



BY EMAIL and RESS

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Ontario Energy Board
2300 Yonge Street
27th Floor
Toronto, Ontario
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October 30, 2018
Our File: EB20180056

Attn: Kirsten Walli, Board Secretary

Dear Ms. Walli:

Re: EB-2018-0056 – NOTL 2019 Rates – 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 interested parties (by email)

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 by Niagara-on-the-Lake Hydro Inc. for an Order or Orders approving or fixing just and reasonable distribution rates effective May 1, 2019.

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

Please provide copies of all benchmarking studies, reports, and analysis that the Applicant has undertaken or participated in since 2014, that are not already included in the application.

1-SEC-3

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

Please provide a step-by-step explanation of the Applicant's budgeting process.

1-SEC-5

[Ex.1] Please provide details of all productivity and efficiency measures the Applicant has taken since 2014. Please quantify the savings achieved.

1-SEC-6

[Ex.1] Please provide details of all productivity and efficiency measures the Applicant plans to take in the test year. Please quantify the forecast savings.

1-SEC-7

[Exhibit 1, p.84] The Applicant says that as a result of its 2018 Open House: "These needs and preferences were used to guide NOTL Hydro as we prepared our 2019 Cost of Service application. The

Investments in the transformers are a key response to the reliability preference.” Please explain, using examples, of how exactly customer preferences were used to guide its 2019 Cost of Service application.

1-SEC-8

[Exhibit 1, p.75, 84] Please explain why the Applicant relied on the results of the survey taken during its 2018 Open House to determine the “needs and preferences” of its application, and not the results of its 2017 Customer Survey.

1-SEC-9

Has the Applicant undertaken any customer surveys in 2018? If so, please provide a copy of any draft or final results.

1-SEC-10

With respect to Advocacy activities:

- a. Please provide a copy of all submissions, letters, presentations, and similar materials.
- b. Please provide the annual cost of these activities over the last 3 years, and the forecast cost of these activities in 2018 and 2019.

1-SEC-11

Does the Applicant have a corporate scorecard? If so, please provide copies of each of the 2014 to 2018 versions. If not, please explain what metrics the management and Board of Directors use to measure and monitor the Applicant’s activities.

1-SEC-12

[<https://www.oeb.ca/sites/default/files/2019-Benchmarking-Spreadsheet-Forecast-Model-20180919.xlsx>] Please complete the Board’s Benchmarking Forecast Model.

2-SEC-13

[Ex.2, p.45] Please provide a revised version of Appendix 2-AB where the historical ‘plan’ amount is the annual budgeted amount as opposed to the amount provided in the Applicant’s previous DSP.

2-SEC-14

[Ex.2, p.50] Please explain the basis for the ‘mark-up’ on labour, materials, and truck time charged by the Applicant for work done on behalf of a customer.

2-SEC-15

For each material 2018 capital project, please provide the forecast in-service date. Have any of the forecast in-service dates changed since the filing of the application?

2-SEC-16

[DSP, p.52] With respect to the Storage Battery Project:

- a. Please provide the business case for the Storage Battery Project.
- b. Please provide a copy of the application/submission that was provided to the smart grid fund.
- c. The Applicant states: “It is expected that approximately 25% of the capital expenditure will be recovered from the smart grid fund.” Please provide specifics regarding the funding arrangement with the Smart Grid Fund. Please provide a copy of any agreements that the Applicant has with the Smart Grid Fund.

2-SEC-17

[DSP, p.48] With respect to the Transformer Station Power Transformer Replacement and Rearrangements capital work:

- Has the Applicant developed a formal business case(s) for this program? If so, please provide a copy.
- [p.50] Please provide the forecast date of competition for each listed milestone.
- Please provide the basis of the 10% contingency.
- Please provide the most detailed project spreadsheet and budget that is available.

2-SEC-18

[DSP, p.55] With respect to the Underground Voltage projects, for each year between 2014 and 2019, please provide the km of work completed or planned to be completed, and the program cost.

2-SEC-19

[DSP, p.58] With respect to the Overhead Voltage projects, for each year between 2014 and 2019, please provide the km of work completed or planned to be completed, and the program cost.

2-SEC-20

[DSP, p.61] For each year between 2014 and 2019, please provide the number of poles replaced or planned to be replaced and the program cost.

2-SEC-21

Please provide a revised version of Appendix 2-AA by adding a column showing year-to-date actuals.

2-SEC-22

[DSP, Appendix A, p.13] Please explain, using specific examples, how the Applicant prioritizes individual capital projects.

2-SEC-23

[DSP, Appendix A, p.16] With respect to the Asset Condition Assessment:

- Please provide a table showing for each major asset category, the number of assets in each asset condition assessment category.
- For each asset, please provide details regarding how the Applicant has categorized the assets into their asset condition assessment category.
- If not included in your response to part (b), please provide information on the inputs and how they are used, in the determination of the asset condition.

2-SEC-24

[EB-2014-0155, DSP, p.34-35] Please complete the following table related to for all material capital projects between 2014 and 2018 contained in the Applicant's DSP:

2014 NOTL DSP Forecast					Actual		Variance	
Budget Item/Description	Classification (System Renewal etc)	Forecast Year to be undertaken	Budget Amount	Priority	Year Completed	Actual Costs	Explanation of Cost Variance (if >5%)	Explanation if project not completed

3-SEC-25

Please provide a revised version of Appendix 2-H by adding a column showing year-to-date actuals.

3-SEC-26

[Ex.3, p.30, Ex.9, Appendix 9C] The Applicant proposes a Large User Variance Account.

- a. Please provide the Applicant's proposed disposition methodology of any balance that accumulates in the account.
- b. When would the Applicant propose to clear any balances?
- c. For each of the following two scenarios, please provide a) the forecast debits/credits, b) the expected disposition amounts and how they would be allocated to rate classes, c) proposed rate riders based on the proposed disposition methodology, d) forecast bill impacts of the disposition.
 - i. Large User actual demand of 2500 kw in 2019
 - ii. Large User actual demand of 7500 kw in 2019
- d. Has the Applicant consulted with any customers in the Large User class or other rate class about this proposal? If so, please provide details.

4-SEC-27

Please provide revised versions of Appendix 2-JB and 2-JC with an added column showing year-to-date actuals.

4-SEC-28

[Ex.4, p.7] In describing the drivers of OM&A, the Applicant states: "No winter disconnections. This lead to more write-offs." Please reconcile this statement with the Applicants actual bad debt expense which appears to have increased by only \$2000 in the test year compared to the 2014 Board approved amount.

4-SEC-29

[Ex.4, p.7, Table 4.6] Please provide the full derivation of Table 4.6.

4-SEC-30

[Ex.4, p.25] Please provide revised versions of Appendix 2-K with an added row showing the amount for each year allocation to capital and OM&A.

5-SEC-31

[Ex.5, Appendix 5-A] The terms of the Promissory Notes with the Town of Niagara-on-the-Lake state that it will mature on August 1, 2018. The terms also allow that the Promissory Note shall be renewed for an additional 10 years unless written notice is provided 90 days prior to maturity.

- a. Did either party provide notice that the Promissory Note shall not be renewed? If so, please provide details.
- b. If the answer to part (a) is no, please explain what, if any, due diligence the Applicant conducted to determine that renewal of the Promissory Note was in the best interest of ratepayers. Please provide documentary evidence of such due diligence.

5-SEC-32

[Ex.5] Please provide the Applicant's actual regulated ROE for each year between 2014 to 2017. Please provide its forecast 2018 regulated ROE.

8-SEC-33

[Ex.1, p.11, Ex.7, p.14]] With respect to the standby charge proposal:

- a. The Applicant states that it is seeking an “[o]rder establishing a new distribution Standby Charge to be applied to customers with behind the meter generation greater than 1 MW, as described in Exhibit 8”. Please provide specific references to where the evidence in Exhibit 8 is located.
- b. How many customers does the Applicant have who have demanded greater than 1MW?
- c. Please provide a forecast of how many customers the Applicant would install behind the meter generation with capacity of 1MW or greater during the next 5 years.
- d. Please provide details and evidence related to the proposal.
- e. Please provide details and copies of all internal analysis undertaken by the Applicant in determining the structure of the proposed standby charge.
- f. [Ex.7, p.15] The evidence states that the Applicant consulted with the customer who is expected to be initially impacted by the proposal. Please confirm that this customer is supportive of the proposal.
- g. Has the Applicant consulted with any other customers who would be affected at some future time if they added behind the meter generation? If so, please provide details.
- h. Please provide the proposed update to the conditions of service if the proposal is approved.
- i. [Ex.8, Appendix 8B] The proposed tariff does not include the standby charge. Please provide the proposed wording that would be included if the charge is approved.

9-SEC-34

Has the OEB undertaken any audits of the Applicant’s operations or regulatory accounting practices since its last rebasing? If so, please provide copies of any reports.

Respectfully submitted on behalf of the School Energy Coalition this October 30, 2018.

Mark Rubenstein
Counsel for the School Energy Coalition