

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 Wasaga Distribution Inc. (Wasaga or WDI) 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, 2024.

INTERROGATORIES

ON BEHALF OF THE

SCHOOL ENERGY COALITION

1-SEC-01

[Ex. 1, pp. 21 & 66, Appendices 1 (A) and 1 (B)] Wasaga has provided the 2023 – 2025 Business Plan and the 2021 – 2026 Strategic Plan, both of which are for Geosands Inc., Wasaga Distribution Inc. (WDI) and Wasaga Resource Services Inc. (WRSI). Wasaga states that they are approved at the HoldCo., Geosands Inc., level and that Geosands delivers an annual business plan to the Shareholder at the Annual General Meeting.

- a. Please provide a copy of the most recent annual business plan for 2024.
- b. Please provide a copy of all materials provided to the Board of Directors of WDI in approving this application, and the underlying Test Year budgets.

1-SEC-02

[Ex. 1, p. 7 Executive Summary] Wasaga states that it has had rapid growth in its service territory.

- a. Please be more specific about the type of growth (e.g. service area, assets, customers etc.?), the time frame and quantify that growth.

1-SEC-03

[Ex. 1, Figure 1.2: WRSI Organizational Structure, Ex. 4, Appendix 4 (C) BDR – Study of Affiliate Service Costs and Cost Allocation] Figure 1.2 shows 23 positions and Wasaga states that ‘WRSI has 23 full-time employees that provide services to WDI’. The BDR Study notes that ‘WRSI also provides shared resources to itself for the following activities: • Water heater rental services, including related billing and collection • Street lighting construction and maintenance services, and • Other construction on a demand basis.’

- a. Are there any additional employees of WRSI not shown in Figure 1.2?
- b. If the answer to a. is no, then which employees provide the services to WRSI outlined in the BDO Study?

- c. Appendix 2-K shows 23.68 FTEs for WDI in 2024. Please explain the additional .68 FTE.
- d. Please confirm that although the application refers to WDI's employees, President/CEO, Vice President of Engineering, Director of Finance, and Director of Energy Services, there are no employees of WDI. All staff are employees of WRSI.

1-SEC-04

[Ex. 1, p. 67] Wasaga states that Finance 'ensures that continuous improvement and productivity are accounted for in the budget.'

- a. Please explain how Finance does this and provide details, including quantifying the efficient and productivity measures incorporated in the 2024 budget.
- b. Please provide details of all efficiency and productivity measures the Applicant has undertaken since its last rebasing application. Please quantify those savings and provide all assumptions made in doing so.

1-SEC-05

[Ex. 1, pp. 40 & 46] Wasaga's most recent Customer Satisfaction Survey in March 2023 was conducted with 97% residential customers and 3% GS < 50 kW. Wasaga's Customer Priority Survey engaged only residential customers.

- a. How does Wasaga obtain the specific opinions and priorities of its GS > 50 kW customers?
- b. What are the priorities of GS > 50 kW customers?

1-SEC-06

[Ex. 1] Please provide copies of all benchmarking studies, reports and analysis, that the Applicant has undertaken or participated in since 2016, that are not already included in this application.

1-SEC-07

[Ex. 1, Table 1.17] Please provide Wasaga's preliminary 2023 Return on Equity.

2-SEC-08

[Ex. 2, Appendices 2-AA, 2-AB and 2-BA]

- a. Please provide year-end numbers for 2023 net capital expenditures as shown in Appendices 2-AA, 2-AB and 2-BA and an updated forecast for 2024 as required.

2-SEC-09

[Ex. 2, Distribution System Plan (DSP), Table 33] Please provide historical data for 2019-2023 by project as shown for 2024-2028.

2-SEC-10

[Ex. 2, Appendices 2-AB & 2-BA]

- a. Please confirm that for 2023 and 2024, Capital Additions do not equal Capital Expenditures (i.e. there is Construction Work in Progress (CWIP)) despite the note in Cell A8 of Appendix 2-AB.
- b. Please provide a version of Appendix 2-AB based on Inservice Capital Additions.

- c. Wasaga shows a net change in CWIP, for 2024 of +\$500k. Please explain what projects the \$700k in 2023 and the \$500k in 2024 is made up of.

2-SEC-11

[Ex. 2, p. 49, Appendix 2-D] Wasaga has provided its Capitalization Process but has not completed Appendix 2-D. Wasaga states that it capitalizes both WRSI and/or other third-party contractors.

- a. Please explain why Appendix 2-D has not been completed and if applicable, provide a completed version.
- b. Appendix 2-K/Table 42 shows total compensation is \$3,068,272; \$2,274,514 is OM&A and \$793,758 is capital. Is there any other amount of OM&A not included in the Master Service Agreement (MSA) that is capitalized, e.g., other third-party contractors? If so, please provide details and costs.
- c. Please provide a table showing for each year 2026-2024, net total capital and total capitalized OM&A broken out by MSA and other.

2-SEC-12

[Ex. 2, Appendix 2 (C) DSP, p. 89, Appendix 2-AA, Appendix C: 2021 Asset Condition Assessment Report, Table 3] Wasaga has introduced a Pole Line Rebuild program as of 2023, which it states replaces the status quo of scattered asset replacements.

- a. Please provide a breakdown of what capital spending in 2016-2022, as shown in Appendix 2-AA, this new program replaces.
- b. Please provide the following information:

	2016	2017	2018	2019	2020	2021	2022	2023	2024
# poles replaced									
# poles added									
Meters of O/H primary replaced									
Meters of O/H secondary added									
Transformers replaced									
Transformers added									

2-SEC-13

[Ex. 2, Appendices 2-AB & 2-BA, Table 33]

- a. Wasaga plans to spend on average of \$102k per year for Miscellaneous Underground in 2024-2028 compared to an average of \$31k in 2016-2023. Please explain this increase.
- b. Wasaga states that it has moved GIS from General Plant to System Service in 2024. Table 33 shows the planned spending on GIS Migration and Integrations as \$290k in 2024. Please provide details from Appendix 2-AB of historical 2016-2023 spending on GIS in General Plant.
- c. What UsoA account is the GIS work in 2024 shown in Appendix 2-BA?

3-SEC-14

[Ex. 3, Appendix 2-IB] Please provide year-end numbers for the load forecast and customer/connection numbers for the Bridge Year 2023 and revise 2024 load forecast and customer/connection numbers as required.

4-SEC-15

[Ex. 4, p. 38] Wasaga states ‘Management staff does not receive an incentive or bonus pay.’ Please explain why the Applicant does not provide management with any portion of its compensation to be delivered in incentive pay.

4-SEC-16

[Ex. 4, p. 41] Wasaga states ‘There is one new position planned for 2024 that fully affects Operating, Maintenance & Operating (OM&A), a HR or IT professional, and potentially a second that will be split between capital and OM&A.

- a. What amount has been included in the 2024 budget for each of these potential new positions?
- b. If Wasaga does not know for sure if the one position is required for HR or IT needs and is unsure about the second position, why have they been included in the forecast?

4-SEC-17

[Ex. 4, Appendices 2-JA, 2-JB, 2-JD, and 2-K] Please update Appendices 2-JA, 2-JB, 2-JD and 2-K for 2023 year-end numbers and update the 2024 forecast if required.

4-SEC-18

[Ex. 4, Table 4.22, Appendix 2-K] Table 4.22 shows the total forecasted costs for the Master Service Agreement (MSA) to be \$3,353,232. Appendix 2-K shows Total compensation is \$3,068,272; of which \$2,274,514 is OM&A and \$793,758 is capital. Total OM&A is \$3,979,353.

Total OM&A	\$3,979k	MSA	\$3,353k
OM&A Compensation	\$2,275k	OM&A Compensation	\$2,275k
		Capital Compensation	\$794k
Remaining MSA	\$284k	Remaining MSA	\$284k
Remaining in OM&A	\$1,420k		

- a. Please provide details (at the UsoA level as per Appendix 2-JD) on what is included in the \$2,275k OM&A Compensation included in the MSA.
- b. Please provide details on the difference between the total MSA and MSA compensation, i.e., \$284k.
- c. Please provide details on what is included in the difference between the total OM&A and the MSA less the capitalized compensation, i.e., \$1,420k.

4-SEC-19

[Ex. 4, pp. 29 & 30] Wasaga refers to additional internal support for locates and service layouts in 2017 & 2018. On October 31, 2023, in its decision in EB-2023-0143, the OEB establish a

generic, sector-wide variance account, the Getting Ontario Connected Act (GOCA) variance account, to specifically track incremental costs of locates in 2023 and future years arising from the implementation of the GOCA.

- a. Who was performing locates for Wasaga in 2017 & 2018?
- b. Does Wasaga currently use WRSI to perform its locates or has it contracted with a third-party supplier?
- c. What amount is included in the 2024 budget specifically related to locates?
- d. What amount is included in the 2024 budget specifically related to the GOCA?

4-SEC-20

[Ex. 4, Appendices 2-JB & JD]

As shown in Appendix 2-JB, total change from 2016 Approved OM&A to 2024 is \$976k; \$846k from the MSA and \$117k from other. No increase is shown in Executive Salaries and Expenses. Appendix 2-JD shows an increase in Account 5605 Executive Salaries and Expenses as \$296k. Please explain the discrepancy.

5-SEC-21

[Ex. 5, Appendix 2-OB]

- a. Please update Appendix 2-OB for 2023 year-end numbers.
- b. Why has Wasaga chosen to use Infrastructure Ontario for loans in 2023 and 2024?
- c. Were other lenders looked at? Is so, please provide details, if not, why not?
- d. Why does Wasaga think a 30-year loan is a good idea, given the current high interest rates?

6-SEC- 22

[Ex. 6, p. 16, Appendix 2-H] Please provide year-end numbers for Other Revenue for 2023 in the detail provided in Appendix 2-H. Please update the forecast for 2024 if required.

7-SEC-23

[Ex. 7, Cost Allocation Model, Tabs I6.2 & 8] Please explain why the Non-Coincident Peak values shown on I8 for the GS>50 kW class are all the same for 1NCP, 4NCP and 12 NCP where on I6.2 Wasaga shows that 12 customers own their own transformers. Please make any corrections as required.

9-SEC-24

[Ex. 9, Table 9.1 & 9.2] Wasaga is proposing to dispose of a Group 2 credit of \$263,583 which includes three balances (Energy East, Customer Choice Initiative and Postponing Rates) which are under the DVA materiality threshold. The annual amounts recorded in the OEB Cost Assessment Variance Account are also less than the DVA materiality threshold. The Filing Requirements for Electricity Distribution Rate Applications - 2023 Edition for 2024 Rate Applications, Chapter 2 Cost of Service, December 15, 2022, page 6 notes that \$50k remains the materiality threshold for DVAs.

- a. Why is Wasaga choosing to dispose of these three accounts which are under the materiality threshold?
- b. Why does Wasaga consider it appropriate to dispose of the OEB Cost Assessment account when annual entries are not material?

9-SEC-25

[Ex. 9, p. 22] On November 2, 2023, the OEB established a deferral account relating to incremental cloud computing implementation costs.¹

- a. Has Wasaga included any costs in this Application related to implementing cloud computing? If so, please provide details.

Respectfully, submitted on behalf of the School Energy Coalition on January 9, 2024.

Jane Scott
Consultant for the School Energy Coalition

¹ [OEB November 2, 2023 letter](#)