

August 30, 2022

Nancy Marconi  
Registrar  
Ontario Energy Board  
2300 Yonge Street  
P.O. Box 2319  
Toronto, Ontario  
M4P 1E4

Dear Ms Marconi:

**EB-2022-0044 – Kingston Hydro Corporation – 2023 Electricity Distribution Rates**

Please find, attached, interrogatories for Kingston Hydro Corporation from the Consumers Council of Canada pursuant to the above-referenced proceeding.

Please feel free to contact me if you have questions.

Yours truly,

**Julie E. Girvan**

Julie E. Girvan

CC: All parties

**INTERROGATORIES FOR KINGSTON HYDRO**  
**FROM THE CONSUMERS COUNCIL OF CANADA**

**RE: EB-2022-0044 – 2023 RATES**

**CCC-1**

**Ex. 1/T2/S1/p. 3**

Please provide all materials provided to Kingston Hydro's Board of Directors when seeking approval of the revenue requirement and rates that form the basis of this Application.

**CCC-2**

**Ex.1/T2/S1/p. 4**

The evidence states that additional operating expense in 2023 is due to lack of current organizational. Capacity to deal with current regulatory requirements and the distributed energy resources within the Kingston Hydro distribution area. Please explain the specific nature of these costs. Please provide a five-year forecast of DERs expected in the Kingston Hydro franchise area. Please describe the types of DERs that are expected.

**CCC-3**

**Ex. 1/T2/S1/p. 10**

Please provide the impact on the revenue requirement assuming an ROE of 9%, 9.25% and 9.5% for 2023.

**CCC-4**

**Ex. 1/T2/S1/Attachment 1**

Kingston Hydro has provided its Strategic Plan for the period 2019-2024:

- a) Please indicate when the Strategic Plan was complete;
- b) Please describe the process Kingston Hydro uses to develop its Strategic Plans;
- c) When will Kingston Hydro complete its next Strategic Plan?;
- d) Please indicate how the COVID-19 Pandemic has affected Kingston Hydro's Strategic Plan;
- e) Please indicate how the recent inflationary increases have impacted Kingston Hydro's Strategic Plan.

**CCC-5**

**Ex. 1/T2/S1/Attachment 1/p. 5**

In the Strategic Plan it states that, "Through its shared services model Kingston Hydro passes on more than \$1.8 million in annual savings to customers". Please explain the nature of the savings achieved. Please explain how the \$1.8 million in savings was derived.

**CCC-6**

**Ex. 1/T2/S1/Attachment 1/p. 19**

Three specific initiatives regarding leveraging external shared services are set out in the Strategic Plan. Please explain the extent to which each of these initiatives impacts the 2023 revenue requirement and in what way. Please explain how these initiatives will impact Kingston Hydro's costs for the period 2023-2027.

**CCC-7**

**Ex. 1/T2/S1/Attachment 1/p. 20**

The Strategic Plan refers to an Initiative to – Ensure a fair and balanced return to the Shareholder: establish return on equity and dividend projections for 2019-2024. Please provide the following:

- a) The actual and Board-approved ROE since Kingston Hydro's rebasing;
- b) The ROE and dividend projections for 2023-2027;
- c) Kingston Hydro's dividend policy.

**Ex. 1/T2/S1/Attachment 1/p. 21**

The Strategic Plan refers to an Initiative to prepare recommendations for the Board on infrastructure investments for 2025-2035, which anticipate the state of the grid in 25-50 years. Have these recommendations been developed? If so, please provide these recommendations.

**CCC-8**

**Ex. 1/T5/S1/Attachment 1**

Please indicate whether Kingston Hydro sought input regarding the level of allowed ROE embedded in rates. If this was not discussed during the customers engagement please explain why. Are Kingston Hydro's customers aware of the fact that included in rates is an allowed ROE? If not, why not?

**CCC-9**

**Ex. 1/T5/S1/Attachments 1-2**

Kingston Hydro undertook customer engagement in 2019. Does Kingston Hydro still believe this engagement is relevant to its current capital plan?

**CCC-10**

**Ex. 2/T4/S1/p. 14/Table 5.2-2**

Table 5.2-2 provides the summary totals of proposed capital spending by category. Please provide the rationale and methodology used to determine capital contributions of \$200,000/year for each of the years 2023 to 2027.

**CCC-11**

**Ex. 2/T4/S1/p. 26**

With respect to new Energy Efficiency Requirements for distribution transformers, Kingston Hydro indicates more stringent energy efficiency standards for distribution transformers prescribed in O.Reg. 509/18 Energy and Water Efficiency – Appliance and Products are

scheduled to come into effect January 1, 2023. USF and its members (including Kingston Hydro) will be attending a meeting with the Ministry of Energy on June 24, 2022, to raise concerns about the timing of when this regulation comes into effect given the current supply chain increased scheduled outages for 2016 through 2020 issues. This new regulation has the potential to impact the cost and availability of distribution transformers during the forecast period of this DSP.

Please discuss the outcome of the meeting and how the regulation will impact the cost and availability of distribution transformers in 2022 to 2027.

#### **CCC-12**

##### **Ex. 2/T4/S1/p. 57**

Approximately 5 years ago, staff analyzed the historic impact of tree contacts on Total Customer Hour Interruptions (TCHI) and adjusted the Tree Trimming program. Kingston Hydro will continue to monitor expenses against this program over the 2023-2027 timeframe:

- a) Please summarize the historic impact of tree contacts on Total Customer Hour Interruptions (TCHI) referred to above.
- b) Please provide the adjustments made to the Tree Trimming program in terms of scope of work and costs and the effective date.
- c) Please discuss the impact of the adjustments made to the Tree Trimming program on tree contact Total Customer Hour Interruptions post implementation.
- d) Please provide tree contact targets over the period 2023 to 2027.

#### **CCC-13**

##### **Ex. 2/T4/S1/p. 68**

With the investment level back to normal in the next planning horizon (2022-2027), Kingston Hydro expects the SAIDI and SAIFI due to Scheduled Outage for asset upgrades will decrease. Please provide the target for Scheduled Outage contribution to SAIDI and SAIFI for the years 2023-2027.

#### **CCC-14**

##### **Ex. 2/T4/S1/p. 72 Table 5.2-25**

Please provide SAIDI and SAIFI data for the years 2017 to 2021 excluding Major Event Days, Excluding Loss of Supply and Excluding Scheduled Outages.

#### **CCC-15**

##### **Ex. 2/T4/S1/p. 96-97**

Kingston Hydro explains its capital expenditure decision making process:

- a) Please provide the capital budget top-down threshold for 2023 to 2027.
- b) Please provide the Project Value for each project/program in Appendix 2-AA in 2023.
- c) Please explain Kingston Hydro's oversight strategy to identify and monitor material changes to scope, cost or schedule.
- d) Please identify projects/programs in 2016 to 2021 that had material changes in scope, cost or schedule and provide the project/program variances.

#### **CCC-16**

##### **Ex. 2/T4/S1/p. 159 Figure 5.3-49**

Figure 5.3-49 provides the age of Fleet Vehicles based on 2021 asset inventory:

- a) Please provide a schedule that sets out the vehicle type (class of vehicle), age, normal useful life, odometer reading, prescribed odometer reading, hours of service and unscheduled maintenance costs for 2019 to 2021 for each of the vehicles represented in Figure 5.3-49
- b) Please identify the vehicles in the table in part a) that will be replaced in 2023-2027.

#### **CCC-17**

##### **Ex. 2/T4/S1/p. 178 Table 5.3-19**

Kingston Hydro provides total plan quantities from 2019 to 2023:

- a) Please add the following columns to Table 5.3-19
  - 2018 to 2021 actuals
  - Forecast 2022
  - Forecast 2023
  - Forecast 2024 to 2027
- b) Please provide an excel version of Table 5.3-19 that incorporates part a).

#### **CCC-18**

##### **Ex. 2/T4/S1/p. 178**

Please explain the variances in System O&M for the years 2016, 2017 and 2018.

#### **CCC-19**

##### **Ex. 2/T4/S1/p. 203**

The material decrease in 2016 is attributed to delays in vehicle purchases and computer system upgrades:

- Please explain the nature of the delays in vehicle purchases and computer system upgrades in 2016.

**CCC-20****Ex. 2/T4/S1/p. 203**

The material decrease in 2020 and 2021 is mainly attributed to a change in prioritization of vehicle replacement strategy:

- a) Please explain the change in prioritization of the vehicle replacement strategy compared to the original strategy;
- b) Please provide copies of both strategies;
- c) Please provide a breakdown of the amount of the decrease in 2020 and 2021 due to a change in prioritization of vehicle replacement strategy;
- d) Please discuss the impact of the change on 2023-2027 vehicle replacement costs.

**CCC-21****Ex. 2/T4/S1/Appendix B/p. 23**

Kinectrics provides recommendations based on the Asset Condition Assessment study results. Please provide Kingston Hydro's response to each recommendation.

**CCC-22****Ex. 2/T4/S1/Appendix F General Plant -100454-01 2023 New Vehicle/ p. 1**

A 2003 Freightliner M4 aerial bucket truck will be replaced in 2023 with a similar truck. The truck will be 22 years old by the time of its replacement and Fleet mechanics have recommended that it not be extended beyond the in-service date of 2023 Q4:

- a) Please discuss the factors considered for Fleet mechanics to recommend that replacement not be extended beyond 2023 Q4;
- b) A risk for this project is "under current supply chain issues, a new vehicle can sometimes be delayed for procurement". Please provide the latest forecast in-service date and discuss any current supply chain issues that could impact the latest forecast in-service date.

**CCC-23****Ex. 4/T1/S1**

Please explain the extent to which Kingston Hydro has embedded a level of productivity into its 2023 OM&A budgets. What are the productivity savings expected over the period 2023-2027? Please provide details.

**CCC-24****Ex. 4/T3/S1/p. 2**

Please explain the significant increase in Office Supplies and Expenses from 2021 to 2022.

**CCC-25**

**Ex. 4/T1/S1/p. 2**

Please describe, in detail, the process used by Kingston Hydro to develop the 2022 and 2023 OM&A budgets.