Shepherd Rubenstein

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BY EMAIL and RESS

April 5, 2022
Our File: EB20210016

Ontario Energy Board
2300 Yonge Street
27th Floor
Toronto, Ontario
M4P 1E4

Attn: Nancy Marconi, Registrar

Dear Ms. Long:

Re: EB-2021-0016 – E.L.K. Energy 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
2022.04.05
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Mark Rubenstein

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

EB-2021-0016

ONTARIO ENERGY BOARD

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

AND IN THE MATTER OF an Application by E.L.K. Energy Inc. (E.L.K) under Section 78 of the OEB 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
Please place on the record in this proceeding all evidence from EB-2016-0066. (Note: It is sufficient for the Applicant to simply agree to deem its evidence in that proceeding on the record for this proceeding and provide a link to the OEB's RDS, as opposed to re-filing all the material).

1-SEC-2
[Ex.1] Please provide all material provided to the Applicant's Board of Directors regarding its approval of this application, and the underlying budgets.

1-SEC-3
[Ex.1] Please provide copies of all benchmarking studies, reports, and analyses that the Applicant has undertaken or participated in since the filing of its last rebasing application in 2017, that are not already included in the application.

1-SEC-4
[Ex.1, Tab 6, p.108] The Applicant has listed a number of productivity initiatives it has undertaken over the last several years. Please provide a full list of all productivity and efficiency measures the Applicant has undertaken since the filing of its last rebasing application in 2017 and quantify the savings. Please explain how the savings were calculated.

1-SEC-5
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; EB-2016-0066, 1-SEC-4,] Please provide a step-by-step explanation of the Applicant's budgeting and capital planning process, and explain how that process differs, if at all, from that in place for its EB-2016-0066 application.

1-SEC-7
[Ex.1; EB-2016-0066, 1-SEC-5] Have the metrics and measures that the Applicant's management and Board of Directors use to monitor its performance changed since 2017? If so, please provide details.

1-SEC-8
Please revise the following appendices (and also file in excel format) to include 2021 actuals and explain any material variances between 2021 forecast and actual amounts:

a. 2-AA
b. 2-AB
c. 2-BA
d. 2-H
e. 2-JA
f. 2-JB
g. 2-JC

1-SEC-9
Please provide a copy of any OEB initiated audit since 2017.

1-SEC-10
Please provide a copy of the Applicant's 2021 financial statements.

1-SEC-11
[Ex.1, Tab 3, Attachment 2] With respect to the KPMG Operational Review:

a. Please provide details of the KPMG employees who were responsible for the operational review and provide their qualifications.
b. Please confirm that KPMG found not issues with respect to the Applicant's distribution system planning information, processes and procedures.
c. Please explain how KPMG did not identify as a concerns the documented findings in the statement of facts included in the Assurance of Compliance (February 28, 2022).

2-SEC-12
[Ex.2, p36; Appendix 2-AB] Please explain the basis of the 2017 to 2021 'Plan' amount.

2-SEC-13
[Ex.2, p.40] Please provide a revised version of Tables 2-21 to 2-23 that includes 2021 actual information.

2-SEC-14
[Ex.2, Appendix 2-AA] Please provide a revised version of Appendix 2-AA that includes:

a. 2023-2026 expenditures, that align with the proposed DSP spending included in Appendix 2-AB.
b. A breakdown of the projects by category (i.e. system access, system renewal, etc.).

2-SEC-15
[Ex.42-46] For material projects since 2016, the Applicant has provided only the projects names and total costs. For each material project, please provide further details that would allow intervenors to assess the prudence of each project. Please provide a similar document as provided for 2022 material capital projects in Appendix K-0.

2-SEC-16
[Ex.2, Tab 4, Attach 1, p.67] For each of the asset categories included in Table 5.3-6, please provide the number replaced or planned to be replaced for each year between 2020 and 2026.

2-SEC-17
[Ex.2, Tab 4, Attach 1, Appendix K] Please provide a status update on the development of the four listed sub-divisions.

2-SEC-18
[Ex.2, Tab 4, Attachment 1, Attachment A] With respect to the 2020 Asset Condition Assessment ("ACA"):

a. Please provide a copy of the retainer with Kinetrics and any project work plans or similar documents.
b. Please confirm that the Asset Condition Assessment, does not include actual condition data or information, and is solely based on asset age. If confirmed, please explain how it is an Asset Condition Assessment.
c. Knowing that the Applicant was required to undertake an Asset Condition Assessment, please explain why it did not put in place a system to capture the information from its asset inspections that meet the minimum requirements set out in Appendix C of the Distribution System Code.
d. Please explain why the Applicant did not ask Kinetrics, or another entity, to gather asset condition information similar to what EDM International Inc. did with respect to its reports regarding poles (See Ex.2, Tab 4, Attachment 1, Attachment A).
e. [Ex.1, Tab 3, p.65] In response to the recommendations included in the ACA, the Applicant states that the "[i]nspection forms are to come out of the ACA RFT and will be used in 2021." Please explain what is meant by this?
f. Please provide the Applicant's plan for reducing the data gaps identified by Kinetrics.

2-SEC-19
[EB-2022-0078, Assurance of Voluntary Compliance, February 27, 2022] With respect to the Assurance of Voluntary Compliance ("AVC") entered into by the Applicant:

a. [p.3] The AVC that "[d]uring the period of the OEB Inspection, E.L.K. experienced turnover of key management and staff. E.L.K. stated that the lack of formal asset inspection procedures and documentation of asset inspections was attributable to former E.L.K. management and practices." Please provide details regarding the key management staff turnover.
b. [p.4] The AVC states that the Applicant "[c]ompleted visual inspection of one-third of E.L.K.'s system as of December 20, 2021 and documented the outcome of those inspections

in accordance with the DSC." Please provide details of the results of those inspections including quantifiable data.

c. [p.4] The AVC states that the Applicant "[r]etained a third-party firm that will perform asset inspections in conformity with the DSC commencing January 2022. The third-party firm will perform inspections of at least one-third of E.L.K.'s system every year going forward and create a more formalized record-keeping of the asset inspections."
    i. Who is the third-party firm that the Applicant retained and what is the forecast 2022 cost for this work?
    ii. Please explain why the Applicant requires a third-party firm to undertake asset inspections in each year as opposed to the Applicant's own staff.
    iii. Considering the approved OEB Settlement Proposal in 2017 required undertaking a third-party Asset Condition Assessment, please explain why it was not until December 2021, that inspections of assets were undertaken and recorded.
d. Does the Applicant now have formal asset inspection procedures and documentation? If so, please provide.
e. Please provide the Applicant's views on what additional pulic reporting requirements could be put in place until its next cost of service application to ensure customers and the OEB can track the Applicant's progress on the issues raised by the AVC.

3-SEC-20
[Ex.3, p.3-4] Please provide revised versions of Tables 3-2 to 3-7 that include 2021 actuals.

4-SEC-21
[Ex. 4, p.10] Please explain why the Applicant did not replace any of the 2.5 staff that retired in 2017.

4-SEC-22
[Ex. 4, Tab 2, p.16] Please explain what specific energy conservation costs the Applicant is seeking to include in the test year.

4-SEC-23
[Ex.4, Tab 3, p.23] With respect to the locates/underground distribution lines and feeders, the Applicant states that the variance between the 2020 actuals and 2022 test year amount is "primarily the result of increased customer requests and growth in our service areas." Please provide the number of the customer requests for each between 2016 and 2021.

4-SEC-24
[Ex 4, Tab 3, p.28; Appendix 2-M] With respect to regulatory costs:

a. Please confirm that the Applicant's 2020 and 2021 OM&A costs, including in the various appendices (i.e. 2-JA, JB, JC, etc.). include costs related to preparation of this application.
b. If confirmed, please provide the specific amounts included in each year.
c. Please confirm that the Applicant is also seeking to amortize all one-time application costs over the DSP period (i.e. 1/5 of total one-time costs are included in its 2022 test year budget).
d. Please provide a breakdown of the $539,799 in one-time costs related to the application.

4-SEC-25
[Ex.2, Appendix 2-K) Please provide the amount of total compensation allocated to each of OM&A and capital each year between 2012 and 2022.

5-SEC-26
[Ex.5, p.2] The Applicant notes that it will provide an update forecast interest rate for its proposed 4-year term loan expected to be acquired in the test year. Please provide the updated forecast rate and the basis for the forecast.

5-SEC-27
[Ex.5] Please provide the Applicant's regulated ROE for each year between 2012 and 2021.

5-SEC-28
[Ex.5, p.2] The Applicant proposed to fund notional debt at the OEB's long-term debt rate. It states that "[t]he reason for this departure is that current practice would require Notional Debt to be funded at 1.36% which will cause E.L.K. to be "locked" in to a low interest rate in advance of the time that Notional Debt (or part thereof) could be funded through actual borrowing." Please provide details regarding when the Applicant plans to issue new debt to reduce the amount of notional debt.

7-SEC-29
[Ex.7, p.3] Please provide the basis for the billing and collecting weighting factor for GS >50 of 18.0.

9-SEC-30
[Ex.9, p.15; Ex. 1, Tab 3, p.47] Since Account 1576 was disposed of in the Applicant's 2014 IRM decision, please explain what the balance relates to.

9-SEC-31
[Ex.9] The Applicant has not provided, nor sought recovery, of any balance in Account 1592 – CCA Sub-Account. Does this mean that the Applicant has not taken accelerated CCA under the AII Program on any qualifying assets put in-service since 2018?

9-SEC-32
[Ex.9, Tab 12] With respect to the incremental PILs/Income Tax Variance Account:

a. Please provide a forecast of PILs expense of the Applicant in each year the proposed variance accounting order is expected to be in place. Please provide full calculations and detail all assumptions made.
b. Please provide the expected tax loss carry-forward available to the Applicant at the end of the 2022 tax year.
c. Please confirm the proposed variance account will capture any PILs taxes payable beginning in the 2023 tax year, including PILs amounts related to any potential overearning.

Respectfully, submitted on behalf of the School Energy Coalition this April 5, 2022.

Mark Rubenstein
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Mark Rubenstein
Counsel for the School Energy
Coalition