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.

Response to CCC-1

The Applicant submits that the difference in delivery rate impacts described in CCC-1 relate to changes in cost allocation. Cost allocation changed status quo revenue to cost ratios from 86.24% to 95.63% which significantly increased revenue requirement to be recovered from residential customers. (The largest factor for this change was the change in demand data from the commercial classes that reduced their allocation and increased the allocation to residential and small commercial customers.)

At the time of the Town Hall meetings, cost allocation had not yet been undertaken. The Applicant instead used an estimate which was based upon an expected increase from 2017 IRM rates without taking into account changes in cost allocation.

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

Response to CCC-2

The Applicant deferred its rebasing application because (i) the Applicant's revenue and costs were stable in those years and (ii) the internal burden

and external cost of preparing and submitting a cost of service application to the OEB is onerous, particularly for a smaller LDC. Accordingly, the Applicant decided that the cost to submit a rebasing application outweighed the incremental revenues or savings that would be recovered through rebasing, and deferred its cost of service applications accordingly.

ETPL and ERTH were also going through a period of restructuring in 2016 and 2017 and filing an application for COS rates before the end of that process would have been premature. ETPL needed to complete the restructuring process to determine where costs would end up and to have a true understanding of what was required to operate the business.

The Applicant ultimately chose to file the Application in 2017 for 2018 rates in order to have its rates underpinned by IFRS amortization (as opposed to continuing with recovering CGAAP amortization and accruing a liability for the difference.) The Applicant's submit that if the IFRS changes did not need to be reconciled, the Applicant may have deferred its rebasing application once more.

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.

Response to CCC-3

ETPL is including in this response a copy of the update provided to ETPL's Board of Directors with respect to the outcomes of ETPL's 2018 rate case prior to its submission to the OEB. ETPL received approval from its Board to proceed with the application as presented in the meeting.

The 2018 budget and business plan (including capital and operating budgets) for the Applicant (the "2018 Budget and Business Plan") and the resolution of the Applicant's Board of Directors approving the same will be submitted with and attached to the Applicant's interrogatory responses.

With respect to the 2018 Budget and Business Plan, the Applicant notes that:

- ***The Application for new rates was submitted on September 15th, 2017 with the expectation that new rates would be implemented on May 1, 2018. At that time, the Applicant did not have executed legal agreements with the Town of Goderich to merge the Applicant with West Coast Huron Energy Inc. (the "Goderich Merger"). Accordingly, the capital and operating budgets submitted with Application were developed and approved based on the assumption that there would be no Goderich Merger and the Applicant would continue as a stand-alone entity.***

- ***In late 2017, the Applicant executed legal agreements with the Town of Goderich to effect the Goderich Merger, subject to OEB approval. Given the Applicant's intention to submit a MAADs application to the OEB in early January 2018, the 2018 Budget and Plan was developed and approved with the assumption that the Goderich Merger would be approved by the OEB in June 2018.***

Based on the above, the Applicant submits that the capital and operating budgets submitted with Application are not comparable to the 2018 Budget and Business Plan. Irrespective of this, the Applicant reiterates that the Application relates to a stand-alone entity and, as such, the information set out in the 2018 Budget and Business Plan are not indicative of the costs that should underpin the Applicant's rates.

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.

Response to CCC-4

The actual and Board-approved levels of ROE for the period 2012-2017 for the Applicant are set out below.

Measures	2012	2013	2014	2015	2016	2017
Return of Equity Deemed in Rates	9.12%	9.12%	9.12%	9.12%	9.12%	9.12%
Return on Equity Achieved	8.43%	11.80%	10.63%	9.39%	9.33%	9.22%

The reasons why the actual ROE exceeded the Board-approved levels include:

- ***In 2013, the Applicant realized revenues and expenses for smart meter deployment that caused in increase in net income.***
- ***In 2014 ETPL saw a hot summer which resulted in an increase to distribution revenue and in turn earnings in excess of approved ROE.***
- ***2015 to 2017 were stable years where ETPL earned almost exactly its ROE and the overearnings amount to approximately $3,000 annually and as such don't require much explanation.***

CCC-5
Please provide an organization chart for ETPL.

Response to CCC-5

An organization chart for the Applicant is submitted with and attached to the Applicant's interrogatory responses.

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?

Response to CCC-6

The Applicant's current proposal for an effective date is May 1st, 2018 with an implementation date to be determined.

If rates were not implemented until January 1, 2019, the foregone revenue amount would be $210,661. The Applicant proposes to collect it through a rate rider from its customers based upon the approved cost allocation as part of the Application collected over a one year period on a fixed basis.

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.

Response to CCC-7

The Applicant submits that the $150,000 shown in the Capital Project Summary was in error and should have been $100,000 as indicated in Reference #1.

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.

Response to CCC-8

Please find SAIDI & SAIFI results excluding loss of supply, major events and scheduled outages from 2012 to 2017.

SAIDI
(excluding LOS, Major Events & Scheduled Outages)

2012	2013	2014	2015	2016	2017
1.47	0.32	0.59	0.71	1.23	0.76

SAIFI
(excluding LOS, Major Events & Scheduled Outages)

2012	2013	2014	2015	2016	2017
0.31	0.16	0.30	0.47	0.20	0.32

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.

Response to CCC-8(a)

The Applicant does not actively track the km of voltage conversion completed in a given year. Between the years 2013 and 2017, the Applicant removed one (1) substation from service. (MS2 in Clinton was decommissioned in 2015.)

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

Response to CCC-8(b)

The projects for the years 2019 to 2022 have yet to be determined via the Applicant's asset optimization process. The AMP recommends that approximately 173 poles and 2.504km of underground circuits be replaced on a yearly basis; these values are used to guide capital spending which includes conversion projects.

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?

Response to CCC-9

The Applicant's submit that the ACA & AMP (2015) were created in order to establish a recommended spending level based primarily on asset age. The Applicant does not plan to complete this process on a yearly basis, since the change in asset base as a whole is minimal; instead, the Applicant will re-evaluate its asset base as a whole on a 5-year basis. On an annual basis, the Applicant evaluates pole inspections, overhead patrols, underground inspections and other asset evaluation programs to inform the Applicant's asset optimization process which informs investment decisions yearly.

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.

Response to CCC-10(a)

The number of interruptions for the years 2012 to 2017 are set out below.

Year	2012	2013	2014	2015	2016	2017
Total	118	127	120	111	118	110

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

Response to CCC-10(a)

The breakdown of the OEB cause codes that contribute to SAIDI and SAIFI for each of the years 2012 to 2017 are set out below.

Cause	2012	2013	2014	2015	2016	2017
Adverse Weather	2	3	4	3	2	6
Defective Equipment	43	62	61	46	60	46
Foreign Interference	19	17	15	12	13	19
Human Element	0	1	0	0	0	0
Lightning	5	7	5	4	0	2
Loss of Supply	17	7	16	14	14	11
Scheduled Outage	13	4	6	4	9	11
Tree Contact	8	20	5	20	10	12
Unknown/Other	11	6	8	8	10	3
Total	118	127	120	111	118	110

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.

Response to CCC-10(c)

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 is set out below.

Defective Equipment Outage Cause	2012	2013	2014	2015	2016	2017
Customer Meter Base	5	7	5	7	4	5
Metering	1	1	1	-	3	3
Broken Insulator	-	1	-	-	-	-
OH Arrester	-	-	2	1	3	1
OH Fuse	1	2	6	4	1	1
OH Primary Splice	-	-	-	-	1	-
OH Primary Conductor	-	-	1	-	-	-
OH Primary Connector	2	2	1	1	-	-
OH Primary Drop Lead	2	2	-	1	-	1
OH Pole	-	1	-	1	-	1
OH Secondary Conductor	2	2	2	2	3	2
OH Secondary Connector	15	14	9	7	8	12
OH Switch	10	14	5	7	21	10
OH Transformer	2	4	10	3	4	1
UG Fuse	-	-	1	-	-	-
UG Arrester	-	-	-	1	1	1
UG Primary Termination	1	1	-	-	2	1
UG Primary Elbow	1	-	-	-	-	-
UG Transformer	1	-	1	1	2	1
UG Primary Cable	-	3	1		1	-
UG Secondary Cable	-	5	15	9	5	6
UG Splice	-	-	-	-	1	-
UG Secondary Connection	-	2	1	1	-	-
UG Switch	-	1	-	-	-	-
Total	43	62	61	46	60	46

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.

Response to CCC-11(c)

The data accuracy percentages shown in Table 3 above indicate the accuracy of age data for each asset.

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

Response to CCC-11(c)

The Applicant is actively looking to improve all of its asset data whenever it makes sense to do so; however it will not be practical to have 100% accurate data for all assets by 2022. In certain situations, the resources required to obtain accurate asset data outweigh the benefit of having the data; for example, it would require a line crew and bucket truck to physically inspect each pole-mounted transformer to obtain nameplate information.

With the implementation of a GIS (Geographical Information System) and other software platforms, all new assets have accurate records and, as older assets are replaced, the accuracy of the data will improve.

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

Response to CCC-11(c)

The Applicant submits that this information is not readily available.

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.

Response to CCC-11(d)

As noted in response to CCC-11(b) above, the Applicant plans to improve its data when practical and it will backfill data with inspection results when such information is available. The Applicant plans to develop future ACAs & AMPs with condition-based assessments of its assets, rather than relying on age alone. This will require integrating the Applicant's pole testing, visual inspections, underground cable testing (started in 2018) and other qualitative measures into its asset evaluations.

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.

Response to CCC-11(e)

The Applicant is confident in its investment levels from 2018 to 2022 based on the asset data currently at its disposal. The two major types of renewal projects are overhead pole line re-construction and underground distribution replacement, which are driven by pole condition and padmounted transformer/underground cable condition, respectively. The age-related data for these asset classes are 94% and 72%, respectively, and therefore represent a reasonably accurate data set. In addition, the Applicant actively monitors reliability metrics, historical spending levels and inspection/testing to ensure its capital investment levels are producing desired results.

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.

Response to CCC-12(a)

The Applicant has varying levels of condition data for the majority of its assets groups, with the exception of underground cables. (Underground cable testing pilot was completed in 2018.) For the most part, the majority of condition data is still being collected using paper records and therefore combining the data and completing detailed analysis is a manual process; however, the Applicant is moving towards electronic inspections.

The following table (modified to focus on condition data) included in the AMP details the inspection cycles used to obtain condition data:

INSPECTION & MAINTENANCE CYCLES		
O/H Distribution System	3 year	• Visual inspection of all overhead lines, poles, transformers and associated equipment.
U/G Distribution System	3 year	• Visual inspection of all padmounted equipment including transformers, switches, cubicles etc.
Distribution Substations (ETPL)	1 month	• Visual inspection of all substation equipment including transformers, switches, structures, fence, yard etc. • Temperature and current readings are also recorded for transformers and feeders respectively.
Distribution Substations (Contractor)	6 month	• Visual inspection of all substation equipment including transformers, switches, structures, fence, yard etc. by a third party contractor.
Thermograph Scans	2 year	• Infrared inspection completed by a contractor to identify thermal anomaly conditions on distribution system equipment that suggest unwanted conditions and indicate repairs are required.
Substation Transformer Oil Analysis	1 year	• Oil samples are taken from all distribution transformers and Dissolved Gas Analysis (DGA) and Chemical Analysis (ASTM/Water) are completed. • Comparisons are made to previous tests and recommendations made based on trends.
Substation Maintenance	5 year	• Thorough substation maintenance which includes inspection, cleaning and service of all electrical and mechanical components. Grounding inspection and testing. Transformer testing including insulation resistance, capacitance and dissipation factor, turns ratio and winding resistance tests.
Pole Testing	9 year	• Third party contractor completes "Sound & Selective Bore" testing on poles which includes sounding of the pole (hammer test) and boring as deemed necessary. Poles are then analyzed, assigned a % of remaining strength and prioritized for replacement as required.

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

Response to CCC-12(b)

The Applicant tracks outages caused by defective equipment as outlined in the response to CCC-10(c) above, which can be easily assigned to major asset groups.

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

a) Please provide the data for 2017.

Response to CCC-13(a)

The Applicant's draft 2017 Scorecard is submitted with and attached to the Applicant's interrogatory responses.

b) Please provide the targets for 2018 to 2022.

Response to CCC-13(b)

The Applicant respectfully submits that it is unable to provide future target levels as a result of how such target levels are established; the distributor-specific targets are based on the historical five-year rolling average and the Applicant's trend indicates how it has performed in the current year as compared to the target.

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.

Response to CCC-14

The Applicant submits that each asset category may be evaluated in one or more of the following groups depending on the program or process (ACA, AMP, inspections, testing, etc.), and all evaluations are used to help inform the capital investment plan at some stage of the process.

a) Please provide the asset categories that are evaluated individually.

Response to CCC-14(a)

The Applicant submits that:

- ***Poles are individually assessed through a formal pole testing program;***
- ***Substations are individually assessed through various inspection, testing and maintenance programs; and***
- ***Overhead and Underground visual patrols look at individual assets (transformers, poles, lines, etc.) and track any deficiencies.***

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

Response to CCC-14(b)

The Applicant submits that:

- ***Outages caused by defective equipment are analyzed to understand if certain assets pose a greater risk of failure. For example, if multiple underground cable failures are located in certain subdivisions it may indicate that all cables in that subdivision are at a higher risk of failure. This type of information is considered by the Applicant when completing the optimization process and choosing capital investments.***

- ***Cable testing (started in 2018) involves testing a sample set of cables and it is used to evaluate the asset group as a whole.***

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

Response to CCC-14(c)

The Applicant submits that all major asset categories are analyzed in the AMP using age data to develop recommended spending levels over longer periods of time.

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.

Response to CCC-15(a)

The Applicant's pole failures per year for the years 2012 to 2017 that resulted in outages to customers are set out below:

Defective Equipment Outage Cause	2012	2013	2014	2015	2016	2017
OH Pole	0	1	0	1	0	1

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

Response to CCC-15(b)

The number of poles in poor condition for each of the years 2012 to 2017 are set out below:

Pole Classification	2012	2013	2014	2015	2016	2017
Replace Immediately (Poor) (<=50% remaining strength)	Pole Testing not Completed (last test in 2009		21	21	15	43
Replace 2-3 Years (Fair) (<=70% remaining strength)			29	16	21	36
Good (>70% remaining strength)			2713	2473	1998	925

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.

Response to CCC-15(c)

Please see the table set out in response to CCC-15(b) above.

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

Response to CCC-15(d)

The total number of planned pole replacements (across all capital projects) for each of the years 2013 to 2017 are set out below:

	2013	2014	2015	2016	2017
Planned Pole Replacements	36	225	131	196	63

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

Response to CCC-15(e)

The total number of unplanned pole replacements (across all capital projects) for each of the years 2013 to 2017 are set out below:

	2013	2014	2015	2016	2017
Unplanned Pole Replacements	Not accurately tracked		13	13	15

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.

Response to CCC-16(a)

The primary driver for the increase in average spend on system renewal is the results of the ACA/AMP, which actually recommends a system renewal spend of greater than $2,080,011. The Applicant has chosen to increase spending versus historical levels, but it will be spending less than the ACA/AMP recommendation.

b) Provide complete the following table:

Response to CCC-16(b)

The Applicant submits that it has not always tracked its projects in accordance with these exact categories. Accordingly, the Applicant has made its best efforts to complete this table; although the following information may not align completely with the Applicant's system renewal actuals.

$	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Overhead Upgrades	$1,210,089	$1,167,749	$415,574	$558,759	$1,098,258	In progress	Specific projects have yet to be determined.			
Underground Upgrades	$30,269	$40,526	$135,209	$208,223	$0	In progress				
Overhead Conversion	$0	$735,200	$1,098,768	$376,245	$417,690	In progress				
Underground Conversion	$839,282	$208,725	$409,999	$535,667	$147,724	In progress				

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.

Response to CCC-17

The specific projects for the forecast period have yet to be determined by the Applicant. The Applicant typically finalizes its capital project portfolio for the subsequent year in Q3/Q4 of the current year. Accordingly, the Applicant does not have the requested information at this time.

The balance of renewal based on the specific assets above can change from year to year depending on the projects; however, over a longer period of time (e.g. 5 years), the Applicant aims to average the renewal rates depicted above.

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.

Response to CCC-18

The utilization report for small and large vehicles is submitted with and attached to the Applicant's interrogatory responses. The Applicant does

not track utilization rates for trailers and forklifts. This utilization report for the past year has been generated from the Applicant's GPS fleet tracking system.

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.

Response to CCC-19(a)

A revised Appendix 2-AA is submitted with and attached to the Applicant's interrogatory responses.

CCC-20
Re: Appendix 2-AB

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

Response to CCC-20(a)

A revised Appendix 2-AB, with 2017 actuals added, is submitted with and attached to the Applicant's interrogatory responses.

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

Response to CCC-20(b)

A revised Appendix 2-AB, with System O&M included, is submitted with and attached to the Applicant's interrogatory responses.

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.

Response to CCC-21

A summary of the number of poles replaced for each of the years 2013 to 2017 is set out below; ETPL does not have a forecast number of poles for 2018.

	2013	2014	2015	2016	2017
Planned Pole Replacements	36	225	131	196	63

	2013	2014	2015	2016	2017
Unplanned Pole Replacements	Not accurately tracked		13	13	15

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.

Response to CCC-22(a)

The Applicant added this new category to track capital spending outside of its plan in order to ensure it stayed within its capital spending plan limits, and to determine if planned projects needed to be deferred due to increases in unplanned spending.

b) Please provide 2017 actuals.

Response to CCC-22(b)

The Applicant's 2017 actual unplanned capital investments totaled $119,078.

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.

Response to CCC-23(a)

The Applicant does not attempt to forecast emergency spending at this time.

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

Response to CCC-23(b)

The Applicant's 2017 actual related to emergency spending totaled $63,431.

CCC-24

a) Please complete the following table:

Response to CCC-24(a)

Please see the table as requested. ETPL notes that in 2013 its smart meter project was capitalized as a lump sum in that year post approval of ETPL's 2012 COS application.

Total In-service Additions	2012	2013	2014	2015	2016	2017
Forecast	$3,325,000	$3,291,775	$3,253,000	$3,390,320	$3,886,190	$3,199,913
Actual	**$2,870,369**	**$5,537,256**	**$4,104,726**	**$4,025,096**	**$4,121,075**	**$3,312,204**
Variance	($454,631)	$2,245,481	$851,726	$634,776	$234,885	$112,291

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

Response to CCC-24(b)

The Applicant's does not forecast in-service additions for the years 2018 to 2022 please reference the figures for these years provided in the DSP. ETPL notes that this application is not requesting rate relief beyond 2018 and as such 2019 to 2022 spending is outside of the scope of this application.

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.

Response to CCC-25

The Applicant submits that the variance is mainly due to unexpected third party revenues for (i) a one-time major project related to the Goderich Transmission Station build and line expansion project for SIFTO Salt Mine

and (ii) a one-time project supporting the Hurricane Sandy restoration efforts in New Jersey. Both of these projects were booked as cost offsets in 2012 amounting to $630,000 and $136,000, respectfully.

With these two one-time anomalies removed, the Applicant submits that its actual operating costs in 2012 was $5,622,140 for 2012, which is directly in line with 2012 Board-approved amount. The Applicant respectfully submits that the 2013 actual operating costs of $5,600,729 reinforce the fact that 2012 was an anomaly and therefore should not be the focus of cost comparators for the purposes of this Application.

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

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

Response to CCC-26

The Applicant respectfully submits that the 2012 actuals are not indicative of normal financial results, as explained in response to CCC-25 above. Accordingly, the Applicant respectfully declines to provide further evidence in response to this interrogatory.

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?

Response to CCC-27

Via its involvement in the Electricity Distributors Association and via other informal means, the Applicant has canvassed like-sized utilities to determine if it's proposed Cyber Security and Risk plan and budget are comparable. The Applicant submits that it is confident that most like-sized utilities are faced with similar costs at similar risk profiles.

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?

Response to CCC-28

The Applicant submits that it still believes that the costs requested as part of this Application are still appropriate and they are consistent with the

costs included in the Applicant's 2018 Budget and Business Plan (subject to any changes that were introduced to reflect the anticipated closing of the Goderich Merger in June 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.

Response to CCC-29

Please see the responses provided in December 2017 in excel model Erie Thames FTE and Intercompany analysis. This model contains all of the services provided from ETPL to affiliates and vice versa. ERTH provides rent and management oversight to ETPL.

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

Response to CCC-30

The rent payable for both of ETPL's buildings that the Applicant pays to its ERTH Corporation for its head office and operations centre is based upon a blended market rate for office space and shop space within the Town of Ingersoll.

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.

Response to CCC-31

The 2012 actual amount for Table 4-28 Summary of Affiliate Services and Corporate Allocations are set out below:

Shared Services

Name of Company		Service Offered	Pricing Methodology	Price for the Service	Cost for the Service
From	To			$	$
ERTH Hldgs	Erie Thames Powerlines	IT Work	Fully Allocated Costs		$ 31,058
ERTH Hldgs	Erie Thames Powerlines	Billing Services	Fully Allocated Costs		$ 231,028
ERTH Hldgs	Erie Thames Powerlines	MSP	Market Value		$ 70,560
ERTH Hldgs	Erie Thames Powerlines	AMV	Market Value		$ 3,613
Erie Thames Powerlines	ERTH Hldgs	Billing Services	Fully Allocated Costs	$ 393,237	
Erie Thames Powerlines	ERTH Corp	Eng/Ops/ Services	Fully Allocated Costs	$ 160,787	
					$ 336,259

Corporate Cost Allocation

Name of Company		Service Offered	Pricing Methodology	% of Corporate Costs Allocated	Amount Allocated
From	To			%	$
ERTH Corp	Erie Thames Powerlines	Rent	Market Value	19.79%	$ 190,000
ERTH Corp	Erie Thames Powerlines	Board Corporate Governance Cost	Fully Allocated Costs	5.03%	$ 48,304
ERTH Corp	Erie Thames Powerlines	IT Infrastructure	Fully Allocated Costs	13.38%	$ 128,499
ERTH Corp	Erie Thames Powerlines	Legal	Fully Allocated Costs	13.53%	$ 129,899
ERTH Corp	Erie Thames Powerlines	Business Development	Fully Allocated Costs	0.00%	$ -
ERTH Corp	Erie Thames Powerlines	Shared Costs	Fully Allocated Costs	5.73%	$ 54,998
ERTH Corp	Erie Thames Powerlines	Human resourses	Fully Allocated Costs	4.79%	$ 45,996
ERTH Corp	Erie Thames Powerlines	Management Fees	Fully Allocated Costs	37.75%	$ 362,464
					$ 960,160

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

Response to CCC-32

The Levack Management Consulting report is significantly dated as it was prepared in 2012 and implemented in 2013. Jobs were evaluated using the Hay Method and benchmarked against similar jobs in similar sized utilities establishing external relativity and creating a structural approach to management compensation. Having said that ETPL, in benchmarking itself against other like sized utilities, determined that its staff are compensated at the median level. ETPL is willing to provide the Levack study however would prefer to provide it in confidence given the small size of the utility, the dated nature of the information and to ensure the privacy of ETPL's staff.

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.

Response to CCC-33

In the event that ETPL is unable to provide services internally (due to resourcing, skill or cost constraints), ETPL's aim it to enter into service arrangements that best meet the operational needs of the LDC while at the

same time providing the optimal cost savings to our customers. Each service requirement is evaluated based on the required needs of ETPL. Once the needs are established and defined, management of ETPL begins the search for the best service provider.

The search for the optimal service provider begins by determining if the Applicant's affiliates are experienced in providing the desired services and establishing the cost for such services. At the same time, ETPL management and/or purchasing department will engage in a search for experienced external service providers and related costs. A cost-benefit analysis is performed in comparing the affiliate option to available third party options and internal costing. In undertaking the analysis, costs are a key determinant but the quality, experience and nature of the required services will also be considered. Once the above cost-benefit analysis is completed, a decision is made on which option is best suited for the Applicant's specific needs. Typically, if the required services are highly specialized or they could be provided at a materially lower cost by a third party, the Applicant will use an external service provider. In some situations, the affiliate will procure the services of the external provider and a cost sharing model for ETPL will be deployed (Ie. 3rd party IT security-as-a-service). In the end, the objective is to receive the lowest available cost for ETPL customers while not sacrificing on service quality, safety or reliability.