

January 28, 2021

Ontario Energy Board
Attn: Ms. C. Long, OEB Registrar
P.O. Box 2319
27th Floor, 2300 Yonge Street
Toronto ON M4P 1E4

RE: EB-2020-0181 – Request for Technical Conference

We are writing to request a technical conference to assist in an improved understanding of the capital requests for 2021 in context of the evidence provided to this point. FRPO and other Parties requested clarification from EGI through interrogatories. The answers received do not clarify critical aspects of the process undertaken by the company to demonstrate prudence in prioritization of projects and resulting costs in the application nor do they explain the substantial increase in forecasted spending.

Forecasted Spending for System Access and Renewal More Than Doubles

We understand that the merger of the two utilities has and will result in changes. However, when the combined request for the two rate zones more than doubles for System Access and Renewal¹, parties and the Board need clarity on what is driving a \$400 million increase. While we understand there is a component of overhead allocation involved, we were informed that it is not due to changes in the condition rating of the assets². Further response to that inquiry pointed us back to the pre-filed evidence like in the case of many other interrogatory responses.

ICM Projects Must be Supported by More than a Black Box

The pre-filed evidence provides much qualitative information including about the use of a portfolio management tool utilized, Copperleaf C55. The C55 model is a linear programming tool which can be used to optimize (minimize or maximize) certain results given certain settings or constraints established by the user. But with all models, it is important to understand how it is used or it becomes a black box.

In the current case, we are trying to understand if this new model and its parameters are set to provide a prioritization of projects that provides the best risk management at the lowest or most prudent cost or if it is set to maximize spending available under ICM. To understand that, one needs to be informed but our inquiry was met with generic statements and a pointing back to evidence that do not answer the question asked³. Even questions on the

¹ EGD and Union rate zones combined for the average spend/forecast for the period of 2021-2025 vs. 2016-2020 for the System Access and Renewal total. Source: Ex. B, Tab 2, Sch. 1, App. A, Tables C-F

² Ex.I.FRPO.2

³ Ex.I.FRPO.5 & .15

Discounted Cash Flow analysis pointed to broad sections of evidence without being responsive to the question⁴. Concerned about the possibility of such a response, we asked about two specific projects that are in the first two years of the five year plan to try to understand the details behind their respective prioritization. Again, for different reasons, the information and clarity sought were not provided⁵. In addition, we sought information specifically regarding the prudence of the London Lines approach that we could not have sought in the LTC proceeding due to an error in the EGI evidence⁶. While EGI acknowledged the error and submitted a change to the evidence, further information to understand prudence was not provided.

The application for ICM eligibility includes the criterion of prudence which from the definition states: “*the amounts must represent the most cost-effective option (not necessarily least initial cost) for ratepayers.*”⁷ We respectfully submit that the lack of clarity provided in responses to this point does not provide an evidentiary basis for a finding of the most cost-effective option.

Request for Technical Conference

As a result, FRPO respectfully requests the Board order a technical conference to increase the understanding of the application and the need for the funds requested. We are not alone in our concern over the lack of clarity in the evidence and interrogatory responses. Other intervenors are not satisfied with the clarity received in response to their interrogatories. As a result, this request for a technical conference is supported by:

Canadian Manufacturers & Exporters, Energy Probe⁸, Environmental Defence, Industrial Gas Users Association, London Property Management Association, Pollution Probe

We thank the Board for its consideration of our request.

Respectfully submitted on behalf of FRPO,

Dwayne R. Quinn
Principal
DR QUINN & ASSOCIATES LTD.

c. R. Torul, EGIRegulatoryProceedings - EGI
K. Viraney, I. Richler - Staff
Parties EB-2020-0181

⁴ Ex.I.FRPO.7

⁵ Ex.I.FRPO.8 and .9. We have attached the investment summary reports which demonstrate that the economic analysis was completed, and we are just asking for the detail which the company may not have understood.

⁶ Ex.I.FRPO.31

⁷ EB-2014-0189 Report of the Board, page 17.

⁸ Ex.I.EP.2, 3, 5(f), 10, 13, 15, and 16