PIAC PUBLIC INTEREST ADVOCACY CENTRE
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March 6, 2019 **VIA E-MAIL**

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
Toronto, ON

Dear Ms. Walli:

Re: EB-2018-0087 Chapleau PUC 2019 Cost of Service Rates
Interrogatories of the Vulnerable Energy Consumers Coalition (VECC)

Please find attached the interrogatories of VECC in the above-noted proceeding. We have also directed a copy of the same to the Applicant.

Yours truly,

M Garner

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REQUESTOR NAME	**VECC**
TO:	**Chapleau PUC (CPUC or Chapleau)**
DATE:	**March 6, 30, 2019**
CASE NO:	**EB-2018-0087**
APPLICATION NAME	**2019 COS Rate Application**

1.0 ADMINISTRATION (EXHIBIT 1)

1.0-VECC-1
Reference: Exhibit 1, pg. 20

a) Please provide the reasons CPUC's productivity is declining from stretch factor cohort 4 to 5.
b) CPUC is among the least efficient electricity distribution utilities in the Province as measured by the OEB sponsored PEG Benchmarking studies. What specific steps is the Utility taking to improve its productivity?

1.0-VECC-2
Reference: Exhibit 1, pg.70

a) Please provide an updated Table 35 (Supplier List) for 2018.
b) What services does 'Tim Sinclair Consulting' provide to Chapleau?

2.0 RATE BASE (EXHIBIT 2)

2.0-VECC-3
Reference: Appendix 2-AA and 2-AB

a) Please update the referenced tables for 2018 actual financial results.

2.0-VECC-4
Reference: Appendix 2-AB –DSP Table 5, Section 5.2.1

a) In the past cost of proceeding CPUC forecast an annual capital budget of 58k per year. In the event the actual capital expenditures were significantly different from that in every year. Please explain why the Utility's capital planning was unlike its actual spending. Specifically address what steps are being taken to improve the planning process at CPUC.

b) In this Application CPUC has continued the practice of setting a fixed and standard capital expenditure ($80.7k per annum) without reference to any specific project (other than generally pole replacement). Why should the Board expect more accurate planning-to-actuals going forward?
c) Specifically how has the Metsco study improved detailed capital planning?

2.0-VECC-5
Reference: DSP, pgs. 99- of 221

Pre-amble: CPUC explains in its DSP that its current asset assessment relies on entirely on asset age (see page 103) as opposed to tested condition. It is further explains that during this plan cycle it is be populating a new GIS system with data for each asset class.

a) Please explain what targets have been established to implement this asset assessment plan. Specifically what percentage of each major asset category (poles, transformers etc.) in each year of the plan does CPUC expect to be specifically assessed/tested and entered into its new database?

2.0-VECC-6
Reference: DSP, pgs. 27, 85- of 221

a) The evidence shows a primary reason for outages in Chapleau is loss of supply. Will the voltage conversion in any manner mitigate loss of supply issues for the Utility?
b) If Chapleau could have Hydro One change one thing to improve reliability of supply to its service territory what would that be? If such a solution has been proposed (as mentioned in Exhibit 2) what cost was suggested that CPUC would need to incur for Hydro One to proceed with the suggested reliability improvement upgrade?

2.0-VECC-7
Reference: DSP, pg. 27

a) Is CPUC aware of any large customers connected directly by Hydro One in the Chapleau area? If yes, please generally describe the Hydro One service territory surrounding the Town.

2.0-VECC-8

Reference: Exhibit 2, PDF pg. 18

a) Please provide CPUC's utility fleet (vehicle description and year) in each year 2013 through 2019.

2.0-VECC-9

Reference: Exhibit 2, DSP, pg. 71 of 221

a) CPUC is proposing conversion from its 4.16kV feeders to 25kv. Is the reason the conversion is not being made to the more common standard of 27.6 kV because of Hydro One's supply?
b) Is CPUC aware of any incremental costs or technical issues in transitioning to 25 kV rather than the more common standard of 27.6 kV?

2.0-VECC-10

Reference: Exhibit 2, Table 16, pg. 41 of 221

a) Please describe the reasons for the smart meter investments in 2017 and 2018. Over the next five years does CPUC expect similar (or other) significant investments in capital for smart meters?
b) What is the failure rate of the current generation of smart meters in CPUC service territory?

2.0-VECC-11

Reference: Exhibit 2, Table 7, pg. 79 of 221

a) Please explain why CPUC has not established scorecard targets for the cost efficiency and effectiveness of its distribution system plan.

2.0-VECC-12

Reference: Exhibit 2, DSP, Table 16, pg. 91& 147 of 221

Pre-amble: In its DSP CPUC discusses the tradeoff between cost and reduction of scheduled outages when using specialized contracts. The evidence shows that scheduled outages are a significant factor in service reliability of supply.

a) Please explain how much work over the past period of the plan (2012-2018) and the future years (2019-2023) was/will be contracted out. Please explain how CPUC budgets for contracting out as part of its OM&A planning.

2.0-VECC-13
Reference: DSP, pgs. 27, 146- of 221

a) Please provide the annual number of poles replaced for each year 2012 through 2023 of the plan.

2.0-VECC-14
Reference: 5.4 Appendix D, Metsco Study, pg. 181 of 221

a) Was the Metsco study commissioned in anticipation of a new large load (as implied at the above reference)? If yes, please explain the circumstances and the circumstances as to why that load did not happen.

2.0-VECC-15
Reference: DSP, pgs. 27, 85- 195 of 221

Pre-amble: The Metsco study identifies T3 and T4 transformers as being at high risk of failure. CPUC has adopted the Metsco option of enhanced maintenance to address this risk. The study identifies an operation to expend $20-100k on transformer testing and rehabilitation (pg. 195).

a) Please provide the annual maintenance budget for these transformers in the 2018 through 2023 period of the plan.

2.0-VECC-16
Reference: DSP, pgs. 188

a) The Metsco study contains the following statement:

> *There is a general expectation within Chapleau PUC that operational constraints would be improved if all Chapleau PUC loads were located on the Chapleau PUC transformers. However, this will remain a minor driver.*

Please explain Chapleau's understanding of what this is statement attempting to convey?

2.0-VECC-17
Reference: DSP, pg. 189 of 221

a) The Metsco study states:

- *a major event in the down town core, such as a fire or significant traffic accident that blocks access for Chapleau PUC crews to repair overhead feeders.*
- *a significant structural problem at the Lisgar Street Bridge that might block access for Chapleau PUC crews.*
- *a significant event or road closure on Hwy 129 preventing crews from restoring power to customers at the end of the feeder.*
- *an equipment fault such as a breaker failure at the Ontario Hydro DS 25kV supply.*

a) Please explain how these concerns are being addressed during the term of the DSP.

2.0-VECC-18
Reference: DSP, pg. 189 of 221

a) The Metsco study states:

Accompanying these drivers are secondary drivers that should be considered are
- Feeder Balancing
- Feeder Configuration (backup)
- Phase Balancing

a) Please explain how these concerns are being addressed during the term of the DSP.

3.0 OPERATING REVENUE (EXHIBIT 3)

3.0-VECC-19
Reference: Exhibit 3, Section 3.1.6
Exhibit 1, Section 1.4.1

a) Section 1.4.1 states: "CPUC's service area is an embedded utility completely contained within the municipal boundaries of the town of Chapleau therefore the utility only serves the community of Chapleau. The area is embedded within the Hydro One Networks Inc." Section 3.1.6 states: "CPUC purchases electricity from Hydro One and embedded generation and IESO as a market participant". Please clarify whether CPUC is fully embedded within and purchases all of its electricity from Hydro One-Distribution or whether it is also purchases electricity through the IESO.

b) Please confirm what is included in the wholesale purchases set out in Table 4.

3.0-VECC-20

Reference: Exhibit 3, Section 3.1.7

a) What customer classes are included in the “customer count” variable?

3.0-VECC-21

Reference: Exhibit 3, Table 12

a) Are the customer counts set out in Table 12 year end values or average annual values? If average annual values, how was the average calculated?
b) Please provide the 2018 year-end customer count for each customer class.
c) Please explain the customer count adjustment attributed to “MicroFit related consumption”.

3.0-VECC-22

Reference: Exhibit 3, Section 3.1.8 – Table 10
Load Forecast Excel Model. Forecast Tab

a) It is noted that, in the Load Forecast Model, the HDD and CDD monthly values used for the 2018 and 2019 forecasts are different. Why is this when the forecast is based on 10 years of historical data?
b) It is noted that the 10 year average of the monthly values for HDD and CDD set out in Table 6 do not match the HDD and CDD monthly values used in the Excel Model to forecast wholesale purchases for either 2018 or 2019. Please explain.

3.0-VECC-23

Reference: Exhibit 3, Section 3.2.1

a) Please confirm that the 2015-2020 CDM Plan filed with the Application is CPUC’s most recently approved CDM Plan. If not confirmed, please provide CPUC’s most recently approved 2015-2020 CDM Plan.

3.0-VECC-24

Reference: Exhibit 3, Table 37
Exhibit 8, Section 8.1.5

a) Please provide a revised version of Table 37 that includes a column with the actual values for 2018.

b) Please explain the 2018 forecast gain on disposition (USoA 4355). Did this actually occur?

3.0-VECC-25
Reference: Exhibit 3, Sections 3.4.1 and 3.4.3
Exhibit 8, Sections 8.1.5 and 8.1.9

a) At Section 3.4.1 the Application states that CPUC is proposing one change to the MicroFit Service Charge. Sections 8.1.5 and 8.1.9 also indicate there is a change to the MicroFit Service Charge. However, in Section 3.4.3, the Application states that CPUC is not proposing any changes to the MicroFit Service Charge. Please reconcile.

3.0-VECC-26
Reference: Exhibit 3, Section 3.4.1
Exhibit 8, Section 8.1.10

a) Has CPUC been charging the revised Specific Charge for Access to Power Poles since September 2018? If so, what is the balance in the associated variance account as of December 31, 2018 and in which variance/deferral account is it recorded?

4.0 OPERATING COSTS (EXHIBIT 4)

4.0-VECC-27
Reference: Appendix 2-JA and Appendix 2-JC

a) Please update the above referenced tables for 2018 actual financial results.

4.0-VECC-28
Reference: Exhibit 4, Appendix 2-K, page 42 (PDF).

a) Please explain more fully the position change (General Manager and Manager of Finance) that occurred in 2016. Specifically please show the two prior job salary ranges and the new positon salary ranges (<u>not</u> individual salaries).
b) Did CPUC hire a new person/persons or was the change in positions completed through internal promotions?
c) Since 2012 how many retirements and new hires have taken place?

4.0-VECC-29
Reference: Exhibit 4, Appendix 2-K, PDF pg. 42

a) Please update Appendix 2-K to show 2018 actuals and to add a column showing the total compensation capitalized in each year.

4.0-VECC-30
Reference: Exhibit 2, Table F-2, PDF pg.44

a) For each asset category which is outside the minimum or maximum TUL of the Kinectrics Report (5) please explain the reason for Chapleau's different TUL and provide the study or support for using the different asset life.

4.0-VECC-31
Reference: Exhibit 2, Table F-2, PDF pg.7 & 50

Pre-amble – CPUC explains: *The methodology used to allocate corporate cost allocations was based on a one-way percentage which upon further analysis revealed that the utility had been benefiting from cost sharing opportunities with its affiliate at the detriment of the affiliate which ended up shutting its operations and doors on December 31, of 2017*.

a) It is unclear what a "one-way percentage" methodology is. Please explain more fully.
b) What was the last full year in which costs were allocated to the affiliate? What were those costs?
c) What is the net amount of costs that are now being absorbed by CPUC due to the demise of the affiliate?
d) What was the name and function of this affiliate?

4.0-VECC-32
Reference: Exhibit 2, Table F-2, PDF pg.44

a) What are the incremental costs in moving to monthly billing?
b) When did CPUC complete the change from bi-monthly to monthly billing?
c) How many customers (# & %) are provided e-bills?

4.0 -VECC -33
Reference: Exhibit 4, Appendix 2-M, pdf pg. 75

a) Please provide the amount of one-time application costs that have been incurred in 2018.
c) Please clarify if these costs are being reported in the updated cost for Appendix 2-JA.

4.0-VECC-34
Reference: Exhibit 4

a) Is CPUC a member of the EDA? If yes, please provide the annual fee amount paid for membership for the years 2012 through 2019 (forecast).

4.0 -VECC –35
Reference: Exhibit 4, pdf pg. 79

a) CPUC explains that it outsources its LEAP funding to the United Way – Sudbury. Does CPUC know how much of its LEAP funding (shown in Table 39) was accessed in the community of Chapleau? Is yes please explain if the total allotment of LEAP funding was exhausted in each of the past 4 year.

4.0-VECC-36
Reference: Exhibit 4, Table 43

a) The third paragraph below Table 43 states: "*None of the estimated CDM load reductions were factored into the load forecast underpinning CPUC's 2011,2012,2013, 2014, 2015,2016 and 2017 rates*." If this is the case, what is the basis for the Forecast amounts included in Table 43?

5.0 COST OF CAPITAL AND RATE OF RETURN (EXHIBIT 5)

5.0-VECC-37
Reference: Exhibit 5

a) Please provide the achieved ROE for 2018.
b) Is the achieved ROE in 2016 positive or negative 3.82%?

5.0-VECC-38
Reference: Exhibit 5

a) Please update the cost of capital evidence (Appendix 2-OA and RRWF) for the cost of capital parameters established by the Board in their letter of November 22, 2018.

5.0-VECC-39
Reference: Exhibit 5

a) Does CPUC have any short-term debt (including lines of credit)? If yes, please describe the amounts, interest rate(s) and issuer.
b) Does CPUC finance its entire capital budget from retained earnings?
c) Please explain what project(s) in the DSP are being referred to what CPUC believes will require it to obtain long-term debt to finance? What is the amount of the investment contemplated and for when?

6.0 CALCULATION OF REVENUE DEFICIENCY/SURPLUS (EXHIBIT 6)

N/A

7.0 COST ALLOCATION (EXHIBIT 7)

7.0 – VECC –40
Reference: Exhibit 7, Table 3

a) The table heading suggests that the activities relate to Accounts 5305-5340. However, according to Tab E1 of the Cost Allocation Model, the Billing and Collecting Weighting factor is not used for Accounts 5310 and 5335. Please reconcile.
b) Please describe the services provided by each of Harris Computer Corporation and Sensus Canada Inc. and explain: i) how they are related to billing and collecting and ii) why they are only associated with the Residential and GS<50 classes.
c) Please explain why Bad Debt is included in the determination of the weighting factors when it has a separate allocator.
d) In Table 3, how was the cost of Customer Billing assigned to customer classes?
e) Please reconcile the total costs as set out in Table 3 with the costs in the Cost Allocation Model (Tab I3) for accounts 5305, 5315, 5320, 5325, 5330, and 5340 (i.e., the accounts to which the allocation factor is applied)

7.0 – VECC –41

Reference: Exhibit 7, Cost Allocation Model, Tab I6.2 (Customer Data)

a) Why is there no USL customer count for Primary Customer Base or the Line Transformer Customer Base?

7.0 – VECC –42

Reference: Exhibit 7, Table 15

a) Why is the revenue shortfall from reducing the USL R/C ratio all being assigned to the Sentinel class?
b) With respect to Section D of Table 15, do the proposed R/C ratios for any of the other customer classes change in either 2020 or 2021 as result of the further adjustments to the USL ratio?

8.0 RATE DESIGN (EXHIBIT 8)

8.0 –VECC - 43

Reference: Exhibit 8, Section 8.1.2 and the Bill Impact Model

a) Why is $36.43 used in the DRP adjustment calculation as set out in the Bill Impact Model when according to the Application this value was updated to $36.86 in the spring of 2018?
b) Is there any expectation that this value will be further updated in the spring of 2019?

9.0 DEFERRAL AND VARIANCE ACCOUNTS (EXHIBIT 9)

9.0 –VECC -44

Reference: Exhibit 9, pg. 38 of 53

a) Why does account 1576 attract no carrying charges?
b) Why was a 2 year disposition period chosen to return the $870,367 to CPUC's customers (instead of say 1 year)?

End of document