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February 22, 2022 **VIA E-MAIL**

Ms. Nancy Marconi
Acting Registrar (registrar@oeb.ca)
Ontario Energy Board
Toronto, ON

Dear Ms. Marconi:

Re: EB-2021-0056 – Rideau St. Lawrence Distribution Inc.
January 1, 2022 Cost of Service Rates
Interrogatories of the Vulnerable Energy Consumers Coalition (VECC)

Please find attached the interrogatories of VECC in the above-noted proceeding. We have also directed a copy of the same to the Applicant.

Yours truly,

Mark C Garner Digitally signed by Mark C Garner
Date: 2022.02.22 14:51:04 -05'00'

Mark Garner
Consultants for VECC/PIAC

Email copy:
Mr. Peter Soules, Chief Financial Officer
psoules@rslu.ca

REQUESTOR NAME	**VECC**
TO:	**Rideau St. Lawrence Distribution Inc. (RSL)**
DATE:	**February 22, 2022**
CASE NO:	**EB-2021-0056**
APPLICATION NAME	**2022 Cost of Service Rate Application**

1.0 ADMINISTRATION (EXHIBIT 1)

1.0-VECC-1
Reference: Exhibit 1, Tab 4, Schedule 10

a) The referenced Conditions of Service at www.rslu.ca indicated it was prepared (by CHEC) in August 2014. Please confirm (or correct) that the document has been updated for all changes required by the OEB since August 2014.

1.0-VECC-2
Reference: Exhibit 1, Tab 7, Schedule 4

a) What is the proportion of customers receiving e-bills?
b) In the last month (or other recent period) for which RSL has records please provide a breakdown of the methods of payment (e.g., mail cheque, e-payment, bank, or in person cash/cheque).
c) What programs does RSL have to encourage customers to move to e-billing and online or bank payment?

2.0 RATE BASE (EXHIBIT 2)

2.0-VECC -3

Reference: EB-2015-0100, Exhibit 2, Appendix 2.1 2016 DSP, page 57-

The following tables were provided as part of RSL's last distribution system plan (DSP).

2016 Material Project List				
Project ID	Community	Description	OEB Category	Total Project Cost
1602	All Areas	PCB Transformer Replacements	System Renewal	$ 52,374.00
1607	Westport	Sewage Plant	System Access	$ 119,570.42
1610	Iroquois	MS - Second Transformer - remaining work	System Renewal	$ 50,000.00
Truck	All	Digger Truck	General Plant	$ 390,000.00

2017 Material Project List				
Project ID	Community	Description	OEB Category	Total Project Cost
1703	Iroquois	Church St North side rear lot along park	System Renewal	$ 70,655.40
1705	All Areas	PCB Transformer Replacements	System Renewal	$ 52,374.00
1707	Prescott	MS#1 QL2 - Change 3 main breakers to reclosers	System Renewal	$ 150,000.00

2018 Material Project List				
Project ID	Community	Description	OEB Category	Total Project Cost
1801	Iroquois	Church St South side rear lot from Bay to Elizabeth	System Renewal	$ 92,873.63
1803	Prescott	Victor Rd. Small Conductor #4	System Renewal	$ 94,900.70
1807	All Areas	PCB Transformer Replacements	System Renewal	$ 52,374.00

2019 Material Project List				
Project ID	Community	Description	OEB Category	Total Project Cost
1901	Morrisburg	Kyle St rear lot South side from Farlinger to Laurier	System Renewal	$ 72,610.80
1904	Prescott	South Square Small Conductor	System Renewal	$ 54,319.40
1905	Prescott	Royal Crescent Small Conductor	System Renewal	$ 62,106.80
1908	All Areas	PCB Transformer Replacements	System Renewal	$ 52,374.00

2020 Material Project List				
Project ID	Community	Description	OEB Category	Total Project Cost
2001	Morrisburg	MS2 - New feeder F3 on opposite side of road	System Service	$ 76,730.80
2007	All Areas	PCB Transformer Replacements	System Renewal	$ 52,374.00

a) For each year of the referenced material projects shown in these tables please indicate whether the project was completed, the year it was put in service, and the total capital expended. If any projects attracted capital contributions please note that separately.

2.0-VECC -4

Reference: Exhibit 2 Appendix 2.1 DSP, page 18 (PDF 89)

a) Table 6 shows that RSL's actual capital spending during the 2016 to 2020 period was significantly different than the DSP forecast (35% higher). While detailed variance analysis is provided at section 4.4 of the DSP no explanation has been provided as to the reasons RSL was unable to maintain a capital plan more closely aligned (in dollars) with its original estimates. Please explain the main reasons for the significant capital overspending during the last rate period as compared to the last Board reviewed DSP.

2.0-VECC -5

Reference: Exhibit 2, Appendix 2-AB/ Exhibit 2, Tab 2, Schedule 1, page 29, Table 2.10

b) Please explain how the forecast capital contribution amount of $200k for 2022 was estimated.
c) Please explain why the 2016 through 2021 capital contributions shown in Appendix 2-AB do not match those shown in Table 2.10 of the evidence.

2.0-VECC -6

Reference: Exhibit 2, Tab 4, Schedule 2 / Appendix 2-AB/Table 2.20

a) In the 2017 the DSP planned capital expenditures were $459k. The actual expenditures in that year were considerably different - $1,202k, a difference of approximately $743k. In addition to the digger truck (379k) in 2017 what were the other reasons for the major variation from the DSP forecast for that year.

2.0-VECC -7

Reference: Exhibit 2, Appendix 2-AA

a) Are the 2021 capital projects amounts shown in Appendix 2-AA (in Excel Updated 20220201) actuals amounts (audited or unaudited)?

2.0-VECC -8

Reference: Exhibit 2, Appendix 2.1 DSP, page14 (PDF 85)

a) Please provide the number of interruptions (frequency and number) by cause code for each year 2016 through 2021.

2.0-VECC -9

Reference: Exhibit 2 Appendix 2.1 DSP, page 14 (PDF 87)

a) RSL shows a higher-than-average duration and frequency of outages (excluding loss of supply) in 2019. What were the reasons for this?

2.0-VECC -10

Reference: Exhibit 2, Appendix 2.1 DSP, page 12

In the prior settlement the following commitment was made by RSL and ordered by the Board: "*prior to its next cost of service rebasing application, it will carry out an assessment of the underlying causes of its level of planned outages and scheduled outages and will file that assessment* ***together with Rideau St. Lawrence Distribution's recommendations*** *as part of Rideau St. Lawrence Distribution's next cost of service rebasing application*." (emphasis added)

a) Other than a description of outages by cause code (pages 13-17) We are unable to locate the agreed upon assessment or a report providing a summary of the results of the assessment and including the recommended actions to be taken. Please provide any such report or explain how this commitment was fulfilled.

b) What are the main causes of outages due to defective equipment?

c) Since the last DSP what steps has RSL taken to reduce the duration of scheduled outages?

2.0-VECC -11

Reference: Exhibit 2 Appendix 2.1 DSP, page 18 (PDF 87)

a) Were the Asset Management System and the Job Cost software new initiatives as compared to the last DSP?

2.0-VECC -12

Reference: Exhibit 2 Appendix 2.1 DSP, page 27 (PDF 98)

a) With respect to the MS2 Morrisburg Relocation we are unable to find a business plan showing a detailed budget, construction start, and key milestone and completion dates. Please provide the implementation plan for this project.

b) Please provide the total amount estimated to be spent on this project and the expected in-service date for the relocated assets.

c) Please include an explanation of the plans for the retirement of the current station site.

2.0-VECC -13

Reference: Exhibit 2, Appendix 2.1 DSP, Appendix A

a) We are unable to locate any information with respect to the Bell Fibre to Home" project. Please provide a description of this project which details the spending beginning in 2020 and continuing through each year of the DSP.

2.0-VECC -14

Reference: Exhibit 2, Appendix 2.1 DSP, Appendix A Material Projects.

a) Please provide summary tables, similar to those provided in the last DSP (as shown in question #3) which shows the material projects in each of the years of the DSP (2022-2026) by category (i.e., System Access, Renewal, Service and General Plant). Please include a "Miscellaneous" category so as to show these tables with sums which are congruent with those in Appendix 2-AB (i.e., show Appendix 2-AB by material projects in each category).

2.0-VECC -15

Reference: Exhibit 2, Appendix 2.1 DSP, Appendix A Material Projects.

a) Other than the Morrisburg MS1 project (500k in each of 2022 and 2023) please confirm (or correct) that RSL is forecasting no amounts for new customer connections during the term of the DSP.

3.0 OPERATING REVENUE (EXHIBIT 3)

3.0-VECC -16

Reference: Exhibit 3, page 8

a) Please confirm that none of RSL's customers are market participants.

3.0-VECC -17

Reference: Exhibit 3, pages 12 & 14 and Appendix 3.2

Preamble: The Application states (page 12):
"*A Trend variable was used, indicating 1 in January 2011, and increasing by one each month, reaching 120 in the last month of the regression, December 2020. The time trend reflects a gradual decline in consumption that is not explained by the other variables. A number of the potential factors may be related to the trend, including conservation activities from and outside of the CFF, improved building efficiency, and an increase in the proportion of customers living in apartments, etc*."

The Application states (page 14):
"*In preparing its Load Forecast, RSL also considered but rejected the following variables:*
1) Customer Count (residential + commercial + industrial) – this was excluded because the variable yielded a negative coefficient, which is unintuitive.
2) GDP - this was also excluded because the variable yielded a negative coefficient, which is unintuitive."

a) It is noted that in Appendix 3.2 the appropriateness of a Customer Count variable was tested using equations with and without a Trend variable. However, the appropriateness of a GDP variable was only tested using an equation without a Trend variable. Please provide the results for a regression model similar to that use in Appendix 3.2 but which includes both a GDP and a Trend variable.

3.0-VECC -18

Reference: Exhibit 3, pages 12 & 23
RSL Load Forecast Model, CDM Activity Tab
The IESO's 2021-2024 Conservation and Demand Management Framework Program Plan

Preamble: The Application states (page 12):
"*A Trend variable was used, indicating 1 in January 2011, and increasing by one each month, reaching 120 in the last month of the regression, December 2020. The time trend reflects a gradual*

decline in consumption that is not explained by the other variables. A number of the potential factors may be related to the trend, including conservation activities from and outside of the CFF, improved building efficiency, and an increase in the proportion of customers living in apartments, etc."

a) Table 3.17 includes savings in 2020 from 2020 CDM programs. However, the CDM Activity Tab in the Load Forecast Model does not identify any savings in 2020 from 2020 CDM programs. Please indicate (and provide) the source for the savings in 2020 from 2020 CDM programs as set out in Table 3.17.

b) It is noted that the CDM Activity Tab in the Load Forecast Model includes estimates of monthly CDM savings for the period 2011-2020. Did RSL test a purchase power model where either:

   i. Monthly CDM savings (adjusted for the ½ year rule) was included as an explanatory variable, or

   ii. Monthly CDM savings (adjusted for the ½ year rule) were added to the monthly purchased power values and regression models tested using the resulting total as the dependent variable?

   If either approach was tested please provide the resulting models along with the model's regression statistics.

c) If neither of the approaches in part (b) were tested or only approach (i) was tested please provide the results for approach (ii) as described in part (b).

d) Based on RSL's a share of total Ontario energy what would be RSL's share of the planned GWh savings for 2021 and 2022 per the IESO's 2021-2024 Conservation and Demand Management Framework Program Plan where total planned incremental savings are 542.9 GWh and 541.0 GWh respectively. Note: If RSL has a better estimate of the expected CDM savings from 2021 and 2022 programs, please provide.

e) Using the 2021 and 2022 CDM savings for RSL per part (d) and the regression model (per part (b)(ii) or part (c) – as applicable) please provide a forecast for RSL's 2022 power purchases – net of CDM activity.

3.0-VECC -19

Reference: Exhibit 3, page 16

a) Please provide a chart that compares the actual and predicted monthly purchases for the years 2018-2020.

3.0-VECC -20

Reference: Exhibit 3, pages 18 to 19

Preamble: The Application states: "The Customer Counts are presented in year-end format".

a) If not provided in response to 3-Staff-22, please provide the actual 2021 year end customer count for each customer class.

b) Please explain why the historical 5-year geometric mean growth rate was used for the Residential and General Service customer classes to forecast the customer counts (as opposed to a longer period).

3.0-VECC -21

Reference: Exhibit 3, pages 20-22
RSL Load Forecast Model, Rate Class Energy Model Tab

a) Please explain why a 5-year average loss factor was used to determine billed energy as opposed to a 10-year average (consistent with the historical period used to model power purchases).

b) For each of the Residential, GS<50 and GS>50 customer classes please comment on RSL's view as to whether the average use for 2020 has been impacted by the COVID-19 pandemic.

c) Please explain more fully how the forecasted 2021 and 2022 total energy use by the Street Lights class was derived.

3.0-VECC -22

Reference: Exhibit 3, pages 25-26

a) Please explain why the 2021 and 2022 billing demand for Street Lights is assumed to be the same as that for 2020 when the forecast energy use in 2021 and 2022 is less than that in 2020.

3.0-VECC -23

Reference: Exhibit 3, page 27

a) On February 10, 2022 RSL advised parties to the current proceeding that one of its largest customers plans to end operations in early 2023. Does RSL have any preliminary thoughts/views as if/how this event should be addressed as part of the consideration of its current Application?

3.0-VECC -24

Reference: Exhibit 3, pages 43 and 49-51

a) Please provide the 2021 actual Other Operating Revenue in the same format as Table 3.35.

b) If the actual values for all of 2021 are not available please provide the 2021 year to date values for those months where actual are available and the results for 2020 for the same months.

c) What is the basis for the forecasted increase in Loss on Disposition (#4360) in 2021 and 2022?

d) What was the pole attachment charged used to estimate the forecast 2022 revenue for Account #4210?

   a. If required please update the revenue forecast for Account #4210 to reflect the OEB's EB-2021-0302 Decision regarding pole attachment rates.

e) If required please, please update the forecast revenues from Retail Service Charges (Account #4082 and #4084) to reflect the OEB's EB-2021-0301 Decision.

4.0 OPERATING COSTS (EXHIBIT 4)

4.0 -VECC -25
Reference: Exhibit 4, pages, 6, 18-19

RSL notes that postage costs have increased by 20k since the last cost of service application.

a) Using the latest monthly billing (or otherwise most recent information RSL has) what is the percentage of customers who
   i. Receive an e-bill
   ii. Make an electronic or bank payment
   iii. Pay by cheque or cash
b) What steps has RSL taken to encourage/increase the number of e-bills and electronic or bank payments?

4.0-VECC -26
Reference: Exhibit 2, Section 4.6, page 45

a) If RSL is a member of the EDA please provide the annual dues for the 2016 through 2022 (forecast) period.

4.0 -VECC -27
Reference: Exhibit 4, page 13

a) Is any amount of the one-time costs for this application recorded in the year 2021 and shown in either Appendix 2-JA or 2-JC?
b) Are the amortized one-time costs of this application shown in Appendix 2-JA and 2-JC for 2022?

4.0 -VECC -28
Reference: Exhibit 4, page 28

a) Please provide the one-time recruitment costs incurred in 2020 and 2021.
b) What are the expected one-time recruitment costs in 2022?

4.0 -VECC -29
Reference: Exhibit 4, page 32

a) Total benefit costs have increased significantly above inflation as between 2019 (515k) and 2022 (626k). What are the main reasons for this increase?
b) What portion of this increase is due to premium or other costs paid to MEARIE?
c) When was the last time that RSL investigated an alternative benefit provide to MEARIE?

4.0 -VECC- 30
Reference: Exhibit 4, page 39-41

a) Please explain why the charges from RSL to Utilities for meter reading are forecast to fall from $61,628 in 2021 to $54,061 in 2022.
b) Similarly, there is a decrease in Billing costs charged by RSL to Utilities as between 2021 and 2022. What are the reasons for this decline?

4.0 -VECC -31
Reference: Exhibit 4, Appendix 2-M/Table 4.30

a) Please provide the actual OEB annual assessment for year 2021.
b) Please explain any difference between this amount and the forecast amount of $24,800.

5.0 COST OF CAPITAL AND RATE OF RETURN (EXHIBIT 5)

5.0 -VECC -32
Reference: Exhibit 5, page 9

"*RSL proposes a Long Term Debt cost rate of 3.69% for 2022 which is slightly higher than the OEB's Deemed Long-Term Debt rate of 3.49 as prescribed in the Board's letter of October 28, 2021, "2022 Cost of Capital Parameters*".

a) What is the rationale for departing from the Board's guidance with respect to the setting of affiliated long-term debt?

6.0 CALCULATION OF REVENUE DEFICIENCY/SURPLUS (EXHIBIT 6)

N/A.

7.0 COST ALLOCATION (EXHIBIT 7)

7.0-VECC-33

Reference: Exhibit 7, pages 6, 7 and 10
RSL, Cost Allocation Model, Tabs 6.1, 6.2 and I8

a) In Tab 6.1 there is no TOA provided to any of the customers in the GS<50 class. However, Tab 6.2 indicates that one customer in the class own its own transformer and Tab I8 indicates that that the 4NCP value for Line Transformers is less than the Primary value. Please reconcile and confirm if any customers in this class own their own transformer.

7.0-VECC-34

Reference: Exhibit 7, page 5

a) Does RSL offer its customer the option of e-billing? If yes, for each customer class, how as the proportion of customers opted for e-billing changed in 2016 and 2020?

b) Please provide a copy of the analysis of Accounts 5315 – 5340, except 5335, that was conducted for the 2016 COS and the associated derivation of the billing and collection weighting factors used in the 2016 COS.

8.0 RATE DESIGN (EXHIBIT 8)

8.0-VECC-35

Reference: Exhibit 8, pages 9-10
RSL RTSR Workform, Tabs 3 and 5

a) Please confirm that the RRR data in Tab 3 and the billing unit data in Tab 5 are both based on 2020 actual values. If not, what year is data in each Tab based on?

8.0-VECC-36

Reference: Exhibit 8, pages 11-12

a) Please update the proposed 2022 Retail Service Charges to reflect the OEB's EB-2021-0301 Decision.

8.0-VECC-37

Reference: Exhibit 8, pages 17-18

a) Please update the proposed 2022 Pole Attachment Charge to reflect the OEB's EB-2021-0302 Decision.

8.0-VECC-38

Reference: Exhibit 8, pages 19-22

a) Please update Tables 8.12 and 8.13 to include the 2021 actual values.

b) Please provide a forecast of 2022 LV costs based on Hydro One's approved 2022 rates (per EB-2021-0032) and RSL's actual 2021 ST billing quantities.

8.0-VECC-39

Reference: Exhibit 8, page 24
Exhibit 3, page 16

a) Please explain why neither of the historical purchase values set out in Table 8.16 (Rows A(1) and A(2)) match the historical actual purchases values in Table 3.8.

8.0-VECC-40

Reference: Exhibit 8, page 29

Preamble: The Application states: "Concerning Foregone Revenues, RSL recognizes that due to the delay in the filing of this application, distribution revenues have been lost. RSL believes that Foregone Revenues should be considered in the final rate decision and order."

a) Given RSL's acknowledgement that the Application was filed late, why should consideration be given to "Foregone Revenues"?

9.0 DEFERRAL AND VARIANCE ACCOUNTS

9.0 –VECC-41

Reference: Exhibit 9, page 15

Table 9.13: 1508 Sub Account – OEB Assessment Cost

	Included in Rates	Actual Amount	Principal (Variance)	Interest	Total Claim	2020 RRR 2.1.7	Variance of Account Bal. and RRR
2016 - 2012 COS	11,250	20,093	8,843				
2017 - 6 months of 2012 COS + 6 months of 2016 COS	15,698	26,946	11,248				
2018 - 2016 COS	16,396	24,942	8,546				
2019 - 2016 COS	16,396	25,156	8,760				
2020 - 2016 COS	16,396	24,942	8,546	2,001			
Balance as of December 31, 2020, RRR			45,943	2,001		47,943	-
Add:							
Forecast to December 2021	16,396	24,044	7,648	286			
Total			53,591	2,287	**55,877.39**		

a) Please confirm (or correct) that the amounts shown in the "Actual Amount" column only include the OEB Annual Assessment s charges (i.e., a not OEB Section 30 or any other regulatory costs).

9.0-VECC-42

Reference: Exhibit 9, page 22

"*Rideau St. Lawrence Distribution Inc. shall establish a new deferral account, effective July 1, 2019, to record the difference between the Collection of Account Charges revenue included in its 2016 Cost of Service application (EB-2015-0100) and the actual revenue recorded for all customer classes.*"

a) Please provide a reference to the forecast revenue from Collection of Account Charges that was included in 2016 rates in EB-2015-0100.

b) It is unclear to us why, if an amount of forecast revenues for Collection of Account Charges was included in 2016 rates as part of EB-2015-0100, no amounts are shown in the "Revenue Approved in COS" column of Table 9.19 for the years 2016-1018? Please clarify.

9.0-VECC-43

Reference: Exhibit 9, page 24

a) Please explain the nature of the Customer Choice Initiative costs that were included ($8,990) and show how they are incremental costs.

9.0-VECC-44

Reference: Exhibit 9, page 24

a) Please provide the “50% per Tax Sharing Rule” which RSL applied in removing $8,472 of the accelerated capital cost allowance from Account 1592.

b) Is the accelerated CCA program a tax rate change or a tax timing change, i.e., does the total amount of CCA tax shield change as a result of the AIIP?

End of document