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January 13, 2021

Christine E. Long
Registrar
Ontario Energy Board
2300 Yonge Street, P.O. Box 2319
Toronto ON
M4P 1E4

Dear Ms. Long,

**RE: EB-2020-0007 Burlington Hydro 2021 Rates Application
Energy Probe Interrogatories**

Attached are the interrogatories of Energy Probe Research Foundation (Energy Probe) in the EB-2020-0007 proceeding, the application by Burlington Hydro Inc. to the Ontario Energy Board for the approval of rates effective May 1, 2021.

Respectfully filed on behalf of Energy Probe,

Tom Ladanyi
TL Energy Regulatory Consultants Inc.

cc. Patricia Adams (Energy Probe Research Foundation)
Sally Blackwell (Burlington Hydro Inc.)
Roger Higgin (Sustainable Planning Associates Inc.)
Shuo Zhang (OEB Staff)
Intervenor of Record

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Ontario Energy Board

In the Matter of an Application under section 78 of the *Ontario Energy Board Act, 1998*, (Act)

And in the Matter of an Application by Burlington Hydro Inc. (Burlington Hydro) seeking approval for changes to the rates that Burlington Hydro charges for electricity distribution, beginning May 1, 2021.

Burlington Hydro Inc.

Interrogatories

Energy Probe Research Foundation

January 13, 2021

Burlington Hydro Inc.

Energy Probe Interrogatories

EP-1

References: Exhibit 1, Pages 32 and 33, Section 1.2.6.2; Figure 2- Outages due to Defective Equipment; Exhibit 2 Page 49 Table 35

Preamble: “As supported by BHI’s Asset Condition Assessment (“ACA”), a large percentage (26%) of BHI’s asset base is in Very Poor, Poor or Fair condition, indicating at a minimum that replacement may be required depending on the asset’s criticality. Furthermore, assets in Fair condition will continue to deteriorate into Poor or Very Poor condition over the Application horizon.”

- a) How did the assets reach the current condition? Please provide the previous and Current ACA summaries.
- b) Please provide a schedule that shows the level of investments in System Renewal over the historic IRM period 2014-2020.
- c) Indicate the percentage of Total Capital invested in System Renewal in each year
- d) Please provide a schedule showing the actual Assets replaced in the System Renewal Category. Reconcile to the evidence in Reference 3
- e) Please explain why General Plant Expenditures exceed System Renewal in recent years.
- f) Does BHI agree it has under-invested in System Renewal over the historic period? What action(s) will be undertaken without increasing overall Capital in 2021-2025

EP-2

Reference: Exhibit 2, Pages 73-28

Preamble: BHI is seeking OEB approval for advanced capital funding (ACM) for the planned replacement of its legacy ERP system in this Application, expected to commence in 2022 and be in service in 2023. BHI states should the OEB not approve the application for the ACM, BHI would need to reconsider its 2022 to 2023 capital expenditures and consider reductions to system service or system renewal investments, affecting system safety and reliability.

- a) Please file the Business Case for the ERP Project.
- b) Specifically indicate the options BHI considered (purchase/lease etc.)
- c) Please provide any other examples of General Plant Capital being approved for an ICM.

EP-3

Reference: Exhibit 1, Page 84, Section 1.6, C.3 Net impact to Load Forecast

Preamble: “Residential consumption has declined by (4.4%) as compared to the 2014 OEB-approved Cost of Service due to the following: (i) the 2014 OEB-approved consumption was 1.7% higher than the weather-normalized actuals as identified in Table 12 below; (ii) the success of CDM programs; and (iii) an increase in the number of customers working from home as compared to pre-COVID periods.”

- a) Please provide actual 2020 consumption, demand, and customer connections.
- b) Discuss the year over year changes and the implications for the 2021 forecasts

EP-4

Reference: Exhibit 1, Page 88, Table 17

Preamble: “Total OM&A excluding property taxes for the 2021 Test Year is expected to increase by \$2,409,231 as compared to the 2019 Actuals as identified in Table 17 below. This increase is driven by inflation; and a number of policy, business environment, distribution operations and technological changes.”

Please provide the metrics FTE/customer and FTE/kwh for 2014-2021

EP-5

Reference: Exhibit 1, Page 88

Preamble: “Salaries and benefits are expected to increase by \$711,122 as compared to the 2019 Actuals. The majority of this increase is attributable to inflation of \$531,025.”

- a) Please provide the inflationary increases from 2019 to 2020, and from 2020 to 2021 as annual percentages and in dollars.
- b) Are compensation and benefit amounts of BHI employees indexed to annual inflation? If the answer is yes, please provide a detail explanation. If the answer is no, please explain the reasons for the inflationary increase.

EP-6

Reference: Exhibit 1, Page 89

Preamble: “BHI had nine (9) vacancies at the end of 2019 which it plans to fill by 2021.”

- a) Did all 9 vacancies exist for the entire 12 months of 2019? If the answer is no, please provide the number of months that each vacancy existed.

- b) Is Burlington Hydro planning to fill all 9 vacancies on May 1, 2021? If the answer is no, please provide the dates on which each vacancy will be filled.

EP-7

Reference: Exhibit 1, Page 112, 1.8.1.10 SAIDI

Preamble: “BHI’s average SAIDI performance increased from 1.09 over the 2010-2014 period, to 1.20 over the 2015-2019 period, indicating customers are experiencing a longer duration of outages. BHI intends to maintain its five year historical SAIDI performance levels over the 2021-2025 period, through the system renewal investments proposed in this Application.

- a) What question(s) was(were) put to residential and commercial customers regarding outages.
- b) What percentages were satisfied with BHI performance and what percentage were dissatisfied?

EP-8

Reference: Exhibit 1, Page 117, Table 38

Preamble: “BHI has made efforts to keep operating costs under control and find productivity improvements where possible; however the increase in capital and operating expenditure in the 2020 Bridge and 2021 Test Years results in a decrease in BHI’s cost performance. Costs in the 2021 Test Year are expected to be (5.7%) lower than predicted costs, as identified in Table 38, which places the BHI in Group 3 in 2021. BHI expects to remain in Group 3 for the 2021-2025 Price Cap IR term.”

- a) List the primary drivers for BHI slipping from Group 2 to Group 3 in 2021
- b) Specifically, how does this change fit with the Cost Optimization Goal in the Business Plan? Please discuss.
- c) Estimate the decrease in total cost that would ensure BHI remains in Group 2 in 2021.

EP-9

References: Exhibit 1, Page 123, Appendix B, BHI 2021 Business Plan Scorecard, BP page 29; Appendix D, BHI OEB Scorecard; Exhibit 2, Page 88, Appendix 2-G

- a) Please provide an update to Scorecard for 2020 including 2021 Targets

- b) Please discuss Trends in Reliability and Cost Control metrics

EP-10

References: Exhibit 2, DSP, Page 82, Tables 5.3.6, 5.3.7: Appendix 10, Metsco ACA Report

Preamble: “The majority of asset classes exhibit a condition degradation pattern that can be expected of a mature utility, requiring regular System Renewal to mitigate increased failure risks of assets. BHI acknowledges the criticality of these assets and has allocated its capital budget dollars to ensure assets most at risk of failure are prioritized for renewal. The complete 2019 ACA report is available in Appendix 10.”

- a) Did BHI request Metsco to provide an Asset Replacement Program as other Utilities have? If not why not?
- b) Please provide historical 2014-2020 Test year 2021 and Forecast/planned 2022-2025 Asset Replacement quantities for each of the major asset categories in the reference.
- c) Please reconcile to the actual System Renewal Capital evidence.
- d) What will be the forecast asset condition profile for each in 2025?

EP-11

Reference: Exhibit 3, Page 44, Table 23

Preamble: “COVID-19 is expected to reduce overall economic activity but the possibility of future shutdowns and a further increase in employees working from home are not reflected in the proposed (2021) load forecast. BHI intends to update the load forecast - before a decision is rendered on this Application - once full 2020 data is available; and may consider manual adjustments at that time if these direct impacts persist.”

- a) Please confirm that the changes experienced in 2020 to the Residential and GS classes are not reflected directly in the 2021 forecasts, except for the economic variables.
- b) Please discuss how/when does BHI propose to update the 2021 forecast now that full year 2020 data are available? Is there direction from the OEB or EDA in this regard?
- c) If 2021 mirrors 2020, what manual adjustments can be expected?
- d) For the 2021 CDM adjustment and LRVA, how is this affected by COVID-19? Please discuss.

EP-12

References: Exhibit 3, Page 70, Table 51 and Table 58 Other Revenue; Appendix 2-H Other Operating Revenue of 6 Attachment 2 Main OEB Chapter 2, Appendices

Please explain in more detail, the material decrease in “Other Income or Deductions” in 2021, including why the Metrolinx revenue cannot be offset by a reduction in O&M expenses in 2021-2025.

EP-13

Reference: Exhibit 4, Page 15, Table 54, OEB Appendix 2K

Preamble: “Approximately 53% or \$512,066 of this increase in 2021 OM&A is a result of salary and wage inflationary increases. The remainder of \$453,931 is a result of (i) an increase in headcount; and (ii) merit increases and step progressions for non-union and union staff respectively; partly offset by the replacement of some retired staff with lower salaried employees.

- a) Please provide OEB Appendix 2K with a breakout for each of Executive, Management and Union.
- b) Please show the annual year over year percentage Compensation increases for each group.
- c) Please show the Incentive Pay and Overtime for each group.
- d) Please clarify how many Positions were added in 2020 and the associated FTE for 2020 and 2021
- e) Please provide the 2021 forecast annual increase (%) in Total Compensation for Management and Union

EP-15

References: Exhibit 4, Page 24, 4.1.1.10, and Pages 80-84

- a) Please provide a schedule with Vegetation Management Costs 2014-2022.
- b) How many VM Contractors does BHI employ?
- c) Are the Contractors paid at a different rate for Storm Damage?
- d) How does the BHI VM 3-year cycle compare to other Ontario utilities?

EP-16

Reference: Exhibit 4 Page 160 Table 56; Page 168/169, Tables 63 & 64; 4.3.01. FTE Adjustment, Table 47

Preamble: “As explained in Section 4.3.0.17 –FTE Adjustment, BHI, for the purposes of determining 2021 OM&A and distribution rates, proposes to adjust its salaries and benefits in 2021 to reflect 102.6 FTE. For the purposes of the variance analysis in this Workforce Planning and Compensation section below, BHI has used actual and forecasted FTE explanations based on 107 FTE in 2021, as identified in Table 56 above.”

- a) Please provide/update the list of all positions added in 2020 and indicate if each position was/is new or was filled on a temporary basis in 2019 or 2020.
- b) Please provide/update the list of all positions to be added in 2021 and indicate if each position was/is new or was filled on a temporary basis in 2019 or 2020.
- c) Please indicate how many positions/FTE in 2020 and 2021 were/are related to the Metrolinx Project?
- d) Please file a copy of the 2016 Towers Watson Report on Incentive Pay.

EP-17

Reference: Exhibit 4, Page 174, Table 66 - Customers Served per Employee Benchmarking

- a) Please discuss the factors that lead to a Cost/FTE higher than the sample of utilities except Oakville Hydro.
- b) Provide the similar FTE/kw for the peer sample.

EP-18

Reference: Exhibit 5, Page 7, Table 2, LT Debt

Preamble: “BHI will make a subsequent update for the long-term debt rate for use in 2021 cost-based applications which is expected to be available prior to the OEB rendering its Decision on this Application. This promissory note is secured through a General Security Agreement and is due on demand to the City of Burlington. *The City of Burlington has waived its right to demand payment until January 1, 2021.* BHI attaches this promissory note as Appendix B.”

- a) Please update the status of the City of Burlington Promissory note for the Test year.

- b) Please update the status of the Infrastructure Ontario \$10 million.
- c) Please confirm that BHI is not planning to redeem any debt or change its ST debt arrangements.

Submitted on behalf of Energy Probe by its consultants,

Roger Higgin
SPA Inc.

Tom Ladanyi
TL Energy Regulatory Consultants Inc.