

December 18, 2020

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

Dear Ms Long:

EB-2020-0249/EB-2018-0219 – PUC Distribution Inc. – 2022 Incremental Capital Module Application

Please find, attached, interrogatories on behalf of the Consumers Council of Canada for PUC Distribution Inc. pursuant to the above-referenced proceeding.

Please feel free to contact me if you have questions.

Yours truly,

Julie E. Girvan

Julie E. Girvan

CC: All parties

INTERROGATORIES FOR PUC DISTRIBUTION INC.
FROM THE CONSUMERS COUNCIL OF CANADA
RE: 2022 INCREMENTAL CAPITAL MODULE APPLICATION
EB-2020-0249/EB-2018-0219

CCC-1

Re: Application, p. 6

On January 31, 2019 PUC Distribution filed an incentive rate-making application with the OEB seeking approval of its distribution rates effective May 1, 2029. As part of the Application PUC Distribution applied for an ICM to recover the costs associated with the implementation of the Sault Smart Grid project. Following the Technical Conference on June 28, 2019, PUC Distribution filed a letter indicating its intent to amend the ICM Application and file all outstanding Technical Conference undertakings a part of its amendment. Please provide a detailed explanation as to why PUC Distribution decided to withdraw, and subsequently amend the original Application.

CCC-2

Please provide all materials presented to PUC Distribution's Board of Directors regarding the initial application. Please provide all materials presented to PUC Distribution's Board of Directors regarding the current amended Application.

CCC-3

Re: Application, p. 9

The SSG project now has a revised total capital cost of \$33 million. Please provide a detailed breakdown of the original capital cost (\$34.4 m) and a detailed breakdown of the new total capital cost in one schedule.

CCC-4

Re: Application, p. 9

How did PUC Distribution make the RFP available to potential proponents? Did Black & Veatch have any involvement in the project prior to being chosen?

CCC-5

Re: Application, p. 9

The RFP was awarded to Black & Veatch. Please explain the rationale for executing the EPC contract through B&V's subsidiary Overland Contracting Canada Inc. Please provide a corporate chart setting out the relationship between B&V and Overland Contracting Inc. and other related companies.

CCC-6**Re: Application, p. 7-9**

In the initial Application the projected annual net benefit to PUC Distribution customers was “over \$200,00 excluding forecasted reliability benefits of over \$2.5 million”. The project is now projected to achieve an annual net benefit to PUC Distribution customers of over \$616,897, excluding forecasted reliability benefits. Please explain what accounts for the increase projection of benefits. How will PUC Distribution ensure that these benefits flow through to customers?

CCC-7**Re: Application, p. 10**

Please explain how the final capital contribution from NRCAN will be determined. Please explain the significance of extension of the eligible expense end date.

CCC-8**Re: Application, p. 10**

Please provide all correspondence (letters, emails, presentations etc.) between PUC Distribution and NRCAN regarding the initial proposal and the amended proposal.

CCC-9**Re: Application, p. 13**

What were the cost of the Navigant Reports and how were those costs recovered?

CCC-10**Re: Application, p. 10**

The evidence refers to \$500,000 in costs that incurred before the NRCAN contribution eligibility period and estimated legal costs. Please provide a detailed breakdown of this amount. How are these costs being recovered? Please provide a detailed schedule setting out all costs incurred to date and explain how those costs are to be/or have been recovered.

CCC-11**Re: Application, p. 12**

The Navigant Reports were completed in 2015 and 2016. Did PUC sought any updated Reports from Navigant following its decision to modify the project scope? If not, why not? Does PUC Distribution believe that the Navigant reports are still relevant given ongoing advancements in technology?

CCC-12**Re: Application, p. 13**

The evidence refers to the “no net bill increase” criteria. Is PUC Distribution still committing to a “no net bill increase” with respect to the revised project? If so, how will PUC Distribution ensure that there will be no net bill increases arising from implementation of the project?

CCC-13

Re: Application, p. 14

Please file the latest PUC Distribution DSP filed on March 29, 2018.

CCC-15

Re: Application, p. 16

Please explain how the EPC pricing was derived. Specifically, how were the Step 1 and Step 2 prices determined?

CCC-16

Re: Application, p. 16

The evidence indicates that, “Any price changes by the EPC contractor would be monitored by PUC Distribution using an open-to-closed book process in accordance with the fixed price as detailed in the EPC contract. The scope of work will be reduced by PUC Distribution if required to maintain the project capital cost limit set for the project”:

1. Please explain what an open-to-closed book process is;
2. If the scope of work was reduced as set out in the contract, how would this impact the proposed benefits?;
3. Why is Black and Veatch not responsible for any cost overruns?

CCC-17

Re: Application, p. 19

Please explain how PUC Distribution can ensure that the project “can be implemented without adversely impacting costs to customers”. What if the proposed benefits do not materialize as projected?

CCC-18

Re: Application, p. 20

The Applicant has indicated that the annual net benefit to customers is \$616,987 and \$2.63 million if annual reliability benefits are included. Please provide an allocation of those projected benefits to PUC Distribution’s rate classes. Who was responsible for determining the projected benefits?

CCC-19

Re: Application, p. 22

For an average residential consumer in PUC Distribution’s service territory, what are the benefits of the SSG project? Please provide a complete list of the risks that PUC Distribution’s customers will bear with the implementation of this project. Please provide a list of all of the risks PUC Distribution’s will bear with the implementation of the project. Please provide a complete list of all of the risks that Black & Veatch will bear with the implementation of the project.

CCC-20

Re: Application, p. 23

Please explain how the \$33 million customer reliability benefit was derived. Please provide PUC Distribution's reliability metrics for the past 10 years (SAIDI, SAIFI and CAIDI).

CCC-21

Re: Application, p. 23

The evidence indicates that the SSG project will increase the overall reliability of the Applicant's distribution system. Please provide the results of any surveys or other customer engagement activities that indicate that PUC Distribution's customers are seeking increased reliability.

CCC-22

Re: Application, p. 29

The Leidos' Preliminary Design Report was completed on November 20, 2014. Please provide evidence to demonstrate that the technology referred to in that report which informs the proposed design remains relevant and cost-effective.

CCC-23

Re: Application, p. 40

The proposed funding from NRCAN is \$8.126 million. How will these amounts be treated from an accounting perspective?

CCC-24

Re: Application, p. 53

The evidence indicates that the scope of work has been confirmed with the EPC Contractor, Black & Veatch, and reviewed extensively internally by PUC Distribution to deliver a successful project delivering the expected outcomes at the expected costs. Has Black and Veatch undertaken similar work for any other distributors? If so, please provide a complete list of those projects and the scope of those projects. Please include the detailed projected costs for each of the projects and the completed costs.

CCC-25

Re: Application, p. 53

Please provide a complete list of the relative roles for both Black & Veatch and PUC Distribution regarding the proposed SSG Project.

CCC-26

Re: Application, p. 56

Please confirm that PUC Distribution is seeking to recover an annual incremental amount of \$514,438 in revenue from its residential consumers resulting from the implementation of the SSG Project.

CCC-27

What is the current projected in-service date for the project? What factors or risks could potentially impact, or delay the in-service date? Please provide a complete list of those factors or risks and explain how PUC Distribution intends to mitigate them.

