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July 5, 2024

Nancy Marconi
Registrar
Ontario Energy Board
2300 Yonge Street, P.O. Box 2319
Toronto ON, M4P 1E4

Dear Ms. Marconi,

RE: EB-2024-0023 Festival Hydro Inc. Application for electricity distribution rates and other charges beginning January 1, 2025- Interrogatories of Energy Probe

Attached are the interrogatories of Energy Probe Research Foundation (Energy Probe) to the applicant in the EB-2024-0023 proceeding dealing with the application by Festival Hydro Inc. for OEB approval of electricity distribution rates beginning January 1, 2025.

Respectfully submitted on behalf of Energy Probe.

Tom Ladanyi
TL Energy Regulatory Consultants Inc.

cc. Patricia Adams (Energy Probe)
Alyson Conrad (Festival Hydro Inc.)
Vithooshan Ganesanathan (OEB Staff)
Lawren Murray (OEB Staff)
John Vellone (BLG)
Parties to the Proceeding

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EB-2024-0023

Festival Hydro Inc.

Application for electricity distribution rates and other charges beginning January 1, 2025

Energy Probe Interrogatories

July 5, 2024

1-EP-1

Reference: Exhibit 1, Table 1-2 Revenue Requirement, Page 8

Question:

Please file a table similar to Table 1-2 that compares 2023 Historical Year, 2024 Bridge Year to 2025 Test Year. For 2024 use the 6+6 or the latest available estimate.

1-EP-2

Reference: Exhibit 1, Table 1-12 Bill Impacts

Question:

What are the three largest causes of the 23% increase in the Distribution Bill for the Residential Rate from 2024 to 2025? Please provide the percentage of each cause.

2-EP-3

Reference: Exhibit 2, DSP, Page 10

Preamble: "As FHI has observed potential increase in EV's, they have looked at the dataset on EV's from Ministry of Energy and identified areas where they have been installed to see any impact on demand. FHI has also changed residential transformer sizing and number of customers connected to plan for the increased electrification demand at each household."

Questions:

- a) The quote from the DSP in the preamble seems to indicate that the Ministry of Energy has a dataset that show the location of EV chargers on the FHI distribution system. Is that right?
- b) Does FHI have a record of the location of customers with EV chargers?
- c) The quote from the DSP in the preamble indicates that to accommodate increased load of customers with EV chargers FHI has changed residential transformer sizing. What was the old residential transformer size and cost and what is the new one required to accommodate load from customers with EV chargers?

- d) Does FHI ask customers with EV chargers to pay a contribution to offset the cost of larger residential transformers that are installed for their benefit? If the answer is yes, how is the amount of this contribution calculated? If the answer is no, please explain how FHI ensures that customers who do not own EV chargers do not subsidize customers who own EV chargers?

2-EP-4

Reference: Exhibit 2, DSP, Page 95

Preamble: “FHI plans to automate more of its network over the forecast period, which will also enable FHI to expand the use FLISR in its service territory.”

Questions:

- a) Is FHI’s objective to have FLISR throughout its service territory or only at locations where it is needed?
- b) Please confirm that FLISR is needed to maintain reliability in areas where there are DERs that export power into the distribution system?
- c) Has FHI considered asking customers with exporting DERs to pay a contribution to offset the incremental cost of accommodating them on the distribution system? If the answer is yes, how is the contribution calculated? If the answer is no, how does FHI ensure that customers who do not own exporting DERs do not subsidize customers who do?

3-EP-5

Reference: Exhibit 3, 2.3.1 Load Forecasts, Page 3 and Table 3-41 Distribution Revenue, Page 39

Questions:

- a) Do conversions from heating using natural gas to electricity using heat pumps have any impact on the load or revenue forecasts? If the answer is yes, what is the impact in 2025? If the answer is no, please explain why not?
- b) Do exporting DER such as rooftop solar panels have any impact on the load or revenue forecasts? If the answer is yes, what is the impact in 2025? If the answer is no, please explain why not?
- c) Does EV charging have any impact on the load or revenue forecasts? If the answer is yes, what is the impact in 2025? If the answer is no, please explain why not?

- d) Do behind the meter load displacement generators have any impact on the load or revenue forecasts? If the answer is yes, what is the impact in 2025. If the answer is no, please explain why not.

4-EP-6

Reference: Exhibit 4, Table 4-19 Shared Services (2-N), Page 50

Questions:

- a) For the quantities shown in the table on Page 50 please explain how FHI derived the following 2025 forecasts of services provided to its affiliates FHSI and the City of Stratford. Please show all calculations and sources of inputs.

Management Services	\$60,982
Building & Land Rental	\$7,531
Joint Pole	\$34,643
Street Light Maintenance	\$163,123
Water / Sewage Billing	\$539,552
Building Rent	\$38,339

- b) Are services that are shown as “Shared Services” billed to affiliates?
- c) How are the services listed as “Corporate Cost Allocation” charged to affiliates?
- d) What is the 2025 rate base amount of the building listed in “Corporate Cost Allocation” as “Building Rent” and is the entire building allocated to the City of Stratford? If the answer is yes, why does FHI need to own a building that is not required for its use?

4-EP-7

Reference: Exhibit 4, Page 51

Preamble: “Building rent is based on square footage of the allocated space and therefore is fully recovered within the cost of the market rent.”

Questions:

- a) What is the square footage of the space allocated to the City of Stratford?
- b) What is 2025 market price per square foot for equivalent space in Stratford?
- c) What is the 2025 revenue requirement of the building? Is it higher or lower than the building rent charged by FHI to Stratford? Please explain your answer.

4-EP-8

Reference: Exhibit 4, Pages 51 and 52

Preamble: “There were no material variances between 2025 and 2015 however the largest change related to Water and Sewer Billing to the City in the amount of \$65K due to cost per meter increasing after renegotiation, as well as, to a smaller degree, increases in customer count. Considerable effort is made by FHI to ensure affiliates are charged properly and do not any benefits (sic) as a result of their affiliation.”

Questions:

- a) What were the reasons for renegotiation?
- b) Please file the titles of the individual (s) representing FHI and the City in responsible for the renegotiation.
- c) Considering that the City owns FHI please explain what leverage, in any, did FHI have in the renegotiation with the City.
- d) Please describe the effort made by FHI to ensure that it will be properly charging the City for Water and Sewer Billing in 2025.

4-EP-9

Reference: Exhibit 4, Attachment 4-1, Required OEB Appendices, Table 4-18, Page 43-48, “Appendix 2-N, Shared Services and Corporate Cost Allocation” and Exhibit 4, Table 4-19 Shared Services (2-N) page 50.

Preamble: “Pricing Methodology includes approaches such as cost-base, market-base, tendering, etc. The applicant must provide evidence demonstrating the pricing methodology used. The applicant must also provide a description of why that pricing methodology was chosen, whether or not it is in conformity with ARC, and why it is appropriate.”

Questions:

- a) For shared services that are charged or allocated at cost, please file the calculation that supports the amounts shown for 2025 in Table 4-19 Shared Services (2-N) on page 50. Please include all numerical cost inputs and explain their sources.
- b) For shared services that are charged or allocated at market, please file the calculation that supports the amounts shown for 2025 in Table 4-19 Shared Services (2-N) on page 50. Please include all market price inputs and explain their sources.

4-EP-10

Reference: Exhibit 4, Attachment 4-5, Shared Services Agreements, Page 2 of 8, Section 2, Services Provided

Question:

Considering that the agreement is dated September 1, 2012, are the services provided by FHI to FHSI still the same as are listed in the agreement? If the answer is no, please describe the changes in services.

4-EP-11

Reference: Exhibit 4, Attachment 4-5, Shared Services Agreements, Page 3 of 8, Section 9 Compensation and Payment

Preamble: “For the Services described in Section 2.a(1), the Customer will pay to the Service Provider \$3.07 per Account billing invoice, payable in 12 monthly installments on the first Business Day of each calendar month. Annual increases to this charge will be equivalent to the Ontario Energy Board approved "Gross Domestic Product minus Industrial Price Index less the productivity factor ("GDP — IPI less productivity index").”

Questions:

- a) How was the \$3.07 invoice calculated? Please file the numerical calculation and all sources of inputs.
- b) What percentage of customers used paper billing in 2012 and what percentage does FHI expect will use paper billing in 2025?
- c) What are the forecast costs of a paper bill and e-bill for 2025?
- d) Was the \$3.07 charge calculated in 2012 using the information available at that time according to the requirements OEB Affiliate Relationships Code?
- e) Does the Service Provider (FHI) invoice the Customer (FHSI) before or after providing or the services?
- f) What is the impact on working cash of FHI of the provision of the billing service?

6-EP-12

Reference: Exhibit 6, Table 6-16 Other Revenue with Variance, Page 22

Questions:

- a) Please explain the reason for the fluctuations in account 4210, Rent from Electric Property, particularly reduction from \$189,160 in 2015 to \$128,767 in 2021, then the increase to \$166,816 in 2023 and then a decrease to \$128,633 in 2025.

- b) Are rental rates market based or cost based? Please explain.
- c) What is account 4315 Revenues of Electric Plant leased to Others and how is it different from 4210 Revenue from Electric Property?
- d) Please explain why FHI started leasing electric plant to others in 2018 and are the others affiliates of FHI.
- e) Are lease rates market based or cost based? Please explain.

7-EP-13

Reference: Exhibit 7, Page 12, Standby Charges

Preamble: “As noted in the Filing Requirements for Electricity Distribution Rate Applications – 2023 Edition for 2024 Rate Applications released on December 15, 2022, “A Standby Charge is billed by a distributor to a customer with load displacement facilities behind its meter to compensate the distributor for the cost of maintaining the ability to accommodate the total load of the customer at any time. The charge must not inadvertently subsidize other customers or unduly burden the load displacement customer.”

Questions:

- a) How many FHI customers have load displacement facilities behind their meters?
- b) Since FHI does not currently have a Standby Charge and is not proposing one, please confirm that customers who do not own load displacement facilities will continue to subsidize customers who do.