

BURLINGTON HYDRO RESPONSES TO ENERGY PROBE INTERROGATORIES

EP-1

References: Exhibit 1, Pages 32 and 33, Section 1.2.6.2; Figure 2- Outages due to Defective Equipment; Exhibit 2 Page 49 Table 35

Preamble: “As supported by BHI’s Asset Condition Assessment (“ACA”), a large percentage (26%) of BHI’s asset base is in Very Poor, Poor or Fair condition, indicating at a minimum that replacement may be required depending on the asset’s criticality. Furthermore, assets in Fair condition will continue to deteriorate into Poor or Very Poor condition over the Application horizon.”

- a) How did the assets reach the current condition? Please provide the previous and Current ACA summaries.
- b) Please provide a schedule that shows the level of investments in System Renewal over the historic IRM period 2014-2020.
- c) Indicate the percentage of Total Capital invested in System Renewal in each year
- d) Please provide a schedule showing the actual Assets replaced in the System Renewal Category. Reconcile to the evidence in Reference 3
- e) Please explain why General Plant Expenditures exceed System Renewal in recent years.
- f) Does BHI agree it has under-invested in System Renewal over the historic period? What action(s) will be undertaken without increasing overall Capital in 2021-2025

Response:

- a) The condition of BHI’s distribution assets is determined by assigning a health index score (“HI”) to an asset class. *“The HI for each asset class is made up of available and relevant “condition parameters” – individual characteristics of the state of an asset’s components – each with its own sub-scale of assessment, and a weighting contribution that represents the percentage in the overall HI made up by the particular parameter. An asset class is assigned a certain condition based on a ranking and weighting of condition parameters.”*¹ These condition parameters - and their contribution to asset condition - are discussed in further detail on pages 31 to 75 in BHI’s current “Asset Condition Assessment Final Report 2019” which was attached as Appendix 10 in Exhibit 2 in the Application. BHI does not have any previous ACAs – it did not conduct an ACA prior to 2019.

¹ ACA, Appendix 10 of the DSP, p 7

- b) The level of investments in System Renewal over the 2014-2020 period was provided in Table 35 on page 49 of Exhibit 2 (Reference 3 above). Please refer to BHI's response to 2-Staff-9 a) for an updated 2020 forecast of the level of investment in System Renewal.
- c) BHI provides the Total Capital invested in System Renewal in each year in Table 1 below.

Figures in Table 1 below is presented on a net basis as compared to the figures in Table 35 on page 49 of Exhibit 2 which are on a gross basis. As such there is a small difference between the two tables for the 2014 Actuals.

BHI also provides Table 2 below, which provides Total Capital invested in System Renewal in each year updated to reflect BHI's updated capital forecast as filed in interrogatory responses. Table 2 also includes an update to 2015 General Plant capital expenditures for vehicles. This amount was included in BHI's fixed asset continuity schedule (OEB Appendix 2-BA) and rate base for 2015; but was omitted from BHI's capital expenditure summaries in error.

Table 1 (as filed October 30, 2020)

Net Capital Expenditures	2014 Actual	2015 Actual	2016 Actual	2017 Actual	2018 Actual	2019 Actual	2020 Bridge Year
System Renewal (per App 2-AA)	\$2,063,402	\$2,439,959	\$1,970,022	\$2,537,440	\$3,040,765	\$2,856,826	\$2,243,354
System Renewal assigned to Miscellaneous in App 2-AA	\$297,501	\$320,833	\$186,964	\$240,006	\$189,059	\$74,846	\$50,000
Total System Renewal	\$2,360,903	\$2,760,792	\$2,156,986	\$2,777,446	\$3,229,824	\$2,931,672	\$2,293,354
Total Capital Expenditures	\$7,416,977	\$7,978,480	\$7,372,720	\$8,693,794	\$10,699,002	\$14,677,120	\$9,736,279
<i>% of Total Capital invested in System Renewal</i>	32%	35%	29%	32%	30%	20%	24%

Table 2 (as filed in IRs to reflect updated capital forecast)

Net Capital Expenditures	2014 Actual	2015 Actual	2016 Actual	2017 Actual	2018 Actual	2019 Actual	2020 Bridge Year
System Renewal (per App 2-AA)	\$2,063,402	\$2,439,959	\$1,970,022	\$2,537,440	\$3,040,765	\$2,856,826	\$2,132,354
System Renewal assigned to Miscellaneous in App 2-AA	\$297,501	\$320,833	\$186,964	\$240,006	\$189,059	\$74,846	\$50,000
Total System Renewal	\$2,360,903	\$2,760,792	\$2,156,986	\$2,777,446	\$3,229,824	\$2,931,672	\$2,182,354
Total Capital Expenditures	\$7,416,977	\$8,511,898	\$7,372,720	\$8,693,794	\$10,699,002	\$14,677,120	\$9,310,121
<i>% of Total Capital invested in System Renewal</i>	32%	32%	29%	32%	30%	20%	23%

- d) Please refer to BHI's response to 2-SEC-19 for actual assets replaced in the System Renewal category. This reconciles to Table 35 on page 49 of Exhibit 2 (Reference 3 above).
- e) Capital expenditures in the General Plant category exceeded/are expected to exceed capital expenditures in the System Renewal category in 2019 and 2020. System Renewal expenditures in the 2019-2020 period are consistent with historical levels. General Plant expenditures were/are expected to be higher than System Renewal expenditures in 2019 and 2020 due to the implementation of a new Customer Information System ("CIS") and Geographic Information System ("GIS"); and investments required to refurbish/renovate deteriorated areas of BHI's head office building. Please refer to pages 161-162 of section 5.4.3.1.1.4 of the DSP for more details on trends in General Plant Expenditures.
- f) No, BHI does not agree it has under-invested in System Renewal over the historic period. Please refer to Section 5.4.2.1 of the DSP which indicates that actual System Renewal exceeded planned System Renewal for 2014 to 2019.

BHI's proposed level of investment, as outlined in its DSP, is appropriately paced to mitigate and prevent age-related and condition-related risks over the 2021-2025 period.

EP-2

Reference: Exhibit 2, Pages 73-28

Preamble: BHI is seeking OEB approval for advanced capital funding (ACM) for the planned replacement of its legacy ERP system in this Application, expected to commence in 2022 and be in service in 2023. BHI states should the OEB not approve the application for the ACM, BHI would need to reconsider its 2022 to 2023 capital expenditures and consider reductions to system service or system renewal investments, affecting system safety and reliability.

- a) Please file the Business Case for the ERP Project.
- b) Specifically indicate the options BHI considered (purchase/lease etc.)
- c) Please provide any other examples of General Plant Capital being approved for an ICM.

Response:

- a) Please refer to BHI's response to 2-Staff-10 a).
- b) Please refer to BHI's response to 2-Staff-10 a).
- c) Please refer to BHI's response to 2-Staff-10 a).

EP-3

Reference: Exhibit 1, Page 84, Section 1.6, C.3 Net impact to Load Forecast

Preamble: “Residential consumption has declined by (4.4%) as compared to the 2014 OEB-approved Cost of Service due to the following: (i) the 2014 OEB-approved consumption was 1.7% higher than the weather-normalized actuals as identified in Table 12 below; (ii) the success of CDM programs; and (iii) an increase in the number of customers working from home as compared to pre-COVID periods.”

- a) Please provide actual 2020 consumption, demand, and customer connections.
- b) Discuss the year over year changes and the implications for the 2021 forecasts

Response:

- a) BHI provides total consumption and demand from January 2020 to November 2020 and average January 2020 to December 2020 customer/device counts by rate class in Table 1 below. December 2020 consumption and demand is not available.

Table 1

Rate Class	Consumption (kWh)	Demand (kW)	Customer/ Devices
	Jan-Nov 2020	Jan-Nov 2020	Avg. Jan-Dec 2020
Residential	512,708,935		61,640
GS<50 kW	141,720,592		5,514
GS>50 kW	701,754,261	1,943,636	996
Street Lights	4,958,495	14,160	17,185
USL	2,876,531		559
Total	1,364,018,814	1,957,796	85,893

Please refer to the following interrogatory responses for monthly consumption and customer/connection data for 2020 actuals.

- 3-SEC-22 (2020 actual consumption kWh)
- 3-VECC-33 (2020 residential customer counts)
- 3-VECC-35 (2020 GS<50 kW customer counts)
- 3-VECC-37 (2020 GS>50 kW customer counts)

- b) Year over year changes from 2019 to 2020 are uncharacteristic of historic trends and anticipated trends due to lockdowns, employees working from home, and economic factors resulting from COVID-19. The 2021 load forecast accounts for the long-run



economic impacts as it uses 2020 and 2021 forecasted economic growth as independent variables in class-specific regressions, but it does not reflect any load changes that were caused by an increase in the number of customers working from home. No actual 2020 consumption or demand data were used in the 2021 load forecast.

EP-4

Reference: Exhibit 1, Page 88, Table 17

Preamble: “Total OM&A excluding property taxes for the 2021 Test Year is expected to increase by \$2,409,231 as compared to the 2019 Actuals as identified in Table 17 below. This increase is driven by inflation; and a number of policy, business environment, distribution operations and technological changes.”

Please provide the metrics FTE/customer and FTE/kwh for 2014-2021

Response:

BHI provides the metrics FTE/customer and FTE/kwh for 2014-2021 in Tables 1 and 2 below. Table 1 represents the metrics as filed on October 30, 2020. Table 2 represents the metrics as updated for kWh as per the revised load forecast filed as Attachment_Load_Forecast_Model_BHI_Revised.

Table 1 (as filed October 30, 2020)

Description	2014 Actuals	2015 Actuals	2016 Actuals	2017 Actuals	2018 Actuals	2019 Actuals	2020 Bridge Year	2021 Test Year
FTE	95	92	90	91	91	91	97	103
# of Customers	66,044	66,389	66,626	66,847	67,334	67,902	68,161	68,623
kWh	1,617,626,874	1,621,325,826	1,648,926,254	1,568,335,760	1,595,008,286	1,529,502,806	1,452,412,078	1,530,341,252
FTE/Customer	0.0014	0.0014	0.0014	0.0014	0.0014	0.0013	0.0014	0.0015
FTE/kWh	0.00000006	0.00000006	0.00000005	0.00000006	0.00000006	0.00000006	0.00000007	0.00000007

Table 2 – (recast to reflect revised load forecast)

Description	2014 Actuals	2015 Actuals	2016 Actuals	2017 Actuals	2018 Actuals	2019 Actuals	2020 Bridge Year	2021 Test Year
FTE	95	92	90	91	91	91	97	103
# of Customers	66,044	66,389	66,626	66,847	67,334	67,902	68,161	68,623
kWh	1,617,626,874	1,621,325,826	1,648,926,254	1,568,335,760	1,595,008,286	1,529,502,806	1,452,412,078	1,527,539,492
FTE/Customer	0.0014	0.0014	0.0014	0.0014	0.0014	0.0013	0.0014	0.0015
FTE/GWh	0.00000006	0.00000006	0.00000005	0.00000006	0.00000006	0.00000006	0.00000007	0.00000007

EP-5**Reference:** Exhibit 1, Page 88**Preamble:** “Salaries and benefits are expected to increase by \$711,122 as compared to the 2019 Actuals. The majority of this increase is attributable to inflation of \$531,025.”

- a) Please provide the inflationary increases from 2019 to 2020, and from 2020 to 2021 as annual percentages and in dollars.
- b) Are compensation and benefit amounts of BHI employees indexed to annual inflation? If the answer is yes, please provide a detail explanation. If the answer is no, please explain the reasons for the inflationary increase.

Response:

- a) Please refer to BHI’s response to 4-Staff-43 a) for year over year inflationary increases for 2019 to 2020.
- b) Compensation is indexed to inflation in between total compensation market reviews. Compensation may be adjusted outside of inflation, based on market data, to remain competitive/comparable to other LDCs and organizations in neighbouring geographic regions.

Benefit amounts increase when compensation increases; if the utilization and experience of benefit plans require an increase; and/or if the utilization and experience of the marketplace changes. One contributing factor to an increase in benefits is inflation.

EP-6

Reference: Exhibit 1, Page 89

Preamble: “BHI had nine (9) vacancies at the end of 2019 which it plans to fill by 2021.”

- a) Did all 9 vacancies exist for the entire 12 months of 2019? If the answer is no, please provide the number of months that each vacancy existed.
- b) Is Burlington Hydro planning to fill all 9 vacancies on May 1, 2021? If the answer is no, please provide the dates on which each vacancy will be filled.

Response:

- a) All 9 vacancies did not exist for the entire 12 months of 2019. Table 1 below identifies the positions that were vacant and the number of months that each vacancy existed.

Table 1

Position	Months Vacant
Innovation and Communications Specialist	12
Customer Service Representative	2.75
PowerLine Technician	12
PowerLine Technician	12
PowerLine Technician	12
System Architect - Technology Specialist	12
Engineering Supervisor	5
Metering Supervisor	5
Stations Operations Apprentice	3

- b) BHI has filled all 9 vacancies from 2019 with the exception of the System Architect - Technology Specialist which BHI plans to fill prior to May 1, 2021.

EP-7

Reference: Exhibit 1, Page 112, 1.8.1.10 SAIDI

Preamble: “BHI’s average SAIDI performance increased from 1.09 over the 2010-2014 period, to 1.20 over the 2015-2019 period, indicating customers are experiencing a longer duration of outages. BHI intends to maintain its five-year historical SAIDI performance levels over the 2021-2025 period, through the system renewal investments proposed in this Application.

- a) What question(s) was(were) put to residential and commercial customers regarding outages.
- b) What percentages were satisfied with BHI performance and what percentage were dissatisfied?

Response:

- a) Customer were asked the following questions regarding ‘outage reliability outcomes’ as part of BHI’s customer engagement process.

Q1. Have you experienced any power outages at home/your organization in the past 12 months which *lasted longer than one minute*? If so, approximately how many of these power outages did you/your organization experience?

Options: No outages; 1 outage; 2 outages; 3 outages; 4 outages; 5 outages; 6 outages; 7 outages; 8 or more outages; don’t know

Q2. When it comes to reliability, there are a number of areas that Burlington Hydro could focus on. Among the following reliability outcomes, please tell me which one is the most important to you/your organization?

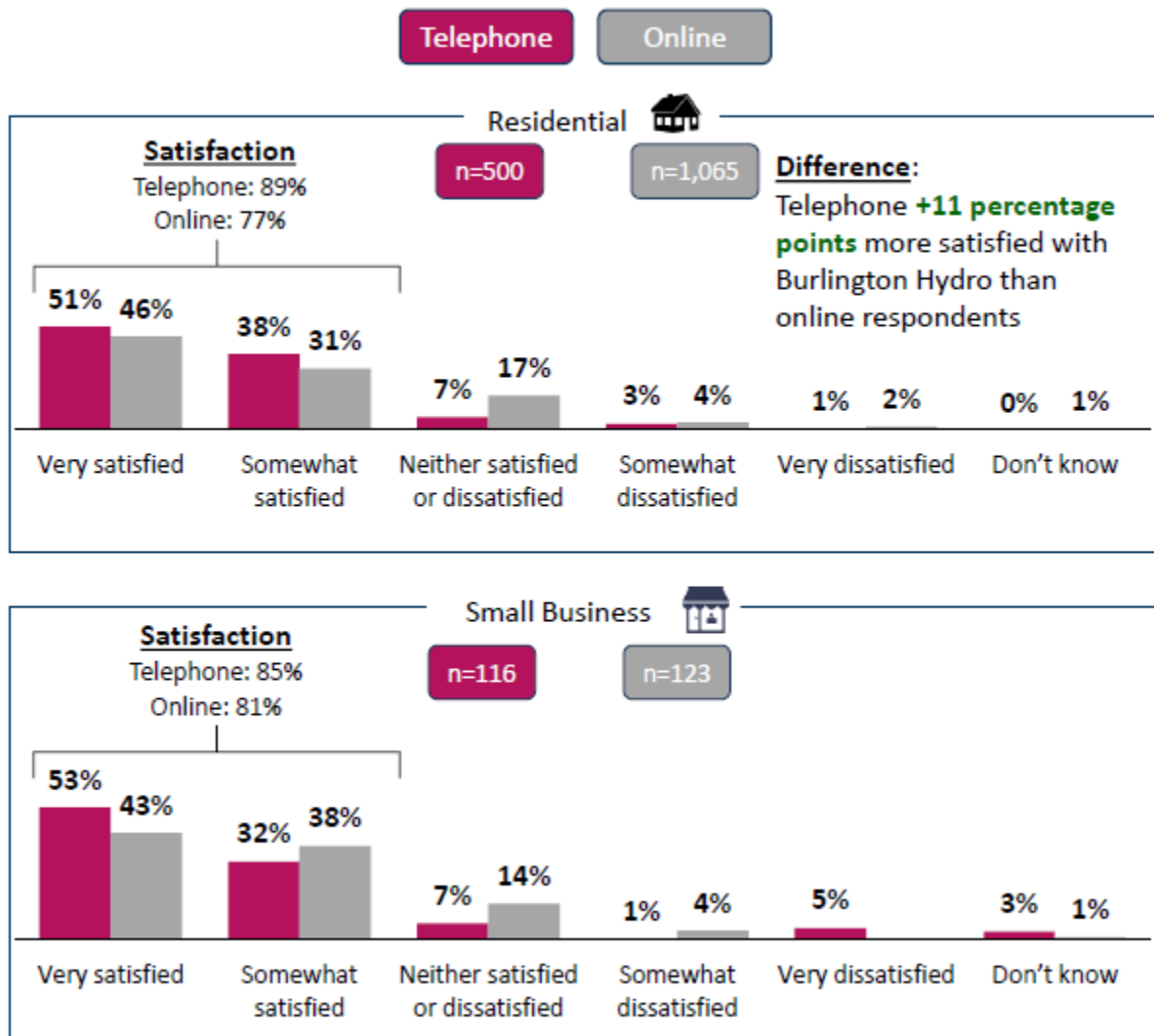
Options: Reducing the overall number of outages; reducing the overall length of outages; reducing the number of outages during extreme weather events; reducing the length of time to restore power during extreme weather events; improving the quality of power, as judged by momentary interruptions in power that can result in the flickering or dimming of lights; don’t know.

For more information on BHI’s customer engagement process please refer to Appendix 12 of the DSP.

- b) As part of the customer engagement process, customers were asked about their satisfaction with the services they receive from BHI as identified in Question 1 below. The responses are provided in Figure 1 below.

Q1. Thinking specifically about the services provided to you and your community by Burlington Hydro, overall, how satisfied or dissatisfied are you with the services that you/your organization receive?

Figure 1



EP-8

Reference: Exhibit 1, Page 117, Table 38

Preamble: “BHI has made efforts to keep operating costs under control and find productivity improvements where possible; however the increase in capital and operating expenditure in the 2020 Bridge and 2021 Test Years results in a decrease in BHI’s cost performance. Costs in the 2021 Test Year are expected to be (5.7%) lower than predicted costs, as identified in Table 38, which places the BHI in Group 3 in 2021. BHI expects to remain in Group 3 for the 2021-2025 Price Cap IR term.”

- a) List the primary drivers for BHI slipping from Group 2 to Group 3 in 2021
- b) Specifically, how does this change fit with the Cost Optimization Goal in the Business Plan? Please discuss.
- c) Estimate the decrease in total cost that would ensure BHI remains in Group 2 in 2021.

Response:

- a) BHI is experiencing a sustained need for capital investments in its distribution system primarily driven by mandatory System Access projects and System Renewal projects to replace assets at the end of their useful life. It has experienced operational, technological and regulatory changes which are putting upward pressure on operating expenses. Furthermore, the 2021 Test Year incorporates several cost increases due to policy changes which up until the 2021 Test Year had been recorded in deferral accounts and excluded from operating expenses in the PEG model e.g. the transition to monthly billing and regulatory costs. The drivers of this increase are identified on pages 13-14 of Exhibit 4 as follows:
 - Policy and Business Changes
 - Conversion to Monthly Billing
 - Increase in Rate Rebasing Costs
 - OEB Regulatory costs
 - Bad Debt Expense
 - Operational Changes
 - Provision of Locates
 - Vegetation Management
 - Technological Changes

In addition, BHI’s gross capital additions for the 2021 Test Year in the Application are \$8.2M and \$12.3M higher than the 2020 Bridge Year and the 2019 Actuals respectively,

due to an increase in System Access projects and the commencement of Metrolinx Corridor Electrification Project, which are driving an increase in capital cost as calculated in the Pacific Economics Group (“PEG”) model.

- b) BHI’s Cost Optimization Goal in its Business Plan sets out several actions to deliver lower operating and maintenance costs than had BHI not pursued cost optimization opportunities. BHI has and continues to optimize its costs as identified in Section 4.1.1.12 of Exhibit 4 which includes growing its shared services model with GridSmartCity, continuous improvement of processes, systems and workflows, and migrating customers to e-billing, among others.
- c) To ensure that BHI remains in Group 2 in 2021, its actual total capital and operating costs, as defined in the Pacific Economics Group (“PEG”) model, would have to be at least 10% lower than its predicted costs, on average, over the 2019 to 2021 period.

BHI estimates that a decrease of \$1.2M in total capital and operating costs in 2021, (as compared to the forecast 2021 Test Year costs of \$49.7M identified in Table 38 in Exhibit 1 of the Application) would result in an annual three-year average performance (2019-2021) of 10% using the assumptions identified in the same Table 38. BHI notes that a significant change in capital expenditures is required to affect a material change in total capital cost (e.g. a \$1,000,000 change in capital expenditures results in an approximate change of \$100,000 in capital cost, as defined by PEG).

This estimate is dependent on (i) a forecast of 2020 actual costs; (ii) a forecast of 2020 and 2021 predicted costs both of which are determined by PEG. It is important to note that this estimate does not consider the impact to safety, reliability and BHI’s operations and customers and, furthermore, it does not take into account that a significant portion of costs are non-discretionary or fixed (e.g. system access projects, monthly billing, vegetation management). Proper consideration as to the basis for the costs must be considered and not merely a mechanical calculation.

EP-9

References: Exhibit 1, Page 123, Appendix B, BHI 2021 Business Plan Scorecard, BP page 29; Appendix D, BHI OEB Scorecard; Exhibit 2, Page 88, Appendix 2-G

- a) Please provide an update to Scorecard for 2020 including 2021 Targets
- b) Please discuss Trends in Reliability and Cost Control metrics

Response:

- a) An update to BHI's OEB Scorecard is not available. The OEB typically publishes the LDC scorecards in September/October of the following fiscal year, based on information filed by LDCs in April. BHI does not file the information that informs its 2020 OEB Scorecard until April of 2021.
- b) Please refer to section 5.2.3.1.3 of the DSP (pages 37-48) for a discussion of the trends in reliability metrics. Please refer to section 5.2.3.2 of the DSP (pages 48-52) for a discussion of the trends in cost control metrics.

EP-10

References: Exhibit 2, DSP, Page 82, Tables 5.3.6, 5.3.7: Appendix 10, Metsco ACA Report

Preamble: “The majority of asset classes exhibit a condition degradation pattern that can be expected of a mature utility, requiring regular System Renewal to mitigate increased failure risks of assets. BHI acknowledges the criticality of these assets and has allocated its capital budget dollars to ensure assets most at risk of failure are prioritized for renewal. The complete 2019 ACA report is available in Appendix 10.”

- a) Did BHI request Metsco to provide an Asset Replacement Program as other Utilities have? If not why not?
- b) Please provide historical 2014-2020 Test year 2021 and Forecast/planned 2022-2025 Asset Replacement quantities for each of the major asset categories in the reference.
- c) Please reconcile to the actual System Renewal Capital evidence.
- d) What will be the forecast asset condition profile for each in 2025?

Response:

- a) No, BHI did not request METSCO to provide an Asset Replacement Program. As described in section 5.3.1(b) of the DSP, BHI leverages a number of inputs and analyses in addition to the ACA results when developing its asset replacement plans. BHI considers factors such as customer needs and preferences, system performance, maintenance alternatives, and resource availability in addition to asset condition before recommending Asset Replacement Programs. With the exception of asset condition, METSCO did not have access to this information and consequently the resulting Asset Replacement Program would not have appropriately considered each of BHI's asset management objectives.
- b) Please refer to BHI's response to 2-SEC-19 for historical 2014-2020 Test year 2021 and Forecast/planned 2022-2025 Asset Replacement quantities for each of the major asset categories in the reference.
- c) Please refer to BHI's response to 2-SEC-19, which shows the number of units along with the associated capital expenditures for the 2014-2025 period.
- d) BHI does not have a forecasted asset condition profile for each asset in 2025.

EP-11

Reference: Exhibit 3, Page 44, Table 23

Preamble: “COVID-19 is expected to reduce overall economic activity but the possibility of future shutdowns and a further increase in employees working from home are not reflected in the proposed (2021) load forecast. BHI intends to update the load forecast - before a decision is rendered on this Application - once full 2020 data is available; and may consider manual adjustments at that time if these direct impacts persist.”

- a) Please confirm that the changes experienced in 2020 to the Residential and GS classes are not reflected directly in the 2021 forecasts, except for the economic variables.
- b) Please discuss how/when does BHI propose to update the 2021 forecast now that full year 2020 data are available? Is there direction from the OEB or EDA in this regard?
- c) If 2021 mirrors 2020, what manual adjustments can be expected?
- d) For the 2021 CDM adjustment and LRVA, how is this affected by COVID-19? Please discuss.

Response:

- a) BHI confirms that the changes experienced in 2020 to the Residential and GS classes are not reflected directly in the 2021 forecasts, except for the economic variables.
- b) Full-year 2020 data is not available. Please refer to BHI's response to 3-Staff-35.
- c) BHI is not proposing to make manual adjustments to the 2021 load forecast.
- d) COVID-19 did not have a material impact on 2020 CDM projects (and there are no 2021 CDM projects).

EP-12

References: Exhibit 3, Page 70, Table 51 and Table 58 Other Revenue; Appendix 2-H Other Operating Revenue of 6 Attachment 2 Main OEB Chapter 2, Appendices

Please explain in more detail, the material decrease in “Other Income or Deductions” in 2021, including why the Metrolinx revenue cannot be offset by a reduction in O&M expenses in 2021-2025.

Response:

The decrease in “Other Income or Deductions” from the 2020 Bridge Year to the 2021 Test Year in the amount of (\$632,823) is explained below.

- A decrease in revenue from non-utility operations of (\$70,000) due to the termination of the CDM program as identified on page 76 of Exhibit 3.
- A decrease in miscellaneous income of (\$393,200) associated with the Metrolinx Regional Express Rail (“RER”) project in BHI’s service territory as identified on page 77 of Exhibit 3.
 - \$108,000 is related to site mobilization at BHI’s head office for its third-party contractor in 2020; the third-party contractor made different arrangements for 2021; and
 - \$285,200 is related to material handling charges.

The components of the decrease of \$393,200 are identified in Table 1 below. As identified on page 77 of Exhibit 4, BHI has amortized the 2021 material handling revenue of \$404,000 over 2021-2025 as the Metrolinx project is expected to be completed by 2022.

Table 1

Description	2020	2021	2022	2023	2024	2025
Site mobilization Fee	\$108,000					
Material Handling	\$366,000	\$404,000				
Material Handling for the Purposes of Rebasing	\$366,000	\$80,800	\$80,800	\$80,800	\$80,800	\$80,800
Total for Purposes of Rebasing	\$474,000	\$80,800	\$80,800	\$80,800	\$80,800	\$80,800
Increase/(Decrease) vs. 2020		(\$393,200)				

- A decrease in Regulatory Credits revenue of (\$98,000) associated with amounts recorded in Account 1575, IFRS-CGAAP Transitional PP&E Amounts. Account 1575 is in effect until April 30, 2021 and as such these regulatory credits were recorded for four months in 2021 (January - April 2021) as compared to twelve months in 2020.

- An increase in Loss on Disposition of (\$98,000) associated with the disposal of distribution assets required to be scrapped and replaced in the field prior to the end of their useful life. These losses on disposition were/will be recorded on the balance sheet in Account 1575 up until April 30, 2021; after which they will be recorded in the other revenue in the P&L. Please refer to page 17 of Exhibit 9 for more details.

The Metrolinx revenue cannot be offset by a reduction in O&M expenses in 2021 because BHI did not/will not incur incremental O&M expenses as a result of the Metrolinx project i.e., no FTE were added nor were any incremental operating and maintenance costs incurred. The Metrolinx project was/is primarily completed by third party contractors. The revenues recorded in other revenue were associated with site mobilization and material handling burden and had no costs associated with them.

EP-13

Reference: Exhibit 4, Page 15, Table 54, OEB Appendix 2K

Preamble: “Approximately 53% or \$512,066 of this increase in 2021 OM&A is a result of salary and wage inflationary increases. The remainder of \$453,931 is a result of (i) an increase in headcount; and (ii) merit increases and step progressions for non-union and union staff respectively; partly offset by the replacement of some retired staff with lower salaried employees.

- a) Please provide OEB Appendix 2K with a breakout for each of Executive, Management and Union.
- b) Please show the annual year over year percentage Compensation increases for each group.
- c) Please show the Incentive Pay and Overtime for each group.
- d) Please clarify how many Positions were added in 2020 and the associated FTE for 2020 and 2021
- e) Please provide the 2021 forecast annual increase (%) in Total Compensation for Management and Union

Response:

- a) Please refer to BHI's response to 4-Staff-55 a) for OEB Appendix 2-K with a breakout of Executive, Management and Union.
- b) Please refer to BHI's response to 4-Staff-55 a) for OEB Appendix 2-K with annual year over year percentage Compensation increases for each group of Executive, Management and Union.
- c) Please refer to BHI's response to 4-Staff-55 a) for OEB Appendix 2-K with incentive pay and overtime for each group of Executive, Management and Union.
- d) Please refer to Table 1 and Table 2 below which identify the positions added in 2020 and the associated FTE for 2020 and 2021.



Table 1 (Revised Table 63 in Exhibit 4 to show actual positions added in 2020 and the resulting FTE)

Department	2020 Budget (Dec 31)	2019 Actual (Dec 31)	Total Departures		Replacement	Workforce Planning	Re-deployed	New Position	2020 Actual (Dec 31)
			Attrition (excl. Eliminated Position)	Attrition Eliminated Position					
Accounting	5	5			1		(1)		5
Administration	4	4							4
Billing	4	4			1		(1)		4
Communications	2	1						1	2
Control Room	10	10							10
Customer Service	7	6					1		7
Distribution Maintenance and Operations	20	19				1			20
Engineering	19	15	(2)		3		1	1	18
Human Resources	4	2			1	1			4
Information Services	6	5	(2)					1	4
Metering	6	4			1	1			6
Purchasing	3	3							3
Regulatory	3	3	(1)					1	3
Regulatory - CDM	-	-							-
Safety	3	2	(1)						1
Stations Maintenance and Operations	7	7							7
Total	103	90	(6)	-	7	3	-	4	98

Description	Department	#	Position
New Positions	Communications	1	Communications Associate and Executive Assistant
	Engineering	1	Project Engineer Grid Modernization and Planning
	Information Technology	1	Senior IT Infrastructure Specialist
	Regulatory	1	Senior Financial Analyst
Eliminated Positions	n/a	0	None
Vacancies at Year End	Safety	1	Director Health and Safety
	Safety	1	Facilities and Security Manager
	Information Services	1	Business Systems Analyst
	Information Services	1	IT Infrastructure and Security Specialist
	Engineering	1	System Architect - Technology Specialist

Table 2 (Revised Table 64 in Exhibit 4 to show positions to be added in 2021 and the resulting FTE)

Department	2021 Budget (Dec 31)	2020 Actual (Dec 31)	Total Departures		Replacement/	Workforce Planning	Re-deployed	New Position	2021 Forecast (Dec 31)
			Attrition (excl. Eliminated Position)	Attrition Eliminated Position					
Accounting	5	5							5
Administration	4	4	(2)		2				4
Billing	4	4							4
Communications	2	2							2
Control Room	11	10	(4)		4	1			11
Customer Service	7	7	(1)		1				7
Distribution Maintenance and Operations	22	20	(2)		2	2			22
Engineering	19	18	(1)		1			1	19
Human Resources	4	4							4
Information Services	6	4			2				6
Metering	6	6							6
Purchasing	3	3	(1)		1				3
Regulatory	3	3							3
Regulatory - CDM	-	-							-
Safety	3	1			1			1	3
Stations Maintenance and Operations	8	7				1			8
Total	107	98	(11)	-	14	4	-	2	107

Description	Department	#	Position
New Positions	Engineering	1	System Architect - Technology Specialist
	Safety	1	Facilities and Security Manager
Eliminated Positions	n/a	0	None
Planned Vacancies at Year End	n/a	0	None

- e) Please refer to BHI's response to 4-Staff-55 a) for OEB Appendix 2-K for the 2021 forecast annual increase percentage in Total Compensation of Management and Union.

EP-15

References: Exhibit 4, Page 24, 4.1.1.10, and Pages 80-84

- a) Please provide a schedule with Vegetation Management Costs 2014-2022.
- b) How many VM Contractors does BHI employ?
- c) Are the Contractors paid at a different rate for Storm Damage?
- d) How does the BHI VM 3-year cycle compare to other Ontario utilities?

Response:

- a) Please refer to BHI's response to 4-Staff-49 e) for Vegetation Management Costs from 2014 to 2022.
- b) BHI employs two different vegetation management contractors for the complete term of the three year cycle.
- c) Yes, contractors are paid on a different basis for Storm Damage as compared to regularly scheduled line clearing. They are paid a fixed price for regularly scheduled line clearing and an hourly rate for Storm Damage.
- d) To the best of BHI's knowledge its vegetation management three-year cycle is consistent with other Ontario utilities with the exception of Hydro One who is in a unique situation due to the magnitude of its transmission and distribution powerlines. BHI provides a sample of other LDC's practices below.

- i. Hydro One's website states "*With over 150,000 kilometres of transmission and distribution power lines, we maintain our power lines through a preventative approach of vegetation management work on a six to eight-year cycle.*"¹

To maintain this cycle, Hydro One cuts back trees to 5 and 6 metres which has significant impact to the visual impact and significance of the tree. Cutting back trees this far in the City of Burlington would have a severe and negative impact with homeowners and the large canopy of trees that the City of Burlington owns.

- ii. Powerstream's "*vegetation management practice is documented in its internal procedure ENG-P-018 Vegetation Management Procedure. A three-year tree*

¹ <https://www.hydroone.com/about/corporate-information/vegetation-management/practices>



trimming cycle has been adopted for the entire service area. It consists of annual cycle clearing (1/3 of PowerStream's service territory) and an annual program to address vegetation impacting worst performing feeders. To date the actual cycle clearing time for the whole service area is in the 4- 5 year range however this is expected to improve in the near term as resources are allocated to achieve the 3 year cycle target".²

- iii. Oakville Hydro: *"The Town of Oakville ensures that trees in each of the three zones of the service territory are pruned responsibly on a three-year cycle to ensure safety and maintain the integrity of the natural surroundings."*³

² <https://www.rds.oeb.ca/CMWebDrawer/Record?q=CaseNumber=EB-2019-0018&sortBy=recRegisteredOn-&pageSize=400>

³ <https://www.rds.oeb.ca/CMWebDrawer/Record?q=Applicant:%22Oakville%20Hydro%20Electricity%20Distribution%20Inc.%20-%20Electricity%20Distributor%22&sortBy=recRegisteredOn-&pageSize=400#form1>

EP-16

Reference: Exhibit 4 Page 160 Table 56; Page 168/169, Tables 63 & 64; 4.3.01. FTE Adjustment, Table 47

Preamble: “As explained in Section 4.3.0.17 –FTE Adjustment, BHI, for the purposes of determining 2021 OM&A and distribution rates, proposes to adjust its salaries and benefits in 2021 to reflect 102.6 FTE. For the purposes of the variance analysis in this Workforce Planning and Compensation section below, BHI has used actual and forecasted FTE explanations based on 107 FTE in 2021, as identified in Table 56 above.”

- a) Please provide/update the list of all positions added in 2020 and indicate if each position was/is new or was filled on a temporary basis in 2019 or 2020.
- b) Please provide/update the list of all positions to be added in 2021 and indicate if each position was/is new or was filled on a temporary basis in 2019 or 2020.
- c) Please indicate how many positions/FTE in 2020 and 2021 were/are related to the Metrolinx Project?
- d) Please file a copy of the 2016 Towers Watson Report on Incentive Pay.

Response:

- a) Please see Table 1 below for an updated list of all positions added in 2020; BHI also indicates which positions are new and filled on a temporary basis in 2019 or 2020.

Table 1

Description	New; Hired/Not Hired	Filled on Temp Basis in 2019/2020
Accounts Payable Clerk – replaces redeployment to Customer Service	Hired	Yes
Billing Clerk – replaces redeployment to Engineering clerk	Hired	Yes
Communications Associate and Executive Assistant	NEW - Hired	Yes - Intern
Customer Service Clerk – Replaces 2019 retirement	Hired	Yes
PowerLine Technician Apprentice	Hired	No
Engineering Supervisor – replacing retirement from 2019	Hired	No
Project Engineer-Grid Modernization and Planning – new position	NEW - Hired	Yes
Systems Architect – Technology Specialist – new position	NEW - Not Hired	Yes
Engineering Clerk – Replaces 2020 resignation	Hired	Yes
Engineering Technician	Hired	Yes
Engineering Technician	Hired	Yes
HR and Payroll Administrator	Hired	No
Director of People and Culture – Succession Planning	Hired	Yes
Senior IT Infrastructure Specialist	NEW - Hired	Yes
Business Systems Analyst	Not Hired	Yes
Metering Supervisor – replace redeployment	Hired	No
Metering Apprentice	Hired	No
Senior Financial Analyst, Capital Monitoring and Reporting – new position	NEW - Hired	No
Facilities and Security Manager	NEW - Not Hired	No
Total excluding Redeployment	17	
Not Hired	3	
Total added as per EP-13d Table 1	14	

- b) BHI provides a list of all the positions to be added in 2021 in Table 2 below. Three positions that were not hired in 2020 have carried forward into 2021 as identified in Table 1 above and as follows:
- Systems Architect – Technology Specialist - NEW
 - Business Systems Analyst
 - Facilities and Security Manager - NEW

Table 2

Description	Filled on Temp Basis in 2019/2020
Control Operator Apprentice	No
PowerLines Apprentice	No
PowerLines Apprentice ¹	No
Stations Maintenance Apprentice	No
Systems Architect – Technology Specialist – new position	Yes
Business Systems Analyst	Yes
Facilities and Security Manager - new position	No

- c) In 2020, two operations crews were temporarily redeployed to Metrolinx to complete the overhead distribution portion of certain phases of the Metrolinx project as stated on page 95 of Exhibit 4. This represented on average 4-5 positions for approximately 3.5 months.

There will be 4-5 FTE in 2021 related to the Metrolinx Project for approximately two months.

- d) Please see BHI's response to 4-Staff-53 d).

EP-17

Reference: Exhibit 4, Page 174, Table 66 - Customers Served per Employee Benchmarking

- a) Please discuss the factors that lead to a Cost/FTE higher than the sample of utilities except Oakville Hydro.
- b) Provide the similar FTE/kw for the peer sample.

Response:

- a) Table 66 in Exhibit 4 represents number of Customers Served/FTE, not Cost/FTE. With the exception of Oakville Hydro, BHI served more customers per FTE than the sample of utilities in Table 66. Please refer to 4-Staff-46 b) for further details.
- b) BHI does not have access to kW for the peer group. It is not publicly available (i.e., this metric is not reported in the OEB's Yearbook of Electricity Distributors.)

EP-18

Reference: Exhibit 5, Page 7, Table 2, LT Debt

Preamble: “BHI will make a subsequent update for the long-term debt rate for use in 2021 cost-based applications which is expected to be available prior to the OEB rendering its Decision on this Application. This promissory note is secured through a General Security Agreement and is due on demand to the City of Burlington. *The City of Burlington has waived its right to demand payment until January 1, 2021.* BHI attaches this promissory note as Appendix B.”

- a) Please update the status of the City of Burlington Promissory note for the Test year.
- b) Please update the status of the Infrastructure Ontario \$10 million.
- c) Please confirm that BHI is not planning to redeem any debt or change its ST debt arrangements.

Response:

- a) The City of Burlington Promissory Note remains outstanding. As part of the 2020 year end financial audit, the City of Burlington will be asked to confirm waiver of its right to demand payment until January 1, 2022.
- b) Please refer to BHI's response to 5-Staff-63 a).
- c) BHI is not planning on redeeming any debt or making any changes to its ST debt arrangements.