

J.O.L Shewchun
Interrogatory Submission
Milton Hydro Distribution
2023 Cost of Service
EB 2022-0049

J.O.L. Shewchun Interrogatory No. 1

Reference: Customer Centric Organization, Exhibit 1 p.21

Not only in Exhibit 1, but scattered throughout the application, Milton Hydro states they want to build a Customer Centric Organization where loyalty, satisfaction and trust are established with its customers. Many Customer objection letters, to this proposed increase, have been received by the OEB. Milton Hydro customers state that the proposed increase is too high, will cause financial hardship and have requested that the OEB NOT grant this increase.

- 1a) Has Milton Hydro read the Customer Letters sent to the OEB?
- 1b) Would Milton Hydro be prepared to respect their customers and postpone this increase until inflation returns to 2-3%?
- 1c) If not why not?
- 1d) If this increase is postponed what catastrophic destructive event could occur in the next year?
- 1e) Would Milton Hydro be prepared to do anything to ease the financial burden for its customers?

J.O.L. Shewchun Interrogatory No.2

Reference: Enterprise Resource Planning System (ERP) Exhibit 1 p.20

The implementation of ERP is a major driver in this application for a large increase.

- 2a) Please provide a complete, detailed costing to implement and maintain this program, including increased need for personnel, precise IT requirements including software, consultants, training costs, etc.
- 2b) If ERP were not implemented what decrease would there be on the proposed increase to residential customers of 4.18%, \$5.32 per month and for GS Customers?
- 2c) If ERP were not implemented what expense savings would benefit Milton Hydro?
- 2d) Please provide all documentation related to ERP which influenced Milton Hydro to implement ERP.

J.O.L. Shewchun Interrogatory No. 3

Reference: Lean Six Sigma Methodology(LSSM) Exhibit 1 p. 25

- 3a) Did a consultant recommend LSSM? If not what was the impetus for its implementation.
- 3b) Please provide a detailed costing to implement and maintain this LSSM.

J.O.L. Shewchun Interrogatory No. 4

Human Resources

References: Resource Optimization Review Report, Exhibit 4, Attachment 4-3

Executive and Board, Exhibit 4, 4.3.4.4

Customer Engagement Survey, Exhibit 2, Attachment 2-2, DSP Appendix J

OEB 2020/21 Year Book Of Electricity Distributors

In the Resource Optimization Review Report, it states: "Milton Hydro has maintained a workforce well below the average of its large-size LDC". Throughout the application Milton Hydro refers to itself as a large-size LDC and comparisons are continually made to large-size LDC's as justification for this increase. In contrast, in The Customer Engagement survey, which was conducted among Milton Hydro Customers, it states: Milton Hydro has been operating as a small sized electricity distributor...the community has grown to the point that we must now operate as a medium sized electricity distributor."

- 4a) Please explain this contradiction.
- 4b) Why didn't Milton Hydro make comparisons to mid-sized LDC's through out the application?

Milton Hydro states that it has maintained a workforce well below the average of its large-sized LDCs. Milton Hydro with a customer base of 41 221 is compared to LDCs with a customer base of over 50 000 customers:

Waterloo North	58 432
NPEI	56 973
Energy+	67 303
Oshawa Power	59 496

4c) Milton Hydro adds approx. 1 000 customers per year, would you agree that it would take 26 years for Milton Hydro to match the customer base which currently exists at Energy+?

4d) At a rate of Milton Hydro adding approx. 1 000 customers per year, would you agree that in 2027, Milton Hydro will have a customer base of 47 227, still well below the large-sized LDCs used for comparison purposes?

4d) Please provide a comparison to mid-sized LDCs where the customer base is more closely aligned with Milton Hydro: e.g. Brandford Power, Newmarket Power, Greater Sudbury, Peterborough Utilities.

There were 11 Line People in 2016 and this was downsized to 8 in 2021. Milton Hydro was or is seeking to hire 2 Line People

4d) Have the 2 Line People been hired? If not, what timeline exists for their hiring.

4d) Would you agree that line people are critical to the operations of Milton Hydro, especially during power outages?

4e) Why would Milton Hydro only be replacing 2 Line People?

4f) What specific actions did Milton Hydro use to attract and maintain its Line People?

Milton Hydro has been outsourcing Line People, and there are plans to increase outsourcing/contracting out of its trades personnel from 20% to 60%.

4g) What is the rationale for increasing outsourcing/contracting out?

Milton Hydro states that an in-house Control Room is superior to outsourcing the Control Room.

4h) Wouldn't this apply to Line People positions? Please explain your answer.

The executive Board and expenses in 2016 were 1 083 873, In 2023 they are 2 074 802, an increase of \$990 929.

4h) Please provide the rationale and details for this increase including positions, the need for these positions and total remuneration.

4i) Has most of the hiring, since 2019, been for executive positions?

J.O.L. Shewchun Interrogatory No. 5

Control Room

Reference: Exhibit 2 Business Case For Control Room

One of the supports for an in-house Control Room is a comparison to other LDCs-see pp4-5 Exhibit 2 Business Case 24/7 System Control Room and Operations. Most of the comparisons are with much larger LDCs with a population base of over 50 000, except for Newmarket Tay Distribution which services Newmarket, Midland and Tay Township, a much larger area than Milton, Sault Ste Marie PUC distribution and Bluewater Power Distribution Corp. are more remote than Milton and do not have access to a nearby utility that can provide support.

5a) Please provide more information about the control rooms for Newmarket Tay, Sault Ste Marie and Bluewater Power.

By the year 2027, Milton Hydro's customer base will be approximately 47 000 (based on Milton Hydro's forecasted growth of 1 000 customers per year), still below the 50 000 customer base for most LDC's who have an in-house control room. In 2027, the cost of having an in-house control room would be absorbed by a larger customer base. The current arrangement, is and has been working for many years.

5b) If the Control Room were postponed until 2027, what would be the cost savings?

The construction of the control room in the business case is \$352 000. Cresa's construction cost is listed as \$738 950 + \$57 564 (consultant) = \$798 514

5c) Please explain this differential.

AESI's Potential Annual Average Savings is stated as \$1 239 064 for an in-house control room.

5d) Is this a hypothetical savings based on outage time and for a typical residential customer, with no business dealings at home, there would be no savings on their bill?

J.O.L.Shewchun Interrogatory No. 6

Information Technology: Exhibit 4

In the absence of the complete PWC It Strategy and Roadmap report, a suitable analysis is not possible and this is troublesome, since the expenditures for IT are very high, over a million dollars.

- 6a) Please provide the rationale, suitability, total costs and cost benefits for the Omni Channel Engagement.
- 6b) Please provide complete information in regard to the legacy Financial Management System.
- 6c) Please provide more information in regard to the hiring of a Director of Information Technology and Client Services and specifically what kind of oversight will be provided in executing Milton Hydro's IT strategy.
- 6d) Please provide detailed information on the hiring of a IT Security and Infrastructure Specialist and how the security and ongoing protection of Milton assets and data will be impacted.
- 6e) Some information technology requirements mentioned are: Open Data, Shared First, Agile.
Please provide a complete listing of software that Milton Hydro is purchasing or is planning to purchase, complete costs and explain the importance of this software to the daily operations of Milton Hydro.

J.O.L.Shewchun Interrogatory No. 7

Office and Administration Space

References: Exhibit 2, Attachment 2-1

The space requirement is based on the 2016 ratio of 619 sq.ft. per employee...

- 7a) Please provide more information for the approved ratio.
- 7b) With advances in accommodating employees, would this ratio still be applicable?

5.1 Is the proposed effective date for 2023 rate appropriate

The answer is NO considering the current "run away" rate of inflation and the financial hardships which are being caused by inflation. This application is requesting a huge increase which will add to the financial burdens being experienced by customers. This has been expressed in the numerous comment letters sent to the OEB.

Since electricity is a necessity and used by everyone, businesses will pass on the impact of this kind of increase to customers, which adds to the inflationary cycle.

In addition to the potential increase on January 1, 2023, Hydro rates were increased on January 1, 2022 and there is a potential increase on Nov. 1, 2022. These kind of increases, in a short period of time, need to be considered in evaluating the application by Milton Hydro.

5.2 Is the proposal of bringing the respective disallowed capital costs and OM&A costs associated with office budget at 200 Chishom back into the determination of 2023 review requirements appropriate.

The answer is being reserved pending Milton Hydro's responses.