

**ONTARIO ENERGY BOARD**

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

**AND IN THE MATTER OF** an Application by Westario Power Inc. (Westario) for an Order or Orders approving or fixing just and reasonable distribution rates effective January 1st, 2024.

**INTERROGATORIES**

**ON BEHALF OF THE**

**SCHOOL ENERGY COALITION**

**1-SEC-1**

[Ex. 1, Appendix 1A 2023 Business Plan]

- a. Has Westario had the strategic planning session related to the 2024-2025 business plan?
- b. If so, please provide details on the outcomes and whether there are any resulting changes to this application.
- c. The 2023 Business Plan states that the Cost-of-Service application was interrupted in the spring of 2022 and delayed due to a focus “on yielding increased dividends to shareholders...”. Why does Westario now believe it is appropriate to have January 1, 2024 rates approved when the application was not filed until November 2023 due to a management decision?

**1-SEC-2**

[Ex. 1, Appendix 1C]

- a. Specifically, what feedback is Westario looking for from customers in response to the Draft Newsletter?
- b. How will this feedback be incorporated into this application?

**1-SEC-3**

[Ex. 1, Appendix 1-D Customer Satisfaction Survey, p. 11] How does Westario plan to address the poor results for Blackouts and Billing Issues reported in the Customer Satisfaction Survey?

**1-SEC-4**

[Ex. 1, Table 17] Table 17 shows Board Approved Other Revenue as (\$1,094,472), whereas Exhibit 6 indicates \$461,624. Please explain and update as required.

**1-SEC-5**

[Ex. 1, p. 28] The evidence states, “Innovation expenses are a substantial contributor to the WPI disparity.” Please explain what is meant by this statement, e.g. disparity from what and how this affects the application.

**1-SEC-6**

[Ex. 1, Scorecard]

- a. Please explain Westario’s statement with respect to the increase in 2022 Total Cost per Customer “WPI’s increase is a one-time increase expected to normalize to pre-2020 levels in 2023”.
- b. Please provide Westario’s preliminary Total Cost per Customer for 2023 and explain in light of the answer in part a.

**1-SEC-7**

[Ex. 1]

- a. Please provide details of any productivity initiatives Westario has implemented since its last Cost of Service application and quantifiable results.
- b. Please provide details of any productivity initiatives Westario plans to implement in 2024 to 2028 with expected results.

**2-SEC-8**

[Ex. 2, DSP Appendices] Westario’s DSP refers to the following Appendices:

- Appendix A – Material Investment Narratives
- Appendix B - UtilityPULSE Electric Utility Customer Survey
- Appendix C -2017 RIP
- Appendix D - 2019 Needs Assessment and the 2022 Regional Infrastructure Planning reports
- Appendix E – Asset Condition Assessment Report
- Appendix F - Kincardine System Study
- Appendix G - Asset Management Plan

Appendices B, C, D E and F do not appear to be included. (Note page 45 of the DSP refers to the Asset Condition Assessment being found in Appendix G of the Asset Management Plan, however it is also not there.) Please provide copies of these Appendices on the record.

**2-SEC-9**

[Ex. 2, Appendix 2-AB] Please provide year end actuals for 2023 net capital expenditures as shown in Appendix 2-AB, and an updated forecast for 2024 as required.

**2-SEC-10**

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

- a. Appendix 2-BA shows an ending balance for Work in Progress (WIP) in 2023 of \$1,669,167 and an opening balance in 2024 of \$0. Please provide the details of what assets and costs make up the \$1,669,167.

- b. When are these assets being put into service?
- c. Please reconcile the totals shown in Appendix 2-AA with those shown in Appendix 2-AB.
- d. Please file Appendix 2-AB on an In-service Assets basis.

### **2-SEC-11**

[Ex. 2, Table 1, Table 18, Appendices 2-BA & 2-C]

- a. Table 1 shows the average accumulated depreciation for 2024 to be \$18,547,003, while Appendix 2-BA shows  $(\$17,342,435 + 19,988,471)/2 = \$18,665,453$ . Please explain the discrepancy and adjust as necessary.
- b. The total depreciation expense for 2024 of \$2,409,135 shown in Table 18 and Appendix 2-C does not equal that shown in Appendix 2-BA, \$2,646,036. Please explain.

### **2-SEC-12**

[Ex. 2, DSP, Table 5.2-10 & 5.2-13]

- a. Defective Equipment is the top contributor to outages, and Switch Cutout Arrestors and Connections have the highest number of occurrences of equipment failure. Under what assets or programs are the failure of Switch Cutout Arrestors and Connections addressed?
- b. What is the forecast on reliability if the failures of these two pieces of equipment are addressed?

### **2-SEC-13**

[Ex. 2, Appendix 2-AB, DSP, Material Investment Narrative Investment Category: SA-01 - Capital Poles] For 2018-2022 actuals, Westario has under forecasted contributed capital by 22%.

- a. How does Westario determine the forecast amount for contributed capital?
- b. Westario states “Economic evaluations for the capital poles program expected in the 2024 Test Year are not available at the time of writing since the project details including scope, budget and schedule are still under development. Economic evaluations will be completed closer to project execution once the project details are finalized.” Have the economic evaluations for 2024 been completed? If so, please update the forecast or if not, how has Westario determined the amount of contributed capital for the poles program?

### **2-SEC-14**

[Ex. 2, Appendix 2-AB, DSP, p. 29 and Table 5.2-6] Westario states that its targets for SAIDI and SAIFI are based on the average performance over the 2013-2017 period, i.e. 2.37 for SAIDI and 0.62 for SAIFI. Please explain why Westario does not use the most recent five-year averages of 1.39 for SAIDI and 0.50 for SAIFI as its targets.

### **2-SEC-15**

[Ex. 2, p. 19, Table 11, Appendix 2-D] Please complete Appendix 2-D or explain why it does not apply to Westario.

### **3-SEC-16**

[Ex. 3, Appendix 2-IB]

- a. Please provide actuals to date for the load forecast and customer/connection numbers for the Bridge Year 2023, and revise the 2024 load forecast and customer/connection numbers as required.
- b. How has Westario incorporated changes to load due to EVs, DERs, etc.?

### **3-SEC-17**

[Ex. 3, Appendix 2-IB] Please explain the continual decrease in GS > 50 kW customer numbers, since 2013, e.g. reclassification, businesses closing, etc.

### **4-SEC-18**

[Ex. 4, Appendices 2-JB, 2-JC, 2-K & 2-L]

- a. Please ensure that Appendices 2-JB 2-JC are accessible in the Excel spreadsheet.
- b. Please provide the breakdown of Total Compensation between Capital and OM&A on Appendix 2-K.
- c. Please ensure that the totals shown in Appendix 2-L (line 18) agree with the totals shown in 2-JA.
- d. Please provide preliminary year end numbers for the end of 2023 for Appendix 2-A.

### **4-SEC-19**

[Ex. 4, pp. 10 & 44-52, Appendix 2-K]

- a. Appendix 2-K shows 35 employees in 2018, 36 in 2019, 37 in 2021, 39 in 2022, and 40 in 2023 and 2024.
- b. How many positions does Westario currently have? How many are vacant?
- c. Please provide details (positions not filled or eliminated/positions added) on each of the above increases to employee count and reconcile with the statements:
  - Five positions were required to run the utility operations; President and CEO, manager of HR, accounting and engineering and they were hired during 2023.
  - Westario provides Business Cases for 5 Employee Hires (not including co-op students).

### **4-SEC-20**

[Ex. 4, Tables 14 & 15]

- a. Westario has provided an explanation of why the Maintenance costs in 2022 were \$687k higher than 2021, notably one-time storms or new staff, however, for 2023 the costs only reduced by \$141k resulting in a permanent increase of \$546k. Please explain this permanent increase.
- b. Please explain why Bad Debt Expense continues to be high in 2023 and 2024, given the explanation for the increase in 2022, as it refers to one specific customer.

### **4-SEC-21**

[Ex. 4, Appendix 2-M] Westario's 2018 approved revenue requirement included \$65k for one time application costs based on the total one-time cost of \$332.5k/5. This included \$112k for the DSP. (Reference: EB-2017-0084, WPI 2018 CoS SProposal Ch 2 Appendix 2018042, 2-M). Please explain the increased cost of \$275k for the DSP underpinning this application.

**4-SEC-22**

[Ex. 4, p. 41]

- a. Please provide further details on the Short-Term Incentive (STI) compensation paid each year, e.g. who is eligible, total amounts paid, the metrics and their weighting, etc.
- b. What amount has been budgeted for STI in 2024?

**4-SEC-23**

[Ex. 4, Table 4, Appendix 2-JC]

- a. Please provide the UsaA which includes the cost of providing locates.
- b. Provide historical and forecast data on costs for and number of locates.
- c. Has Westario included in its forecast any increased costs related to the Getting Ontario Connected Act?
- d. If so, how much and how was that determined?

**5-SEC-24**

[Ex. 5, Appendix 2-OB,] Appendix 2-OB shows three new 20-year bank loans in 2023/2024, as follows:

	Principal	Start Date	Rate %
Loan #1	4,106,250	May 1, 2023	.0354
Loan #2	3,766,668	June 1, 2023	.0354
Loan #3	7,500,000	April 15, 2023	.047

- a. Please confirm that this information is correct and update as required.
- b. Please explain the difference in interest rates between Loan #1 & #2 and Loan #3.

**6-SEC-25**

[Ex. 6, Appendix 2-H]

- a. Please provide year end actuals for Other Revenue in the detail provided in Appendix 2-H. Please update the forecast for 2024 if required.
- b. Appendix 2-H shows an entry of \$157k under 4380 Expenses of Non Rate-Regulated Utility Operations in 2019, which has a corresponding revenue of \$1.4k. Westario states that this is for consulting fees. Please explain.
- c. Why has Westario forecast \$0 for accounts 4325 and 4330 going forward?

**7-SEC-26**

[Ex. 7, Tables 6, 7 & 20]

- a. Please confirm that the weighting factor of 27.2 was used for billing and collecting for GS> 50kW in the approved cost allocation for 2018 and not 5.6 as shown in Table 6. (Reference: EB-2017-0084, WPI 2018 CoS SProposal Cost\_Allocation\_Model 20180425).

- b. Please explain the significant change in the revenue-to-cost ratio (between 2018 OEB-approved and 2024 proposed) for the GS > 50 kW class.

**8-SEC-27**

[Ex. 8, p. 15] Please update the RRRP as per the decision in EB-2023-0268, issued on December 7, 2023.

**8-SEC-28**

[Ex. 8, p. 17] Westario states ‘The distribution rates at subtotal A show that all classes are going down.’ Please explain this given the results in Table 18, specifically the GS > 50 kW class, which is increasing by 36.4%.

**9-SEC-29**

[Ex.9, p. 5] With respect to Account 1592 – Sub-account CCA Changes, please provide an update that includes a forecast balance through the end of 2023.

**9-SEC-30**

[Ex.9, Table 3] With respect to Account 1508 Pole Attachment Revenue Variance Account, please update Table 3 to include a forecast of 2023 incremental revenue.

Respectfully, submitted on behalf of the School Energy Coalition on February 2, 2024.

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Consultant for the School Energy Coalition