

ONTARIO ENERGY BOARD

IN THE MATTER OF the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15, (Schedule B);

AND IN THE MATTER OF an Application by North Bay Hydro Distribution Limited (“NBHDL”) for an Order or Orders approving or fixing just and reasonable rates and other service charges for the distribution of electricity, effective May 1, 2021.

INTERROGATORIES**FROM THE****SCHOOL ENERGY COALITION**

1. [General] Please confirm that the Application proposes a weighted average distribution rate increase of 20% over current rates. Please identify and describe any analysis, presentations, or other materials, whether for management, for the Board of Directors, for the parent company, or for the City dealing with the overall level of rate increase to be proposed, and the acceptability of that level of increase to the customers.
2. [Ex. 1, p. 15, 33] Please provide a table showing the number and percentage of customers in each rate class that are currently “supplying electricity” to the Applicant’s grid. Please provide details on how the Applicant currently provides “real-time information” to such customers. Please provide details on the cost increase being proposed to increase such information.
3. [Ex. 1, p 16] Please provide the updated Business Plan referred to as soon as it is available.
4. [Ex. 1, p. 36] Please confirm that 2021 is forecast to be the highest capital spending year of the 11 years reported for each of System Renewal and total capex, and that the second highest capital spending year is the year of the last COS application, 2015. Please explain why capital spending is not being paced more evenly throughout the past and future IRM periods.
5. [Ex. 1, p. 41] Please confirm that the annual distribution bill for a GS>50 customer with a demand of 100 kW (like a typical school) is forecast to increase from \$6952.08 in 2020 to \$8135.04 in 2021 under this Application, an increase of \$1,182.96 or 17.02%.
6. [Ex. 1, p. 49] Please provide the total cost included in the 2021 Application for the “review of management compensation” that the Applicant agreed to carry out during the last IRM period.
7. [Ex. 1, p. 53] Please confirm that the Chief Administrative Officer of the City of North Bay is invited to all of the Applicant’s Board meetings.
1. [Ex. 1, p. 60] Please confirm that the Applicant is proposing to increase the total of OM&A, Depreciation and Property Taxes from the Board-approved amount included in rates of

\$8,988,681 to \$12,010,992 in 2021, an increase of \$3,022,311, or 33.6%, and that the increase represents a compound annual growth rate over six years of 4.93% per year. Please confirm that, as a result of this proposed increase, none of the decline in the cost of capital, and none of the reduction in working capital, will accrue to the benefit of customers in rates.

2. [Ex. 1, p. 85] Please provide the results of the Phase 3 Customer Engagement Survey referred to.
3. [Ex. 1, p. 112] Please add 2020 actuals to Table 1 – 56.
4. [Ex. 1, App. 1-B, p. 12] Please reconcile the plan in the current Business Plan to spend \$5.5 to \$6.0 million on capital each year with the proposed capital budget for the Test Year.
5. [Ex. 1, App. 1-B, p. 12-3] Current dividend levels appear to be significantly higher than previous dividend levels. Please provide a copy of the current dividend policy, and the prior dividend policies in force in each of 2015, 2016 and 2017.
6. [Ex. 1, App. 1-H] Please provide the most recent financial statements of the Applicant's parent company.
7. [Ex. 1, App. 1-H] The 2018 financial statements were authorized for issue by the Board of Directors on March 27, 2019, and the 2019 financial statements were authorized for issue by the Board of Directors on April 7, 2020. Please provide the 2020 financial statements as soon as they are available for review by the OEB.
8. [Ex. 2, p. 3] With respect to the Rate Base Summary:
 - a. Please confirm that the Applicant brought \$1.2 million less assets into service in 2015 than the Board-approved level.
 - b. Please confirm that the Applicant is proposing to increase average NPV of PP&E, from 2015 actuals to the Test Year, by \$17.8 million, a 33.6% increase representing a compound annual growth rate of 4.93% per year.
 - c. Please confirm that the annual increases in average NBV of PP&E for that period range from 3.55% to 5.87%.
 - d. Please provide a forecast of the annual increases in average NBV of PP&E for the period 2022 through 2025.
 - e. Please reconcile the high annual PP&E increases with the lack of customer growth in the Applicant's service territory, and the declining load of the Applicant, and the priority of the Applicant's customers to keep electricity costs down.
9. [Ex. 2, p. 18, 26, 40] Please explain the negative amount of \$872,145 under the Additions column for Buildings in 2018. Please identify where that amount is described in the variance analysis or elsewhere in the Application.

10. [Ex. 4, p. 8] Please explain why the new Communications Officer, hired in 2019, did not implement the initiatives “reaching out to the industrial and commercial classes” in 2020, in support of the large rate increases in this Application.
11. [Ex. 4, p. 11] With respect to Table 4-4 and Appendix 2-L:
 - a. Please advise whether the figure \$5,883,743 for 2020 Actual is actual or forecast. If the latter, please provide the actual figure.
 - b. Please confirm that the total amounts included in rates for compensation for all six years 2015-2020 were \$33,373,440, and the amount of compensation actually paid in that same period was \$31,923,273, a shortfall of \$1,400,167 or 4.2%.
12. [Ex. 4, p. 13-4, 26-7] With respect to Regulatory Costs:
 - a. Please confirm that the amount included for intervenor costs in the 2015 Appendix 2-M was \$63,000, the total claimed and ordered (net of HST) was \$69,351, and the amount the Applicant has actually collected for that over six years, and using the same escalators as in Table 4-4, is \$78,449.
 - b. Please confirm that the figure of \$263,968 on page 27 of the Exhibit is incorrect, and that the correct figure is \$102,879, being the total cost of the Application of \$920,898, less the amount collected in rates of \$131,386 per year, escalated using the same escalators as in Table 4-4, and collected for six years, totalling \$818,019.
 - c. Please provide details of the budgeted 2015 COS costs totalling \$656,930, by category, and the actual costs in each category, and provide reasons for any material variances. For each of the categories in which those variances arise, please provide the forecast for the 2021 COS, and the reasons for that forecast.
13. [Ex. 4, p. 15, 29-30] With respect to Vegetation Management:
 - a. Please explain why the Applicant has been unable to achieve the four-year tree trimming cycle anticipated in the 2015 COS.
 - b. Please provide all benchmarking and other analysis done by the Applicant since 2015 to show that the Applicant’s ability to implement an industry-standard tree trimming cycle is prevented by circumstances unique to the Applicant. If no such analysis has been done, please explain why the Applicant’s tree trimming program has had such significant problems.
 - c. Please provide, with respect to 17 Trees Inc.:
 - i. A list of the shareholders and their shareholdings.
 - ii. A list of the Board of Directors.
 - iii. A copy of the current Shareholders’ Agreement, if any.

- iv. The most recent financial statements.
 - d. Please provide any forecast beyond 2021 of the overall cost of Vegetation Management by the Applicant, and the split of that cost between internal resources, 17 Trees Inc., and other external resources.
14. [Ex. 4, p. 18] Please provide the “detailed submission to the Board on the proposed budget” relating to the budget in this Application.
15. [Ex. 4, p. 29] Please describe the ARC flash study in more detail. Please include an explanation as to why the information to be obtained in that study is not available from third party sources already.
16. [Ex. 4, p. 42-44] With respect to FTEs and Employee Costs:
- a. Please restate Table 4-13 with an additional line at the bottom showing the total compensation capitalized in each period.
 - b. Please confirm that, although having a Board-approved budget for 49.2 FTEs, the Applicant has never reached that level, and only proposes to do so in 2021.
 - c. Please confirm that the Applicant proposes to increase Administration personnel by 5 from 2015 to 2021, and increase Engineering by 2, but to keep Operations and Finance at the same levels as in 2015. Please explain why a decline in the percentage of employees directly involved in operating and maintaining the distribution system is appropriate and in the best interests of the customers.
17. [Ex. 4, p. 63] Please provide the most recent financial statements of North Bay Hydro Services, an affiliated company.
18. [Ex. 4, p. 102] In the event that the 2020 financial statements of the Applicant are not yet available in response to our previous interrogatory (#7 above), please provide the financial statements used to calculate the “Net Income Before Taxes” of \$432,438 for 2020 in Table 4-60.
19. [Ex. 4, p. 104] With respect to the accelerated CCA:
- a. Please confirm that any additional CCA available to the Applicant under the accelerated CCA program reduces dollar for dollar the total amount of CCA available for those same assets in the future.
 - b. Please describe the kinds of “rate base implications” that the Applicant believes could arise if the accelerated CCA program is ended.
20. [Ex. 1, p. 34, 67] Please confirm that the Applicant has been able to keep OM&A increases from 2015 to 2020 to a compound annual growth rate of 1.85% per year, and plans to keep increases to 1.95% for the period 2022 to 2025, but proposes that in 2021 the increase from the prior year should be 14.93%. Please reconcile this history and forecast with the statement on page 67 “NBHDL attempts to control costs within inflation however this is challenging to do with the many industry changes since 2015.”

21. [Ex. 8, p. 7 - 8] Please confirm that, if the fixed charge for GS>50 is kept at the current level of \$315.75, the volumetric rate would be \$3.4369/kW, and for a customer in that class with 100kW of demand their annual distribution bill would be reduced by \$221.78 or about 2.7%. Please provide a similar calculation if the fixed charge is reduced to \$76.84, the Minimum System with PLCC Adjustment.

Submitted on behalf of the School Energy Coalition this March 13, 2021.

Jay Shepherd
Counsel for the School Energy Coalition