

March 10, 2021

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

Dear Ms Long:

EB-2020-0043 – North Bay Hydro Distribution Limited - 2021 Electricity Distribution Rates

Please find, attached, interrogatories on behalf of the Consumers Council of Canada for North Bay Hydro Distribution Limited 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 NORTH BAY HYDRO DISTRIBUTION LIMITED

FROM THE CONSUMERS COUNCIL OF CANADA

RE: 2021 DISTRIBUTION RATES

EB-2020-0043

CCC-1

Ex. 1

Please provide all documentation provided to NBH's Board of Directors related to this Application and approval of the underlying Business Plan and budgets.

CCC-2

Ex. 1

Please explain the extent to which the COVID-19 pandemic has impacted the overall budgets and forecasts for 2021.

CCC-3

Ex. 1/p. 61, Ex. 4/pp. 17-18

Please provide a timeline for the development of the budgets underlying this Application and described in Ex. 4. Please provide all instructions provided to NBH employees regarding the preparation of the budgets.

CCC-4

Ex. 1/pp. 36, 66

The evidence states that an increase in capital spending has not been requested in this rate application – instead NBH is pacing capital investment at a slightly lesser pace than it did the previous 5 years. The increase from 2020 to 2021 is 4.75%. What would be the impact on the 2021 revenue requirement if the 2021 budget was held to the average over the rate plan period - \$6.254 m?

CCC-5

Ex. 1/p. 67

NBH's OM&A for 2021 is \$8,565,938. This represents an increase of 33% over 2015 Board approved levels and 15% from the 2020 Bridge Year amounts. Please provide the actual OM&A for 2020. Please identify all productivity initiatives that NBH intends to undertake during the rate plan term and quantify the impacts of those initiatives.

CCC-6

Ex. 1/p. 82

Please provide a copy.

CCC-7

Ex. 1/pp. 83-85

Please provide copies of the surveys developed by of UtilityPULSE and Clark Marketing Communications and the results of those surveys. Was this work subject to an RFP process? If not, why not? Please provide the terms of reference for this work. How was this work funded?

CCC-8

Ex. 1/p. 108, Table 1-47

NBH uses a metric that calculates the percentage of budgeted gross capital spending detailed in the DSP in each year compared to actual gross capital spending in that given year. The overall goal is to deliver on the expectations set forth in the DSP over the planning horizon in total, with at least 100% of the planned spending realized in any given year, creating stable and paced capital investment. There is a deadband of +/- 10%. Why should not the goal be to meet the planned investment, not exceed it?

CCC-9

Ex. 1/p. 112

What was the actual ROE for 2020? Please explain the factors that contributed to NBH's overearning, above the allowed return in 2015 and 2018. What contributed to the underearning in 2019?

CCC-10

Ex. 2 Appendix 2-A DSP/p. 9

NBH indicates additional costs savings are expected to be achieved over the forecast period through good planning and DSP execution and a list of savings is provided. Please quantify these savings and discuss how these savings are reflected in the 2021 cost structure.

CCC-11

Ex. 2 Appendix 2-A DSP/p. 19 Table 2-5

Please provide a version of Table 2-5 that reflects all interruptions excluding MEDs, Loss of Supply and Scheduled Outages.

CCC-12

Ex. 2 Appendix 2-A DSP/p. 19 Table 2-6

Please add a row to Table 2-6 that reflects all interruptions excluding MEDs, Loss of Supply and Scheduled Outages.

CCC-13

Ex. 2 Appendix 2-A DSP/p. 31 Table 2-11 Performance Measure – DSP Implementation Progress

DSP Implementation Progress shows that for the years 2015, 2016, 2017, 2018, 2019 the DSP Implementation Progress was 94%, 106%, 118%, 112%, and 119%, respectively. The target was 100%. Please explain why NBH was unable to manage its' overall 5 year capital budget (2015 to 2019) within the budgeted amounts.

CCC-14**Ex. 2 Appendix 2-A DSP/p. 42**

The evidence states “Although some of the assets’ condition may not report as “poor” or “very poor” in the ACA, the asset might be at an age that is typically considered the end of its useful life and would be prioritized for replacement. In order to perform proper resource planning and distribute investments evenly during the 5-year period of this DSP, NBHDL might choose to replace an asset based on its age to decrease the risk of failure.”

- a) Please summarize the basis for asset renewal over the 2015 to 2020 period. Was it primarily driven by asset age or asset condition?
- b) Does NBH track the age an asset fails? If not, does NBH have the ability to track this information?
- c) Does NBH track the age of an asset replaced on a planned basis? If not, does NBH have the ability to track this information?

CCC-15**Ex. 2 Appendix 2-A DSP/p. 42 Figure 3-5 NBHDL Health Index Distribution for Major Assets**

For each of the applicable asset classes in Figure 3-5, please provide:

- i) the number of asset failures by year for the years 2015 to 2020;
- ii) the average age of the failures by year for the years 2015 to 2020.

CCC-16**Ex. 2 Appendix 2-A DSP/p. 52**

Reactive maintenance is not planned and therefore is budgeted for using historical incidents and cost trends. Please provide the reactive maintenance budget for the years 2015 to 2020 and the forecast for 2021 to 2025 and explain the cost trend for 2021 to 2025.

CCC-17**Ex. 2 Appendix 2-A DSP/p. 63**

NBH states, “In assessing the failure risk of a pole line asset, NBHDL utilizes asset condition data collected from inspections to establish a health index and also refers to a report titled “Critical Factors for Determining Wood Pole Health” prepared by EDM International Inc. and submitted to USF (of which NBHDL is a member of). Please provide a copy of the report titled “Critical Factors for Determining Wood Pole Health” prepared by EDM International Inc.

CCC-18**Ex. 2 Appendix 2-A DSP/p. 63**

The Asset Replacement Plan recommends a total of 127 poles for replacement in 2021-2023 and 135 from 2024-2025. 129 poles are planned to be replaced in 2021 as part of the system renewal of which 44 will be replaced with composite poles.

- a) Please provide the total number of poles replaced under system renewal for each of the years 2015 to 2020 and indicate the amount that are composite poles.
- b) Please provide the unit cost for pole replacement by pole type for each of the years 2015 to 2020.
- c) Please map the 129 poles to the system renewal categories in Appendix 2-AA.
- d) Please provide the additional pole replacements that fall under the System Access or System Service categories for 2021.
- e) Please indicate how many poles were replaced on a reactive basis for the years 2015 to 2020.

CCC-19

Ex. 2 Appendix 2-A DSP/p. 91

The evidence states "System Renewal investments include the following drivers:

- a) Failure Risk - Multiyear planned asset replacement programs that address assets at the end of life condition. Includes priority replacement of one-off items as a result of high-risk issues identified during inspection and maintenance programs.
- b) Failure - Emergency reactive replacement of distribution system assets (poles, transformers, switches, switchgear, cable, conductor, insulators, guys, anchors, etc.) due to unanticipated failure, storms, motor vehicle accidents, vandalism, etc."

Please provide NBH's reactive spend for the years 2015 to 2020 and the forecast spend on emergency reactive replacement for the years 2021 to 2025.

CCC-20

Ex. 2 Appendix 2-A DSP Appendix C/p. 9 Table O-2: Asset Condition Assessment Overall Results

- a) Please provide the total % of assets in poor condition and very poor condition.
- b) Please add the sample size of each asset class to Table O-2.
- c) Please recast Table O-2 to add the quantity of assets in very good, good, fair, poor and very poor for each asset category and provide an excel version of the table.

- d) Please identify the assets where the Health Index relies on only age as a parameter explicitly incorporated into the calculation of asset Health Indices.
- e) Several asset categories have a low data availability index, specifically a DAI of between 39.57% and 51.75%. For each of these asset classes within this range, please discuss the potential impact on the accuracy of the proposed replacement pace.
- f) Please identify assets run on a run to failure approach.
- g) Please provide NBH's previous ACA.

CCC-21

Ex. 2 Appendix 2-A DSP Appendix C/p. 94 Table 3

- a) Please provide the metres of underground cable replaced for each of the years 2015 to 2020.
- b) Please provide NBH's planned replacement units for the years 2020 to 2025.
- c) Please provide unit costs for the years 2015 to 2025.

CCC-22

Ex. 2 Appendix 2-A DSP Appendix C/p. 94 Table 4

- a) Please provide the number of distribution transformers replaced for each of the years 2015 to 2020.
- b) Please provide NBH's planned replacement units for the years 2021 to 2025.
- c) Please provide unit costs for the years 2015 to 2025.

CCC-23

Ex. 2 Appendix 2-A DSP Appendix C/p. 94 Table 5

- a) Please provide the spend on auxiliary overhead assets for the each of the years 2015 to 2020.
- b) Please provide NBH's planned spend on auxiliary overhead assets for the years 2021 to 2025.

CCC-24**Appendix 2-AA**

- a) Please add Plan amounts for the years 2015 to 2019 to Appendix 2-AA.
- b) Please update 2020.
- c) Please provide an excel version of appendix 2-AA with the updates in a) and b).
- d) Please provide a list of planned projects that were deferred beyond the 2015 to 2019 period.
- e) Please provide a list of planned projects that were cancelled.
- f) Please provide a list of projects that were completed as planned within the 2015 to 2019 period.
- g) Please provide a list of projects that are new within the 2015 to 2019 period.

CCC-25**Ex. Appendix 2-AB**

- a) Please add the plan amounts for capital contributions for each of the years 2015 to 2020 to Appendix 2-AB.
- b) Please add plan net capital expenditure amounts for amounts for each of the years 2015 to 2020 to Appendix 2-AB.
- c) Please provide an excel version of appendix 2-AB with the updates in a) and b).

CCC-26**Ex. 4/p. 3**

The evidence states that “Approximately 60% of the requested increase in this application is related to NBHDL’s focus on properly staffing the utility in a manner that enables the company to meet the increasing needs and expectations of all of its stakeholders: customers, the shareholder and the regulator.” Is the 60% referring to OM&A or the overall increases in distribution rates? Is there an expectation that staffing requirements will be less once the merger of operations with Espanola Regional Hydro Distribution Corporation takes place in 2022?

CCC-27**Ex. 4/p. 13**

The overall regulatory costs for this Cost of Service Application are \$793,551 which are to be amortized over the five year rate plan at a cost of \$158,710 per year. Has NBH benchmarked these costs with other utilities? If not, why not? If so, please file the results of that benchmarking.

CCC-28

Ex. 4/p. 29

NBH is proposing to spend \$773,437 in the 2021 Test Year on Vegetation Management. Has NBH benchmarked these costs with like utilities? If not, why not? If so, please provide the result of that analysis. What is the ownership structure of the contracting company 17 Trees?

CCC-29

Ex. 4/p. 31

Please update Table 4-11 – OM&A Programs Table to include 2020 Actuals.

CCC-30

Ex. 1/pp. 63-70

Please describe the specific activities that are undertaken by North Bay Services Inc. Please describe the specific interactions between NBH and North Bay Services Inc. and the total costs/revenues of those activities included in the 2021 Test Year. Please set out those total costs/revenues for the years 2015-2020.

CCC-31

Ex. 9/p. 3

The evidence states with respect to Account 1509 (Impacts Arising From the COVID-19 Emergency) NBDL fully supports the OEB in its development of accounting guidance and continues to monitor all incremental costs related to this account throughout 2020. Please set out all incremental costs incurred in 2020 related to the pandemic and an estimate for 2021.

CCC-32

Ex. 9/p. 18- Account 1592

Given the amounts recorded in Account 1592 related to Bill C-97 and the Accelerated Investment Incentive are simply related to timing differences in the CCA deductions, would NBH be willing to credit 100% of these amounts to ratepayers? If not, why not?