



BY EMAIL and RESS

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Ontario Energy Board
2300 Yonge Street
27th Floor
Toronto, Ontario
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February 21, 2018
Our File: EB20170084

Attn: Kirsten Walli, Board Secretary

Dear Ms. Walli:

Re: EB-2017-0084 – Westario Power Inc. – SEC Interrogatories

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

Yours very truly,
Shepherd Rubenstein P.C.

Original signed by

Mark Rubenstein

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

ONTARIO ENERGY BOARD

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

AND IN THE MATTER OF an application by Westario Power Inc. to the Ontario Energy Board for an Order or Orders approving or fixing just and reasonable distribution rates effective January 1, 2018.

INTERROGATORIES

ON BEHALF OF THE

SCHOOL ENERGY COALITION

1-SEC-1

[Ex.1] Please provide a copy of all documents provided to the Applicant's Board of Directors for the purposes of approving the application and the underlying budget.

1-SEC-2

[Ex.1] Please provide copies of all benchmarking studies, reports, and analysis that the Applicant has undertaken or participated in since 2013, and are not already included in the application.

1-SEC-3

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

1-SEC-4

[Ex.1] Please provide a step-by-step explanation of the Applicant's budgeting process.

1-SEC-5

[Ex.1] Does the Applicant have a corporate scorecard? If so, please provide copies of each of the 2013 to 2018 versions.

1-SEC-6

[Ex.1] Please provide a list of productivity initiatives the Applicant has undertaken since its last cost of service application. Please provide details regarding the cost savings achieved.

1-SEC-7

[Ex.1] Please provide a list of productivity initiatives the Applicant will be undertaking in the test year and the forecasted cost savings.

1-SEC-8

[Ex.1, p.59] Please explain what specific activities or investments the Applicant is undertaking, or not undertaking, based on its customer engagement activities.

1-SEC-9

[Ex.1, p.77] With respect to the Applicant's Business Plan:

- a. Please provide details regarding the process to create the business plan, including but not limited to, when it was drafted, by whom, and what the involvement of the Board of Directors was.
- b. [p.98] Please provide details regarding 'Strength 2', "Favorable wage benefit scale for the area".
- c. [p.99] Please provide details regarding 'Weakness 3', "Legacy issues created by former employees".
- d. [p.99] Please provide the Applicant's plan to address each listed 'Weakness' and 'Opportunities'.
- e. [p.108] Please explain what the Applicant means by a "modernized Management Team".

1-SEC-10

[Ex.1, p.111] With respect to the UtilityPulse Survey:

- a. Please provide a copy of all notes taken from the focus group by UtilityPulse.
- b. [p.121-121] Please explain why the Applicant's stratification with customer service results are significantly below the National and Ontario scores. Please explain how the Applicant plans to improve its customer service.
- c. [p.139] Please explain what conclusions the Applicant drew from the results of the survey that show that there are no categories of spending that the Applicant's customers are willing to pay more for than the average of Ontario LDCs.
- d. Has the Applicant undertaken another survey since 2015? If so, please provide a copy. If not, please explain why it has not.

1-SEC-11

[Ex.1, p.190] Please provide a copy of all responses to the '2018 Operating and Capital Budget' survey. Please omit account numbers requested in question 1.

1-SEC-12

[Ex.1, p.391] With respect to the 'Initial Customer Survey':

- a. Please explain when this survey was undertaken and who it was distributed to.
- b. Please provide the full results of the survey.

2-SEC-13

[Ex.2, Appendix 2-AA] Please revise all Chapter 2 appendices to include 2017 actual information and any resulting changes (if any) to the 2018 test year forecast.

2-SEC-14

[Ex.2] Please explain any material variances between 2017 forecast and actual capital expenditures.

2-SEC-15

[Ex.2, p.60-67] Please provide an excel version of tables 11-14.

2-SEC-16

[Ex.p.120] Please explain how the Applicant prioritizes its test year capital work. If the Board requires reduction in the test year capital budget, please explain how the Applicant will determine which projects to cancel or defer.

2-SEC-17

[Ex., p.129, 133, 144] With respect to pole testing:

- a. [p.129] The Applicant states it previously completed a pole testing program. When did the Applicant undertake this pole testing program, and please provide a summary of the results.
- b. [p.133] Please explain how the Applicant's current pole testing results are incorporated into its asset condition assessment.
- c. [p.133] Please provide a summary of the "early results" from the pole testing program.
- d. [p.144] The Applicant states that it is "planning to engage contracted wood pole testing services". Please reconcile the statements on p.144 regarding pole testing that is underway.
- e. [p.144] When will the Applicant be in a position to prepare "a prioritized list of poles requiring replacement and to defer the replacements of old poles that are still in good condition or where the impact of failure is low?"

2-SEC-18

[Ex.2, p.152, 169, 180, 188] Please complete the attached spreadsheet.

2-SEC-19

[Ex.2, p.152, 180] Did the Applicant replace any distribution transformers between 2012 and 2014? If so, please explain where on Table 44 the costs of those replacements would be.

2-SEC-20

[Ex.2, p.193] The Applicant states that the SCADA project began in 2016. Please provide a copy of the full SCADA project plan or business case which identifies all aspects of the projects, costs, timeline, and justification.

2-SEC-21

[Ex.2, p.298] With respect the Asset Condition Report:

- a. Please explain what specialized expertise Constello Utility Consultants is utilizing in undertaking the asset condition assessment.

- b. [p.303] For each of the listed asset condition/health index score, please provide which assets score is based entirely on the assets age.
- c. Please provide Costello’s Utility Consultants’ view on how the Applicant can improve its asset condition information data collection.

2-SEC-22

[Ex. 2, p.650] Please revise Table 29 to include 2017 information.

2-SEC-23

[EB-2012-0176, 2.0-Staff-6, Ex.2, p.152] In EB-2012-0176, the Applicant provided a three year capital expenditure forecast for 2014-2016 (see below). Please explain the variances between the forecast and the revised annual budget amounts for those years.

2014-2016 Capital Budget Forecast (MIFRS)

Project	2014	2015	2016
Capital #6 Primary Replacement	\$ 1,213,000	\$ 1,222,000	\$ 1,342,000
Capital Poles - Priority Level 5	465,000	465,000	465,000
Capital Poles	387,000	387,000	387,000
Upgrade Station Metering	133,000	133,000	133,000
Station Grid Upgrade - 25 Stations	224,000	-	-
Port Elgin 5KV Cable & Poletran Replacement	612,000	612,000	612,000
Underground Butyl Rubber Replacement	213,000	216,000	220,000
New 3 Phase Customers	230,000	230,000	230,000
New low voltage services	169,000	169,000	169,000
Non-demarcation Customers	40,000	40,000	40,000
New Lots Developed	187,000	187,000	187,000
Metering	227,000	-	-
Buildings	9,000	9,000	9,000
Office Furniture & Equipment	2,000	2,000	2,000
Computer Hardware	29,000	29,000	29,000
Computer Software	45,000	45,000	45,000
Transportation Equipment	-	50,000	50,000
Tools, Shop & Garage Equipment	72,000	72,000	72,000
Contributed Capital	- 344,000	- 344,000	- 344,000
Total	\$ 3,913,000	\$ 3,524,000	\$ 3,648,000

3-SEC-24

[Ex.3, p.69] For each material USoA account, please explain the basis for the 2018 (and 2017) forecast.

4-SEC-25

[Ex.4, p.17] With respect to tree trimming:

- a. Ex.1, p.39] Please confirm that the only items surveyed by UtilityPulse in which a majority of customers were willing to pay more was for tree trimming.
- b. Please confirm that the Applicant is reducing its tree trimming budget in the test year.

4-SEC-26

[Ex.4, p.21] Please breakout Table 4 to show for each year, how many employees who vacated a position retired, left for another position, or left for other reasons.

4-SEC-27

[Ex.4, p.26] How has the Applicant included the impact of the Fair Hydro Plan on the test year bad debt expense?

4-SEC-28

[Ex.4, p.68, Appendix 2-K] Please confirm the Number of Employees (FTE) information provided in Appendix 2-K is as of the end of the calendar year, please revise the table to show the Number of Employees on a full year basis. For example, an employee who was with the company for a half year would represent 0.5 FTEs.

4-SEC-29

[Ex.4, p.73] With respect to the Short-Term Incentive (STI) Compensation:

- a. Please provide the documents provided to employees that outline the STI compensation program
- b. What percentage of an eligible employee's compensation is made up of STI compensation?
- c. What percentage of STI compensation is made up of personal versus corporate goals?
- d. Please provide a copy of the 2016-2018 'corporate goals' and the targets.
- e. For each of the last 3 years, please provide the maximum potential STI pay, and the amount awarded.

4-SEC-30

[Ex.4, p.51] Please explain any material variances between 2017 forecast and actual OM&A expenses.

4-SEC-31

[Ex.4, p.51] Please provide a full breakdown of the difference in 2017 and 2018 costs for both operations and maintenance.

4-SEC-32

[Ex.4, p.68-69] With respect to staffing:

- a. Please provide a job description and justification for all new positions created since 2013.
- b. Please confirm that the 35 employees currently forecast for the test year represent the full complement of staff.
- c. How many FTEs does the Applicant currently have?
- d. If there are current vacancies, please provide details regarding the position and when the Applicant forecasts to fill the position.

4-SEC-33

[Ex.4, p.85] Please provide a breakdown of consultants' costs by consultant.

4-SEC-34

[Ex.4, p.88] Please confirm that the charitable donations have not been included in the OM&A costs for the historic and bridge years?

5-SEC-35

[Ex.5, p.10] Please confirm the Applicant is forecasting a test year long-term debt rate of 4.29% but seeking approval for a long-term debt rate of 3.59%.

5-SEC-36

[Ex.5, p.10] Please provide a copy of all of the Applicant's third-party debt instruments.

7-SEC-37

[Ex.7, p.5,7] With respect to weighting factors:

- a. Please provide a detailed basis for choosing a weighting factor of 4.3 for GS>50 for both service and billing and collecting.
- b. Does the Applicant believe that its costs for these activities for GS>50 customers as compared to residential or GS<50 customers are materially different than other distributors. If so, please explain.

Respectfully submitted on behalf of the School Energy Coalition this February 21st, 2018

Original signed by

Mark Rubenstein
Counsel for the School Energy
Coalition