

**Greater Sudbury Hydro Inc.**  
**2020 Cost of Service Application**  
**Settlement Proposal**  
**EB-2019-0037**  
**Filed: April 20, 2020**

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## LIST OF ATTACHMENTS

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- A. Revenue Requirement Work Form
- B. 2019 and 2020 Fixed Asset Continuity Schedule

Note:

Greater Sudbury Hydro Inc. has filed revised models as evidence to support this Settlement Proposal. The models have been filed through the OEB's e-filing service and include:

- a) 2020 Filing Requirements Chapter 2 Appendices
- b) 2020 Revenue Requirement Work Form
- c) 2020 Test Year Income Tax PILs Model
- d) 2020 Cost Allocation Model
- e) 2020 Load Forecast Model
- f) 2020 DVA Continuity Schedule
- g) 2020 RTSR Model
- h) 2020 LRAMVA Model
- i) 2020 Bill Impact Model
- j) 2020 Standalone Proposed Tariff Sheet
- k) 2020 ACM ICM Model
- l) 2020 Cost of Power Model

In populating the Revenue Requirement Work Form, the values in the "Interrogatory Responses" columns have been left unadjusted, and the "Per Board Decision" columns have been used to reflect this Settlement Proposal. This approach allows the totals and variances reflected in tables throughout this Settlement Proposal to be easily reconciled to the Revenue Requirement Work Form. In the event any further adjustments are required subsequent to the filing of the Settlement Proposal, Greater Sudbury Hydro Inc. will replace values in the "Interrogatory Responses" column with "Settlement Agreement" values and reflect any further adjustments in the "Per Board Decision column".

## SETTLEMENT PROPOSAL

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Greater Sudbury Hydro Inc. (the “Applicant” or “GSHi”) filed a Cost of Service application with the Ontario Energy Board (the “OEB”) on, October 31, 2019, under section 78 of the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15, (Schedule B) (the “Act”), seeking approval for changes to the rates that GSHi charges for electricity distribution, to be effective May 1, 2020 (OEB file number EB-2019-0037) (the “Application”). The application was updated on November 26, 2019.

The OEB issued a Letter of Direction and Notice of Application on December 16, 2019. In Procedural Order No. 1, dated January 22, 2020, the OEB approved the Vulnerable Energy Consumers Coalition (VECC), the School Energy Coalition (SEC), Pollution Probe (PP) and Energy Probe (EP) as intervenors and prescribed dates for the following: written interrogatories from OEB staff and intervenors; GSHi’s responses to interrogatories; a Settlement Conference; and various other elements in the proceeding.

Following the receipt of interrogatories, GSHi filed the bulk of its interrogatory responses with the OEB on March 10, 2020, with one additional response being filed on March 17, 2020.

On March 16, 2020 OEB staff submitted a proposed issues list as agreed to by the parties. On March 18, 2020 the OEB issued its decision on the final issues list (the “Issues List”).

The settlement conference was convened on March 23, 24 and 25, 2020 in accordance with the OEB’s *Rules of Practice and Procedure* (the “Rules”) and the OEB’s Practice Direction. GSHi, VECC, SEC, PP, EP and OEB staff participated in the Settlement Conference.

Andrew Pride acted as facilitator for the Settlement Conference which lasted for three days.

GSHi, VECC, SEC, PP and EP collectively referred to below as the “Parties”, reached a full, comprehensive settlement regarding GSHi’s 2020 cost of service application. The details and specific components of the settlement are detailed in the “Settlement Proposal”.

OEB staff also participated in the settlement conference. The role of OEB staff is set out on page 5 of the Practice Direction. OEB staff, while not a party to this Settlement

Proposal, is bound by the same confidentiality and privilege rules that apply to the Parties to the proceeding.

This document is called a Settlement Proposal because it is a proposal by the Parties presented to the OEB to settle the issues in this proceeding. It is termed a proposal as between the Parties and the OEB. However, as between the Parties, and subject only to the OEB approval of this Settlement Proposal, this document is intended to be a legal agreement, creating mutual obligations, and binding and enforceable in accordance with its terms. As set forth later in this preamble, this Settlement Proposal is subject to a condition subsequent, that if it is not accepted by the OEB in its entirety, then unless amended by the Parties it is null and void and of no further effect. In entering into this Settlement Proposal, the Parties understand and agree that pursuant to the Act, the OEB has exclusive jurisdiction with respect to the interpretation and enforcement of the terms hereof.

These settlement proceedings are subject to the rules relating to confidentiality and privilege contained in the Practice Direction. The Parties acknowledge that this settlement proceeding is confidential in accordance with the OEB's Practice Direction on settlement conferences. The Parties understand that confidentiality in that context does not have the same meaning as confidentiality in the OEB's Practice Direction on Confidential Filings, and the rules of that latter document do not apply. Instead, in this Settlement Conference, and in this Settlement Proposal, the specific rules with respect to confidentiality and privilege are as set out in the Practice Direction, as amended on October 28, 2016. Parties have interpreted the revised Practice Direction to mean that the documents and other information provided during the course of the settlement proceeding, the discussion of each issue, the offers and counter-offers, and the negotiations leading to the settlement – or not – of each issue during the Settlement Conference are strictly privileged and without prejudice. None of the foregoing is admissible as evidence in this proceeding, or otherwise, with one exception, the need to resolve a subsequent dispute over the interpretation of any provision of this Settlement Proposal. Further, the Parties shall not disclose those documents or other information to persons who were not attendees at the Settlement Conference. However, the Parties agree that "attendees" is deemed to include, in this context, persons who were not in attendance at the Settlement Conference but were a) any persons or entities that the Parties engage to assist them with the Settlement Conference, and b) any persons or entities from whom they seek instructions with respect to the negotiations; in each case provided that any such persons or entities have agreed to be bound by the same confidentiality provisions.

This Settlement Proposal provides a brief description of each of the settled issues, as applicable, together with references to the evidence. The Parties agree that references to the “evidence” in this Settlement Proposal shall, unless the context otherwise requires, include, in addition to the Application, the responses to interrogatories, all other components of the record up to and including the date hereof, including evidence filed concurrently with this Settlement Proposal (with the Parties’ consent) titled “Responses to Pre-Settlement Clarification Questions”, and the additional information included by the Parties in this Settlement Proposal and the attachments and appendices to this document.

Included with the Settlement Proposal are attachments that provide further support for the proposed settlement. The Parties acknowledge that the attachments were prepared by GSHi. While the Intervenors have reviewed the attachments, the Intervenors are relying on the accuracy of the attachments and the underlying evidence in entering into this Settlement Proposal.

For ease of reference, this Settlement Proposal follows the format of the final Approved Issues List, with additional sub-issues added as appropriate in order to highlight specific aspects of the settlement.

According to the Practice Direction (p.4), the Parties must consider whether a Settlement Proposal should include an appropriate adjustment mechanism for any settled issue that may be affected by external factors. Any such adjustments are specifically set out in the text of the Settlement Proposal.

The Parties have settled the issues as a package, and none of the parts of this Settlement Proposal are severable. If the OEB does not accept this Settlement Proposal in its entirety, then there is no settlement (unless the Parties agree in writing that any part(s) of this Settlement Proposal that the OEB accepts may continue as a valid settlement without inclusion of any part(s) that the OEB does not accept).

In the event that the OEB directs the Parties to make reasonable efforts to revise the Settlement Proposal, the Parties agree to use reasonable efforts to discuss any potential revisions, but no Party will be obligated to accept any proposed revision. The Parties agree that all of the Parties must agree with any revised Settlement Proposal as it relates to that issue, or take no position, prior to its resubmission to the OEB.

Unless stated otherwise, the settlement of any particular issue in this proceeding and the positions of the Parties in this Settlement Proposal are without prejudice to the rights



of the Parties to raise the same issue and/or to take any position thereon in any other proceeding, whether or not GSHi is a party to such proceeding, provided that no Party shall take a position that would result in the Settlement Proposal not applying in accordance with the terms contained herein.

Where in this Settlement Proposal the Parties “accept” the evidence of GSHi, or “agree” to any issue, term or condition, including a revised budget or forecast, then unless the Settlement Proposal expressly states to the contrary, the words “for the purpose of settlement of the issues herein” shall be deemed to qualify that acceptance or agreement.

## SUMMARY

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### IMPACT OF THE COVID-19 PANDEMIC

On March 17<sup>th</sup> 2019, the Government of Ontario declared an emergency under section 7.0.1 of the *Emergency Management and Civil Protection Act* due to the COVID-19 pandemic. The order declaring an emergency was in effect at the time of the Settlement Conference and has remained in place through the date of the filing of the Settlement Proposal.

The Parties have determined that the appropriate course of action in the circumstances is to propose a settlement that does not consider the COVID-19 pandemic and any potential impacts. This is because the impacts to both GSHi and its customers are not known with any specificity at this time. The Parties have reviewed the evidence and come to an agreement with respect to the Test Year revenue requirement for GSHi for the purposes of setting rates as though there will be no COVID-19 pandemic related impacts on its operations, in order to provide a test year that is an appropriate basis for rates not only for 2020, but also for the four year IRM period going forward, during which the Parties are hopeful there will be no lasting impacts on GSHi's operations. In this way the Parties have intentionally agreed to a revenue requirement for the Test Year that puts GSHi and its customers in the same position as distributors, along with their customers, whose rates for 2020 were rebased without any embedded impacts related to the COVID-19 pandemic because those rates were determined in 2019 prior to the pandemic becoming known.

In agreeing to a Settlement Proposal on this basis, the Parties agree that any Party may take any position, or request any relief from the OEB, that they may deem appropriate as it relates to the impact or effect of the COVID-19 pandemic on GSHi and/or its customers, for 2020 or otherwise. Furthermore, nothing in the Settlement Proposal shall be construed as limiting the OEB's legal authority to take any action it deems appropriate as it relates to COVID-19 pandemic's impact on GSHi and/or its customers, for 2020 or otherwise.

#### **Access to Account 1509 – Impacts Arising from the COVID-19 Emergency and Related Sub-Accounts**

The Parties note that the OEB circulated a letter dated March 25, 2020 Re: Accounting Order for the Establishment of Deferral Accounts to Record Impacts Arising from the COVID-19 Emergency (the "March 25th Letter") establishing Account 1509 – Impacts Arising from the COVID-19 Emergency (the "COVID-19 Account") along with 3 related sub-accounts. The Parties confirm that nothing in this Settlement

Proposal is meant to restrict GSHi from having access to the COVID-19 Account and related sub-accounts.

**Option to Defer Implementation to November 1, 2020**

The Parties note that the OEB circulated a letter dated April 16, 2020 Re: Approach to Incentive Rate-setting Decisions for May 1, 2020 Rates (the “April 16th Letter”). Within the April 16th Letter the OEB offered the 31 electricity distributors whose rates would normally change effective May 1, 2020 under the OEB’s incentive rate-setting mechanism (the “IRM Filers”) the option to forego a rate change or defer implementation of their new rates from May 1, 2020 to November 1, 2020 (and possibly beyond) and track the foregone revenue caused by deferred implementation in the COVID-19 Account established by the March 25th Letter. The Parties note that the April 16th Letter did not specifically extend that option to GSHi, for while GSHi is filing for May 1, 2020 rates, it is not doing so under the OEB’s incentive rate-setting mechanism.

As part of this Settlement Proposal the Parties propose that GSHi should have the option to (i) implement the change in rates as contemplated in the settlement of issue 5.2 or (ii) have the option to postpone the implementation of the change in rates to November 1, 2020 while tracking any temporarily foregone distribution revenue in the COVID-19 Account. The Parties agree GSHi shall advise the OEB by April 23, 2020 as to whether, if the Settlement Proposal is approved, it will exercise the option to delay implementation of its rates and new rate riders to November 1, 2020 (or beyond if the option is extended as contemplated in the April 16th Letter) and track any foregone revenue in the COVID-19 Account.

The parties were able to reach agreement on all aspects of the application; capital costs, including the advanced capital module (ACM) issues, operations, maintenance & administration (OM&A) costs, revenue requirement-related issues, including the accuracy of the requirement determination, OEB policies and practices and accounting.

In reaching this Settlement Proposal, the Parties have been guided by the Filing Requirements for 2019 Rate Applications, the Addendum to Filing Requirements for 2020 Rates, the Rate Handbook and the Approved Issues List.

This Settlement Proposal reflects a full settlement of the issues in the proceeding. The Parties have described below, in detail, areas where they have settled an issue by agreeing to adjustments to the application as updated.

This settlement will result in total bill increases of, 2.44% or \$2.75 per month for the typical residential customer consuming 750 kWh per month. This compares to an increase of 6.87% or \$7.41 per month in the original proposal.

The overall financial impact of the Settlement Proposal is to reduce the total base revenue requirement by 4.84% from \$26,431,556 million to \$25,152,528 million.

The Parties note that this Settlement Proposal includes all tables, appendices and the live Excel models that represent the evidence and the settlement between the Parties at the time of filing the Settlement Proposal.

A Revenue Requirement Work Form (RRWF), incorporating all terms that have been agreed to is filed with the Settlement Proposal. Through the settlement process, GSHi has agreed to certain adjustments to its original 2020 Application. The changes are described in the following sections.

GSHi has provided the following Table 1 – 2020 Revenue Requirement highlighting the changes to its Rate Base and Capital, Operating Expenses and Revenue Requirement from GSHi's Application as filed as a result of interrogatories and this Settlement Proposal.

**Table 1 - 2020 Revenue Requirement**

	Application October 31 2019	IRR March 10 2020	Variance from Original Filing	Settlement Proposal	Variance from IRRs
Long Term Debt Rate	4.14%	3.18%	(0.96%)	3.15%	(0.03%)
Short Term Debt Rate	2.82%	2.75%	(0.07%)	2.75%	0.00%
Rate of Return on Equity	8.98%	8.52%	(0.46%)	8.52%	0.00%
Regulated Rate of Return	6.02%	5.30%	(0.72%)	5.28%	(0.02%)
Controllable Expenses	\$17,657,760	\$17,657,760	\$0	\$16,506,580	(\$1,151,180)
Cost of Power	\$101,557,555	\$100,605,915	(\$951,640)	\$100,594,652	(\$11,263)
Working Capital Base \$	\$119,215,315	\$118,263,675	(\$951,640)	\$117,101,232	(\$1,162,443)
Working Capital Allowance at 7.5%	\$8,941,149	\$8,869,776	(\$71,373)	\$8,782,592	(\$87,184)
Gross Fixed Assets (avg)	\$224,592,770	\$222,847,072	(\$1,745,698)	\$222,557,072	(\$290,000)
Accumulated Depreciation (avg)	(\$125,914,513)	(\$126,018,200)	(\$103,687)	(\$125,980,787)	\$37,413
Net Fixed Assets (avg)	\$98,678,257	\$96,828,872	(\$1,849,385)	\$96,576,285	(\$252,587)
Working Capital Allowance	\$8,941,149	\$8,869,776	(\$71,373)	\$8,782,592	(\$87,184)
<b>Rate Base</b>	<b>\$107,619,406</b>	<b>\$105,698,648</b>	<b>(\$1,920,758)</b>	<b>\$105,358,878</b>	<b>(\$339,770)</b>
Regulated Rate of Return	6.02%	5.30%	(0.72%)	5.28%	(0.02%)
Regulated Return on Rate Base	\$6,482,132	\$5,600,760	(\$881,372)	\$5,565,056	(\$35,704)
OM&A Expenses	\$17,388,957	\$17,388,957	\$0	\$16,237,777	(\$1,151,180)
Property Taxes	\$268,803	\$268,803	\$0	\$268,803	\$0
Depreciation Expense	\$4,404,633	\$4,375,882	(\$28,751)	\$4,333,632	(\$42,250)
Income Taxes (Grossed up)	\$409,974	\$316,940	(\$93,034)	\$300,042	(\$16,898)
<b>Service Revenue Requirement</b>	<b>\$28,954,499</b>	<b>\$27,951,342</b>	<b>(\$1,003,157)</b>	<b>\$26,705,311</b>	<b>(\$1,246,031)</b>
Revenue Offset	\$1,558,372	\$1,519,787	(\$38,585)	\$1,552,787	\$33,000
<b>Base Distribution Revenue Requirement</b>	<b>\$27,396,127</b>	<b>\$26,431,556</b>	<b>(\$964,571)</b>	<b>\$25,152,524</b>	<b>(\$1,279,032)</b>
Gross Revenue Deficiency/(Sufficiency)	\$4,270,526	\$3,232,969	(\$1,037,557)	\$1,953,938	(\$1,279,032)

The following Table 1-A is provided to show the corrected calculation of Gross Revenue Deficiency/(Sufficiency) from the Revenue Requirement Workform, when taking into account Income Tax Credits.

**Table 1-A – 2020 Revenue Deficiency (At Current Approved Rates)**

	<b>Application October 31 2019</b>	<b>IRR March 10 2020</b>	<b>Variance from Original Filing</b>	<b>Settlement Proposal</b>	<b>Variance from IRRs</b>
Distribution Revenue	\$23,125,601	\$23,198,586	\$72,985	\$23,198,586	\$0
Other Operating Revenue Offsets – net	\$1,558,372	\$1,519,787	(\$38,585)	\$1,552,787	\$33,000
<b>Total Revenue</b>	<b>\$24,683,972</b>	<b>\$24,718,373</b>	<b>\$34,401</b>	<b>\$24,751,373</b>	<b>\$33,000</b>
Operating Expenses	\$22,062,393	\$22,033,642	(\$28,751)	\$20,840,212	(\$1,193,430)
Deemed Interest Expense	\$2,616,443	\$1,998,550	(\$617,893)	\$1,974,425	(\$24,125)
<b>Total Cost and Expenses</b>	<b>\$24,678,836</b>	<b>\$24,032,192</b>	<b>(\$646,644)</b>	<b>\$22,814,638</b>	<b>(\$1,217,554)</b>
Utility Income Before Income Taxes	\$5,136	\$686,181	\$681,045	\$1,936,735	\$1,250,554
Tax Adjustments to Accounting Income	(\$2,728,592)	(\$2,723,150)	\$5,442	(\$2,758,438)	(\$35,288)
<b>Taxable Income/(Loss)</b>	<b>(\$2,723,456)</b>	<b>(\$2,036,969)</b>	<b>\$686,487</b>	<b>(\$821,702)</b>	<b>\$1,215,267</b>
Income Tax Rate	26.5%	26.5%	0.00%	26.5%	0.00%
Income Tax Credits	\$721,716	\$539,797	(\$181,919)	\$217,751	(\$322,046)
Utility Net Income/(Loss)	\$726,852	\$1,225,977	\$499,125	\$2,154,486	\$928,509
Utility Rate Base	\$107,619,405	\$105,698,648	(\$1,920,757)	\$105,358,878	(\$339,770)
Deemed Equity Portion of Rate Base	\$43,047,762	\$42,279,459	(\$768,303)	\$42,143,551	(\$135,908)
Income/(Equity Portion of Rate Base)	1.69%	2.90%	1.21%	5.11%	2.21%
Target Return – Equity on Rate Base	8.98%	8.52%	(0.46%)	8.52%	0.00%
<b>Deficiency/Sufficiency in Return on Equity</b>	<b>(7.29%)</b>	<b>(5.62%)</b>	<b>1.67%</b>	<b>(3.41%)</b>	<b>2.21%</b>
Indicated Rate of Return	2.44%	2.54%	0.10%	3.71%	1.17%
Requested Rate of Return on Rate Base	6.02%	5.30%	(0.72%)	5.28%	(0.02%)
<b>Deficiency/Sufficiency in Rate of Return</b>	<b>-3.59%</b>	<b>(2.76%)</b>	<b>0.83%</b>	<b>(1.57%)</b>	<b>1.19%</b>
Target Return on Equity	\$3,865,689	\$3,602,210	(\$263,479)	\$3,590,631	(\$11,579)
Revenue Deficiency/(Sufficiency)	\$3,138,837	\$2,376,233	(\$762,604)	\$1,436,144	(\$940,089)
Gross Revenue Deficiency/(Sufficiency)	\$4,270,526	\$3,232,969	(\$1,037,557)	\$1,953,938	(\$1,279,031)

Based on the foregoing, and the evidence and rationale provided below, the Parties accept this Settlement Proposal as appropriate and recommend its acceptance.

Table 2 - 2020 Bill Impact **Summary** below illustrates the updated Bill Impacts based on the results of this Settlement Proposal.

**Table 2 - 2020 Bill Impact Summary**

Customer Classification and Billing Type	Energy kWh	Demand kW	Monthly Distribution Charge (Sub-Total A)			
			2019	2020	Change	
					\$	%
Residential - (RPP)	219	-	\$26.98	\$29.81	\$2.83	10.49%
Residential - (Retailer)	219	-	\$26.98	\$29.81	\$2.83	10.49%
Residential - (RPP)	750	-	\$27.14	\$29.97	\$2.83	10.43%
Residential - (Retailer)	750	-	\$27.14	\$29.97	\$2.83	10.43%
General Service <50 kW (RPP)	2,000	-	\$64.62	\$68.42	\$3.80	5.88%
General Service >50 kW (Non-RPP)	68,500	190	\$1,082.87	\$1,160.26	\$77.39	7.15%
Unmetered Scattered Load (RPP)	500	-	\$12.88	\$14.39	\$1.51	11.72%
Sentinel (RPP)	162	-	\$10.93	\$12.27	\$1.34	12.28%
Street Lighting (non-RPP)	507,000	1,605	\$55,128.20	\$54,148.56	-\$979.64	-1.78%
<b>Total Bill</b>						
Customer Classification and Billing Type	Energy kWh	Demand kW	Total Bill			
			2019	2020	Change	
					\$	%
Residential - (RPP)	219	-	\$48.85	\$51.28	\$2.43	4.98%
Residential - (Retailer)	219	-	\$62.73	\$65.47	\$2.74	4.37%
Residential - (RPP)	750	-	\$112.69	\$115.44	\$2.75	2.44%
Residential - (Retailer)	750	-	\$139.55	\$141.18	\$1.63	1.17%
General Service <50 kW (RPP)	2,000	-	\$288.32	\$292.79	\$4.47	1.55%
General Service >50 kW (Non-RPP)	68,500	190	\$11,491.92	\$11,504.09	\$12.16	0.11%
Unmetered Scattered Load (RPP)	500	-	\$69.46	\$70.78	\$1.33	1.91%
Sentinel (RPP)	162	-	\$27.78	\$28.75	\$0.97	3.51%
Street Lighting (non-RPP)	507,000	1,605	\$134,341.95	\$131,091.64	-\$3,250.31	-2.42%

## **RRF OUTCOMES**

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The Parties accept the Applicant's compliance with the OEB's required outcomes as defined by the Renewed Regulatory Framework (RRF). For the purpose of the settlement of the issues in this proceeding, and subject to the adjustments noted in this Settlement Proposal and the Parties' comments with respect to COVID-19, the Parties accept that GSHi's proposed rates in the 2020 Test Year will, in all reasonably foreseeable circumstances, allow the Applicant to meet its obligations to its customers while maintaining its financial viability.



# 1 PLANNING

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## 1.1 Capital

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Is the level of planned capital expenditures appropriate and is the rationale for planning and pacing choices appropriate and adequately explained, giving due consideration to:

- customer feedback and preferences
- productivity
- benchmarking of costs
- reliability and service quality
- impact on distribution rates
- trade-offs with OM&A spending
- government-mandated obligations
- the objectives of GSHi and its customers
- the distribution system plan, and
- the business plan

### **Full Settlement**

Subject to a reduction in the forecast net in service additions of \$580,000 for the Test Year, the Parties agree that GSHi's proposed capital budget and forecast net in service additions are appropriate.

For the purposes of settlement of all the issues in this proceeding, subject to the adjustment described above, the Parties accept the evidence of GSHi that the level of planned capital expenditures and the rationale for planning and pacing choices are appropriate in order to maintain system reliability, service quality objectives and the reliable and safe operations of the distribution system.

As part of the settlement, GSHi agrees to consider the aims of the City of Greater Sudbury's Energy & Emissions Plan with a view to pursuing cost efficiencies. GSHi will include a report on any realized areas of cost-efficiency in its next DSP and Business Plan.

For the purposes of presentation GSHi has made reductions to the proposed capital spending in relation to its proposed Outage Management System project, proposed cable rejuvenation spending, and proposed 9M2 extension project; however the Parties

agree that GSHi retains the discretion to proceed with its actual capital spending in 2020 and beyond as it sees fit based on the actual operating circumstances it experiences in the test year and beyond.

**Table 3 – Fixed Asset Continuity and 2020 Capital Expenditures**

	Application October 31 2019	IRR March 10 2020	Variance over Original Filing	Settlement Proposal	Variance from IRRs
<b>2019 Fixed Asset Continuity</b>					
<b>Gross Assets</b>					
Opening	\$214,070,156	\$214,070,156	\$0	\$214,070,156	\$0
Additions	\$10,339,272	\$8,502,885	(\$1,836,387)	\$8,502,885	\$0
Disposals	(\$4,197,190)	(\$3,653,785)	\$543,405	(\$3,653,785)	\$0
Closing	\$221,328,495	\$219,712,535	(\$1,615,960)	\$219,712,535	\$0
<b>Accumulated Depreciation</b>					
Opening	\$122,835,728	\$122,835,726	(\$2)	\$122,835,726	\$0
Additions	\$4,516,949	\$4,527,966	\$11,017	\$4,527,966	\$0
Disposals	(\$2,516,242)	(\$2,261,790)	\$254,452	(\$2,261,790)	\$0
Closing	\$124,836,435	\$125,101,902	\$265,467	\$125,101,902	\$0
<b>Net Book Value</b>	\$96,492,060	\$94,610,633	(\$1,881,427)	\$94,610,633	\$0
<b>2020 Fixed Asset Continuity</b>					
<b>Gross Assets</b>					
Opening	\$221,328,495	\$219,712,535	(\$1,615,960)	\$219,712,535	\$0
Additions	\$9,665,007	\$9,665,007	\$0	\$9,085,007	(\$580,000)
Disposals	(\$3,395,932)	(\$3,395,932)	\$0	(\$3,395,932)	\$0
Closing	\$227,597,570	\$225,981,610	(\$1,615,960)	\$225,401,610	(\$580,000)
<b>Accumulated Depreciation</b>			\$0		
Opening	\$124,836,435	\$125,101,902	\$265,467	\$125,101,902	\$0
Additions	\$4,727,922	\$4,663,838	(\$64,084)	\$4,622,012	(\$41,826)
Disposals	(\$2,831,242)	(\$2,831,242)	\$0	(\$2,864,242)	(\$33,000)
Closing	\$126,733,116	\$126,934,498	\$201,383	\$126,859,672	(\$74,826)
<b>Net Book Value</b>	\$100,864,455	\$99,047,112	(\$1,817,343)	\$98,541,937	(\$505,174)
<b>2020 Capital Expenditures</b>					
<b>RRF Category</b>					
System Access	1,919,673	1,919,673	-	1,919,673	-
System Renewal	5,602,305	5,602,305	-	5,501,972	(100,333)
System Service	1,610,130	1,610,130	-	1,530,462	(79,668)
General Plant	1,615,000	1,615,000	-	1,215,000	(400,000)
<b>Total Capital Expenditures</b>	10,747,107	10,747,107	-	10,167,107	(580,000)
Capital Contributions	(1,082,100)	(1,082,100)	-	(1,082,100)	-
<b>Net Capital Expenditures</b>	9,665,007	9,665,007	-	9,085,007	(580,000)

### **Evidence References**

- Exhibit 1, Tab 2, Schedule 1 – Executive Summary and Business Plan
  - Including Attachment 1 – Business Plan
- Exhibit 1, Tab 5, Schedule 4 – Application Summary Rate Base and DSP
- Exhibit 1, Tab 6 – Customer Engagement
- Exhibit 2 – Rate Base
  - Including Tab 2, Schedule 1, Attachment 1 – DSP and all reports appended to the DSP

### **IR Responses**

- 2-Staff-6 to 2-Staff-33 and 2-Staff-96
- 2-EP-8 to 2-EP-17
- 2-VECC-7 to 2-VECC-19
- 2-SEC-11 to 2-SEC-22

### **Supporting Parties**

GSHi, VECC, SEC, PP, EP

### **Parties Taking No Position**

None

## 1.2 OM&A

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Is the level of planned OM&A expenditures appropriate and is the rationale for planning choices appropriate and adequately explained, giving due consideration to:

- customer feedback and preferences
- productivity
- benchmarking of costs
- reliability and service quality
- impact on distribution rates
- trade-offs with capital spending
- government-mandated obligations
- the objectives of GSHi and its customers
- the distribution system plan
- the business plan
- affiliate relationships and shared services

### Full Settlement

Subject to a reduction of \$1,151,180, from the applied for amount, the Parties agree that the resulting proposed OM&A budget of \$16,237,777 for the Test Year is appropriate, including the use of accrual based accounting for the recovery of OPEBs and the manner in which to address the transition impact of the change from cash to accrual based accounting for OPEBs as discussed in section 4.1.

For the purposes of settlement of all the issues in this proceeding, subject to the adjustment described above, the Parties accept the evidence of GSHi that the proposed level of OM&A spending is appropriate in order to maintain system reliability, service quality objectives and the reliable and safe operation of the distribution system.

For the purpose of presentation of the Settlement Proposal, the reduction of \$1,151,180 has been allocated to the various expense categories in Table 4 below in order to illustrate how the reduction might be managed, with a material amount based on assuming vacancies in FTE counts that were not built into the application as filed as well as an assumption of smaller cuts across numerous program areas. The Parties acknowledge, however, that it is for GSHi to manage its OM&A budget in its sole discretion as it sees fit based on the actual operating circumstances it experiences in the test year and beyond.

**Table 4 - 2020 Test Year OM&A Expenses**

	<b>Application October 31 2019</b>	<b>IRR March 10 2020</b>	<b>Variance from Original Filing</b>	<b>Settlement Proposal</b>	<b>Variance from IRRs</b>
Operations	\$7,086,590	\$7,086,590	\$0	\$6,893,900	\$(192,690)
Maintenance	\$2,054,449	\$2,054,449	\$0	\$2,032,385	\$(22,064)
Billing and Collecting	\$2,614,941	\$2,614,941	\$0	\$2,533,693	\$(81,248)
Community Relations	\$0	\$0	\$0	\$0	\$0
Administration & General +LEAP	\$5,632,977	\$5,632,977	\$0	\$4,777,799	\$(855,178)
<b>Total</b>	<b>\$17,388,957</b>	<b>\$17,388,957</b>	<b>\$0</b>	<b>\$16,237,777</b>	<b>\$(1,151,180)</b>

**Evidence References**

- Exhibit 1, Tab 2 – Executive Summary and Business Plan
  - Including Attachment 1 – Business Plan
- Exhibit 1, Tab 5, Schedule 5 – Application Summary (OM&A Expense)
- Exhibit 1, Tab 6 – Customer Engagement
- DSP Section 5.2.3.3.2 – Cost Efficiency & Effectiveness Performance
- Exhibit 4 – Operating Expenses

**IR Responses**

- 4-Staff-43 to 4-Staff-71 and 4-Staff-99 to 4-Staff-102
- 4-EP-19 to 4-EP-28
- 4-VECC-26 to 4-VECC-38
- 4-SEC-25 to 4-SEC-31
- 1-PP-5

**Supporting Parties**

GSHi, VECC, SEC, PP, EP

**Parties Taking No Position**

None

## **1.3 Shared Service and Corporate Cost Allocation**

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**Is the proposed shared services cost allocation methodology and the quantum appropriate?**

### **Full Settlement**

The Parties agree that the proposed shared services cost allocation methodology and the quantum for shared services are appropriate for the purposes of the Test Year. However, the Parties recognize that, due to its corporate structure, GSHi obtains a large portion of its services from affiliates, making it important for periodic reviews of its shared service arrangements.

The Parties agree that as part of GSHi's next rebasing application it will retain a 3<sup>rd</sup> party to independently review GSHi's shared services arrangements and related cost allocation methodology including a review of the following:

- a) The services provided by GSHi to its affiliates,
- b) The services provided to GSHi by its affiliates,
- c) The allocation of costs for the services provided by and to GSHi,
- d) The pricing for the services provided by and to GSHi, including a comparison against the market price for those services, where appropriate, and
- e) An assessment of the value of the shared services to GSHi's customers.

### **Evidence References**

- Exhibit 4, Tab 5 – Shared Services & Corporate Cost Allocations

### **IR Responses**

- 4-Staff-51
- 4-EP-19, 4-EP-24 to 4-EP-26
- 4-VECC-36
- 4-SEC-30 to 4-SEC-31

### **Supporting Parties**

GSHi, VECC, SEC, PP, EP

### **Parties Taking No Position**

None

## 2 REVENUE REQUIREMENT

### 2.1 Are all elements of the revenue requirement reasonable, and have they been appropriately determined in accordance with OEB policies and practices?

#### Full Settlement

The Parties agree that the Revenue Requirement has been appropriately determined in accordance with OEB policies and practices.

A summary of the adjusted Revenue Requirement of \$25,152,528 reflecting adjustments and settled issues in accordance with the above is presented in Table 5 - 2020 Revenue Requirement Summary below.

**Table 5 - 2020 Revenue Requirement Summary**

	Application October 31 2019	IRR March 10 2020	Variance from Original Filing	Settlement Proposal	Variance from r IRRs
OM&A Expenses	\$17,388,957	\$17,388,957	\$0	\$16,237,777	(\$1,151,180)
Amortization/Depreciation	\$4,404,633	\$4,375,882	(\$28,751)	\$4,333,632	(\$42,250)
Property Taxes	\$268,803	\$268,803	\$0	\$268,803	\$0
Income Taxes (Grossed up)	\$409,974	\$316,940	(\$93,034)	\$300,042	(\$16,898)
Regulated Return on Rate Base					
Deemed Interest Expense	\$2,616,443	\$1,998,550	(\$617,893)	\$1,974,425	(\$24,125)
Return on Deemed Equity	\$3,865,689	\$3,602,210	(\$263,479)	\$3,590,631	(\$11,579)
<b>Service Revenue Requirement (before Revenue Offsets)</b>	<b>\$28,954,499</b>	<b>\$27,951,342</b>	<b>(\$1,003,157)</b>	<b>\$26,705,311</b>	<b>(\$1,246,031)</b>
Revenue Offsets	\$1,558,372	\$1,519,787	(\$38,585)	\$1,552,787	\$33,000
<b>Base Revenue Requirement</b>	<b>\$27,396,127</b>	<b>\$26,431,556</b>	<b>(\$964,571)</b>	<b>\$25,152,524</b>	<b>(\$1,279,032)</b>

An updated Revenue Requirement Work Form has been filed through the OEB's e-filing service.



**Evidence References**

- Exhibit 1, Tab 5, Schedule 1 – Application Summary Revenue Requirement
- Exhibit 6 – Revenue Requirement

**IR Responses**

**Supporting Parties**

GSHi, VECC, SEC, PP, EP

**Parties Taking No Position**

None

## 2.1.1 Cost of Capital

### Full Settlement

The Parties agree to GSHi's proposed cost of capital parameters as updated to include the appropriate deemed rates as issued by the Board and updated information on the actual debt instruments issued to GSHi as reflected in the calculation below in Table 6:

**Table 6 – 2020 Cost of Capital Calculation**

	Application October 31 2019	Application October 31 2019	IRR March 10 2020	IRR March 10 2020	Variance from Original Filing	Settlement Proposal April 17 2020	Settlement Proposal	Variance from IRRs
<b>Debt</b>								
Long-term Debt	4.14%	\$2,495,048	3.18%	\$1,882,282	-\$612,766	3.15%	\$1,858,531	-\$23,751
Short-term Debt	2.82%	\$121,395	2.75%	\$116,269	-\$5,126	2.75%	\$115,895	-\$374
<b>Total Debt</b>	<b>4.05%</b>	<b>\$2,616,443</b>	<b>3.15%</b>	<b>\$1,998,550</b>	<b>-\$617,892</b>	<b>3.12%</b>	<b>\$1,974,425</b>	<b>-\$24,125</b>
<b>Equity</b>								
Common Equity	8.98%	\$3,865,689	8.52%	\$3,602,210	-\$263,479	8.52%	\$3,590,631	-\$11,579
Preferred Shares	0.00%	\$0	0.00%	\$0	\$0	0.00%	\$0	\$0
<b>Total Equity</b>	<b>8.98%</b>	<b>\$3,865,689</b>	<b>8.52%</b>	<b>\$3,602,210</b>	<b>-\$263,479</b>	<b>8.52%</b>	<b>\$3,590,631</b>	<b>-\$11,579</b>
<b>Total Cost of Capital</b>	<b>6.02%</b>	<b>\$6,482,132</b>	<b>5.30%</b>	<b>\$5,600,760</b>	<b>-\$881,372</b>	<b>5.28%</b>	<b>\$5,565,056</b>	<b>-\$35,704</b>

### Evidence References

- Exhibit 1, Tab 5, Schedule 6 Application Summary Cost of Capital
- Exhibit 5 – Cost of Capital

### IR Responses

- 5-Staff-72
- 5-EP-29
- 5-VECC-39
- 5-SEC-32 to 5-SEC-33

### Supporting Parties

GSHi, VECC, SEC, PP, EP

### Parties Taking No Position

None

## 2.1.2 Rate Base

### Full Settlement

The Parties accept the evidence of GSHi that the rate base calculations, after adjusting for updates to the opening rate base to reflect 2019 actuals, the agreed to reduction to the 2020 proposed net in service additions and the working capital allowance included in rate base, are reasonable and have been appropriately determined in accordance with OEB policies and practices.

**Table 7 – 2020 Rate Base**

	Application October 31 2019	IRR March 10 2020	Variance from Original Filing	Settlement Proposal	Variance from IRRs
Gross Fixed Assets (avg)	\$224,592,770	\$222,847,072	(\$1,745,698)	\$222,557,072	(\$290,000)
Accumulated Depreciation (avg)	(\$125,914,513)	(\$126,018,200)	(\$103,687)	(\$125,980,787)	\$37,413
Net Fixed Assets (avg)	\$98,678,257	\$96,828,872	(\$1,849,385)	\$96,576,285	(\$252,587)
Working Capital Allowance	\$8,941,149	\$8,869,776	(\$71,373)	\$8,782,592	(\$87,121)
<b>Total Rate Base</b>	<b>\$107,619,406</b>	<b>\$105,698,648</b>	<b>(\$1,920,758)</b>	<b>\$105,358,878,941</b>	<b>(\$339,707)</b>
<i>Derivation of Working Capital Allowance</i>					
Controllable Expenses	\$17,657,760	\$17,657,760	\$0	\$16,506,580	(\$1,151,180)
Cost of Power	\$101,557,555	\$100,605,915	(\$951,640)	\$100,594,652	(\$11,263)
Working Capital Base	\$119,215,315	\$118,263,675	(\$951,640)	\$117,101,232	(\$1,162,443)
Working Capital Rate %	7.50%	7.50%	\$0.00	7.50%	0.00%
<b>Working Capital Allowance</b>	<b>\$8,941,149</b>	<b>\$8,869,776</b>	<b>(\$71,373)</b>	<b>\$8,782,592</b>	<b>(\$87,184)</b>

### Evidence References

- Exhibit 1, Tab 5, Schedule 4 – Application Summary Rate Base and DSP
- Exhibit 2 – Rate Base
  - Including Tab 2, Schedule 1, Attachment 1 – DSP and all reports appended to the DSP
- Exhibit 2 – Rate Base

### **IR Responses**

- 2-Staff-6 to 2-Staff-33
- 2-EP-8 to 2-EP-17
- 2-VECC-7 to 2-VECC-19
- 2-SEC-11 to 2-SEC-22

### **Supporting Parties**

GSHi, VECC, SEC, PP, EP

### **Parties Taking No Position**

None

## 2.1.3 Working Capital Allowance

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### Full Settlement

The Parties agree that the Working Capital Allowance of \$8,782,655 has been appropriately calculated, including adjustments made as part of this Settlement Proposal.

**Table 8 – 2020 Working Capital Allowance Calculation**

	Application October 31 2019	IRR March 10 2020	Variance over Original Filing	Settlement Proposal	Variance over IRRs
Controllable Expenses	\$17,657,760	\$17,657,760	\$0	\$16,506,580	(\$1,151,180)
Cost of Power	\$101,557,555	\$100,605,915	(\$951,640)	\$100,594,652	(\$11,263)
Working Capital Base	\$119,215,315	\$118,263,675	(\$951,640)	\$117,101,232	(\$1,162,443)
Working Capital Rate %	7.50%	7.50%	\$0.00	7.50%	0.00%
<b>Working Capital Allowance</b>	<b>\$8,941,149</b>	<b>\$8,869,776</b>	<b>(\$71,373)</b>	<b>\$8,782,592</b>	<b>(\$87,184)</b>

### Evidence References

- Exhibit 1, Table 5
- Exhibit 2, Tab 1, Schedule 3 – Allowance for Working Capital

### IR Responses

- None

### Supporting Parties

GSHi, VECC, SEC, PP, EP

### Parties Taking No Position

None

## 2.1.4 Depreciation

---

### Full Settlement

The Parties accept that the forecast of depreciation/amortization expenses in the amount of \$4,622,012 are appropriate. The settled amount reflects the agreed upon reduction to 2020 capital expenditures/rate base.

**Table 9 – 2020 Depreciation**

	Application October 31 2019	IRR March 10 2020	Variance from Original Filing	Settlement Proposal	Variance from IRRs
Depreciation	\$4,727,922	\$4,663,838	(\$64,084)	4,622,012	(\$41,826)

### Evidence References

- Exhibit 4, Tab 8 – Depreciation and Amortization

### IR Responses

- None

### Supporting Parties

GSHi, VECC, SEC, PP, EP

### Parties Taking No Position

None

## 2.1.5 Taxes

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### Full Settlement

The Parties agree that forecast taxes, as updated, have been correctly determined in accordance with OEB accounting policies and practices, including the OEB's July 25, 2019 accounting direction relating to changes to capital cost allowance. As part of the settlement the Parties have agreed that there is no need for a smoothing mechanism to address the impacts of accelerated depreciation over the rate-setting term. Instead, GSHi will use Account 1592 – PILS and Tax Variances, Sub-account CCA Changes to address future CCA rule changes, including the phasing out of accelerated CCA starting in 2024. GSHi confirms that it will follow any future OEB guidance, if any, with respect to accelerated CCA.

GSHi has updated the PILs model per discussion, to remove the capitalized portion of Transportation and Stores Equipment from the Schedule 1 deduction. A summary of the adjustment is below:

**Table 10 – 2020 Depreciation Adjustment**

2020 Amortization, per App. 2-BA				\$	4,622,012
Adjust to remove capitalized amortization:					
Transportation	\$	(401,506)	@	58.24%	\$ (233,824)
Stores Equipment	\$	(94,676)	@	82.64%	\$ (78,238)
<b>Total Amortization, expected</b>				\$	4,309,950
Per PILs, Sch 1					
Amortization of tangible assets				\$	4,277,815
Amortization of intangible assets				\$	32,135
<b>Total Amortization, Per PILs Sch 1</b>				\$	4,309,950
			Difference	\$	(0)

A summary of the updated Taxes is presented in Table 11 – 2020 Income Taxes below.

**Table 11 – 2020 Income Taxes**

	<b>Application October 31 2019</b>	<b>IRR March 10 2020</b>	<b>Variance over Original Filing</b>	<b>Settlement Proposal</b>	<b>Variance over IRRs</b>
Income Taxes (Grossed up)	\$409,974	\$316,940	(\$93,034)	\$300,042	(\$16,898)

An updated Income Tax / PILS Model has been submitted in Live Excel format as part of this Settlement Proposal.

**Evidence References**

- Exhibit 4, Tab 9 – Taxes & Payments in Lieu of Taxes (PILS)

**IR Responses**

- 4-Staff-68 to 4-Staff-71 and 4-Staff-105 to 4-Staff-107

**Supporting Parties**

GSHi, VECC, SEC, PP, EP

**Parties Taking No Position**

None



## 2.1.6 Other Revenue

### Full Settlement

The Parties accept the evidence of GSHi that its proposed other revenue forecast of \$612,344 is appropriate and has been correctly determined in accordance with OEB accounting policies and practices, subject to the following adjustments:

- a) An increase in other revenue of \$33,000 to reflect an updated forecast taking into account the actuals experienced in 2017-2019 of losses on disposition in account 4360 Loss on Disposition of Utility and Other Property.

**Table 12 – 2020 Other Revenue**

	Application October 31 2019	IRR March 10 2020	Variance from Original Filing	Settlement Proposal	Variance from IRRs
Specific Service Charges	\$219,234	\$218,602	\$632	\$218,602	\$0
Late Payment Charges	\$156,800	\$156,800	\$0	\$156,800	\$0
Other Distribution Revenues	\$1,534,028	\$1,496,075	\$37,953	\$1,496,075	\$0
Other Income and Deductions	\$(351,690)	\$(351,690)	\$0	\$(318,690)	\$33,000
<b>Total</b>	<b>\$1,558,372</b>	<b>\$1,519,787</b>	<b>\$38,585</b>	<b>\$1,552,787</b>	<b>\$33,000</b>

### Evidence References

- Exhibit 3, Tab 3 – Other Revenues

### IR Responses

- 3-Staff-41 to 3-Staff-42
- 4-VECC-26 and 4-VECC-52 to 4-VECC-53

### Supporting Parties

GSHi, VECC, SEC, PP, EP

### Parties Taking No Position

None

## **2.2 Has the revenue requirement been accurately determined based on these elements?**

---

### **Full Settlement**

The Parties accept the evidence of GSHi that the proposed Base Distribution Revenue Requirement has been determined accurately.

### **Evidence References**

- Exhibit 6 – Revenue Requirement
- Revenue Requirement Work Form

### **IR Responses**

- None

### **Supporting Parties**

GSHi, VECC, SEC, PP, EP

### **Parties Taking No Position**

None

### **3 LOAD FORECAST, COST ALLOCATION, AND RATE DESIGN**

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#### **3.1 Are the proposed load and customer forecast, loss factors, CDM adjustments and resulting billing determinants appropriate, and, to the extent applicable, are they an appropriate reflection of the energy and demand requirements of GSHi's customers?**

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##### **Full Settlement**

The Parties accept the evidence of GSHi that its methodology used for the load forecast, customer forecast, loss factors, and CDM adjustments is appropriate after incorporating the following adjustments:

- a) the load forecast model uses actual 2010-2019 data and reflects full 2010-2018 CDM activities; and
- b) the CDM adjustment includes half of forecast 2019 CDM activities and half of 2020 CDM activities, and reflects CDM activities that Sudbury Hydro is contractually obligated to deliver as part of the former Conservation First Framework.

The resulting billing determinants are presented in Table 14 – Summary of 2020 Load Forecast Billed kWh (CDM Adjusted) under issue 3.1.2 below.

An updated copy of GSHi's Load Forecast Model has been submitted in Live Excel format as part of this Settlement Proposal.

##### **Evidence References**

- Exhibit 1, Tab 5, Schedule 3 – Application Summary Load Forecast Summary
- Exhibit 3, Tab1 Load and Revenue Forecast, Tab 2 – Accuracy of Load Forecast and Variance Analysis
- Load Forecast Model

##### **IR Responses**

- 3-Staff-34 to 3-Staff-40
- 3-VECC-20 to 3-VECC-25
- 3-SEC-23

**Supporting Parties**

GSHi, VECC, SEC, PP, EP

**Parties Taking No Position**

None

### 3.1.1 Customer/Connection Forecast

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#### Full Settlement

The Parties have agreed to the forecast of customers/connections set out in Table 13 - Summary of 2020 Load Forecast Customer Counts/Connections below.

**Table 13 - Summary of 2020 Load Forecast Customer Counts/Connections**

Rate Class	Application October 31 2019	IRR March 10 2020	Variance from Original Filing	Settlement Proposal	Variance from IRRs
Residential	43,107	43,121	14	43,121	0
General Service < 50 kW	4,182	4,194	12	4,194	0
General Service > 50 kW	492	500	8	500	0
Street Light	9,941	9,958	17	9,958	0
Sentinel Light	359	360	1	360	0
Unmetered Scattered Load	283	289	6	289	0
<b>Total</b>	<b>58,363</b>	<b>58,422</b>	<b>58</b>	<b>58,422</b>	<b>0</b>

#### Evidence References

- Exhibit 1, Tab 5, Schedule 3 – Application Summary Load Forecast Summary
- Exhibit 3, Tab1 Load and Revenue Forecast, Tab 2 – Accuracy of Load Forecast and Variance Analysis
- Load Forecast Model

#### IR Responses

- 3-Staff-34 to 3-Staff-40
- 3-VECC-20 to 3-VECC-25
- 3-SEC-23

#### Supporting Parties

GSHi, VECC, SEC, PP, EP

#### Parties Taking No Position

None

### 3.1.2 Load Forecast

#### Full Settlement

The Parties agreed to GSHi's Load Forecast Model results as detailed in Table 14 below:

**Table 14 - Summary of 2020 Load Forecast Billed kWh (CDM Adjusted)**

Rate Class	Application October 31 2019	IRR March 10 2020	Variance from Original Filing	Settlement Proposal	Variance from IRRs
<i>Energy - kWh</i>					
Residential	361,088,385	367,560,506	6,472,121	367,560,506	0
General Service < 50 kW	134,331,187	136,403,467	2,072,280	136,403,467	0
General Service > 50 kW	343,232,749	344,540,677	1,307,928	344,496,360	-44,317
Street Light	7,342,584	7,448,452	105,868	7,448,452	0
Sentinel Light	389,166	366,104	-23,062	366,104	0
Unmetered Scattered Load	1,081,447	1,109,725	28,278	1,109,725	0
<b>Total</b>	<b>847,465,518</b>	<b>857,428,931</b>	<b>9,963,413</b>	<b>857,384,614</b>	<b>-44,317</b>
<i>Demand - kW</i>					
General Service > 50 kW	856,504	857,884	1,380	857,773	-111
Street Light	20,511	20,807	296	20,807	0
Sentinel Light	1,062	1,010	-52	1,010	0
<b>Total</b>	<b>878,077</b>	<b>879,700</b>	<b>1,624</b>	<b>879,590</b>	<b>-110</b>

CDM adjustments included in the 2020 load forecast are summarized under issue 3.1.4 below. The variance subsequent to the interrogatory phase reflects a correction made as a result of pre-ADR clarification questions.

### **Evidence References**

- Exhibit 1, Tab 5, Schedule 3 – Application Summary Load Forecast Summary
- Exhibit 3, Tab 1 Load and Revenue Forecast, Tab 2 – Accuracy of Load Forecast and Variance Analysis
- Load Forecast Model

### **IR Responses**

- 3-Staff-34 to 3-Staff-40
- 3-VECC-20 to 3-VECC-25, 3-VECC-51 and 3-VECC-55
- 3-SEC-23

### **Supporting Parties**

GSHi, VECC, SEC, PP, EP

### **Parties Taking No Position**

None

### 3.1.3 Loss Factors

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#### Full Settlement

The Parties agree to the Loss Factors of 4.77% as proposed by GSHi.

**Table 15 - 2020 Loss Factors**

	Application October 31 2019	IRR March 10 2020	Variance from Original Filing	Settlement Proposal	Variance from IRRs
Loss Factor in Distributor's System	1.0398	1.0398	0.0000	1.0398	0.0000
Supply Facilities Loss Factor	1.0078	1.0076	(0.0002)	1.0076	0.0000
<b>Total Loss Factor</b>	<b>1.0479</b>	<b>1.0477</b>	<b>(0.0002)</b>	<b>1.0477</b>	<b>0.0000</b>

#### Evidence References

- Exhibit 8, Tab 4 – Loss Adjustment Factors

#### IR Responses

- 8-Staff-79

#### Supporting Parties

GSHi, VECC, SEC, PP, EP

#### Parties Taking No Position

None



### 3.1.4 LRAMVA Baseline

#### Full Settlement

The parties have agreed to the CDM adjustment and LRAMVA threshold as set out in Table 16 - **2020** below, which are based on forecasted CDM savings in 2019 and 100% persistence from 2019 projects in 2020 that were approved to be delivered as part of the former Conservation First Framework.

**Table 16 - 2020 CDM Adjustments and LRAM Target Allocations**

Weather Adjusted Load Forecast Results				2019-2020 Achieved & Contracted		CDM Adjustment	2020 Adjusted Load Forecast	LRAMVA Target
Rate Class	Determinant	2019	2020	kWh	kW			
Residential	Cust/Conn	43,011	43,121				43,121	
	kWh	366,005,500	367,560,506				367,560,506	
	kW							
GS < 50 kW	Cust/Conn	4,167	4,194				4,194	
	kWh	135,033,868	137,321,531	1,836,127		918,064	136,403,467	1,836,127
	kW							
GS>50 kW	Cust/Conn	501	500				500	
	kWh	344,784,406	346,591,109	4,189,498		2,094,749	344,496,360	4,189,498
	kW	858,491	857,773		10,432	5,216	857,773	10,432
Street Lights	Cust/Conn	9,917	9,958				9,958	
	kWh	7,481,252	7,448,452				7,448,452	
	kW	20,898	20,807				20,807	
Sentinel Lgt.	Cust/Conn	366	360				360	
	kWh	372,542	366,104				366,104	
	kW	1,027	1,010				1,010	
USL	Cust/Conn	294	289				289	
	kWh	1,133,887	1,109,725				1,109,725	
	kW							
<b>Total</b>	<b>Cust/Conn</b>	<b>58,256</b>	<b>58,422</b>			<b>-</b>	<b>13,238</b>	
	<b>kWh</b>	<b>854,811,454</b>	<b>860,397,426</b>	<b>6,025,625</b>		<b>3,012,812</b>	<b>857,384,614</b>	<b>6,306,236</b>
	<b>kW</b>	<b>880,417</b>	<b>884,806</b>		<b>10,432</b>	<b>5,216</b>	<b>879,590</b>	<b>10,432</b>

### **Evidence References**

- Exhibit 3, Tab1 Load and Revenue Forecast,
- Load Forecast Model

### **IR Responses**

- 3-Staff-40
- 3-VECC-25 and 3-VECC-50

### **Supporting Parties**

GSHi, VECC, SEC, PP, EP

### **Parties Taking No Position**

None

### 3.2 Are the proposed cost allocation methodology, allocations and revenue-to-cost ratios, appropriate?

#### Full Settlement

The Parties agree that GSHi's proposed cost allocation methodology, allocations and revenue-to-cost ratios are appropriate.

**Table 17 - Summary of 2020 Revenue to Cost Ratios**

Rate Class	Application October 31 2019			IRR March 10 2020			Settlement Proposal		
	Calculated R/C Ratio	Proposed R/C Ratio	Variance	Calculated R/C Ratio	Proposed R/C Ratio	Variance	Calculated R/C Ratio	Proposed R/C Ratio	Variance
Residential	93.07%	93.72%	+0.65%	91.02%	91.44%	+0.42%	91.20%	91.59%	+0.39%
GS < 50 kW	116.19%	116.19%	-	119.05%	118.85%	-0.20%	118.75%	118.66%	-0.09%
GS > 50 kW	103.41%	103.41%	-	109.96%	109.93%	-0.03%	109.46%	109.46%	-
Street Light	206.93%	178.00%	-28.93%	200.44%	184.35%	-16.09%	200.59%	184.47%	-16.12%
Sentinel Light	83.34%	89.00%	+6.66%	75.21%	78.45%	+3.24%	75.64%	78.69%	+3.05%
USL	106.04%	106.03%	-0.01%	99.61%	99.72%	+0.03%	100.18%	100.10%	-0.08%

**Table 18 - Summary of 2020 - 2024 Revenue to Cost Ratios**

Rate Class	Settlement Proposal				
	2020	2021	2022	2023	2024
Residential	91.59%	91.95%	92.32%	92.69%	93.06%
GS < 50 kW	118.66%	118.66%	118.66%	118.66%	118.66%
GS > 50 kW	109.46%	109.46%	109.46%	109.46%	109.46%
Street Light	184.47%	168.35%	152.24%	136.12%	120.00%
Sentinel Light	78.69%	82.28%	85.87%	89.47%	93.06%
USL	100.10%	100.10%	100.10%	100.10%	100.10%

#### Evidence References

- Exhibit 1, Tab 5, Schedule 7 – Application Summary Cost Allocation and Rate Design
- Exhibit 7 – Cost Allocation

- Cost Allocation Model

### **IR Responses**

- 7-Staff-73 to 7-Staff-76
- 7-EP-30 to 7-EP-31
- 7-VECC-40 to 7-VECC-44, 7-VECC-42 and 7-VECC-55 to 7-VECC-56

### **Supporting Parties**

GSHi, VECC, SEC, PP, EP

### **Parties Taking No Position**

None

### 3.3 Are Sudbury Hydro's proposals for rate design appropriate?

#### Full Settlement

The Parties accept the evidence of GSHi that all elements of the proposed rate design have been correctly determined in accordance with OEB policies and practices.

**Table 19 - 2020 Distribution Rates & Fixed to Variable Split**

Rate Class	Billing Determinant for Variable Rate	Application October 31 2019		IRR March 10 2020		Settlement Proposal	
		Fixed Rate	Variable Rate	Fixed Rate	Variable Rate	Fixed Rate	Variable Rate
Residential	kWh	\$32.12	\$0.0000	\$30.81	\$0.0000	\$29.31	\$0.0000
GS < 50 kW	kWh	\$22.42	\$0.0244	\$22.39	\$0.0231	\$22.42	\$0.0216
GS > 50 kW	kW	\$171.02	\$5.4559	\$171.00	\$5.2085	\$171.02	\$4.9072
Street Light	kW	\$5.58	\$3.1083	\$5.58	\$4.2332	\$5.54	\$2.6929
Sentinel Light	kW	\$5.18	\$16.6389	\$4.86	\$15.6063	\$4.61	\$14.8222
USL	kWh	\$8.68	\$0.0131	\$8.36	\$0.0127	\$7.94	\$0.0120
		<i>Fixed %</i>	<i>Variable %</i>	<i>Fixed %</i>	<i>Variable %</i>	<i>Fixed %</i>	<i>Variable %</i>
Residential	kWh	100.00%	0.00%	100.00%	0.00%	100.00%	0.00%
GS < 50 kW	kWh	25.55%	74.45%	26.34%	73.66%	27.69%	72.31%
GS > 50 kW	kW	18.14%	81.86%	19.08%	80.92%	20.05%	79.95%
Street Light	kW	91.26%	8.74%	88.33%	11.67%	92.20%	7.80%
Sentinel Light	kW	55.82%	44.18%	57.12%	42.88%	57.09%	42.91%
USL	kWh	67.47%	32.53%	67.34%	32.66%	67.35%	32.65%

#### Evidence References

- Exhibit 1, Tab 5, Schedule 7 – Application Summary Cost Allocation and Rate Design
- Exhibit 8 – Rate Design

#### IR Responses

- 8-Staff-77 to 8-Staff-79
- 8-VECC-45 to 8-VECC-47

**Supporting Parties**

GSHi, VECC, SEC, PP, EP

**Parties Taking No Position**

None

### 3.4 Are the proposed Retail Transmission Service Rates and Low Voltage Service Rates appropriate?

#### Full Settlement

The Parties have agreed to the RTSR rates and low voltage rates as presented in Table 20 – 2020 RTSR Network and Connection Rates and Table 21- 2020 Low Voltage Rates below. An updated copy of the OEB’s RTSR model has been submitted in live Excel format as part of this Settlement Proposal.

**Table 20 - 2020 RTSR Network and Connection Rates**

Rate Class	Application October 31 2019		IRR March 10 2020		Settlement Proposal	
	<i>Transmission - Network</i>					
	Rate	Impact on CoP	Rate	Impact on CoP	Rate	Impact on CoP
Residential	0.0058	\$2,194,630	0.0062	\$2,387,577	0.0062	\$2,387,577
GS < 50	0.0044	\$619,369	0.0047	\$671,677	0.0047	\$671,677
GS > 50	3.2536	\$2,786,721	3.4949	\$2,998,218	3.4949	\$2,998,218
Unmetered	0.0033	\$3,740	0.0047	\$5,464	0.0047	\$5,464
Sentinel Lighting	1.3485	\$1,432	1.8782	\$1,896	1.8782	\$1,896
Street Lighting	1.6516	\$33,875	1.7741	\$36,913	1.7741	\$36,913
		<b>\$5,639,767</b>		<b>\$6,101,746</b>		<b>\$6,101,746</b>
	<i>Transmission - Connection</i>					
	Rate	Impact on CoP	Rate	Impact on CoP	Rate	Impact on CoP
Residential	0.0046	\$1,740,569	0.0050	\$1,925,466	0.0050	\$1,925,466
GS < 50	0.0033	\$464,527	0.0036	\$514,476	0.0036	\$514,476
GS > 50	2.5096	\$2,149,482	2.7024	\$2,318,345	2.7024	\$2,318,345
Unmetered	0.0033	\$3,740	0.0036	\$4,186	0.0036	\$4,186
Sentinel Lighting	1.3485	\$1,432	1.4521	\$1,466	1.4521	\$1,466
Street Lighting	1.2737	\$26,124	1.3715	\$28,537	1.3715	\$28,537
		<b>\$4,385,874</b>		<b>\$4,792,475</b>		<b>\$4,792,475</b>

**Table 21 - 2020 Low Voltage Rates**

Description	2019 Annual Billing Determinants (A)	2019 Approved Rates (B)	Estimated 2020 Low Voltage Payable (A * B)
Meter Charge	96.00	\$ 571.12	\$ 54,828
Service Charge	84.00	\$ 546.47	\$ 45,903
Specific ST Lines	9.36	\$ 480.7922	\$ 4,500
Common ST Lines	179,662.61	\$ 1.4434	\$ 259,325
Low Voltage	7,065.60	\$ 1.5386	\$ 10,871
<b>Total</b>			<b>\$ 375,427</b>

Customer Class Name	2020 PROJECTED TRANSMISSION-CONNECTION REVENUE				
	Rate	per	Volume <sup>1</sup>	Revenue	%
Residential	\$0.0050	kWh	385,093,143	1,925,466	40.18%
General Service < 50 kW	\$0.0036	kWh	142,909,912	514,476	10.74%
General Service 50 to 4,999 kW	\$2.7024	kW	857,773	2,318,046	48.37%
Unmetered Scattered Load	\$0.0036	kWh	1,162,658	4,186	0.09%
Sentinel Lighting	\$1.4521	kW	1,010	1,466	0.03%
Street Lighting	\$1.3715	kW	20,807	28,537	0.60%
<b>TOTAL</b>				<b>4,792,176</b>	<b>100.00%</b>

  

Customer Class Name	2020 PROPOSED LOW VOLTAGE CHARGES & RATES				
	% Allocation	Charges	Volume <sup>2</sup>	Rate	per
Residential	40.18%	150,844	367,560,506	\$0.0004	kWh
General Service < 50 kW	10.74%	40,305	136,403,467	\$0.0003	kWh
General Service 50 to 4,999 kW	48.37%	181,600	857,773	\$0.2117	kW
Unmetered Scattered Load	0.09%	328	1,109,725	\$0.0003	kWh
Sentinel Lighting	0.03%	115	1,010	\$0.1138	kW
Street Lighting	0.60%	2,236	20,807	\$0.1074	kW
<b>TOTAL</b>		<b>\$ 375,427</b>			

<sup>1</sup> kWh's uplifted for line losses  
<sup>2</sup> kWh's not uplifted for line losses

**Evidence References**

- Exhibit 8, Tab 3 – Retail Transmission Service Rates (RTSRs) and Other Charges
  - Including Tab 7 – Low Voltage Service Charges
- RTSR Workform

**IR Responses**

- 8-Staff-77
- 8-VECC-45



**Supporting Parties**

GSHi, VECC, SEC, PP, EP

**Parties Taking No Position**

None

## **4 ACCOUNTING**

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### **4.1 Have all impacts of any changes in accounting standards, policies, estimates, and adjustments been properly identified and recorded, and is the rate-making treatment of each of these impacts appropriate?**

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#### **Full Settlement**

The Parties agree that GSHi's proposal to change its accounting for OPEB costs in rates from a cash accounting basis to an accrual accounting basis is appropriate and has been appropriately reflected in rates; see section 4.2 for new deferral and variance accounts related to the transition.

#### **Evidence References**

- Exhibit 1, Tab 3, Schedule 11 – Statement of Changes in Methodology
- Exhibit 1, Tab 3, Schedule 22 – New Accounting Guidance – 1588 Power and 1589 Global Adjustment
- Exhibit 1, Tab 5, Schedule 2 – Application Summary Budgeting and Accounting Assumptions
- Exhibit 4, Tab 4, Schedule 3 – Employee Benefits, Pensions and OPEB
- Exhibit 9

#### **IR Responses**

- 4-Staff-66 and 4-Staff-67 and 9-Staff-91 and 4-Staff-103 to 4-Staff-104 and 9-Staff-110 to 9-Staff-111

#### **Supporting Parties**

GSHi, VECC, SEC, PP, EP

#### **Parties Taking No Position**

None

## 4.2 Are GSHi's proposals for deferral and variance accounts, including the balances in the existing accounts and their disposition, requests for new accounts and the continuation of existing accounts, appropriate?

### Full Settlement

Subject to the Parties' agreement that:

- a) GSHi will continue to track impacts caused by changes to CCA rates in Account 1592 - PILS and Tax Variances, Sub-account CCA Changes.
- b) GSHi will establish a new deferral account to track transition costs related to the change from cash accounting to accrual accounting for OPEBs in an OPEB transition costs account for future review and possible disposition, and
- c) GSHi will establish a new deferral account to track actuarial gains and losses in relation to OPEBs in an account for future review and possible disposition,

the Parties agree that GSHi's proposals for deferral and variance accounts are appropriate, including the proposed disposition of those accounts.

**Table 22 – DVA Balances for Disposition**

	Account	Balance for Disposition	Allocator
LV Variance Account	1550	\$187,525	kWh
Smart Metering Entity Charge Variance Account	1551	(\$48,794)	# of Cust
RSVA - Wholesale Market Service Charge	1580	(\$278,123)	kWh
RSVA - Retail Transmission Network Charge	1584	(\$113,213)	kWh
RSVA - Retail Transmission Connection Charge	1586	\$33,003	kWh
RSVA - Power (excluding Global Adjustment)	1588	(\$1,016,107)	kWh
RSVA - Global Adjustment	1589	(\$963,893)	Non-RPP kWh
Disposition and Recovery/Refund of Regulatory Balances (2013)	1595	(\$219,763)	%
Disposition and Recovery/Refund of Regulatory Balances (2016)	1595	\$77,228	%
<b>Total of Group 1 Accounts (excluding 1589)</b>		<b>\$(1,378,244)</b>	
Other Regulatory Assets – Sub-Account – Deferred IFRS Transition Costs	1508	\$196,125	kWh
Pole Attachment Revenue Variance	1508	(\$731,735)	Distribution Revenue
Other Regulatory Assets – Sub-Account – OEB Cost Assessments	1508	\$205,123	kWh
Smart Grid Capital Deferral Account	1534	\$177,794	kWh
Smart Grid OM&A Deferral Account	1535	\$283,514	kWh

Other Deferred Credits	2425	(\$513,952)	Specific customer classes
Smart Meter Capital and Recovery Offset Variance – Sub-Account – Stranded Meter Costs	1555	(\$9,219)	kWh
<b>Total of Group 2 Accounts</b>		<b>(\$392,350)</b>	
LRAM Variance Account	1568	\$349,899	LRAMVA Model
IFRS-CGAAP Transition PP&E Amounts Balance + Return Component	1575	\$4,079,410	kWh
<b>Total of Group 1 Accounts (1550, 1551, 1584, 1586 and 1595)</b>		<b>(\$84,014)</b>	
<b>Total of Account 1580 and 1588 (not allocated to WMPs)</b>		<b>(\$1,294,230)</b>	
<b>Balance of Account 1589 Allocated to Non-WMPs</b>		<b>(\$963,893)</b>	
<b>Group 2 Accounts (including 1592, 1532, 1555)</b>		<b>(\$392,350)</b>	

Table 23 - DVA and LRAMVA Rate Riders below summarizes the amounts for disposition and associated rate riders by rate class.

**Table 23 - DVA and LRAMVA Rate Riders**

<b>Rate Rider Calculation for Group 1 Deferral / Variance Accounts Balances (excluding Global Adj.)</b>				
<i>1550, 1551, 1584, 1586, 1595, 1580 and 1588 per instructions</i>				
<b>Rate Class (Enter Rate Classes in cells below)</b>	<b>Units</b>	<b>kW / kWh / # of Customers</b>	<b>Allocated Group 1 Balance (excluding 1589)</b>	<b>Rate Rider for Deferral/Variance Accounts</b>
RESIDENTIAL SERVICE CLASSIFICATION	kWh	367,560,506	-\$ 645,234	- 0.0018
GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION	kWh	136,403,467	-\$ 203,104	- 0.0015
GENERAL SERVICE 50 TO 4,999 KW SERVICE CLASSIFICATION	kW	857,773	\$ 15,547	0.0181
UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION	kWh	1,109,725	-\$ 2,288	- 0.0021
SENTINEL LIGHTING SERVICE CLASSIFICATION	kW	1,010	-\$ 1,183	- 1.1720
STREET LIGHTING SERVICE CLASSIFICATION	kW	20,807	-\$ 25,114	- 1.2070
<b>Total</b>			<b>-\$ 861,376</b>	

**Rate Rider Calculation for Group 1 Deferral / Variance Accounts Balances  
 (excluding Global Adj.) - NON-WMP**

1580 and 1588

Rate Class (Enter Rate Classes in cells below)	Units	kW / kWh / # of Customers	Allocated Group 1 Balance - Non- WMP	Rate Rider for Deferral/ Variance Accounts
RESIDENTIAL SERVICE CLASSIFICATION	kWh	367,560,506	\$ -	-
GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION	kWh	136,403,467	\$ -	-
GENERAL SERVICE 50 TO 4,999 KW SERVICE CLASSIFICATION	kW	851,155	-\$ 516,867	- 0.6073
UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION	kWh	1,109,725	\$ -	-
SENTINEL LIGHTING SERVICE CLASSIFICATION	kW	1,010	\$ -	-
STREET LIGHTING SERVICE CLASSIFICATION	kW	20,807	\$ -	-
<b>Total</b>			<b>-\$ 516,867</b>	

**Rate Rider Calculation for RSVA - Power - Global Adjustment**

Balance of Account 1589 Allocated to Non-WMPs

Rate Class (Enter Rate Classes in cells below)	Units	kWh	Allocated Global Adjustment Balance	Rate Rider for RSVA - Power - Global Adjustment
RESIDENTIAL SERVICE CLASSIFICATION	kWh	7,804,395	-\$ 30,351	- 0.0039
GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION	kWh	23,493,082	-\$ 91,365	- 0.0039
GENERAL SERVICE 50 TO 4,999 KW SERVICE CLASSIFICATION	kWh	209,062,554	-\$ 813,048	- 0.0039
UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION	kWh	9,859	-\$ 38	- 0.0039
SENTINEL LIGHTING SERVICE CLASSIFICATION	kWh	31,744	-\$ 123	- 0.0039
STREET LIGHTING SERVICE CLASSIFICATION	kWh	7,448,452	-\$ 28,967	- 0.0039
<b>Total</b>			<b>-\$ 963,893</b>	

**Rate Rider Calculation for Group 2 Accounts**

Rate Class (Enter Rate Classes in cells below)	Units	# of Customers	Allocated Group 2 Balance	Rate Rider for Group 2 Accounts
RESIDENTIAL SERVICE CLASSIFICATION	# of Customers	43,121	-\$ 130,826	\$ (0.25)
GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION	kWh	136,403,467	-\$ 28,589	-\$ 0.0002
GENERAL SERVICE 50 TO 4,999 KW SERVICE CLASSIFICATION	kW	857,773	-\$ 218,206	-\$ 0.2544
UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION	kWh	1,109,725	-\$ 84	-\$ 0.0001
SENTINEL LIGHTING SERVICE CLASSIFICATION	kW	1,010	-\$ 650	-\$ 0.6441
STREET LIGHTING SERVICE CLASSIFICATION	kW	20,807	-\$ 13,995	-\$ 0.6726
<b>Total</b>			<b>-\$ 392,349</b>	

Rate Rider Calculation for Accounts 1575 and 1576				
Please indicate the Rate Rider Recovery Period (in months)		60		
Rate Class (Enter Rate Classes in cells below)	Units	# of Customers	Allocated Accounts 1575 and 1576 Balances	Rate Rider for Accounts 1575 and 1576
RESIDENTIAL SERVICE CLASSIFICATION	# of Customers	43,121	\$ 1,748,842	0.6759
GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION	kWh	136,403,467	\$ 649,003	0.0010
GENERAL SERVICE 50 TO 4,999 KW SERVICE CLASSIFICATION	kW	857,773	\$ 1,639,103	0.3822
UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION	kWh	1,109,725	\$ 5,280	0.0010
SENTINEL LIGHTING SERVICE CLASSIFICATION	kW	1,010	\$ 1,742	0.3450
STREET LIGHTING SERVICE CLASSIFICATION	kW	20,807	\$ 35,440	0.3407
<b>Total</b>			<b>\$ 4,079,410</b>	

Rate Rider Calculation for Accounts 1568				
Please indicate the Rate Rider Recovery Period (in months)		12		
Rate Class (Enter Rate Classes in cells below)	Units	kW / kWh / # of Customers	Allocated Account 1568 Balance	Rate Rider for Account 1568
RESIDENTIAL SERVICE CLASSIFICATION	kWh	367,560,506	\$ 116,757	0.0003
GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION	kWh	136,403,467	\$ 85,825	0.0006
GENERAL SERVICE 50 TO 4,999 KW SERVICE CLASSIFICATION	kW	857,773	\$ 147,095	0.1715
UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION	kWh	1,109,725	\$ -	-
SENTINEL LIGHTING SERVICE CLASSIFICATION	kW	1,010	\$ -	-
STREET LIGHTING SERVICE CLASSIFICATION	kW	20,807	\$ 222	0.0107
<b>Total</b>			<b>\$ 349,899</b>	

### Evidence References

- Exhibit 1, Tab 5, Schedule 8 – Application Summary Deferral and Variance Accounts
- Exhibit 4, Tab 10, Schedule 1 – LRAM Variance Account
- Exhibit 9 – Deferral and Variance Accounts
- DVA Continuity Schedule
- LRAMVA Work Form

### IR Responses

- 9-Staff-80 to 9-Staff-83 and 4-Staff-108 to 4-Staff-109

### Supporting Parties

GSHi, VECC, SEC, PP, EP

### Parties Taking No Position

None

## 5.0 Other

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### 5.1 Are the Advanced Capital Module proposals for the four station rebuilds appropriate, and does the proposal include sufficient justification and cost estimates to show need and prudence?

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#### Full Settlement

The Parties agree that GSHi will only apply for Advanced Capital Module (ACM) funding for the Cressey Station Rebuild Project scheduled for 2021, and that the proposal for that project includes sufficient justification and cost estimates to show need and prudence. The Parties agree that GSHi will not seek ACM or Incremental Capital Module funding for the remaining 3 station rebuilds during the IRM term.

With respect to the ACM for the Cressey Station Rebuild Project in 2021, the Parties agree that the calculation of the rate rider shall not include the impact of the Accelerated CCA implemented in the Federal *Budget Implementation Act, 2019, No. 1*, so as to not build up a material under-recovery due to timing differences. The Parties agree that GSHi will record the ACM revenue requirement impact of the difference between the CCA rule used in the ACM rate rider calculation and the CCA rule used in its actual taxes (i.e. Accelerated CCA) in Account 1592 - PILs and Tax Variances, Sub-account CCA Changes, for future disposition; GSHi will follow any future OEB guidance with respect to this amount.

The Parties agree that, consistent with the *Report of the Board: New Policy Options for the Funding of Capital Investments: The Advanced Capital Module*, at GSHi's next rebasing application, a true-up may only occur on the basis of: a) variances in the actual and approved cost of the project; b) any change in the timing of the project going in-service (i.e. project goes in-service after the year the ACM rate rider is implemented); and c) variances in the amount of ACM rate rider revenues actually collected in relation to the ACM rate rider revenue that was forecast to be collected (i.e., revenue requirement for the Cressey Station rebuild forecasted that was forecast to be recovered over the plan term from 2021 to 2024).

### **Evidence References**

- Exhibit 2, Tab 2, Schedule 6

### **IR Responses**

- 2-Staff-29 to 2-Staff-30 and 2-Staff-97
- 2-EP-8 to 2-EP-9, 2-EP-17
- 2-VECC-19
- 2-SEC-22

### **Supporting Parties**

GSHi, VECC, SEC, PP, EP

### **Parties Taking No Position**

None



## **5.2 Is the proposed effective date (i.e., May 1, 2020) for 2020 rates appropriate?**

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### **Full Settlement**

The Parties agree that GSHi's new rates should be effective on May 1, 2020 if the OEB renders its decision approving the Settlement Proposal on or before May 8, 2020 (which is the latest date that GSHi requires a decision in order to implement changes to rates for a May, 1, 2020 effective date), or June 1, 2020 if the Board issues a decision after May 8, 2020. In the event the implementation of rates is too late to capture the agreed upon effective date the Parties agree that GSHi will track any foregone revenue in a deferral account for future disposition.

### **Evidence References**

- Exhibit 1, Tab 3, Schedule 9 – Effective Date Requested

### **IR Responses**

- 1-SEC-8

### **Supporting Parties**

GSHi, VECC, SEC, PP, EP

### **Parties Taking No Position**

None

### **5.3 Are rate mitigation proposals required for any rate classes?**

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#### **Full Settlement**

The Parties agree that no mitigation proposals are required for any rate classes.

#### **Evidence References**

- Exhibit 1, Tab 3, Schedule 7 – Bill Impacts
- Exhibit 1, Tab 5, Schedule 9 – Application Summary Bill Impacts
- Exhibit 8, Tab 5, Schedule 3 – Bill Impact Information and Schedule 4 – Rate Mitigation

#### **IR Responses**

- None

#### **Supporting Parties**

GSHi, VECC, SEC, PP, EP

#### **Parties Taking No Position**

None

## **5.4 Are the Specific Service Charges, Retail Service Charges, and Pole Attachment Charge appropriate?**

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### **Full Settlement**

The Parties agree that GSHi's Specific Service Charges, including the microFIT charge (as updated per the Board's letter of February 24<sup>th</sup>, 2020 regarding EB-2009-0326 and EB-2010-0219), and both the Retail Service Charges and Pole Attachment Charge (both updated as per the Board's letter of November 28<sup>th</sup>, 2019 regarding EB-2019-0280) are appropriate.

### **Evidence References**

- Exhibit 8, Tab 3 – Retail Transmission Service Rates (RTSR's) and Other Charges

### **IR Responses**

- 8-Staff-78
- 8-VECC-46

### **Supporting Parties**

GSHi, VECC, SEC, PP, EP

### **Parties Taking No Position**

None

## **6 ATTACHMENTS**

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### **Attachment 1 – Draft Accounting Orders for Account 1508**

**Account 1508 – Other Regulatory Assets, Sub-Account OPEB**  
**Actuarial Gains & Losses –**  
**Draft Accounting Order**

Greater Sudbury Hydro Inc. (“GSHi”) shall establish a new “Other Post-Employment Benefit (OPEB) Actuarial Gains & Losses Deferral Account” to record the cumulative actuarial gains & losses that would otherwise be recognized in Account 7010 – “Pension Actuarial Gains or Losses or Remeasurement Adjustment – Other Comprehensive Income”.

The account will be established as Account 1508, Other Regulatory Assets – Sub-Account “OPEB Actuarial Gains & Losses” effective May 1, 2020 until such time as the effective date of the next cost of service rate application. GSHi will not record interest on any balance in the sub-account.

The approach to disposition of the deferral account will be for GSHi to propose disposition in its next cost of service rate application, should the gains and losses that are tracked in this account not substantially offset over time. The disposition amount will be supported by actuarial valuations. The final decision on the approval of disposition will be subject to prudence review in a rate application proceeding.

The following outlines the proposed accounting entries for this account:

<b>USofA #</b>	<b>Account Description</b>
<b>DR/CR: 1508</b>	Other Regulatory Assets – Sub-Account OPEB Actuarial Gains & Losses
<b>DR/CR: 7010</b>	Pension Actuarial Gains or Losses or Remeasurement Adjustment – Other Comprehensive Income
Transaction description: To remove the income statement impact of the actuarial gain or loss and record the transaction in account 1508.	

**Account 1508 – Other Regulatory Assets, Sub-Account OPEB Cash to  
 Accrual Transitional Amount  
 Draft Accounting Order**

Greater Sudbury Hydro Inc. (“GSHi”) shall establish a new “Other Post-Employment Benefit (OPEB) Cash to Accrual Transitional Amount”.

GSHi previously recovered OPEBs on a cash basis. GSHi has transitioned to recover OPEBs on an accrual basis in the cost of service rate application for 2020 rates (EB-2019-0037). When transitioning between the cash and accrual method of accounting for OPEBs, the “*Report of the Ontario Energy Board – Regulatory Treatment of Pension and Other Post-employment Benefits (OPEBs) Costs*” dated September 14, 2017 speaks to calculating the amount that a regulated utility has already recovered from customers with regards to OPEBs in the rates charged to date, compared to what would have been collected in the rates had the newly approved method been in place since the beginning. This new account shall record the difference determined in performing the above calculation. GSHi will perform the above calculation before its next cost of service rate application.

The account will be established as Account 1508, Other Regulatory Assets – Sub-Account “OPEB Cash to Accrual Transitional Amount” effective May 1, 2020 until such time as the effective date of the next cost of service rate application. GSHi will not record interest on any balance in the sub-account.

The approach to disposition of the deferral account will be for GSHi to propose disposition in its next cost of service rate application, and propose the mechanism by which the balance will be recovered. The final decision on the approval of disposition will be subject to prudence review in a rate application proceeding.

The following outlines the proposed accounting entries for this account:

<b>USofA #</b>	<b>Account Description</b>
<b>DR/CR: 1508</b>	Other Regulatory Assets – Sub-Account OPEB Actuarial Gains & Losses
<b>DR/CR: 3045</b>	Unappropriated Retained Earnings
Transaction description: To record the recovery/repayment of the transitional amount for the change from cash to accrual basis of recovering OPEBs in distribution rates.	