

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 Niagara-on-the-Lake Hydro Inc. (NOTL 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, 2024

INTERROGATORIES

ON BEHALF OF THE

SCHOOL ENERGY COALITION

1-SEC-1

[Ex. 1, Appendix 1C Business Plan] NOTL Hydro has provided a copy of its Business Plan, which was approved by its Board on January 19, 2023. Page 16 of the Business Plan states “[T]he following is a rough description of the planned activities over the next five years. These are all subject to change based upon conditions and changing circumstances. NOTL Hydro Board approval has only been obtained for 2023.”

- a. Please provide the actual total capital dollars shown in Chart 4 for 2024 to 2028 and explain the variance from the amounts provided in Appendix 2-AB.
- b. Please provide a copy of all documents that were provided to the Board of Directors, in approving the underlying budgets contained in this Application.
- c. Page 19 of the Business Plan states “On January 1, 2023, NOTL Hydro provided a 3% wage increase that is outside of the agreement.” Please explain the rationale for providing an increase in excess of the union agreement.

1-SEC-2

[Ex. 1] Please provide details of all productivity and efficiency measures NOTL Hydro has undertaken over the last five years and any it plans to undertake in the test year and subsequent four years. Please quantify the forecasted savings and explain how they were calculated.

1-SEC-3

[Ex. 1, Scorecard]

- a. Please file on the record NOTL Hydro’s preliminary Scorecard for 2022, if the data is available. If the scorecard is not available, please provide a preliminary 2022 ROE.
- a. NOTL Hydro exceeded its deemed ROE by +5.4% in 2019. Please provide an explanation for the overearning.

1-SEC-4

[Ex. 1, p. 56] NOTL Hydro states under Investment Criteria that ‘Investments are made using a “Return on Investment” calculation that factors in any reductions in costs to our customers and not just the “Return” to NOTL Hydro. Some investments, ... might not be undertaken without this more holistic analysis.’

- a. Please provide a numeric example of an investment where this was the case.
- b. How does NOTL Hydro factor in non-qualitative aspects of customers’ desires, such as improved reliability or underground versus overhead?

1-SEC-5

[Ex. 1, Table 1.39] Table 1.39 shows Niagara Region Residential Delivery Charges as of January 1, 2023. Please prepare a similar table for GS > 50 kW customers with a demand of 100 kW and explain NOTL Hydro’s position with respect to all local distribution companies and the Niagara Region for this rate class.

1-SEC-6

[Ex. 1, p. 72] NOTL Hydro indicates that it has had limited customer engagement with respect to this application as it is in constant contact with its customers and feels it knows what they want. Specifically, what does NOTL Hydro believe are its customers’ top three priorities, how has it determined these priorities and in what ways does the applicant reflect these priorities?

1-SEC-7

[Ex. 1] What goals has NOTL Hydro’s Board of Directors set for 2024?

1-SEC-8

[Ex. 1, p. 6] NOTL Hydro states ‘One of the reasons NOTL Hydro took steps to own its transmission stations was to reduce customer costs. The costs of maintaining these stations is part of NOTL Hydro’s distribution costs so adds to the operating costs and increases distribution rates. However, the savings in transmission rates are larger than these increased distribution costs thus making an overall reduction in customer rates.’ Please provide NOTL Hydro’s analysis showing that the investment of \$2.9M in a TS in 2019 has reduced overall customer rates.

2-SEC-9

[Ex. 2, Table 2.4, Appendix 2-AB] Appendix 2-AB shows planned capital versus actual/forecast capital spent over the period of 2019 to 2023 with a variance of +\$806k, i.e., net capital expenditures were \$806k over planned.

- a. The planned dollars are those provided in the final Appendix 2-AB from the 2019 application. Please provide a revised version of Appendix 2-AB where the historical plan amount is the annual budgeted amount as opposed to the amount provided in the Applicant’s previous Distribution System Plan.
- b. SEC notes, that as presented, gross actuals were \$1,059k more than planned and capital contributions were \$253k more than planned. This over expenditure is primarily in 2023. Please provide year to date spending for 2023 and year to date at the same point of time for 2022 and 2021.
- c. What is the status of the new digger which was scheduled for delivery in March 2023?

- d. Please explain why NOTL Hydro has chosen to increase its spending in 2023 from previous years.
- e. Why has NOTL Hydro chosen to put several non-repeating activities in 2023 and not spread them out over the 2024 to 2028 period?

2-SEC-10

[Ex. 2, pp. 10, 23 & 38] NOTL Hydro states on page 10 that ‘By 2024, all the major pockets of the rural areas will have been converted with the exception of the firelanes. The firelanes will become the focus starting in 2024’ and on page 23 ‘the planned voltage conversion of the firelanes starting in 2025 ...’ and on page 38 ‘An open house is being planned for July to discuss the upcoming work on the firelanes.’

- a. What amount, if any, has been included in each year, 2024-2028 for conversion of the firelanes?
- b. What feedback is NOTL Hydro seeking in its open house? Could it affect the planned budget?

2-SEC-11

[Ex. 2, Table 2.12, Appendices 2-AB and 2-BA]

- a. Please see the following table compiled from Appendices 2-AB and 2-BA. For all years 2019 to 2024, except 2023, the Closing Balance agrees with 2-BA and net capital expenditures equals capital additions. For 2023 net capital expenditures is \$2,849k and Capital Additions is \$4,026k, a variance of \$1,177. Please explain the difference and adjust if required.
- b. Table 2.12 shows the ending balances for CWIP. Please explain how the change in CWIP is incorporated into the fixed assets.

Fixed Assets						
\$000	2019	2020	2021	2022	2023	2024
Opening Balance	52,376	52,948	57,120	59,380	60,078	63,896
Gross Capex	2,617	4,915	3,112	1,394	3,487	2,551
Contributed	1,474	359	657	610	638	575
Net Capex	1,143	4,556	2,455	784	2,849	1,976
Disposal	571	384	195	86	208	59
Closing Balance	52,948	57,120	59,380	60,078	62,719	65,813
Difference					1,177	
					63,896	

2-SEC-12

[Ex. 2, Distribution System Plan Appendix D] With respect to the Rotating Asset Management Plan:

- a. Please provide a table showing, for each major asset category, the number of assets, the number assigned to each asset condition assessment category and the number to be replaced for each year 2024 to 2028.
- b. For each asset, please provide details regarding how NOTL Hydro has categorized the assets into their asset condition assessment category.

- c. If not included in your response to part (b), please provide information on the inputs and how they are used, in the determination of the asset condition.
- d. Please provide a list of all NOTL Hydro vehicles, age, asset condition and expected replacement date if applicable.

2-SEC-13

[Ex. 2, Tables 7 & 8] NOTL Hydro's historical reliability (Interruptions excluding loss of supply and Major Events) is shown in Table 7 as follows:

	2018	2019	2020	2021	2022
SAIDI	0.76	0.50	0.73	1.02	0.5
SAIFI	0.48	0.38	0.52	1.25	0.52

- a. NOTL Hydro states that 'The increase of SAIDI and SAIFI on certain feeders in 2021 were due to a couple of feeder wide outages that lead to the overall increase in these scores that year' and Table 8 shows feeders M2 and M3 to be affected. NOTL Hydro outlines a number of steps it has taken to reduce the outage scores along the M2. What has NOTL Hydro done or plan to do to reduce the outages on M3?
- b. What targets has NOTL Hydro set for SAIDI and SAIFI in 2024?

3-SEC-14

[Ex. 3, Appendix 2-IB] Please update the load forecast and customer numbers for the Bridge Year 2023 with actuals to date and revise the 2024 load forecast as required.

3-SEC-15

[Ex. 3, p. 3]

- a. Please provide an update on any discussions NOTL Hydro has had with the potential new Large User.
- b. How has NOTL Hydro determined that 5 MW is the appropriate load to forecast for this customer?

3-SEC-16

[Ex. 3, p. 16, Table 3.17] NOTL Hydro has forecasted that customer #s, kWh and kW for the GS > 50 kW class will all increase by 1.3% in 2024. Table 3.17 shows that the actual kW for this class exceeded the forecast in 2018 and 2019.

- a. Please provide similar information of forecast versus actual for kW for this class for 2020 to 2022.
- b. Page 16 of the application states 'The higher demand in the GS>50 kW class is due to the growth in the early months in what would become a Large Use customer. The Large Use demand is lower than forecast as for a few months the customer did not meet the 5,000 kW demand threshold. Actual demand would have been higher as any demand above the 5,000 kW would have been booked to the variance account.' Has NOTL Hydro explored the possibility that this may also be the case in 2024, i.e., potential Large User may start as a GS > 50kW customer?
- c. Please explain what is meant by the last sentence in the above quote.

4-SEC-17

[Appendices 2-JA, JD, K] Please update Appendices 2-JA, JD and K for 2023 actuals to date and provide actuals for the same point in time for 2022 and 2021.

4-SEC-18

[Ex. 4, p. 7]

- a. NOTL Hydro states that UCS costs for billing are increasing due to the number of participating LDCs declining, primarily due to mergers, thus increasing the costs for the remaining LDCs. Please explain how the charging for UCS is done, e.g., is it on a per customer basis or other methodology?
- b. NOTL Hydro states that staff previously assisted in the provision of CDM and AFT services to customers under programs administered by the IESO and OEB and since these programs have finished, this savings opportunity is no longer available. Have these staff been reassigned, or have they been let go? If reassigned, are they incremental to the budget and what work are they doing?

4-SEC-19

[Ex. 4, p. 28] NOTL Hydro states that ‘In 2023, the Board of Directors authorized an additional increase of 3% on top of the contractual 2% increase to adjust for the rising rate of inflation’ in order to retain valuable staff.

- a. What is the amount in the 2023 and 2024 budgets attributable to this additional increase?
- b. Did NOTL Hydro consider giving a one-time payout to employees instead of building the increase into base revenue?

4-SEC-20

[Ex. 4, p. 24] NOTL Hydro notes that for 2024 ‘A new customer facing system (Silverblaze), which will significantly improve the customer experience and replace the current Customer Connect system. As this system is hosted by a third party the costs of this upgrade are operating and not capital.’

- a. Please provide details on the decrease in capital costs and the resulting increase in operating costs.
- b. Please provide the business case for the decision to move to this new system.

4-SEC-21

[Ex. 4, p. 20] NOTL Hydro’s website indicates that customers can sign up for e-billing.

- a. What percentage of customers are on e-billing?
- b. What actions is NOTL Hydro taking to increase the number of customers on e-billing?

4-SEC-22

[Ex. 4, Table 4.6] Table 4.6 shows the inflation factor for 2023 as 3.70 and the adjusted as 3.55. In the Decision and Rate Order for NOTL Hydro’s 2023 rates¹, Table 4.1 shows the inflation factor to be 3.55 before adjustments. What impact does this correction have on NOTL Hydro’s explanations for the increases in OM&A?

¹ EB-2022-0052, December 8, 2022

4-SEC-23

[Ex. 4, Table 4.12: OM&A Costs by Account (Appendix 2-JD)] Please explain the large increases from 2019 actuals to 2024 forecast for the following accounts:

- 5085 Miscellaneous Distribution Expense
- 5675 Maintenance of General Plant

5-SEC-24

[Ex. 5, p.11] What is the status of NOTL Hydro's proposed 2023 operating loan with a fixed swap rate of 4.75% and an expected start date of July 1, 2023?

7-SEC-25

[Ex. 7, p. 6] NOTL Hydro states that for the General Service 50kW – 4,999kW class a weighting factor “8” is proposed for Billing and Collecting as compared to “0.9” in 2019. The weighting is significantly higher due to the incremental costs of the Utilismart smart meter reading and settlement software. Please provide the underlying dollars and calculations to support this statement.

8-SEC-26

[Ex. 8, p. 3 and Tariff Schedule and Bill Impact Model]

- a. NOTL Hydro is proposing to split the proposed rate increase over two years, 2024 and 2025. Please provide a tariff sheet for 2025 and bill impacts for 2025.
- b. Please update the bill impacts to show the rate riders for Account 1576 and Group 2 to be part of Subtotal A as shown in column G on Tab 4.

8-SEC-27

[Ex. 8, Table 8.23] Some of the numbers in Table 8.23 do not agree with the Bill Impact Model. For example, for GS > 50 kW Distribution Table 2.23 says 5.54% and the Bill Impact says 2.34%. Please explain and update as required.

9-SEC-28

[Ex. 9, Table 9.1] Footnote 2 on page 6 of the Filing Requirements for Electricity Distribution Rate Applications - 2023 Edition for 2024 Rate Applications states that ‘The previous \$50,000 for a distributor with a distribution revenue requirement less than or equal to \$10 million still applies to other applications of the materiality threshold, e.g., DVAs, Z factor and eligible investments for the connection of qualifying generation facilities.’ Table 9.1 shows the following Group 2 DVA 1508 subaccount principal balances which are less than \$50,000.

- a. Please explain why NOTL Hydro believes these balances should be approved for disposition.

OEB Cost Assessment	\$15,595.68
Pole Attachments Revenue	\$4,442.20
Customer Choice	\$17,801.41
Green Button	\$333.62

- b. Please explain why NOTL Hydro is requesting continuation of the OEB Cost Assessment Account.
- c. Please explain why NOTL Hydro is requesting to continue the Pole Attachments Revenue account when the Filing Requirements state 'Further transactions would not be expected to be recorded in the account'.

Respectfully, submitted on behalf of the School Energy Coalition on June 26, 2023.

Jane Scott
Consultant for the School Energy Coalition