Greater Sudbury Hydro Inc.

Pre-ADR Clarification Questions

March 21, 2020

EB-2019-0037

GSHi Pre-ADR Clarification Questions

Table of Contents

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March 21, 2020

Ontario Energy Board Staff

EB-2019-0037

OEB Staff Follow-up Interrogatories
2020 Electricity Distribution Rates Application
Greater Sudbury Hydro Inc. (Sudbury Hydro)
EB-2019-0037
March 23, 2020

1-Staff-1
Ref: 1-Staff-1 Updated Models
Regarding Appendix 2-C for depreciation,

a) It is not listed as one of the updated tabs in the Chapter 2 Appendices. However, 2019 and 2020 Appendix 2-C appears to have been updated. Please clarify whether they have been updated accordingly.
b) In the 2019 Appendix 2-C, additions are $9,737,726. In the 2019 Appendix 2-BA, additions are $7,543,913 excluding CWIP. Please explain the difference and revise the evidence as needed.
c) In the 2020 Appendix 2-C, there is a variance of $348,911 in the "Variance column" between the depreciation calculated in Appendix 2-C and the depreciation in Appendix 2-BA. Please explain the difference.

Response:
a) Through c) This appendix was not updated. It appeared updated due to linking to Appendix 2-BA, however with the smart grid adjustment and the updates for actual capital spend in 2019, it did not follow through accurately. GSHi is not able to update this appendix before the settlement conference, however will update it if required before filing final models.

2-Staff-96
Capital Expenditures
Ref 1: Appendix 2-AA
Sudbury Hydro updated the 2019 capital expenditures and it's approximately $1M lower than originally filed.

a) Please provide an explanation for the variance.

Response:

GSHi originally filed its budgeted (plan) amount for 2019 and has updated with preliminary, unaudited actuals for the year.

GSHi experienced a decrease in capital expenditures of $1,055,000 from 2019 Plan to 2019 Actual results as summarized below:

Net Capital Expenditures ($'000)	PLAN	ACTUAL	VARIANCE
	9,558	8,503	-1,055

Several factors contributed to this decrease:
i) Capital contributions were $198,000 higher than forecast;
ii) Actual 'Emergency Plant Replacement' costs of $46,633 were $279,914 less than were planned;
iii) Actual 'Failed Transformers' costs of $180,301 were $169,699 less than were planned, and
iv) Actual 'Major Substation Repairs' costs of $131,077 were $168,923 less than were planned.

2-Staff-97
ACM
Ref 1: 2-SEC-22
Sudbury Hydro stated that it is seeking ACM approval every year but based on the cost and project description it appears that there are costs allocated to the ACM that won't be considered used and useful, such as preliminary engineering.

a) Please update the ACM model to reflect the total cost of the project when it is used and useful.

Response:

a) GSHi has updated the model to reflect the used and useful year.

4-Staff-98
Cost of Power
Ref 1: Cost of Power model
Please provide the historical data used for the RPP and non-RPP split.

Response:

GSHi submits a live Excel model with the requested data. The “data” tab includes the raw data requested, and the “Pivot” tab summarizes the raw data in the format used for the Cost of Power model.

The data used is 2019 metered consumption by rate class, by customer type (RPP vs. Non-RPP) from GSHi’s billing system.

4-Staff-99
Labour
Ref 1: 4-Staff-44
Ref 2: Appendix 2-JB
Ref 3: Appendix 2-K
Sudbury Hydro has updated the number of non-management FTE’s from 93 to 89 in 2020. In appendix 2-JB, it can be seen that OM&A is mostly driven by labour and the labour costs allocated from affiliates. However, Sudbury Hydro has not updated its OM&A request to account for the lower number of FTE’s.

a) Is this due to breaking out of contract labour? If not, please provide an explanation for not updating the OM&A.
b) Sudbury Hydro only planned to add two positions in 2020 but the FTE has increased by six for 2020. Please list out the six unfilled vacancies and the status of posting.
c) In Appendix 2-JB, the change in Labour Complement and Burden and Costs Allocated from Affiliates accounts for $1.78M of the changes in 2020 OM&A. However, Sudbury Hydro only added 6 FTEs. Please provide an explanation for the OM&A variance in respect to the change in FTEs.

Response:
a) During Interrogatories, GSHI discovered a formula error determining the employee count when updating Appendix 2K. The OM&A dollar amount was not affected.
b) GSHi has reviewed appendix 2K and has made additional adjustments. The dollars were still accurate, however the FTE counts required adjustment. GSHi has prepared the table below which reconciles the 2019 FTE count and the 2020 FTE count. The status of vacancies (whether filled throughout 2019 causing an increase in 2020, or the status of current vacancies) is included.

Appendix 2K Reconciliation			
2019 FTE per Updated Appendix 2K		**99.35**	**Notes/Status of vacancies**
Human Resources Manager Allocation Change	-	0.15	
Human Resources Assistant Allocation Change	-	0.15	
Fill Risk Assistant Vacancy (2019 Partial Vacancy)		0.14	Filled March 2020
Project Manager Addition		0.80	To be filled
Data Integration/Platform Specialist Addition		0.95	To be filled
Accountant (2019 Partial Vacancy)		0.22	Filled May 21 2019
Fill CSR Vacancies (2019 Movement)		1.62	Filled 0.5 February 2020, backfilling with casual hours, currently recruiting
Powerline Electricians (2019 Part Year Hires)		2.96	Filled June (1), August (2), October (1), November (1)
Garage Mechanic (2019 Part Year Hire)		0.33	Filled April 2019
System Operator (2019 Partial Parental Leave)	-	0.12	Backfilling for Parental Leave in 2019
Distribution Engineer (2019 Partial Hire)		0.92	Filled December 2019 (left Project Coordinator Vacant)
Project Coordinator (Vacancy by Distribution Engineer)		0.08	To be filled - was left vacant with move to Distribution Engineer
Admin Coverage (Required more in 2019)	-	0.26	
Summer Student (Increase Summer Students)		1.03	
2020 FTE per Updated Appendix 2k		**107.73**	

c) GSHi provides the following table in response to this question. GSHi would like to highlight that the information available in its general ledger and its budgeting data makes the very granular analysis requested difficult to perform, particularly in the time allotted for this response to be crafted. Considering the above, GSHi has provided as much granularity as it reasonably could in the below table, considering the time allotted for the preparation of this response.

Partial Year Hires - GSHi Distribution Engineer and Garage Mechanic		125,000.00
Powerline Electricians 2019 Partial Year Hires and Capital/OM&A Split		458,000.00
PLE Training Labour no longer in burden (therefore not capitalized)		62,000.00
Engineering Capital/OM&A Split		57,000.00
P&C Capital/OM&A Split		48,000.00
Metering Capital/OM&A Split		11,000.00
Progressions - Apprentice Programs		21,000.00
Students for 2020 (Control Room & Metering)		31,000.00
Control Room Paternity Leave Increase over 2019		20,000.00
Control Room Succession Planning		44,000.00
New Positions - GSHP Project Manager and Data Integration/Platform Specialist		230,000.00
Additional Innovation Costs		37,000.00
Billing/CSR Vacancies		161,000.00
Stationery Costs (2019 abnormally low due to prepaid issue)		66,000.00
Accountant (2019 Partial Year Hire)		19,000.00
Accountant (Sick leave in 2019)		44,000.00
Travel/Training costs from Affiliates		44,000.00
General Wage Increase		152,000.00
Other Miscellaneous Costs		150,000.00
Total		**1,780,000.00**

4-Staff-100
Labour
Ref 1: Appendix 2-K
After the interrogatory update, the total benefit per management and non-management staff increased by 8.7% and 10.5%, respectively, between 2019 and 2018.

a) Please explain this increase.

Response:

a) The increase is due to the change in OPEB recognition. The current service and interest associated with current employees has been included in the payroll burden.

4-Staff-101
Stations Operations and Maintenance
Ref 1: 4-staff-63
Sudbury Hydro stated that the total stations operation and maintenance budget for 2019 was lower than 2020 because staff were heavily involved in capital-intensive efforts for the renewal of municipal substations. In 2020, these same staff will be directed to address the current year's program including maintenance activities. However, Sudbury Hydro has planned similar capital-intensive substation renewals for the next five years.

a) Will these staff not also be involved in the substation renewals leading to a lower station maintenance and operations expense?

Response:

Staff's planned scope of work for the prospective 2020 System Renewal investment relating to municipal substation Gemmell MS11 will be more limited than in previous years (i.e. Kathleen MS2 in 2018 and Capreol MS32 in 2019). The planned, limited scope is a result of the specific project design, which incorporates modular equipment and components. The planned, limited scope will allow staff to focus instead on the substation maintenance program, which has fallen behind schedule as recent substation renewal projects have unfolded. Staff's planned role in future substation-related capital projects will be determined based on appropriate project design(s) and project scope(s).

4-Staff-102
Miscellaneous OM&A

Ref 1: 4-Staff-43
Ref 2: Appendix 2-JC
Sudbury Hydro stated that items in the Miscellaneous OM&A have some normal fluctuation year over year. This variation can be seen in the Miscellaneous Distribution Expense in Appendix 2-JC. However, Sudbury Hydro has forecasted $951,727 for the test year, which is 26% higher than 2019 actuals.

a) Please explain how Sudbury Hydro forecasted the 2020 test year and why it would not be more appropriate to use historical average as the forecast.

Response:

a) The 2020 forecast was based on expected IT costs as noted in 4-VECC-29. Additional costs are for training and development for trades, and leadership courses planned for staff. This includes payroll costs. An average is not appropriate because these costs are based on existing staff costs, course costs, and allocations for IT. The payroll costs included in this line item is to isolate the value of staff time while studying. These payroll costs would otherwise be redistributed between OM&A and capital. The incremental course and resources costs would be valid over the next 5 years as it has been the experience of GSHI to hire Powerline Electricians who require additional apprenticeship training over the start of their career. This will more than likely continue over the foreseeable future as GSHI will continue to hire trades people to replace the staff retirements to maintain existing operations staff levels. Finally, as key leadership staff are expected to retire over the next 5 years, it is prudent to continue to develop our next level leaders within the organization.

4-Staff-103
Ref: 4-Staff-66 – OPEB Transition
Sudbury Hydro proposes to calculate the OPEB cash to accrual transition amount before its next rebasing application. The amount would be offset against the deferral account proposed for actuarial gains/losses.

a) Is Sudbury Hydro proposing to establish another DVA to track the transition amount or to record the amount in the requested account for OPEB actuarial gains and losses? If neither, what is the recovery mechanism proposed?

b) Why should the transition amount be offset against the actuarial gains and losses when the account for actuarial gains and losses should only be disposed if the gains and losses do not substantially offset over time?

Response:

a) GSHi proposes to establish another DVA to record the transition amount, but considers the two DVA accounts to be very similar – the OPEB actuarial gain and loss DVA would track OPEB actuarial gains and losses on a go-forward basis, where the transitional account would contain the historical difference between cash and accrual basis. Both accounts pertain to historical OPEB accrual costs that should be settled with ratepayers.

b) GSHi considers the DVA for transitional amounts to be very similar, as per part a) above. Conceptually it makes sense to GSHi that a disposal of one account could be offset against the other if they were in opposite positions (ie: asset vs. liability).

4-Staff-104
Ref: 4-Staff-67 – Actuarial Reports
Based on the actuarial reports provided, Sudbury Hydro is including the OPEB accrual amounts for Sudbury Hydro and 100% of the OPEB accrual amounts for Greater Sudbury Hydro Plus Inc. Please explain why 100% is included for Greater Sudbury Hydro Plus Inc. and not a portion of the total accrual.

Response:

Historically GSHi has included 100% of the OPEB accrual amounts for Greater Sudbury Hydro Plus Inc. ("GSHPi") on its financial statements as the retirees from this corporation worked for GSHi. GSHi notes that it has historically never recovered OPEBs on an accrual basis and therefore there has been no impact on ratepayers as a result of this 100% allocation.

In preparing its initial rate application, GSHi recognized that it needed to change its approach to allocating GSHPi's OPEB costs, particularly if it was seeking to recover, on a go-forward basis, OPEBs on an accrual basis. GSHi is working on its 2019 fiscal year-end and is in discussions with its auditors on how to adjust the existing OPEB liability for the portion that should be allocated to affiliates. Otherwise, GSHi has ensured that GSHPi is allocating an appropriate portion of OPEB accrual amounts.

4-Staff-105
Ref: 4-Staff-68 and 69 – PILS
The PILS model and the Chapter 2 appendices have been revised.

a) In the 2019 bridge year, additions in the CCA calculation of the PILS model is $9,160,029. Additions in Appendix 2-BA is $8,201,056. There is a difference of $958,753. Please explain the difference and revise the evidence as needed.
b) In the PILS model, 2020 depreciation added back to income is $4,773,422. In Appendix 2-BA, 2020 depreciation less fully allocated depreciation for transportation and stores equipment is $4,375,882. Please explain the difference in depreciation amounts and revise the evidence as needed.

Response:

a) For the 2019 bridge year, the variance of $958,753 between the total additions in the CCA calculation of the PILS model and the total additions calculated in Appendix 2-BA of the Chapter 2 appendices, is due to the Smart Grid Adjustment. In Appendix 2-BA, the Smart Grid Adjustment of $553,972 (updated in Staff-108, previously 958,972) is shown separately from regular additions. As a result, it is not considered in the total additions figure (column E) but is included as an addition in the closing balance for the 2019 bridge year. As shown in the updated Chapter 2 Appendices – Total 2019 Additions $8,606,056 + Smart Grid Additions $553,972 = $9,160,029.

b) For the 2020 test year, depreciation of $4,773,422 was submitted in the PILS model during the initial application. GSHI revised this figure during the interrogatory stage, and submitted an updated PILS model with a total depreciation of $4,663,838 added back to income. After considering fully allocated depreciation for transportation and stores equipment, this revised figure matches net depreciation in Appendix 2-BA.

4-Staff-106
Ref: 4-Staff-69 – PILS
The 2019 tax loss has been revised to a regulatory taxable income of $75,710. It appears that this is mainly caused by an increase in the Income Before PILS of $547,983. Please explain the reasons for the change.

Response:

The initial application 2019 figures were based on GSHi's 2019 budget. The 2019 update at the interrogatory phase was based on 2019 preliminary, unaudited year-end figures.

4-Staff-107
Ref: 4-Staff-71 – PILS
If Sudbury Hydro is unable to claim accelerated CCA in one or multiple years between 2020 to its next rebasing application, Sudbury Hydro proposes to record the difference between accelerated CCA and normal CCA in the year in a sub-account of Account 1508.

a) Please explain if Sudbury Hydro is only proposing to record amounts in the account starting in 2023, when the CCA rules change to phase out accelerated CCA.
b) Account 1592 PILS and Tax Variances, sub-account CCA Changes is to be used for the impacts relating to accelerated CCA as well as any future CCA changes. Please explain why Sudbury Hydro is proposing to establish a new Account 1508 account instead of using Account 1592.
c) In part b, is the materiality calculation for "CCA Claim per PILS model, removing Accelerated CCA" based on the full year's new additions only (i.e. no half year rule and no accelerated CCA)?
d) Please further discuss the mechanics of the calculation, including whether the CCA claims would be based on actual incurred or approved additions.

Response:

a) Confirmed.
b) GSHi will use 1592 instead of 1508.
c) GSHi intended for the calculation to show the CCA claim that matches the PILs model, and then the same CCA claim if accelerated CCA was not claimed (ie: if only "normal" CCA for additions in the year were claimed, which would have capital additions for the year included in UCC at 50%). GSHi has reproduced the table below, with the "CCA Claim per PILs model" value agreeing to the PILs model submitted as part of interrogatories.

   The "CCA Claim per PILs model, removing Accelerated CCA" value can be replicated by taking the PILs model, navigating to the tab "T8 Sch 8 CCA Test" and deleting the values in column (4) which are in effect electing for the additions to be claimed using Accelerated CCA. This changes the "Capital cost allowance from Schedule 8" value on tab "T1 Sch 1 Taxable Income Test", Row 78, from $8,080,810 to $6,945,809 (A & B below).

   Based on the above explanation for how to replicate the $6,945,809 value, this value is based on capital additions that have been half-year ruled to form the UCC base on which CCA is calculated, with no accelerated CCA.

		2020 Test Year
CCA Claim per PILs model	A	8,080,810
CCA Claim per PILs model, removing Accelerated CCA	B	6,945,809
CCA Claim Difference in Test Year	A-B = C	1,135,001
Tax Rate	D	26.50%
Total Income Tax Impact	C * D = E	300,775
Tax Provision Gross Up (%)	1-D = F	73.50%
Tax Provision Gross Up ($)	E/F-E = G	108,443
Income Tax (grossed-up)	E + G	**409,218**

d) The calculation was intended to demonstrate what the difference in CCA claim may be in a year where capital additions approximates GSHi's Test Year if Accelerated CCA is claimed, versus a traditional CCA year (ie: capital additions for the year included in UCC at 50%). GSHi believes the income tax grossed up value of $409,218 included in the table above will approximate the value deferred in 1592 PILS and Tax Variances, sub-account CCA Changes in the year 2023.

9-Staff-108

Ref: 9-Staff-88 – Smart Grid

The 2019 Appendix 2-BA shows columns for the smart grid adjustment.

a) The gross cost adjustment of $958,972 excludes the capital contribution of $405,000. Please explain why.
b) Please explain how the accumulated depreciation smart grid adjustment of $73,485 reconciles to the accumulated amortization shown on Attachment 2 of the revenue requirement calculation.

Response:

a) The contribution was included with all the other contribution additions for 2019 and GSHi has split it out to show as an offset against the addition.
b) The $73,485 represents the amortization of the Smart Grid Assets and the Demonstration Project Assets to the end of 2018. Consistent with part a above, the contribution amortization was not shown separately and GSHi has corrected the presentation. The 2019 depreciation for both the assets and the contribution are included in the Additions column.

9-Staff-109
Ref: 9-Staff-93 Account 1575
Sudbury Hydro updated Appendix 2-EA for Account 1575 and Appendix 2-BA. The MIFRS 2019 closing net book value in Appendix 2-BA and Appendix 2-EA do not agree as shown in the table below. Please explain and reconcile the difference, and update the evidence as needed.

	2019 Closing NBV
2-BA	$ 96,702,029
2-EA	$ 95,968,663
Difference	$733,366

Response:

The difference consists of the "Smart Grid Adjustment" cost addition which was inadvertently excluded on both the CGAAP and MIFRS side of Appendix 2-EA, and the change in account 2055 WIP which was purposely excluded in 2019 from the closing NBV under MIFRS because there was a value disclosed under the "disposal" column.

Smart Grid Adjustment (2-BA Column G Sub-Total for 2019, excluding Deferred Revenue $405k adjusted in 9-Staff-108 a) above)	$958,972
2055 Work in Process – Cost Additions (2019)	$567,671
2055 Work in Process – Cost Disposals (2019)	($793,279)
Total	**$733,364**

In 2019 the WIP change was appropriately excluded under both CGAAP and MIFRS in 2-EA. GSHi has updated Appendix 2-EA additions to capture the Smart Grid Adjustment total on both the CGAAP and MIFRS side. This update did not change the amount proposed for deferral and disposition in 2-EA.

In its updated Appendix 2-EA, GSHi is still excluding the WIP change ($567,671 – $793,279 = ($225,608)).

Updated 2-BA: $96,702,029

Updated 2-EA: $96,927,635

Difference: $225,606

GSHi notes that whether or not WIP change is included or excluded on both the CGAAP and MIFRS side of the continuity in 2-EA, the ending deferral value will not change.

GSHi expects the deferral account 1575 to increase by $515,799 in 2019 and notes that it has ($3,227,125 – 2,711,326 = $515,799 from 2-EA). GSHi has replicated its supporting tables from 9-Staff-93 for the amounts deferred below, which supports the $515,799 expected:

				Difference consists of (D):				
	Loss on Disposals, Deferred in 1575	Loss on Disposals, Per App. 2-BA	Difference ("Other Adjustment" in 2-EA)	Value of items returned to inventory	Gains on Disposal	Correction of Prior Disposal	Dep'n Correction thru RE	Remaining Difference
	A	B	A - B = C					C + D
2014 & 2015	$ 990,582	$ 1,556,032	$ (565,450)			$ 72,017	$ 493,433	$ 0
2016	$ 634,172	$ 675,277	$ (41,105)	$ 41,105				$ (0)
2017	$ 461,850	$ 508,620	$ (46,770)	$ 35,710	$ 11,060			$ (0)
2018	$ 624,722	$ 651,617	$ (26,895)	$ 18,342	$ 8,552			$ (0)
2019	$ 515,799	$ 598,716	$ (82,917)	$ 82,917				$ 0
	$ 3,227,125	$ 3,990,262	$ (763,137)	$ 178,075	$ 19,612	$ 72,017	$ 493,433	$ (0)

Source	Description	2015	2016	2017	2018	2019
Appendix 2-BA	Sub-Total, Cost Disposals	$ (3,193,392)	$ (3,393,707)	$ (2,479,009)	$ (4,053,171)	$ (3,653,785)
Appendix 2-BA	Sub-Total, Accum. Dep. Disposals	$ 2,058,896	$ 2,718,429	$ 1,970,389	$ 3,263,752	$ 2,261,790
Appendix 2-BA	Cost Disposals, WIP - Capital Inventory	$ 152,509	$ -	$ -	$ 137,803	$ -
Appendix 2-BA	Cost Disposals, Work in Process	$ 371,955	$ -	$ -	$ -	$ 793,279
Appendix 2-BA	Cost, Adjustment through RE	$ (1,615,330)				
Appendix 2-BA	Accum. Dep., Adjustment through RE	$ 669,330				
E09, T02, S01, Table 1	Loss on Disposals, Per App. 2-BA	$ (1,556,032)	$ (675,278)	$ (508,620)	$ (651,616)	$ (598,716)

9-Staff-110

Ref: 9-Staff-94 New Accounting Guidance

a) Sudbury Hydro states that retroactive journal entries are not being done for 2019. Please confirm that all aspects of the account balances are trued-up retroactively in accordance with the new accounting guidance. Please confirm each of the below have been trued up to actual calendar month data for each month in 2019.
   i. CT 142 to actual consumption for RPP kWh
   ii. Portions of TOU/tiered consumption proportions

iii. CT 148 reallocated based on actual RPP and non-RPP kWh for the month

b) Sudbury Hydro recalculated the true-up for each month of 2019 using the 2nd true-up methodology and intends to submit a final true up for Feb. 2020.
   i. Please explain what this true-up amount represents (i.e. what is being trued-up)?
   ii. Please explain why there is no similar true-up for the 2018 year-end balance or whether the true-up has already been included in the 2018 year-end balance.

Response:

a) i) Confirmed
   ii) Confirmed
   iii) Confirmed

b) i) As well as containing the final true up for December 2019, this true up for all months of 2019 ensures that the most up-to-date billing data that GSHi has is used in the final true up performed for the year. Subsequent to any given month, typically small billing adjustments posted for various reasons may adjust values used to calculate previously completed true-ups. This final true up captures those adjustments and ensures a complete and accurate true up for the year.

   ii) The true up has already been included in the 2018 year-end balance.

9-Staff-111
Ref: 9-Staff-95 New Accounting Guidance

a) Sudbury Hydro indicated that one of the primary differences between its previous settlement methodology and the new accounting guidance is that Sudbury Hydro's historical method used a blended RPP rate to establish the amount collected from RPP customers while the new accounting guidance uses the specific RPP rate for each customer group. Sudbury Hydro believes that this would not lead to material differences in the true-up. Please provide an estimate for the difference for the 2016 and 2017 balances approved on an interim basis and the 2018 balance.
b) Sudbury Hydro is requesting final disposition for its 2016 and 2017 balances approved on an interim basis. Please indicate if Sudbury Hydro is requesting interim or final disposition of the 2018 Group 1 balance.

Response:

a) The historical billing data that GSHi relied on to perform its previous settlement methodology was not at the granularity that would allow it to quantify an estimate for the difference, as requested by the Board. However, GSHi offers the below description and example calculation which expands on the response provided previously in interrogatories and which should provide the Board confidence in GSHi's historical methodology.

In its historical methodology, GSHi extracted from its billing system the total kWh and dollars collected from RPP customers and prorated these totals (both kWh and $) based on billed days into the monthly buckets. GSHi therefore used actual dollars and kWh billed as a basis for establishing amounts collected from RPP customers. Therefore the "RPP kWh billed" and "RPP $ billed" values from the below table are determined based on the above description. From the RPP kWh and $ billed, which were prorated into a given month, GSHi would calculate a "blended" RPP rate by embedding the derived rate in the amount collected pertaining to billings (see "Collected this much from RPP customers pertaining to the kWh purchased" row in table below). The historical true up calculation is illustrated as follows:

RPP kWh billed	55,000,000 kWh	A
RPP $ billed	$ 4,570,000	B
kWh purchased (attributed to RPP)	54,000,000 kWh	C
Commodity paid (attributed to RPP)	$ 1,200,000	D
GA paid (attributed to RPP)	$ 5,000,000	E
Total paid (attributed to RPP)	$ 6,200,000	D + E = F
Collected this much from RPP customers pertaining to the kWh purchased	$ 4,486,909	((B/A) * C) = G
Receivable from IESO ("true up")	$ 1,713,091	F - G

b) GSHi is requesting final disposition of the 2018 Group 1 balance.

TO BE UPDATED AT THE DRAFT RATE ORDER STAGE

File Number: EB-2019-0037
Exhibit:
Tab:
Schedule:
Page:
Date:

Appendix 2-K
Employee Costs

	Last Rebasing Year (2013 OEB Approved)	Last Rebasing Year (2013 Actuals)	2014 Actuals	2015 Actuals	2016 Actuals	2017 Actuals	2018 Actuals	2019 Bridge Year	2020 Test Year
Number of Employees (FTEs including Part-Time)[1]									
Management (including executive)	16	15	15	17	18	18	18	18	18
Non-Management (union and non-union)	82	79	79	80	82	84	82	82	90
Total	98	94	94	96	99	102	100	99	108
Total Salary and Wages including ovetime and incentive pay									
Management (including executive)	$ 1,821,045	$ 1,707,454	$ 1,962,963	$ 1,974,270	$ 2,241,687	$ 2,361,673	$ 2,463,787	$ 2,433,555	$ 2,431,457
Non-Management (union and non-union)	$ 5,844,920	$ 6,080,523	$ 6,477,564	$ 6,400,056	$ 6,590,524	$ 6,731,389	$ 6,818,813	$ 6,954,530	$ 7,722,175
Total	$ 7,665,965	$ 7,787,977	$ 8,440,527	$ 8,374,325	$ 8,832,211	$ 9,093,062	$ 9,282,600	$ 9,388,085	$ 10,153,632
Total Benefits (Current + Accrued)									
Management (including executive)	$ 524,621	$ 478,087	$ 490,741	$ 533,053	$ 605,255	$ 637,652	$ 640,585	$ 693,563	$ 632,179
Non-Management (union and non-union)	$ 1,881,862	$ 1,702,546	$ 1,619,391	$ 1,728,015	$ 1,779,442	$ 1,817,475	$ 1,772,891	$ 1,982,041	$ 2,007,765
Total	$ 2,406,483	$ 2,180,634	$ 2,110,132	$ 2,261,068	$ 2,384,697	$ 2,455,127	$ 2,413,476	$ 2,675,604	$ 2,639,944
Total Compensation (Salary, Wages, & Benefits)									
Management (including executive)	$ 2,345,665	$ 2,185,541	$ 2,453,704	$ 2,507,322	$ 2,846,942	$ 2,999,325	$ 3,104,371	$ 3,127,118	$ 3,063,636
Non-Management (union and non-union)	$ 7,726,782	$ 7,783,069	$ 8,096,955	$ 8,128,071	$ 8,369,966	$ 8,548,863	$ 8,591,705	$ 8,936,572	$ 9,729,940
Total	$ 10,072,448	$ 9,968,611	$ 10,550,659	$ 10,635,393	$ 11,216,908	$ 11,548,188	$ 11,696,076	$ 12,063,690	$ 12,793,576

Note:

[1] If an applicant wishes to use headcount, it must also file the same schedule on an FTE basis.

File Number:	EB-2019-0037
Exhibit:	
Tab:	
Schedule:	
Page:	
Date:	

Appendix 2-EA
Account 1575 - IFRS-CGAAP Transitional PP&E Amounts
2015 Adopters of IFRS for Financial Reporting Purposes

For applicants that adopted IFRS on January 1, 2015 for financial reporting purposes

Reporting Basis	2013 CGAAP w/ MIFRS Dep'n & Capitalization Actual	2014 MIFRS Actual	2015 MIFRS Actual	2016 MIFRS Actual	2017 MIFRS Actual	2018 MIFRS Actual	2019 Bridge Year MIFRS Forecast	2020 Rebasing Year MIFRS Forecast
						$	$	
PP&E Values under CGAAP								
Opening net PP&E - Note 1	68,358,254	75,948,147	79,204,054	82,494,816	86,632,342	91,480,812	96,853,505	
Net Additions - Note 4	6,522,886	6,746,694	7,416,008	8,239,046	8,969,843	9,670,171	8,592,358	
Net Depreciation (amounts should be negative) - Note 4	1,067,007	-3,490,787	-4,125,246	-4,101,520	-4,121,373	-4,297,478	-4,527,966	
Closing net PP&E (1)	75,948,147	79,204,054	82,494,816	86,632,342	91,480,812	96,853,505	100,917,897	
PP&E Values under MIFRS (Starts from 2014, the transition year)								
Opening net PP&E - Note 1	68,358,254	75,948,147	79,204,054	80,938,784	84,401,032	88,740,882	93,461,959	
Net Additions - Note 4	6,522,886	6,746,694	3,131,750	4,845,339	6,490,834	5,754,803	5,731,852	
Net Depreciation (amounts should be negative) - Note 4	1,067,007	-3,490,787	-1,397,020	-1,383,091	-2,150,984	-1,033,726	-2,266,176	
Closing net PP&E (2)	75,948,147	79,204,054	80,938,784	84,401,032	88,740,882	93,461,959	96,927,635	
Other adjustments (items affecting net PP&E, but not deferred)								
Opening other adjustments				-565,450	-606,556	-653,326	-680,220	
Other adjustments - Note 5			-565,450	-41,106	-46,770	-26,894	-82,917	
Closing other adjustments			-565,450	-606,556	-653,326	-680,220	-763,137	
Difference in Closing net PP&E, former CGAAP vs. revised CGAAP	0	0	990,582	1,624,754	2,086,604	2,711,326	3,227,125	

Effect on Deferral and Variance Account Rate Riders			
Closing balance in Account 1575	3,227,125	**WACC**	5.30%
Return on Rate Base Associated with Account 1575 balance at WACC - Note 2	855,188	**# of years of rate rider**	
Amount included in Deferral and Variance Account Rate Rider Calculation	4,082,313	**disposition period**	5

Notes:

1 For an applicant that adopted IFRS on January 1, 2015, the PP&E values as of January 1, 2014 under both CGAAP and MIFRS should be the same.

2 Return on rate base associated with deferred balance is calculated as:
the deferral account closing balance as of 2017 x WACC X # of years of rate rider disposition period
* Please note that the calculation should be adjusted once WACC is updated and finalized in the rate application.

3 The PP&E deferral account is cleared by including the total balance in the deferral and variance account rate rider calculation.

4 Net additions are additions net of disposals; Net depreciation is additions to depreciation net of disposals.

5 See Exhibit 9, Tab 2, Schedule 1 for discussion pertaining other adjustments in this appendix.

Greater Sudbury Hydro Inc.

Pre-ADR Clarification Questions

March 21, 2020

Energy Probe

EB-2019-0037

From: Roger Higgin
To: Luttrell, Tiija; "Donald Lau"; "BoardSec"
Cc: [redacted]
Subject: RE: EB-2019-0037 Greater Sudbury Hydro Inc. IRR Submission SEC-16 and Participation and Cost Report
Date: March 17, 2020 8:15:04 PM
Attachments: [redacted]

Tiija
Can you provide an update to the BOD Presentation of October 2019 with the COS RR and other Data?
Roger Higgin Consultants to Energy Probe

From: Luttrell, Tiija [mailto:tiija.luttrell@gsuinc.ca]
Sent: March 17, 2020 6:00 PM
To: Donald Lau; BoardSec
Cc: [redacted]
Subject: EB-2019-0037 Greater Sudbury Hydro Inc. IRR Submission SEC-16 and Participation and Cost Report

Good Evening,

Attached please find the final outstanding response to SEC-16 as well as the correct version of the Participation and Cost Report (GSHi submitted the incorrect version with its interrogatory submission on March 10, 2017).

GSHi was not able to file these documents through the RESS due to time out errors on the site. Should the Board wish GSHi to try again, please advise and GSHi will be happy to do so.

Regards,

Tiija Luttrell, CPA, CA
Supervisor – Regulatory

Greater Sudbury Hydro du Grand Sudbury

500 Regent Street
P.O Box 250
Sudbury ON P3E 3Y2

[redacted]

Greater Sudbury Hydro du Grand Sudbury

A GSU company

Cost of Service Application 2020
Pre Settlement Update

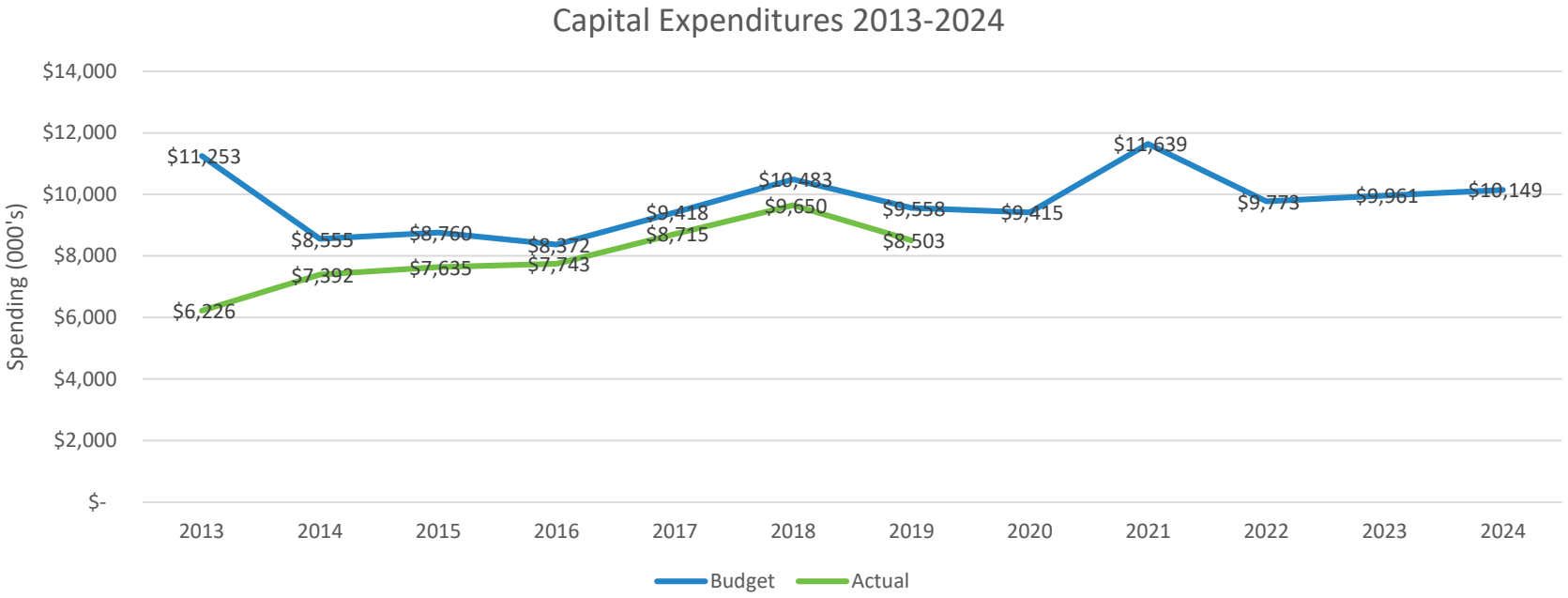
- All the big expensive things….

Component	2020 COS Interrogatories	2020 COS Initial Application	2013 COS
Average Net Fixed Assets	$96,828,872	$98,678,256	$74,766,353
Allowance for Working Capital	$8,869,776	$8,941,149	$14,218,046
Total Rate Base	**$105,698,648**	**$107,619,405**	**$88,984,399**

- Net Fixed Assets & the DSP

	2020 COS Interrogatories	2020 COS Initial	2013 COS
Opening Balance	$94,610,633	$96,492,060	$71,263,102
Ending Balance	$99,047,112	$100,864,455	$78,269,605
Average Balance	**$96,828,872**	**$98,678,258**	**$74,766,353**

- Simple calculation driven by Capex and asset disposals
- Increase of 29.5% (Interrogatories) 32% (Initial Application) since 2013 application


Capital Expenditures 2013-2024
Spending (000's)
$14,000
$12,000
$10,000
$8,000
$6,000
$4,000
$2,000
$-
2013
2014
2015
2016
2017
2018
2019
2020
2021
2022
2023
2024
$11,253
$8,555
$8,760
$8,372
$9,418
$10,483
$9,558
$9,415
$11,639
$9,773
$9,961
$10,149
$6,226
$7,392
$7,635
$7,743
$8,715
$9,650
$8,503
Budget
Actual

Advanced Capital Modules ("ACM")

Year	Station Name	Cost of Build	$ We Can Collect in Rates, per year
2021	Cressey – MS3	$4,465,000	$242,364
2022	Cressey – MS3 Moonlight – MS18	$523,000 $2,846,000	$182,874
2023	Marttila – MS8	$2,452,000	$133,089
2024	Paris – MS13	$2,465,000	$133,784

- Working Capital Allowance

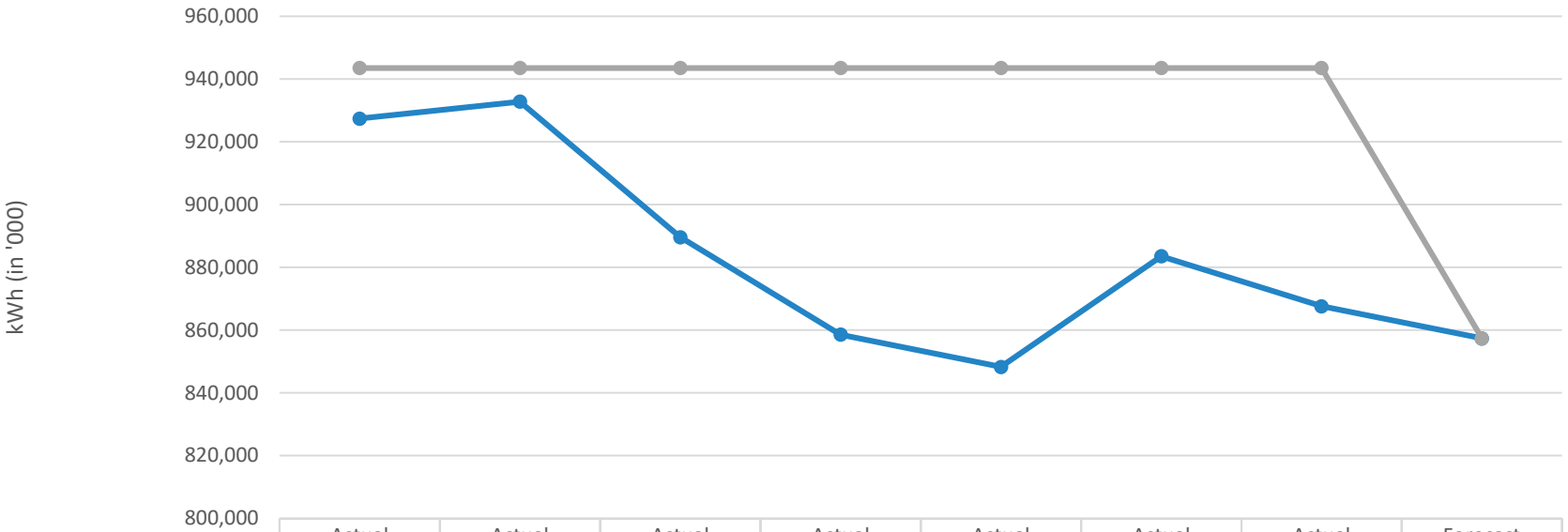
	2020 Interrogatories	2020 COS Initial Application	2013 COS
OM&A Expenses	$17,388,957	$17,388,957	$13,937,539
Property Taxes	$268,803	$268,803	$252,078
Cost of Power	$100,605,915	$101,557,555	$95,179,964
Working Capital Base	$118,263,675	$119,215,315	$109,369,581
Working Capital Rate	7.5%	7.5%	13%
Working Capital Allowance	$8,869,776	$8,941,149	$14,218,046

Component	2020 COS Interrogatories	2020 COS Initial Application	2013 COS
Average Net Fixed Assets	$96,828,872	$98,678,256	$74,766,353
Allowance for Working Capital	$8,869,776	$8,941,149	$14,218,046
Total Rate Base	**$105,698,648**	**$107,619,405**	**$88,984,399**

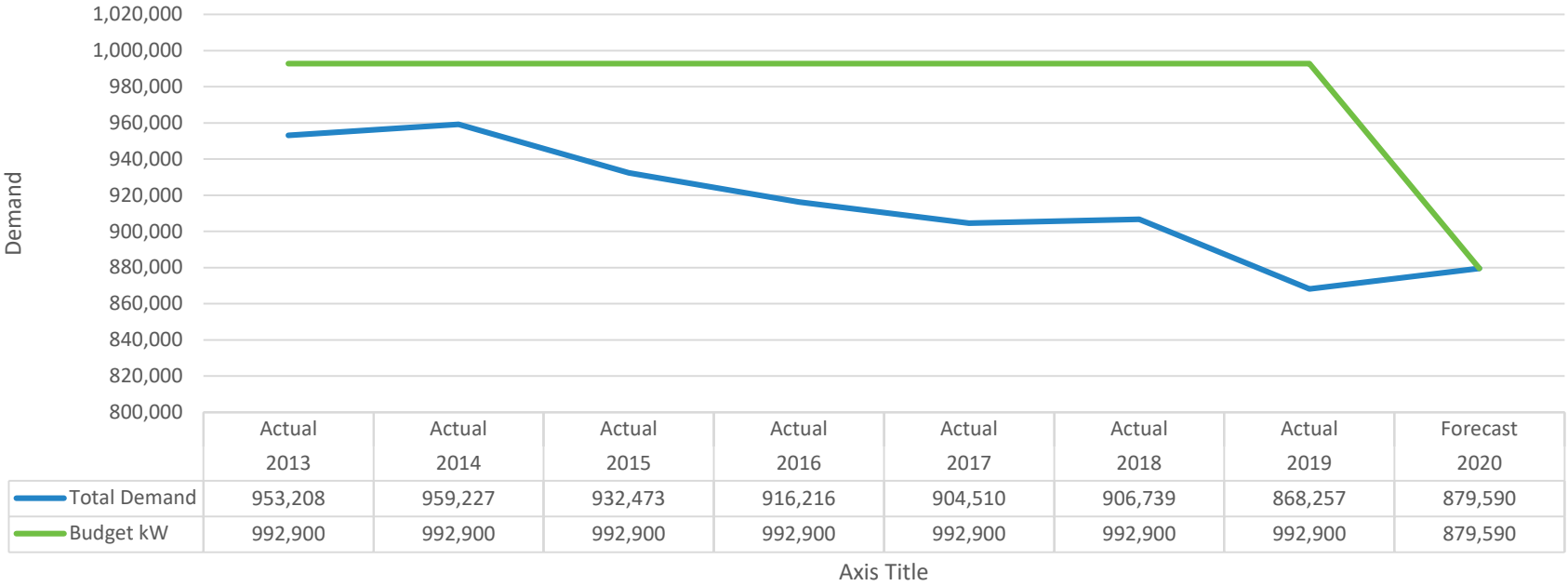
- The Return

	Proportion %	Proportion $	Rate of Return	Interest/Return
Long-Term Debt	56%	$59,191,243	3.18%	$1,882,282
Short-Term Debt	4%	$4,227,946	2.75%	$116,269
Total Debt	60%	$63,419,189		$1,998,550
Equity	40%	$42,279,459	8.52%	$3,602,210
Total Rate Base:	100%	$105,698,648		$5,600,760

- 2020 COS Interrogatories Other Revenue: $1,519,787
- 2020 COS Initial Application Other Revenue: $1,558,372
- 2013 COS Other Revenue: $1,696,775
  - Pole Rental Revenue
  - Changes/Discontinued Specific Service Charges
  - Loss on Disposal of Assets



	Actual 2013	Actual 2014	Actual 2015	Actual 2016	Actual 2017	Actual 2018	Actual 2019	Forecast 2020
Total kWh (in '000s)	927,397	932,817	889,606	858,583	848,284	883,531	867,603	857,384
Budget kWh (in '000s)	943,516	943,516	943,516	943,516	943,516	943,516	943,516	857,384



	Actual 2013	Actual 2014	Actual 2015	Actual 2016	Actual 2017	Actual 2018	Actual 2019	Forecast 2020
Total Demand	953,208	959,227	932,473	916,216	904,510	906,739	868,257	879,590
Budget kW	992,900	992,900	992,900	992,900	992,900	992,900	992,900	879,590

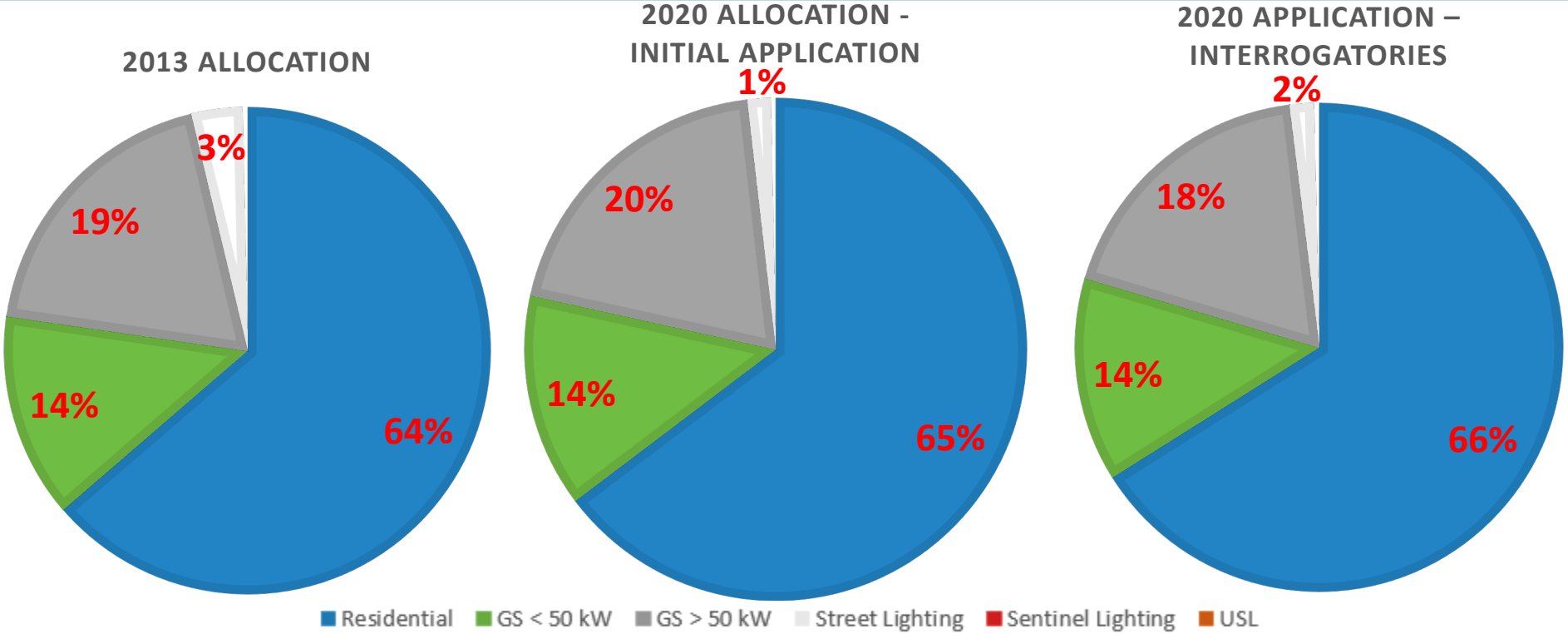
	$	% of Total Change
2013 Board Approved OM&A	**$ 13,937,539**	
Labour Complement & Burdens	$ 716,506	20.8%
Other Post Employment Benefit Costs (Retirees)	$ 357,800	10.4%
Costs Allocated from Affiliates	$ 1,518,735	44.0%
Succession Planning/Training	$ 221,548	6.4%
Bad Debt Expense	$ (131,185)	-3.8%
Productivity and Business Planning	$ (61,441)	-1.8%
Governance	$ 62,550	1.8%
Vehicles & Material Costs	$ 48,682	1.4%
Tree Trimming	$ 14,171	0.4%
Construction Write Offs	$ 2,832	0.1%
Insurance	$ (63,805)	-1.8%
Cost of Service Amortization	$ 90,000	2.6%
OEB Quarterly Assessment	$ 40,000	1.2%
Pole Attachment Costs	$ 82,698	2.4%
Cybersecurity Costs	$ 61,200	1.8%
Monthly Billing Costs	$ 272,066	7.9%
Other Miscellaneous	$ 219,060	6.3%
Total OM&A Change	$ 3,451,418	100.0%
2020 Test Year OM&A	**$ 17,388,957**	

Cost Drivers - Non-Discretionary

Non-Discretionary OM&A Increases		
OEB Quarterly Assessments	$	40,000
Pole Attachment Costs	$	82,698
CyberSecurity Costs	$	61,200
Monthly Billing	$	272,066
Change in OPEB Recovery	$	545,789
Non-Discretionary OM&A Increases	**$**	**1,001,753**

Revenue Requirement Component	Interrogatories	Initial Application
OM&A Expenses	$17,388,957	$17,388,957
Amortization/Depreciation	$4,375,882	$4,404,633
Property Taxes	$268,803	$268,803
Income Taxes (Grossed up)	$316,940	$409,974
Return		
Deemed Interest Expense	$1,998,550	$2,616,443
Return on Deemed Equity	$3,602,210	$3,865,689
Service Revenue Requirement	**$27,951,342**	**$28,954,499**
Revenue Offsets	($1,519,787)	($1,558,372)
Base Revenue Requirement	**$26,431,556**	**$27,396,127**

Exhibit 7 – Cost Allocation



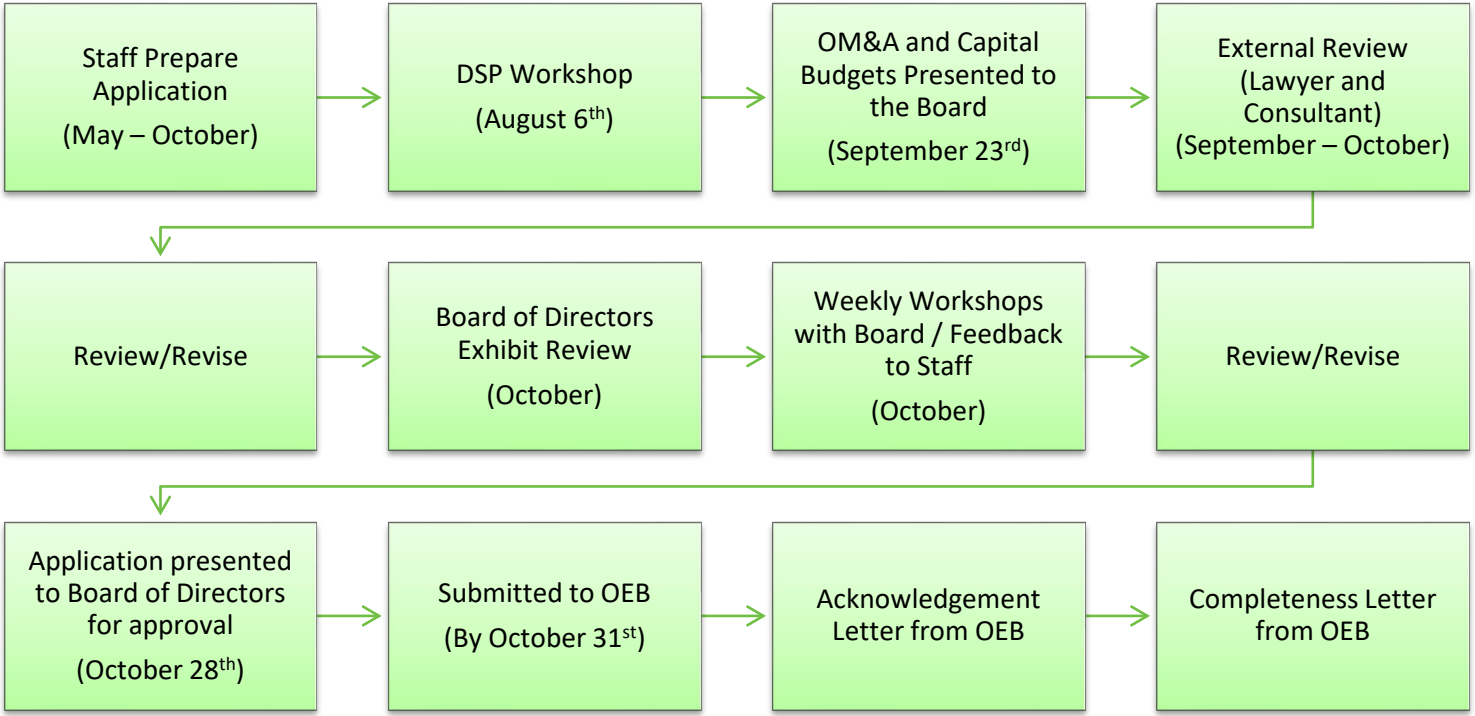
- Balances we're disposing of

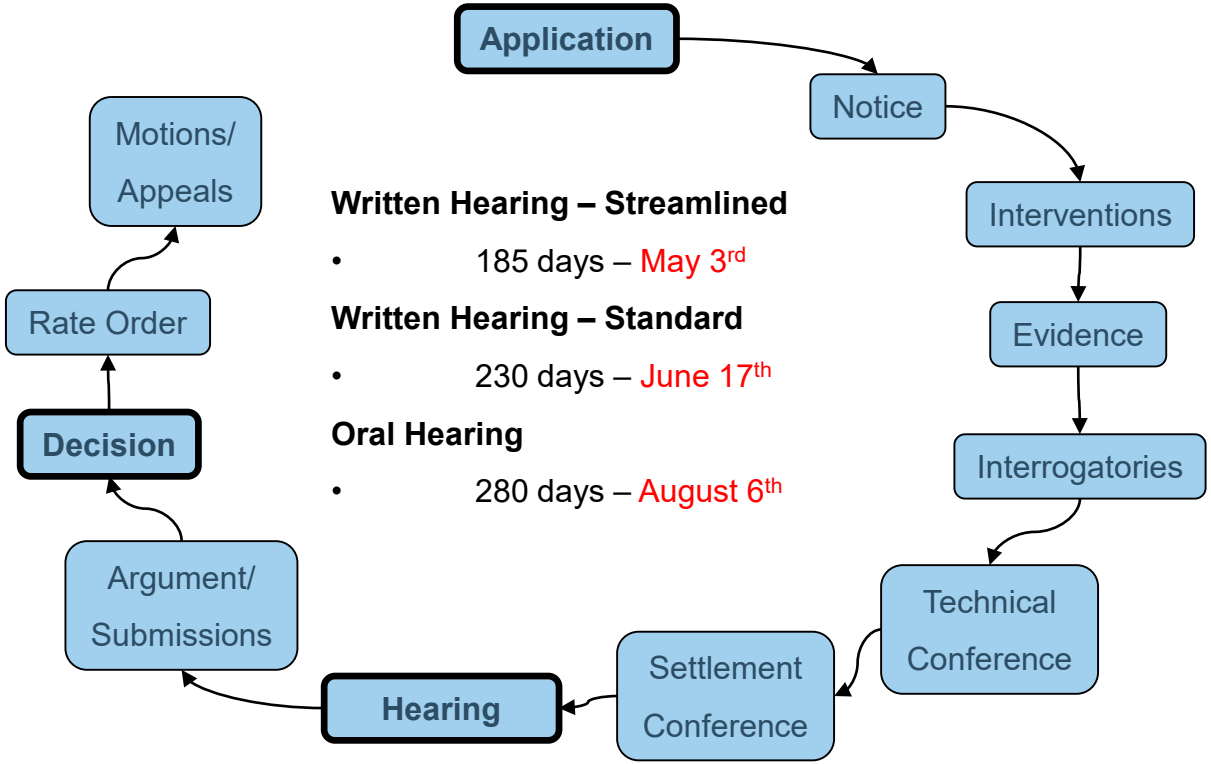
Account	Amount – Interrogatories	Amount – Initial Application
Group 1 & Global Adjustment	$(2,342,137)	$(2,343,574)
Group 2	$(392,350)	$628,191
IFRS Transition	$4,082,314	$4,262,097
LRAMVA	$349,899	$328,036
Total to be recovered	$1,697,726	$2,874,750

Exhibit 8 – Rate Design & Bill Impact

			Interrogatories		Initial Application	
			Total Bill		Total Bill	
	kwh	kW	$ change	% change	$ change	% change
Residential Service - RPP	750		$ 3.90	3.5%	$ 7.41	6.9%
General Service Less Than 50 kW	2,000		$ 6.39	2.2%	$ 13.75	5.1%
General Service 50 to 4,999 kW	68,500	190	$ 94.93	0.8%	$ 220.33	1.9%
Unmetered Scattered Load Service	500		$ 1.79	2.6%	$ 3.81	5.5%
Sentinel Lighting Service	162		$ 1.60	5.8%	$ 3.40	11.4%
Street Lighting Service	507,000	1,605	$888.93	0.7%	$(522.79)	-0.4%
Residential Service - RPP	219		$ 3.58	7.3%	$ 6.95	13.3%
Residential - Non RPP (Retailer)	750		$ 3.24	2.3%	$ 5.46	3.9%
Residential - Non RPP (Retailer)	219		$ 4.35	6.9%	$ 6.74	10.7%

The Road to Here




Application
Notice
Interventions
Evidence
Interrogatories
Technical Conference
Settlement Conference
Hearing
Argument/ Submissions
Decision
Rate Order
Motions/ Appeals
Written Hearing – Streamlined
• 185 days – May 3rd
Written Hearing – Standard
• 230 days – June 17th
Oral Hearing
• 280 days – August 6th

- GSHi 2019-2024 Business Plan
- OM&A Budget: $17,388,957
- 2020-2024 Distribution System Plan
- Net Capital Budget: $9,415,007
- Service Revenue Requirement: $27,951,342
- Results in a Monthly Bill Impact of:
  - 750 kWh Residential: $3.90
  - 2,000 kWh GS<50: $6.39

Greater Sudbury Hydro Inc.

Pre-ADR Clarification Questions

March 21, 2020

Pollution Probe

EB-2019-0037

From: Michael Brophy [redacted]
Sent: March 20, 2020 12:02 PM
To: [redacted]
Subject: Re: SEC Pre-ADR clarifications questions

Hi Tiija,

I noticed that there may be a calculation error in your WACC in the Revenue Requirement Calculator spreadsheet (row 138). Should long and short debt be multiplied by (1-Tax Rate)? Please confirm.

Thanks,

Mike

Michael Brophy, P.Eng., M.Eng., MBA

[redacted]

From: Chisholm, David
To: Michael Brophy; Luttrell, Tiija
Subject: RE: SEC Pre-ADR clarifications questions
Date: March 21, 2020 6:52:54 PM
Attachments: image001.png
image002.png
image003.png

Hi Mike,

The 2020 WACC calculated in the spreadsheet that you're referring to matches the WACC calculated in GSHi's Revenue Requirement Workform, submitted as part of interrogatories/pre-settlement (there's a copy in the dropbox link that my colleague Tiija just e-mailed out). See tab "7. Cost_of_Capital", cell "L42" which is GSHi's calculated WACC as updated for interrogatories. We calculated it on the spreadsheet that you are referencing consistent with how the OEB's revenue requirement model calculates it, and the OEB's model calculates it as a straight weighted average.

The WACC values for 2012 and 2013-2019 on that same row match previous OEB Board Decision Revenue Requirement workform values from GSHi's 2009 and 2013 Cost of Service rate applications.

Please let me know if I can provide any further clarification.

Thank you,

David Chisholm, CPA, CA
Supervisor - Accounting

Greater Sudbury Hydro
du Grand Sudbury

500 Regent Street P.O Box 250 | 500, rue Regent, CP 250
Sudbury ON P3E 3Y2

[redacted]

From: Michael Brophy [redacted]
Sent: Saturday, March 21, 2020 6:33 PM
To: Luttrell, Tiija [redacted]
Cc: Chisholm, David [redacted]
Subject: Re: SEC Pre-ADR clarifications questions

The calculation for WCC is row 138 of the excel sheet filed below. It is calculated as a straight weighted average, when WACC typically discounts the interest component by (1-Tax Rate).

EB-2019-0037	GSHI_IRR_SG_Revenue_Requirement_Calc_20200310	Interrogatory Response from Applicant	2020-03-10

There is only one tab in that spreadsheet.

Let me know if you need more help finding it.

Mike

On Saturday, March 21, 2020, 04:31:47 p.m. EDT, Luttrell, Tiija <tiija.luttrell@gsuinc.ca> wrote:

Hi Mike,

We're having a hard time locating the error that may exist. Would you be able to tell us which sheet in the RRWF and cell reference you're referring to? Then we'd be happy to take a look at it.

Thanks!

Tiija

Greater Sudbury Hydro Inc.

Pre-ADR Clarification Questions

March 21, 2020

School Energy Coalition

EB-2019-0037

SEC Pre-Settlement Conference Clarification Questions

1. [2-SEC-19] If possible, please revise the ACA summary table (i.e. DSP, p.17, Table 36) to show the asset condition information without the application of the Age Limiter.

There are different ways to incorporate an asset's age into a Health Index (HI) assessment. One way incorporates age as a "parameter" in the HI formula (as in the 2011 Asset Condition Assessment). Another method - which was used in the 2019 assessment - is to use age to limit the maximum HI of an asset (the "Age Limiter"). By discounting asset age, as would be done by removing the "Age Limiter" function from the 2019 evaluation, the result will be an incomplete, inaccurate assessment and an over-optimistic, unrealistic representation of asset condition. This is particularly true for assets that have limited input condition data or for assets that are predominantly visually assessed, as the "Age Limiter" function reflects the expected probabilistic degradation or ageing of assets.

Thus, it is not possible to revise the ACA summary table to show the asset condition information without the application of the "Age Limiter" because it would require a complete re-calculation of results based on the 2011 methodology, whereas the methodology used in the latest assessment represents the state of the art vetted by many utilities and industry forums.

2. [2-SEC-22b] Are the ICM amounts for the 4 proposed projects in the model on a capital expenditure or in-service addition basis? If it is the former, please revise the model and provide them on an in-service addition basis. Please revise also revise the bill impacts provided in part (f).

The bill impacts provided in part 2-SEC-22 (f) appropriately reflect capital additions on an in-service addition basis, however the ACM ICM model submitted as part of interrogatory responses reflected the proposed projects on a capital expenditure basis. GSHi submits a revised ACM ICM model to reflect the additions consistently, on an in-service addition basis.

3. [2-OB] What happened to the $3.25M demand note entered into on October 2019 with the GSU? Has the principle been repaid or replaced? It does not appear to be included in the 2020 long-term debt costs.

As of March 20, 2020 GSHi has not repaid this demand note, however anticipates repaying the demand note within the next two weeks.

GSHi is actively investigating the arranging of third-party debt financing. In doing so, GSHi would endeavor to replace the $3,250,000 of Affiliated Debt entered into in October 2019 with third party debt. GSHi estimates that $5,500,000 in external debt will be arranged by April 1, 2020 at a rate of 2.42%. As terms have not been finalized, these are provided as placeholder figures only and are subject to change. However, GSHi anticipates that the third-party rate agreed to will be lower than the OEB's current approved deemed rate, and that replacing the $3.25M of Affiliated Debt will be favorable for ratepayers.

Greater Sudbury Hydro Inc.

Pre-ADR Clarification Questions

March 21, 2020

Vulnerable Energy Consumers Coalition

EB-2019-0037

GREATER SUDBURY HYRO INC. (GSHI)
2020 RATE APPLICATION (EB-2019-0037)
PRE-ADR FOLLOW-UP AND CLARIFICATION QUESTIONS

(Numbering follows from VECC IR numbering)

VECC – 50

Reference: VECC 21
GSHI_IRR_ 2017_Final Verified_Annual_Program_Results
GSHI_IRR_2020_Load_Forecast_Model

a) The persisting total (annual) impacts from 2017 CDM Programs as shown in the 2017 Final Verified Annual Program Results Report reconcile with the values used in the load forecast model filed with the Application (i.e., 12.3 GWh for 2017 and 10.6 GWh in the subsequent years). However, revised CDM impacts from 2017 programs were incorporated in the updated load forecast filed with the IR responses and it is not clear how these values were established. Please indicate how the total CDM impacts from 2017 program as used in the updated load forecast (i.e., 13.7 GWh for 2017 and 12.0 GWh in the subsequent years) were determined and, if not already filed, provide the supporting documents.

Response:

a) Total CDM in 2017 has been revised to be consistent with total 2017 savings from the March 2019 Participation and Cost Report. The 2017 Final Verified Annual Program Results Report provides persistence for activities that were verified as of the time the report was provided. The differences between 2017 savings in the 2017 report and 2018 Participation and Cost report are considered to be the 2017 adjustments. Persistence of 2017 adjustments in 2020 is derived as the difference between persistence to 2020 in the 2017 report and persistence to 2020 in the Participation and Cost report. Persistence of 2017 adjustments in 2018 and 2019 is not available so equal loss of persistence is assumed from 2017 to 2018, 2018 to 2019, and 2019 to 2020.

   See tab '7. Persistence Report' in the LRAMVA workform for calculations (the latest version was filed with IRRs). Elenchus uses the allocated "Savings Persisting" outputs in tabs '4. 2011-2014 LRAM' and '5. 2015-2020 LRAM' as the CDM figures within the load forecast.

VECC - 51

Reference: VECC 21
GSHI_APPL_2020_Load_Forecast_Model
GSHI_IRR_2020_Load_Forecast_Model
GSHI_IRR_2018_Participation_and_Cost_Report

a) The load forecast model filed with the Application included annual impacts

from 2018 CDM programs totaling 4.6 GWh in 2018 and 4.5 GWh in each of 2019 and 2020. Please explain how these values were determined based on the 2018 Participation and Cost Report and provide any additional supporting documents relied on.

b) The load forecast model filed with the IR responses included annual impacts from 2018 CDM programs totaling 6.6 GWh in both 2018 and 2019 followed by 6.5 GWh in 2020. Please explain how these values were determined and provide any additional supporting documents relied on.

Response:

a) The initial load forecast erroneously relied on an early (unfiled) version of the LRAMVA workform. Total 2018 CDM was understated for two reasons: 2018 data was from the February 2019 version of the 2018 Participation and Cost report instead of the April 2019 version, and the allocation shares did not equal 100%. Some programs are allocated to GS<50 kW and GS>50 kW classes that have different billing determinants, so each class' share of its respective billing determinant is used for LRAMVA calculations. The GS>50 class was allocated kWh savings based in its share of kW savings. This was not corrected in the initial load forecast, but the revised load forecast uses only shares of kWh savings for each class.

b) The total values for 2018 savings and 2018 savings persisting to 2020 are based on the total figures in the April 2019 version of the Participation and Cost report. The total savings in 2019 is the midpoint between 2018 and 2020 savings.

VECC - 52

Reference: APPL_2020_Filing_Requirements_Chapter2_Appendices, Appendix 2-H
IRR_2020_ Filing_Requirements_Chapter2_Appendices, Appendix 2-H

a) It is noted that while the 2020 customer count has increased as a result of the IRR update to the load forecast the revenues from SSS Administrative Charges are unchanged and the Retail Service Revenues (#4082) have decreased. Please reconcile.

Response:

a) GSHi provides the following table which shows the impact of the change in SSS Revenue for the customer counts in the load forecast. GSHi confirms it has not adjusted for these projections due to their immaterial nature.

		A	B	C	D=B-C	E=D-A	E*12*$0.25
	SSS Revenue Budget	Dervied Customer	Customer Forecast	Non-RPP Customers @ 2019 YE	RPP Customer Forecast	Difference	Impact
Residential	126,713	42,238	43,121	850	42,271	33	100.00
GS<50	11,500	3,833	4,194	418	3,776	- 57	- 172.00
GS>50	1,250	417	500	78	422	5	16.00
USL	510	170	169	1	168	- 2	- 6.00
Sentinel*	500	167	149	8	141	- 26	- 77.00
Streetlight*	-	-	2	2	-	-	-
	140,473						- 139.00
*Customer forecast for USL and Sentinel have been modified to number of accounts from number of connections based on 2019 year end counts							

VECC - 53

Reference: VECC 26 f)

a) It is noted that the 2020 forecast Loss on Disposal of Property (#4360) is based on average losses from 2016-2018. Now that the first quarter of 2020 is almost complete can GHSI provide a specific forecast for 2020 and what the related property is that it anticipates disposing of?

Response:

a) No, GSHi is not able to predict with confidence or accuracy what the projected loss on disposal for 2020 will be at this point in time other than the average of the historical actuals. GSHi uses asset data from its GIS system in combination with its capital asset module within its general ledger to quantify the net book value of assets to be disposed of. GSHi has not developed a process by which it could estimate the net book value

of assets disposed of without the use of these systems, and the existing process requires that the losses on disposal be calculated subsequent to the fiscal year-end.

VECC - 54

Reference: VECC 42

a) Are there any residential condominium corporations in Sudbury where there are GSHI residential customers? If so, in such cases, how many residential customers are served by transformers not owned by GSHI?
b) Are there any analogous industrial/commercial complexes in Sudbury where there are GSHI GS<50 customers but the transformer is not owned by GSHI and, if so, how many GS<50 customers are served under such arrangements?

Response:

a) Yes, there are residential condominium corporations in Sudbury where there are GSHi residential customers. These residential customers are all served by transformers owned by GSHi.

b) Yes, there are industrial/commercial complexes in Sudbury where there are GSHi GS<50kW customers but the transformer is not owned by GSHi. There are 98 customers served under this arrangement.

VECC - 55

Reference: GSHI_IRR_2020_Cost_Allocation_Model, Tabs I6.1 & I8
GSHI_IRR_Update_of_Demand_Data_2020
GSHI_IRR_2020_Load_Forecast_Model

a) The GS>50 kWh value used in the Cost Allocation model for deriving the demand allocators does not match that from the Load Forecast Model. Please review and provide revised models as required.

Response:

a) The GS>50 kWh value in the cost allocation model and demand data derivation is correct. The updated load forecast included 2019 data and corrections to CDM figures. The GS > 50 kW OLS output included 2019 data and certain corrections, but the regression was not re-run after all CDM corrections in the version filed with IRs. The final version with all corrections and regression re-

runs is attached. The kWh figures in the cost allocation model and demand data derivation relied on the figures of this version.

The GS>50 kW value used in the cost allocation model and rate design was not updated to the final load forecast, so it is understated by 111 kW. As billed demand ("CDEM") is not used to allocate costs there is a negligible impact on the cost allocation model. There is no change to the Status Quo R/C ratio to the hundredth of a percent.

GSHi proposes to increase the 2020 GS>50 kW variable rate from $5.2085/kW to $5.2092/kW in order to maintain the same total revenue from the class. This does not impact distribution or total bill impact to tenth of a percent. These changes are reflected in the revised RRWF filed as an attachment to VECC-56. A revised cost allocation model and a revised bill impacts statement are attached.

VECC - 56

Reference: GSHI_IRR_2020_Rev_Reqt_Work_Form, Tab 11
Staff 76

a) In the RRWF the proposed 2021-2022 R/C ratios for Sentinel are unchanged from the 78.45% proposed for 2020. However, Staff 76 indicates that GSHI plans on increasing the Sentinel ratio so as it matches that for the Residential class. Please reconcile.

Response:

a) Please see the attached RRWF with corrections to tab '11. Cost_Allocation'. Residential, Sentinel Lighting, and Street Lighting R/C ratios in 2021-2022 have been revised, consistent with the revised proposal described in Staff 76.

End of document