

1 **INTERROGATORY RESPONSE - PP-1**

2 **1**

3 EXHIBIT REFERENCE:

4 **Exhibit 1, Tab 1, Schedule 4, UPDATED**

5

6 SUBJECT AREA: Bill Impacts

7

8 Reference: Hydro Ottawa is proposing to increase its distribution charges annually from 2021
9 to 2025 by up to 6.91%.

10

11 Question:

12

13 a) Please provide details on how the proposed increases compare to peer utilities over a
14 similar period and what actions Hydro Ottawa has undertaken to reduce these
15 charges.

16

17 b) If the OEB does not approve an increase to Hydro Ottawa's distribution charges,
18 please describe the impact to Hydro Ottawa, its parent company and affiliates.

19

20 c) Please describe what actions Hydro Ottawa has undertaken to provide bill relief to
21 customers impacted by COVID-19.

22

23 **RESPONSE:**

24

25 a) Hydro Ottawa has selected utilities that have a similar customer count as comparators
26 for Table A below. Although only future impacts were requested, Hydro Ottawa has
27 provided historical distribution impacts back to 2017 to provide historical trends.

1 **Table A – Residential (750 kWh) Distribution Rate Changes - Comparison of Ontario LDCs**

	2017	2018	2019	2020	2021*	2022*	2023*	2024*	2025*
Hydro Ottawa	1.75%	1.62%	(0.16%)	(1.98%)	6.91%	6.15%	4.74%	2.91%	1.77%
Hydro One	(8.20%)	10.88%	0.00%	1.80%	2.3%	2.0%			
Toronto Hydro	5.51%	3.87%	2.46%	(8.57%)	4.34%	1.11%	5.90%	3.90%	
London Hydro	(0.02%)	(0.97%)	(0.70%)	1.69%					
Alectra	16.40%	(0.11%)	0.19%	0.51%					
Veridian	1.66%	1.12%	1.39%	1.66%					

2 *Please note for years beyond 2020, only utilities that have filed for a Custom IR have impacts presented

3

4 With respect to efforts to reduce customer charges over the 2021-2025 period, Hydro
 5 Ottawa has taken action on both capital and OM&A costs.

6

7 With respect to the former, the capital expenditures plan presented in this Application is
 8 the end product of an asset rationalization process which reduced planned expenditures
 9 by an average of \$50M per year over the term of the rate plan. For more details, please
 10 see UPDATED Exhibit 2-4-1: Capital Expenditures Summary, as well as the response to
 11 interrogatory OEB-3.

12

13 As for the latter, Hydro Ottawa has embedded a custom OM&A escalator into its
 14 rate-setting formula for the 2021-2025 period. The application of this custom index will
 15 translate into reduced OM&A costs of \$13.1M over the five-year rate term. In tandem
 16 with the application of the escalator, Hydro Ottawa has planned a series of productivity
 17 initiatives for the 2021-2025 period, which will help to reduce costs and generate savings
 18 to add to efficiencies already obtained through the 2016-2020 term. For further
 19 information, please see UPDATED Exhibit 1-1-10: Alignment with the Renewed
 20 Regulatory Framework, Exhibit 1-1-13: Productivity and Continuous Improvement
 21 Initiatives, and the response to interrogatory OEB-47.

1 b) If the OEB does not approve an increase to Hydro Ottawa's distribution rates and
2 charges, the utility presumes that 2020 rates would remain in place in 2021. Beyond
3 that, Hydro Ottawa will not speculate on the impacts of an OEB decision on rates on the
4 utility's operations or those of its affiliates.

5
6 c) To date, Hydro Ottawa has implemented all of the COVID-19 relief measures put in
7 place by the Government of Ontario and the OEB. These include rate relief for
8 time-of-use customers, deferral of Global Adjustment charges, and extension of the
9 moratorium on disconnections for non-payment to Residential and Small Commercial
10 customers until July 31, 2020. Hydro Ottawa will also be implementing the COVID-19
11 Energy Assistance Programs for specific customer classes that were announced by the
12 provincial government on June 1, 2020.¹ In addition, the utility has voluntarily expanded
13 the scope of the disconnection moratorium to include all classes of customers (including
14 large commercial) to July 31, 2020.

15
16 Similarly, Hydro Ottawa is offering customers flexible payment plans, including an Equal
17 Monthly Payment Plan and Arrears Payment Agreements. As the pandemic progresses
18 and its impact evolves, Hydro Ottawa will continue to work with customers and consider
19 additional options as circumstances warrant.

20 ¹
21 https://news.ontario.ca/opo/en/2020/06/ontario-supports-those-struggling-with-electricity-bills-during-covid-19.html?utm_source=ondemand&utm_medium=email&utm_campaign=p
22

1 **INTERROGATORY RESPONSE - PP-2**

2 **2**

3 EXHIBIT REFERENCE:

4 **Exhibit 1, Tab 1, Schedule 5, UPDATED**

5

6 SUBJECT AREA: OM&A

7

8 Reference: Hydro Ottawa proposes a 10.68% increase to OM&A in 2020.

9

10 Questions:

11

12 a) Please provide details on how the proposed increases compare to peer utilities over a
13 similar period and what actions Hydro Ottawa has undertaken to reduce these costs.

14

15 b) If the OEB does not approved an increase to Hydro Ottawa's OM&A, please
16 describe the impact to Hydro Ottawa, its parent company and affiliates.

17

18 c) Please describe what actions Hydro Ottawa has assessed to reduce OM&A
19 costs for 2020 and beyond.

20

21 **RESPONSE:**

22

23 a) Hydro Ottawa does not have detailed information about peer utilities' OM&A plans for
24 the period 2021-2025. In Figure A below, Hydro Ottawa has provided a historical
25 comparison based on OM&A per Customer costs.

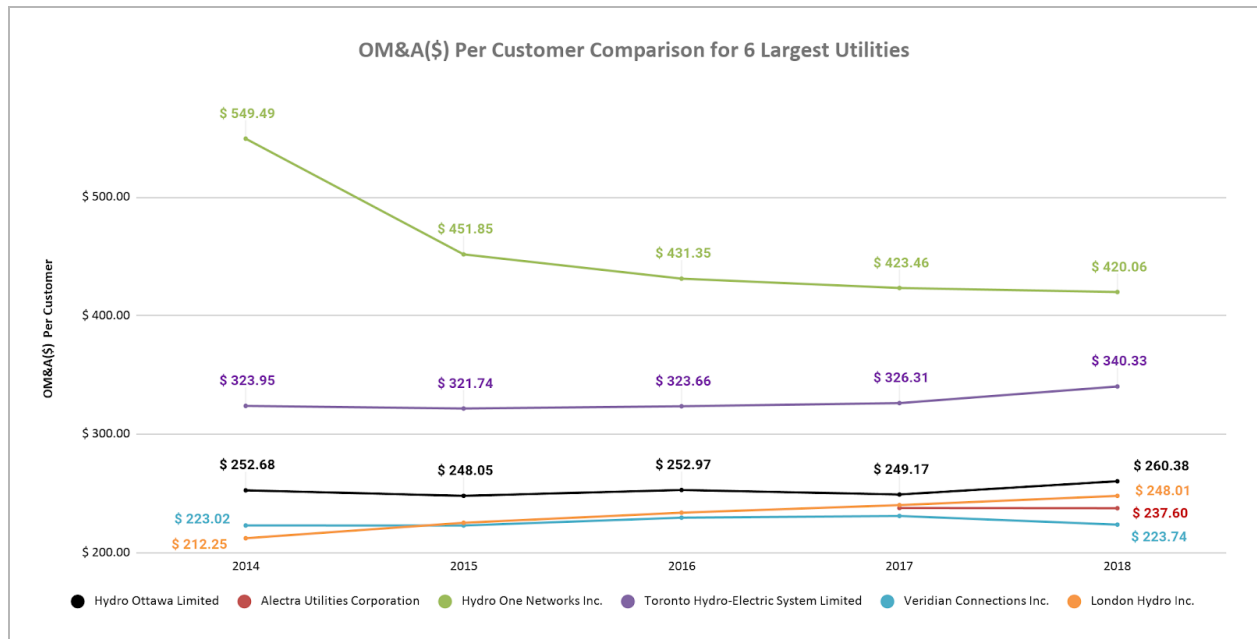
26

27 Through the application of a Custom Price Escalator Factor, Hydro Ottawa has
28 committed to a reduction in OM&A spending of \$13.1M over the 2021-2025 period.
29 Please see UPDATED Exhibit 1-1-10: Alignment with the Renewed Regulatory
30 Framework for details. In addition, Hydro Ottawa will be implementing a range of

1 productivity and continuous improvement initiatives during its five-year rate term, which
 2 will assist in achieving required cost reductions. Please see Exhibit 1-1-13: Productivity
 3 and Continuous Improvement Initiatives for additional information.

4
 5
 6

Figure A – Historical Comparison (2014-2018) of OM&A per Customer for the Largest Electricity Distributors in Ontario



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- b) Hydro Ottawa does not believe it is appropriate to speculate on the impacts to its operations (or to those of its parent company or affiliates) of a future OEB decision with respect to OM&A.
- c) For information on actions planned by Hydro Ottawa to reduce OM&A costs for 2020 and beyond, please see Exhibit 1-1-13: Productivity and Continuous Improvement Initiatives.

1

INTERROGATORY RESPONSE - PP-4

2 **4**

3 EXHIBIT REFERENCE:

4 **Exhibit 1, Tab 1, Schedule 4, UPDATED**

5

6 SUBJECT AREA: Distribution System Plan

7

8 Reference: "By way of this Application, Hydro Ottawa is informing the OEB of minor
9 modifications to the project's construction schedule. Whereas the original schedule had
10 contemplated an in-service date of November 2021, this date has subsequently been revised
11 to Q2 2022."

12

13 Reference [EB-2019-0077 Decision and Order]: As a result of the South Nepean Leave to
14 Construct approval in 2019 (estimated project costs for Hydro Ottawa of \$50.1 million), Hydro
15 Ottawa indicated that it expects to see a significant improvement in their supply reliability.
16 According to Hydro Ottawa this will also support greater deployment of renewable resources,
17 as the South Nepean MTS transformers have been specifically designed to accommodate
18 injection of renewable energy into the local area's transmission system.

19

20 Questions:

21

22 a) Please provide a summary of the Cambrian MTS (formerly referred to as the South
23 Nepean MTS) project status and any project cost impacts related to the delays and
24 change to the in-service date.

25

26 b) Please describe the cause of the delay to the Cambrian MTS project in-service
27 date and what measures Hydro Ottawa needs to put in place to meet customer
28 demand in the interim.

29

30 c) Please describe the impact if the Cambrian MTS project was further delayed and

1 put in service in 2023 rather than 2022.

2

3 d) Please identify any changes to the Hydro Ottawa forecast filed in EB-2019-0077 for
4 the South Nepean Leave to Construct.

5

6 e) Please provide details on the forecasted costs for the South Nepean (Cambrian
7 MTS) project and when Hydro Ottawa proposes to include these in Rate base.

8

9 f) Please indicate how consumer and system benefits related to the above project will
10 be tracked and reported over this IR period (emphasis on the improvement in supply
11 reliability and greater deployment of renewable resources as outlined above).

12

13 g) Please provide details on what activities Hydro Ottawa plans to undertake over
14 this IR period to promote and encourage the additional distributed/renewable
15 energy resources noted above.

16

17 h) Please provide details on all coordination and communication activities Hydro
18 Ottawa has conducted to promote greater deployment of renewable resources,
19 including those in alignment with the City of Ottawa energy and emissions plan.

20

21 **RESPONSE:**

22

23 a) Hydro Ottawa has purchased the land for the Cambrian Municipal Transformer Station
24 (“MTS”) site and has completed Phase 1 of civil construction. The majority of major
25 electrical equipment has been procured and Phase 2 construction is currently being
26 tendered. Minimal increases to Allowance for Funds Used During Construction
27 (“AFUDC”) costs are expected due to the change of in-service date.

28

29 b) The delay to the Cambrian MTS’ in-service date to Q2 2022 was a result of construction
30 having started later than originally planned. The project schedule originally contemplated

1 construction of the new MTS beginning in September 2019. However, with the OEB's
2 approval of the Leave to Construct application for the Power South Nepean Project
3 having been received in October 2019, construction was not able to commence until the
4 week of November 25, 2019.

5

6 The change of in-service date from Q4 2021 to Q2 2022 is expected to require only
7 minor mitigation measures to meet customer demand, in addition to measures currently
8 in place (e.g. reconfiguration of feeders from adjacent stations to temporarily support
9 capacity needs in the area). Cambrian MTS is set to be energized ahead of the expected
10 regional peak in 2022 (historically, the regional peak occurs during the summer).

11

12 c) There would be several impacts to the regional distribution system if the Cambrian MTS
13 project was delayed into 2023. These include additional feeders exceeding planning
14 capacity and approaching rated capacity, and additional stations exceeding planning
15 capacity. As a result, outage duration and the potential for stranded load would likely
16 increase; however, outage frequency would not be expected to increase.

17

18 d) Two commercial projects within the supply region (specifically, business parks) have
19 accelerated their development timelines. However, the overall forecast provided in the
20 Leave to Construction application has not materially changed. For reference, the 2019
21 peak at Fallowfield MTS was 47.2MVA.

22

23 e) Please refer to Hydro Ottawa's response to interrogatory OEB-119 part (b) for updated
24 Cambrian MTS project cost forecasts.

25

26 f) Consumer and system benefits related to the Power South Nepean Project will be
27 tracked through Hydro Ottawa's existing Key Performance Indicators ("KPIs") for
28 reliability, and feeder and station capacity. (Please refer to Exhibit 2-4-3: Distribution
29 System Plan, Sections 4.1.1.2, 4.1.4.1, and 4.1.4.2 for details). Greater deployment of
30 renewable resources will be enabled through reverse-flow capabilities of the new station

1 transformers, which is a potential limitation at existing stations.

2

3 g) Hydro Ottawa plans to undertake the following activities over the course of its five-year
4 Custom IR period to promote and encourage the deployment of additional distributed
5 energy resources (“DERs”), as well as renewable resources:

6

7 ○ Continue to participate in the City of Ottawa’s “Energy Evolution” initiative, as
8 plans and projects are more concretely defined, and identify areas with
9 greater capacity for uptake of DER (i.e. South Nepean);¹

10 ○ Focus on advancing the capability to connect DERs in the course of the
11 utility’s renewal and modernization activities and building platforms to support
12 control and monitoring of DERs connected to the distribution system; and

13 ○ Engage with and advise customers who are interested in renewable and DER
14 resources, with an eye towards collaboratively developing and deploying
15 solutions.

16

17 h) Coordination and communication activities that Hydro Ottawa has conducted to
18 promote greater deployment of renewable resources are as follows:

19

20 ○ Hydro Ottawa continues to participate in industry groups to foster an
21 enhanced understanding of the impacts of renewable resources on the
22 distribution grid (e.g. Hydro One Networks Working DER group, and the
23 Centre for Energy Advancement through Technological Innovation’s
24 (“CEATI”) Smart Grid, Protection & Control, Distribution Line Asset
25 Management, and Station Equipment Asset Management groups);

26 ○ Through Smart Grid projects such as MiGen, the utility is investing to explore
27 tools and market models that support transactive future marketplace, with
28 the aim of supporting the system and customer needs;

29 ○ Hydro Ottawa continues to participate in the IESO-led Regional Planning

¹ For additional information on Hydro Ottawa’s involvement in Energy Evolution, please see the response to interrogatory ED-11.

- 1 process, which evaluates different alternatives to address needs in the
2 Ottawa area, including deployment of renewable resources;
- 3 ○ Through numerous forums and channels, the utility seeks to encourage
4 customer uptake of renewable energy and to signal openness to
5 collaborating with customers on the deployment of renewable energy
6 solutions (e.g. Key Account forums and page on corporate website providing
7 information on net metering);
 - 8 ○ The utility has sought to lead by example through the deployment of solar
9 energy installations at its own facilities (please see UPDATED Attachment
10 2-1-1(A): New Administrative Office and Operations Facilities for details);
11 and
 - 12 ○ Hydro Ottawa has remained actively engaged in the Energy Evolution
13 initiative since its inception and has taken the strategy's goals into
14 consideration in the development of its Distribution System Plan ("DSP").
15 Where appropriate, the DSP highlights planned actions and expenditures
16 that are complementary to Energy Evolutions' objectives. For example, the
17 expansion of station capacity can support increased accommodation of
18 renewable energy projects through such measures as the installation of
19 transformers which are designed to enable reverse-flow capabilities. For
20 additional information on the utility's involvement in Energy Evolution, please
21 see the response to interrogatory ED-11.

1 **INTERROGATORY RESPONSE - PP-6**

2 **6**

3 EXHIBIT REFERENCE:

4 **Exhibit 1, Tab 1, Schedule 8, UPDATE**

5

6 SUBJECT AREA: Distribution System Plan

7

8 Reference: Hydro Ottawa is proposing a target of 0% for 'Feeders Approaching Rated Capacity
9 Existing'.

10

11 Questions:

12

13 Hydro Ottawa is proposing a target of 0% for 'Feeders Approaching Rated Capacity Existing'.

14

15 a) Please explain how this metric is calculated and what % of rated capacity Hydro
16 Ottawa uses as the threshold to define "approaching rated capacity".

17

18 b) The South Nepean project was necessitated in part by feeders approaching or
19 operating over capacity. What is the current value for Hydro Ottawa for this metric?

20

21 c) Please explain what actions Hydro Ottawa plans to undertake to achieve its
22 metric target and describe any of the actions related to local DER solutions
23 (including energy efficiency).

24

25 d) Please explain how the target above relates to the utility's asset demographic
26 ratings that show 17% of assets are in Poor or Very Poor condition.¹

27

28 ¹ Exhibit 2-4-3: Distribution System Plan

1 **RESPONSE:**

2

3 a) Please refer to Exhibit 2-4-3: Distribution System Plan, section 4.1.4.2, pages 75-76, for
4 the formula used to calculate the percentage of feeders approaching rated capacity
5 (“FARC”). Hydro Ottawa uses a threshold of 90% to define “approaching rated capacity.”

6

7 b) Please refer to Exhibit 2-4-3: Distribution System Plan, section 4.1.4.2, Table 4.20 for the
8 2014-2018 FARC values. Hydro Ottawa’s FARC value for 2019 was 0.1%, with one
9 feeder which supplies the region to be supported by the Power South Nepean project. To
10 clarify, the project was necessitated by station capacity constraints, which has resulted in
11 several feeders exceeding their planning capacity, rather than their rated capacity.

12

13 c) Hydro Ottawa regularly achieves its metric target of 0% for FARC, as shown in the
14 reference provided for response (b) above. Identification and tracking of load growth
15 allow for proactive evaluation of low-cost solutions, such as adjustments to feeder
16 configurations and load transfers, with the final option being sustainment projects.
17 (please see Exhibit 2-4-3: Distribution System Plan, sections 5.1.4, 5.1.5, and 5.1.6).
18 Please refer to the response to interrogatory PP-4 part (g) for activities planned by Hydro
19 Ottawa over the course of its five-year Custom IR period to promote and encourage the
20 deployment of additional distributed energy resources which could support achieving the
21 target for FARC.

22

23 d) The two metrics are not directly related. Assets in poor condition have a higher
24 probability of failure, which could result in higher rates of interruption. FARC does not
25 cause interruptions; rather, it increases the likelihood of experiencing extended outages
26 and/or stranded load. Indirectly, maintaining a feeder below its rated capacity threshold
27 will help to avoid overloading and prevent accelerated asset deterioration.