PUBLIC INTEREST ADVOCACY CENTRE
LE CENTRE POUR LA DÉFENSE DE L'INTÉRÊT PUBLIC

July 11, 2019

VIA E-MAIL

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

Dear Ms. Walli:

Re: EB-2019-0032 ENWIN Utilities (ENWIN) 2020 Cost of Service Rates
Interrogatories

In accordance with Procedural Order No. 1 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

For VECC/PIAC

Email copy:
Mr. Paul Gleason, Regulatory Affairs & Corporate Secretary
pgleason@enwin.com

For interrogatory clarifications please contact Mark Garner at 647-408-4501 or markgarner@rogers.com

REQUESTOR NAME	**VECC**
TO:	**ENWIN Utilities Ltd. (ENWIN)**
DATE:	**July 12, 2019**
CASE NO:	**EB-2019-0032**
APPLICATION NAME	**2020 COS Rate Application**

1.0 ADMINISTRATION (EXHIBIT 1)

1.0-VECC-1

Reference: Exhibit 1, pgs. 45-

a) Please provide the cost of (1) the Innovative Research Group engagement and (2) the Utility Pulse Survey undertaken for this application.

1.0-VECC-2

Reference: Exhibit 1,

a) Please provide the year-end 2018 audited financial statements.

1.0-VECC-3

Reference: Exhibit 1, page 17

a) Are the employees who listed in Appendix 2-K employees of ENWIN Utilities Ltd. or one of the affiliated companies?

2.0 RATE BASE (EXHIBIT 2)

2.0-VECC -4

Reference: Exhibit 2, page 40

a) Has the net book value of all meters removed as part of the smart meter program been removed from the 2020 rate base calculation? If yes, please explain how this has been achieved in the filed continuity schedules and provide an explanation as to the remaining $1,814,586 of net book value of meters in account 1860 – thermal (not smart) meters.

2.0-VECC-5

Reference: Exhibit 2

a) Please create a table showing the number of vehicles and total cost of those vehicles purchased in each year 2009 through 2020 (forecast).

b) What was the average and median age of the Utility's fleet (excluding trailers) in 2017 and what will it be in 2020?

c) How many vehicles were, or are, being purchased between 2018 and 2020? How many were purchased between 2009 and 2017. Please list the number of vehicles purchased by type: Heavy Truck, Light Truck/SUV/ Car.

d) Please confirm (or correct) that ENWIN spent no capital on vehicles in the years 2009 through and including 2017. If correct, please explain why after a number of years of no or minimal spending on vehicles ENWIN has spent or now proposes to spend some $5,090,301 on vehicles between 2018 and 2020.

2.0-VECC-6

Reference: Exhibit 2, pgs. 29-

a) Please provide a table showing the annual capital costs for the NorthStar CIS from the year of implementation to 2020. Also show the maintenance (non capitalized licensing etc.) for the system for the same period.

b) Please explain why further capital upgrades or other spending will be made to this system over the 2019 to 2024 period.

2.0-VECC-7

Reference: Exhibit 1, pgs. 41 & Attachment 2-A DSP page 271 Table 131

a) For each project line listed in the System Access category please show the capital contributions received or expected for the 2018 through 2021 (inclusive) period.

b) At page 271 of the DSP it states "*System Access expenditures are forecasted to be somewhat lower in 2019 than 2018, with the bulk of the change in underground customer connections*." The following text appears to confirm this statement. However Table 131 shows the opposite ($1.4m in 2018 vs $2.3m in 2019). Please clarify.

2.0-VECC-8

Reference: Exhibit 1, pgs. 45-

a) Please provide a table showing the actual and forecast costs associated with the Howe Bridge-Highway 401 extension for the period 2018 to expected completion date of these projects.

b) For each year please provide the actual and expected capital contributions associated with the Howe Bridge – Highway 401 projects.

c) Are there other projects associated with the new bridge? If so please identify these and the associated forecast costs over the next 5 year period.

2.0-VECC-9

Reference: Exhibit 1, Attachment 2-A, DSP, pg. 64

a) Please update Tables 18 and 19 to show the outage data for the 2009 to 2012 period.

2.0-VECC-10

Reference: Exhibit 2, Attachment 2-A, DSP, pgs. 69-70

a) ENWIN states that its OMS system continues to have "bugs" which were not anticipated. Please explain what these are and what steps are being taken during the rate period to address them and at what cost.

2.0-VECC-11

Reference: Exhibit 2, Attachment 2-A, DSP, pgs. 186, 196

a) ENWIN has antidotal evidence regarding customer expectations for power restoration. As part of its rate plan has the Utility established any metrics or goals for average restoration times? If yes please provide those. If not, please comment on how such objectives might be considered in its new rate plan.

2.0-VECC-12

Reference: Exhibit 2, Attachment 2-A, DSP, pgs. 267

a) Table 125-129 in the DSP label 2018 figures as forecast. The tables for detailed capital expenditures found at Exhibit 2, pgs. 43-44 (of 72) are not labelled as forecast for 2018 but appear to be the same as those in the DSP. Please clarify that the evidence is showing 2018 actual capital expenditures and if not please provide the 2018 actuals.

2.0-VECC-13

Reference: Exhibit 2, Attachment 2-A, DSP

a) Federal Government PCB regulations require the testing electrical equipment and elimination of PCBs in equipment by the end of 2025. Please outline the program ENWIN is implementing during the rate period to achieve this requirement. Please show the spending per year from 2009 to 2024 on this program.

2.0-VECC-14

Reference: Exhibit 2, Attachment C, Business Facilities Plan

a) Which Option from Table 1 was selected by ENWIN?

b) Please provide a table showing the facilities plan option selected and:

1. The current forecast capital expenditure for that option in years 2018 through 2024, separated into construction and “soft costs”

2. The expected proceeds from sales of any buildings in the 2018 through 2024 period

3. Any incremental operating costs, including increased property taxes associated with the building projects.

4. The current square footage for office space and separately the square footage for service space (garage etc.). Please provide the same for the new or renovated buildings post consolidation.

5. The construction and occupancy timelines for this project

6. A copy of the most recent contractors cost estimates for this project.

7. Any real-estate property reports used in consideration of the acquisition or sale of property as part of this project.

3.0 OPERATING REVENUE (EXHIBIT 3)

3.0-VECC-15

Reference: Exhibit 3, Attachment 3 A, pages 22, 23, 25, 27, 29, 31, 33 and 39
Load Forecast Model, CDM and Monthly Data Tabs

a) Please provide the OPA/IESO Reports that support CDM values used in the Load Forecast Model regarding the impact of programs implemented in 2006-2017.

b) For each of the classes with CDM savings in the years 2006-2017 and for the total CDM savings overall please complete the following schedule based on the annual verified savings:

Program	Calendar Year						
Year	2006	For each year 2007-> 2019					2020
2006							
2007							
2008							
2009							
2010							
2011							
2012							
2013							
2014							
2015							
2015							
2017							
Total							

c) The Load Forecast assumes (see referenced pages from Attachment 3-A) there is no loss in persistence of kWh in the years 2018-2020 for programs implemented in 2006-2017.

   i. Is this consistent with the persisting values reported by the IESO/OPA?

   ii. If not, please either explain why this is appropriate or revise the Load Forecast and the proposed LRAMVA threshold values accordingly.

d) The discussion on page 39 recognizes that the impact of CDM in the first year of a program will not be the full annualized amount. Given this observation

why does the Load Forecast Model (Monthly Data Tab) assume that the annual CDM savings are equally spread over the 12 months of the year?

3.0-VECC-16

Reference: Exhibit 3, Attachment 3-A, pages 39-40
Load Forecast Model, CDM and CDM Adjustments Tabs
Exhibit 3, Attachment D (ENWIN'S CDM Plan)

a) The kWh value in the CDM Adjustments Tab for total annualized savings from 2017 CDM programs (34.06) does not match the value in the CDM Tab for 2017 total program savings (36.71). Please reconcile.

b) None of the kWh values for the savings from 2017-2020 CDM Programs in either the CDM Tab or the CDM Adjustments Tab match the values set out in Attachment D (ENWIN's CDM Plan). Please reconcile and explain the source of the savings from 2018-2020 programs as used in the Load Forecast Model.

c) What is the source of the CDM breakdown by customer class as used in the CDM Adjustments Tab for the years 2017-2020?

3.0-VECC-17

Reference: Exhibit 3, Attachment 3-A, pages 26, 28, 30, 32 and 34
Load Forecast Model, CDM, CDM Adjustments and kW Forecast Tabs

a) Are the kW values reported in the CDM Tab for 2006-2017 annual peak savings as verified/reported by the IESO or estimates of the resulting impact on the billing demand for the respective customer classes? If the latter, how were these values derived from the OPA/IESO reported values?

b) What is the source of the kW savings from 2018-2020 CDM programs – per the CDM and CDM Adjustments Tab?

c) The kW forecasts With CDM Removed all assume that there is no loss in the persistence of the savings from 2006-2017 programs in the years 2018-2020.

   i. Is this consistent with the persisting values reported by the IESO/OPA?

   ii. If not, please either explain why this is appropriate or revise the Load Forecast and the proposed LRAMVA threshold values accordingly.

d) For all demand billed classes, the kW/kWh ratio (per the kW Forecast Tab) for Cumulative CDM is materially less than the ratio for actual load. Please explain why this is the case. Is it related to the issue raised in part (a)?

3.0-VECC-18

Reference: Exhibit 3, Attachment 3-A
Load Forecast Model, Connection Count Tab

a) Are the historic customer/connection counts use average annual values, mid-year values or year-end values?

b) Please provide the customer/connection counts by class as of most recent month available.

3.0-VECC-19

Reference: Exhibit 3-A, Attachment 3-A, page 31

b) Was all of the CDM implemented in 2006-2012 associated with the two customers still remaining in the Large Use 3TS class?

c) If not, what adjustments are required to the calculation of the forecast Normalized Load for this class?

3.0-VECC-20

Reference: Exhibit 3, page 3 and Attachment 3-D
Directive-CCF-Wind-down (http://www.ieso.ca/Sector-Participants/Conservation-Delivery-and-Tools/Interim-Framework)
Directive-Interim-Framework (http://www.ieso.ca/Sector-Participants/Conservation-Delivery-and-Tools/Interim-Framework)
Interim Framework CDM Plan – 20190524
(http://www.ieso.ca/Sector-Participants/Conservation-Delivery-and-Tools/Interim-Framework)

a) Please confirm that the CDM Plan through to 2020 in Attachment 3-D is based on the Conservation First Framework implemented by the previous provincial government.

b) In March 2019 the current Minister of Energy issued directives i) discontinuing the Conservation First Framework and the Industrial Accelerator Program and ii) establishing a new Interim Framework. On June 5, 2019 the IESO published the new framework setting out both those programs that would be continued and those that would be discontinued. The IESO also released new program budgets and targets for 2019 and 2020. What impact will the revised framework (which only continues some of the of original Conservation First Framework's programs) have on the CDM Plan savings for 2019-2020 as set out in Attachment 3-D?

3.0-VECC-21

Reference: Exhibit 3, Attachment 3-A, page 20
Load Forecast Model, CDM Adjustments Tab
Exhibit 3, Attachment 3-D
Directive-CCF-Wind-down (http://www.ieso.ca/Sector-Participants/Conservation-Delivery-and-Tools/Interim-Framework)
Directive-Interim-Framework (http://www.ieso.ca/Sector-Participants/Conservation-Delivery-and-Tools/Interim-Framework)
Interim Framework CDM Plan – 20190524 (http://www.ieso.ca/Sector-Participants/Conservation-Delivery-and-Tools/Interim-Framework)

a) Please confirm that the CDM forecast through to 2020 in the Load Forecast Model is based on the Conservation First Framework implemented by the previous provincial government.

b) In March 2019 the current Minister of Energy issued directives i) discontinuing the Conservation First Framework and the Industrial Accelerator Program and ii) establishing a new Interim Framework. On June 5, 2019 the IESO published the new framework setting out both those programs that would be continued and those that would be discontinued. The IESO also released new program budgets and targets for 2019 and 2020. What impact will the revised framework (which only continues some of the of original Conservation First Framework's programs) have on the forecast CDM savings for 2019-2022 as set out in the Load Forecast Model and Attachment 3-A?

3.0-VECC-22

Reference: Exhibit 3, Attachment 3-E

a) There are no revenues reported (actual or forecast) for account 4082 – Retail Service Revenues. Please explain why.

4.0 OPERATING COSTS (EXHIBIT 4)

4.0 -VECC-23

Reference: Exhibit 4, pages 28-29

a) Please update the OM&A programs tables (page 27-29) to include 2018 actual results.

4.0-VECC-24

Reference: Exhibit 4, pg. 17

a) Using the figures 4.8 please explain how the estimate of the annual increase in OM&A due to the IFRS related changes to capitalization policy account of $2,195,237 was derived.

4.0 –VECC-25

Reference: Exhibit 4, pages 28-29/30

a) Please explain how the bad debt forecast for 2020 of $659,334 was derived.

4.0 –VECC-26

Reference: Exhibit 4, pages 28-29

a) Please explain the significant increase in the health and safety program spending in 2018 as compared to 2019 and 2020.

4.0 –VECC-27

Reference: Exhibit 4, pages 43-45 / Appendix 2-K

a) Please update Appendix 2-K to show 2018 actual results. Please also add two rows showing the expensed and capitalized amounts of the total compensation costs in each year.

4.0 –VECC-28

Reference: Exhibit 4, page 32

a) Please provide a reference for the IESO requirement to have a 24 hour control centre. Prior to 2017 did ENWIN operate a 24 hr. SCADA/Control room?

4.0 –VECC-29

Reference: Exhibit 4, page 54

a) Is ENWIN a member of the Electricity Distributors Association? If yes please provide the annual fees paid to this organization for the years 2009 through 2020 (forecast).

4.0 –VECC-30

Reference: Exhibit 4, page 55 /Appendix 2-M

a) Please provide a breakdown of the $1,135,883 in one-time costs (Appendix 2-M) incurred for this Application into the following categories:

- Legal costs
- External Consultant costs
- Internal staff costs
- Intervenor costs

For each category please show the amount of costs incurred to-date.

b) What portion of the one-time regulatory costs are included in the presentation of OM&A costs as shown in Appendix 2-JA for 2018, 2019 and 2020?

4.0 –VECC-31

Reference: Exhibit 4, Section 4.9, page 56

a) Has the LEAP funding provided to ENWIN's lead social agency been fully utilized in each of the past five years?

b) Does ENWIN direct/inform customers facing disconnection about the LEAP program?

4.0 –VECC-32

Reference: Exhibit 4, Section 4.13, page 62

a) Please provide the actual PILs paid in each year 2009 through 2018 and the forecast amounts to be paid in 2019 and 2020,

4.0 –VECC-33

Reference: Exhibit 4, Attachment 4-J/Appendix 4-K pg.85-

a) Does ENWIN continue to do water meter reading on behalf of the City of Windsor (WUC)? If yes please indicate how many electricity meters are manually read each month by ENWIN and how many water meters are read each month. Please also provide the annual charge to the City for water meter reading in each year 2009 through 2020.

b) Are water charges billed on the ENWIN utility bill? If yes please provide the annual fees for this service for the period 2009 through 2020.

4.0 –VECC-34

Reference: Exhibit 4, pages 67-72

a) Please provide a schedule setting out ENWIN's calculation of its (unverified) results for 2018 in a format similar to that used by the IESO in its verified CDM Reports.

b) Has any independent 3rd party audited/verified the 2018 activity/participation level by CDM program used in the calculation of the 2018 results? If yes, please provide a copy of the verification report.

c) Please provide the IESO verified results report used in the determination of the impact in 2017 and 2018 of CDM programs implemented in the years 2011-2017.

d) On June 20, 2019 the OEB issued a letter regarding the "Lost Revenue Adjustment Mechanism for 2020 Rate Applications" which acknowledged that verified results reports would not be available from the IESO regarding 2018 CDM programs and indicating that further information would be forthcoming on the supporting documentation that should be provided by distributors with any LRAM claim related to conservation program activities undertaken under the CFF. Has ENWIN received any further information from the OEB regarding the supporting documentation that will be required?

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

5.0-VECC-35

Reference: Exhibit 5

a) Please provide the achieved return on equity for the years 2009 through and including 2018.

5.0-VECC-36

Reference: Exhibit 5

a) Please clarify whether ENWIN considers all of its affiliate long-term debt subject to the maximum of the Board's deemed long-term debt rate (currently at 4.13%)

b) What due diligence did ENWIN undertake to ensure that the replacement of debentures in 2012 was at a competitive rate?

c) Please explain why ENWIN did not take advantage of historically low interest rates between 2015 and 2017 to lower the debt costs its customers pay in rates?

6.0 CALCULATION OF REVENUE DEFICIENCY/SURPLUS (EXHIBIT 6)

7.0 COST ALLOCATION (EXHIBIT 7)

7.0 – VECC –37

Reference: Exhibit 7, page 3

a) Please provide a history (for the period 2008-2017) of the year to year customer migration between the current GS>50 class and the current Intermediate class.

b) Please provide a version of the Cost Allocation Model where the current Intermediate and Large Use-Ford Annex classes are maintained.

c) Based on the results from part (b) please provide a schedule that, for each of the current GS>50, Intermediate, Large Use 3TS and Large Use-Ford Annex, compares: i) the allocated customer-related cost per customer and ii) the allocated demand costs per kW of billing demand. (Note: For purposes of these calculations please assume the costs related to the directly allocate transformer stations are all demand-related).

7.0 – VECC –38

Reference: Exhibit 7, page 5
Exhibit 8, Attachment 8-C

a) Please confirm that ENWIN currently has a Standby Charge which has been approved on an interim basis.

b) Does ENWIN currently have any customers to which this Standby Charge applies? If so, how many?

c) In the Application, ENWIN states that “ENWIN is not seeking approval for Standby Rates in this application”. Does this mean that ENWIN is seeking to eliminate the current approved (on an interim basis) Standby Charge from its 2020 Tariff Schedule?

7.0 – VECC–39

Reference: Exhibit 7, page 7

a) Please provide the analysis supporting the derivation of the billing and collecting weighting factors as described in Section 7.3.2.2.

7.0 – VECC –40

Reference: Exhibit 7, page 9

a) For purposes of the 2004 Informational Filing were separate load profiles developed for the current GS>50 and Intermediate classes?

b) If the response to part (a) is affirmative, please explain how the derivation of the GS>50 class load profile for 2020 takes into account the fact this class now includes the former Intermediate class' customers.

c) For purposes of the 2004 Informational Filing were separate load profiles developed for the current Large Use-3TS and Large Use-Ford Annex classes?

d) If the response to part (c) is affirmative, please explain how the derivation of the Large Use-3TS class load profile for 2020 takes into account the fact this class now includes the former Large Use-Ford Annex class.

7.0 – VECC-41

Reference: Exhibit 7, Cost Allocation Model, Tabs I6.2, I7.1 and I7.2

a) Please explain why, for the Residential and GS<50 classes, the customer counts used in Tab I7.1 (Meter Capital) and I7.2 (Meter Reading) don't match those in Tab I6.2.

8.0 RATE DESIGN (EXHIBIT 8)

8.0 –VECC-42

Reference: Exhibit 8, page 6
Cost Allocation Model, Tab O2

a) Please provide a schedule that sets out for each customer class: i) the current monthly service charge, ii) the proposed monthly service charge and ii) the Customer Unit Cost per Month – Minimum System with PLCC Adjustment (per Tab O2).

8.0 –VECC-43

Reference: Exhibit 8, pages 8-10

a) Which of the customer classes listed on page 10 currently have customers that would be impacted by the implementation of Gross Load Billing for Retail Transmission Rate – Line and Transformation Connection Service Rate?

b) Based on actual customer usage and self-generation patterns in 2018, please provide the impact of Gross Load Billing on the billing demand determinant for these classes for Line and Transformation Connection Service.

8.0 –VECC-44

Reference: Exhibit 8, pages 10-11
RTSR Work Form, RRR Data Tab

a) Which year is the RRR data based on?

b) Please confirm that in the RRR Data Tab: i) the GS>50 data is based on the sum of the current GS>50 and Intermediate class' data and ii) the Large Use-3TS data is based on the sum of the current Large Use-3TS and Large Use-Ford Annex class' data.

8.0 –VECC-45

Reference: Exhibit 8, pages 19-20

a) Please also provide bill impact calculations for the following:
   i. A customer currently being billed based on the (2019) Intermediate class rates but who will be billed on the GS>50 in 2020.
   ii. The Large Use-Ford Annex customer that will be billing on the Large Use-3TS rates in 2020.

b) If the total bill impacts in either situation exceed 10%, why has ENWIN not proposed a mitigation plan?

9.0 DEFERRAL AND VARIANCE ACCOUNTS (EXHIBIT 9)

9.0 –VECC-46

Reference: Exhibit 9, page 15

a) With respect to the (pre-interest) balance of $902,145 in account 1508, please provide a list of the productivity initiatives, the year in which that initiative was undertaken and completed, and the cost of the initiative.

9.0 –VECC-47

Reference: Exhibit 9, page 15-26.

a) Please file the post audit updated Group 1 and Group 2 balances including interest that ENWIN is seeking for disposition in this proceeding.

b) Please also update the Group 1 and Group 2 rate rider calculations

9.0-VECC-48

Reference: Exhibit 9, page 27

a) Please explain why account 1575 CGAAP to IFRS Rate Rider calculation uses number of customers rather than kWh to allocate costs to the residential class?

End of document