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BY EMAIL

November 28, 2019

Christine E. Long
Registrar
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto ON M4P 1E4

Dear Ms. Long:

Re: EB-2019-0059 Application for 2020 Rates

In accordance with the Decision and Order issued on November 14, 2019, please find attached OEB Staff interrogatories in the above proceeding. The applicant and intervenors have been copied on this filing.

Oakville Hydro's responses to interrogatories are due by December 12, 2019.

Any questions relating to this letter should be directed to Marc Abramovitz at marc.abramovitz@oeb.ca or at 416-440-7690. The Board's toll-free number is 1-888-632-6273.

Yours truly,

Original Signed By

Marc Abramovitz
Incentive Rate Setting & Regulatory Accounting

Encl.

**Oakville Hydro Electricity Distribution Inc.
EB-2019-0059**

Staff Question-1

Ref: IRM Application, Page 13

- a) Please explain what steps Oakville Hydro took to negotiate the scope and timing of the road widening projects with Halton Region.
- b) Please explain what steps Oakville Hydro took to negotiate the scope and timing of the road widening projects with the Town of Oakville.

Staff Question-2

Ref: ICM Model, Tab 9b – Proposed ACM ICM Projects

Oakville Hydro Reply Submission on the Preliminary Question, October 24, 2019, Page 12

Oakville Hydro cited the OEB's decision in Rideau St. Lawrence Distribution Inc.'s 2018 IRM Application (EB-2017-0265). OEB staff notes that, in that proceeding, the opening net book value of the asset used to calculate the ICM revenue requirement was reduced by six months of depreciation to account for the fact that the asset had in fact gone in-service in the previous year, 2017. OEB staff notes that there were unique circumstances in Rideau St. Lawrence's case, relating to its late 2016 cost of service application that factored into the settlement proposal that was accepted by the OEB.

- a) If the OEB were to consider the approach accepted for Rideau St. Lawrence, please provide Oakville Hydro's views with reasons on the reasonableness of this approach.
- b) Please identify whether the values used for the proposed ICM projects reflect the gross book value of the capital costs or the January 1, 2020 opening net book value of each project. If the former, please provide the January 1, 2020 opening net book value for each project.

Staff Question-3

Ref: IRM Application, Page 14-15

Oakville Hydro notes that it is installing new underground feeders and feeder meters to connect to the new location of Hydro One Networks Inc. assets at Bronte TS.

- a) What will be the treatment of the existing assets currently connecting Oakville Hydro to Bronte TS?
- b) Will these become stranded assets?
- c) For each asset, please indicate the age of the asset.
- d) With regards to the existing assets at Bronte TS, does Oakville Hydro currently connect to the Hydro One system via overhead feeders or underground feeders?
 - i. If Oakville Hydro currently connects to Bronte TS via overhead feeders, please explain why the overhead feeders are being replaced with underground feeders. Additionally, please provide the estimated difference in cost between constructing overhead versus underground feeders.

Staff Question-4

**Ref: Appendix 6 – Hydro One Transmission System Plan
IRM Application, Page 14-15**

Appendix 6 provides a Q3 2019 targeted in-service date of the new Hydro One Networks Inc. assets at Bronte TS. It states that relocating the new assets was the preferred option over *in situ* replacement because it would reduce staging risks with both outage durations and supply constraints, and avoid space limitations.

On page 15, Oakville Hydro supports the relocated assets as the most prudent option and submits, by extension, that its ICM work is also prudent.

- a) Please confirm the in-service date of the Hydro One Networks Inc. assets at Bronte TS.
- b) What risk analysis was performed, by either Hydro One or Oakville Hydro, on the staging risks identified and the probability of such risks?
 - i. Please provide the analysis. If no analysis was performed, please explain what certainty Oakville Hydro has on the asserted likelihood and severity of staging risks associated with an in-situ replacement.
- c) Did Hydro One Networks Inc. consult with Oakville Hydro on Oakville Hydro's preference of a relocated replacement versus an in-situ replacement?

Staff Question -5

- a) Please provide a table of Oakville Hydro's historical capital expenditures for the years 2014-2018 broken down into the OEB's four investment categories (i.e. system access, system service, system renewal, general plant).
- b) What is the dollar amount of in-service capital additions related to road widening projects that have previously been approved by the OEB in Oakville Hydro's last cost of service rate application?
- c) What is the dollar amount of in-service capital additions related to road widening projects that Oakville Hydro has included in its annual budgets for 2014-2018?

Staff Question-6

Ref: IRM Application, Page 14

On page 14, the application states that:

Due to the cost involved in underground installations, it is Oakville Hydro's policy to relocate overhead assets on roadways rather than bury them underground, unless specifically asked to do so. Oakville Hydro submits that this is the most prudent approach.

- a) As part of the ICM road widening projects, did Oakville Hydro relocate any assets underground that were previously overhead?

If Yes:

- i. Please provide the number of assets relocated underground and the km of line relocated underground.
 - ii. Please provide the incremental costs incurred to relocate the assets underground.
 - iii. Were these relocations performed at the request of the road authorities or for other reasons? If for other reasons, please provide the reasons and the justification for them.
- b) If part (a) identified any assets that were relocated underground at the request of the road authorities, which party paid for the incremental costs of relocating the assets underground?
 - i. Did Oakville Hydro negotiate with the road authorities for the road authorities to pay the full amount of the incremental costs, given that the road authorities requested the incremental upgrades? If no, why not?

Staff Question-7

**Ref: ICM Model, Tab 3 – Growth Factor NUM_CALC1
IRM Application, Page 16**

OEB staff notes that Oakville Hydro has not included its embedded distributor class in the ICM model, nor any billing data for that class. In its application, Oakville Hydro has exempted the embedded distributor class from the ICM rate riders because “[...] the embedded distributor’s customers will not benefit from the proposed incremental capital projects.”

- a) Please confirm the reason Oakville Hydro did not include the embedded distributor class in the ICM model was so that no ICM revenue requirement would be allocated to the embedded distributor class. Otherwise, please provide the reason.
 - i. By excluding the embedded distributor class, Oakville Hydro ICM model’s growth factor calculation has not included the impact of the embedded distributor class. Please provide an updated ICM model that includes the embedded distributor class and its associated billing data, for the purposes of calculating the growth factor.
- b) As noted in its application, the widening projects are mandatory system access projects designed to accommodate the requests of road authorities.
 - i. What benefits do Oakville Hydro’s customers receive from the road widening projects?
 - ii. Please explain which benefits identified in (i) are not applicable to the embedded distributor class.
- c) Please explain why the embedded distributor class should be exempt from being allocated the ICM revenue requirement, when presumably other customers may be exempt on the basis that they do not receive benefits from the Bronte TS ICM project.
- d) Please confirm that none of the feeders from Bronte TS (that are being relocated as part of this ICM request) are upstream of the embedded distributor.

Staff Question-8

Ref: Appendix 5, ICM Model

- a) Please provide the CCA calculation in the ICM model, including the CCA class as well.
 - i. Please confirm that Oakville Hydro has not implemented accelerated CCA in its calculation of the CCA in the ICM model.
- b) Please confirm that Oakville Hydro will record the impact from the change to accelerated CCA in Account 1592 – PILS and Tax Variances- CCA Changes. If not, please explain how Oakville Hydro plans to treat the impact from the change in CCA.
- c) If the response to part (a)(i) is no and Oakville Hydro has implemented accelerated CCA in its calculation of the CCA in the ICM model, please provide an ICM model calculating the CCA before the rule change to accelerated CCA.