



PUBLIC INTEREST ADVOCACY CENTRE
LE CENTRE POUR LA DÉFENSE DE L'INTÉRÊT PUBLIC

October 30, 2020

VIA E-MAIL

Christine E. Long
Registrar (registrar@oeb.ca)
Ontario Energy Board
Toronto, ON

Dear Ms. Long:

**Re: EB-2020-0040 – Niagara Peninsula Inc. (NPEI) 2021 Rates Cost of Service
Interrogatories of the Vulnerable Energy Consumers Coalition (VECC)**

Please find attached the interrogatories of VECC to the HVAC Coalition in the above-noted proceeding. We have also directed a copy of the same to the Applicant.

Yours truly,

Mark Garner
Consultants for VECC/PIAC

Email copy:

Mr. Paul Blythin, Director of Regulatory Affairs and Accounting, NPEI

Paul.blythin@npei.ca

Mr. Scott Stoll, Aird & Berlis LLP, Counsel for NPEI

sstoll@airdberlis.com

REQUESTOR NAME **VECC**
TO: **EB-2020-0040 – Niagara Peninsula Inc. (NPEI)**
DATE: **October 28, 2020**
CASE NO: **EB-2020-0040**
APPLICATION NAME **2021 Cost of Service Rates**

1.0 ADMINISTRATION (EXHIBIT 1)

VECC-1

Reference: Exhibit 1, page 118

Table 1.7.1-1 Customer Interactions

Year	Active Customers	Calls	Emails	Online Forms	In-Person Visits
2018	55,470	42,540	7,960	399	4,434
2019	56,019	43,763	10,076	705	5,183

- a) For each year 2015 through 2020 (to date) please provide the number of customer interactions related to requests for information on payment relief or assistance (e.g. LEAP, OESP or information on budget billing or other ways of managing electricity payments).

VECC-2

Reference: Exhibit 1, page 172

Table 1.8.6-1 Efficiency Assessment

	2015	2016	2017	2018	2019	2020	2021
Cost Benchmarking Summary	Actual	Actual	Actual	Actual	Forecast	Bridge	Test
Actual Total Cost	39,284,843	40,039,453	40,672,397	41,988,255	43,962,086	45,370,241	46,912,950
Predicted Total Cost	37,539,582	38,666,715	38,741,804	41,457,453	43,133,170	44,949,463	46,840,052
Difference	1,745,261	1,372,738	1,930,593	530,802	828,916	420,778	72,898
Percentage Difference (Cost Performance)	4.54%	3.40%	4.86%	1.27%	1.90%	0.93%	0.16%
Three Year Average Performance	4.50%	5.30%	4.30%	3.20%	2.68%	1.37%	1.00%
Stretch Factor Cohort							
Annual Results	3	3	3	3	3	3	3

- a) Given the improvements shown in the table what impediments does NPEI face in moving from the Group 3 to a Group 2 cohort?

VECC-3

Reference: Exhibit 1, NPEI Strategic Plan 2020, pages 551, 552

- a) Why does the 2020 Strategic plan set targets for 2015 and 2016?
- b) What is the target for total cost per customer between 2021 and 2025?
- c) What is the target for regulatory return on equity for 2021 to 2025?

VECC-4

Reference: Exhibit 1, page 1295

- a) Please update the Utility Scorecard to include 2019 results.

2.0 RATE BASE (EXHIBIT 2)

VECC-5

Reference: Exhibit 2, page 5 / Reference: Exhibit 1 Tab 2, Schedule 1, page 2

“NPEI intends to review and update the Chapter 2, Appendix 2-AA Capital Projects Table as part of the interrogatory process and as the impact of the COVID-19 pandemic is better understood later in the 2020 year.”

- a) Please update Appendix 2-AA to show current estimates for 2020 and any forecast changes to 2021. Please also add to the table a row showing 2020 capital contributions by category (System Access, Renewal etc.). Please clarify whether the capital contributions include funds received from insurance companies or third parties arising from third-party equipment damage.

VECC-6

Reference: Exhibit 1, page 118

- a) Please explain how the forecast test year capital contribution amount of (2,583k) was calculated.
- b) Why is the 2021 proportion of system access spending contributions represents (i.e. 42%) differ from the 5-year actual average of approximately 58% of system access capital spending?

VECC-7

Reference: Exhibit 1, page 118, 241

NPEI's DSP at page 241 states:

Reactive asset management relates more to equipment that does not get more than a visual inspection and includes:

- *Conductor and Cable*
- *Distribution Transformers*
- *Pole Line Hardware*
- *Metering Equipment*

- Has it previously been NPEI's policy to run overhead transformers to failure?
- If yes, when did the policy change to proactively replace overhead and what caused that policy change?
- What are the customer minutes of outages (number of customers x minutes of outage) due to overhead transformer failure for each of the years 2015 through 2020?
- What is the reduction in outages due to pole transformer replacement that is being targeted as part of the polemount transformer replacement project?
- Please explain how the replacement of pole transformer's is aligned or coordinated with the plan for pole replacements and circuit rebuilds (e.g. Cherryhill rebuilds and similar projects).

VECC-8

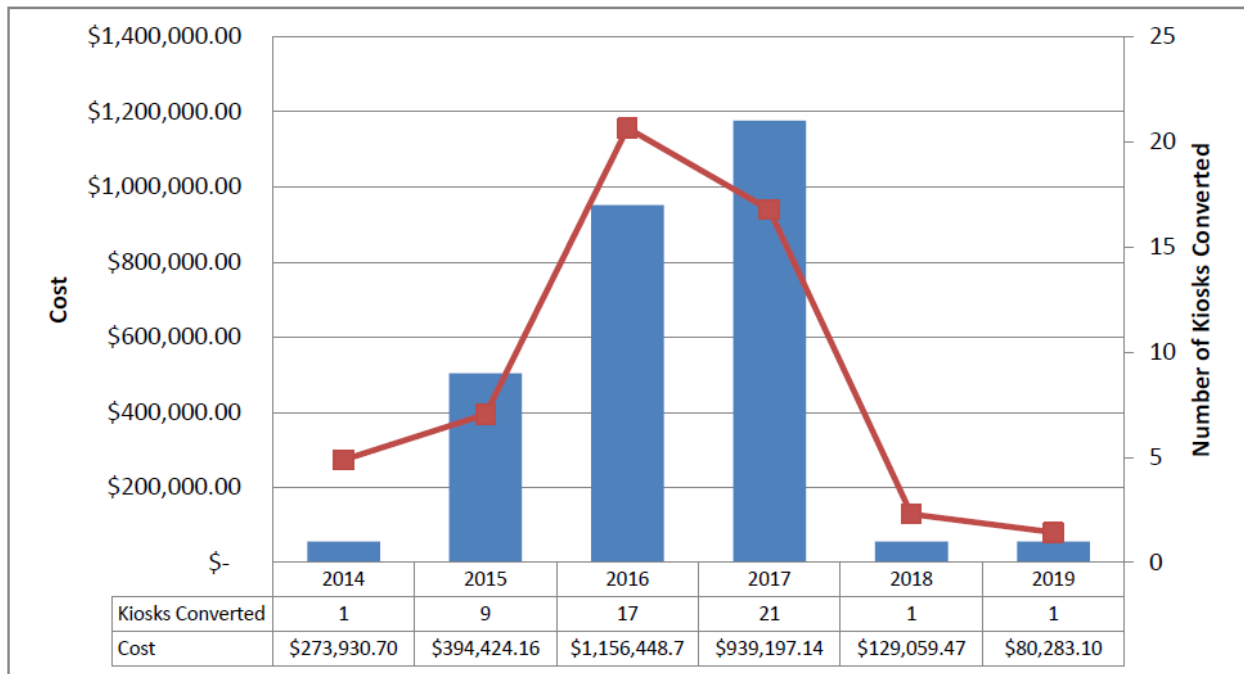
Reference: Exhibit 2, Table 5-28, pages 242, DSP 401-

Transformers					
Age	0 - 10	11 - 20	21 - 30	31 - 40	> 40
Condition	Quantity				
Very Good	1,856	1,093	154	-	-
Good	9	16	841	-	-
Fair	10	6	188	627	-
Poor	6	8	9	213	338
Very Poor	11	27	18	8	613

- a) Table 5-28 shows that pole top transformers are subject to visual inspection. If that is correct then how were the polemount transformer replacement (410k in 2021) candidates chosen?
- b) Please show the number of polemount transformers replaced under the pole mount transformer project (i.e. that are not as part of other system renewal programs in each year 2015 through 2025 forecast).
- c) 2025 Please recast the table above to show the expected condition of polemount transformers at the completion of the program.

VECC-9

Reference: Exhibit 2, DSP page 266



This equates to an average cost of \$55,061.91 per Kiosk.

- a) The above chart shows that NPEI was aggressively replacing Kiosks prior to 2018. Why did this largely stop in 2018 and 2019?
- b) Please provide the equivalent chart for the forecast rate period 2020 through 2025.

VECC-10

Reference: Exhibit 2, page 30

- a) Please clarify the meaning of the category “*transfer of expansion projects from customers*” as shown in line 41 of Appendix 2-AA.
- b) Please explain how the \$1million estimates for 2020 and 2021 for this category are estimated.

VECC-11

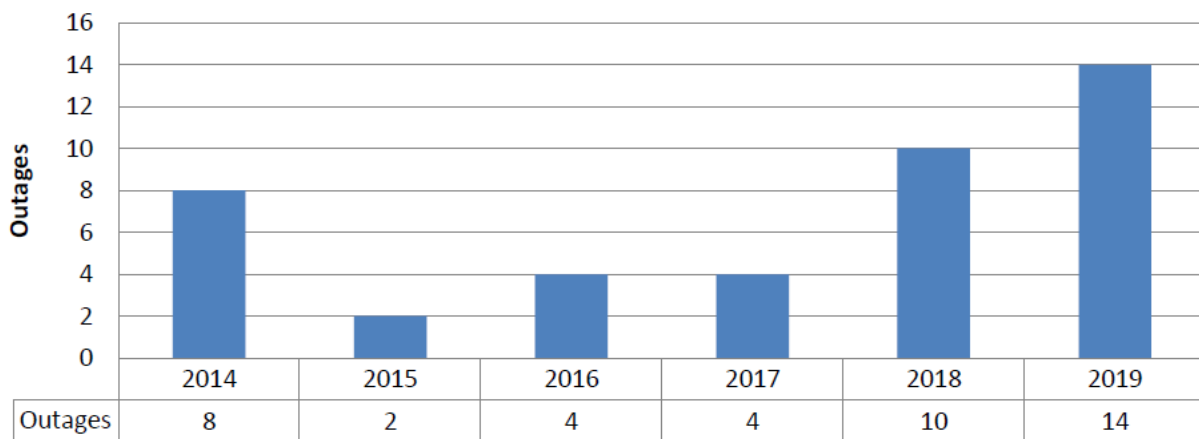
Reference: Exhibit 2, page 30

- a) Please provide a table, similar to Table 2.1.1.10 showing building addition capital costs in each of the years 2015 through 2020.

VECC-12

Reference: Exhibit 2, DSP, page 388

Outages Caused By Pad-Mount Trasformers



- a) A number of capital projects, including the Pad-Mounted Transformer Replacement project are being undertaken to reduce outages due to equipment failure. Please provide the target improvement for outages from Defective Equipment (or expressed as Customer Hours of Interruptions by Defective Equipment) that NPEI is expecting to achieve from these projects.
- b) Please provide the number of transformers expected to be replaced in each year 2020 through 2025 and the average cost of transformer replacement during this period.

VECC-13

Reference: Exhibit 2, page 38, 313

The Canada Summer games being held in the Niagara Region in 2021 and the new hospital are the main drivers for the increase in capital spending in 2020. Approximately, \$1.6M of system renewal projects were deferred to future years in order to accommodate the increase in system access projects.

- a) Please identify those projects which are necessary for either the Summer Games or the new hospital (South Niagara Project expected to be completed in 2026).
- b) Please provide a table showing the necessary new and upgrades to the distribution service in each year 2020 to 2021 to serve the South Niagara Project.
- c) Please confirm (or correct) that the South Niagara Project construction is not expected to begin until the fall of 2022.
- d) Are the South Niagara Feeder and the Kalar TS project being undertaken solely to serve the new hospital?
- e) Are there any capital contributions expected related to connecting either Summer Games sites or the new hospital? If yes, please provide the estimate of those contributions.

VECC-14

Reference: Exhibit 2, DSP, page 396

Poles					
Age	0 - 10	11 - 20	21 - 30	31 - 40	> 40
Condition	Quantity				
Very Good	4,326	5,256	2,374	2,603	1,761
Good	123	41	150	204	3,071
Fair	22	3	6	14	1,766
Poor	14	11	32	38	1,862
Very Poor	17	7	14	14	992

- a) How many of the poles assessed as in poor or very poor condition will be replaced as part of the circuit renewal projects (e.g. Cherryhill, McRae Rebuild etc.) and how many are estimated to be replaced by similar projects (circuit rebuilds etc.) over the rate plan (i.e. to 2025)?

VECC-15

Reference: Exhibit 2, DSP page 397

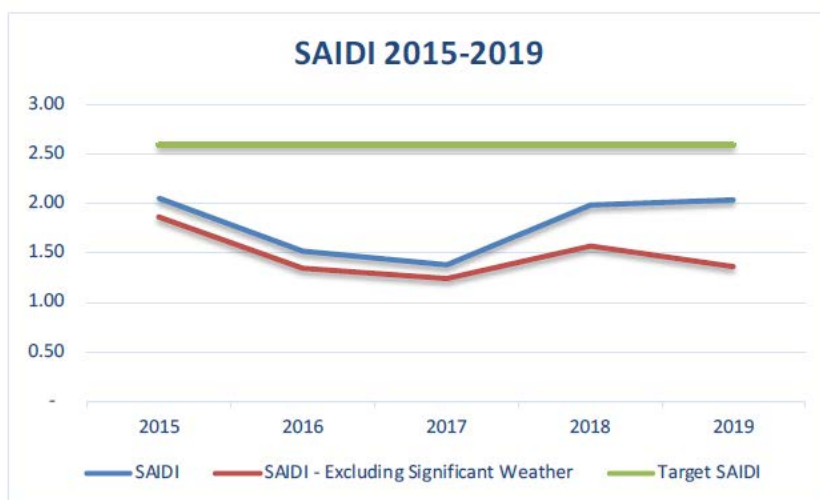
A summary of the pole inspections in recent years is summarized below:

Year	Replace 1-5	Replace Immediately	Total Inspected
2014	86	75	6362
2015	96	54	7980
2016	108	53	7314
2017	111	17	6705
2018	102	32	4519
2019	49	30	6508

- a) Please provide the actual number of poles replaced under the pole replacement program in each year 2014 through 2019 and the forecast number for years 2020 through 2025.

VECC-16

Reference: Exhibit 2, page 109



- a) Why does NPEI target SAIDI at a significantly higher level than actually occurred during the 2015-19 period?
- b) What incentives are associated with the SAIDI and SAIFI targets established by NPEI?

VECC-17

Reference: Exhibit 2, page 109 / DSP, page 430-

- Please confirm that the Direct Buried Subdivision Rehabilitation project includes only the installation of ducts.
- It is noted in the DSP that “[S]cheduling is flexible and work is performed around other higher priority projects.” What types of projects or circumstances might cause this project to be delayed?
- If the project is to install only conduit please explain how the subsequent assets meet the “used and useful” test so as to be included in regulated rate base.

VECC-18

Reference: Exhibit 2, DSP, page 205

Table 5-12: DSP Spending Progress - Historical

Measure	2015	2016	2017	2018	2019
DSP Spending Progress	94.55%	95.97%	100.69%	99.27%	88.79%

- Using the data shown in Appendix 2-AA, please show how Table 5-12 “DSP Spending Progress-Historical,” is calculated.

VECC-19

Reference: Exhibit 1, DSP, page 239

Asset Category	Flagged for Action Plan by Year																			
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
Power Transformers	1	0	0	0	0	0	0	0	1	2	4	3	1	3	2	0	1	0	0	0
Pad-Mount Transformers - Large	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Pad-Mount Transformers - Small	13	14	15	16	16	16	18	19	20	21	21	22	23	24	26	26	27	28	30	30
Pole-Mount Transformers	377	290	288	288	288	288	288	288	116	116	116	111	111	111	111	111	111	111	110	110
Poles - NPEI Owned	Wood	968	726	726	726	726	726	726	208	207	188	188	188	188	188	188	188	188	188	188
	Concrete	6	5	4	4	3	3	3	2	2	3	3	3	3	4	4	4	4	4	4
	Steel	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Poles - Non NPEI Owned	Wood	86	66	66	66	66	66	66	32	32	32	32	32	32	32	32	32	32	32	32
	Concrete	10	9	8	7	6	6	6	6	6	7	7	7	8	8	8	8	8	8	8
	Steel	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Pad-Mount Switchgear	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3
Underground Cables *	15.0	15.0	15.0	15.0	12.0	4.0	5.0	4.0	4.0	4.0	5.0	4.0	5.0	5.0	5.0	5.0	6.0	6.0	6.0	5.0
Overhead Lines *	0.0	0.0	0.0	0.0	0.1	0.2	0.2	0.2	0.2	0.3	0.3	0.6	0.7	1.0	1.1	1.8	1.9	2.1	2.4	2.9

* by length (km)

- It is explained the above figure was derived from the 2018 ACA. Please explain if year 1 of the plan, was addressed in the capital plan beginning in 2019.
- Please update the table to show the progress made to date with respect to the Action Plan.

- c) Please explain why poles not owned by NPEI are part of the action plan and how remediation of these assets is achieved with third-parties. Specifically, explain how any remediation costs are shared between the asset owner and NPEI.

VECC-20

Reference: Exhibit 2, Distribution Asset Condition Report (ACR) page 935

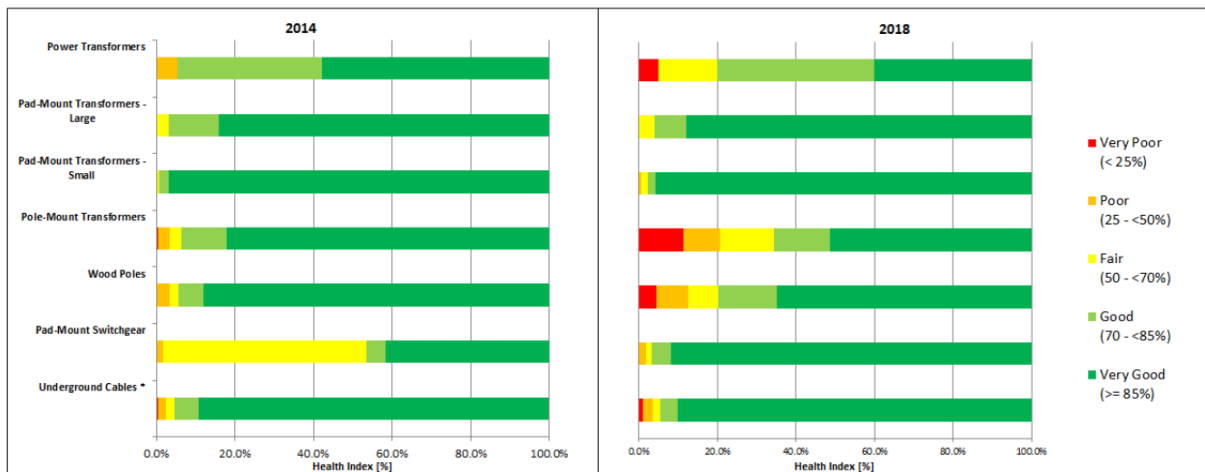


Figure 7 Change in Health Index Distribution

Table 4 Summary Change in Population and Sample Size

Asset	Population				Sample Size		
	Population Count	Population Count	Population Change by Counts	Population Change by %	% Sample Size	% Sample Size	Sample Size Change by %
	2014	2018			2014	2018	
Power Transformers	19	20	1	5%	100%	100%	0%
Pad-Mount Transformers - Large	66	74	8	12%	95%	100%	5%
Pad-Mount Transformers - Small	2682	3391	709	26%	100%	99%	-1%
Pole-Mount Transformers	6683	6077	-606	-9%	99%	100%	0%
Wood Poles	24546	23830	-716	-3%	96%	100%	3%
Pad-Mount Switchgear	74	170	96	130%	81%	36%	-45%
Underground Cables *	475.0	570.9	95.9	20%	66%	76%	10%

* by length (km)

- a) The above chart shows significant changes in the health index for a number of assets most notably, Power and Pole mount transformers and wood poles. Please discuss to what extent the new assessment is the result of (a) changes in assessment methodology or (b) new or better data, and as opposed to showing actual asset degradation over the prior 4- or 5-year period.

VECC-21

Reference: Exhibit 2, ACR, page 925

Table 2 Year 1 Condition Based Flagged for Action

Asset Category		1st Year		10 Year Replacement		Replacement Strategy
		Quantity	Percentage	Quantity	Percentage	
Power Transformers		1	5.0%	4	20.0%	Proactive
Pad-Mount Transformers - Large		0	0.0%	0	0.0%	Proactive
Pad-Mount Transformers - Small		13	0.4%	168	5.0%	Proactive
Pole-Mount Transformers		377	6.2%	2627	43.4%	Proactive
Poles - NPEI Owned	Wood	968	4.1%	6465	27.2%	Proactive
	Concrete	6	1.0%	35	5.6%	Reactive
	Steel	0	0.0%	0	0.0%	Reactive
Poles - Non NPEI Owned	Wood	86	1.2%	612	8.7%	Reactive
	Concrete	10	0.2%	70	1.2%	Reactive
	Steel	0	0.0%	0	0.0%	Proactive/Reactive
Pad-Mount Switchgear		3.0	1.8%	30.0	17.6%	Proactive/Reactive
Underground Cables *		15.0	2.6%	93.0	16.3%	Reactive
Overhead Lines *		0.0	0.0%	1.2	0.1%	Reactive

* by length (km)

- a) Please show the adjustment to the “Quantity” columns that is expected after the completion of the 2021 capital plan (i.e. in the 1st Year Quantity column) and after the completion of the 5-year DSP (i.e. as shown in the 10-year Quantity column).

3.0 OPERATING REVENUE (EXHIBIT 3)

3.0-VECC-22

Reference: Exhibit 3, pages 9-11

NPEI’s Excel Load Forecast Model, Power Purchased Model Tab, Column D

- a) Please explain why the Load Transfers included in the total Purchase Power changed from negative values to positive values starting in 2015.
- b) Please confirm that NPEI does not serve any Market Participants. If not confirmed, please explain why the usage of these Market Participant customers was added to the total Purchased Power values used.

3.0-VECC-23

Reference: Exhibit 3, page 11

- a) Please confirm that the -4.20 coefficient for CDM means for every kWh of persisting CDM monthly purchases are reduced by 4.20 kWh.

- b) In NPEI's view does this result make sense intuitively and, if yes, why?
- c) Please provide an alternative purchased power model (i.e., coefficients and statistical results) along with the resulting 2021 purchased power forecast where:
 - i. The monthly purchased power values used to estimate the regression equation are increased by the persisting monthly CDM (uplifted for losses) and the regression equation is estimated using the balance of the explanatory variables as set out in the Application.
 - ii. The 2021 monthly purchases are first forecast using this regression model and the forecast values for the explanatory variables per step (i).
 - iii. The resulting 2021 forecast monthly purchases are reduced by the persisting CDM (uplifted for losses) forecast for each month as set in the Application.

3.0-VECC-24

Reference: Exhibit 3, page 23

Preamble: The Application states: *"The adjustment from the weather normalized purchases to the weather normalized billed quantities has been made by NPEI using the 5-year average loss factor from 2015 to 2019 of 1.0376, as discussed above. With this average loss factor, the total weather normalized billed energy is 1,243.7 GWh for 2020 (i.e. 1,290.4 GWh / 1.0376) and 1,286.8 GWh for 2021 (i.e. 1,335.2 GWh / 1.0373)."*

- a) Please confirm that the loss factor used for 2021 was 1.0376 and not the 1.0373 value referenced in the above quote.

3.0-VECC-25

Reference: Exhibit 3, pages 24-26
Load Forecast (COS) Model, Rate Class Customer Model Tab

- a) Please clarify whether the historical customer/connection counts set out in Table 3.1.3.10 are year-end or average annual values. If average annual values, please explain how they were calculated (e.g., average of 12 monthly value, average of beginning and end value for the year, or some other approach).

3.0-VECC-26

Reference: Exhibit 3, page 28

Preamble: The Application states: *“NPEI notes that the geometric means of growth rates in use per customer / connection in Table 3.1.3.14 above all appear reasonable, with the exception of the Streetlighting class. During 2015 and 2016, municipalities within NPEI’s service territory undertook a series of projects under the Retrofit Program to retrofit streetlights to a more energy efficient light emitting diode (LED) technology. This had a significant impact on the average usage per streetlight, and the resulting geometric mean calculation. NPEI has utilized a growth rate of 1.00 to estimate the Streetlighting usage per connection for 2020 and 2021”.*

- a) Please explain why a similar issue does not exist for other customer classes where CDM activity in recent years has served to reduce average use per customer (i.e., why is this adjustment only required for the Streetlighting class?).

3.0-VECC-27

Reference: Exhibit 3, pages 13-14
Load Forecast Model, CDM Activity Tab
2017 Final Verified Annual LDC CDM Program Results (Excel File)
– LDC Savings Persistence Tab
CDM Participation and Cost Report – 2019, LDC Progress Tab

Preamble: The Final Verified Annual LDC CDM Program Results shows the following savings due to 2016 Programs:

	2015	2016	2017	2018	2019	2020	2021
2016 Verified	-	11,147,304	11,016,444	10,939,806	10,911,246	10,838,434	10,698,252
2017 Adj.	-	2,335,242	2,466,102	2,455,920	2,355,271	2,329,563	2,307,228
	-	13,482,546	13,482,546	13,395,726	13,266,517	13,167,997	13,005,480

- a) Please confirm that the Load Forecast Model (CDM Activity Tab) includes, as savings in 2016 from 2016 programs: 11,147 MWh (as savings verified in 2016) plus 2,335 MWh (as adjustments to 2016 made in 2017) plus 46 MWh (as adjustments to 2016 subsequently identified in the CDM Participation and Cost Report – 2019).
- b) Please confirm that in Row 19 of the CDM Activity Tab in the Load Forecast model, the entries for impacts of 2016 programs in 2017 and afterward

- include both: i) the results verified in 2016 and ii) the adjustments to 2016 identified in 2017.
- i. If not confirmed please explain the basis for the values in Row 19 for the years 2017 and after.
 - ii. If confirmed, please explain why the values for the years after 2016 in Row 19 of the CDM Activity Tab do not reconcile with the sum of the results verified in 2016 and the adjustments to 2016 identified in 2017 (as set out in the Preamble).
- c) Please also confirm that in Row 19 of the CDM Activity Tab in the Load Forecast model, the entries for impacts of 2016 programs in 2017 and afterward do not include any persisting effects of the 46 MWh identified in the CDM Participation and Cost Report – 2019.
- i) If not confirmed, please demonstrate how they have been included in Row 19
 - ii) If confirmed, please explain if the persisting impacts of the 46 MWh in the years after 2016 have been included elsewhere in the CDM Activity Tab.
- d) Please confirm that the Load Forecast Model (CDM Activity Tab) includes as savings in 2017 from 2017 programs: 17,221 MWh (as savings verified for 2017 per the 2017 Final Verified Annual LDC CDM Program Results Report) and 889 MWh (as adjustments to 2017 subsequently identified in the CDM Participation and Cost Report – 2019)
- e) Please confirm that in Row 20 of the CDM Activity Tab in the Load Forecast Model, the entries for the impact of 2017 programs in 2018 and afterward do not include any persisting effects of the 899 MWh identified in the CDM Participation and Cost Report – 2019.
- i. If not confirmed, please demonstrate how they have been included in Row 20.
 - ii. If confirmed, please explain if the persisting impacts of the 899 MWh in the years after 2017 have been included elsewhere in the CDM Activity Tab.

3.0-VECC-28

Reference: Exhibit 3, page 41

- a) Please confirm that NPEI does not propose to make any future LRAM claim for the impacts on revenues in 2021 from CDM programs implemented in prior years.
- b) If not confirmed, what are NPEI's plans for future LRAM claims for revenue impacts in 2021 and what are the relevant LRAMVA thresholds?

3.0-VECC-29

Reference: Exhibit 3, pages 70-72
Exhibit 8, page 24

Preamble: The Application states (Exhibit 3, page 71): *“The pole attachment rates for 2021 has been estimated using an annual inflation factor of 1.5% applied to the approved 2020 rate”.*

- a) Please confirm that the pole attachment rate for 2020 is \$44.50.
 - i. If confirmed, please reconcile the 2021 rate of \$44.95 (per page 71) with the statement that the 2021 rate has been estimated by using an annual inflation factor of 1.5% applied to the approved 2020 rate.
- b) What is the basis for the forecast decrease in the 2021 volumes for Retailer Service charges levied on a per customer basis?
 - i. If this based on a forecast decrease in the number of customers serviced by Retailers, has NPEI increased its forecast 2021 SSS Administration revenue accordingly?

3.0-VECC-30

Reference: Exhibit 3, pages 78-79 and Appendix 3.5

- a) How were the OM&A costs incurred to provide the 2019 storm assistance recorded (i.e., are they recorded as a reduction in Other Revenues in Appendix 2-H or as an OM&A expense)?

4.0 OPERATING COSTS (EXHIBIT 4)

4.0 -VECC -31

Reference: Exhibit 4, page 8

“NPEI’s customer count has increased by over 4,950 between 2015 and the 2021 Test Year. This represents a 9.5% increase in the number of customers NPEI serves.”

- a) Please show the calculation for the 9.5% increase in the number of customers NPEI serves.

4.0 -VECC -32

Reference: Exhibit 4, page 20-21, 33-

a) Please show:

- i. the total number of bills sent in 2015 and those for 2019;
- ii. the total number of bills mail delivered in 2015 and in 2019;
- iii. the total number of bills paid electronically (as opposed to by cheque or cash) in 2015 and in 2019; and,
- iv. the calculation for the \$125,550 increase in postage.

4.0 -VECC -33

Reference: Exhibit 4, page 26

	Last Year Rebasing 2015 Actuals	2021 Test Year	2021 versus 2015 Board Approved
Meter reading	375,850	645,466	269,616
MIST meter Deferral and Variance	43,760	0	(43,760)
EBT settlement expenses reallocated	0	128,700	128,700
Additional Base Station expenses	0	78,660	78,660
Meter reading TS and DS's	15,000	16,653	1,653
Total Meter reading expenses	434,610	869,479	434,869

In explaining increase in meter reading expenses NPEI explains:

The Grimsby Hydro customer declined to have a new tower erected of their property. NPEI had to complete several propagation studies with the sole vendor. As a result of these propagation studies, NPEI had to purchase two towers, one in Campden and one in Greenlane in order to obtain meter readings for these customers. Due to the height of the escarpment and tower height restrictions in the Town of Lincoln and the City of Grimsby, NPEI required two towers. Since January of 2019, NPEI now bears the expenses of these two base station towers. The increase is approximately, \$6,555 per month in Canadian dollars. This expense is paid to the vendor in US\$ and varies each month due to the exchange rate. NPEI has used a 36% foreign exchange rate for the 2021 Test Year.

- a) Are the two towers in question located in Canada?
- b) Are the towers and associated equipment owned by NPEI?
- c) Is the \$6,555 per month referred to above a land lease or similar type

- payment for the use of the land the towers are located on?
- d) Please explain the reasons for the \$296,616 increase in meter reading.
- e) Where was the \$128,700 (or equivalent) noted as “*EBT settlement expense reallocated*” allocated prior to 2021?

4.0 -VECC -34

Reference: Exhibit 4, page 30

- a) Please provide the OEB Cost Assessment fees charged for 2020.

4.0 -VECC -35

Reference: Exhibit 4, page 21, 34

Table 4.2.3.3-7 – Retailer Expenses reallocated to other OM&A expense accounts

Type of expense	Last Year Rebasing 2015 Actuals	2015 Actuals	2016 Actuals	2017 Actuals	2018 Actuals	2019 Actuals	2020 Bridge Year	2021 Test Year	2021 versus 2015 Board Approved
EBT hub expenses	23,000	24,797	23,190	21,538	19,765	18,329	21,966	0	(23,000)
Letter of Credit fee	58,300	59,701	59,551	59,551	59,551	59,551	59,551	0	(58,300)
EBT settlement expenses	128,700	128,700	128,700	128,700	128,700	128,700	128,700	0	(128,700)
Total Retailer expenses	210,000	213,199	211,441	209,789	208,016	206,580	210,217	0	(210,000)

“In the 2021 Test Year, Bank charges will now include the Letter of Credit fee related to NPEI’s prudential support obligation held in favour of the IESO that was previously recorded in Retailer Expenses account in the Customer Service and Billing reporting area. A portion of the Letter of Credit fee was moved to the Deferral and Variance accounts, 1518 and 1548 each year. The portion captured in the Deferral and Variance account is based on the number of retailer customers billed as a percentage of the total customers billed. The closing of the RCVA deferral and variance accounts requires these expenditures to be included in OM&A going forward effective January 1, 2021. The Retailer service charge revenues are recorded at the new higher rates and provide a revenue offset”.

- a) In comparing last rebasing 2015 Board approved to 2021 test year proposed, as shown in Appendix 2-JC, why is it not more accurate for an “apples-to-apples” comparison to remove the amounts shown Table 4.2.3.3-7 (line 27 Retailer Expense) and RCVA Deferral and Variance (line 28) in Appendix 2-JC from both the 2015 approved and 2021 proposed?

4.0 -VECC -36

Reference: Exhibit 4, page 78, Appendix 2-K

- a) Please amend Appendix 2-K to show the total amount of compensation capitalized and expensed in each year.

4.0 -VECC -37

Reference: Exhibit 4, page 58

- a) Please quantify for 2021 the reduction in OM&A due to “[H]igher capitalized engineering design work [that] results in lower engineering labour and benefits charged to OM&A.”

4.0 -VECC -38

Reference: Exhibit 4, Appendix 2-M, page 112, Table 4.6.3.2

- a) Please show the actual spending to date on the one-time regulatory costs by category.
- b) Please clarify what one-time Section 30 costs (22k) were incurred in relation to this application.

4.0 -VECC -39

Reference: Exhibit 4, page 59

NPEI has included \$100,000 in the 2021 Test Year for all of the studies required from 2021 to 2025. The on-going incremental costs for these studies will be sustained in each of the next five years from 2021 to 2025.

- a) The studies referenced above this reference refer to IESO and Hydro One Studies. Please provide a listing of the expected \$500,000 in studies (\$100,000 per annum) that NPEI expects to undertake in 2021 through 2022.

4.0 -VECC -40

Reference: Exhibit 4, 59, pages 66, 71-

- a) What is the annual fully loaded (i.e. including benefits, accommodation, training etc.) of the two CDM related FTE's being moved to customer service?
- b) How many of the 4 staff identified in Table 4.4.3.1.1-1 as working in CDM are expected to remain employed by NPEI in 2021?

4.0 -VECC -41

Reference: Exhibit 4, page 60, 63

- a) Please explain the increase in Meter reading of \$375,850 in 2015 and 645,466 in 2021.
- b) Please provide the actual costs incurred for MIST separately from all other meter reading costs in 2015 as compared to the actual meter reading costs forecast for 2021.

4.0 -VECC -42

Reference: Exhibit 4, page 62, 76-

- a) How many management positions benefited (i.e. received a compensation increase) from the new job evaluation?
- b) What as the average increase in position salary due to the evaluation?
- c) How many management positions benefited from the new executive incentive program?

4.0 -VECC -43

Reference: Exhibit 4, page 91

- a) Using Table 4.4.3.1-4 please identify any currently vacant positions.

4.0 -VECC-44

Reference: Exhibit 4, page 108

- a) If a member of the Electricity Distribution Association, please provide the annual membership fees paid in each year 2015 through 2020 and any forecast amount included in this application for 2021.

4.0 -VECC -45

Reference: Exhibit 4, page 115-116

- a) Please provide the total amount of LEAP provided and the amount of LEAP funding which was accessed through Project Share by customers in each year 2015 through 2019.

4.0 -VECC -46

Reference: Exhibit 4, 139, Table 4.9.5.1

- a) Please show the calculation which was used to produce the \$25,428 (approximately 17%) increase in City of Niagara Falls property tax increase.

4.0 -VECC -47

Reference: Exhibit 4, page 142
CDM Participation and Cost Report – 2019, LDC Progress Tab
NPEI LRAMVA Workform

Preamble: The Application states: *“In keeping with the Directive, the OEB adopted a mechanism to capture the difference between the results of actual, verified impacts of authorized CDM activities undertaken by distributors between 2011 and 2014 the level of activities embedded into rates through the distributors load forecast in an LRAM Variance Account (“LRAMVA”)”*.

- a) The CDM Participation and Cost Report – 2019 shows the 2018 results as being “unverified” (Column BD). However, the LRAMVA Workform shows the 2018 results as being verified. Please clarify whether the 2018 results used in the LRAMVA Workform are verified results or unverified results.
- i. If verified, please provide the supporting IESO documentation.

5.0 COST OF CAPITAL AND RATE OF RETURN (EXHIBIT 5)

No Questions

6.0 CALCULATION OF REVENUE DEFICIENCY/SURPLUS (EXHIBIT 6)

No Questions

7.0 COST ALLOCATION (EXHIBIT 7)

7.0 – VECC –48

Reference: Exhibit 7, page 2

Preamble: The Application states: *“In this Application, NPEI has used the 2020 version 3.7 of the Cost Allocation Model released by the OEB on August 1, 2019 to conduct a 2021 Test Year Cost Allocation study consistent with the OEB’s cost allocation policies.”*

- a) Why didn’t NPEI use the 2021 version of the Board’s Cost Allocation Model released on May 14, 2020?

7.0 – VECC –49

Reference: Exhibit 7, page 4
Cost Allocation Model, I3 TB Data Tab and I4 BO Assets Tab

- a) In the Cost Allocation Model (Tab I4), is the contributed capital associated with Services (#1855) based on: i) an allocation of the total contributed capital or ii) the actual contributed capital received from customers for Services?
- b) Do the Streetlight, Sentinel and USL customers have Services assets that are owned and/or maintained by NPEI?
 - i. If yes, are Streetlight, Sentinel and USL customers allocated a share of the maintenance costs related to overhead and underground Services (#5130 and \$5155)?

7.0 – VECC –50

Reference: Cost Allocation Model, Tab I6.2 – Customer Data

- a) Please explain why for each of GS<50 and GS>50 classes the number of Line Transformer Customers is less than the number of Secondary Customers (per Tab I6.2).

7.0 – VECC –51

Reference: Exhibit 7, page 17

- a) What would be the impact on the Residential class' Revenue to Cost Ratio for 2021 if it was used as the "balancing class"?

8.0 RATE DESIGN (EXHIBIT 8)

8.0 –VECC - 52

Reference: Exhibit 8, pages 7-8

- a) In the case of the values for the Streetlighting class in Table 8.1.1.3-2, is the Minimum System with PLCC Adjustment value calculated using the number of devices or the number of connections?
- b) In the case of the values for the Streetlighting class in Table 8.1.1.3-2, are the monthly service charge values calculated using the number of devices or the number of connections.
- c) If the calculations of the two are not done on a consistent basis, please recalculate the values for Streetlighting using on a comparable basis and indicate what the values are.

- d) In the case of USL class why is the fixed service charge being increased in 2021 when the 2020 charge is above the “ceiling” and the Filing Guidelines state that *“nor are distributors expected to raise the fixed charger further above the ceiling for any non-residential class”*.

9.0 DEFERRAL AND VARIANCE ACCOUNTS (EXHIBIT 9)

9.0 –VECC -53

Reference: Exhibit 9, page 37

- a) NPEI is seeking to recover \$24,683 in residual stranded meter costs. Please explain why the amounts which were known as of year end 2017 are only now being sought for recovery?
- b) Please confirm (or correct) that the amount in question is below the filing guideline materiality threshold.

9.0 –VECC -54

Reference: Exhibit 9, page 37

- a) Please confirm (or correct) that NPEI sought deferment of its cost of service application and that in the normal course of events it would have had cost of service rates set for the 2020 rate year.
- b) If NPEI has sought rate rebasing deferment please explain why balances accrued in 2020 in the OEB cost assessment variance account 1508 should be recovered from ratepayers.
- c) For Group 2 accounts please explain the rationale for collecting any carrying charges for the period after which NPEI sought deferral of its cost of service rate rebasing

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