



**BY EMAIL and RESS**

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Ontario Energy Board  
2300 Yonge Street  
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July 25, 2019  
Our File: EB20190019

**Attn: Kirsten Walli, Board Secretary**

Dear Ms. Walli:

**Re: EB-2019-0019 – Algoma Power Inc. – SEC Interrogatories**

We are counsel to the School Energy Coalition (“SEC”). Pursuant to Procedural Order No.1, enclosed please find SEC’s interrogatories.

**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 (Sched.B);

**AND IN THE MATTER OF** an application by Algoma Power  
Inc. for an Order or Orders pursuant to section 78 of the *Ontario  
Energy Board Act, 1998* for approval of its proposed distribution  
rates and other charges, effective for January 1, 2020.

**INTERROGATORIES ON BEHALF  
OF THE  
SCHOOL ENERGY COALITION**

**1-SEC-1**

[Ex.1] Please provide all material provided to the Applicant's Board of Directors regarding its approval of this application and the underlying 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 its last rebasing application in 2014, that are not already included in the application.

**1-SEC-3**

[Ex.1] Please provide a step-by-step explanation of the Applicant's budgeting process.

**1-SEC-4**

[Ex.1] Please provide details of all productivity and efficiency measures the Applicant has taken since its last rebasing application in 2014.

**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; Ex.4, p.45] Please provide a copy of the Applicant's 2015 to 2019 corporate targets/scorecard. Please provide both the targets and the results.

**1-SEC-7**

[Ex.1, p.62] Please provide details regarding what changes the Applicant made to the underlying plan or the application as a result of its customer engagement activities.

**1-SEC-8**

[Ex.1, App 1B, p.22] Please provide a copy of the referenced analysis of cost drivers in the PEG total cost benchmarking model that was contained in its EB-2013-0110 application.

**1-SEC-9**

[Ex.1, App 1B, App B] Please provide a copy of the full script/workbook for the Talking A.I.M. Survey.

**1-SEC-10**

[Ex.1, p.20] With respect to the acquisition of the Dubreuil Lumber Inc. distribution system:

- a. Please provide a copy all OEB decisions related to the Applicant’s appointment of the interim operator of the Dubreuil Lumber Inc. distributor system and subsequent MAADs transaction.
- b. The Applicant states that “API requests that the panel in the current Application address the cost allocation and cost recovery methodologies described in the subsections below as Preliminary Issues.”. Please explain what the Applicant means procedurally by a Preliminary Issue.
- c. Please explain why it is appropriate to allocate the balance of the Interim License Deferral Account to all the Applicant’s customers and not only the former Dubreuil Lumber Inc. customers. Please provide revised bill impacts if those costs were solely allocated to the former Dubreuil Lumber Inc. customers.

**2-SEC-11**

[Ex.2] Please revise Appendix 2-AA by adding a column showing year-to-date 2019 actuals.

**2-SEC-12**

[Ex.2] Please provide a single line drawing of the Applicant’s distribution system.

**2-SEC-13**

[Ex.2, DSP, p.29] Please provide the Applicant’s SAIDI and SAIFI (excluding MED and LOS) targets for each year between 2020 and 2024.

**2-SEC-14**

[Ex.2, DSP, p.61] For each of the Applicants major assets categories, for each year between 2015 to 2024, please provide the number of actual/forecast replacements.

**2-SEC-15**

[Ex.2, DSP, p.73] The Applicant states: “API sustains its planning process through the lens of long-term (15-year), medium-term (5-year), and short-term (1-year) planning. Annual review of these plans allows the utility to prioritize investments and reach decisions regarding repair vs. replace, new-builds, or allow for reallocation of funding to higher priority investments. The long-term approach focuses on high-level reviews, such as system planning studies, in conjunction with load growth and voltage data to assure that the system will retain its level of access, reliability, and safety for the customer. Medium-term planning is driven by customer, municipal, First Nation, health, safety, environmental, regulatory, reliability, and other needs that API must

service. The medium-term planning also allows for the incorporation of new information from short-term planning, as well as being used to review the effectiveness of maintenance programs to allow for adjustments as they may be required. Short-term planning addresses short-term needs, such as customer connection, or reaction to external events. The inputs to short term planning include current budget year projects, customer-driven asset development, municipal and developer asset development, and other short-term projects.”

- a. Please explain, using examples, how the Applicant undertakes its repair v. replacement analysis.
- b. Please explain, using examples, how the Applicant determines when it will reallocate funding to higher priority projects.
- c. What specific studies is the Applicant referencing that it uses for the purposes of ‘long-term’ planning. Please provide a copy of those studies.

**2-SEC-16**

[Ex.2, DSP, p.82; Appendix 2-AB] Please provide a revised version of Appendix 2-AB, that excludes, a) all capital expenditures related to the work conducted/to be conducted in the Township of Dubreuilville that was previously Dubreuil Lumber Inc, b) the two proposed ACM projects.

**2-SEC-17**

[Ex. 2, DSP, p.82, 123] For each 2019 and 2020 material capital project, please provide the specific month the project is planned to go in-service. For projects in which the in-service date has changed since the filing of the application, please indicate the original in-service date.

**2-SEC-18**

[Ex.2, DSP, p.84] What specific assets are replaced in the Small Lines/Stations Capital program.

**2-SEC-19**

[Ex.2, DSP, p.87] With respect to the Echo River TS:

- a. Please provide a copy of all internal business cases or similar documents outlining the cost, benefits, risks, options, etc. for the proposed Echo River TS project.
- b. Please provide a detailed budget and schedule for the proposed project.
- c. Please provide an explanation of the procurement method that the Applicant will use for construction of the new TS.

**2-SEC-20**

[Ex.2, DSP, p.149] With respect to the Sault Facility Project:

- a. Please provide a copy of all internal business cases or similar documents outlining the cost, benefits, risks, options, etc. for the proposed project.
- b. Please provide a detailed budget and schedule for the proposed project.
- c. With respect to your response to part (b), what is the basis for the estimate?
- d. What is the annual cost of the lease of the current Sault St. Marie facility?
- e. Has the Applicant had any discussions with Hydro One SSM/Hydro One Networks Inc. regarding sharing of jointly constructing a facility.

- f. The evidence states: “API has leveraged a third-party consultant to assess options and costs associated with extending the existing lease versus constructing a new facility”. Please provide a copy of the assessment.
- g. What is the proposed square footage of the new building and how much of that space will be allocated to administration versus operations?
- h. Please provide the proposed design of the building and include any preliminary floor plans.
- i. How many employees will be working out of the proposed facility.

**2-SEC-21**

[Ex.2, DSP, p.118] Please explain how the Applicant prioritizes projects and asset replacements within programs.

**2-SEC-22**

[Ex.2, DSP, Appendix H] With respect to the SNC-Lavalin: *Reliability Study Report*, please provide the Applicant’s response to each of the recommendations.

**2-SEC-23**

[Ex.2, DSP, Appendix J] With respect to the METSCO: *Asset Condition Assessment Report*:

- a. [p.53-59] The Report makes several recommendations relating to asset condition data that the Applicant should collect. Please provide the Applicant’s response to the recommendations its plan, if any, to collect the recommended data.
- b. [p.60-64] The Report makes several recommendations relating to the number of assets that should be replaced between 2019 to 2024. For each of those asset categories, please provide a table that compares the number of assets the Applicant forecast to replace and the number recommended in the report.

**2-SEC-24**

[Ex.2, DSP, Appendix L] With respect to the Ecological Solutions Inc.: *Vegetation Management Update Report*:

- a. Please provide a copy of the 2014 report.
- b. For each recommendation that has not been fully implemented, please explain why not.

**3-SEC-25**

[Ex.3, Appendix 2-H] Please provide a revised version of Appendix 2-H with an additional column showing year-to-date actuals.

**4-SEC-26**

[Ex.4, Appendix 2-JC] Please provide a revised version of Appendix 2-JC with an additional column showing year-to-date actuals.

**4-SEC-27**

[Ex.4, p.41] With respect to lease costs:

- a. Please provide an update on the status of negotiations of the Sault Ste. Marie Facility lease.
- b. Please provide the total amount spent or forecast to be spent on the lease of the Sault Ste. Marie Facility for each year between 2015 to 2020.

**4-SEC-28**

[Ex.4, p.47] The evidence states that the current collective agreement with the PWU ends at the end of 2019. For the purposes of the 2020 test year budget, what assumptions is the Applicant making regarding the new collective agreement?

**4-SEC-29**

[Ex.4, p.49] Please revise Appendix 2-K to:

- a. Add an additional column to show 2019 year-to-date actuals.
- b. Add two rows to show the annual amount of total compensation allocated to OM&A and Capital.

**4-SEC-30**

[Ex.4, p.57] Please provide a copy of the referenced BDR Report filed in the EB-2016-0061 proceeding.

**4-SEC-31**

[Ex.4, p.73] Please confirm that no one-time regulatory costs that the Applicant seeks to recover beginning in 2020 on an amortized basis are also included in any 2015 to 2019 costs contained in Appendix 2-JA, JB or JC. If so, please remove the costs from those years, and revise the appendices.

**4-SEC-32**

[Ex.4, p.73] Please provide a detailed breakdown of the costs included in the Recovery of Transaction and Integration Deferral Account.

**4-SEC-33**

[Ex.4, p.85] Please revise the PILS information to account for the passing of Bill C-97, the Federal Budget implementation legislation. Please explain any changes made.

**4-SEC-34**

[Ex.4, Appendix 4A] The Applicant filed a letter from Korn Ferry providing an estimate of base salary increases for 2020.

- a. What base salaries are Korn Ferry providing an estimate increase to?
- b. How does the Applicant actually determine the increase to base salaries?

**7-SEC-35**

[Ex.7, p.7; EB-2018-0271 Decision and Order, p.24] The Board stated in its Decision in EB-2018-0271: “However, the OEB agrees with Algoma that its approach to integrating Dubreuil costs into Algoma’s revenue requirement should be done in a manner that ensures there is no harm to Algoma’s existing customers.” Please demonstrate that under a scenario that the Applicant had not acquired and integrated the former Dubreuil Lumber Inc distribution system,

rates for its customers in 2020 would be no higher than those proposed rates in this application. Please provide all supporting calculations.

**9-SEC-36**

[Ex. 9, p.11] Please confirm that in this application, the Applicant is not seeking approval and disposition of the balances of any deferral and variance accounts related to its activities regarding the operation and acquisition of the Dubreuil Lumber Inc distribution system.

Respectfully submitted on behalf of the School Energy Coalition this July 25<sup>th</sup>, 2019.

*Original signed by*

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Mark Rubenstein  
Counsel for the School Energy Coalition