



**Grimsby Power Incorporated**

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March 31, 2016

Ontario Energy Board  
2300 Yonge Street  
Suite 2700, P.O. Box 2319  
Toronto, ON, M4P 1E4

Attention: Ms. Kirsten Walli, Board Secretary

Dear Ms. Walli,

**Re: Grimsby Power 2016 Cost of Service Rate Application – EB-2015-0072**

During the completeness check of the above-captioned application, OEB staff raised a small number of inquiries regarding Grimsby Power's prefiled evidence. OEB staff requested the information verbally, during a telephone conversation with Grimsby Power staff, and Grimsby Power has identified those items and provided its responses below.

**2.4.3.1 Employee Compensation Breakdown**

**OEB Staff Inquiry:**

Board staff requested a copy of the MEARIE Survey identified in Exhibit 4, pages 65 and 66 of 108 of the Application.

**Grimsby Power Response:**

In the Application Grimsby Power provided an explanation of the methodology behind the annual review of compensation. Within its explanation Grimsby Power explained its use of the annual Management Salary Survey of Local Distribution Companies administered by the MEARIE Group and Hay Group Limited. Grimsby Power is not in a position to produce the report in the absence of an OEB order to that effect. The survey is the property of MEARIE, and MEARIE retains copyright over it. Reproduction is not permitted without the written consent of The MEARIE Group and Hay Group Limited. Grimsby submits that in preparing the survey, MEARIE is engaged in a competitive business. The disclosure of the terms of the surveys could reasonably be expected to prejudice the economic interest of, significantly prejudice the competitive position of, cause undue financial loss to, and be injurious to the

financial interests of MEARIE and the Hay Group since it would enable their competitors to ascertain the survey methodology used by those parties. The disclosure of information related to the survey participants could also reasonably be expected to result in survey participants no longer participating in surveys of this kind, as their participation has been premised on the understanding that their information would remain confidential.

The OEB's *Practice Direction on Confidential Filings* (the "Practice Direction") recognizes that these are among the factors that the Board will take into consideration when addressing the confidentiality of filings. They are also addressed in section 17(1) of the Freedom of Information and Protection of Privacy Act ("FIPPA"), and the Practice Direction notes (at Appendix C of the Practice Direction) that third party information as described in subsection 17(1) of FIPPA is among the types of information previously assessed or maintained by the OEB as confidential.

In a Combined Decision on Confidentiality (the "Combined Decision") in the Burlington Hydro, Oakville Hydro and Veridian Connections 2014 Cost of Service proceedings (EB-2013-0115, EB-2013-0159, EB-2013-0174 respectively), the OEB directed the applicants to place similar benchmarking reports on the public record. Since then, however, the OEB appears to have modified its approach to confidentiality of benchmarking studies. In Toronto Hydro's 2015 Custom IR rate application (EB-2014-0116), the OEB considered a confidentiality issue related to a Canadian Electricity Association ("CEA") benchmarking survey. In that case, the CEA submitted that the benchmarking data provided to CEA by its members as well as proprietary and confidential data models used by CEA to analyze such data was protected by copyright and was confidential. The OEB determined (in its February 11, 2015 Decision and Order on the motion of the School Energy Coalition, available at: <http://www.rds.ontarioenergyboard.ca/webdrawer/webdrawer.dll/webdrawer/rec/465567/view/L>) that the CEA material would remain confidential, stating (at p.11) that: "In striving to find a balance between the general public interest in transparency and openness, and the need to protect the CEA's competitive position, the OEB is satisfied that in these circumstances, confidential treatment of the reports is warranted." Grimsby Power submits that there is merit in treating the MEARIE survey as confidential. A summary of the survey is not being provided by Grimsby Power as even a summary of the survey would disclose copyrighted information.

Grimsby Power is aware that MEARIE Management Salary Surveys have been produced on the public record in other rate proceedings and can confirm that the surveys produced as part of the following proceedings correspond to the documents in respect of which Grimsby Power has

cited copyright and confidentiality concerns. Grimsby Power would refer the OEB and parties to those documents as follows:

2011 Management Salary Survey

London Hydro (EB-2012-0146), pdf page 408:

<http://www.rds.ontarioenergyboard.ca/webdrawer/webdrawer.dll/webdrawer/rec/365922/view>

2012 Management Salary Survey

E.L.K. Energy (EB-2011-0099), pdf page 395:

<http://www.rds.ontarioenergyboard.ca/webdrawer/webdrawer.dll/webdrawer/rec/381523/view>

2013 Management Salary Survey

Horizon Utilities Corporation (EB-2014-0002), pdf page 273:

<http://www.rds.ontarioenergyboard.ca/webdrawer/webdrawer.dll/webdrawer/rec/445316/view>

2014 Management Salary Survey

Waterloo North Hydro Inc. (EB-2015-0108), pdf page 2337:

<http://www.rds.ontarioenergyboard.ca/webdrawer/webdrawer.dll/webdrawer/rec/491077/view>

Grimsby Power will file copies of these documents on the public record in the current proceeding if directed to do so by the OEB.

**OEB Staff Inquiry:**

Is Grimsby Power in receipt of an actuarial report from OMERS?

**Grimsby Power Response:**

Grimsby Power is not in receipt of an annual actuarial report from OMERS.

**2.8.13 Rate Mitigation**

**OEB Staff Inquiry:**

The bill impact for the 60 kW customer in the GS>50 rate category is greater than 10%. Is there proposed rate mitigation?

**Grimsby Power Response:**

In Exhibit 8 on Page 14 of 15 Grimsby Power indicated that the 2016 electricity distribution rates are reasonable and do not require rate mitigation. The GS>50 to 4,999 kW rate class customer with a demand of 60 kW and consumption of 18,000 kWh shows a total bill increase

of 10.3%. The main driver of the increase is the proposed Global Adjustment rate rider. The rate rider used in the comparison was a credit to the customer of (\$1.1886) per kW, or (\$71.32) per month for a demand of 60 kW. The proposed rate rider effective May 1, 2016 is a charge to the customer of \$1.5918 per kW, or \$95.51 per month, thus creating a proposed increase of \$166.82 per month. Grimsby Power is not proposing rate mitigation as the 0.3% over the 10% threshold is not material and represents \$8.38 of the total bill amount of \$2,809.41.

#### **OEB Staff Inquiry:**

The Streetlight and USL rate categories have a bill impact of greater than 10%. Is there proposed rate mitigation?

#### **Grimsby Power Response:**

Consistent with the 2012 Rate Application for Grimsby Power (EB-2011-0273) Grimsby Power is not proposing rate mitigation for the Streetlight and USL rate categories. This is consistent with other rate applications before the OEB. Grimsby Power communicated the proposed increases with current Streetlight and USL customers December 18, 2015 prior to submitting the application to the OEB. To date Grimsby Power has had communication with two of the eight customers about clarification of the proposed rate change.

### **2.8.8 Low Voltage Service Rates**

#### **OEB Staff Inquiry:**

Provide actual, Bridge Year and Test Year Low Voltage charges.

#### **Grimsby Power Response:**

In Exhibit 8 on Page 9 of 15 Grimsby Power stated that the 2016 Low Voltage charges of \$176,186 were based on the 2014 actual charges paid to Hydro One. The table below provides the forecast for Low Voltage charges for the Bridge and Test year.

**Low Voltage Charges - Bridge & Test Year Forecast**

	<b>2014 Actual</b>	<b>Bridge Year</b>	<b>Test Year</b>
Low Voltage Charges	\$ 176,186.00	\$ 176,186.00	\$ 176,186.00

### **2.9.6 Retail Service Charges**

#### **OEB Staff Inquiry:**

Provide revenue and expenses for Retail Service Charges for the Bridge and Test Year.

## Grimsby Power Response:

In Exhibit 9 on page 13 of 21 Grimsby Power provided the actual 2014 revenue and expenses for accounts 1518 and 1548 in Table 9-8. The table below provides the forecast revenue and expenses for accounts 1518 and 1548 for the Bridge and Test year.

Revenue and Expenses Accounts 1518 & 1548 - Bridge Year Forecast

1518 RCVA - Retail													
Total Revenue	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
4082 Service Agreements													
4082 Distributor Consolidated Billing	(832.16)	(832.16)	(832.16)	(832.16)	(832.16)	(832.16)	(832.16)	(832.16)	(832.16)	(832.16)	(832.16)	(832.16)	(9,985.93)
Total Expense													
5315 Retail Billing Services	373.43	373.43	373.43	373.43	373.43	373.43	373.43	373.43	373.43	373.43	373.43	373.43	4,481.20
Difference Recorded in 1518	(458.73)	(458.73)	(458.73)	(458.73)	(458.73)	(458.73)	(458.73)	(458.73)	(458.73)	(458.73)	(458.73)	(458.73)	(5,504.73)
1548 RCVA - Service Transaction Requests													
Total Revenue	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
4084 Request fees	(6.57)	(6.57)	(6.57)	(6.57)	(6.57)	(6.57)	(6.57)	(6.57)	(6.57)	(6.57)	(6.57)	(6.57)	(78.83)
4084 Processing fees	(11.67)	(11.67)	(11.67)	(11.67)	(11.67)	(11.67)	(11.67)	(11.67)	(11.67)	(11.67)	(11.67)	(11.67)	(140.00)
Total Expense													
5315 Retail Service Transaction Request	225.00	225.00	225.00	225.00	225.00	225.00	225.00	225.00	225.00	225.00	225.00	225.00	2,700.00
Difference Recorded in 1548	206.76	206.76	206.76	206.76	206.76	206.76	206.76	206.76	206.76	206.76	206.76	206.76	2,481.17

Revenue and Expenses Accounts 1518 & 1548 - Test Year Forecast

1518 RCVA - Retail													
Total Revenue	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
4082 Service Agreements													
4082 Distributor Consolidated Billing	(839.20)	(839.20)	(839.20)	(839.20)	(839.20)	(839.20)	(839.20)	(839.20)	(839.20)	(839.20)	(839.20)	(839.20)	(10,070.44)
Total Expense													
5315 Retail Billing Services	491.00	491.00	491.00	491.00	491.00	491.00	491.00	491.00	491.00	491.00	491.00	491.00	5,892.00
Difference Recorded in 1518	(348.20)	(348.20)	(348.20)	(348.20)	(348.20)	(348.20)	(348.20)	(348.20)	(348.20)	(348.20)	(348.20)	(348.20)	(4,178.44)
1548 RCVA - Service Transaction Requests													
Total Revenue	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
4084 Request fees	(6.57)	(6.57)	(6.57)	(6.57)	(6.57)	(6.57)	(6.57)	(6.57)	(6.57)	(6.57)	(6.57)	(6.57)	(78.83)
4084 Processing fees	(11.67)	(11.67)	(11.67)	(11.67)	(11.67)	(11.67)	(11.67)	(11.67)	(11.67)	(11.67)	(11.67)	(11.67)	(140.00)
Total Expense													
5315 Retail Service Transaction Request	229.95	229.95	229.95	229.95	229.95	229.95	229.95	229.95	229.95	229.95	229.95	229.95	2,759.40
Difference Recorded in 1548	211.71	211.71	211.71	211.71	211.71	211.71	211.71	211.71	211.71	211.71	211.71	211.71	2,540.57

Regards,

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