



**BY EMAIL and RESS**

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2300 Yonge Street  
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November 5, 2021  
Our File: EB20210041

**Attn: Christine Long, Registrar**

Dear Ms. Long:

**Re: EB-2021-0041 – London Hydro 2022 – SEC Interrogatories**

We are counsel to the School Energy Coalition (“SEC”). Attached, please find a copy of SEC’s interrogatories in the above-captioned matter.

Yours very truly,  
**Shepherd Rubenstein P.C.**

Mark Rubenstein

cc: Ted Doherty, SEC (by email)  
Applicant and intervenors (by email)

**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 London Hydro  
Inc. under Section 78 of the *Ontario Energy Board Act* to the  
Ontario Energy Board for an Order or Orders approving or fixing  
just and reasonable rates and other service charges for the  
distribution of electricity as of May 1, 2022.

**INTERROGATORIES ON BEHALF  
OF THE  
SCHOOL ENERGY COALITION**

**1-SEC-1**

[Ex.1] Please provide copies of all benchmarking studies, reports, and analyses that the Applicant has undertaken or participated in since its last rebasing application, that are not already included in the application.

**1-SEC-2**

[Ex.1] Please provide a copy of all documents that were provided to the Board of Directors in approving the underlying budgets contained in this application.

**1-SEC-3**

[Ex.1] Please provide a copy of the Applicant's most recent business plan.

**1-SEC-4**

[Ex.1] Please provide details of all productivity and efficiency measures the Applicant has undertaken since its last rebasing application in 2017. Please quantify the savings and explain how they were calculated.

**1-SEC-5**

[Ex.1] Please provide details of all productivity and efficiency measures the Applicant plans to undertake in the test year. Please quantify the savings and explain how they were calculated.

**1-SEC-6**

[Ex.1] Does the Applicant have a corporate scorecard or similar document? If so, please provide a copy for each year beginning in 2017 and for each metric/measure, the actual performance. If the Applicant does not, please explain how its Board of Directors measures the company and management's performance.

**1-SEC-7**

[Ex.1, p.44] With respect for the request for an extension for the approvals granted under section 71(4) of the *Ontario Energy Board Act* for Green Button Services, if the OEB denies the request, please explain what the Applicant will do.

**1-SEC-8**

[Ex.1, p.59] Please provide the full calculation of ‘inflation and customer growth’ included in Table 1-4.

**1-SEC-9**

[Ex.1, p.89] Please provide a more detailed company organizational chart.

**1-SEC-10**

[Ex.1, p.160] The Applicant states “London Hydro notes that with the passage of time many distributors are challenged with respect to the efficiency measures and are losing ground.” Please explain what is meant by this statement and how it is consistent with the overall improving cost performance based trend of the distributor sector, as noted in the OEB’s [August 27, 2021 letter to electricity distributors](#).

**2-SEC-11**

[Ex.2, p.78-79] With respect to the Applicant’s proposed new CIS system:

- a. [p.78] Please provide a copy of, i) the December 2019 London Hydro CIS study, and ii) the full April 2021 IT Strategy.
- b. [p.79] Please explain the basis for the \$18.5M cost estimate.
- c. [p.79] Please explain the Applicant procurement method(s) for the various components of the new CIS system.
- d. Please provide a copy of all internal business case(s) undertaken related to the new CIS system.
- e. Please provide a copy of the material provided to the Applicant’s Board of Directors related to the CIS project.
- f. Has the Applicant undertaken any benchmarking related to the new CIS system costs? If so, please provide details.

**2-SEC-12**

[Ex.2, 2022 ACM Model] Please revise the ACM Model to include in Tab 9a, Distribution System Plan CAPEX Line (row 16) the information on a net in-service additions basis.

**2-SEC-13**

[Ex.2, p.80; 94] Please confirm that each of the 3 ACM projects were added to the 2018 Fixed Asset Continuity Schedule using the half-year rule.

**2-SEC-14**

[Ex.2, p.80; Ex.9, p.9] With respect to the previously approved ACM:

- a. Please provide a table that shows, for each year the ACM rate rider is in place, broken down by ACM project, i) the total approved revenue requirement broken down by component, and

- ii) the actual revenue requirement based on actual costs broken down by component. Please explain the calculation.
- b. Please provide a table that shows for each year the ACM is in place, the total amount collected or forecast to be collected, by the rate rider.

**2-SEC-15**

[Ex.2, p.82] With respect to the variance in capital costs related to the JD Edwards Upgrade, the Applicant states: “It did not include additional functionality that London Hydro ended up implementing as part of this project (such as a time and labour module and foreign currency transactions.” Please explain the additional functionality that was included, and if there were multiple additional functionalities implemented, the specific costs associated with each one. Please explain why each individual functionality and its associated cost was prudent.

**2-SEC-16**

[Ex.2, Appendix 2-7, p.47] Please provide Figures 2 and 3 in tabular format.

**2-SEC-17**

[Ex.2, Appendix 2-7] Please provide a version of Appendix 2-AB on an in-service additions basis. Please also provide the response in in Excel format.

**2-SEC-18**

[Ex.2, Appendix 2-7, Appendix C, p.15] With respect to Chart 4 and Table 6, please explain the basis ‘Cloud System’ or ‘On Premises’ calculation. For example, are they capital and/or OM&A costs, total costs over a period of time, annual amounts, revenue requirement calculations, etc.? In your response, please provide a full breakdown of the costs including details of all assumptions.

**2-SEC-19**

[Appendix 2-AA; Appendix 2-JC] Please provide in a single table, for each year since 2017, all regular IT spending, broken down first by OM&A and or capital, and then by specific category or type.

**2-SEC-20**

[Ex.2, Appendix 2-7, Appendix G, p.436 of the pdf] Please explain what the Applicant considers an “Engineering Project”.

**2-SEC-21**

[Ex.2, Appendix 2-7, Appendix G, p.438 of the pdf] Please provide a copy of each of the following documents:

- a. 2017 Substation Assessment
- b. High Voltage Design Report for Dundas Flex Street (2017)
- c. 4.16 kV Aging Infrastructure System Planning Report - 2018 Update (Plan for Rear Lot to Front Lot Conversion)
- d. Northwest Supply Capacity Study (2018)
- e. Distribution System Planning Strategy, A Framework for 2020-2024 (2019)
- f. 4.16 kV Conversion Progress Report, 2019 Update

**2-SEC-22**

[Ex.2, Appendix 2-AA] Please provide a revised version of Appendix 2-AA that includes the following:

- a. Capital projects broken down in the same way as provided in the DSP ‘Project Sheets’ (see for example DSP Appendix I).
- b. Capital spending for years 2023-2026 that form the basis of the numbers included in Appendix 2-AB.
- c. Three additional columns, showing year-to-date actuals for 2021, and year-to-date actuals at the same point in time in 2019 and 2020.

Please also provide the response in in Excel format.

**2-SEC-23**

[Ex.2, Appendix 2-7, Appendix H, I] For each year, please provide a table that shows for each Capital Project included in a ‘Capital Project Sheet’, the various project scores across factors. Please rank according to priority in a given year.

**2-SEC-24**

[Ex.2, Appendix 2-7, Appendix H, I] With respect to the ‘Project Ranking Guideline’:

- a. Does the Applicant have a more detailed guideline/explanation of its project ranking system? If so, please provide a copy.
- b. Is the ‘impact ranges’ and scores for a given factor supposed to reflect, risk magnitude, probability, or some combination? Please explain your answer.
- c. What is the ‘Blended Health Index Derating Project Ranking’ and how is it calculated? How is it related to the Weighted Blended Health Index?

**2-SEC-25**

[Ex.2, Appendix 2-7, Appendix H, I, J] Please provide similar Capital Project Sheets for all projects between 2018 and 2020.

**2-SEC-26**

[Ex.2, Appendix 2-7, Appendix I, p.700 of the pdf] With respect to the Replacement of Deteriorated Poles project, please provide a table that shows for each year between 2017 and 2026, the number of poles replaced/forecast to be replaced, and the annual cost.

**2-SEC-27**

[Ex.2, Appendix 2-7, Appendix I, p.705 of the pdf] With respect to the Rebuild of Fully Depreciated Overhead Areas project:

- a. Please provide a table that shows for each year between 2017 and 2026, the number of poles and pole mounted transformers replaced/forecast to be replaced, and the annual cost.
- b. Please explain how the Applicant will choose which poles and transformers will be replaced under this program.

**2-SEC-28**

[Ex.2, Appendix 2-7, Appendix I, p.785 of the pdf] With respect to the 4.16 kV Overhead Conversions project:

- a. The Applicant states “Priority zones C, D, E and F have been identified based on a coordinated approach using multiple evaluation factors such as age and condition of assets, reliability and system performance, co-ordination with third party projects and operational flexibility.” Please provide further details on how specifically these zones were chosen.
- b. For each year between 2017 and 2026, please provide the number of kilometers and the cost of ii) overhead line and, ii) underground line, that has been rebuilt and converted.

**2-SEC-29**

[Ex.2, Appendix 2-7, Appendix I, p.734 of the pdf] With respect to the SCADA Enhancement project, the Project Sheet includes cost estimates going back to 2013 until the end of 2022. It is unclear what the total cost of the SCADA Enhancement Project is, when it will be completed, what the specific costs of each component are, what is being done in 2022, and the interaction between the SCADA Cyber Security and Communication Infrastructure and the Serial Conversion Program. Please provide a complete explanation of the SCADA Enhancement project.

**2-SEC-30**

[Ex.2, Appendix 2-7, Appendix J, p.747 of the pdf] Please provide details and a cost breakdown of the ‘Facilities Renovation Project’.

**2-SEC-31**

[Ex.2, Appendix 2-7, Appendix L, p.28] Using the same categories of assets as included in Table 3-1, please provide the number of assets the Applicant has or plans to replace in each year between 2019 and 2026, regardless of which project/program. Please also provide the response in Excel format.

**2-SEC-32**

[Ex.2, Appendix 2-7, Appendix K] Does the Applicant have the capability to undertake its own Asset Condition Assessment process going forward? If so, please provide details and how often does it update its results. If not, please explain what it plans to do in the future.

**2-SEC-33**

[Ex.2, Appendix 2-7, Appendix L] With respect to the Kinetrics, London Hydro 2019 Asset Condition Assessment:

- a. [p.15] Please confirm that the impact of the inclusion of an Age Limiter is that an individual asset’s Health Index cannot be *better* (i.e. higher) than what would be predicted by that assets age, yet an individual asset’s Health Index can be worse (i.e. lower) than what would be predicted by that assets age.
- b. [p.28] Please provide a revised version of Table 3-1 which removes the inclusion of the Age Limiter in the Health Index calculations.
- c. [p.30, 32] Based on the results of the revised information provided in part (b), please provide revised versions of Tables 3-2 and 3-3.

**2-SEC-34**

[Ex.2, Appendix 2-7, Appendix M, Appendix E] With respect to the Analytical Ranking Model:

- a. Has the Applicant reviewed this model against other utilities and/or best practices? If so, please provide details.

- b. [p.70] For each project, please provide the asset weighting in the Weighted Blended Health Index.
- c. [p.70-71] For each of the risk factor assignments and the weighting of assets for the purposes of the Weighted Blended Health Index, i) who is responsible for this activity, ii) how does the Applicant ensure consistent treatment across projects and programs.
- d. [p.72] In the illustrative example provided, the Applicant references 25 projects in six sections (A-H). In the context of the model, what is a section?
- e. [p.71] How often is the Ranking Model updated?
- f. [p.72] In the illustrative example provided in Figure 3, would all 25 projects be undertaken in a given year?
- g. Please provide a list of all projects contained in its latest Ranking Model, their scores, and in what year it plans to undertake the project.

**2-SEC-35**

[Ex.2, Appendix 2-7, Appendix O] With respect to the 2020 Quality of Supply Report:

- a. [p.9-10] Please provide Figure 6 and 7 in tabular format.
- b. [p.18] Please provide Figure 17 and 18 in tabular format. Please provide similar information for each year between 2016 and 2019.
- c. [p.38-48] Please identify which Capital Projects undertaken in 2020, 2021 or 2022 are related to any of the top 10 worst performing feeders.

**3-SEC-36**

[Ex.3, p.16] On the same basis as Table 3-8, please provide year-to-date actuals for 2021.

**3-SEC-37**

[Ex.3, Appendix 2-H] Please provide a revised version of Appendix 2-H with an additional column showing 2021 year-to-date actuals.

**4-SEC-38**

[Ex.4] With respect to COVID-19, do the tables in this exhibit include any COVID-19 related costs, or are they only included in Account 1509? If they are included in the tables in this exhibit, please identify the specific COVID-19 related costs.

**4-SEC-39**

[Ex.4, p.3] Please update the table for information in the 2020 OEB Yearbook.

**4-SEC-40**

[Ex.4, p.5-6] The Applicant notes that it has ring fences ‘non-distribution Green Button services’. Please explain the type of costs incurred, the actual costs forecast for 2022, and the methodology used to allocate those costs.

**4-SEC-41**

[Ex.4, p.12] Please provide details regarding changes made between the “first draft of the budget” and the final proposed corporate budget.

**4-SEC-42**

[Ex.4, p.52] Please provide a revised version of Appendix 2-JC that includes three additional columns, showing year-to-date actuals for 2021, and year-to-date actuals at the same point in time in each of 2019 and 2020.

**4-SEC-43**

[Ex.4, p.57-264] For each program, please provide the number of FTEs allocated in each year between 2017 and 2022.

**4-SEC-44**

[Ex. 4, p.320] Please provide a revised version of Appendix 2-K that includes:

- a. Two additional added rows, showing total compensation allocated to either capital or OM&A.
- b. 2021 actuals.

**4-SEC-45**

[Ex. 4, p.320] With respect to the additional positions added or forecast to be added since 2020, please list each position, their specific department, the recruitment process, and the money they are expected to be begin employment.

**4-SEC-46**

[Ex. 4, p.311] Please provide a table that shows for each year since 2016, the number of employees eligible to retire, and the number who actually retired.

**4-SEC-47**

[Ex. 4, p.311] With respect to the pay for performance model:

- a. Please provide further details regarding the program, including, but not limited to, who is eligible for the program, how much of their pay is based on the model, what percentage of their performance pay is based on individual vs. corporate targets, for corporate targets how are they set and what are the thresholds.
- b. Please provide a table that shows for each year between 2017 and 2022, the total maximum amount of performance pay that could have been paid out, and the actual/forecast amount that was paid.

**4-SEC-48**

[Ex.4, p.374-75] With respect to SR&ED credits:

- a. Please confirm that notwithstanding the Applicant's position, it has included all available SR&ED credits in its PILs calculation.
- b. Please confirm that the Applicant is seeking recovery from ratepayers through rate base or OM&A for all expenditures that are the basis for the SR&ED credits.
- c. Please explain why the Applicant believes that: "This also serves as a disincentive for London Hydro's employees' as the reduction in revenue reduces corporate wherewithal to a certain degree to provide incentives to employees for being innovative."



**4-SEC-49**

[Ex.4, p.364] With respect to Table 4-55:

- a. Does the table include the impacts of the approved ACM?
- b. The Applicant is forecasting a taxable loss of \$3,000,319 in 2021. How is the taxable loss being used? Is it being carried forward into the Test Year? If not, please explain why not.

**5-SEC-50**

[Ex.5, p.6] Please explain what the Applicant plans to do when its swap agreement entered into in 2014 matures.

**5-SEC-51**

[Ex.5] Please provide the forecast regulatory ROE for 2021. Please provide supporting calculations.

**9-SEC-52**

[Ex.9, p.130] With respect to the Applicant's proposal with the respect to RTSR charges:

- a. Please confirm that the Applicant's proposal to charge RTSR rates on kWh basis for GS>50 Co-Gen, and Large Users classes only for those customers who are net-metered.
- b. How many customers in each of the GS>50 Co-Gen, and Large Users classes will be eligible for having RSTR charged billed in a kWh basis.
- c. Please explain in detail how the charges were converted from kW to kwh?
- d. Presumably the outcome of this change is that net metering customers are likely to substantially reduce the amount they pay in RTSR, but total RTSR costs payable by the Applicant may not similarly be reduced by the same amount. Please explain what analysis the Applicant has undertaken to ensure that there is no cross-subsidization from non-net metering customers.
- e. Please provide all internal analysis, studies and/or modelling undertaken by the Applicant regarding this proposal.

**9-SEC-53**

[Ex.9, p.25] With respect to Account 1508 - OEB Cost Assessment Account:

- a. The Applicant has included a principal balance in 2016 of \$216,337. Please provide the amount included in 2016 rates and the actual OEB cost assessment amount.
- b. Please provide the Applicant's 2016 materiality threshold.

**9-SEC-54**

[Ex.9, p.130] With respect to Account 1509, please explain how the request for recovery of bad debt charges is consistent with the Report of the Ontario Energy Board Regulatory Treatment of Impacts Arising from the COVID-19 Emergency (EB-2020-0133), June 17 2021.

Respectfully, submitted on behalf of the School Energy Coalition this November 5, 2021.

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Mark Rubenstein  
Counsel for the School Energy Coalition