixed Charge ($)	$ 24.85
Distribution Volumetric Rate ($/kWh)	$ 0.0139

B Current Fixed/Variable Split

	Base Rates	Billing Determinants	Revenue	% of Total Revenue
Fixed	24.85	15,459	$ 4,609,982.49	68.98%
Variable	0.0139	149,174,008	$ 2,073,518.72	31.02%
TOTAL	-	-	$ 6,683,501.21	-

C Calculating Test Year Base Rates

Number of Remaining Rate Design Policy Transition Years[2]	4

	Test Year Revenue @ Current F/V Split	Test Year Base Rates @ Current F/V Split	Reconciliation - Test Year Base Rates @ Current F/V Split
Fixed	$ 6,123,661.81	33.01	$ 6,123,763.46
Variable	$ 2,754,354.79	0.0185	$ 2,759,719.15
TOTAL	$ 8,878,016.60	-	$ 8,883,482.62

	New F/V Split	Revenue @ new F/V Split	Final Adjusted Base Rates	Revenue Reconciliation @ Adjusted Rates
Fixed	76.73%	$ 6,812,250.50	$ 36.72	$ 6,812,014.37
Variable	23.27%	$ 2,065,766.09	$ 0.0138	$ 2,058,601.31
TOTAL	-	$ 8,878,016.60	-	$ 8,870,615.68

Checks[3]	
Change in Fixed Rate	$ 3.71
Difference Between Revenues @	($7,400.91)
Proposed Rates and Class Specific	-0.08%

Notes:

Ontario Energy Board

Revenue Requirement Workform (RRWF) for 2017 Filers

New Rate Design Policy For Residential Customers

Please complete the following tables.

A Data Inputs (from Sheet 10. Load Forecast)

Test Year Billing Determinants for Residential Class	
Customers	15,555
kWh	144,001,990

Proposed Residential Class Specific Revenue Requirement[1]	$ 8,742,674.35

Residential Base Rates on Current Tariff	
Monthly Fixed Charge ($)	$ 24.85
Distribution Volumetric Rate ($/kWh)	$ 0.0139

B Current Fixed/Variable Split

	Base Rates	Billing Determinants	Revenue	% of Total Revenue
Fixed	24.85	15,555	$ 4,638,426.45	69.86%
Variable	0.0139	144,001,990	$ 2,001,627.66	30.14%
TOTAL	-	-	$ 6,640,054.11	-

C Calculating Test Year Base Rates

Number of Remaining Rate Design Policy Transition Years[2]	3

	Test Year Revenue @ Current F/V Split	Test Year Base Rates @ Current F/V Split	Reconciliation - Test Year Base Rates @ Current F/V Split
Fixed	$ 6,107,217.09	32.72	$ 6,107,417.04
Variable	$ 2,635,457.26	0.0183	$ 2,635,236.42
TOTAL	$ 8,742,674.35	-	$ 8,742,653.46

	New F/V Split	Revenue @ new F/V Split	Final Adjusted Base Rates	Revenue Reconciliation @ Adjusted Rates
Fixed	79.90%	$ 6,985,702.84	$ 37.43	$ 6,986,571.51
Variable	20.10%	$ 1,756,971.51	$ 0.0122	$ 1,756,824.28
TOTAL	-	$ 8,742,674.35	-	$ 8,743,395.79

Checks[3]	
Change in Fixed Rate	$ 4.71
Difference Between Revenues @	$721.44
Proposed Rates and Class Specific	0.01%