

**EB-2024-0023
Festival Hydro Inc.**

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

AMPCO Interrogatories July 5, 2024

1-AMPCO-1

Ref: Ex 1 p.17

FHI exceeded OEB Approved amounts in OM&A, Capital Expense and Rate Base compared to 2015 Actual. The OEB approved the full ask of Management at that time. This demonstrates that the requests in 2015 were not sufficient to manage the business needs and did not assist with future planning and stability of the organization.

Please further explain why FHI's forecast budgets in 2015 did not accurately reflect the 2015 business needs.

1-AMPCO-2

Ref: Ex 1 p.31

FHI owns two MS in the community of Seaforth and one TS in the City of Stratford.

Please provide the age of each MS.

1-AMPCO-3

Ref: Ex 1 p.32

There are no new rate classes, changes to existing rate classes and changes in charges that would require specific customer engagement with the exception of those impacted by gross load billing. FHI communicated this change with the specific customers and provided personalized bill impacts to demonstrate the impact to their bill, which was immaterial. At the time of filing, impacted customers have not provided feedback.

- a) Please discuss how FHI communicated the change with impacted customers and provide copies of any correspondence.

- b) Please provide an update with respect to customer feedback.
- c) Please discuss the feedback sought from customers.

2-AMPCO-4

Please provide the number of failures per year for each of the following asset classes for the years 2015 to 2023:

- a) Wood poles
- b) UG XLPE cable
- c) Air Insulated Switchgear
- d) Transformer Station equipment (identify assets with a history of failure)

2-AMPCO-5

Ref: Ex 2 p.59

With respect to Table 2-43, the two changes from the last COS 2-BB are highlighted in blue.

AMPCO is unclear what the changes are and can only see one blue highlight. Please explain further.

2-AMPCO-6

Ref: Ex 2 p.84

FHI provides burden rates in the Test Year compared to 2015.

Please explain the increase in engineering from 36% in 2015 to 60% in 2025.

2-AMPCO-7

Ref: Ex 2 Attachment 2-2 p.4

With respect to Collaboration with Other Local Community Stakeholders FHI indicates it meets with large industrial customers to understand their business strategies/growth targets.

Please discuss the frequency of these meetings and how input from the largest customers impacts the DSP and this application.

2-AMPCO-8

Ref: Ex 2 Attachment 2-2 p.4

With respect to the Transformer Station Renewal Program, the evidence states “This program will address replacements of critical equipment due to unexpected failures, recommendations from a recently completed TS assessment report recommendations...”

Please provide a copy of the TS assessment report.

2-AMPCO-9

Ref: Ex 2 Attachment 2-2 p.30-32

With respect to Tables 5.2-11, 5.2-12 and 5.2-13, please provide a further breakdown of Defective Equipment based on equipment type.

2-AMPCO-10

Ref: Ex 2 Attachment 2-2 p.81

All physical assets depreciate over time. It is necessary to continually invest in assets to maintain value and integrity. FHI aims to time capital investments in such a way that replacement of depreciated assets occurs before they become unsafe, unreliable, and uneconomical. This area aims to ensure the project, service or product replaces substandard equipment to address concerns with assets based on historical experience and performance.

Please confirm the key drivers for asset replacement.

2-AMPCO-11

Ref: Ex 2 Attachment 2-2 p.83-84

With respect to Buildings and Equipment, FHI indicates project identification is based on asset failures as well as a third party building condition assessment that was completed. Subsequent inspections and reports are also completed to ensure building assets are replaced at the appropriate time. This program includes the replacement of the administrative building roof in 2025 and a portion of the service center building roof in 2026, which was identified as a need in the latest building condition assessment completed in 2019 and further reinforced by subsequent inspections of the roof in 2023.

Please provide a copy of the 2019 building condition assessment.

2-AMPCO-12

Ref: Ex 2 Attachment 2-2 Appendix A Material Investment Narrative: Project AMI 2.0

FHI provided a forecast of the number of new/upgraded services for the years 2055 to 2029 based on historical levels and using information from developers where available.

Please provide the data for the years 2015 to 2024.

2-AMPCO-13

Ref: Ex 2 Attachment 2-2 Appendix A Material Investment Narrative: Project AMI 2.0

The AMI 2.0 RFP was released in 2023. In Q1 of 2024, FHI received Board approval to enter a contract with the preferred AMI 2.0 vendor (for meters, network equipment, HES, software licences, and professional services).

- a) Please provide the approved contract price by year, current meter deployment plan by year, and the forecast in-service date.
- a) Please provide the number of residential meters that are at 15 years of age in 2025.
- b) Please provide the number of Commercial/Industrial meters that are at 15 years of age in 2025
- c) Figure 4 provides the percentage of meter failures identified through RMAs by year. Does this data reflect residential meters only?

2-AMPCO-14

Ref: Ex 2 Attachment 2-2 Appendix A Material Investment Narrative: Project Overhead Pole-Line Replacement

Please provide the number of poles forecasted to be replaced under this program for each of the years 2024 to 2029.

2-AMPCO-15

Ref: Ex 2 Attachment 2-2 Appendix A Material Investment Narrative: Project Overhead Pole-Line Replacement

With respect to Asset History and Performance, FHI indicates that asset history shows regular failures (>1 each year) or >50% of asset class in poor or worse condition.

Please provide the supporting data.

2-AMPCO-16

Ref: Ex 2 Attachment 2-2 Appendix A Material Investment Narrative: Project Overhead Pole-Line Replacement

The Preferred Option is to replace Like for Like to New Standards. All poles, and where appropriate, associated hardware and equipment, are replaced with the latest standard design.

Please discuss the latest standard design compared to 2015, provide the year of the design change, and compare costs to 2015.

2-AMPCO-17

Ref: Ex 2 Attachment 2-2 Appendix A Material Investment Narrative: Project Switchgear Replacement

Please provide the number of switchgear to be replaced in each of the years 2024 to 2026.

2-AMPCO-18

Ref: Ex 2 Attachment 2-2 Appendix A Material Investment Narrative: Project System Re-Establishment

- a) Please explain why work of this nature has not been undertaken by FHI prior to 2025.
- b) In each of the remaining forecast years, one project of a similar scope will be completed, providing an additional three phase tie in an area that does not currently exist, to facilitate the replacement of end of life assets.

Please explain why the projects beyond 2025 are not identified at this time.

2-AMPCO-19

Ref: Ex 2 Attachment 2-2 Appendix A Material Investment Narrative: Project Transformer Station Renewal

Please explain why the historical pace of investment is not appropriate.

2-AMPCO-20

Ref: Ex 2 Attachment 2-2 Appendix A Material Investment Narrative: Project Underground Renewal

Please provide the km of cable replaced forecast for each of the years 2024 to 2029.

2-AMPCO-21

Ref: Ex 2 Attachment 2-2 Appendix A Material Investment Narrative: Project Distribution Automation

a) Please add 2023 data to the Table on page 1.

b) Please provide the volume of work for each of the years 2025 to 2029.

2-AMPCO-22

Ref: Ex 2 Attachment 2-2 Appendix A Material Investment Narrative: Project Voltage Conversion

FHI has not had a targeted 4kV voltage conversion program over the historical period.

Please provide the scope of the projects for each of the years 2026 to 2029.

2-AMPCO-23

Ref: Ex 2 Attachment 2-2 Appendix A Material Investment Narrative: General Plant Buildings

Please provide the scope of the projects for each of the years 2026 to 2029.

2-AMPCO-24

Ref: Ex 2 Attachment 2-2 Appendix A Material Investment Narrative: General Plant Fleet

The forecast cost in 2024 is \$450,000. Please provide the vehicles proposed for replacement in 2024 and confirm the delivery date.

2-AMPCO-25

Ref: Ex 2 Attachment 2-2 Appendix A Material Investment Narrative: General Plant IT Hardware

Please provide the scope of the projects for each of the years 2026 to 2029.

2-AMPCO-26

Ref: Appendix 2-AA (excel)

- a) Please add a column to Appendix 2-AA to show 2024 YTD expenditures by project and provide a copy of Appendix 2-AA in excel.
- b) Please advise of any updates to the 2024 capital forecast/in-service additions.

2-AMPCO-27

Ref: Ex 2 Attachment 2-2 Appendix J

- a) Page vii: Kinectrics Inc. recommends FHI conduct an ACA on a regular basis. How often does FHI plan to conduct an ACA?
- b) Page vii: Kinectrics Inc. recommends FHI start tracking OH Conductors and UG
- c) Page 1: Please identify other major asset categories not included in the 2023 Asset Condition Assessment (ACA).
- d) Page 16 Table 2: For each Asset Category in Table 2, please provide the quantities replaced for the period 2019-2023.
- e) Page 16 Table 2: For each Asset Category in Table 2, please provide the forecast quantities replaced for the each of the years 2024 to 2029.

4-AMPCO-28

Ref: Ex. 4 p.9

As shown in Table 4-2, contract labour and services costs increased by \$665,893 since 2015.

Please provide a breakdown of the \$665,893.

4-AMPCO-29

Ref: Ex 4 p.10

FHI's Collective Agreement expires on April 30, 2025, and FHI is planning to have a new contract in place in the test year. FHI used an inflationary cost of living rate increase for all labour related costs.

- a) Please provide the annual wage increases by employee group for each of the years 2015 to 2024.
- b) Please provide the value of the inflationary cost of living rate increase used by year for all labour related costs.

4-AMPCO-30

Ref: Ex 4 p.12

FHI indicates Tree trimming is increasing due to increased tree trimming frequency and the cost of labour is more expensive.

- a) Please provide details on the change in tree trimming frequency and the timing of the change.
- b) Please provide FHI's tree trimming accomplishments for the years 2015 to 2023 and the targets for 2024 to 2029.

4-AMPCO-31

Ref: Ex 4 p.23

Please recast Table 9 on the basis of external labour only.

4-AMPCO-32

Ref: Ex 4 p.29

An Executive Compensation review was completed in 2023 for 2024. These results were built into 2025 estimates.

Please provide a copy of this review.

4-AMPCO-33

Ref: Ex 4 p.31

FHI attempts to be aligned with the P50 for all non-union and management positions.

- a) Please provide the compensation cost variance from P50 for non-management positions.
- b) Please provide the compensation cost variance from P50 for management positions.

4-AMPCO-34

Ref: Ex. 4 p.33

Table 4-12 provides total salary and wages including overtime and incentive pay split between management and non-management.

Please provide a breakdown of salary, overtime and incentive pay separately for management and non-management.

4-AMPCO-35

Ref: EX. 4 p. 34

Total salary and wage costs increased by 35% since 2015 Board Approved or 3.2% per year. While this is slightly higher than inflation, this accounts for both annual step increases and cost of living increases for employees.

Please explain and quantify the cost of living increases for employees by year.

4-AMPCO-36

Ref: EX. 4 p. 35

Benefit costs have increased over the same time period by 93% or 8.5% per year. The cost of benefits that was approved in the 2015 Application was \$862K but the actual cost of benefits in that year was 1.15M, a difference of \$291K or 34%.

Please explain the variance in 2015.

4-AMPCO-37

Ref: EX. 4 p.35

Table 4-13 provide the Benefit Expense Rates for 2024 and 2025.

Please provide the Benefit expense Rates for 2015.

4-AMPCO-38

Ref: EX. 4 p.56

For the 2025 Test year, FHI estimates one-time costs associated with the COS Application.

Please identify other one-time costs over the period 2015 to 2014.

4-AMPCO-39

Ref: Ex 4

- a) Please provide FHI's assumptions with respect to vacancies over the test period.
- b) Please provide FHI's vacancy rate for the period 2015 to 2023.
- c) Please provide a list by position of the current vacancies and the number of days the position is unfilled.