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January 24, 2018

Ontario Energy Board
2300 Yonge Street
27th Floor
Toronto, Ontario M4P 1E4

Attention: Kirsten Walli, Board Secretary

Dear Ms. Walli:

**Re: Ontario Sustainable Energy Association
Written Interrogatories
Board File No.: EB-2017-0049**

Please find enclosed OSEA's interrogatories on Hydro One's Application for the above-noted matter.

Yours truly,



Joanna Vince
Encl.

cc: Janis Wilkinson, OSEA
Marion Fraser, Fraser & Company

Document #: 1313001

ONTARIO ENERGY BOARD

IN THE MATTER OF the *Electricity Act, 1998*,
S.O. 1998, c. 15 (Schedule A);

AND IN THE MATTER OF an Application by Hydro
One Networks Inc. for an order approving just and
reasonable rates and other charges for electricity
distribution to be effective January 1, 2018 to December
31, 2022.

EB-2017-0049

Interrogatories of the Ontario Sustainable Energy Association (OSEA)

Issue 1, OSEA Interrogatory 1

Reference: EB-2011-0118

- a) Please provide an update to the OEB direction in the following proceeding: Hydro One Networks Inc. Application by Hydro One Networks Inc. for a six-month exemption from the obligations in Section 6.2.6 and 6.2.7 of the Distribution System Code. Please submit a table indicating the annual connection performance compared to the standards in the Distribution System Code from 2009 until the present.

Issue 2, OSEA Interrogatory 2

Reference: Hydro One Networks Inc. 2018 - 2022 Distribution Rate Application, Community Meeting Report 1. OEB File No. EB-2017-0049

Preamble: "The overall message heard from attendees at the meetings was that the cost of electricity was too high and therefore Hydro One's request for a rate increase should not be approved. There was some confusion about how the Hydro One rate application and the Fair Hydro Plan interacted.

Issues and Comments Directly Related to Hydro One's Distribution Application

- 1 The OEB should not approve this request by Hydro One to increase its rates. Reasons given included:
 - Hydro One should find efficiencies instead.
 - CEO and executive compensation should be reduced.
 - Replacement of assets should have already been paid for with revenues in the past (replacement reserve) and new funds are not necessary.

- Hydro One has been wasting money in the past.
 - Rates in Ontario are the highest in the country creating hardships for customers and forcing business to close or relocate.
- 2 The salaries of Hydro One's CEO, executives and employees are too high. The CEOs of BC and Quebec Hydro make one tenth of the amount the Hydro One CEO makes. There are too many vice presidents at Hydro One and too many employees were on the "sunshine list" when Hydro One was a part of it.
 - 3 Concerns over reliability and service capacity issues.
 - 4 Disagreement with customer assignments to density based rate classes. Customers who were classified as medium density by Hydro One for years have been reassigned to a low-density classification with higher rates.
 - 5 In a few communities (particularly Leamington and Napanee), MPPs and some consumers said there wasn't enough advance notice about the community meetings. Several attendees said they heard about the meeting from their conservative MPP.
 - 6 Whether the OEB has ever refused a rate increase request and whether it is permitted to do so.
 - 7 Concerns that the OEB does not care about the customer/consumer (OEB accountability).
 - 8 An assertion that in the last Hydro One case, the OEB approved a higher increase than was requested."
 - a) While OSEA understands that Hydro One Distribution focuses on the bill impact of only distribution rates when presenting its plans to community groups, has Hydro One considered providing a better context for these impacts given the rest of the factors affecting electricity bills particularly given that its rural and northern customers are particularly hard hit with higher costs and less reliability than other distributions customers in the province?
 - b) Did Hydro One's presentation at the community meetings reinforce that the distribution charge does not vary by kWh consumption? If not, why?

Issue 6, OSEA Interrogatory 3

Reference: Exhibit A, Tab 4, Schedule 2, Page 3 of 14

Preamble: “In 2016, Hydro One developed a new First Nations Conservation Program. This program offers on-reserve residents the opportunity to improve the energy efficiency of their homes and manage their energy use more effectively.”

- a) What is Hydro One offering to on-reserve residents as part of the First Nations Conservation Program?
- b) Does Hydro One have any past, current or forecasted results on the savings resulting from the First Nations Conservation Program? If so, please provide.

Issue 6, OSEA Interrogatory 4

Reference: Hydro One Networks Inc. 2018 - 2022 Distribution Rate Application, Community Meeting Report 1. OEB File No. EB-2017-0049

- a) Did Hydro One’s presentation at the community meetings include information about the rate relief for some of Ontario’s Indigenous customers? If not, why?

Issue 17, OSEA Interrogatory 5

Reference: Exhibit A, Tab 5, Schedule 1, Page 43 of 52

Preamble: “Hydro One will continue its efforts to meet the planned distributor targets through monthly monitoring and reporting efforts, performing transactional customer surveys, and regular monitoring and performance tracking of its CDM support vendors. The Company has planned for investments to implement a Dynamic Pricing Pilot which is a program offered by the Government to encourage energy conservation.”

- a) Does Hydro One have an annual target for energy savings to achieve its assigned 2020 target? If so, please state the annual targets for each year.
- b) Hydro One states that in 2015, 17.27% of the 2020 target was achieved. Does Hydro One expect to see similar or lower savings in future years? Please provide anticipated and/or forecasted savings annually between 2017 and 2020.
- c) Please provide further detail on how Hydro One plans to meet the remaining GWh targets.
- d) Does Hydro One have any reports or findings from the transactional customer surveys? Please describe the information that is asked in these surveys.
- e) Has Hydro One conducted any studies into the energy conservation results that may be achieved by the Dynamic Pricing Pilot? If so, please identify and provide.

Issue 17, OSEA Interrogatory 6

Reference: Exhibit C1, Tab 1, Schedule 5, Page 11 of 13

Preamble: “Hydro One also provides conservation and demand management programs, which are aimed at reducing customers’ individual consumption, providing opportunities to potentially lower a customer’s bill, and reducing the overall consumption on the electricity grid.... In 2016, Hydro One also began offering a new customer service model. Customer Care representatives visited communities around the province and with customers face-to-face.”

- a) Please provide further details about Hydro One’s conservation and demand management programs. What programs is Hydro One offering? Please provide the anticipated savings for each of reducing customers’ individual consumption, providing opportunities to potentially lower a customer’s bill, and reducing the overall consumption on the electricity grid.
- b) How many FTEs are staffed and are assigned to Hydro One’s conservation and demand management programs? What is Hydro One’s staffing expenditure for conservation and demand management programs? Has Hydro One considered hiring more employees to facilitate conservation and demand management programs?
- c) Has Hydro One’s new customer service model resulted in reduced energy consumption? Please provide energy savings.
- d) How many customers have signed up for CDM programs because of Hydro One’s customer service model? What materials does Hydro One provide to the customers during these visits? Please provide a copy of the materials.

Issue 17, OSEA Interrogatory 7

Reference: Exhibit A, Tab 6, Schedule 4, Attachment 1, Page 27

Preamble: In Hydro One’s 2015 Annual Report, Hydro One states:

“In 2014, Hydro One Networks achieved 167.4 MW in peak demand savings and 898.4 GWh in energy savings, which represent 78.4% and 79.5% of its peak demand and energy reduction targets, respectively. Although Hydro One Networks did not meet its peak demand reduction target, no punitive action will be taken against the Company.”

- a) Did Hydro One meet its peak demand reduction target in each year after 2014?
- b) How will Hydro One ensure that it meets its peak demand reduction target going forward?

Issue 17, OSEA Interrogatory 8

Reference: Exhibit B1-1-1, DSP Section 1.4, Page 27 to 30 of 43

Preamble:

Public Policy Responsiveness:		
RRF Outcomes	Hydro One Business Objectives	Performance Measures
Distributors deliver on obligations mandated by government (e.g., in legislation and in regulatory requirements imposed further to Ministerial directives to the Board	Ensure compliance with all codes, standards, and regulations	Monitored by the applicable business unit(s)
	Partner in the economic success of Ontario	Monitored by the applicable business unit(s)
	Sustainably manage our environmental footprint	♦ Net cumulative energy savings ♦ Renewable Generation Connection ♦ Impact Assessments completed on time ♦ New Micro-embedded facilities connected on time

- a) Has Hydro One considered creating shareholder and public value in enhancing its strategic approach and pursuing more create objectives on a proactive basis using Triple Bottom line or similar approach? (**Definition of triple bottom line:** Financial, social, and environmental effects of a firm's policies and actions that determine its viability as a sustainable organization.)

Issue 18, OSEA Interrogatory 9

Reference: Exhibit B1-1-1, DSP Section 1.4, Page 2 of 43

Preamble: “The Distribution OEB Scorecard provided in the table below, includes the metrics that Hydro One is proposing to report on and includes targets for 2018. Hydro One proposes to report the results on an annual basis or as determined by the OEB.”

- a) In the Distribution Scorecard, Hydro One proposes additional metrics to be reported on beyond the metrics required in the OEB’s Electricity Distributor Scorecard. Has Hydro One considered including an annual target for energy savings to achieve its assigned 2020 target? Why or why not?
- b) Has Hydro One considered including targets for the number of new renewable energy projects online each year? Why or why not?
- c) Has Hydro One considered reporting on any other additional metrics for conservation in its Distribution Scorecard? Why were they not included?

Issue 20, OSEA Interrogatory 10

Reference: Exhibit B1-1-1, DSP Section 1.4, Page 33 of 43, *Customer Service Billing Investments ISD GP 29*.

Preamble: “This investment will provide Non-Energy Billing Integration and will also produce a redesigned and improved bill for customers in 2022. This investment is expected to improve Customer Satisfaction Survey Results.”

- a) Why will a new and redesigned bill be implemented in 2022, if one is being introduced in 2018?
- b) Was a business case for a new bill design completed? If so, please file it; if not, why not?
- c) What are the costs, both previous and current, associated with the current new design and what additional costs are budgeted for the redesign in 2022?

Issue 21, OSEA Interrogatory 11

Reference: Exhibit B1-1-1, DSP Section 1.4, Pages 31 to 43

- a) Please demonstrate how productivity gains are accounted for in the forecasts and show how they represent gains relative to external benchmarks. Please provide at least one example from each of the four principles of the *Renewed Regulatory Framework for Electricity Distributors* including reasons and calculations.

Issue 21, OSEA Interrogatory 12

Reference: Exhibit B1-1-1, DSP Section 1.6, Page 6 of 23

Preamble: “Hydro One inspects its poles more frequently than most utilities, using mostly visual inspections with some light physical inspections, while the others typically perform more rigorous physical inspections and testing.”

- a) Why does Hydro One not use the more rigorous physical inspections and testing used by others?

Issue 21, OSEA Interrogatory 13

Reference: Exhibit B1-1-1, DSP Section 1.6, Page 6 of 23

Preamble: “The replacement rate for Hydro One is slower than for the comparison utilities, with the result that Hydro One’s pole inventory is the oldest; on average, eight years older than the rest, of the utilities in the comparison group. This matches the planned life of poles which is also about 10 years longer for Hydro One than for the comparison group.”

- a) Please explain why the planned life of poles is about ten years longer for Hydro One than for the comparison group. Is this related to the lack of rigorous inspections and testing and likely to create future higher costs if the planned life is shorter than expected?

Issue 22, OSEA Interrogatory 14

Reference: Exhibit B1-1-1, DSP Section 1.6, Page 6 of 23

Preamble: “Capital IT spending is lower. Significant factor is Hydro One’s minimum capitalization threshold of \$2M compared to the peer group average of \$250K-\$500K.”

- a) Please provide a comparison of IT spending in total: capital and OM&A.

Issue 22, OSEA Interrogatory 15

Reference: Exhibit B1-1-1, DSP Section 1.6, Page 6 of 23

Preamble: “Reduce materiality threshold for IT capital expenditure.”

- a) How will this recommendation save money overall? Will it increase OM&A and reduce capital and depreciation?

Issue 23, OSEA Interrogatory 16

Reference: Exhibit B1-1-1, DSP Section 1.3

- a) What was the cost of the customer consultation process in total? What were the costs attributed to each of Mercer and IPSOS?

Issue 24, OSEA Interrogatory 17

Reference: Exhibit B1-1-1, DSP Section 1.3, IPSOS Document, Community Meetings, page 228.

Preamble: “Over time, Hydro One's provincial reliability performance has remained consistent.”

- a) Based on the maps, Hydro Ones regional reliability is consistently worse than the rest of the province's distribution systems. Please provide the standard residential distribution charges for each distribution utility in Ontario including Hydro One.

Issue 25, OSEA Interrogatory 18

Reference: Exhibit B1-1-1, DSP Section 1.6, Page 23 of 23

Preamble: “Attachment - Name

- 1 Pole Replacement and Station Refurbishment Program Study – Navigant and First Quartile
- 2 Vegetation Management Program – CN Utility Inc.
- 3 IT Budget Assessment Study – Gartner Consulting”

- a) What was the cost of each of the Benchmarking Studies?

Issue 27, OSEA Interrogatory 19

Reference: Exhibit B1-1-1, DSP Section 3.5, Page 5 of 9

Preamble: Hydro One sets out the government initiatives that have been put in place through the IESO to procure renewable energy for the province of Ontario.

- a) Is Hydro One exploring renewable energy programs other than the government initiatives put in place to procure renewable energy for the province of Ontario? Please provide details.

Issue 28, OSEA Interrogatory 20

Reference: Exhibit B1-1-1, DSP Section 3.5, Page 1 of 9

Preamble: “Hydro One's asset strategy for distributed generation connections is to meet its distribution license requirements to connect generators that meet the principles set out in the Distribution System Code (“DSC”), and to perform Renewable Enabling Improvements (as defined in the DSC) to allow for the connection of DGs.”

Reference: EB-2011-0118, letter of comment

Preamble: “From the launch of the FIT program to present there seems to have been a disconnect between senior levels of management and field offices. The simple reality is that the rate payers and developers have been advising field operations and anyone that would listen that there would be a crunch coming this summer with respect to getting connections completed, supplying equipment, ensuring inspectors are available, and ensuring disconnects/reconnects are carried out efficiently. Now, with the admission of short sighted planning, we are asked to provide further reprieve and exemption to service standards while in this area alone the community has millions of dollars invested in systems that await disconnect/reconnect. I see no clear reason to allow this exemption. More importantly, this serves as good reason to compel Hydro One to deploy the appropriate level of resources to service the demand. If exemption is provided, what relief is provided to the rate payer for whom an unacceptable period of time and lost revenue has passed waiting for disconnect/reconnect for which they have already paid required fees and charges under contract with Hydro One? The economic fairness of imposing further delay by the requested exemption has not been fully considered and should be denied.”

- a) Given that Hydro One’s Public Policy Responsiveness includes: “Partner in the economic success of Ontario and sustainably manage our environmental footprint” and given that net metering is a customer facing issue, has Hydro One considered undertaking a proactive approach to distributed generation connections that:
 - i. includes, but goes beyond, the Distribution System Code requirements, and
 - ii. assists customers in the transition to net metering so that the costly problems associated with connections under the Feed in Tariff Program are avoided, and customers’ transition is enabled?

Issue 52, OSEA Interrogatory 21

Reference: Exhibit H1, Tab 2, Schedule 3, Page 7 of 112

Preamble: Hydro One sets out the current and future charges for the Connection Impact Assessments for renewable generation projects.

- a) Hydro One has reduced the cost of the Connection Impact Assessments for 2018 to 2022 from the currently approved rate. How did Hydro One achieve those reductions?
- b) Has Hydro One considered ways to further reduce the costs of the Connection Impact Assessments to generators?
- c) Has Hydro One performed any studies on the impact of the costs of the Connection Impact Assessments to small generators?