EB-2022-0044

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 Kingston Hydro Corporation (Kingston Hydro) for an Order or Orders approving or fixing just and reasonable rates and other service charges for the distribution of electricity as of January 1, 2023;

INTERROGATORIES

ON BEHALF OF THE

SCHOOL ENERGY COALITION

1-SEC-1
[Ex.1-3-13, p. 4] Please provide all material provided to the Kingston Hydro's Board of Directors regarding its approval of this application, and the underlying budgets.

1-SEC-2
[Ex.1] Please provide copies of all benchmarking studies, reports, and analyses that Kingston Hydro has undertaken, or participated in, since the filing of its last Custom IR application, that are not already included in the application.

1-SEC-3
[Ex.1] With respect to productivity and efficiency measures:

a) Please provide details of all productivity and efficiency measures that Kingston Hydro has undertaken since its Custom IR application. Please quantify the savings and explain how they were calculated.
b) Please provide details of all productivity and efficiency measures that Kingston Hydro plans to undertake in the test year. Please quantify the savings and explain how they were calculated.

1-SEC-4
[Ex.1-3-13, p. 9 and Attach. 1] The Services Agreement between Kingston Hydro and 1425445 Ontario Limited (Utilities Kingston) expires on September 16, 2022:

a) Has the Service Agreement been renegotiated?
b) If so, please provide a copy of the revised Services Agreement and detail any changes to its terms.
c) If no, what is the intention for the Services Agreement?
d) One of the strategic initiatives in Kingston Hydro's Strategic Plan is to maintain one president and CEO for both Kingston Hydro and Utilities Kingston. How does Kingston Hydro ensure that there is no conflict of interest, perceived or otherwise, in the dealings between the two entities?

1-SEC-5
[Ex.1-5-1, Attach. 1, Ex. 1-9-1, p. 14] The 2019 Customer Engagement Presentation slide 7 states 'Our model yields savings for customers of approximately $3 million per year', $1.9M of which is identified as

specific savings for Kingston Hydro customers. Please file on the record of this proceeding, the referred to information from EB-2015-0083 which shows how these amounts are determined.

1-SEC-6
[Ex.1-5-1, Attach. 2] The 2022 Customer Engagement Presentation slide 19 (2023 Distribution Rate Change – Estimated Bill Impacts) shows a 6.0% change for GS > 50 kW class, and slide 20 (2023 Total Bill Impacts – Distribution Rate Charge) shows a 0.4% change for the same class. The updated Bill Impact Model shows 8.23% and 1.28% for the same changes. What changed between the presentation and the application to increase the impact?

1-SEC-7
[Ex.1-6-1, pp. 10 & 15] Kingston Hydro states that it has revised its pole count and pole additions for 2018, 2019 and 2020 as follows:

	Pole Count original	Calculated additions	Stated additions	Pole Count revised	Calculated additions	Stated additions
2018	3,500	N/A	124	4,940	N/A	162
2019	3,500	0	67	5,007	67	74
2020	5,000	1,500	41	5,048	41	61

Please explain the discrepancies between the calculated versus stated additions for both the original and revised numbers.

1-SEC-8
[Ex.1-3-11, p. 2] Please provide a copy of the METSCO Report referred to in this application, which was prepared in response to the settlement agreement direction '...to develop meaningful metrics/targets and to define outcome reporting'.

2-SEC-9
[Ex.2, Appendices 2-AA, 2-BA & BA, Kingston Hydro Responses to OEB Staff Error Checking Q1]:

a) Please provide a revised version of Appendix 2-AB that includes three additional columns that provide 2022 year-to-date actuals, and year-to-date actuals at the same point in time for each of 2020 and 2021.
b) Please provide a revised version of Appendix 2-AB that includes a revised forecast of Kingston Hydro's 2022 net capital expenditures based on 2022 actuals and forecast year-end amounts.
c) The 2022 and 2023 balances ($3,797k and $3,230k) in Appendix 2-AB and 2-BA match and when compared to 2-AA, adjusted for Contributed Capital, also match. Please confirm that Kingston Hydro is assuming no Work in Progress in 2022 and 2023.

2-SEC-10
[Ex.2, Appendix 2-AA] Please provide a revised version of Appendix 2-AA that shows the capital spending for years 2024-2027 that form the basis of the numbers included in Appendix 2-AB for those years.

2-SEC-11
[Ex.2, Appendix 2-AA] 2-AA shows spending in 2016 to 2021 and forecasted budget for 2022 and 2023 for Annual Deteriorated Pole Replacement – spot replacements under System Renewal:

a) For 2016 the actual is $1.1M, please provide the approved amount.
b) For each year, please indicate the number of poles replaced.
c) For each year, please detail any other projects that also replaced deteriorated poles and the number of replaced poles associated with each project.

2-SEC-12
[Ex.2, Appendix 2-AB, DSP Table 5.2.2 and p. 207] System Access average spending between 2016-2021 is $609k. The forecasted spending for 2022 is $1,195k, and an average for 2023 – 2027 is $1,170k. Capital Contributions, which are typically associated with System Access are not forecasted to increase, remaining at $200k. Please explain why contributions are not forecasted to increase.

2-SEC-13
[Ex. 2, DSP] **Vehicles**
Kingston Hydro has not provided a condition assessment report for its fleet and states (p. 91 of DSP) 'Depending on the class of vehicle (i.e. line truck vs. service van) replacement is recommended when the vehicle reaches a prescribed odometer reading, hours of service, or age combined with an upward trend of unscheduled maintenance costs over the last 2-3 years.'
Kingston Hydro states (p. 27 of DSP) 'Some fleet vehicle suppliers are taking orders for delivery in 2024/2025 and in one instance as far out as 2026. Suppliers are also asking for more dollars up front to secure the order due to cost increases including freight costs.':

a) Please provide any condition assessment that Kingston Hydro has done on its fleet as part of its replacement strategy.
b) With respect to historic General Plant expenditures Kingston Hydro states (p. 203 of DSP) 'The material decrease in 2020 and 2021 is mainly attributed to a change in prioritization of vehicle replacement strategy.' Please provide Kingston Hydro's original replacement strategy and the updated one, including plans for 2024 to 2027.
c) Historical annual spending on vehicles (p. 220 of DSP) is an average of $163k between 2016 and 2022. Please explain the low historical spending compared to the forecast ($450k) in 2023.
d) How confident is Kingston Hydro that the new vehicle will be delivered in 2023 given the statement above from page 27 of the DSP

2-SEC-14
[Ex.2, DSP pp. 178 & 184, F9, F10 & F12] **Poles**
Table 5.3-19 shows Summary of Asset Population, Poor Health Distribution, Flagged for Action (FFA) and Total Plan Quantities for 2019-2023 and indicates that there are 6,213 poles (Wood & Concrete); 652 + 1,196 = 1,849 poles are in very poor or poor conditions; 718 are Flagged for FFA and 341 are to be replaced. Page 184 of the DSP states 'Kingston Hydro has a total of 6,213 wood poles in its distribution system with 1,804 poles or 29% of the pole assets in Poor or Very Poor condition and a suggested FFA quantity of 718 poles for the 2019-2023 timeframe. Kingston Hydro will replace approximately 341 poles over this time frame.':

a) Please confirm whether these figures are referring only to wood poles or both wood and concrete poles and explain the discrepancy between the 1,849 in the table and the 1,804.
b) What number of wood and concrete poles have been replaced to date for the 2019-2023 period and what number are forecast to be replace for the remainder of 2022 and for 2023.
c) How many poles will be replaced in each of the projects described in F9, F10 and F12?
d) How many poles are planned to be replaced in the 2024-2027 period?

2-SEC-15

[Ex.2, DSP p. 43] Please provide a table showing Kingston Hydro's 2023 to 2027 targets for each of the Metrics below, where not shown. Also provide information on metric C2, if there is one.

Category		**Metric**	**Target**
Customer-Oriented Performance	A1	Average Customer Hours of Interruption (CHI) During Severe Weather Days	
	A2	Customer Average Interruption Duration (CAIDI) of Top 10 Days	
	A3	Automated Outage Capability Detection Implementation Progress Definition:	100% Complete
Planning and Execution Efficiency and Effectiveness Measures	B1	Warehouse Inventory Turnover (Days in Inventory)	
	B2	Group Procurement Materials Cost Savings (%)	Discontinued
	B3	Progress of OMS / GIS / CIS Integration Activities	100% Completed
Equipment-Specific Performance Measures	C1	Gas Insulated Switches Planned Outage CHI Avoided	
	C2	?	
	C3	Average CHI for Defective Equipment Outages.	
	C4	System Average Interruption Frequency Index – Defective Equipment by 5 Major Asset Class: Poles, Underground Cables, Transformers.	

2-SEC-16
[Ex.2, DSP, p. 26] The DSP refers to O. Reg. 509/18 and the impact it may have on the cost and availability of distribution transformers:

a) Has Kingston Hydro factored this impact into its budgeting?
b) If yes, what is the impact?
c) If no, how does Kingston Hydro plan to adjust for any impact?

2-SEC-17
[Ex.2, DSP pp. 26 and 228] Page 26 of the DSP states 'Electrification may become a significant planning issue for Kingston Hydro within the timeframe of the current DSP' and on page 228 Kingston Hydro indicates it has allocated some funds to address increased electrification, e.g. a new MTS design and voltage conversion:

a) What is Kingston Hydro's forecast for increased load due to electrification from 2023 to 2027?
b) How has Kingston Hydro factored in this increased load in the load forecast developed in Exhibit 3?
c) How has Kingston Hydro included, if at all, the impact of electrification in its load forecast?

2-SEC-18
[Ex.2, DSP, Appendix F] Please provide a similar version of the material capital project descriptions sheets that provided for 2023 (Appendix F), for all material capital projects for 2021 and 2022.

3-SEC-19
[Ex.3, Appendix 2-IB] Customer numbers for both the GS < 50 kW and GS > 50 kW classes have declined since 2017. Please provide Kingston Hydro's analysis of why this has occurred and whether it expects this trend to continue.

4-SEC-20
[Ex.4, Appendix 2-JD] Please provide a revised version of Appendix 2-JD that includes three additional columns, showing year-to-date actuals for 2022, and year-to-date actuals at the same point in time in each of 2020 and 2021.

4-SEC-21
[Ex.4, Appendices 2-JA and 2-JD] The total variance in the 2023 OM&A forecast from actual 2016 of $1.2M ($7.0M to $8.2M) is due to increased Administration and General (A&G) from $2.2M to $3.4M. The increase is primarily in Salaries and Expenses, Outside Services Employed and Regulatory. Please explain the reasons for the increases in these three specific areas.

4-SEC-22
[Ex. 4-4-1, p. 2] In 2023 Kingston Hydro is planning to add two positions: an Electrical Engineer and a Regulatory Analyst and expects one substation maintenance position to retire and not be replaced. The increased budget ($159k +$120k) for the two positions is included in A&G:

a) Please explain why an Electrical Engineer position is recorded in A&G given the nature of their work.
b) Where is the decrease for the substation maintenance position in 2023 shown?

4-SEC-23
[Ex.4-6-3, p. 1, Appendix 2-M, Ex. 9, p.10 Table 5] Kingston Hydro shows the following for OEB assessments:

$000	2016 OEB approved	2016 actual	2017	2018	2019	2020	2021	2022 forecast	2023 forecast
Appendix 2-M	74	73					74	79	127
Amount in rates adjusting for IRM	74	74							
Table 5 – variance from actual		50	56	36	46	44	38		
Actual amount assessed									

a) Confirm that the amount built into rates in 2016 for OEB assessment costs was $74k.
b) Complete the table showing the actual amount assessed for all years.

c) The updated Cost Assessment Model (CAM) came into effect on April 1, 2022. Is the forecast of $127k in 2023 based on the updated CAM?
d) Kingston Hydro states that 'The large increase is because the full amount of the OEB Cost assessment is now requested to be recovered in rates'. Why does Kingston Hydro want to continue Account 1508 OEB Cost Assessment if this is the case?

5-SEC-24
[Ex.5-1-2, p. 1, Appendix 2-OB] Kingston Hydro has Long Term Affiliate Debt outstanding in the amount of $10,880,619 with an interest rate of 5.87%, the deemed interest rate at the 2011 cost of service proceeding. As the interest on this debt represents approximately 1/3 of total debt, has Kingston Hydro tried to renegotiate the debt or interest rate on this debt? For example, based on the current deemed long term debt of 3.49% this could represent a savings of $172k.

8-SEC-25
[Ex.8-4-1, p. 2] Kingston Hydro's current and proposed tariffs include a standby rate, however the load forecast does not include any customers, kW or revenue for this class:

a) Does Kingston Hydro have any customers with load displacement generators?
b) If so, what has been the revenue received from this class for each between 2016 and 2022?
c) Why has Kingston Hydro not forecast any distribution revenue from this class?

9-SEC-26
[Ex.9-31, p. 10] Kingston Hydro has requested disposition of a $175,195 credit for Other Regulatory Assets - Revenue Requirement Differential Variance Account related to Capital Additions. The application states '…Kingston Hydro recorded variances in this account until the actual capital additions caught up to the cumulative capital additions or until Kingston's next rebasing year.':

a) Please provide a table showing for each year from 2016 to 2020 actual and forecasted cumulative capital additions (net of capital contributions).
b) Kingston Hydro has not recorded any amount in the variance account in 2021 and 2022. Please provide the required information to show that 'the actual capital additions caught up to the cumulative capital additions' in 2021.

Respectfully, submitted on behalf of the School Energy Coalition on August 29, 2022.

Jane Scott
Consultant for the School Energy Coalition