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BY EMAIL and RESS

Ontario Energy Board
2300 Yonge Street
27th Floor
Toronto, Ontario
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January 7, 2019
Our File: EB20180050

Attn: Kirsten Walli, Board Secretary

Dear Ms. Walli:

Re: EB-2018-0050 – Lakeland Power Distribution Ltd. 2019 – SEC Interrogatories

We are counsel to the School Energy Coalition ("SEC"). Enclosed, please find interrogatories on behalf of SEC.

Yours very truly,
Shepherd Rubenstein P.C.

Original signed by

Mark Rubenstein

cc: Wayne McNally, SEC (by email)
Applicant and interested parties (by email)

EB-2018-0050

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 to the Ontario Energy Board by Lakeland Power Distribution Ltd. pursuant to Section 78 of the *Ontario Energy Board Act* for approval of its proposed distribution rates and other charges, effective May 1, 2019.

INTERROGATORIES

ON BEHALF OF THE

SCHOOL ENERGY COALITION

1-SEC-1
[Ex.1, p.50] Please provide copies of the material provided to the Applicant's Board of Directors in which it sought approval of the application and the underlying test year budgets.

1-SEC-2
[Ex.1] 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
[Ex.1] 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
[Ex.1] Please provide details of all productivity and efficiency measures the Applicant has taken since 2014 that are <u>not</u> a direct result of the amalgamation between LDPL and PSP. Please quantify the savings achieved.

1-SEC-5
[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-6
[Ex.1, p.116] Please provide a copy of the 2018 year-end results of the metrics listed for the Applicant's 2018 balanced scorecard.

1-SEC-7
[Ex.1, p.131] Please add a column to table 34 to show the actual savings achieved. Please explain any variances +/- 10%.

1-SEC-8
[Ex.1, p.132] The Applicant states: "In addition to the above savings, LPDL was able to eliminate the promissory note that former PSP had with its shareholder at 7.25% and replaced it with third party bank debt at an interest rate of 3.04%, a savings of $113,000 annually." What was the relationship between the replacement of the promissory note and the merger? Would PSP have been able to replace the note if no merger had occurred?

1-SEC-9
[Ex.1] With respect to customer engagement:

a. [Ex. 1, p.85] Please provide a copy of any presentations and/or materials that were provided or shown during the four 2016 customer information sessions.
b. [Appendix 2-AC] Please explain any changes the Applicant made to its application as a result of its customer consultation activities.

2-SEC-10
[Ex.2] Please provide the 2011 and 2012 PSP continuity schedules.

2-SEC-11
[Ex.2] Please revise the following appendices to include 2018 year-end actuals:

a. 2-AA
b. 2-AB
c. 2-BA

2-SEC-12
[Ex.2, Appendix 2-AB; Ex1, p.52] The Applicant states: "If LPDL anticipates exceeding the Capital Budget by $50,000 during the fiscal year, a Capital Expenditure Report must be prepared and presented to the Board of Directors for approval".

a. Is the $50,000 variance on gross or net basis?
b. Based on the information contained in Appendix 2-AB, the $50,000 variance would have been met for 2016 and 2017 (on both a gross and net basis) and a 2016 (on a gross basis only). Please provide a copy of the Capital Expenditure Reports for these years, and 2018 (if applicable).

2-SEC-13
[Ex.2, DSP, p.67] Please revise table 2-7 to show similar annual costs metrics for each year between 2013 to 2018.

2-SEC-14
[Ex.2, DSP, p.70] With respect to reliability information:

a. Please revise tables 2-10 to 2-13 to include 2018 reliability information.
b. Does the Applicant track reliability statistics for each by service territory? If so, please provide similar information in tables 2-10 to 2-13 on a service territory basis for each year including 2018.

2-SEC-15
[Ex.2, DSP, p.100] The Applicant states that "LPDL is currently examining the possibility of working with a consultant to create a formal Asset Condition Assessment, which would become the basis of future decision-making processes." Please advise on the status of the Applicant's examination of this possibility.

2-SEC-16
[Ex.2, DSP, p.135] With respect to poles, please provide a table showing the number of assets that are in each weighted asset score (1-10).

2-SEC-17
[Ex.2, DSP, p.144] Please explain how the Applicant determined the risk factors for each asset class.

2-SEC-18
[Ex.2, DSP, p.135, 145] Please explain the relationship between the health index ratings (i.e. 1-10) and the health index condition score (i.e. very good, good, fair, poor, very poor).

2-SEC-19
[Ex.2, DSP, p.165, Table 4-3] Please provide a similar table showing for each year between 2014 and 2018 the material capital investments, score and priority ranking at the time that year's plan was being developed. Please also identify if a given planned project was ultimately not completed in that given year.

2-SEC-20
[Ex.2, DSP, p.165, Table 4-3] Please provide the next step of projects, their priority rank, and their score, that were ultimately not chosen to be completed in 2019.

2-SEC-21
[Ex.2, DSP] For each year between 2014 and 2019, please provide a table that shows the following assets replaced or forecast to be replaced:

a. Poles (#)
b. Overhead conductors (km)
c. Underground conductors (km)
d. Transformers

2-SEC-22
[Ex.2, DSP, Appendix A1-A2] The Applicant has provided project narratives for historical (2013-2018) material capital projects that differ significantly from the project narratives for the test year project.

a. Were the project narratives provided for the test year projects created for the purposes of the application or in the normal course does the Applicant use such documents for project planning and accountability?
b. If the answer to part (a) is that they are used in the normal course, or a similar type of document is used, please provide it for all historical projects (2013-2018).

2-SEC-23
[Ex.2; Ex.1, p.163] The Applicant states that it retained "METSCO Energy Solutions Inc ("METSCO") to advise on and assist with the preparation of the DSP." Please explain what work METSCO undertook in preparation of the DSP? Did MESTCO provide any advice or assessment of the Applicant's capital plan or planning process? If so, please provide details.

3-SEC-24
[Ex.3] Please revise the following to include 2018 year-end actuals:

a. Table 31
b. Appendix 2-H

4-SEC-25
[Ex.4] Please revise the following appendices to include 2018 year-end actuals:

a. 2-JA
b. 2-JB
c. 2-JC

4-SEC-26
[Ex.4, p.33] Please explain what is meant by 'Vacant positions Offset - outside services - Corp Allocation'.

4-SEC-27
[Ex.4, p.38] Please explain why the increase in the pole attachment charge has an impact on operating costs?

4-SEC-28
[Ex.4, p.63] With respect to Appendix 2-K:

a. Please revise to include 2018 actuals.
b. Please add two rows to show the allocation of total compensation costs to each of capital & OMA.

4-SEC-29
[Ex.4, p.74] Please explain the reasonableness of the management year-over-year compensation increases when compared to the non-management year-over-year compensation increases.

5-SEC-30
[Ex.5] Please provide the actual 2018 regulatory ROE.

7-SEC-31
[Ex.7, p.25-26] Please explain why the Applicant is reducing the revenue to cost ratios for residential classes.

9-SEC-32
[Ex.9] With respect to the disposition of DVA accounts:

a. Please confirm that Applicant plans to dispose of the accounts on a harmonized basis.
b. Please provide revised rate riders that would clear the DVA account balances on non-harmonized basis (LSDPL and PSP) to align with the way the balances were recorded.

Respectfully submitted on behalf of the School Energy Coalition this January 7th, 2019.

Original signed by

Mark Rubenstein
Counsel for the School Energy Coalition