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October 4, 2019

VIA E-MAIL

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

Dear Ms. Walli:

**Re: EB-2019-0178 – B2M Limited Partnership 2020-2024 Revenue Requirement
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,

A handwritten signature in black ink, appearing to read 'M Garner', written in a cursive style.

Mark Garner
Consultants for VECC/PIAC

Ms. Linda Gibbons, Senior Regulatory Coordinator – Regulatory Affairs Hydro One Networks Inc.
regulatory@HydroOne.com

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

REQUESTOR NAME **VECC**
TO: **B2M Limited Partnership**
DATE: **October 4, 2019**
CASE NO: **EB-2019-0178**
APPLICATION NAME **2020-2022 Transmission Revenue Requirement**

1.0 EXHIBIT A - ADMINISTRATION

1.0-VECC-1

Reference: A/T3/S1/Section 5.4

- a) Does B2M directly employ any operation, administrative or executive staff?
- b) Is the Managing Director of Hydro One Indigenous Partnerships GP Inc. the sole person accountable for B2M's operations and responsibilities as listed at B-1-3 Attachment 1, page 13?

1.0-VECC-2

Reference: A/T3/S1/Table 8

- a) Please explain why B2M had planned for a large increase in OM&A in 2018 (\$2.4 million) and why a significantly lower amount was actually spent (\$1.4 million).
- b) Does the older section of B2M line pose any material additional uncertainty to the OM&A forecast of the Utility?

1.0-VECC-3

Reference: A/T3/S1/pg.15

- a) Between 2015 and 2018 what portion of OM&A related activities performed by Hydro One employees and what portion was performed by non-Hydro One contract or direct employees?

1.0-VECC-4

Reference: A/T4/S1/Table 1

- a) Please update Table 1 (Derivation of Inflation Factor) so as to calculate the inflation factor based on Statistics Canada's most recent 8 quarters of data (i.e. Q1 & Q2 2019, 2018 and Q3 & Q4 2017).

1.0-VECC-5

Reference: A/T4/S1/

- a) Please explain what incentives are incorporated into the revenue requirement plan to optimize OM&A spending by B2M.

2.0 EXHIBIT B – TRANSMISSION SYSTEM OVERVIEW

2.0-VECC-6

Reference: B/T1/S3/pg. 1 -2 & B/T1/S3/Attachment 1 page 10

- a) Please describe more fully the older section of line that B2M owns. Specifically what is the length of this section, does it contain older towers (how many) and conductors? Does this section form a “weak” link in the B2M path? If so, please explain how maintenance for this section differs for the remaining and newer portions of B2M’s transmission line.
- b) Please amend Table 2 (Asset Service Profile) to show the old section as separate from the newer sections of plant.

2.0-VECC-7

Reference: ExB1/S1/T1/TSP Section 3.3 pg. 8

- a) In addition to conductors, insulators and tower structures are there any other assets (categories) under B2M’s stewardship?

2.0-VECC-8

Reference: B/T1/S3/Appendix 1/Table 3, page 11

- a) Please list the risk factors of circuit interruption. Specifically address how/if insulator failure can lead to line interruption? How have these known risk factors been addressed in B2M’s transmission system plan?

3.0 EXHIBIT C – RATE BASE

4.0 EXHIBIT D – PERFORMANCE METRICS

4.0-VECC-9

Reference: A/T3/S1/Section 5.6 & B/T1/S3 & D/T1/S1

- a) B2M proposes to abandon the SAFI/SAIDI metrics for its operations. Is

average system availability the only metric which will provide an indication of B2M's circuit reliability?

- b) Given B2M's unique asset composition does average system availability provide the same type of information as to asset reliability performance as would SAIFI/SAIDI? If yes, please explain how the notion of duration of an interruption and frequency of interruption of a circuit is distinguished in the measurement of average system availability.

5.0 EXHIBIT E – REVENUE REQUIREMENT

6.0 EXHIBIT F – OPERATING COSTS

6.0-VECC-10

Reference: F/T2/S1/pages 5-

- a) What accounts for the doubling of the Managing Directors Office costs from 100k in 2017 and 2018 to 200k afterwards?

6.0-VECC-11

Reference: F/T3/S1/pg.1 & F-3-1, Attachment 1

- a) Please provide a list of the changes made from the 2014 Service Level Agreement to the 2019 Agreement.
- b) Please provide a redline version of the 2019 agreement showing these changes.

7.0 EXHIBIT G – COST OF CAPITAL AND CAPITAL STRUCTURE

7.0-VECC-12

Reference: A/T3/S1/Section 5.8/pg.17

- a) Please explain the reasons that B2M financed all of its long-term debt on a 5 year term in 2015 rather than taking advantage at that time of historically low rates for long term financing?

7.0-VECC-13

- a) When is the \$273.5 million debt issuance expected in 2020?
- b) Is this debt issued in the name of Hydro One or B2M?

- c) Please explain how the basis point differential between the various issue terms shown in Table 4 and those shown at G/T1/S1/Schedule 2 page 1 were derived (e.g. 30 year Table 4 of 4.06% vs Schedule 2 of 4.09%)

7.0-VECC-14

- a) Under B2M's preferred proposal of a one-time update to reflect the new cost of debt how would any variance between the embedded cost of debt and the new cost of debt be addressed? For example if the new actual cost of debt is higher than forecast when issued sometime in 2020 but the Board does not adjust the required revenue requirement until the following year (i.e. January 2021) – how is this variance tracked and disposed of?

8.0 EXHIBIT H – DEFERRAL AND VARIANCE ACCOUNTS

8.0-VECC-15

Reference: H/T1/S1, page 4

- a) What forgone revenues are anticipated in the 2020 to 2024 period that would require the continuance of the similarly named variance account?

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