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August 14, 2018

VIA E-MAIL

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board

Dear Ms. Walli:

**Re: EB-2018-0038 Erie Thames Powerline Corp. (EPTL) 2018 Distribution Rates
interrogatories of the Vulnerable Energy Consumers Coalition (VECC)**

Please find enclosed VECC's interrogatories in the above-noted proceeding. We have also directed a copy of the same to the Applicant.

In accordance with Procedural Orders No.1 and the Board's Decision on Issues List and Appeal (August 9, 2018) we have limited ourselves to questions within the ambit of the approved issues list. We would note however, that Procedural Order No.1 establishes a settlement conference for this proceeding.

As set out in VECC's letter of intervention we are advising the Board that we have identified matters in our review of the Application that fall outside the limited issues allowed by the Board to be pursued in the discovery portion of this proceeding. Without further discovery the materiality of these matters are unknown.

Given no direction to the contrary we assume that the Board will expect parties to attempt to achieve settlement on all of the issues and not just those matters subject to discovery of the parties. Having reviewed the entire body of evidence we can inform the Board that there are matters which we will be advising our client may be difficult to come to complete settlement in the absence of further clarifying information.

Nothing precludes parties from asking for such clarification at the time of the settlement conference. This is less efficient since it requires analysis of that information be done only at that time.

As this proceeding is based on the testing of the "proportionate review" pilot project we are bringing this matter to Board's attention now and so as not to unduly delay or burden the Applicant in responding later in the process.

Yours truly,
Mark Garner
Consultant for VECC

Graig Petit, Erie Thames Powerlines Corporation - oeb@eriethamespower.com
Scott Stoll, Aird & Berlis LLP - stoll@airdberlis.com

REQUESTOR NAME	VECC
TO:	Erie Thames Power Lines (ETPL)
DATE:	August 14, 2018
CASE NO:	EB-2017-0038
APPLICATION NAME	2018 COS Application

(Full Hearing Issues Only)

1) Rate Base

Is the rate base element of the RR reasonable, and has it been appropriately determined in accordance with OEB policies and practices?

a) Has ETPL adequately addressed any discrepancies that could affect opening rate base?

VECC -1

Reference: Exhibit 2, Tab 2, Schedule 1, pages 22 & 24 /Appendix 2-BA, Fixed Asset Continuity Schedules for 2016 & 2017

a) Please explain the purpose of the 2016 Land Addition (Account 1805) of \$75,505 and the role of the land purchased in providing service to customers in 2018.

b) Please explain the purpose of the 2017 Buildings Addition (Account 1808) of \$748,343 and the role of the building addition in providing service to customers in 2018. Is this building addition related to the previous year's land acquisition?

b) Has ETPL adequately addressed any impacts to ETPL's proposed net book value from the removal of fully amortized assets?

c) Has ETPL adequately addressed its allocation of material burden since 2013?

d) Is ETPL's accounting treatment of customer contributions correct?

VECC-2

Reference: London Hydro EB-2016-0091, Exhibit 2, Tab 2, Schedule 5, page 162/

Pre-amble: The following excerpt is taken from the evidence of London Hydro Inc. in

its most recent cost of service rate case EB-2016-0091.

“Capital contributions received are treated as a liability on the balance sheet.

Amortization of the deferred customer contributions is calculated over the average life span of the related assets and, if necessary, would be adjusted to reflect any changes in the remaining useful lives of the underlying capital assets.

Amounts that are amortized are to be recorded as a charge to the revenue deferral account and a credit to the revenue account. For the purposes of reporting to the OEB, contributed capital is considered to be recorded as a capital account (as a credit to the asset contra account).”

London Hydro adopted IFRS accounting in 2015 and the Board approved London Hydro’s rate plan in its Decision of March 23, 2017.

- a) Please explain if and how ETPL’s treatment of customer capital contributions differs from that used by London Hydro as explained above.

VECC-3

Reference: Exhibit 2/Tab 6/Schedule 1/Attachment 1 – Continuity Schedules

- a) Please explain the rationale for the removal of the closing balance of \$6,790,435 under account 1995 – Contributions and Grants – in the 2014 conversion from CGAAP to IFRS.

2) Distribution System Plan (DSP) and Capital Expenditures

Are ETPL’s proposed capital expenditures appropriate and have the trade-offs with the proposed level of Operating Costs been given adequate consideration?

- a) **Is the extent of ETPL’s contribution to and need for Hydro One related projects tentatively scheduled beyond 2019 in Norwich, Mitchell and Beachville adequately justified?**

VECC-4

Reference: E1/T6/S1/pg.4

- a) Please explain how the DSP addresses the reliability problems in Norwich?

- b) Has ETPL provided adequate support for its conclusion that a number of capital investments will result in increased efficiency?
- c) Has ETPL adequately explained and justified the reasons for and the impact of the two-year lag for Asset Condition Assessment (ACA) and Asset Management Plan (AMP) information, which is current as of January 2015 on the DSP?
- d) As ETPL is having to manually lower the recommended renewal spending levels, is this an indication that the ACA and AMP may not be properly timed or misapplied?
- e) Has ETPL provided sufficient information as to the means which it uses to assess data accuracy?

VECC-5

Reference: Exhibit 2, Tab 6, Schedule 1, Attachment 3 – DSP. pg. 21

- a) Please explain how the data with respect to the assets listed in the table below have become more accurate since the 2011.

Table 3: Asset Data Accuracy

ASSET TYPE	2011	2015
	DATA ACCURACY (%)	
Poles	83%	94%
Pole Mounted Transformers	0%	44%
Pad Mounted Transformers	0%	72%
Underground Medium Voltage Cable	0%	0% **

- b) ETPL makes the following statement: “[S]ince 2011 ETPL has implemented a formal pole testing program that it intends to repeat on a consistent cycle moving forward. For the past three years (2014-2016) we have tested 1/3 of our system per year ensuring that our entire system has recently been tested. This has allowed us to fill the majority of holes in pole related data and condition assessments.”

Does this mean that 94% of all ETPL poles have been tested?

Please describe the type of testing done on poles.

- f) Has ETPL provided an adequate explanation for the worsening scorecard trend for the measure “Average Number of Hours that Power to a Customer is Interrupted?”**

VECC-6

Reference E1/T11/S1/Attachment 8 & DSP pg.31

a) Please update the 2015 Scorecard to show 2017 results.

- g) Has ETPL provided an adequate explanation as to why it's per km costs are in the highest quartile of LDC per km costs?**

VECC-7

Reference: Exhibit 2, Tab 6, Schedule 1, Attachment 3 – DSP. pg. 33

a) Please amend Figures 7, 8 and 9 to label the horizontal axis.

- h) Has ETPL adequately justified the appropriateness of its approach to investment decisions?**

VECC-8

Reference: Exhibit 2, Tab 6, Schedule 1, Attachment 3 – DSP. pg. 35-

- a) Please provide outage SAIFI/SAIDI data by cause code for each year 2012 through 2017 (excluding loss of supply).
b) Please explain how the DSP addresses outages due of equipment failures.
c) Please provide the equipment lost outage targets for the DSP.

VECC-9

Reference: Exhibit 2, ab 6, Schedule 1, Attachment 3 – DSP

- a) Please explain how ETPL intends to measure the cost effectiveness of implementing its distribution plan.
b) Please explain what metrics or outcomes will be reported each year to understand the reliability benefits of the distribution system plan.

c) With respect to both a) and b) please provide the specific metrics that ETPL will be monitoring.

i) Has ETPL provided appropriate justification for its proposed pole replacement program?

VECC-10

Reference: EB-2012-0121/Tab 3/Schedule 1

a) In its last cost of service filing EPTL made the following statement: “[E]rie Thames has budgeted “\$150,000 based on previous years replacements; the project is an ongoing project that typically gets completed in the first quarter of every year.” Has ETPL spent \$150k in each year since 2012 on the pole program?

j) Has ETPL provided an appropriate estimation of the value of lost useful life of assets in its voltage conversion programs as these projects are primarily completed in conjunction with system renewal type projects?

k) Has ETPL provided sufficient evidence as to the meaning of and appropriate use of heat maps, which are used by ETPL to prioritize capital expenditures?

l) Given that ETPL’s historic investment levels have resulted in acceptable reliability performance, does ETPL need to provide further support for the proposal to gradually increase capital investment levels? In third party assessments of the investment process, was the acceptable level of reliability given adequate consideration? If not should the assessment methodology used be adjusted to account for it?

m) Is the proposed increase in system renewal capital spending for the 2018 to 2022 period prudent in light of the lower average spending in this category over the previous 5 year period?

VECC-11

Reference: Exhibit 2, Appendix 2-AA

a) Please amend Appendix 2-AA to include 2017 actual results (or confirm this is already the case).

n) Do the capital additions to rate base since the last rebasing of 2012 inform the assessment of the planned capital for 2018 to 2022?

VECC-12

Reference: E2/T1/S1/pg.2 & EB-2012-0121 Exhibit2, Tab 3, Schedule 1

ETPL’s gross fixed assets in 2012 were approximately \$1.2 million less than Board approved (Table 2-1). In its EB-2012-0121 2012 capital forecast the following table was provided:

Project Name	2012 Capital Assets by Project														TOTAL
	Uniform System of Accounts #														
	Poles & Fixtures	OH Conductor	UG Conduit	UG Conductor	Transformers	Services	Meters	Building/Fixture	Hardware	Software	Transportation	Tools	SCADA	Contributed Cap	
1830	1835	1840	1845	1850	1855	1880	1908	1920	1925	1930	1940	1980	1995		
Pole Replacement Program	\$ 150,000														\$ 150,000
New Service Connections & Upgrades						\$ 285,000									\$ 285,000
Aylmer, Park Street Ph2	\$ 60,000	\$ 20,000	\$ 40,000	\$ 20,000	\$ 15,000		\$ 25,000								\$ 180,000
Belmont Hazelwood Crescent - Underground	\$ 15,000		\$ 30,000	\$ 25,000	\$ 45,000										\$ 115,000
Clinton MS#2 Conversion	\$ 111,000	\$ 164,000	\$ 5,000	\$ 5,000	\$ 65,000	\$ 5,000									\$ 355,000
Tavistock, William St	\$ 45,000	\$ 35,000													\$ 80,000
Tavistock, Maria, Adam and Area	\$ 83,000	\$ 102,000			\$ 65,000										\$ 250,000
Municipal Road Reconstruction	\$ 50,000														\$ 50,000
Ingersoll, Ingersoll Street re-insulate	\$ 55,000														\$ 55,000
Ingersoll, Melita, Wornam Street	\$ 10,000	\$ 75,000	\$ 35,000	\$ 60,000											\$ 180,000
Offerville, Dover St 27kv Ext	\$ 84,000	\$ 128,000		\$ 63,000											\$ 275,000
Port Stanley Main St S. Jameson - Cornel			\$ 112,000	\$ 74,000	\$ 135,000	\$ 84,000									\$ 405,000
Mitchell Conversion, Pond St and Thames	\$ 57,000	\$ 36,000			\$ 12,000										\$ 105,000
Mitchell Conversion, St George St	\$ 10,000	\$ 8,000			\$ 22,000										\$ 40,000
Clinton Town Hall UG Upgrade	\$ 13,000	\$ 2,000	\$ 19,000	\$ 21,000											\$ 55,000
Substations Upgrades								\$ 20,000							\$ 20,000
Fleet										\$ 340,000					\$ 340,000
Tools & Equipment											\$ 35,000				\$ 35,000
Meter Purchases							\$ 45,000								\$ 45,000
Computers, Monitors, Phones and Equipment								\$ 25,000							\$ 25,000
Pole Trailer/Fork Lift										\$ 40,000					\$ 40,000
Building Leasehold Improvements								\$ 40,000							\$ 40,000
SCADA and Automation												\$ 200,000			\$ 200,000
Total by Account GL	\$ 733,000	\$ 505,000	\$ 281,000	\$ 180,000	\$ 482,000	\$ 374,000	\$ 70,000	\$ 60,000	\$ 25,000	\$ -	\$ 380,000	\$ 35,000	\$ 200,000	\$ -	\$ 3,325,000

a) Please provide a variance analysis describing material departures from the planned 2012 capital spending.

VECC-13

Reference: Exhibit 2, Tab 5, Schedule 1

Pre-amble. In its 2012 cost of service rate filing ETPL filed a comprehensive Asset Condition Assessment and Asset Management Plan in EB-2012-0121 based on an asset condition assessment study carried out by METSCO Inc.

a) The following statement was made in the EB-2012-0121 “[T]he METSCO Report identified 6 Distribution Substations that would need replacing over the next decade. The 2012 spending will deal with 1 (Clinton, \$355,000) of the 6 and 5 will remain.

It is likely that at least 2 of the remaining 5 will be replaced prior to the next rebasing at a cost similar to the Clinton Project” (E2/T3/S1/section7.0). Please explain what projects have been completed with respect to the 6 referenced distribution stations.

b) The following table was provide in EB-2012-0121/Exhibit 2/Tab 5/Schedule 1/pg.41-). Please update this table to show the actuals spent on the listed projects and including years 2016 and 2017.

Program and Project	2013	2014	2015
New Service Connections and Upgrades	\$285,000	\$285,000	\$285,000
Municipal Road Reconstruction	\$50,000	\$50,000	\$50,000
Meters	\$45,000	\$45,000	\$45,000
Tools & Equipment	\$35,000	\$40,000	\$40,000
Computers, Phones, etc.	\$25,000	\$25,000	\$25,000
Lands, Buildings & Leasehold Improvements	\$40,000	\$40,000	\$40,000
Fleet	\$340,000	\$340,000	\$340,000
SCADA & Smart Grid	\$200,000	\$200,000	\$200,000
Sub-total	\$1,025,000	\$1,025,000	\$1,025,000
Pole Replacement1	\$150,000	\$150,000	\$150,000
Clinton MS#2 Conversion1	\$355,000	\$355,000	\$355,000
Mitchell Conversion1	\$145,000	\$145,000	-
Station Upgrades1	\$20,000	\$20,000	\$20,000

VECC-14

Reference: Exhibit 2/Tab 2/Schedule 1/Appendices 2-AA

a) Please amend Appendix 2-AB to include 2012 Board approved and actual spending.

3) Operating Costs

Are ETPL's operating costs appropriate?

This issue includes:

- a) **Does the differential between ETPL's 2012 OEB approved level of OM&A of \$5,660,594 and actual OM&A costs of \$4,855,139, or \$805,455, or 17 percent, raise concerns about the accuracy of ETPL's current forecast?**
- b) **Is ETPL's conclusion that it is clearly performing well when compared to its expected cost calculation justified?**

VECC-15

Reference: Exhibit 4, Tab 1, Schedule 4, page

- a) Please update Table 4-6 for 2017 actual IPI inflation rates.
- b) Please provide an equivalent table showing annual CPI inflation rates for the 2012 through 2017 period.
- c) Is ETPL's inclusion of \$140,000 in operating costs for cyber and privacy risk mitigation appropriate and is the classification of these costs as regulatory in nature appropriate?**

VECC-16

Reference: Exhibit 4, Tab 2, Schedule 3, page

- a) Please provide the budget underpinning the \$144k for cyber security.
- d) Are the merger savings stated as arising from ETPL's previous mergers with West Perth and Clinton Power accurately quantified and reflected in the current application?**
- e) Are ETPL's stated FTE levels and compensation costs appropriate and/or comparable to those of other utilities given that some employees who work for ETPL are located in its affiliated companies?**

VECC-17

Reference: Exhibit 4, Tab 1, Schedule 3 page 3

- a) Please amend Table 4-14 (Appendix 2-K) to show the total amount of capitalized and expensed compensation in each year 2012 through 2018.
- f) Are the accounting changes which have shifted costs away from O&M and into Administration appropriate?**
- g) Are affiliate transactions forecast by ETPL appropriate and, if so, why?**

VECC-18

Reference: Exhibit 4, Tab 5, page 7

- a) Please explain the increase in EARTH Management cost from \$362,464 in 2012 to \$485,575 in 2018.

b) Please explain the increase in EARTH IT costs from \$31,058 in 2012 to \$217,850 in 2018.

h) Are ETPL's purchases of non-affiliate services resulting in appropriate costs and are the divisions of service acquisitions between affiliates and non-affiliates appropriate?

VECC-19

Reference: Exhibit 4, Tab 6, page 1-

a) If ETPL is a member of the EDA please provide the annual fees paid for each year 2012 through 2018 (forecast)

i) Is ETPL's proposal to establish a five-year useful life for smart metering assets appropriate as this is not within the Kinectrics range?

VECC-20

a) Please provide the study supporting the 5 year depreciation life for smart meters.

j) Did the underspending in operating costs for the period 2012, 2013 and 2014 from that approved by the Board in 2012 result in any deferred costs that are proposed to be recovered in 2018 onward?

k) Is the increase in compensation both the increase in costs and the reduction in non-management positions and increase in management positions reasonable?

4) Cost of Long-Term Debt

a) Is ETPL's use of the OEB's deemed long term debt rate of 4.16 percent appropriate for the 2017 and 2018 promissory notes due to EARTH Corporation, an affiliate of ETPL, which have rates of 2.5 percent?

b) Has ETPL calculated interest expense appropriately for promissory notes shown as issued on the last days of 2015, 2017 and 2018 respectively?

VECC-21

Reference: Exhibit 5, Tab 2

- a) What due diligence has ETPL undertaken to ensure that it cannot borrow long-term for less than the 4.16% affiliate debt ceiling set by the Board?
- b) Does ETPL borrow commercially for any short or long-term borrowing (including lines of credit?). If yes please provide the annualized interest for those borrowings
- c) Does ETPL's policy of borrowing 100% of its long-term debt at above market rates pose any risk to the regulated utility that might have consequences on ratepayers?**

VECC-22

Reference: Exhibit 5, Tab 2, page 3-5

- a) In 2018 ETPL forecasts that it will actually pay interests amounts to its various affiliated companies of \$1,705,339. Table 5-4 shows the actual amount collected in rates for long-term debt will be \$936,386. Please explain how ETPL finances the \$768,953 (789k) difference.
- b) Please explain what amount (\$1.7 or 789k) is used to calculate the achieved return on equity shown in ETPL Scorecard is the 789k
- c) Please provide the 2017 achieved and deemed return on equity.

5) Load Forecast and Other Revenue (written submissions only)

- a) Is ETPL's proposed Load Forecast appropriate, including the interrelationship with, and impacts of, other issues?**

N/A

- b) Is ETPL's proposed Other Revenue appropriate, including the interrelationship with, and impacts of, other issues?**

N/A

6) Revenue Sufficiency/Deficiency (written submissions only)

- a) Has ETPL's proposed Revenue Sufficiency/Deficiency been accurately determined, given the impacts from the hearing of other issues?**

N/A

7) Cost Allocation

- a) Are ETPL's proposed revenue-to-cost ratios appropriate, particularly given the shifts in the revenue-to-cost ratios produced in the cost allocation model from the previously approved ratios in 2012 to the status quo ratios, which are used to derive the proposed ratios in this application?**

7.0 –VECC -23

Reference: Exhibit 7, Tab 1, page 6
Cost Allocation Model – Tab I4 (BO ASSETS)

- a) Is the asset breakdown (i.e., Bulk vs. Primary vs. Secondary) used in the current Application the same as that used in ETPL's last cost of service application (EB-2012-0121)?
- b) If not, what are the differences and why have the values changed?
- c) If not, what would be impact on the revenue to cost ratios calculated by the cost allocation model of using the same breakout as in the last cost of service application?

7.0 –VECC -24

Reference: Exhibit 7, Tab 1, page 6
Cost Allocation Model – Tab I5.1 (Misc Data)

- a) Is the "Portion of pole leasing revenue from Secondary" used in the current Application the same as that used in ETPL's last cost of service application (EB-2012-0121)?
- b) If not, what are the differences and why has the value changed?
- c) If not, what would be impact on the revenue to cost ratios calculated by the cost allocation model of using the same percentage as in the last cost of service application?

7.0 –VECC -25

Reference: Exhibit 7, Tab 1, page 7
Cost Allocation Model – Tab I5.2 (Weighting Factors)
Cost Allocation Model – Tab I3 (TB Data)

- a) Are the weighting factors for Services used in the current Application the same as those used in ETPL's last cost of service application (EB-2012-0121)?
- b) If not, please provide the analysis supporting the updated values.
- c) If not, what would be impact on the revenue to cost ratios calculated by

- the cost allocation model of using the Services weighting factors as in the last cost of service application?
- d) With respect to the proposed Billing & Collecting weighting factor analysis, please provide the costs for: i) Utilismart, ii) Canada Post Office, iii) Billing Department and iv) Collections Department consistent with the costs used in the Application and reconcile the total with the total Billing and Collecting costs shown in the Cost Allocation model - \$1,017,094 (\$830,289 + \$186,805).
 - e) With respect to the proposed Billing & Collecting weighting factor analysis, please indicate how many Sentinel Lighting customers are “linked” to another customer account and provide a break down by customer class.
 - f) What would be impact on the revenue to cost ratios calculated by the cost allocation model of using the Billing & Collecting weighting factors from the last cost of service application?

7.0 –VECC -26

Reference: Exhibit 7, Tab 1, page 11
Cost Allocation Model – Tab I6.2 (Customer Data)

- a) The Application states (page 11) there are 9 street light customers but Cost Allocation model uses a value of 8. Please reconcile and update the Cost Allocation model as required.
- b) Tab I6.2 has no value for secondary customers for Street Lights, please reconcile and update the Cost Allocation model as required.
- c) The Street Light values for primary and line transformer customer base are hard coded. Please explain how they were determined and provide the calculation.

7.0 –VECC -27

Reference: Exhibit 7, Tab 1, page 11
Cost Allocation Model, Tab I6.2 (Customer Data)

- a) The Application states (lines 13-14) that “EPTL has not entered any customers for Sentinel Lighting or USL”. However, Tab I6.2 of the model does include customer counts for these classes. Please reconcile and update the cost allocation model as required.

7.0 –VECC -28

Reference: Exhibit 7, Tab 1, page 12

Cost Allocation Model, Tab I6.2 (Customer Data)

- a) The Application states (lines 1-4) that the calculation of the Secondary customer base used the same approach as for the Line Transformer customer base. Please explain why the GS 50-999 customer counts for these two are different and update the cost allocation model if required.

7.0 –VECC -29

Reference: Exhibit 7, Tab 1, page 12
Cost Allocation Model – Tab I7.2 (Meter Reading)

- a) Are the weighting factors for Meter Reading used in the current Application the same as those used in ETPL's last cost of service application (EB-2012-0121)?
- b) If not, what would be impact on the revenue to cost ratios calculated by the cost allocation model of using the Meter Reading weighting factors as in the last cost of service application?

7.0 –VECC -30

Reference: Exhibit 7, Tab 1, page 12
Cost Allocation Model – Tab I7.1 (Meter Capital)

- a) Are the weighting factors for Meter Capital used in the current Application the same as those used in ETPL's last cost of service application (EB-2012-0121)?
- b) If not, what would be impact on the revenue to cost ratios calculated by the cost allocation model of using the Meter Reading weighting factors as in the last cost of service application?

7.0 –VECC -31

Reference: Exhibit 7, Tab 1, page 12 and Attachment 7-F
Cost Allocation Model – Tab I8 (Demand Data)

- a) With respect to the weather normalization methodology used in Attachment 7-F:
 - i. Has it been used in a cost allocation previously approved by the Board (i.e., not a Settlement Agreement)? If yes, please indicate which proceeding(s).
 - ii. Has it been explicitly accepted in any previous Settlement Agreement

- approved by the Board? If yes, please indicate which proceeding(s).
- iii. Is it used and accepted by a regulator in any other jurisdiction? If yes, please indicate where, in what proceeding(s) and provide links to/copies of the relevant applications/decisions.
- b) What would be impact on the revenue to cost ratios calculated by the cost allocation model of using the same load profiles as in the last cost of service application?

7.0 –VECC -32

Reference: Exhibit 7, Tab 2, Schedule 1, page 3
RRWF, Tab 11 (Cost Allocation)
Cost Allocation Model – Tab O1 (Revenue to Cost)

- a) The status quo revenue to cost ratios set out in the Application and the RRWF do not match those calculated by the Cost Allocation Model. Please reconcile and update the proposed ratios as required.

7.0 –VECC -33

Reference: Exhibit 7
RRWF, Tab 11 (Cost Allocation)/ Cost Allocation Model

- a) Please provide an updated version of the Cost Allocation model incorporating all corrections/revisions arising from the foregoing questions or issues raised by other parties to the proceeding.
- b) Please update RRWF, Tab 11 based on the response to part (a).

b) Is ETPL’s proposal for a final standby rate appropriate?

7.0 –VECC -34

Reference: Exhibit 7, Tab 1, pages 1-2 and Attachment 7-G
Exhibit 8, Attachment 8-F (Proposed Tariff Sheet)
Exhibit 3, Tab 1, Schedule 2, page 2, Table 3-2

- a) The Application states (Exhibit 7, Tab 1, page 2) that ETPL is proposing standby rates and seeks their approval on a final basis which would be applicable to its Intermediate (1,000-4,999 k) and Large Use classes. Will standby charges be applicable regardless of the size of the customer’s generator(s) or only if customer generation exceeds a certain limit? If the latter, what are the proposed limits?

7.0 –VECC -35

Reference: Exhibit 7, Tab 1, pages 1-2 and Attachment 7-G
Exhibit 8, Attachment 8-F (Proposed Tariff Sheet)
Exhibit 3, Tab 1, Schedule 2, page 2, Table 3-2

Preamble: According to Attachment 7-G (Slide titled - How GLB will appear on the bill), the following charge items on an LDC bill will be based on gross load: i) the Facility Charge for Connection to Common ST Lines, ii) Rate Rider for Disposition of Deferral and Variance Accounts (General) (2015), iii) Rate Rider for Disposition of Deferral and Variance Accounts (Wholesale Market Service Rate), iv) Retail Transmission Rate – Line Connection Service Rate and v) Retail Transmission Rate-Transformation Connection Service Rate.

- a) Please confirm that the reference to LDC bill refers to the bill that ETPL receives from HONI. If not confirmed, please explain the reference.
- b) Apart from the “Facility Charge for Connection to Common ST Lines”, are there any other volumetric-based ST charges from HONI that are applicable to ETPL? If so, what are they?

7.0 –VECC -36

Reference: Exhibit 7, Tab 1, pages 1-2 and Attachment 7-G
Exhibit 8, Attachment 8-F (Proposed Tariff Sheet)
Exhibit 3, Tab 1, Schedule 2, page 2, Table 3-2

- a) The Application states (Exhibit 7, Tab 1, page 2) that ETPL is proposing standby rates and seeks their approval on a final basis which would be applicable to its Intermediate (1,000-4,999 k) and Large Use classes. However, the proposed 2018 tariff sheets for these two classes do not include any reference to a “standby rate” or “gross load billing” – please reconcile.
- b) If the proposal is to have a separate standby “rate”, please provide revised versions of the proposed 2018 tariff sheets for the Intermediate and Large Use customer classes that: i) include the proposed Standby Rate and ii) defined the billing determinant(s) that will be used in conjunction with the rate.
- c) If the proposal is to not have a separate standby rate but to alter the billing determinants for certain charges applicable to these two classes:

- i. Please confirm (for each of the two classes) to which charges on the Proposed Tariff Sheet the “standby charge” would apply such that the definition of the billing determinant would change and, in each case, explain why gross load billing is appropriate.
 - ii. If the standby charge (i.e., gross load billing) is not applicable to the volumetric distribution charges for these two classes, please explain why.
 - iii. Please provide a definition of the new billing determinant suitable for inclusion in either the proposed Tariff Sheet or ETPL’s Conditions of Service.
- d) If the proposal is to not have a separate standby rate but to alter the billing determinants for certain charges applicable to the Intermediate and Large Use classes:
 - i. For the Intermediate class (which currently has a customer to which the proposal would apply), please indicate for which of the years 2012-2016 the customer concerned owned and operated “self-generation” and provide revised kW values (per Table 3-2) based on the definition of the billing determinants as would apply to those charges to which a “standby” would also apply.
 - ii. Provide, for the Intermediate class, a kW forecast for 2017 and 2018 which includes the standby kW and explain how it was determined.
 - iii. Indicate whether the proposed 2018 Intermediate class charges to which standby would apply were derived using the Intermediate class kW forecast as set out in Table 3-2 or as provided in response to item (ii). If the currently proposed charges were based on the billing determinants set out in Table 3-2, please re-calculate using, for the Intermediate class, the billing determinants per item (ii).

c) Are any changes to ETPL’s proposed cost allocation needed as a result of the hearing of other issues? (written submissions only)

N/A

8) Rate Design (written submissions only)

a) Are ETPL’s proposed bill impacts related to the Sentinel Lighting rate class appropriate?

N/A

b) Are any changes to ETPL’s proposed rate design needed as a result of the

hearing of other issues?

N/A

9) Deferral and Variance Accounts

- a) Are ETPL's proposals for the disposition of Group One accounts appropriate, including the allocation of the Global Adjustment between Regulated Price Plan (RPP) and non-RPP customers and general consistency in the continuity schedules?**

- b) Are ETPL's proposals for disposition of Group Two accounts appropriate including the claim for IFRS transition costs and the calculation of the Account 1576 balance?**

- c) Is ETPL's request for a new variance account related to Other Post-employment Benefits (OPEBs) appropriate given that the OEB has previously established an account for such variances?**

End of document