



**BY EMAIL and RESS**

**Mark Rubenstein**  
mark@shepherdrubenstein.com  
Dir. 647-483-0113

Ontario Energy Board  
2300 Yonge Street  
27th Floor  
Toronto, Ontario  
M4P 1E4

October 23, 2017  
Our File: EB20170048

**Attn: Kirsten Walli, Board Secretary**

Dear Ms. Walli:

**Re: EB-2017-0048 – Hydro Hawkesbury Inc. 2018 – SEC Interrogatories**

We are counsel to the School Energy Coalition ("SEC"). Pursuant to Procedural Order No. 1, please find SEC's interrogatories.

Yours very truly,  
**Shepherd Rubenstein P.C.**

*Original signed by*

Mark Rubenstein

cc: Wayne McNally, SEC (by email)  
Applicant and interested parties (by email)

**ONTARIO ENERGY BOARD**

**IN THE MATTER OF** the *Ontario Energy Board Act, 1998*, S.O. 1998, c.15, Schedule B, as amended;

**AND IN THE MATTER OF** an Application by Hydro Hawkesbury Inc. for an Order or Orders approving or fixing just and reasonable distribution rates effective January 1, 2018.

**INTERROGATORIES**

**ON BEHALF OF THE**

**SCHOOL ENERGY COALITION**

**1-SEC-1**

[Ex.1, BP, p.7] With respect to the 2017 Business Plan:

- a. Please provide details regarding the process the Applicant undertook in developing the plan, including what external assistance, templates and resources it utilized.
- b. [p.32] The Applicant states that one of its weaknesses is “[d]ependency on third party assistance to meet its regulatory requirements”. Please provide details regarding the third-parties the Applicant utilizes to meet its regulatory requirement. Specifically, please explain what third-parties the applicant utilizes and for what services.
- c. [p.33] Please explain what initiatives the Applicant is undertaking to meet each of its ‘Opportunities’.
- d. [p.36] Please extend table 12 to show the 2016 actual and 2017 forecast financial ratios.

**1-SEC-2**

[Ex.1] Insofar as these documents are not included as part of the Applicant’s response to 1-Staff-4, please provide a copy of all documents provided to the Applicant’s Board of Directors for the purposes of approving the application and the underlying Test Year budget.

**1-SEC-3**

[Ex.1] Please provide copies of all benchmarking studies, reports, and analysis that the Applicant has undertaken or participated in since 2014, and are not already included in the application.

**1-SEC-4**

[Ex.1] Please provide a list of measurable outcomes that ratepayers can expect the Applicant to achieve during the test year. Please explain how those outcomes are incremental and commensurate with the rate increase the Applicant is seeking in this application.

**1-SEC-5**

[Ex.1, p.35] Please provide a step-by-step explanation of the Applicant’s capital planning process.

**1-SEC-6**

Does the Applicant have a corporate scorecard? If so, please provide copies of each of the 2014 to 2017 versions. If not, please explain what metrics the management and Board of Directors use to measure and monitor the Applicant's activities.

**1-SEC-7**

[Ex.1, p.45] Please explain what activities or investments the Applicant is undertaking, or not undertaking, based on its customer engagement activities.

**2-SEC-8**

[Ex.2, p.33] Please explain the source of the 'plan' amounts in Appendix 2-AB.

**2-SEC-9**

[Ex.2, p. 34, Table 9] Please explain why there is no contributed capital for new subdivision work?

**2-SEC-10**

[Ex.2, p. 34, Table 9] Please explain the negative values for smart meter work in 2014 and 2015.

**2-SEC-11**

[Ex.2, DSP p.22-24] Please revise the SAIDI and SAIFI charts to remove the impact of loss of supply.

**2-SEC-12**

[Ex.2, DSP, p.31] The Applicant says "This is the first DS Plan to be filed by HHI, and as such, there are no important changes to the asset management process identified from a previously filed DS Plan." Please detail the changes to the Applicant's asset management process since its last cost of service application.

**2-SEC-13**

[Ex.2, DSP, p.48-51] The Applicant references various activities it has undertaken to determine the condition of its major assets categories. Please provide a summary, with accompanying data, that shows the condition of its major asset categories.

**2-SEC-14**

[Ex.2, DSP, p.88] For each year between 2014 and 2020, please provide the amount the Applicant spent or forecasts to spend each year on pole replacements, and the number of poles it has or plans to replace.

**2-SEC-15**

[Ex.2, DSP p.88] Please provide the latest update on the 115kv MTS upgrade project.

**2-SEC-16**

[Ex.2, DSP, Appendix A] With respect to the Stantec Report:

- a. Please provide the cost increase that is attributable to the delays in the project that were caused by the Town of Hawkesbury and/or the Applicant. Please provide the basis for the calculation.
- b. [p.22] Please provide a copy of the referenced February 2017 report.

**4-SEC-17**

[Ex.4, p.26] Please provide a copy of the current collective agreement between the Applicant and the union.

**4-SEC-18**

[Ex.4, p.27, 30] Please reconcile the 7 FTEs in 2018 shown in the Appendix 2-K with the 5 employees (by headcount) shown for 2018 in Table 18.

**4-SEC-19**

[Ex.4; Ex.1, BP, p.35; Ex.4, p.30] The Applicant states in its Business Plan that “HHI also currently employs two linesmen who are both scheduled to retire in 2018.” Table 18, shows that one ‘line work’ and ‘customer service’ employee are forecast to retire in 2018. Please reconcile.

**4-SEC-20**

[Ex.4, 30] For the purpose of the test year OM&A budget, when specifically in the year does the Applicant forecast the employees retire?

**4-SEC-21**

[Ex.4; Ex.1, BP, p.35] [p.35] The Applicant states in its Business Plan: “HHI also currently employs two linesmen who are both scheduled to retire in 2018. HHI does not plan to hire additional staff in 2017 and 2018 and instead, will outsource the linesmen’s functions to a third-party contract company.”

- a. Please explain the rationale for not hiring a replacement linesman.
- b. Please confirm that this means that the Applicant will no longer employ any construction, operations, and maintenance employees.
- c. Please explain the nature of the third-party contract company and the costs of that contract in the test year. Please provide a copy of the contract, if it has been entered into.
- d. Please provide the cost for replacing the lineman with third party contractors, and how does it compare with the cost of employed lineman directly.
- e. Please reconcile the statement with the reduction in costs for Outside Services Employed (5630) of \$24,100 in the Test Year as set out in Appendix 2-JB.

**4-SEC-22**

[Ex.4, p.46] With respect to Appendix 2-M:

- a. Please reconcile the \$30,000 annual ‘Consultants’ cost for regulatory matters’ with the specifics amounts for Tandem Energy set out in Table 18.
- b. Appendix 2-M (table 21) is different than the version contained in the Chapter 2 Filing Requirements Appendices excel file. Please reconcile.

**4-SEC-23**

[Ex.4, Appendix 2-JB] Please provide the Applicant’s expectations regarding the effect of the Fair Hydro Plan on Test Year bad debt expenses.

**5-SEC-24**

[Ex.5, Appendix A] With respect to the May 16<sup>th</sup> 2017 loan instrument with Infrastructure Ontario (“IO”), please explain how the interest rate is derived, and specifically provide any documentation from IO setting out specific components that make up that rate.

**7-SEC-25**

[Ex.7, CA Model] Please explain the basis of the smart meter costs for both residential and GS< 50.

**9-SEC-X**

[Ex.9, p.29] With respect to the transition to MIFRS:

- a. [EB-2013-0139, Ex. A, p.11] Please confirm that the Applicant sought a deferral to transition to IFRS in its last cost of service application.
- b. Please provide a reference to the Board's approval of the Applicant's transition to IFRS.
- c. Please provide a reference to where in the Applicant last cost of service application (EB-2013-0139) it sought to recorded the difference in depreciation due to new useful lives in account 1575 and amortized them over 4 years.

Respectfully submitted on behalf of the School Energy Coalition this October 23<sup>rd</sup>, 2017

*Original signed by*

---

Mark Rubenstein  
Counsel for the School Energy Coalition