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Ontario

BY E-MAIL

October 20, 2017

Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

Dear Ms. Walli:

Re: Centre Wellington Hydro Ltd. (Centre Wellington Hydro)
2018 Distribution Rates Application
Ontario Energy Board File Number: EB-2017-0032
OEB Staff Interrogatories

In accordance with Procedural Order No. 1, please find attached OEB staff's interrogatories in the above noted proceeding. Centre Wellington Hydro and all intervenors have been copied on this filing.

Centre Wellington Hydro's responses to interrogatories are due by November 10, 2017.

Yours truly,

Original Signed By

Fiona O'Connell
Project Advisor, Major Applications

Encl.

Centre Wellington Hydro Ltd.
EB-2017-0032
OEB Staff Interrogatories

Exhibit 1

1-Staff-1
Ref: Exhibit 1, Section 1.3.12
Preamble:

As per the Filing Requirements, applicants are to state the accounting standards used in historical, bridge, and test years. Applicants are also required to provide a summary of changes to accounting policies made by Centre Wellington Hydro since the last cost of service filing. However, Centre Wellington Hydro did not identify if whether or not there were any material changes related to the adoption of IFRS.

Centre Wellington Hydro also indicated in Exhibit 1, Section 1.3.12, that LDCs must have converted to IFRS by January 1, 2016.

Question(s):

a) Please provide a summary of changes to accounting policies made by Centre Wellington Hydro since the last cost of service filing, if applicable.

b) Please indicate whether or not there were any material changes related to the adoption of IFRS. Please also indicate how these changes were reflected in Centre Wellington Hydro's current cost of service application.

c) Please indicate whether changes upon conversion to IFRS should be identified and included in Appendix 2-Y. If this is the case, please update Appendix 2-Y.

d) Please confirm that Exhibit 1, Section 1.3.12, should state that LDCs must have converted to IFRS by January 1, 2015, and not January 1, 2016.

1-Staff-2
Ref: Exhibit 1, page 57 & 58
Preamble:

The Filing Requirements indicate that applicants must provide a discussion on how

customers were informed of the proposals being considered for inclusion in the application and the value of those proposals to customers i.e. costs, benefits, and the impact on rates. OEB staff notes that Centre Wellington Hydro did not include the "value of those proposals to customers i.e. costs, benefits, and the impact on rates." On Exhibit 1, page 57 & 58, Centre Wellington Hydro outlined that it held the following customer engagement activities for its customers:

1. **Centre Wellington Hydro Residential and Small Commercial Customer Open House October 2016**
   The LDC "held a residential and small commercial customer open house in Oct 2016 at its Gartshore Street administration and service centre. The purpose of this event was to invite customers to our work centre for them to see firsthand our operations both in the office and shop and to interact first hand with employees and to present them with information in regards to our upcoming Cost of Service application."

2. **Centre Wellington Hydro Focus Group April 2017**
   The LDC planned to hold a Focus Group in April 2017 for all customers "to specifically discuss future capital and maintenance plans and how they would have an effect on rates." Centre Wellington Hydro stated that "there was only one residential customer who inquired about the Focus group and due to the lack of customer interest the meeting was cancelled."

3. **Centre Wellington Hydro Commercial and Industrial meeting February 2017**
   The LDC "held a Commercial and Industrial customer meeting for all GS>50 class customers on Feb 22, 2017 with the focus being on presenting CWH's current rate application process and associated rate impacts." Centre Wellington stated that there was a "very good turnout with 18 customers present representing 13 companies of the 50 customers in this class, or 26% representation. Similar to the residential small commercial open house, customers were given an overview of CWH's operations and supplied information on CWH's performance, reliability statistics, rates, priorities and planning through the DSP and were given a chance to ask questions and give us feedback."

Question(s):

a) Please provide a more extensive explanation of the value that was provided to customers of the proposals that were being considered for inclusion in this 2018 cost of service application. i.e. costs, benefits, and the impact on rates.

b) Please specifically state how customers' feedback informed and were incorporated into the main drivers included in Centre Wellington Hydro's 2018 cost of service application.

1-Staff-3
Ref: Exhibit 1, page 68
Preamble:

As per Exhibit 1, page 68, Centre Wellington Hydro stated "in working with the Business Plan development, CWH looked at the PEG report and was able to identify that CWH is showing a movement towards being in Group 2 over the next two to three years."

Question(s):

a) Please state what actions Centre Wellington Hydro is taking to move towards Group 2.

b) Please outline what are the costs and benefits for customers for Centre Wellington Hydro if the LDC moves to Group 2.

1-Staff-4
Reponses to Letters of Comment
Preamble:

At the Community meeting on September 21, 2017, consumers provided comments regarding Centre Wellington Hydro's application.

Following publication of the Notice of Application, the OEB received five letters of comment. Sections 2.1.6 of the Filing Requirements state that distributors will be expected to file with the OEB their response to the matters raised within any letters of comment sent to the OEB related to the distributor's application. If the applicant has not received a copy of the letters or comments received at the community meetings, they may be accessed from the public record for this proceeding.

Question(s):

a) Please file a response to the matters raised in the letters of comment referenced above. Going forward, please ensure that responses to any matters raised in

subsequent comments or letter are filed in this proceeding. All responses must be filed before the argument (submission) phase of this proceeding.

1-Staff-5
Ref: Exhibit 1 page 57 & 58
Exhibit 4, Table 10: Appendix 2-L Recoverable OM&A Cost per Customer and per FTE
Impacts of Benchmarking Results
Preamble:

On Exhibit 1, page 57 & 58, Centre Wellington Hydro outlined that it held customer engagement activities for its customers.

As per Exhibit 4, Table 10, Centre Wellington Hydro shows that its OM&A expense per customer has increased by 15.4% from 2013 OEB approved ($240) to 2018 Test Year ($277).

Question(s):

a) If available, please provide the analysis that was performed to assess whether Centre Wellington Hydro's planning decisions reflect best practices of Ontario distributors.

b) Please identify any initiatives considered and/or undertaken by Centre Wellington Hydro, including any analysis conducted, to optimize plans and activities from a cost perspective, for example, balancing cost levels of OM&A versus capital.

1-Staff-6
Ref: Exhibit 1, Page 16-17
Exhibit 1, Appendix I, 2015 Audited Financial Statements, Note 21
Preamble:

With regards to pensions and OPEB

Question(s):

a) On page 16, Centre Wellington Hydro indicates that no entries are posted to Account 5645 OMERS Pension and Benefits as this situation does not apply to

Centre Wellington Hydro. However, on page 17, it's indicated that Centre Wellington Hydro's employees are members of OMERS. Please explain where the costs relating to OMERS are recorded since it is not recorded in Account 5645.

b) On page 16, it states Centre Wellington Hydro was not required to make changes to employee future benefits for 2015 and subsequent years under MIFRS. In note 21e of the financial statements, it states "This revised standard requires recognition of actuarial gains and losses through other comprehensive income…decreased post-employment benefits by $9,205 for the year ended and as at December 31, 2014". The change discussed in the audited financial statements conflict with Centre Wellington Hydro's statement on page 16. Please clarify if the change to OPEBs as per the financial statements has been reflected in the rate application.

1-Staff-7
Ref: Exhibit 1, Appendix N, RRR Mapped to Audited Financial Statements 2016
Preamble:

In the reconciliation, there are differences in both the sale of energy and cost of power between the amounts reported in RRR and the amounts shown in the audited financial statements.

	RRR 2.1.7	Audited Financial Statements	Difference	Explanation
Sale of Energy	(19,179,013)	(19,345,395)	166,381	Gross up of customer billing to be recorded in sale of electricity – to remove variances for regulatory adjustments
Cost of Power	19,179,013	19,397,385	(281.371)	To record cost of power based on actual invoice not adjusted for regulatory variance

Question(s):

a) For regulatory accounting purposes, the higher of revenues and cost of power is reduced. Please clarify how this difference between external financial accounting and regulatory accounting has been factored in the above reconciliation.

b) Please explain why the cost of power is not based on actual invoiced.

c) Please explain what is meant by "gross up of customer billings".

Exhibit 2

2-Staff-8
Ref: Exhibit 1, Table 10
Exhibit 2, Table 30: Capital Expenditure Summary Appendix 2-AB
Preamble:

The Filing Requirements indicate that the rate base evidence must include the percentage change in capital expenditures from last OEB-approved.
Exhibit 1, Table 10: Capital Expenditures Summary, Centre Wellington Hydro did not include the percentage change in capital expenditures from last OEB-approved. The percentage change in rate base from last OEB-approved was provided in Exhibit 1, page 37, section 1.5.3.

Question(s):

a) Please resubmit Exhibit 1, Table 10, to include the percentage change in capital expenditures from last OEB-approved, in addition to the change in dollar amount.

b) Please explain why the numbers in Exhibit 1, Table 10, do not reconcile with the numbers in Exhibit 2, Table 30. For example, the 2017 capital expenditures in Exhibit 1, Table 10, is $1,377,600, but in Exhibit 2, Table 30, the number is $1,055,000. Please update the evidence as required.

2-Staff-9
Ref: Exhibit 1, page 71
Distribution System Plan
Preamble:

As per Exhibit 1, page 71, Centre Wellington Hydro stated “Examples of continuous improvements include increased focus on replacement of assets that have reached the end of useful life. Improve reliability which supports maintenance of or improvement in the Service Quality indices.”

Question(s):

a) Please explain why “continuous improvements” include an increased focus on replacement of assets that have reached the end of useful life, rather than running the assets to failure.

2-Staff-10
Ref: Exhibit 2, page 4
Preamble:

As per Exhibit 2, page 4, Centre Wellington Hydro has included a cost of power of $20,053,083, in its Allowance for Working Capital.

The OEB has approved new commodity prices effective July 1, 2017 that are lower than previous prices.

Centre Wellington Hydro has not reflected updated commodity values for the cost of power balances included in working capital.

Question(s):

a) Please update the commodity values used in the cost of power for 2018 Test Year Working Capital and Rate Base, effective July 1, 2017.

2-Staff-11
Ref: Exhibit 2, page 5
Distribution System Plan
Preamble:
Impact of Customer Preferences

Chapter 5 of the Filing Requirements states, “A DS Plan filing must demonstrate that distribution services are provided in a manner that responds to identified customer preferences.”

This is to be accomplished by providing information on customer engagement to identify preferences; the value proposition the DS Plan represents for customers (economic efficiency and cost-effectiveness); and on the factors relating to customer preferences or input from customers and participants in a Regional Planning Process that were considered in the course of planning investment projects and activities

As per Exhibit 2, page 5, Centre Wellington Hydro stated that its capital assets significantly increased each year from the 2013 Board Approved to 2018 Test Year due to extensive upgrades for its distribution stations costing $5.5 million in total.

OEB staff notes that the DSP includes a section titled “2.3.2 Collaboration Process and Conclusions,” however it is unclear from this section how the $5.5 million in upgrades to its distribution stations reflected customer preferences.

Question(s):

a) Please explain how these upgrades to its distribution stations reflect customer preferences identified through customer engagement.

b) Please provide an overview of how the $5.5 million of net capital additions spent in upgrades to Centre Wellington Hydro’s distributions stations were broken down by year and allocated to specific USoA accounts.

2-Staff-12

Ref: Exhibit 2, Table 26 and Tables 11, 14-18
EB-2012-0113 App. 2-B_Fix Ass Cont 2013 CGAAP
Pacing and Distribution Rate Impacts

Preamble:

Centre Wellington Hydro’s actual net capital additions since the last COS year (2013) have ranged from 3% to 29% less than the amount the OEB approved in its 2013 decision. The 2018 Test Year net capital additions is forecasted to be 52% lower than the 2013 OEB approved amount.

Schedule of Net Capital Additions, as per Exhibit 2, Table 26 and Tables 11, 14-18; and EB-2012-0113 App.2-B_Fix Ass Cont 2013 CGAAP					
	Additions	Disposals	Net Capital Additions	% Increase / (Decrease) Year over Year	% Increase / (Decrease) versus 2013 OEB Approved
2013 OEB Approved	1,876,400	-68,253	1,808,147		
2013 Actual	2,372,444	-845,853	1,526,591		-16%
2014 Actual	2,398,195	-645,111	1,753,085	14.8%	-3%
2015 Actual	1,870,376	-583,884	1,286,492	-26.6%	-29%
2016 Actual	2,132,797	-396,216	1,736,581	35.0%	-4%
2017 Bridge	1,377,600	0	1,377,600	-20.7%	-24%
2018 Test	875,300	0	875,300	-36.5%	-52%
	11,026,712	-2,471,064	8,555,649		

Question(s):

a) In its annual capital planning and implementation for the years 2014 to 2018, did Centre Wellington Hydro take into account the cumulative impact its net capital additions and capital expenditures would have on rates in 2018?

b) What changes ensued from these considerations?

c) As Centre Wellington Hydro's actual net capital additions from 2013 through 2016 have been less than 2013 OEB approved, what assurances can Centre Wellington Hydro provide the OEB that the proposed 2018 Test Year net capital additions of $875,300 will actually be spent?

2-Staff-13
Ref: Exhibit 2, page 40
Customer Benefits
Preamble:

As per the table generated by OEB staff in the above interrogatory, actual net capital additions from 2013 through 2016 have averaged about $1,575,000 annually. Centre Wellington Hydro's capital plan includes the planned capital additions of $875,300 for the 2018 Test Year. As per Exhibit 2, page 40, $254,800 of this amount is related to Pole lines. As per Centre Wellington Hydro, these pole lines are showing age and

potential safety concerns. The poles were installed between 1963 and 1980. Age and condition as well as public safety are all considerations for the increase in spending in this account.

Question(s):

a) Please describe and quantify where possible the benefits that Centre Wellington Hydro's customers will realize from this investment.

b) Please describe the alternatives to capital investment that were assessed and rejected in favour of the proposed capital investment.

c) Please describe why Centre Wellington Hydro is confident that $875,300 net capital additions is sufficient for the 2018 Test Year, when past actual net capital additions have averaged about $1,575,000 annually from 2013 to 2016.

2-Staff-14
Ref: Exhibit 2, page 65-67
Distribution System Plan, Section 2.4.1
Preamble:

The Filing Requirements indicate that five historical years of SAIDI and SAIFI needs to be provided, including all interruptions, all interruptions excluding loss of supply, and all interruptions excluding major events. An explanation for any under-performance versus the five year average needs to be provided and actions taken to address this issue.

Although Centre Wellington Hydro provided some detail in the DSP, Section 2.4.1 Supply System Reliability Indicators, Centre Wellington Hydro did not include "all interruptions excluding major events" and did not include "explanation for any under-performance versus five year average and actions taken". However the Excel Ch 2 Appendix 2-G includes "Excluding Major Event Days" but this is not included in the PDF. OEB Staff also notes in Appendix 2-G the same numbers are erroneously recorded for "Excluding outages caused by loss of supply" and "Excluding Major Event Days."

Question(s):

a) Please update Appendix 2-G in both Excel and PDF format to:

i. Include all interruptions excluding major events
ii. Correct the issue that the same numbers are erroneously recorded for "Excluding outages caused by loss of supply" and "Excluding Major Event Days"

b) Please provide an explanation for any under-performance versus five year average and actions taken.

2-Staff-15
Ref: Exhibit 2, page 50, Table 31: Variance of Capital Expenditures
Preamble:

On Exhibit 2, page 50, “Table 31: Variance of Capital Expenditures” is shown. However, there are no totals for each column.

Question(s):

a) Please provide another version of Table 31 with totals for each column.

2-Staff-16
Ref: Exhibit 2, Pages 16-23, Appendix 2-BA
Exhibit 3, Page 66, Appendix 2-H
Preamble:

In Appendix 2-BA, disposals were incurred for 2013 to 2016 and no disposals are forecasted for 2017 and 2018. However, in Appendix 2-H, gains and losses on disposals are forecasted for 2017 and 2018.

Question(s):
Please reconcile the differences for 2017 and 2018, and update the evidence as needed.

2-Staff-17
Ref: Exhibit 2, Page 42
Exhibit 2, Appendix A, Depreciation Expense Policy and Methodology
Appendix 2-BB
Exhibit 4, Pages 111-117, Appendix 2-C
Preamble:

In the useful life table of page 42 and Appendix 2-BB, the useful life of Account 1980 SCADA is 15 years. However, in Appendix A under the Amortization section and Appendix 2-C, Centre Wellington Hydro has used a useful life of 8 years for SCADA.

Question(s):

a) Please clarify which useful life is to be used and whether this is a change in useful life from the previous rate application.

2-Staff-18
Ref: Exhibit 2, Page 61
Appendix 2-D
Preamble:

Centre Wellington Hydro indicated that indirect overhead costs, such as general and administration costs that are not directly attributable to an asset are not capitalized. Centre Wellington Hydro did not complete Appendix 2-D as it does not capitalize overhead. Appendix 2-D shows the portion of OM&A that is capitalized.

Question(s):

a) Please confirm that Centre Wellington Hydro does not capitalize any OM&A, not only indirect overhead costs. If this is not the case, please complete Appendix 2-D.

2-Staff-19
Ref: Distribution System Plan - General

Question(s):

Please provide the single line diagram for each distribution station, the distribution operating map for the feeders in each town, and the peak loading for each feeder.

2-Staff-20
Ref: Distribution System Plan - Reliability
2.4.1 Supply System Reliability Indicators
Preamble:

Centre Wellington Hydro has shown that the historical SAIFI has decreased over the last 5 years and is a result from investments into automation.

Question(s):

a) Please provide the number of outages grouped by cause for each year between 2012-2015.

b) Are momentary outages included in Centre Wellington Hydro's SAIFI score?

c) Please explain the automation process or control that has caused the decrease in number of outages.

2-Staff-21
Ref: Distribution System Plan – Asset Condition Assessment
3.3 Results of 2015 Asset Condition Assessment
Preamble:

Centre Wellington Hydro had stated road salts used on main regional streets caused corrosion to pad mounted transformer enclosures, which lead to rehabilitation or replacement of the transformer.

Question(s):

a) How many transformers are replaced due to salt corrosion per year?

b) Has Centre Wellington Hydro considered preventing corrosion with techniques such as protective coating or cathodic protection? If not, why?

2-Staff-22
Ref: Distribution System Plan – Asset Condition Assessment
Figure 18: Condition Rating of Overhead distribution Lines
Preamble:

Figure 18 showed that a significant portion of the 2.4kV distribution system is in poor condition and in need of replacement.

Question(s):

a) Has Centre Wellington Hydro considered voltage conversion of the existing 2.4kV system to 4.16kV during the replacement? If not, why?

b) Are there any OM&A savings by operating with one standard voltage?

2-Staff-23
Ref: Distribution System Plan – Asset Lifecycle Optimization
3.4.1 Prioritization of Capital Investments
Preamble:

The asset management principle used to prioritize projects is to minimize the "Total Cost", which is the combined cost of risk and risk mitigation initiatives. The risk cost is calculated by determining the probability of the risk and the consequences of failure.

Question(s):

a) How does Centre Wellington Hydro calculate the probability of failure for each piece of asset?

b) Is the quantitative cost of risk calculated for each project? If not, how are the capital investments prioritized as per the asset management principle described above?

2-Staff-24
Ref: Distribution System Plan – Asset Lifecycle Optimization
Figure 25: Risk Based Decision Support System
Preamble:

Figure 25 showed that a change in maintenance plans could reduce the decrease in asset value over time by extending the life expectancy. This is used to produce an optimized decision to either replace, repair or do-nothing.

Question(s):

a) How does Centre Wellington Hydro quantitatively assess the extended life of an asset related to an OM&A activity?

b) Is capital versus OM&A trade-off analysis done for all capital replacement projects? If not, why?

2-Staff-25

Ref: Distribution System Plan – Asset Inspection
3.4.2 Preventative Maintenance and Safety Inspections
Preamble:

Centre Wellington Hydro uses thermograph inspection on distribution assets to detect incipient faults. It has recommended that these should be continued as part of the maintenance program.

Question(s):

a) What assets are inspected with thermograph inspection?

b) How often are they inspected? What is the cost of each inspection?

c) What is the cost of reactive replacement of the assets inspected?

2-Staff-26
Ref: Distribution System Plan – Vegetation Management
3.4.2 Preventative Maintenance and Safety Inspections
Preamble:

Centre Wellington Hydro has stated that it considers tree trimming on a two year cycle satisfactory.

Question(s):

a) Please provide the number of outages related to vegetation in the past five years.

b) Have there been customer complaints on the reliability of the system? If so, please provide evidence of the complaints.

c) Has Centre Wellington Hydro considered increasing the tree trimming separation distance between the tree and the distribution line to reduce trimming cycle?

2-Staff-27
Ref: Distribution System Plan – Material Capital Investments
2012 Capital Job – CP15
Preamble:

A Smart Centre requested a connection for a large box store and three medium sized commercial stores. This required a line extension from the existing 44kV circuit. The scope involved replacement of 28 poles which were sized to attach Centre Wellington Hydro's feeders and Hydro One's feeders.

Question(s):

a) Did the Smart Centre pay a capital contribution for this project? If not, why?

b) Did Hydro One contribute to the cost of this project? If not, why?

2-Staff-28
Ref: Distribution System Plan – Material Capital Investments
2013 Capital Job – CP17
Preamble:

The underground cable system on Argyll St is operating beyond its life expectancy and requires replacement.

Question(s):

a) The project is completed over two phases, one in-service September 2012 and the other October 2013. Why is the project done over two periods? Are there cost savings to complete this project together?

b) How many kilometers of underground cable was replaced?

2-Staff-29

Ref: Distribution System Plan – Material Capital Investments
2013 Capital Job – CP30
Preamble:

The Fergus Library branch is expanding and the Township is reconstructing the parking and parkland adjacent to the library. This library expansion will extend into the existing overhead pole line requiring the service to be relocated.

Question(s):

a) Does Centre Wellington Hydro have easement rights for the existing line?

b) Is the cost of this project fully or partially recovered from the Township if Centre Wellington Hydro has easement rights?

c) The existing feeder is an overhead design yet the new design is an underground design. What is the cause of the change in design? If it is due to aesthetics, who requested the change? Where they responsible for any incremental cost to the design change?

2-Staff-30

Ref: Distribution System Plan – Material Capital Investments
2013 Capital Job – CP35
Preamble:

A 400m section of underground duct bank was built on Beatty Line from Garafraxa St. to Hill St. This section of the feeder is on the edge of town with no apparent space constraints.

Question(s):

a) Please explain the justification why this portion was built underground instead of an overhead design?

2-Staff-31

Ref: Distribution System Plan – Material Capital Investments

2016 Capital Job – CP64
Costello Associates Inc. – 2011 Substation Score

Preamble:

Centre Wellington Hydro had stated the asset management plan called for the rehabilitation of Elora MS#2 due to worker/public safety, risk of equipment failure, and smart grid applications. In 2011, a report was done by Costello Associates for each substation. In the report, the overall station condition was deemed low risk with the exception of the station fence.

Question(s):

a) Centre Wellington Hydro has changed the reclosers in the station when their health rating in the Costello report showed they were healthy. Please provide justification on deviating from the asset condition assessment?

b) Please confirm if the station fencing and grounding was addressed in this project.

2-Staff-32

Ref: Distribution System Plan – Material Capital Investments
2016 Capital Job – CP65
Costello Associates Inc. – 2011 Substation Score

Preamble:

Centre Wellington Hydro had stated the Costello study found that station grounding was inadequate and the station was not equipped to handle the opportunity of SCADA. There were also concerns of oil containment for the station and this was to be addressed as part of the station upgrade.

Question(s):

a) The grounding issue seems to be limited to the ground potential rise of the neighbour's fence. What grounding upgrade was done to address this deficiency? Were there other grounding issues not explicit in the report?

b) The report showed that all of the equipment with the exception of cables seems to be in good condition. In addition, the overall risk assessment is low. Were the recloser upgrade and new SCADA installed specifically for the development of Smart Grid?

c) Centre Wellington Hydro had stated that an oil containment upgrade would be part of the project. In the Costello study for the station it seems the deficiency is that there is no oil containment for this station and is deemed higher risk. What did Centre Wellington Hydro install for oil containment? Has Centre Wellington Hydro done an environmental study outside the station to assess if there was, in fact, risk of oil flowing outside or into a water stream?

2-Staff-33
Ref: Distribution System Plan – Material Capital Investments
2017 Capital Job – CP33
Preamble:

The County of Wellington has requested a connection for a hospital. This requires an extension of the 44kV line to the site. This project was also proposed in Centre Wellington Hydro's 2013 cost of service application. The estimate at the time was $139,900.

Question(s):

a) The current estimate for this project is $244,100 compared to the estimate of $139,900. Please provide an explanation for the change in cost and why the project was delayed.

b) Is there any capital contribution from the County of Wellington for this expansion? If not, why?

c) How long is this expansion? Why did Centre Wellington Hydro choose an underground design for the expansion?

2-Staff-34
Ref: Distribution System Plan – Material Capital Investments
2017 Capital Job – CG1930
Preamble:

Centre Wellington Hydro had planned to replace a bucket truck because it has reached end-of-life and also purchase an electric vehicle for tasks such as delivering notices, water read, system inspections, banking and attending meetings.

Question(s):

a) Did Centre Wellington Hydro consider the possibility of a used bucket truck?

b) Was there a business case on the purchase of an electric vehicle compared to a regular gas vehicle? If so, please provide the business case. If not, why?

c) The capital spending in the 2017 General Plant category is significantly higher than other years. Did Centre Wellington Hydro considered deferring other capital investments in the 2017 General Plant category to smooth the yearly investments? If not, why? If so, please explain the criticality of the Computer Hardware project (CG1920) and the Electric Vehicle (CG1930) and why those projects could not be deferred a year to smooth the spend in the investment category.

2-Staff-35
Ref: Distribution System Plan – Material Capital Investments
2018 Capital Job – CP9
Preamble:

Centre Wellington Hydro has planned $80,000 every year for replacement of transformers. The main driver is to have transformers on site and available for unseen replacement and planned conversions, to minimize customer outage times.

Question(s):

a) Please provide a historical trend on the number of transformers replaced on a reactive basis.

b) Please provide the number of spare overhead and pad mount transformers Centre Wellington Hydro has in their inventory.

2-Staff-36
Ref: Distribution System Plan – Material Capital Investments
2020 Capital Job – CG1930
Preamble:

Centre Wellington Hydro has proposed to purchase a digger derrick truck in 2020 because the existing digger derrick truck has reached its maximum lifespan.

Question(s):

a) Did Centre Wellington Hydro consider the possibility of a used digger derrick truck?

b) Did Centre Wellington Hydro consider an Advanced Capital Module for the purchase of the digger derrick truck?

2-Staff-37
Ref: Asset Management Plan – 44kV Station Switches and 4kV Reclosers
Asset Management Plan – Table 31-33
Preamble:

Centre Wellington Hydro proposed a health index table for both 44kV station switches and 4kV reclosers but did not provide rating descriptions similar to other assets.

Question(s):

a) Please provide rating descriptions for each of the criteria in Table 31, 32, and 33

2-Staff-38

Ref: Asset Management Plan – Wood Poles
Asset Management Plan – Figure 13 Poles Type Employed
Asset Management Plan – Figure 14 Pole Service Age Profile
Preamble:

Centre Wellington Hydro showed that approximately 25% of the 1445 wood poles in their system are near its typical useful service life and require replacement. This equates to approximately 360 poles that need to be replaced. In Centre Wellington Hydro's proposed capital plan, the proposal is to replace 10 poles a year.

Question(s):

a) Has Centre Wellington Hydro assessed the risk of only replacing 50 poles in the next five years? If so, how?

b) Please provide the pacing strategy used from the asset management plan.

2-Staff-39

Ref: Asset Management Plan – Smart Grid Initiative
Asset Management Plan page 39
Preamble:

Centre Wellington Hydro had stated that four of the existing stations are equipped with automated and remote controlled reclosers and two remaining stations scheduled to undergo an upgrade during 2016.

Question(s):

a) Has the upgrade for the remaining two stations been completed?

b) With all six stations equipped with remote controllable reclosers and a SCADA system, what is Centre Wellington Hydro's current smart grid capability? (eg. Remote closing of feeder recloser)

c) Does Centre Wellington Hydro have a plan or strategy for the continued development of the smart grid?

<u>Exhibit 3</u>

3-Staff-40
Ref: Exhibit 3, pages 21 and 22 of 78
Preamble:

Centre Wellington Hydro has noted that during the process of testing the regression analysis, many different variables and time periods are tested to arrive to, what the utility seems as the best R-squared. Centre Wellington Hydro's rationale behind selecting or dropping certain variables involved a "no worst" rationale.

Question(s):

a) What other independent variables were considered in the regression analysis and why were they dropped?

b) Please explain why customer count and/or number of holidays in a month were not included in the model.

c) The variable “Employment Stats” has a high P value suggesting that changes in prediction are not associated with changes in the response. Why was “Employment Stats” included in the regression equation considering the high P value and the associated low R squared?

d) Please provide the residual plot for the regression model provided in the pre-filed evidence.

3-Staff-41
Ref: Exhibit 3, pages 17-19 of 78
Preamble:

Centre Wellington Hydro has used data for the period 2008 to 2016 in the regression analysis. The regression result has been used to prepare the load forecast.

Question(s):

a) Please confirm whether Centre Wellington Hydro tested the accuracy of its forecast and if yes, please explain how the accuracy was tested.

b) Please use the same independent variables as that in the evidence for the years 2006 to 2014 and prepare a load forecast for 2015 and 2016. Please compare the forecasted consumption with the actuals for 2015 and 2016.

3-Staff-42
Ref: Exhibit 3, page 22 of 78
Preamble:

Centre Wellington Hydro has provided the regression results used to determine the load forecast. Please re-run the regression results using the following independent variables.

Question(s):

a) The variables included in the evidence with the exception of “Employment Stats”.

b) The variable included in the evidence excluding “Employment Stats” and including customer count and number of holidays in a month.

c) The variable included in the evidence excluding “Employment Stats” and including customer count.

d) The variable included in the evidence excluding “Employment Stats” and including number of holidays in a month.

e) If any of the results under the above scenarios show an improved R squared compared to that provided in the evidence, please provide a revised load forecast on that basis.

f) Please provide the output and model in Excel and PDF formats.

3-Staff-43
Ref: Exhibit 3, page 23 of 78
Preamble:

Table 7 in the evidence shows wholesale versus adjusted purchases.

Question(s):

a) Please identify what known changes in load were removed to arrive at adjusted purchases.

3-Staff-44
Ref: Exhibit 3, page 20 of 78
Preamble:

Centre Wellington Hydro has noted that using a combination of wholesale purchases and the selected independent variables, a multiple regression analysis was used to develop an equation describing the relationship between monthly actual wholesale kWh and the explanatory variables.

Question(s):

a) Please update the load forecast to include the most recent data (e.g. up to July 31, 2017 or August 31, 2017) and indicate how the load and customer forecast for 2017 and 2018 may be affected.

b) If Centre Wellington Hydro has prepared a revised load forecast as per IR 3-Staff-42, please indicate how the load and customer forecast for 2017 and 2018 will be impacted using the most recent data of wholesale purchases.

3-Staff-45
Ref: Exhibit 3, page 40 of 78
Preamble:

Centre Wellington Hydro has provided the 2015-2020 LRAMVA and 2015 adjustment to load forecast.

Question(s):

a) Please confirm that the data on page 40 of the evidence has been used to calculate the CDM adjustments to load forecast for 2017 and 2018.

b) Please provide the revised CDM adjustments to load forecast for 2017 and 2018 using the actual CDM results for 2016 if available from the IESO.

3-Staff-46
Ref: Exhibit 3, pages 49 and 50 of 78
Preamble:

Centre Wellington Hydro has used a simple 9-year (2008-2016) geometric mean function to determine the forecasted number of customers for 2017 and 2018. For the GS>3,000-4,999 kW customer class, the decrease in customer count from 2016 to 2017 is 2 and the decrease from 2017 to 2018 is 1. Centre Wellington Hydro has further indicated that in 2015, one large customer underwent a major plant expansion because of shutting down one location, outside of Centre Wellington Hydro's service area, and combining the two facilities.

Question(s):

a) Please confirm that the single location described above is in the service territory of Centre Wellington Hydro.

b) Did Centre Wellington Hydro consider the increased consumption of this customer as a result of the combined facility in its load forecast?

3-Staff-47
Ref: Exhibit 3, page 55 of 78
Preamble:

Centre Wellington Hydro has provided Table 35(b) which shows the variances from year to year in the number of customers between actuals/forecast and 2013 OEB approved.

Question(s):

a) Please update the table using 2015 and 2016 actuals if actual numbers have not been used.

3-Staff-48
Ref: Exhibit 3
Preamble:

It is unclear how Centre Wellington Hydro has accounted for the impact of historic CDM on its 2018 load forecast.

Question(s):

a) How has Centre Wellington Hydro incorporated the effects of CDM program delivery over 2008-2016 period in its 2018 load forecast?

b) What was the impact on Centre Wellington Hydro's sales of the CDM Programs implemented over the period 2008-2016? Please provide the impacts for each year 2008-2016 from programs implemented in that year as well as persisting impacts in that year from programs implemented in previous years, indicating the references for the values reported. For years 2017-2018, please provide the persisting impacts on sales that year of programs implemented

3-Staff-49
Ref: Exhibit 3, page 76, 77
Exhibit 8, page 25
Centre Wellington_2018 Cost Allocation Model_CoS APPL_20170626, Tab "O3.6 MicroFIT Charge"
Preamble:

As per Exhibit 3, page 76 & 77 Centre Wellington Hydro stated that it:

- Is requesting an increase in MicroFit monthly service charge from $5.40 to $10.00 per month to cover the cost of the 3rd party meter reading and import to our CIS system. This increase in revenue will equal approximately $2,200."

- Incurs a $10.00 monthly fee per microFIT meter point from CWH's vendor, Utilismart, and would like to pass this charge onto its microFIT customers. This increase in the customer charge from $5.40 to $10.00 was also agreed to in St. Thomas Energy Inc. (EB-2014- 0113) Cost of Service Application.

As per Exhibit 8, page 25, Centre Wellington Hydro also stated that

- This increase to $10.00 is also consistent with Wasaga Distribution in case EB-2015-0107.

- It proposes to change its microFIT rate class to include Net Metering Accounts.

OEB staff notes that Centre Wellington Hydro's cost allocation model calculates a monthly unit cost for microFIT of $6.01, as per the model "Centre Wellington_2018 Cost Allocation Model_CoS APPL_20170626, Tab "O3.6 MicroFIT Charge."

OEB staff notes that Centre Wellington Hydro appears to not have included the Net Metering to the microFIT rate class, as per its tariff sheet. Also it appears that Centre Wellington has not made changes to the class description, which is standard for most distributors.

Question(s):

a) Please describe the conditions that would warrant changing the rate class of Net Metering customers at this time.

b) Please state if the tariff sheet should be changed to reflect the changes to the microFIT rate class to include Net Metering customers.

c) Please provide a breakdown of the monthly unit cost of Net Metering customers, similar to Sheet O3.6 of the cost allocation model for the microFIT rate class.

d) Please confirm that the impact of increasing the microFIT charge from $5.40 to $10.00 is projected to be $2,200 per year. If this is not the case, please explain.

e) If the impact of increasing the microFIT charge from $5.40 to $10.00 is greater than $50,000, please answer the following questions:

i. Please estimate the dollar impact of this increase on the 2018 Test Year in Appendix 2-H. Please also indicate which USoA account number in Appendix 2-H would be impacted by this increase.

ii. Please describe the conditions that are similar in Centre Wellington Hydro's territory to St. Thomas Energy Inc.'s and Wasaga Distribution's territory that would warrant consideration by the OEB of a similar rate for microFIT service for these two distributors.

iii. Please explain why a monthly microFIT rate of $10.00 is appropriate, when Centre Wellington Hydro's monthly cost for this service is $6.01.

3-Staff-50
Ref: Exhibit 3, page 77
Exhibit 8, page 25
Preamble:

As per Exhibit 3, page 77, and Exhibit 8, page 25, Centre Wellington Hydro is requesting to implement the market rate for access to the power poles, once the OEB working group has come up with an updated standard rate for all distributors.

Question(s):

a) Please confirm that Centre Wellington Hydro will wait for the outcome of the Pole Attachment Working Group ("PAWG") EB-2015-0304 and the associated methodology to determine a new pole attachment rate, rather than a new pole attachment rate being decided in this proceeding.

b) Please indicate if the impact on Centre Wellington Hydro's Appendix 2-H, Other Revenue, would be material for the test year, as a result of updating the market rate. If so, please estimate the dollar impact of this increase on the 2018 Test Year in Appendix 2-H. Please also indicate which USoA account number in Appendix 2-H would be impacted by this increase.

3-Staff-51
Ref: Exhibit 3, Table 46: Appendix 2-H
Excel version of Appendix 2-H
Preamble:

As per the Accounting Procedures Handbook, Article 220, page 102, Account 2440 Deferred Revenues, this account is to include amounts relating to capital contributions. Amounts recognized in this account should be amortized to income over the useful life of the related property, plant and equipment by debiting this account and crediting Account 4245, Government and Other Assistance Directly Credited to Income.
Upon OEB staff's review of Appendix 2-H, it appears that a balance related to Account 4245 is not included in this appendix.

OEB staff also notes that the total Other Revenue included in the 2018 Test Year Revenue Requirement is Exhibit 3, Table 46: Appendix 2-H is ($3,613,300). However the Excel version of Appendix 2-H included in the Chapter 2 Appendices is ($292,400). OEB staff notes that one of the differences between the two versions of Appendix 2-H is that one version (PDF Appendix 2-H) includes an Account 4080, Distribution Services Revenue, balance of ($3,326,100) and the other version (Excel Appendix 2-H) does not include this account.

Question(s):

a) Please state where the amortization of capital contributions is reflected in Centre Wellington Hydro's 2018 Test Year revenue requirement.

b) Please state why no balance in Account 4245 is included in Appendix 2-H.

c) Please update Appendix 2-H to include a balance in Account 4245.

d) Please update the evidence to ensure that consistent amounts are recorded in both Exhibit 3, Table 46: Appendix 2-H and the Excel version of Appendix 2-H included in the Chapter 2 Appendices.

Exhibit 4

4-Staff-52

Ref: Exhibit 4, Table 1 - Summary of Total OM&A-2013 Board Approved to 2018 Test Year
Exhibit 4, page 15
Exhibit 4, page 75

Preamble:

As per Exhibit 4, Table 1, 2018 Test Year OM&A of $2,404,300 has increased by 18.9% or $382,195 from 2013 OEB approved OM&A of $2,022,105. This is an average increase of 3.8% over five years.

OEB staff notes that the inflation rate is 1.9%.[1]

OEB staff also notes that 35.7% or $136,600 of the $382,195 increase from 2013 OEB approved OM&A, relates to "Administrative and General" expense. As per Exhibit 4, page 15, Centre Wellington stated that the majority of the increase in Administrative and General Expenses can be attributed to an increase in Management Salaries and expenses of $84,300." Centre Wellington stated that the big driver of this increase of $84,300 is a $50,600 increase, which is due to two factors:

- the former Centre Wellington CEO returning as a Special Projects Manager; and
- annual salary increases.

Centre Wellington Hydro stated that the Special Projects Manager position has remained in place and hours have been budgeted for this position. This position was

[1] 2017 EDR Webpage October 27, 2016 Reference:
Consistent with the policy determinations set out in the Report of the Board on Rate Setting Parameters and Benchmarking under the Renewed Regulatory Framework for Ontario's Electricity Distributors (EB-2010-0379) (Issued November 21, 2013 and updated December 4, 2013), the OEB has calculated the value of the inflation factor for incentive rate setting under the Price Cap IR and Annual Index plans, for rate changes effective in 2017, to be 1.9%. The derivation of this is shown in the following table. The OEB will adjust the price escalator in each applicable electricity distributor's 2017 Incentive Regulation Mechanism model such that this inflationary adjustment is reflected in distribution rate changes resulting from Price Cap IR and Annual Index applications effective in 2017

created in 2015 and is designed “to assist with various reviews of policies, procedures and programs that had not been completed because of lack of time.”

As per Exhibit 4, page 75, Centre Wellington Hydro stated that it “realizes that internal policies and procedures have fallen behind because of other duties taking priority and necessity of having these updated on a regular bases to ensure the efficient running of the utility.”

The $84,300 cost increase can be broken down as follows:

50,600	Special Project Manager and annual increases
32,500	premium increases in Payroll and company benefits
1,200	misc. expenses
84,300	

Question(s):

a) Please provide justification as to why the OEB should approve the 2018 Test Year OM&A of $2,404,300, which represents an approximate increase of 3.8% per year since 2013 OEB approved, when the inflation rate is 1.9%.

b) Please identify what improvements in services and outcomes Centre Wellington Hydro’s customers will experience in 2018 and during the subsequent IRM term as a result of increasing the provision for OM&A in 2018 versus 2017, at about 1.48 times the average annual rate experienced over the 2013 to 2017 period.

c) Please provide justification as to why the OEB should approved an increase of $84,300 in “Administrative and General” expense from 2013 OEB approved, when Centre Wellington Hydro has not provided justification for cost increases such as $50,600 for a Special Projects Manager and annual salary increases. Please include specific justification for a Special Projects Manager, especially since this position was created in 2015 to do tasks such as revise policy and procedures. Please explain why this task of revising policies and procedures has not been completed since the introduction of this role in 2015. Please also state why other duties are taking higher priority and why the policies and procedures need to be updated on a regular basis.

4-Staff-53
Ref: Exhibit 4, Table 20: Summary of Wage Increases by Year
Appendix 2-K

Exhibit 4, page 81, 87

Preamble:

Appendix 2-K shows that total compensation of both management and non-management (union and non-union) have increased by 17.8% or $268,732 from $1,511,168 in 2013 OEB approved to $1,779,900 in the 2018 Test Year. This represents an approximate increase per year of 3.6%.

Exhibit 4, Table 20, shows actual annual wage increases for both management and non-management (union and non-union) ranging from 2.75% to 3.0% per year from September 1, 2013 to September 1, 2016. The cumulative increase over this period is 11.25%. OEB staff notes that the average increase over this 4 year period is 2.81%.

Centre Wellington Hydro stated that the increases from 2013 through 2016 represent the percentage increases that were negotiated with the Union employees. These increases were then applied to the office staff and management.

Centre Wellington Hydro "has budgeted an increase in wages for the contract period of September 1st, 2017 to August 31, 2020 but as the agreement has not been negotiated the value is not included."

Centre Wellington stated that 'the compensation package includes an annual adjustment equal to the annual percentage increase included in the union contract which was based on industry experience and projections."

Centre Wellington Hydro also stated that it "has no relevant compensation benchmarking studies available for filing with this application."

Question(s):

a) Please provide justification as to why the OEB should approve the 2018 Test Year Compensation when it has increased by approximately 3.6% per year since the 2013 OEB Approved, when the inflation rate is 1.9%.

b) If the agreement has been ratified, please provide the budgeted increase in wages for the contract period of September 1st, 2017 to August 31, 2020. Please also provide a copy of the Collective Agreement.

c) If the union agreement has not been ratified, please provide an estimate for the budgeted increase in wages effective September 1, 2017 and September 1, 2018.

d) Please provide the rationale for why the negotiated union increases are simply applied to the office staff and management, further to Centre Wellington Hydro's statement that the increase is "based on industry experience and projections." Please also explain why the increase is based on industry experience and projections when Centre Wellington Hydro stated that it "has no relevant compensation benchmarking studies available for filing with this application."

e) As noted above, Centre Wellington Hydro stated that it "has no relevant compensation benchmarking studies available for filing with this application", but rely on "industry experience and projections. "

Centre Wellington Hydro states that it did not undertake any relevant studies of its proposed increases in compensation/headcount on the basis of compensation benchmarking, or any other external comparators, and appears to have justified its proposed increases solely on the basis of its anticipated needs without any specific reference to any external comparators. Please explain what analyses and data Centre Wellington Hydro has used to derive its proposed compensation per headcount for the bridge and test years.

f) Please provide specific information on why the proposed cost increases are necessary for Centre Wellington Hydro to achieve the objectives that it has targeted in the capital and operating expenditure sections of its application. Please also provide alternative methods for achieving these objectives that were considered and rejected in favour of the proposed compensation increases.

4-Staff-54
Ref: Exhibit 4, page 85
Preamble:

Centre Wellington Hydro stated:

- CWH has been able to reduce the total FTE between 2013 Cost of Service and 2018 Test Year from 16.5 employees to 15.29 FTEs. This has been done

through the re-organization of staff and responsibilities and the elimination of most part-time members.

- In 2017, CWH will have a stable staff force in place, which includes the promotion of two (2) existing non-management employees to management levels. These two positions are:
    - 1) Manager of Finance and Regulatory and
    - 2) Manager of Customer Service, Billing and CDM.
- These two staff members are now responsible for ensuring that the day-to-day operations are completed in a timely and efficient manner and to provide direct supervision of other staff members.
- This organizational change provides a balancing out of responsibilities and allows the Vice President of Finance and Regulatory to spend more time in overseeing the overall financial and regulatory aspects of the business as well as still providing financial direction to the Manager of Operations and Manager of Customer Service when those duties cross over to the financial line.
- The Superintendent was promoted to Manager of Operations and therefore assumes responsibility of all areas of operations

Question(s):

a) Regarding the new management positions that were created, are there FTEs budgeted in the 2018 Test Year OM&A based on their former roles? Please explain and provide more detail/rationale if the FTEs related to the former roles are included in the 2018 Test Year OM&A.

b) Was the reorganization noted above performed for succession planning purposes? Please explain.

    i. If yes, will certain FTEs not be required upon the retirement of some management staff? Please explain and provide the associated dollar amount of these FTEs included in the 2018 Test Year OM&A.

ii. If no, why was it only required recently that the "Vice President of Finance and Regulatory" would be required "to spend more time in overseeing the overall financial and regulatory aspects of the business, as well as still providing financial direction to the Manager of Operations and Manager of Customer Service when those duties cross over to the financial line."? Please explain.

4-Staff-55
Ref: Exhibit 4, page 8
Preamble:

Operations expenses increased by $97,400 between the 2013 OEB Board Approved amount and the 2018 Test Year.

Centre Wellington Hydro stated that a big driver of this increase was due to an increase in Station Buildings and Fixtures expenses (account 5012) of $53,800 over the five years, broken down as follows:

7,700	building and equipment repairs
8,900	annual janitorial, hydro, heating, and snow removal cost
17,700	reallocated property taxes
19,500	wages and overheads to maintain the building, cold storage and yard
53,800	

Centre Wellington Hydro stated that it has "no significant control over the cost of taxes, heating, hydro, snow removal and the repairs to the building and fencing repairs."

Question(s):

a) Please explain why Centre Wellington has "no significant control" over these costs.

b) Please explain the steps the Centre Wellington has taken to manage costs that are within its control.

4-Staff-56
Ref: Exhibit 4, page 11
Preamble:

Maintenance expenses increased by $59,300 between the 2013 OEB Board approved amount and the 2018 Test Year.

Centre Wellington Hydro stated that a big driver of this increase related to cost for underground locates. This cost has increased by $45,300 because the number of locates requested annually has increased from 896 in 2013 and to 3125 in 2016.

Centre Wellington Hydro further stated:

- In 2013 OEB approved budget, CWH had allocated $32,100 for 896 UG locates, which represents a cost of $35.83 for each locate.

- The actual cost per locate in 2013 was $38,595 / 896 = $43.07 per locate.

- CWH for 2018 has budgeted a cost of $77,400 for 3,125 locates at a cost of $24.77 per locate.

Question(s):

a) Please explain why the number of locates has increased by 896 in 2013 to 3,125 in 2016 and projected to be 3,125 in 2018.

4-Staff-57
Ref: Exhibit 4, page 13
Preamble:

Billing and Collecting expenses have increased by $73,995 between the 2013 OEB approved amount and the 2018 Test Year.

Centre Wellington stated:

- The majority of the increase in billing and collections can be attributed to an increase of $55,900 to Supervision (account 5305) as this position was not included in the 2013 cost of service application.

- In 2014, CWH went through a reorganization where one of the current staff members was promoted to Supervisor of Customer Services.

- In 2016, CWH implemented a full job costing system for all departments and this has resulted in a change in the allocation of payroll related expenses to align with where the employees' hours of work is accounted for instead of estimates. Costs being allocated to this account include salaries and expenses related to this position. This cost is partially offset by the reduction in billing salaries and benefits shown in account 5315.

- Due to the size of the organization the supervisor's time is split between supervision, billing, collecting and regulatory when the supervisor is pulling together RRR reports for submissions.

Question(s):

a) Please explain why it was necessary to create the position, Supervisor of Customer Services. In Centre Wellington's explanation, please also provide details as to why a Supervisor of Customer Services was needed, in addition to the new role titled "Manager of Customer Service, Billing and CDM" that was created since the 2013 last cost of service application. The creation of the Manager role is also outlined in another interrogatory above.

b) Regarding the position that the Supervisor of Customer Services held prior to their promotion:

   i. Please provide the job title of this position (the Former Position)

   ii. Please explain if the Former Position was filled by another FTE

      i. If yes, please explain the need to fill the Former Position.

      ii. If yes, please confirm that the Former Position FTE has been included in the forecasted FTEs of 15.29 for the 2018 Test Year.

      iii. If no, please explain why the costs included in the 2018 Test Year OMA& of the Former Position have not been offset by the new position, Supervisor of Customer Services.

4-Staff-58
Ref: Exhibit 1, page 36 & 37
Exhibit 4, page 15

Exhibit 4, page 104
Excel Appendix 2-M

Preamble:

As per Exhibit 1, page 36 & 37, Centre Wellington Hydro stated “Regulatory costs are also projected to be higher for 2018 due to provisions for an oral hearing and the drafting of the Distribution System Plan by a third-party engineering firm.”

As per Appendix 2-M, Centre Wellington Hydro is forecasting an increase of Regulatory Costs from 2013 OEB Approved of $153,600 to $168,400 in the 2018 Test Year.

Question(s):

a) Appendix 2-M states that 2013 OEB Approved Regulatory Costs were $153,600, whereas a different number of $123,500 was stated in Exhibit 4, page 15. Please state which is the correct number and update the evidence where required.

b) Please state how much regulatory costs are expected to increase in the 2018 Test Year revenue requirement due to “provisions for an oral hearing” and the “drafting of the Distribution System Plan by a third-party engineering firm.”

c) If this proceeding does not advance to an oral hearing, is Centre Wellington Hydro agreeable to removing such costs from its 2018 Test Year revenue requirement? Please explain.

d) In Excel Appendix 2-M, Centre Wellington Hydro is forecasting $69,000 for “Operating expenses associated with staff resources allocated to regulatory matters.” However, this is an increase of $29,000 versus 2013 OEB approved and $59,971 versus 2013 Actual. Exhibit 4, page 15, states that the $29,000 increase in Salaries and Payroll Expenses occurred due to the reallocation of wages and payroll expenses from General Administration. Exhibit 4, page 104, states that the increase represents the increase in the staff time and related payroll costs that are being charged to account 5655-Regulatory cost. In the 2013 Cost of Service, Centre Wellington Hydro received approval to hire an additional staff member to assist with the regulatory, compliance and financial issues. This staff member’s time has been allocated to both regulatory (5655) and general administration (5615) and the actual amounts reflect the time required to completed these duties.

i) Please explain why an increase of 73% versus 2013 OEB approved and increase of 664% versus 2013 Actual are justified for this type of expense.

ii) Please provide additional information to support this increase, if available.

iii) Please explain why the allocation of labour costs between Account 5655 (Regulatory) and Account 5615 (Administration) has not been consistent over the period 2013 to 2018.

4-Staff-59

Ref: Exhibit 4, Excel and PDF Chapter 2 Appendix 2-JB, Appendix 2-K, Appendix 2-L

Preamble:

OEB staff notes that with respect to Chapter 2 appendices, certain data has been omitted:

- Excel Appendix 2-JB, certain data has been omitted in Excel file (e.g. the 2013 OEB approved and 2014 actuals are omitted).

- Excel Appendix 2-JC is missing a column for 2013 OEB approved data and the formulas in the column “Test Year Versus 2013 Actual (Last Rebasing Year)” and the column “Test Year Versus Most Current Actuals (2016)” have been overwritten with numbers.

- Excel Appendix 2-K also has certain data omitted (e.g. cell H12 refers to 2019 Test Year instead of 2018 Test Year and 2104 actuals are omitted). Also Excel Appendix 2-K, rows 14, 15 and 16 have been rounded up instead of using fractional numbers.

- Appendix 2-L also has certain data omitted (e.g. cell J13 refers to 2019 Test Year instead of 2018 Test Year and 2014 actuals are omitted).

Question(s):

a) Please update the Excel and PDF Appendix 2-JB, Appendix 2-K, Appendix 2-L, and Appendix 2-JC to reflect the correct labels and associated data.

b) Please perform a check of all PDF and Excel Chapter 2 Appendices to ensure that the correct labels and associated data is correct. Please update the evidence as required.

4-Staff-60
Ref: Exhibit 4, page 83 & 84
Preamble:

Centre Wellington Hydro stated:

- OEB Appendix 2-K presented as Table 18 details CWH's employee compensation.

- In accordance with Board policy: "Where there are three or fewer employees in any category, the applicant must aggregate this category with the category to which it is most closely related. This higher level of aggregation must be continued, if required, to ensure that no category contains three or fewer employees."

- In 2013, the Board approved the FTE for Management to be included in with the Non- Management group as there were three or fewer staff in this group; the President/Secretary, the Vice President/Treasurer and the Superintendent.

- In the 2018, there will be five persons in the management grouping but these positions were effective January 1st, 2017 and consists of the President/Secretary; Vice President of Finance/Regulatory; Manager of Operations, Manager of Finance/Regulatory; and Manager of Customer Service, Billing & CDM.

- In the next Cost of Service application, CWH will split out the two groups.

Question(s):

a) Please provide the rationale as to why this data was not disaggregated into more detail as Centre Wellington Hydro is forecasting more than 3 employees in management positions (actually 5 management positions) to be incorporated in the 2018 Test Year revenue requirement.

b) Please re-issue Appendix 2-K showing this extra detail.

4-Staff-61
Ref: Appendix 2-N
Exhibit 4, Table 31: Reconciliation of Non-Rate Regulated Utility Operations to Other Operating Revenues shown in Appendix 2-H.
Exhibit 4, page 91
Preamble:

As per Exhibit 4 page 91, Centre Wellington Hydro outlined that it provides water and sewer billing and street light maintenance to the Township of Centre Wellington. No services are provided to Centre Wellington Hydro by Township of Centre Wellington.

OEB staff notes that Centre Wellington Hydro has reconciled the "Water/Sewer billing" costs in Appendix 2-N to Appendix 2-H via Exhibit 4, Table 31, but not the "Street Lights Mtce and Installation" costs recorded in Appendix 2-N.

OEB staff also notes that Centre Wellington Hydro has not filed a complete Appendix 2-N. The "Shared Services" need to include details such as the revenue and cost amounts from 2013 through to 2018 for both "Water/Sewer billing" and ""Street Lights Mtce and Installation."

Question(s):

a) Please reconcile the "Street Lights Mtce and Installation" costs in Appendix 2-N to Appendix 2-H via a revised Exhibit 4, Table 31.

b) Please update Appendix 2-N for "Shared Services" to include details such as the revenue and cost amounts from 2013 through to 2018 for both "Water/Sewer billing" and ""Street Lights Mtce and Installation."

c) Please reconcile the revised revenue amounts in Appendix 2-N to Appendix 2-H, via a revised Exhibit 4, Table 31.

4-Staff-62
Ref: Exhibit 4, Page 88, Table 21
Appendix 2-KA,
Exhibit 4, Appendix A, Actuarial Valuation

Question(s):

a) On page 88, table 21 shows health benefits ($99k) and life insurance ($9k) of $107k for 2018. Appendix 2-KA shows $18k of OPEBs included in rates. The Estimated Benefit Expense table in the Actuarial Evaluation shows $16k of defined benefit cost recognized in the income statement. Please explain which portion of the health benefits and life insurance in table 21 are considered OPEBs and how it reconciles to that shown in Appendix 2-KA and the Actuarial Valuation.

b) In Appendix 2-KA, for 2018

   i. the amount included in rates includes an annual actuarial adjustment. Please explain why this is included as any actuarial gains or losses under MIFRS would be recorded in Other Comprehensive Income and not OM&A.

   ii. the amount included in rates is the same as the paid benefit amount. Please explain whether this amount is based on the accrual or cash method of accounting.

   iii. If it is based on the cash method of accounting, please explain whether Centre Wellington Hydro has taken into the account the guidance provided in *Report of the Ontario Energy Board on Regulatory Treatment of Pension and Other Post-employment Benefits (OPEBs) Costs* that was issued on May 18, 2017. Please also explain why the cash method is used and quantify any transition impacts.

4-Staff-63

Ref: Exhibit 4, Pages 111-117, Appendix 2-C For depreciation expense
Appendix 2-BB

Question(s):

a) In the calculation of the 2018 depreciation expense, the formula takes the 2016 full year depreciation and adds the 2018 depreciation for new additions. The formula should take the 2017 full year depreciation and add the 2018 depreciation for new additions. Please revise the appendix for 2018 depreciation expense.

b) There are variances between depreciation expense as calculated in Appendix 2-C and depreciation expense from Appendix 2-BA for Account 1611 Computer Software (from 2013 to 2018), Account 1820 Transmission Lines (from 2016 to 2018), Account 1920 Computer Equipment Hardware Smart Meter (2015) and Account 1920 Computer Equipment Hardware 6 Years (2016 to 2018). Please explain the variances and revise depreciation expense, if necessary.

c) Account 1920 Computer Equipment Hardware Smart Meter uses a useful life of 0.59 years in Appendix 2-C. However, Appendix 2-BB shows Account 1920 with a useful life of 3 years. Please explain why a useful life of 0.59 years is used to calculate depreciation expense in Appendix 2-C. Please revise depreciation expense as necessary.

4-Staff-64
Ref: PILS Model
Preamble:

The tax loss in the historical year in the PILS model is $825k, excluding the impact from regulatory adjustments.

Question(s):

Please explain how the significant tax loss accumulated in 2012 and 2013.

4-Staff-65
Ref: Exhibit 4, page 137
Preamble:

At a minimum, distributors must apply for the clearance of LRAMVA in a cost of service application. On page 137 of Exhibit 4 of the rate application, Centre Wellington Hydro stated the following:

> CWH is currently not requesting recovery of lost revenue resulting from Board-approved programs.

Questions(s):

a) Please confirm that Centre Wellington is requesting disposition of a credit balance of $1,992 in 2018 rates.

b) If not, please discuss the appropriateness of not clearing the credit amount as it currently represents over-recovery of CDM in rates.

4-Staff-66
Ref: Tab 2 of LRAMVA Work Form
2013 Decision and Order, p. 8 (EB-2012-0113)
Preamble:

In the LRAMVA work form, Centre Wellington included the following amount for forecast CDM savings used for comparison against actual program results: 1,581,028 kWh in 2015.

In the 2013 Decision and Order on Centre Wellington's cost of service application, the OEB approved an LRAMVA threshold of 2,288,799 kWh.

Question(s):

a) Please discuss why Centre Wellington used an LRAMVA threshold of 1,581,028 kWh in 2015.

b) If the approved LRAMVA threshold of 2,288,799 kWh in 2015 should be used instead, please update your application using this threshold in the calculation of the 2015 LRAMVA. Please also ensure that the rate class breakdown of forecast CDM savings corresponds with the LRAMVA threshold of 2,288,799 kWh.

4-Staff-67
Ref: Tab 5 of LRAMVA Work Form (Table 11-a)

Question(s):

a) Please confirm that the total rate class allocation of 103% for the Efficiency: Equipment Replacement Incentive Initiative program in 2015 is correct. Please discuss why the total rate class allocations from the customer classes do not add up to 100%.

b) Please discuss and provide rationale, as appropriate, on the allocation of savings from the Efficiency: Equipment Replacement Incentive Initiative delivered in 2015 to the following rate classes:
    - 43% to streetlighting customers
    - 52% to GS 50-2999 kW
    - 8% to GS<50 kW

4-Staff-68
Ref: Tab 5 of LRAMVA Work Form

Question(s):

a) Please confirm that the 2015 LRAMVA, as filed, does not include any persistence of savings from historical programs delivered in the 2011-2014 CDM framework into 2015.

b) If the 2015 LRAMVA amount is incorrect, please update the persistence savings rates from 2011-2014 in 2015 in Tab 6. (Note: This will automatically update Tab 5 with historical year's savings persistence in 2015.)

c) Please provide rationale for claiming historical year's persisting savings in 2015. In doing so, please confirm the year of actual CDM savings embedded into Centre Wellington's 2013 load forecast, as approved in the 2013 CoS proceeding.

4-Staff-69
Ref: LRAMVA work form

Question(s):

If Centre Wellington has made any changes to the LRAMVA work form as a result of its responses to interrogatories, please file an updated LRAMVA work form.

Exhibit 5

5-Staff-70
Ref: Exhibit 5, page 3

Preamble:

In Exhibit 5, page 3, Centre Wellington Hydro indicated that it used the Cost of Capital parameters in the OEB's letter of October 27, 2016 in this application.

Centre Wellington Hydro also stated that it "understands that the OEB will most likely update the its capital parameters for 2018 at a later date, and therefore commits to updating its Application to reflect the OEB's updated Cost of Capital Parameters for January 1, 2018 applications and as new information is issued."

Question(s):

a) If updated cost of capital parameters are approved by the OEB before Centre Wellington Hydro issues its response to interrogatories, please update the evidence as appropriate to reflect these new parameters.

5-Staff-71
Ref: Exhibit 5, page 15
Preamble:

As per page 43 of the Chapter 2 of 2018 Filing Requirements, "Notional debt is that portion of the deemed debt capitalization that results from differences between the distributor's actual debt and the deemed debt thickness of 60% (56% long-term debt and 4% short-term debt)."

In Exhibit 5, page 15, Table 6, Centre Wellington Hydro has performed a calculation of its notional debt.

Question(s):

a) OEB staff is unclear as to how this notional debt of ($161,086) was derived. Please provide more detail as to how this notional debt was derived.

5-Staff-72
Ref: Exhibit 5, Appendix B, Promissory Note: Infrastructure Ontario – October 2013
Exhibit 5, Appendix C, Promissory Note: Infrastructure Ontario – September 2014

Exhibit 5, Appendix D, Promissory Note: Infrastructure Ontario – July 2015
Exhibit 3, page 9, Table 3: Appendix 2-OB Cost of Debt Instruments

Preamble:

OEB staff notes that the above noted promissory notes issued by Infrastructure Ontario include a reference to a "Schedule A" for each note. However, a copy of "Schedule A" for these notes was not provided.

Question(s):

a) Please complete Appendix B, C, and D by including a copy of the "Schedule A" that applies to each of these promissory notes.

b) If the description of the interest rates in the Schedule A of these promissory notes does not reconcile with the interest rates included in "App. 2-OB_Debt Instruments" and "Table 3: Appendix 2-OB Cost of Debt Instruments", please explain and update the evidence as required.

Exhibit 6

6-Staff-73
Ref: Exhibit 6, pages 13-14
Preamble:

Centre Wellington states "As shown in Table 10 in the previous section, the Revenue Deficiency is determined to be $604,668." Table 10 indicates a Gross Revenue Deficiency of $465,817.

Question(s):

a) Please confirm that the deficiency is $465,817. Please update the evidence if required.

Exhibit 7

7-Staff-74
Ref: Cost Allocation Model, Sheet I4 BO Assets
Asset Functionalization

Preamble:

Centre Wellington Hydro has recorded all amortization on contributed capital as being applicable to Account 1855 - Meters. As a result, there is less contributed capital in this account than the amount of depreciation on contributed capital.

Question(s):

(a) Please review the contributed capital, and amortization of contributed capital for all asset categories, and update as required.

7-Staff-75
Ref: Exhibit 7, page 5
Cost Allocation Model, Sheet I5.2 Weighting Factors
EB-2012-0113 Cost Allocation model, filed June 15, 2013
Weighting Factors
Preamble:

Centre Wellington Hydro has used a Services weighting factor of 23.3 for General Service 3,000 – 4,999 kW, and 1.0 for the classes of Street Lighting, Sentinel Lights, and USL. In the 2013 Cost Allocation model, Centre Wellington Hydro had used a weighting factor of 0 for these rate classes.

Question(s):

(a) Please confirm that Centre Wellington Hydro is responsible for the maintenance and the ultimate replacement of services to all of these rate classes.

(b) In Centre Wellington Hydro's experience, are the cost of installed services to Residential, Street Lighting, Sentinel Lighting, and USL all approximately the same, or is Centre Wellington Hydro able to install services to some of these rate classes at a lower cost?

7-Staff-76
Ref: Exhibit 7, pages 5, 6
Cost Allocation Model, Sheet I5.2 Weighting Factors, Sheet Instructions
Weighting Factors
Preamble:

Centre Wellington Hydro has used the same weighting factor for billing and collecting for all unmetered classes.

Question(s):

(a) Please confirm that the derivation of the weighting factors for billing and collecting is included in the Cost Allocation model on the Instructions sheet, C to M, rows 88 to 106.

(b) Please confirm that the weighting factor in part a) details an identical weighted cost and method for Street Light, and General Service, and that it would have the same weighting factor calculated, if not for a cell reference error.

(c) Please confirm that the written evidence has selected the same weighting factor of 2.1 for Street Light, Sentinel Lights, and USL.

(d) Please make any required corrections to the weighting factor derivation or entry on Sheet I5.2 Weighting Factors.

(e) Centre Wellington Hydro notes that Street Lighting, Sentinel Lights and USL have been applied an equal weighting factor because these classes require manual intervention if connections are added or removed. Is it Centre Wellington Hydro's experience that these rate classes require an equal amount of manual intervention per customer?

(f) Please explain why bill and mailing costs are included as an expense for Sentinel Lights when Sentinel Lights are typically a line item on a bill which is already being issued under another rate class.

7-Staff-77
Ref: Cost Allocation Model, Sheet I6.2 Customer Data
Customer Data
Preamble:

The connection count for USL is not populated. As a result, the model is operating on the basis of there being one connection per customer.

Question(s):

(a) Please confirm that there are only 13 USL connections, one for each customer.

(b) If a) cannot be confirmed, please revise the Cost Allocation model, indicating the number of connections, and ensuring that the revenue on sheet I6.1 Revenue appropriately calculates the amount that would be billed at existing rates.

7-Staff-78
Ref: Cost Allocation Model, Sheet I6.2 Customer Data
Customer Data
Preamble:

The Late Payment Historical Average is apportioned between Residential and General Service < 50 using customer counts. In this apportionment, it appears that the cell references were reversed and the Residential share was assigned to General Service < 50 and the General Service < 50 share was assigned to Residential.

Question(s):

(a) Has Centre Wellington Hydro considered using a measure such as class revenue which scales with both customer count and average bill size?

(b) If the answer to a) is yes, why was customer count selected?

(c) If the answer to b) is no, why not?

(d) Please review the cell references and explain how the customer count based implementation is correct, or provide a revision.

7-Staff-79
Ref: Cost Allocation Model, Sheet I7.2 Meter Reading
Meter Reading
Preamble:

A Meter Reading Weighting Factor of 1.00 is used for Residential and General Service < 50, and 1.20 for General Service 50-2,999 and General Service 3,000-4,999.

Question(s):

(a) Please provide a derivation of the weighting factor for General Service 50-2,999 and General Service 3000-4,999

7-Staff-80
Ref: Cost Allocation Model, Sheet I6.1 Revenue, Sheet I6.2 Customer Data, Sheet I8 Demand Data
Exhibit 7, page 10
Demand Allocators
Preamble:

On Sheet I6.2 Customer Data, the only General Service 3,000 - 4,999 customer is included as receiving Line Transformer and Secondary Distribution service. On Sheet I8 Demand Data, all General Service 50 – 2,999 and General Service 3,000 – 4,999 demand is included in the Line Transformer and Secondary NCP values. This indicates that all demand associate with all General Service 50 – 2,999 and General Service 3,000 – 4,999 customers is served with utility owned Line Transformers from the Secondary Distribution system. However, on Sheet I6.1 Revenue, there is Transformer Ownership Allowance associated with both rate classes.

Question(s):

(a) Please explain or correct the apparent inconsistency between sheet I8 Demand Data and Transformer Ownership Allowance.

(b) Please confirm that most, but not all demand in the General Service 3,000 – 4,999 rate class is subject to a Transformer Ownership Allowance, or correct.

7-Staff-81
Ref: Cost Allocation Model, Sheet I8 Demand Data
Exhibit 7, page 6
Demand Allocators
Preamble:

The load profiles produced by Hydro One for use in the 2006 Cost Allocation Information Filing (CAIF) are based on 2004 usage, weather normalized. LDCs are now expected to update this information using recent historical smart meter and interval meter data, if possible.

Question(s):

(a) Please confirm that Centre Wellington Hydro intends to produce weather normalized demand allocators based on updated load profiles for its next rebasing application.

7-Staff-82
Ref: Cost Allocation Model, Sheet I8 Demand Data
Demand Allocators
Preamble:

In the General Service < 50 kW, General Service > 50 to 2,999 kW, Street Light, Sentinel Light, and USL rate classes, the 4 NCP reflecting the sum of the peaks of the 4 highest peaking months is more than 4 times the 1 NCP reflecting the single highest peaking month. Also, in the General Service > 50 to 2,999 kW, Street Light, Sentinel Light, and USL rate classes, the 12 NCP reflecting the sum of the peaks of all 12 months is more than 12 times the 1 NCP.

Question(s):

(a) Please review the 1 NCP, 4 NCP, and 12 NCP calculation and revise as required.

7-Staff-83
Ref: Exhibit 7, page 18, Table 13
EB-2012-0113, DRO Appendix 2-P, filed June 15, 2013
Allocated Costs
Preamble:

The Costs Allocated from Previous Study on Table 13 of this application totals $2.34 million. In the previous application, the total was $3.27 million.

Question(s):

(a) Please review the source for Table 13, and revise if required.

7-Staff-84
Ref: Exhibit 7, page 19, Table C) Rebalancing Revenue-to-Cost (R/C) Ratios
Exhibit 7, page 20
Revenue to Cost
Preamble:

Centre Wellington Hydro proposes to leave the revenue to cost ratios for General Service < 50, General Service 50 - 2,999 kW, and USL rate classes unchanged. However, all rate classes exhibit small changes. General Service 3,000 - 4,999 kW, Street Lighting and Sentinel Lighting rate classes are proposed to be increased to the floor of 80%, however Street Lighting was set just below at 79.87%, and General Service 3,000 – 4,999 kW was set just above at 80.10%.

Question(s):

(a) Please review revenue-to-cost changes, and ensure that only the intended changes are made.

7-Staff-85

Ref: Exhibit 1, page 47
Exhibit 7, page 19
Revenue to Cost Ratios
Preamble:

At the first reference, Centre Wellington Hydro states that “Two of the classes’ revenue to cost ratios were outside the Board’s target range after the cost allocation run. However, at the second reference, Table 13 C) indicates that three classes (GS 3000-4999 kW, Sentinel Lighting, and Street Lighting) are outside the target ranges.

Question(s):

(a) Please reconcile.

Exhibit 8

8-Staff-86
Ref: Exhibit 8, pages 10-14

RRWF, Sheet 13. Rate Design
Fixed/Variable Charge

Preamble:

Centre Wellington Hydro proposes to adopt a fixed charge of $170.53 for GS 50 – 2,999 kW, an increase from the existing charge of $170.19, and above the maximum from cost allocation of $141.15. It is proposing to adopt a fixed charge of $687.21 for GS 3000-4,999 kW, an increase from the existing charge of $685.86, and above the maximum from the cost allocation of $216.85.

Question(s):

a) Please explain why Centre Wellington Hydro is proposing to increase the fixed charges for GS 50 – 2,999 kW and GS 3,000 – 4,999 kW classes despite these rate classes already being above the maximum from Cost Allocation.

8-Staff-87

Ref: Exhibit 8, pages 13-14
RRWF, Sheet 13. Rate Design
Fixed/Variable Charge

Preamble:

Centre Wellington Hydro has proposed fixed and variable charges for Sentinel Light of $5.51 per connection and $14.6103 per kW on page 13 of Exhibit 8, $5.52 per connection and $14.5899 per kW on Table 6 (page 14) of Exhibit 8, and $5.90 per connection $15.6432 per kW on Sheet 13. Rate Design of the Revenue Requirement Work Form (RRWF). Similarly, it proposes to collect a total $3,439 from the Sentinel Light on Table 6, and $3,681 in the RRWF.

Question(s):

(a) Please reconcile

8-Staff-88

Ref: Updated RRWF

Question(s):

(a) Upon completing all interrogatories from OEB staff and intervenors, please provide an updated RRWF using version 7.02 of the RRWF model issued July 14 2017 in working Microsoft Excel format with any corrections or adjustments that the Applicant wishes to make to the amounts in the populated version of the RRWF filed in the initial applications. Entries for changes and adjustments should be included in the middle column on sheet 3 Data_Input_Sheet. Sheets 10 (Load Forecast), 11 (Cost Allocation), 12 (Residential Rate Design) and 13 (Rate Design) should be updated, as necessary. Please include documentation of the corrections and adjustments, such as a reference to an interrogatory response or an explanatory note. Such notes should be documented on Sheet 14 Tracking Sheet, and may also be included on other sheets in the RRWF to assist understanding of changes.

8-Staff-89
Ref: Updated Bill Impacts
Preamble:

Centre Wellington has not filed a Rate and Bill Impact model. Instead, Appendix 2-W from an earlier chapter 2 appendices to the filing requirements was used.

Question(s):

(a) Upon completing all interrogatories from OEB staff and intervenors, please provide the current version 2.0 Tariff Schedule and Bill Impact model, issued July 19 2017, updated to reflect any changes throughout the interrogatory process for all classes at the typical consumption / demand levels (e.g. 750 kWh for residential, 2,000 kWh for GS<50, etc.).

8-Staff-90
Ref: Retail Transmission Rates

Question(s):

(a) Regarding EB-2017-0280 - 2017 Uniform Transmission Rates, the OEB will be issuing a Rate Order in the near future for the 2017 Uniform Transmission Rates (UTRs). Please provide an updated 2018 RTSR Adjustment Workform in working Microsoft Excel format reflecting the new UTRs, including any other corrections or adjustments that the Applicant wishes to make to the previous

version of the Workform. Please include documentation of the corrections and adjustments, such as a reference to an interrogatory response or an explanatory note.

8-Staff-91
Ref: Exhibit 8, page 4, Table 1
Exhibit 8, page 76 of 106
Tariff Sheet
Preamble:

As per the first reference, Centre Wellington Hydro is proposing to maintain the current $0.60 per kW Transformer Ownership Allowance. However, the Proposed Tariff Sheet at the second reference shows a debit of $0.60 per kW instead of a credit.

Question(s):

(a) Please reconcile, making any updates to the evidence as required.

8-Staff-92
Ref: Exhibit 8, pages 38-39
Preamble:

Centre Wellington Hydro states "CWH is not proposing any rate mitigation strategies or addressing any forgone revenues for this application as the total bill increase for all customer classes is >10%." Table 18 on the previous page indicates that all rate classes except Sentinel Light have rate impacts <10% while Sentinel Light has rate impacts of 14.18% and 16.66% without and with a retailer respectively.

Question(s):

(a) Please confirm that Centre Wellington Hydro intended to state that the total bill increase for all customer classes is <10%.

(b) Please propose a rate mitigation strategy that results in bill impacts <10% for all rate classes.

Exhibit 9

9-Staff-93
Ref: Exhibit 9, Page 13
Preamble:

Centre Wellington Hydro has proposed to continue Account 1531 Renewable Generation Connection Capital Deferral Account and Account 1532 Renewable Generation Connection OM&A Deferral Account. Per the March 2015 APH Guidance #8, the deferral accounts for renewable generation connection are to be discontinued following the approval of a rate order that is underpinned by a distributor's first consolidated DS plan.

Question(s):

a) Please revise Centre Wellington Hydro's proposal and discontinue usage of these accounts.

9-Staff-94
Ref: Exhibit 9 Page 18
Preamble:

Centre Wellington Hydro is requesting to dispose Account 1508 Other Regulatory Assets, Sub-account OEB Annual Assessment Variance Account with a balance of $10k. The guidance provided in the February 9, 2016 letter *Revisions to the Ontario Energy Board Cost Assessment Model* indicates the account is to record material amounts and that disposition of the account must meet the materiality threshold.

Question(s):

a) Please explain how the $10k balance requested for disposition would meet the materiality threshold. Please revise the evidence and DVA Continuity Schedule as necessary.

9-Staff-95
Ref: Exhibit 9, Page 18
Preamble:

Centre Wellington Hydro is requesting disposition of Account 1508 Other Regulatory assets, Sub-account Energy East Consultation Costs with a balance of $1k. Per the March 2015 APH Guidance #4, materiality thresholds apply to the amounts recorded.

Question(s):

a) Please explain how the balance of $1k requested for disposition would meet the materiality threshold. Please revise the evidence and DVA Continuity Schedule as necessary.

9-Staff-96
Ref: Exhibit 9, Pages 43-44
Preamble:

Centre Wellington Hydro indicated that it does not have any Class A customers and did not have any customers that switched from Class B to Class A during 2016.

Question(s):

a) Please confirm whether or not Centre Wellington Hydro had any customers that switched from Class A to Class B during 2016.

b) If yes, please revise the DVA Continuity Schedule and use the 2018 DVA Continuity Schedule, which allocates a portion of Account 1589 Global Adjustment and Account 1580, Sub-account CBR Class B to transition customers.

9-Staff-97
Ref: Exhibit 9, Pages 43-44
DVA Continuity Schedule

Question(s):

a) Centre Wellington Hydro indicated that in its annual reconciliation, any difference is accrued to the appropriate fiscal year and settled in the month when the reconciliation is complete.

i. Please explain what reconciliation is being done (e.g. GA expense, RPP settlement)

ii. There are no adjustments to Accounts 1588 and 1589 in the DVA Continuity Schedule, please confirm that RPP settlement true ups and any impacts to Accounts 1588 and 1589 are recorded in the year in which it relates to. If not, please explain when the RPP settlement true up and any impacts to the commodity accounts are recorded and why there is no adjustment to these accounts in the DVA Continuity Schedule as per the guidance issued in the letter *Guidance on the Disposition of Accounts 1588 and 1589,* issued May 23, 2017*.*

b) Please indicate if the actual GA rate is used to bill any entire non-RPP Class B customer classes. If yes, please propose to exclude these customer classes from the allocations of the Account 1589 balance and the calculation of the resulting rate riders

9-Staff-98
Ref: Exhibit 9
Preamble:

Centre Wellington Hydro filed its application prior to the issuance of the Filing Requirements for 2018 rate applications.

Question(s):

a) Please complete the GA Analysis Workform as per section 2.9.5.1 of the Filing Requirements

b) Please provide the certification of Accounts 1588 and 1589 as per section 2.9.5 of the Filing Requirements

9-Staff-99
Ref: Exhibit 9, Pages 43-44
DVA Continuity Schedule

Question(s):

In booking expense journal entries for Charge Type 1142 (formerly 142), and Charge Type 148 from the IESO invoice, please confirm which of the following approaches is used:

a) Charge Type 1142 is booked into Account 1588. Charge Type 148 is pro-rated based on RPP/non-RPP consumption and then booked into Account 1588 and 1589, respectively

b) Charge Type 148 is booked into Account 1589. The portion of Charge Type 1142 equalling RPP-HOEP for RPP consumption is booked into Account 1588. The portion of Charge Type 1142 equalling GA RPP is credited into Account 1589.

c) Another approach. Please explain this approach in detail.

9-Staff-100
Ref: Exhibit 9, Pages 43-44
DVA Continuity Schedule

Question(s):

a) With regards to the Dec. 31 balance in Account 1589, expense components that flow into Account 1589 (i to iv in table below) should all be based on actuals at year end. Please complete the following table to a) indicate whether the component is based on estimates or actuals at year end and b) quantify the adjustment pertaining to each component that is trued up from estimate to actual

	Component	a) Estimate or Actual	Notes/Comments	b) Quantify True Up Adjustment
i	Revenues (i.e. is unbilled revenues trued up by year end)			N/A
ii	Expenses - GA non-RPP: Charge Type 148 with respect to the quantum dollar amount (i.e. is expense based on			

	IESO invoice at year end)			
Iii	Expenses - GA non-RPP: Charge Type 148 with respect and RPP/non-RPP pro-ration percentages			
Iv	Credit of GA RPP: Charge Type 142 if the approach under IR 9-Staff-99 is used			

9-Staff-101
Ref: Exhibit 9, Pages 43-44
DVA Continuity Schedule

Question(s):

a) With regards to the Dec. 31 balance in Account 1588, components that flow into Account 1588 (i to iv in table below) should be all based on estimates or all based on actuals at year end. Please complete the following table to a) indicate whether the component is based on estimates or actuals at year end and b) quantify the adjustment pertaining to each component that is trued up from estimate to actual

	Component	**a) Estimate or Actual**	**Notes/Comments**	**b) Quantify True Up Adjustment**
I	Revenues (i.e. is unbilled revenues trued up by year end)			
Ii	Expenses – Commodity: Charge Type 101 (i.e. is expense based on IESO invoice at year end)			

ijj	Expenses - GA RPP: Charge Type 148 with respect to the quantum dollar amount (i.e. is expense based on IESO invoice at year end)			
iv	Expenses - GA RPP: Charge Type 148 with respect and RPP/non-RPP pro-ration percentages			
v	RPP Settlement: Charge Type 142 including any data used for determining the RPP/HOEP/RPP GA components of the charge type			

9-Staff-102
Ref: DVA Continuity Schedule

Question(s):

In the DVA Continuity Schedule:

a) The opening principal and interest balance of Account 1551 have not been inputted. Please confirm whether the balance requested for disposition as at Dec. 31, 2016 is accurate or not, given the missing input in the DVA Continuity Schedule. If not, please revise the DVA Continuity Schedule.

b) Account 1580, sub-account CBR Class B is expected to have accumulated a balance starting in April 2015. There are no amounts inputted in the DVA Continuity Schedule in 2015. Please confirm whether the balance requested for

disposition as at Dec. 31, 2016 is accurate or not, given the missing input in the DVA Continuity Schedule. If not, please revise the DVA Continuity Schedule.

c) The principal and interest of Account 1595 (2013) in the OEB Approved Disposition during 2013 is different than the credit $116k approved for disposition in Centre Wellington Hydro's 2013 cost of service application. Please explain why there is a difference and revise the DVA Continuity Schedule as necessary.

d) Centre Wellington Hydro is requesting Account 1595 (2015) for disposition. Per the section 2.9.5 of the Chapter 2 Filing Requirements for 2018 Rate Applications, the audited Account 1595 balance is expected to be requested for disposition a year after a rate rider's sunset date has expired. Centre Wellington Hydro's rate rider expired April 30, 2016. Centre Wellington Hydro should request this sub-account for disposition in its 2019 rate application to dispose 2017 balances. Please revise the DVA Continuity Schedule to remove the disposition request.