

ONTARIO ENERGY BOARD

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

AND IN THE MATTER OF an Application filed pursuant to sections 18, 60, 77(5) and 86(1)(c) and 86(2)(b) of the *Ontario Energy Board Act, 1998* for the approvals and ancillary relief necessary to effect the amalgamation of Veridian Connections Inc. and Whitby Hydro Electric Corporation, to form one single electricity distributor referred to in the Application as “LDC Mergeco”.

**INTERROGATORIES FROM THE
SCHOOL ENERGY COALITION**

1. [Application 5.1.2 and 5.1.3] The Application sets out, in Tables 7 and 9, the actual and forecast status quo OM&A for Veridian and Whitby for the period 2013 to 2029. The Application also states that all of the improvements in cost structure as a result of the merger will arise from OM&A, as the capital budgets are expected to be materially unchanged. With respect to the past and forecast OM&A:
- a. Please confirm that the following table correctly sets out the actual (shaded) and forecast (unshaded) OM&A for Veridian, Whitby, and Mergeco from Tables 7 and 9, and accurately calculates the annual percentage increase in each case.

Veridian-Whitby OM&A Table

Year	Veridian	% Inc.	Whitby	% Inc.	Total	% Inc.		Mergeco	% Inc.
2013	\$25,742		\$10,971		\$36,713				
2014	\$26,203	1.79%	\$10,593	-3.45%	\$36,796	0.23%			
2015	\$26,422	0.84%	\$11,407	7.68%	\$37,829	2.81%			
2016	\$27,446	3.88%	\$11,861	3.98%	\$39,307	3.91%			
2017	\$27,564	0.43%	\$12,229	3.10%	\$39,793	1.24%		\$39,793	
2018	\$30,368	10.17%	\$14,178	15.94%	\$44,546	11.94%		\$44,547	11.95%
2019	\$31,848	4.87%	\$14,504	2.30%	\$46,352	4.05%		\$46,137	3.57%
2020	\$32,922	3.37%	\$14,903	2.75%	\$47,825	3.18%		\$45,580	-1.21%
2021	\$34,009	3.30%	\$15,313	2.75%	\$49,322	3.13%		\$44,587	-2.18%
2022	\$34,862	2.51%	\$15,727	2.70%	\$50,589	2.57%		\$45,165	1.30%
2023	\$35,682	2.35%	\$16,143	2.65%	\$51,825	2.44%		\$46,297	2.51%
2024	\$36,672	2.77%	\$16,571	2.65%	\$53,243	2.74%		\$47,611	2.84%
2025	\$37,607	2.55%	\$17,010	2.65%	\$54,617	2.58%		\$48,524	1.92%
2026	\$38,566	2.55%	\$17,461	2.65%	\$56,027	2.58%		\$49,818	2.67%
2027	\$39,549	2.55%	\$17,924	2.65%	\$57,473	2.58%		\$51,146	2.67%
2028	\$40,558	2.55%	\$18,399	2.65%	\$58,957	2.58%		\$52,510	2.67%
2029	\$41,592	2.55%	\$18,886	2.65%	\$60,478	2.58%		\$53,847	2.55%

- b. Please confirm that the compound annual growth rate (CAGR) for Veridian OM&A from 2013 to 2016 was 2.16% per year. Please confirm that if Veridian was able to maintain that growth rate for the entire 2013 to 2029 period, the OM&A in 2029 would be \$36,235. Please explain why it would not be able to maintain that growth rate.
 - c. Please confirm that the CAGR for Whitby OM&A from 2013 to 2016 was 2.62% per year. Please confirm that if Whitby was able to maintain that growth rate for the entire 2013 to 2029 period, the OM&A in 2029 would be \$16,601. Please explain why it would not be able to maintain that growth rate.
 - d. Please confirm that forecast CAGR for Veridian OM&A for 2016 to 2019 is 5.09% per year. Please explain why it is so much higher than the previous three years, and please identify how much of that incremental increase is already spent, vs. forecast.
 - e. Please confirm that forecast CAGR for Whitby OM&A for 2016 to 2019 is 6.91% per year. Please explain why it is so much higher than the previous three years, and please identify how much of that incremental increase is already spent, vs. forecast.
 - f. Please reconcile the aggregate business as usual OM&A for 2029 from items (b) and (c) above, i.e. \$52,836, with the status quo forecast of \$60,478 and the Mergeco forecast of \$53,847, and explain how the merger will result in reductions in the cost structure of Mergeco.
2. [Application p. 32] The Applicants state that they forecast \$6.6 million of annual savings to be passed on to customers after the deferred rebasing period. Please provide actual and forecast total costs of Veridian, Whitby and Mergeco on a revenue requirement basis for the period 2013 to 2029, and demonstrate through that data that total costs to serve the Applicants' customers can be expected to be lower in 2029 under the merger scenario.
 3. [Application p. 20-23] Please provide the numerical data behind Tables 3 to 5, and all assumptions on which the forecasts are based (billing determinants, rates, riders, etc.), in live Excel format if possible. Please ensure that the data provided is sufficient to support the estimates that rates (as opposed to costs, which are described in 5.2.1) will be 3% lower for Veridian customers and 11% lower for Whitby customers at the end of the deferred rebasing period, and 0.8% lower for Veridian customers and 6.7% lower for Whitby customers on average during the deferred rebasing period.
 4. [Application p. 25] Please confirm that the Applicants are willing to accept a condition of approval that Mergeco file a combined DSP with the Board no later than December 31, 2020.
 5. [Application p. 27, 42] Please provide a summary of each of the two ICM projects referred to in the Application and included in the capital spending forecast, including the total amount of each and the in-service date. If preliminary or actual business cases have been prepared, please file them.
 6. [Application p. 28] Please provide any internal forecasts, plans, or other documents showing how Mergeco plans to bring the OM&A per customer in the Whitby service territory down to the same level as the Veridian service territory.
 7. [Application p. 31] Please describe the major components of the companies' IT platforms that are not currently compatible (e.g. ERP, GIS), and describe the steps planned to integrate those components.

8. [Application p. 40] Please explain why the rate years of the two merging entities are not being harmonized, either in this application or as part of the shift to an ESM at the end of year 5.
9. [Application, p. 45] Please provide a continuity schedule for Whitby's Account 1576 including all entries in the account since it was started, and any future entries expected.
10. [Application, p. 46] Please provide all forecasts or calculations or estimates currently available on the impacts of changes to Whitby Hydro accounting policies (including but not limited to changes in capitalization policies) to comply with Veridian accounting policies.
11. [General] Please provide a copy of the public business case presentation made to the municipal shareholders in March 2018.
12. [General] Please provide copies of the minutes of the Steering Committee of Veridian and Whitby Hydro formed to oversee the potential merger.
13. [General] Please provide copies of all minutes of, and reports to and from, the working group of Veridian and Whitby Hydro formed to work on the business case and related documents.
14. [General] Please provide copies of each of the Peer Review Reports prepared for each of the utility shareholders.
15. [General] Please provide all forecasts of future costs (capital and/or operating), rates, revenues, customer numbers and/or billing determinants included in any of the valuations prepared for any of the shareholders. It is not necessary to provide the valuation reports themselves.
16. [General] Please provide a table that shows that customers will have rates that are 3.8% lower than they would have been had the merger not taken place.
17. [General] Please provide a numerical example showing how rates can be harmonized over the 4-5 years after the deferred rebasing period, using actual current rates or forecasts of rates for the last year of the deferred rebasing period.
18. [General] Please confirm that, immediately after the merger, Mergeco will serve approximately 175 elementary and secondary schools. If possible, please provide a breakdown of the number of publicly-funded schools (i.e. part of school boards) in each rate zone by rate class.

Respectfully submitted on behalf of the School Energy Coalition this October 23, 2018.

Jay Shepherd
Counsel for the School Energy Coalition