August 15, 2018

Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street
P.O. Box 2319
Toronto, Ontario
M4P 1E4

Dear Ms. Walli:

Re: EB-2017-0038 – Erie Thames Powerlines Corporation – 2018 Cost of Service Application

Please find, attached, interrogatories on behalf of the Consumers Council of Canada for Erie Thames Powerlines Corporation pursuant to the above-referenced proceeding.

Please feel free to contact me if you have questions.

Yours truly,

Julie E. Girvan

Julie E. Girvan

CC: All parties
        Graig Petit, ETPL
        Scott Stoll, Aird&Berlis

INTERROGATORIES FROM THE CONSUMERS COUNCIL OF CANADA

TO ERIE THAMES POWERLINES CORPORATION

EB-2018-0038

AUGUST 15, 2018

ADMINISTRATION:

CCC-1
Re: OEB Staff Report to the Registrar

In the OEB Staff Report to the Registrar dated March 14, 2018 the bill and rate impacts for residential customers are set out on p. 6. The delivery rate impacts are 5.06% for a residential consumers consuming 750 kWh/month. On p. 13 of the Report it states that ETPL approximated a 1% increase in rates in 2018 when it undertook its 3 Town Hall meetings in 2017. Please explain the reasons for the difference between what was communicated to the customers in the Town Hall meeting and the rate increases arising out of the Application.

CCC-2
Please explain the detailed reasons why ETPL deferred its rebasing application twice.

CCC-3
Please provide all materials provided to ETPL's Board f Directors when seeking approval of this Application.   When was the Business Plan underpinning this Application completed and approved by the Board? Please provide a copy of that Business Plan.

CCC-4
Please provide the actual and Board-approved levels of ROE for the period 2012-2017. For each year please explain the reasons why the actual ROE exceeded the Board approved level in each of those years.

CCC-5
Please provide an organization chart for ETPL.

CCC-6
What is ETPL's current proposal for an effective date? If rates were not implemented until January 1, 2019, what would be the foregone revenue amount? What are ETPL's proposals for collecting that amount?

DISTRIBUTION SYSTEM PLAN (DSP) AND CAPITAL EXPENDITURES

CCC-7
Re: Ex.2/T2/S2 & DSP Appendix M - ALL-UNPLND-Unplanned Capital Projects
Reference #1 shows the 2018 budget for Unplanned Capital Investments as
$100,000 whereas the Capital Project Summary shows the 2018 budget for
Unplanned Capital Investments as $150,000.
Please reconcile.

CCC-8
Re: Ex.2/T7/S1 Appendix 2-G
Please provide SAIDI & SAIFI results for the years 2012 to 2017, excluding all of the
following: loss of supply, major event days and scheduled outages.

CCC-8
Re: Ex 2/T6/S1 Att. #3 DSP P19
a) Please provide the km of voltage conversion projects for each of the years 2013
    to 2017 and the total number of substations removed each year.

b) Please provide the km of voltage conversion projects for each of the years 2018
    to 2022.

CCC-9
Re: Ex 2/T6/S1 Att#3 DSP P21
ETPL indicates the information used within the DSP is current as of January 1st,
2017; with that being said the ACA & AMP were developed with asset information
accurate as of January 1st, 2015.

Please provide any updates to asset information since 2014 that has been used to
inform investment decisions for 2018 and beyond?

CCC-10
Re: Ex 2/T6/S1 Att#3 DSP P28/29

a) Please provide the number of interruptions for the years 2012 to 2017.

b) Please provide a breakdown of the OEB cause codes that contribute to SAIDI and
    SAIFI for each of the years 2012 to 2017.

c) Please provide a further breakdown of the equipment type causes that
    contribute to the Defective Equipment SAIDI and SAIFI for each of the years
    2012 to 2017.

CCC-11
Re: Ex 2/T6/S1 Att#3 DSP P21/81

Since 2011 ETPL has worked to obtain more accurate data with respect to its major assets. ETPL indicates it will continue to improve the accuracy of data with the goal of using a complete set of condition based evaluations for all major assets within 5 years.

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% **

** More accurate padmounted transformer data in 2015 led to the age profile for medium voltage cable to be a more accurate representation as padmounted ages were used as a proxy.

a) Please describe the type of data included in the data accuracy percentages in Table 3 above.

b) Does ETPL expect to have 100% accuracy for each asset group by 2022?

c) Is there a 2017 update to asset data accuracy levels? If yes, please provide.

d) Please discuss any significant data gaps by asset type that ETPL plans to rectify over the next 5 years, such as the need for additional testing.

e) Please discuss ETPL's confidence in its ability to make optimal decisions regarding 2018 to 2022 investment levels given the data accuracy levels for major asset groups.

CCC-12
Re: Ex 2/T6/S1 Att#3 DSP P22
ETPL indicates it will continue to improve the accuracy of data used to make decisions regarding capital spending levels. The goal of using a complete set of condition based evaluations for all major assets will be accomplished with the movement to electronic inspections that are easily compiled and flagged for each asset.
a) Please provide the asset groups that ETPL has historical condition data for.

b) Please provide the asset groups ETPL has historical failure data for.

CCC-13
Re: Ex 2/T6/S1 Att#3 DSP P31 Figure 5 OEB Scorecard

a) Please provide the data for 2017.

b) Please provide the targets for 2018 to 2022.

CCC-14
Re: Ex 2/T6/S1 Att#3 DSP P53
ETPL indicate that with respect to Asset Risk Assessment, assets are evaluated (some individually, some by sample set, others using age as a proxy) to determine the risk of failure and impact. From this, an average yearly capex replacement amount is created, which forms a starting point for the capital and O&M plan.
a) Please provide the asset categories that are evaluated individually.

b) Please provide the asset categories that are evaluated by sample set.

c) Please provide the asset categories that are evaluated using age as a proxy.

CCC-15
Re: Ex 2/T6/S1 Att#3 DSP P81
Currently the condition assessment of ETPL major assets (excluding substations) is based primarily on age data. Wood poles are tested using a "sound & selective bore" on a nine (9) year cycle with approximately 1% failing each year and <1% in fair to poor condition.
a) Please provide the # pole failures per year for the years 2012 to 2017 that resulted in an outage to customers.

b) Please provide the number of poles in poor condition for each of the years 2012 to 2017.

c) Does ETPL use other categories of condition for poles, i.e very poor, fair, good, very good. If yes, please provide this data for the years 2012 to 2017.

d) Please provide the total number of planned pole replacements (across all capital projects) for each of the years 2013 to 2017.

e) Please provide the total number of unplanned pole replacements across (all capital projects) for each of the years 2013 to 2017.

CCC-16
Re: Ex 2/T6/S1 Att#3 DSP P87
ETPL has spent an average of $1,694,990 on system renewal projects from 2012 to 2016, with a forecast average of $2,080,011 from 2018 to 2022.

a) Please explain the key drivers for the increase in average spend on system renewal.

b) Provide complete the following table:

$	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Overhead Upgrades										
Underground Upgrades										
Overhead Conversion										
Underground Conversion										

CCC-17
Re: Ex 2/T6/S1 Att#3 DSP Appendix H P36 Table 13

Table 13 below shows recommended asset replacement levels for three major asset groups.

Table 13: Major Asset Replacement Cost Summary

Fixed Distribution Asset	Classification	Average Yearly Replacement Quantity	Unit Replacement Costs	Average Yearly CAPEX Requirements	TOTAL
Overhead Line Poles	3PH Primary	74	$10,000	$736,723.85	$1,295,827.94
	1PH Primary	42	$7,500	$316,065.51	
	Secondary/Support	57	$4,250	$243,038.57	
Distribution Transformers	Polemount	58	$7,500	$435,000.00	$785,000.00
	3PH Padmount	19	$10,000	$190,000.00	
	1PH Padmount	4	$40,000	$160,000.00	
UG Medium Voltage Cable	3PH	364	$350	$127,400	$ 448,400
	1PH	2140	$150	$321,000	
				TOTAL	$2,529,228

Please complete the table to reflect forecast average requirements for 2018 to 2022.

CCC-18
Re: Ex 2/T6/S1 Att#3 DSP Appendix K P204

Please provide the utilization rate for ETPL's large vehicles, small vehicles and trailers and forklifts.

CCC-19
Re: Appendix 2-AA

a) Please add 2017 Actuals as a column to Appendix 2-AA and provide this excel version of Appendix 2-AA.

CCC-20
Re: Appendix 2-AB

a) Please add 2017 actuals to Appendix 2-AB.

b) Please add System O&M to the table.

CCC-21
Re: Appendix 2-AA

Projects	2013	2014	2015	2016	2017 Bridge Year	2018 Test Year
Reporting Basis	CGAAP	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS
Replacement - Poles	71,613	62,883	133,130	176,409	123,000	200,000

Please provide the number of poles replaced for each of the years 2013 to 2017 and forecast for 2018.

CCC-22
Re: Appendix 2-AA

Projects	2013	2014	2015	2016	2017 Bridge Year	2018 Test Year
Reporting Basis	CGAAP	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS
Unplanned Capital Investments					150,000	100,000

a) Please explain the need for this new category of spending.

b) Please provide 2017 actuals.

CCC-23
Re: Appendix 2-AA

Projects	2013	2014	2015	2016	2017 Bridge Year	2018 Test Year
Reporting Basis	CGAAP	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS
Emergencies - Storm	8,721	8,754	13,841	13,593		
Emergencies - Misc	13,455	52,104	24,845	29,060		

a) There is no forecast spending in 2017 and 2018. Please explain.

b) Please provide 2017 actuals related to emergency spending (storms and miscellaneous).

CCC-24

a) Please complete the following table:

Total In-service Additions	2012	2013	2014	2015	2016	2017
Forecast						
Actual						
Variance						

b) Please provide the forecast in-service additions for the years 2018 to 2022.

OPERATING COSTS

CCC-25
Ex. 4/T1/S4/p. 1

Please explain, in detail, all of the reasons for the variance between 2012 actual OM&A amounts and the Board approved levels - $4, 855,139 and $5,660,594. Please provide 2017 actual amounts.

CCC-26
Ex. 4/T1/S4/p. 2

Please recast Table 4-4 using 2012 actuals as the starting point.

CCC-27
Ex. 4/T1/S1/p. 5
ETPL has included $144,000 in the OM&A budget related to Cyber Security and Risk. Has ETPL benchmarked this amount? To what extent does this compare to the costs projected for other like sized utilities?

CCC-28
Ex. 4/T2/S1/p. 1

Given the "budgetary portion of the ETPL Business Plan was completed in the summer of 2016 in support of this Application" does ETPL still believe its is an appropriate projection of the costs required in 2018?

CCC-29

Ex. 4/T5/pp. 7-9
ETPL provides electricity, water and waste water billing, collecting and general customer administration to ERTH Holdings on behalf of its customers. The price for the service for 2018 is $456,295. Please explain, in detail, how that amount was derived. In Table 4-27 there is a line that indicates ERTH Holdings provides billing services of $240,459 to ETPL. What services does ERTH provide to ETPL? Please explain, in detail, how that amount was derived.

CCC-30
Ex. 4/T5/p. 7
How was the rent of $222,995 that ETPL pays to ERTH Holdings derived?

CCC-31
Re: Ex. 4/T5/p. 9
Please provide the 2012 actual amount for Table 4-28 Summary of Affiliate Services and Corporate Allocations.

CCC-32
Ex. 4/T4/S1/p. 7
Please provide any compensation studies that were prepared by Levack Management Consulting.

CCC-33
Please explain, in detail, how ETPL determined which services are best provided by its affiliates and those that are best provided by outside service providers. Please file any policies related to the provision of Affiliate Services.