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October 20, 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-2017-0048 – Hydro Hawkesbury Inc. 2018 Cost of Service Request 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

Michel Poulin, General Manager, Hydro Hawkebury Inc.
mpoulin@hydrohakebury.ca

REQUESTOR NAME	**VECC**
TO:	**Hydro Hawkebury Inc. (HHI)**
DATE:	**October 23, 2017**
CASE NO:	**EB-2017-0048**
APPLICATION NAME	**2018 COS Application**

1.0 ADMINISTRATION (EXHIBIT 1)

1.0-VECC-1
Reference: Exhibit 1. Page 18

a) HHI states that poles are tested when they are within 5 years of the forecast depreciation end of life. Please describe the type of testing that is carried out.

1.0-VECC-2
Reference: Exhibit 1, page 34

a) HHI lists expansion of natural gas under the "HHI Threats" portion of its business plan. Is natural gas service available in any part of Hawkebury's service territory?

1.0-VECC-3
Reference: Exhibit 1, page 41, Table 17

a) Please confirm that in Table 17 the 2017 and 2018 figures are based on proposed rates (not current). If this is not confirmed please explain the variance between this table and the revenue deficiency of $180,736 shown in the RRWF forms.

1.0-VECC-4
Reference: Exhibit 1, page 12.

a) Please provide a list of the proposed changes to the Conditions of Service.

1.0-VECC-5
Reference: Exhibit 1, page 50 – Customer Engagement

a) Does the survey completed by HHI use a random sample?

1-VECC-6
Reference: Exhibit 1, page 69

a) Please provide HHI's 2016 Scorecard.

2.0 RATE BASE (EXHIBIT 2)

2.0 – VECC - 7
Reference: Exhibit 2, page 10

a) Please define the term "ROM"

2.0-VECC-8
Reference: Exhibit 2, Section 2.1.2, page 13

a) Please explain the interest rates used to calculate the over-collection for the 110kv station. Specifically address why HHI used the interest rates provided rather than the Utility's weighted cost of capital for the calculated interest rate to be applied to the over collection balances.
b) Please also explain why no interest rate is shown for 2017.
c) Please recalculate the over-collection using the last Board approved weighted cost of capital for HHI and including 2017.

2.0- VECC-9
Reference: Exhibit 2, Section 2.1.2, page 13

a) Please calculate the adjustment to the revenue requirement and rate base if, rather than refunding the ICM over collection, the funds (with interest) were used as a contribution-in-aid of construction to the station.

2.0-VECC-10
Reference: Exhibit 2, Section 2.1.2, page 15 / Distribution System Plan Appendix C, page 114

a) Do the tables on page 114 show combined spending on both HHI stations? If so, please provide a table which shows separately the actual and proposed spending on the two station sites station 55 (115kV?) and station 43 (44kV?) for each year 2013 through 2022. Please provide one column which briefly describes each year's annual investment at each site.

2.0-VECC-11

Reference: Exhibit 2, Distribution System Plan , page 111

After some preliminary examination on site, it was determined that 43T2 needed to be sent to the manufacturers' facility for further evaluation and a status report. The unit was shipped to Pioneer and cause analysis was carried out. There currently is litigation outstanding between Pioneer and a sub-assembly supplier.

a) What financial remedies have been offered by Pioneer to HHI for the defective transformer?
b) Please identify the rate base adjustments (disposals) made due to the failure of the transformer?
c) If these adjustments were made in 2013 please file the 2013 Continuity Schedule.

2.0-VECC-12

Reference: Exhibit 2, Appendix A, Stantec Ottawa Report (April 6, 2017)

a) Please update the cost table shown at page 12 of the Stantec Report

2.0-VECC-13

Reference: Exhibit 2, Section 2.1.4, Table 9, page 34

a) Please explain why HHI has negative capital investment amounts for smart meters in 2014 (-$44,691) and 2015 (-$827).
b) Please explain why there are no capital contributions associated with the new subdivision work in 2017 and 2018.

2.0-VECC-14

Reference: Exhibit 2, Distribution System Plan, page 87 2017 Capital Projects.

a) Please update the 2017 capital projects table to show the amount of expenditures to date and the work in progress.

3.0 OPERATING REVENUE (EXHIBIT 3)

3.0 –VECC -15

Reference: Exhibit 3, page 13, Table 4
Load Forecast Model, Tab: Input – Adjustments and Variables

a) It is noted that the wholesale purchases set out in the Load Forecast model do not have any adjustments for Fit and microFIT. Please confirm that monthly wholesale purchases set out in Table 4 include purchases from embedded generation as well as Hydro One and the IESO.

3.0 –VECC -16

Reference: Exhibit 3, pages 17 and 19
Load Forecast Excel Model, Forecast Tab

a) The Application states that "To project the adjusted wholesale purchases for the bridge and test year, the model uses, for the most part, a simple average of the last ten years of historical data. HHI has applied this method of prediction to all variables". However, in the Load Forecast model the HDD and CDD value used for 2018 appear not be based on the average for the years 2007-2016 as the Application states (page 15), but rather on an average of the values for 2008-2017 plus the 10 year average (2007-2016) average. Please explain why.
b) Please re-do the wholesale power purchase forecast for 2018 using the average of the HDD and CDD values for the 2007-2016 period.
c) The 2018 employment values used in the model are "hard coded" such that it is not clear how they were determined. Please explain how the values were calculated and why the approach used is appropriate.
d) Please define what is considered the HHI economic region (per page 17)
e) Is HHI aware of any independent forecasts that are prepared for employment in the HHI economic region? If so, please provide.

3.0 –VECC -17

Reference: Exhibit 3, page 21

a) In Table 8 the actual and predicted wholesale values are exactly the same – please review and correct as necessary.

3.0 –VECC -18

Reference: Exhibit 3, page 24

a) In Table 11 the 10 year an 20 year values are exactly the same – please review and correct as necessary.

3.0 –VECC -19

Reference: Exhibit 3, page 25
Load Forecast Model, Tab: Input – Customer Data

a) In the discussion regarding the determination of the customer forecast HHI states "in HHI's case the MicroFit related consumption was removed from the Wholesale Purchases". Please explain what the associated adjustments were and how they relate to the determination of the forecast customer/connection count

3.0 –VECC -20

Reference: Exhibit 3, page 26

a) Are the customer/connection counts shown in Table 12 year-end or average annual values?
b) Please provide the actual customer/connection count by class as of June 30, 2017.
c) Please provide the customer/connection counts by class for the most recent month available.

3.0 –VECC -21

Reference: Exhibit 3, pages 28-
Load Forecast Excel Model, Tab: Bridge and Test Year Class Forecast and Tab: CDM Allocation

a) With respect to the Residential Class, Table 13 suggests the 2018 forecast is reduced by the average use attributed to six customers. Please confirm that the forecast proposed by HHI does not actually incorporate this Residential adjustment. If it does, explain why.
b) With respect to the GS<50 Class, Table 14 suggests the 2018 forecast is reduced by the average use attributed to four customers. Please confirm that the forecast proposed by HHI does not actually incorporate this GS<50 adjustment. If it does, explain why.
c) With respect to the GS>50 Class, Table 15 suggests the 2018 forecast is reduced by the average use attributed to one customer. Please confirm

that the forecast proposed by HHI does not actually incorporate this GS>50 adjustment. If it does, explain why.

3.0 –VECC -22
Reference: Exhibit 3, pages 36-40

a) Please provide a copy of HHI's approved CDM Plan.
b) Please confirm that, based on HHI's approved CDM Plan the expected energy savings from 2016, 2017 and 2018 CDM programs are 1,439 MWh, 1,434 MWh and 1,362 MWh respectively.
c) Please provide a copy of HHI's verified 2016 CDM Results (the excel version).
d) Please confirm that the verified results from 2016 CDM programs persisting in 2018 is 1,339,758 kWh.
e) Please reconcile the preceding values with the 2018 CDM adjustment proposed in the Application

3.0 –VECC -23
Reference: Exhibit 3, pages 63 and 69
Cost Allocation Model, Tab O3.6

a) With respect to page 63, in what account are the revenues from the microFIT service charges recorded and what were the revenues for 2016?
b) What are the incremental revenues for 2018 attributable to the proposed increase in the MicroFIT service charge?
c) What services does Utilismart provide and do they replace all of the activities and costs set out in TabO3.6?
d) If there are remaining costs that HHI occurs and that are attributable to MicroFIT customers why shouldn't they be added to the $10.

4.0 OPERATING COSTS (EXHIBIT 4)

4.0-VECC-24
Reference: Section 4.2.1, page 8

a) Please provide the actual bad debt expense for 2017 to date.
b) Please explain how the estimate of bad debt expense for 2018 was calculated.

4.0-VECC-25

Reference Exhibit 4, Section 4.6.3, Appendix 2-JC & Appendix 2-M, pages 44-

a) Please explain the increase in regulatory expenses in 2017 and 2018 ($159.6k and $162.5k respectively)
b) Please reconcile the total amounts shown for regulatory costs in Table 21 (Appendix 2-M) with those shown in Appendix 2-JC

4.0-VECC-26

Reference: Exhibit 4, Section Table 14

a) Please revise Table 14 to show OM&A program spending by USoA accounts.

4.0-VECC-27

Reference: Exhibit 4

a) Please provide the annual cost of HHI's vegetation management programs for the 2013 through 2018 period.

4.0-VECC-28

Reference: Exhibit 4, Section 4.6.1

a) Pease provide the annual fees paid by HHI to the EDA for the period 2012-2017.

4.0-VECC-29

Reference: Exhibit 4, Section 4.1.1, page 4

a) HHI states that it expects its two linemen to retire in 2008 and to be replaced by contractors (Sproule Inc.). What is the estimated cost of the replacement contracting?
b) Is the amount estimated for replacement contracting significantly more of less than the current full loaded costs of the two employees?

4.0 -VECC -30
Reference: Exhibit 4, Appendix A

a) Please provide a copy of the IESO's Report regarding HHI's Verified 2011-2014 savings (in Excel format). Please also provide any reports from the IESO regarding the persistence of these savings through to 2015.
b) The 2015 CDM report is not on the Board's web site. Please provide a copy in Excel format.

4.0 -VECC -31
Reference: Exhibit 4, LRAMVA Work Form, LRAMVA Summary and CDM Allocation Tabs

a) With respect to the CDM Allocation Tab (Cell C28), please explain the basis for the 480,217 kWh in forecast Residential CDM savings used in the model.
b) With respect to the CDM Allocation Tab, please explain why the forecast savings were entered as negative values (Cells C29 to I32) as this results in the LRAMVA Summary Tab adding the forecast revenues from CDM savings as opposed to subtracting them. Please correct as necessary.

4.0 -VECC -32
Reference: Exhibit 4, LRAMVA Work Form, 2011-14 LRAM
Exhibit 4, Appendix A

a) With respect to Residential savings from 2013 CDM programs, please review and confirm the Home Assistance Program savings of 18,172 kWh used.

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

5.0-VECC-33
Reference: E5/Appendix A

a) The construction loan (negotiated May 16, 2016) does not appear to include a specific fixed interest rate – rather under the Standard Terms and Conditions it establishes a per annum floating rates (page 41 of PDF) until loan conversion. Please provide the loan conversion documentation which shows the long-term interest rates for the $1,480,000 loan.

6.0 CALCULATION OF REVENUE DEFICIENCY/SURPLUS (EXHIBIT 6)

7.0 COST ALLOCATION (EXHIBIT 7)

7.0 – VECC –34

Reference: Exhibit 7, page 3

Preamble: HHI proposes a higher Services weighting factor for GS<50 (i.e., 2.0 vs. 1.0) due to the “more planning and monitoring for general service class than the residential class”. HHI explains the use of a 1.0 weighting factor for GS>50 on the basis that, per the ESA, it is not allowed to “service” the equipment of this class.

a) Does the planning for the Service equipment required to connect GS>50 customers require more time/effort than that for the Residential class?
b) Please clarify whether the “service” being referred to by the ESA is the planning and installation of the GS>50 customer’s service drop or the ongoing “servicing” (e.g., maintenance, etc.) of such facilities.

7.0 – VECC –35

Reference: Exhibit 7, page 17

a) Pease explain why HHI is proposing to increase the GS>50 ratio from 95% to 96%.
b) Why shouldn’t all ratios remain the same except for Street Lighting (increase - in order to bring it up to the lower end of the Board’s policy range) and GS<50 (decrease since it is the highest – in order to offset the additional revenue from Street Lighting)?

8.0 RATE DESIGN (EXHIBIT 8)

8.0 –VECC -36

Reference: Exhibit 8, pages 10

a) Please update the RTSR Work Form to incorporate Hydro One’s 2017 UTRs and Sub-Transmission RSTRs.

8.0 –VECC - 37

Reference: Exhibit 8, pages 23-24
Chapter 2 Appendices, Appendix 2-R (Loss Factors)

b) On page 23 HHI makes reference to being embedded in HONI and using a SFLF of 1.0034 which it does in Table 16 when calculating its proposed loss factor. Please explain how the 1.0034 was derived given that HHI is only partially embedded in HONI and Appendix 2-R indicates that the SFLF for distributors embedded in HONI is 1.034.

9.0 DEFERRAL AND VARIANCE ACCOUNTS (EXHIBIT 9)

9.0 –VECC -38
Reference: Exhibit 9, Section 9.8.1, page 29

a) Please confirm that in HHI's last cost of service application, EB-2013-0139, the Utility sought to defer implementation of IFRS.
b) Please provide the EB- 2013-0139 application reference supporting the statement: "[A]*s was presented in HHI's 2014 Cost of Service, the difference in depreciation due to the adoption of new useful lives was recorded in account 1575 and amortized over four years*."

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