EB-2020-0048

OSHAWA PUC NETWORKS INC.

RESPONSES TO PRE-SETTLEMENT CLARIFICATION QUESTIONS

FEBRUARY 3 2021

Table of Contents

Pre-Settlement Clarification Questions from Ontario Energy Board (OEB) Staff..... 3

Pre-Settlement Clarification Questions from Association of Major Power Consumers in Ontario (“AMPCO”)..... 3

Pre-Settlement Clarification Questions from School Energy Coalition (“SEC”) 51

Pre-Settlement Clarification Questions from Vulnerable Energy Consumers Coalition (“VECC”) 54

Pre-Settlement Clarification Questions from Ontario Energy Board (OEB) Staff

1-Staff-121

On December 3, 2020, the 2021 Benchmarking Spreadsheet Forecast Model was posted on the OEB's 2021 electricity distribution rates website.[1]

Please file an updated model.

Response
An updated model is attached with these responses, filename "*1-Staff-121 OPUCN_2021-Benchmarking-Spreadsheet-Forecast-Model-20201203.xlsx*".

1-Staff-122
Ref: 1-Staff-10(d)

Oshawa PUC Networks' Board of Directors have approved a head-office move. Oshawa PUC Networks notes that it's considered imminent, but the details of where, when, what and how are pending.

Does Oshawa PUC Networks plan on filing an Incremental Capital Module application with the OEB once the details of this move are known?

Response
An Incremental Capital Module application will be filed when details are known, if OPUCN determines to build the facility as part of rate base.

[1] https://www.oeb.ca/industry/applications-oeb/electricity-distribution-rates/2021-electricity-distribution-rate

1-Staff-123
Ref 1: IRR 1-Staff-10
Ref 2: IRR 1-Staff-11

Oshawa PUC Networks notes that a relocation of its head office is imminent because the City of Oshawa has indicated that it will terminate the lease on the property.

Oshawa PUC Networks indicates that a great deal of research has gone into evaluating options for a new facility and that $25,000,000 was assumed to be the cost of investment for a new facility.

(a) What research was conducted and how did Oshawa PUC Networks calculate the $25,000,000 estimate?
(b) Has Oshawa PUC Networks considered the option of leasing a new facility? If yes, what is the estimated cost?
(c) Will this new facility only be used as a new headquarters, or does Oshawa PUC Networks plan to consolidate and relocate all its existing offices to this new facility?
(d) What are the expected ongoing costs of the new facility (e.g. OM&A)? What is the expected reduction in OM&A from leaving the old facilities (e.g. the termination of the lease payments on the old facilities)?

Response

There is no relief sought in this Application related to the planned head office move, and therefore these questions are outside of the scope of the matters at issue in this application. Notwithstanding the foregoing, for convenience OPUCN has attempted to respond to these questions as best it can in the circumstances.

No decisions have been finalized by OPUCN at this time regarding a new facility.

The following answers are with respect to initial studies conducted by a commercial real-estate consulting firm, which formed the basis for customer engagement. Initial studies included a needs assessment to determine minimum requirements for facility and property size.

a) The following table outlines a summary of anticipated costs to build and own a new facility.

SUMMARY:	LOW	HIGH
Land:	7.5 Acres Minimum	7.5 Acres Minimum
Land Price:	$3.0 Million	$4.125 Million
Building Size:	66,000 SF	66,000 SF
Preliminary Construction Budget	$14.0 Million	$17.8 Million
Preliminary Ancillary Budget:	$1,410,000	$1,766,500
Estimated Capital Cost:	$18,410,000	$23,691,500
Estimated Operating Costs:	$5.00 PSF	$6.00 PSF
Estimated Occupancy Cost:	$26.82 PSF	$34.08 PSF
Estimated Annual Occupancy Cost:	$1,770,154	$2,249,308

b) The following table outlines a summary of anticipated costs to lease a newly constructed facility:

SUMMARY:	LOW	HIGH
Land:	7.5Acres Minimum	7.5 Acres Minimum
Land Price:	$3.0 Million	$4.125 Million
Building Size:	66,000 SF	66,000 SF
Preliminary Construction Budget	$14.0 Million	$17.8 Million
Preliminary Ancillary Budget:	$1,410,000	$1,766,500
Estimated Net Lease Rate:	$10.42 - $14.58 PSF	$13.18 - $18.45 PSF
Estimated Operating Costs:	$5.00 PSF	$6.00 PSF
Estimated Occupancy Cost:	$18.95 - $23.13 PSF	$23.95 - $29.33 PSF
Estimated Annual Occupancy Cost:	$1,250,500 - $1,526,650	$1,580,000 - $1,935,948

c) It is anticipated that a new facility will consolidate operations from all three buildings at 100 Simcoe Street and OPUCN's pole yard at the north end of Fox Street. Additionally, OPUCN is continuing to explore campus opportunities with other municipal service organizations.

d) Annual occupancy costs are detailed in the two preceding tables. Existing lease payments to the City of Oshawa for the three buildings at 100 Simcoe Street are $28,122 per month ($337,464 per year), subject to annual CPI adjustments each June.

1-Staff-124
Ref 1: DSP Appendix A, page 175
Ref 2: Exhibit 2, Appendix L, Building Condition Assessment, Page 1
Ref 3: IRR 1-Staff-10
Ref 4: IRR 2-VECC-20
Ref 5: IRR 2-EP-16

Oshawa PUC Networks has budgeted General Plant investments to repair its facilities based on the recommendations made in the Building Condition Assessment provided by Pinchin Ltd. OEB staff notes that the scope of the Building Condition Assessment was 10 years and estimated a total cost of $933,077 over ten years.

In reference 3, Oshawa PUC Networks indicates that it anticipates having to relocate its head office within the investment term of this rate filing. OEB staff takes this to mean between 2021-2025.

Given that Oshawa PUC Networks plans to move out of its current head office within five years and the analysis for the Building Condition Assessment assumed an occupancy of 10 years, are there capital investment recommendations made in the Building Condition Assessment that are redundant (i.e. Oshawa PUC Networks will have moved out of the facility before the investment would provide any benefits)? Please quantify any such impacts and explain whether this has been accounted for in Oshawa PUC Networks' current general plant capital forecasts.

Response:

Pinchin was informed of OPUCN's contemplated move and asked to identify only the most prudent capital investments necessary in any given year, which otherwise, could not be deferred by additional maintenance. A ten year plan was proposed in the event a move was delayed beyond 2025. Yes, there is the possibility that OPUCN's obligations to maintain, repair and/or make leasehold improvements will not directly benefit OPUCN if a move occurs in the same year of investment, but this is required to maintain a safe and functional work environment. At this time, Pinchin's capital investment recommendations adequately quantify such investments and are included in OPUCN's current general plant capital forecasts.

1-Staff-125
Ref: IRR 1-Staff-17

Oshawa PUC Networks has proposed to treat the leases for the building and IT equipment as operating leases for regulatory purposes.

(a) Please quantify the revenue requirement difference between including the costs in OM&A versus capital for the 2021 test year.
(b) Please confirm that Oshawa PUC Networks will continue to treat these leases as operating leases for regulatory purposes over the remaining life of these assets.
    i. If not confirmed, please explain why Oshawa PUC Networks will change the treatment of the leases and how Oshawa PUC Networks intends to address the revenue requirement impacts for this type of change in capitalization policy.

Response

a. The revenue requirement difference for 2021 is negligible. The current building lease expires in 2021 and terms or length of an extension have not been agreed yet. The IT equipment impact on revenue requirement is immaterial, with depreciation/interest expense similar to operating lease expense. The annual expense is less than $15k.
b. Confirmed.

2-Staff-126
Ref 1: IRR 2-Staff-26
Ref 2: IRR 1-SEC-9

Oshawa PUC Networks notes that it has optimized scheduling and reviewed requirements and was able to reduce capital project costs over the next five years by just over $17.5M from the original investment plan draft.

Please provide a breakdown of what capital projects were deferred.

Response:
The $17.5M was a reduction in capital project costs from an intermediary version (version 2) of the DSP investment plan. OPUCN went through four revisions of the DSP plan to produce a final version. OPUCN was able to reduce capital project costs by just over $29M from the original (version 1) DSP investment plan draft. Please see the below breakdown of the $29M reduction.

System Renewal		
Overhead		
Project	**5-Year Total**	**Version 1 to Final DSP Change**
Hall St, Centre St S, Johnson Ave, Lorraine St, Cubert St, Hillside Ave and Mill St	478000	-60000
Marion Ave, Fairlawn St, Nipigon St, Admiral Rd, Walmer Rd, Annapolis Ave, Park Rd. N, Arbor Ct, Garden Ct	582000	-73000
Cedar St, Erie St, Simcoe St S, Albert St	269000	-10000
Annapolis Ave, Ridgeway Ave, Elizabeth St, Buchanan Ave, Tweedsmuir St, Marion Ave	475000	-99000
Etna Ave, Toronto Ave, Drew St, Jackson Ave	274000	-13000
Bader Ave, Finucane St, Fernhill Blvd, Rosmere St, Malan Ave, Cunningham Ave	504000	-73000
Valencia Rd, Oxford St, Cordova Rd, Malaga Rd	639000	49000
Kitchener Ave, Dean Ave, Normandy St, Dunkirk Ave, Sterling Ave, Dieppe Ave, Lomomd St, Dieppe Ct	645000	-34000
Miller Ave	73000	-5000
Buena Vista Ave	120000	2000
Roxborough Ave	140000	-24000
Rossland - Ritson to Wilson	600000	0
Durham Crt	72300	3000
Grandview St S, Olive Ave	739000	24000
Front St, Albany St, First Ave, Second Ave, Third Ave, Fisher St, Lviv Blvd	459000	43000
Currie Ave, Montgomery St, Jackson Ave	120000	-11000
Athol St E	102000	-16000
Oshawa Blvd N from Bond to Maplewood	490000	-180000
Ridgeway Ave, Elizabeth St	176000	-21000
Gorevale Cres., Hillsdale Ave, Oshawa Blvd N, Hillcroft St.	327000	4000
Ascot Crt, Ascot Ave, Arden Dr, Acadia Dr	318000	-52000
Arthur St, Drew St, Bruce St	207000	-36000
Ridgeway Ave, Fairlawn St, Nipigon St, Humber Ave, Muriel Ave	335000	-19000
Lauder Rd	59000	-19000
Olive Ave, Central Park Blvd S	584000	-58000
Dearborn Ave, Kendal Ave, Mary St N, Agnes St, Elgin St E, William St E, Ontario St, Division St	987000	-246000
Poplar St, Linden St	129000	8000
Creighton Ave, Harris Crt, Harris Ave, Rosehill Blvd	242000	0
Simcoe St S - Grassmere Ave to Simcoe St S Limit	779190	779190
Grassmere Ave, Wellington Ave E, Nelson St, Harbour Rd	779190	401190
Beechwood St, Pinewood St, Edgewood Ave, Oakwood Ave	191000	15000
Farewell St from Harbour to Wentworth E	659000	-166000
Cromwell Ave from Hillside to Grace Lutheran Church	65000	-34000
Milton St from Chesterton Ave to Keates	28000	-5000
Kilmaurs Ave	60000	-6000
Cedar Valley Blvd, Cedar Valley Crt, Patton St, Seneca Ave, Chippewa St,	290000	4000
Eastwood Ave N	75000	-8000
Bloor St from Dnipro Blvd to Wilson Rd S including Dnipro Blvd	210000	-10000
Rossland Rd W (West of Thornton Rd N)	155000	-120000
Porcelain Insulator Replacement Program	1530000	0
Porcelain Switch Replacement Program	1770000	0
Pole Replacement Program	2400000	0
44kV Quick Sleeve Replacement Program	300000	0
Simcoe St N - Winchester Rd to Columbus Rd OH Renewal	285000	-156000
Vault Transformer Replacement Program	972000	0
Underground		
Project		
Blackthorn St, Nina Ct, 966 Adelaide Ave E, Pinetree Ct	287000	0
936 Glen St, Medina Ct	132000	0
Attersley Dr, Lavis St, Mountjoy Ct, Hayes Ave, Storie Ave,Bennett Cres, Bennett Ct,Pascoe Ct, Avery Ct,	876000	0
Walnut Ct	45000	-20000
Seville St, 384 Hillside Ave	62500	-2500
512 Canonberry Crt - MAY BE REDEVELOPED - Should also include 511 Cannonberry	221000	1000
285 Taunton Rd E	53000	-12000
Overbank Dr, Castlegrove Ave, Sagebrush St,Lichen Cres, Adele Cres,	540000	-47000
Madawaska Ave, Wecker Dr, Rondeau Ct, Ritson Rd S (Valley Dr to Lakeview Park)	172000	-22000
540 Dorchester Dr	92000	15000
Keates Ave	69000	3000
Central Park Blvd N (Brentwood Ave to Hillcroft St)	113000	-8000
510 Rossland Rd E, 455 Mayfair Ave	85000	10000
Norman Cres, Grandview Dr, Downsview Cres, Grandview St S, Wesley Dr, Edna Ct, Cherryhill St, St. Andrews Ct,	505000	-113000
777 Terrace Crt	99000	9000
601 & 611 Galahad Dr	227000	-45000
Naples St	67000	0
1330 Trowbridge Dr, Ludlow Ct	175000	-35000
Prestwick Dr, Dunrobin Ct, Lochness Cres, Apple Valley Ln	460000	-112000
Townline Rd S, King St E (Tx 4421), Carling Ave, Merivale St	72000	-17000
420 and 450 Bristol Cres	121000	25000
Glenridge Ct	101000	5000
Limerick St, Tralee Ct, Monaghan Ave	136000	-17000
Huntingwood Dr, Goodman Dr, Amber Ave, Waverly St N (Adelaide Ave W to Dawnhill Ave)	590000	-111000
Copperfield Dr,	50000	-18000
William Booth Cres, Exeter St	178000	-26000
Roundelay Dr, Roundelay Ct, Mahina St, Aztec Dr, Charisma Cres, Rimosa Ct, Monique St,	770000	-124000
Whistler Dr, Griffith St, Barnes Cres, Logan Ct, St Anne Ct, Cartref Ave, Mount Allan Ave, Mount Hood Ct	600000	-155000
Oshawa Blvd N (North of Darcy St(867 Oshawa Blvd N) to Jasmine Cres	0	0
460 Mayfair Ave, 480 Mayfair Ave, 422 Canonberry Crt	0	0
Duct Structure Audit and Renewal Program	0	-1255000
UG Downtown Cable Replacement Program	400000	-600000
Municipal Substation Cable Replacement Program	1600000	1600000
MS10 Pb Cable Replacement	250000	0
Stations		
Project		
Municipal Substation Transformer Replacements and Oil Containment Installation	4500000	-300000
Municipal Substation Switchgear Replacements	9000000	0
Relay Replacement Program	120000	120000
MS10T2 Replacement	1000000	0
Reactive		
Project		
Overhead Transformers - Unplanned Replacement	346946.653	16946.65298
Underground Transformers - Unplanned Replacement	1766273.87	86273.8697
Distribution (OH/UG) Component Changeouts	883136.9348	43136.93485
Substation - Unplanned Replacement	220784.2337	10784.23371
Overhead Unplanned Replacement	630812.0963	30812.09632
U/G Secondary Cable Unplanned Replacement	1577030.241	77030.2408
U/G Primary Cable/ Duct Structure Unplanned Replacement	1135461.773	55461.77338
Removal of OH poles & Restoration of sidewalk	315406.0482	15406.04816
Delta Wye conversion	100000	0
TOTAL	51438031.85	-1137268.15

System Access		
Municipal & Regional Work		
Project	**5-Year Total**	**Version 1 to Final DSP Change**
City - Widen Conlin - Simcoe - Ritson	375000	0
City - Widen Conlin - Stevenson to west City limits	285000	0
City - Widen Conlin - Ritson - Wilson	375000	0
City - Widen Conlin - Wilson - Harmony	90000	0
City Relocate - Rossland St. - Ritson N to 75 m west of Ritson N	60000	0
Glenwood Cres. - South limit to Winona Ave	60000	0
Region Relocate - Grandview & Columbus - Grandview St. N from hwy 407 to Columbus Rd E an	450000	225000
Region Relocate - Simcoe	0	-300000
Region Relocate - Bloor St W - Stevenson to west City limits	375000	0
MTO/Region relocates for expansion of GO	0	-600000
MTO - 401 Widening - Simcoe and Albert bridges	105000	0
Region widening - Gibb St from Stevenson to Simcoe	825000	0
Region - Gibb - Olive interconnection	300000	0
Region - Ritson from Taunton to Conlin	300000	0
Region - Bloor St from east of Harmony Rd. to Grandview	375000	0
Region - Stevenson - Bond to Rossland	450000	0
Connections & Expansions		
Project		
Connections	1389300	-4293450
Expansions	9972084	-10039116
Metering		
Project		
Revenue Metering - New Connections	1338000	-7000
AMI System Update	2790000	-6625000
TOTAL	19,914,384.00	-21639566

System Service		
Stations		
Project	**5-Year Total**	**Version 1 to Final DSP Change**
Municipal Substation Transformer Monitoring and Telemetry	900000	0
Spare Station Transformer	0	-1000000
Ground Grid Upgrades	200000	0
Smart Grid		
Project		
Expansion of Overhead Automated Switching	1050000	-870000
SCADA Operated 44kV OH Switches	625000	-875000
Enhancement of Existing Underground Distribution Automation of Downtown Vaults	0	-600000
SCADA Integration and Deployment of Automation Controllers and Network Connected Devices	600000	-900000
Municipal Substation Network Cybersecurity Upgrade	550000	-750000
Municipal Substation Battery and Battery Charger Upgrades	110000	-250000
Voltage Monitoring (Grid Monitoring and Automation)	450000	450000
Operation Technology		
Project		
Geographic Information System (GIS) Upgrades and Enhancements	525000	-255000
AMI Gatekeeper Upgrades	0	-400000
Outage Management System (OMS) Upgrade	275000	-995000
ADMS Enabling Work	0	-630000
Upgrades and Enhancements to Operational Data Store (ODS) Systems	600000	-150000
Planned SCADA Upgrade	60000	60000
Reactive		
Project		
Repair, Improvements and Upgrades of OT and Smart Grid Infrastructure	219000	219000
Overhead		
Project		
MS9 and Enfield TS New Feeder Construction	1140400	1140400
44kV Line Extension - Ritson Rd - Winchester Rd E and Conlin Rd E	375000	375000
TOTAL	7679400	-5430600

General Plant		
Fleet & Facilities		
Project	**5-Year Total**	**Version 1 to Final DSP Change**
Forklift Truck & Charging Station	0	-45000
Reach Truck & Charging Station	0	-30000
Poleyard Metal Building Storage and Security	175000	25000
Poleyard Fiber for Security Cameras	0	-25000
Barcode Technology	60000	0
Stores Racking	0	-20000
Fuel Pumps and Fuel Line Replacement	90000	0
Facilities (General)	600000	0
MS12 Demolition	50000	10000
HVAC units Distribution, Main Office and Metering	60000	0
Meter shop enhancements and office renewal	30000	0
Back-Up Generator Replacement	205000	0
Fleet Replacement Program	2130000	-1130000
Tools		
Project		
Major Tools & Equipment	600000	0
Back-up Control Room and Associated IT Infrastructure	200000	100000
Information Technology		
Project		
Financial System Upgrades	93500	0
Customer Self-Serve Online Portal (Green Button Dashboard)	140000	0
Customer Data Interface	0	-350000
Customer Information System (CIS) Acquisition	736000	236000
People Systems	10000	0
Document Management System	257000	157000
New IT Equipment Upgrades (work stations, Laptops & unplanned upgrades, including Hardware	548500	0
Network Segmentation project	30000	0
Storage System Refresh	140000	0
Switchess & Routers/ firewall upgrade	131000	0
UPS and Battery System Refresh	43000	9000
Phone System Refresh	300000	0
Domain Controller and Email System Upgrade	50000	5000
Servers Upgrades in Production and DRP	403000	60000
Data Back-Up Infrastructure Upgrade	92000	-65000
Mobile Phone Refresh	157000	157000
TOTAL	7331000	-906000

2-Staff-127
Ref: Chapter 2 Appendices – OPUCN_2021_Filing Requirements_Chapter2_Apendices_OEBstaff_Updated_20201116, Tab 2BA – Fixed Asset Cont

Please file an updated Chapter 2 Appendices reflecting actuals to date for Tab 2-BA.

Response
OPUCN's process for recording capital assets in this format is as follows:

- Capital job costs recorded within job cost system (within Great Plains) as the work progresses. In accounting system, the costs are kept in work in progress (OEB account 2055) until the job is completed and closed.
- When the job is closed, the closing entry moves the cost from Account 2055 to a Fixed Asset Clearing account (uses OEB Account 1845)
- OPUCN has a Fixed Asset module attached to its Great Plains accounting system. The final step in the process involves adding the new assets to the FA Module, at which point a journal is created crediting the Clearing account and allocating to the final OEB account as appropriate.

The FA Module update trails the job activity and doesn't allow for a meaningful report of actuals to date.

OPUCN believes that its 2020 actuals will approximate closely to its projected numbers.

2-Staff-128
Ref: IRR 2-Staff-32

In the reference noted above, Oshawa PUC Networks has provided a table of criteria used to calculate its asset management scores. Please clarify how this table is used, specifically: taking as an example the “Reliability” asset management objective, for a hypothetical project, does the value of “3” in the table mean that the project would be given a score of 3 if it in any way addresses reliability? Or does Oshawa PUC Networks perform further analysis on the project to quantify the reliability benefit and calculate a “Reliability” score for the project with a range of values between 0-3? If it is the latter, please explain how Oshawa PUC Networks quantifies the benefits of each project for each of the asset management objectives.

Response:

Yes. OPUCN confirms that a project which addresses reliability in any way, is assigned a value of 3. There is no further granular assessment to sub-rank reliability projects, using reliability specific scoring.

2-Staff-129
Ref 1: IRR 2-Staff-36
Ref 2: EB-2014-0101, Exhibit 2, Tab B, Schedule 3, Page 71
Ref 3: DSP Appendix A, Page 45

Oshawa PUC Networks notes in reference 1 that its current program is to replace single-phase insulators and switches, whereas its previous program replaced three-phase porcelain insulators and switches.

OEB staff notes that, in Oshawa PUC Networks' previous Asset Condition Assessment, single-phase insulators and switches were specifically identified as susceptible to failure and recommended for replacement.

(a) Given that single-phase porcelain equipment was identified in Oshawa PUC Networks' previous DSP, please explain why Oshawa PUC Networks was unable to address it in its previous replacement program.
(b) How did Oshawa PUC Networks estimate the cost of this program to be $550,000 annually? What is the unit cost of replacing one porcelain switch or insulator?
(c) What was the unit cost to replace one porcelain switch or insulator under the previous replacement program?

Response:

(a) Please see EB-202-0048 Exhibit 2-DSP Page 55 of 107. In 2013-2014, OPUCN adopted a systematic program under which porcelain switches and porcelain insulators (locations of three single-phase insulators/switches) were systematically replaced with polymer type units to address safety risks and improve overall reliability. The replacement continued as part of overhead rebuild projects but could not address all locations of porcelain insulators as the locations of one (rather than three) single-phase insulator/switches are more dispersed than three single-phase insulators/switches.

(b) OPUCN estimated the cost based on cost of material and past experience in installation time for porcelain switches and insulators with current costs. Approximately $880 per porcelain insulator location and $1030 per porcelain switch. This estimate is for mainly single-phase locations.

(c) Comparable unit costs for porcelain switch and insulators date 6 or 7 years back to 2013 and 2014. In 2013 & 2014 the costs were roughly $520 per porcelain insulator replacement location and $680 per porcelain switch replacement. These replacements were mainly three-phase locations.

2-Staff-130
Ref: IRR 2-Staff-39

For the large municipal relocation projects listed in part b) of the IRR, is Oshawa PUC Networks aware of any third parties delaying any projects due to COVID-19?

Response:

OPUCN has been informed that 401 Simcoe and Albert Bridges construction has been delayed till 2022. However, there is a reasonable likelihood that OPUCN will have to relocate ahead in late 2021 prior to the bridge construction.

2-Staff-131
Ref: IRR 2-Staff-40

Please provide the actual costs for developments between 2015-2019 and explain how it was used to derive the unit cost of $2,100 per lot. Please explain why Oshawa PUC Networks chose to use the 2017-2019 average for calculating the unit cost rather than taking the average of 2015-2019.

Response:

OPUCN chose to use 2017-2019 average costs as these costs are more up-to-date reflecting recent development costs. Below are development costs for years 2017-2019. OPUCN may not have sufficient time to search up costs for development costs for remaining years 2015-2016 as these were not collected for estimating and are not readily available.

Project	Cost per lot ($)
Kingsway Phase 1	$2,075
Lakeview on the Ravine	$2,213
Merivale	$2,066
Graywood-Maurac Subdivision	$2,068
The Ross - 849 Rossland	$2,044
The Brook Subdivision Phase 2	$2,110
Grandview Trails Subdivision	$2,125
FKT Phase 7	$2,109

2-Staff-132

Ref: IRR 2-Staff-49

Please explain how Oshawa PUC Networks derived and calculated the $100k annual budget for Major Tools and Equipment project.

Response:

Budget for major tools and equipment was created to support the following efforts:

1. Updated Maintenance and Inspection Program, in particular Substation Maintenance that is now following NETA MTS which dictates a further set of testing that Oshawa Power currently does not have the equipment to complete all tests
2. Onboarding of new bucket and RBD vehicles require updated tools
3. Refresh of protective line rubber over 5 years as current rubber was 20+ years old
4. Strategic move to common battery powered tools over 5 years
5. 5 year Refresh of line stringing equipment as current equipment was 15+ years old
6. UG cable testing equipment refresh and additional equipment as current equipment was 15+ years old

2-Staff-133
Ref 1: IRR 2-Staff-50
Ref 2: DSP Appendix A, Page 195

(a) For the estimate of $430,000 in reference 2 for “In House FTE Work (Estimate)”, does this refer to incremental OM&A and that a new employee will need to be hired to manage the new CIS, or does Oshawa PUC Networks already have the necessary personnel to manage the new CIS?
(b) Does Oshawa PUC Networks anticipate future costs to periodically upgrade the CIS? What are the expected costs?

Response

a) The estimate for $430K includes the requirement for new employees to be hired.
b) Yes we expect future costs to perform periodic upgrades. The last major upgrade was completed in 2014 with ongoing updates to reflect changes in regulatory requirements completed on an on-going basis. In the last four years

we spent approximately $30K on these minor updates for regulatory requirements. It is difficult to estimate the cost of a major upgrade at this time.

2-Staff-134
Ref 1: IRR 2-Staff-51

How much OM&A savings does Oshawa PUC Networks expect to achieve through acquiring this document system? Are the savings reflected in Oshawa PUC Networks' OM&A budget?

Response
Performance efficiencies will be achieved which are difficult to quantify. These efficiencies are assumed to offset incremental operating costs associated with maintaining the document system, with $nil impact to OM&A. This is reflected as such in the OM&A budget.

2-Staff-135
Ref: IRR 2-SEC-15

Does Oshawa PUC Networks know what types of outages fall under the "0-Unknown/Other" category?

Response
Outages under Unknown/Other are likely temporary outages caused by tree contacts, animal contacts and lightning.

2-Staff-136
Ref 1: IRR CCC-19
Ref 2: DSP Appendix A, Page 202
Ref 3: Exhibit 2, Page 42

In reference 1, Oshawa PUC notes that the $419,500 "Information Technology General" project in table 2-AA is comprised of "…IT Systems Upgrade GP-06 excluding new IT equipment upgrades and GP-05 Office Systems…" OEB staff notes that the 2021 capital expenditure for GP-06 IT Systems Upgrade is $251,500.

What accounts for the difference between the 2021 amounts for "Information Technology General" and GP-06 (i.e. $419,500 - $251,500 = $168,000)? Please provide a breakdown of the 2021 Information Technology General $419,500 amount.

Response

A breakdown of GP-06 Information Technology General was provided in Exhibit 2 – DSP Appendix A Page 202 of 205. Please see below:

Project		2020	2021	2022	2023	2024	2025
New IT Equipment Upgrades (work stations & laptops)		87000	89000	90500	92000	94000	96000
Network Segmentation project		30000	0	0	0	0	0
Storage System Refresh		0	0	115000	25000	0	0
Switches & Routers/ Firewall upgrade		0	91000	0	0	0	40000
UPS System Refresh and Batteries		0	9000	0	0	34000	0
Data Backup Refresh		67000	0	0	25000	0	0
Phone System Refresh		0	0	0	50000	0	250000
Domain Controller and Email System Upgrade		50000	0	0	0	0	0
Servers Upgrades in Production and DRP - EOSL		60000	40000	0	275000	28000	0
Mobile Phone Refresh		20000	22500	25000	27250	30000	32250
	Total	**314000**	**251500**	**230500**	**494250**	**186000**	**418250**

The difference between 2021 amounts for Information Technology General and GP-06 are the following:

- GP-06 includes New IT Equipment Upgrades (see table above) which Information Technology General does not include – $89,000
- Information Technology General includes GP-05 which GP-06 does not include – $257,000.

Please see below table showing the breakdown of 2021 Information Technology General.

Switches & Routers/Firewall Upgrade (see above table from GP-06)	$91,000
UPS System Refresh and Batteries (see above table from GP-06)	$9,000
Servers Upgrades in Production and DRP- EOSL (see above table from GP-06)	$40,000
Mobile Phone Refresh (see above table from GP-06)	$22,500
Office Systems (see GP-05)	$257,000
Total - Information Technology General (Appendix 2-AA Table)	**$419,500**

3-Staff-137
Ref 1: IRR 3-Staff-55(b)
Ref 2: Exhibit 3, Page 13

OEB staff requested a scenario where a trend variable was used. Oshawa PUC Networks provided the requested forecast.

(a) Please provide the regression output statistics for the scenario provided. This could be presented in a similar format to that provided on Exhibit 3, page 13, and should include:
   I. For the variables, Coefficients, Standard Error, and t Stat.
   II. For the regression, Adjusted R Square

(b) Please provide the resulting rate class forecasted energy and demand if this scenario were adopted.

Response

a) Please see below the regression output statistics for the scenario provided:

Regression Statistics	
Multiple R	96.17%
R Square	92.48%
Adjusted R Square	92.15%
Standard Error	2,758,436.80
Observations	120

ANOVA

	df	*SS*	*MS*	*F*	*Significance F*
Regression	5	1.06689E+16	2.13379E+15	280.4302286	2.60341E-62
Residual	114	8.67423E+14	7.60897E+12		
Total	119	1.15364E+16			

	Coefficients	*Standard Error*	*t Stat*	*P-value*	*Lower 95%*	*Upper 95%*	*Lower 95.0%*	*Upper 95.0%*
Intercept	6,629,680	9,651,921.40	0.69	0.493555302	-12490701.9	25750061.99	-12490701.9	25750061.99
Heating Degree Days	39,935	1,546.90	25.82	1.93035E-49	36870.428	42999.23837	36870.428	42999.23837
Cooling Degree Days	211,768	11,087.00	19.10	2.53216E-37	189805.2107	233731.7427	189805.2107	233731.7427
Number of Days in Month	2,480,416	319,329.86	7.77	3.80865E-12	1847826.283	3113006.28	1847826.283	3113006.28
Spring Fall Flag	(5,390,637)	630,073.47	(8.56)	6.21193E-14	-6638807.665	-4142466.264	-6638807.665	-4142466.264
Trend Variable	(39,127)	7,281.76	(5.37)	4.14545E-07	-53552.26359	-24702.02892	-53552.26359	-24702.02892

b) Please see tables below:

Rate Class Energy - 2021

Residential	GS<50	GS>50	Large User	GS 1,000 - 4,999 kW (I2)	Street-lights	Sentinels	USL	Total
479,064,404	124,187,652	317,215,110	38,878,939	74,141,049	4,555,628	24,360	2,506,367	1,040,573,509

Rate Class Load - 2021

GS>50	Large User	GS 1,000 - 4,999 kW (I2)	Streetlights	Sentinels	Total
798,474	86,319	176,932	12,504	81	1,074,311

3-Staff-138

Ref: IRR 3-Staff-59

For Account 4405 – Interest and Dividend Income, Oshawa PUC Networks forecasted an approximate 43% decrease for the 2021 test year when compared to 2019 actuals and 2020 forecasted amounts. Oshawa PUC Networks explained that this decrease is partially due to regulatory interest improvement as balances are disposed. Oshawa PUC Networks was not approved Group 1 account balances in its 2020 rate application. It is not proposing to dispose Group 1 and 2 account balances in the current proceeding. Considering this, please clarify Oshawa PUC Networks' explanation that the decrease in interest income would be due to changes in interest as balances are disposed.

Response
The primary drivers of the lower interest income are lower forecast cash balances than in recent years. The decrease associated with regulatory balances is minimal. However, even with steady regulatory account balances, lower interest rates will drive amount lower.

4-Staff-139
Ref: IRR 4-Staff-65(b)

Oshawa PUC Networks provided a table showing comparable LDCs' metrics for OM&A per customer and OM&A per FTE, using 2019 actuals amounts.

Please confirm on what basis Oshawa PUC Networks chose the comparator LDCs.

Response

The principal basis was for LDC's that shared similar characteristics such as size, area, population, etc.

4-Staff-140
Ref: IRR 4-Staff-82

Oshawa PUC Networks notes that in its 2015 submission, it did not include the count for temporary payroll staff in the FTE count, although it did include the related costs.

Please confirm or correct the following:

(a) The evidence from the 2015 rebasing application showed 80 FTEs in 2015, but what Oshawa PUC Networks is indicating is that the OEB implicitly approved 85 (5 of which were temporary payroll staff and not included in the FTE count, but the costs were)?
(b) The evidence from the 2015 rebasing application showed 81 FTEs in 2019, but what Oshawa PUC Networks is indicating is that the OEB implicitly approved 85 (4 of which were temporary payroll staff and not included in the FTE count, but the costs were)?
(c) Confirm if both the count for temporary payroll FTEs, and the associated costs are included in the current 2021 application in Appendix 2-K.

Response

a. Yes
b. Yes
c. Yes, both the count for temporary payroll FTEs and the associated costs are included in the current 2021 application in Appendix 2-K.

4-Staff-141
Ref: IRR 4-SEC-35

In response to the reference above, Oshawa PUC Networks notes that it currently has 81 FTEs. OEB staff has reproduced Tab 2-K from the Chapter 2 Appendices in the current application and added columns (highlighted) for OEB-approved numbers.

Appendix 2-K
Employee Costs

	Last Rebasing Year (2015 OEB Approved)	Last Rebasing Year (2015 Actuals)	2016 OEB-Approved	2016 Actuals	2017 OEB-Approved	2017 Actuals	2018 OEB-Approved	2018 Actuals	2019 OEB-Aproved	2019 Actuals	2020 Bridge Year	2021 Test Year
Number of Employees (FTEs including Part-Time)[1]												
Management (including executive)	19	18	18	18	18	20	20	27	20	27	28	28
Non-Management (union and non-union)	65	60	60	58	57	64	64	63	65	63	64	63
Total	85	79	78	76	75	84	84	90	85	90	92	91

(a) Please reconcile the 81 FTEs in the interrogatory response, to the 2020 Bridge Year column in the table which shows 92. Does Oshawa PUC Networks plan to fill 11 positions in 2020?
(b) For 2018 and 2019 actuals, did Oshawa PUC Networks have 90 FTEs positions filled? If the answer is no, please provide the number of FTEs filled for each year.

Response

a) Yes, the plan is to fill all vacant positions in 2021. This is directly related to the 11 temporary layoffs related to the COVID-19 pandemic.
b) Yes, OPUCN had 90 FTE positions filled in 2018 and 2019 actuals.

4-Staff-142

Ref 1: IRR 4-SEC-35
Ref 2: IRR 4-Staff-67

In response to reference 1, Oshawa PUC Networks notes that it currently has 81 FTEs. This includes 11 on temporary layoff due to COVID-19. The remaining variance to the 2021 FTE forecast of 91 consists of five temporary/contract and student positions deferred or on hold, along with approximately five vacancies.

(a) Since when has Oshawa PUC Networks been operating with 81 FTEs?
(b) Please describe the job roles/titles of the individuals laid off due to COVID-19.
(c) Please confirm if Oshawa PUC Networks is currently operating with 70 FTEs because of the COVID-19 lay-offs.
(d) What are the roles/responsibilities/job titles of the temporary/contract and student positions on hold or deferred?
    i. Please provide the reasons why are they on hold/deferred.
    ii. For how long have these positions have been on hold/deferred?
    iii. Are each of the five temporary/contract and student positions considered 1 FTE position?
(e) With respect to the five vacancies, what are the vacant positions and how long have these positions been vacant for?
(f) Does Oshawa PUC Networks expect to fill all 10 vacant positions in 2021? If yes, outline the expected timeline for each of the 10 positions.

Response

a) May 2020

b) The job roles/titles of the individuals laid off due to COVID-19 are as follows: Customer Service Representative; Meter Technician; Operations Developer; Buyer; Senior Distribution Engineer; Distribution Systems EIT; Maintenance Planner; and Manager, Financial Reporting

c) Yes

d) i) These positions are currently deferred as we continue to monitor and manage the impact of COVID-19 on our business and our ability to onboard new employees in a safe, physically distanced work environment. Many of these temporary, contract, and student positions are filled in Q2 and Q3 of each year to provide increased support during high-vacation utilization months for full time employees and in line with student work term timelines. Therefore, they are currently deferred.

ii) These positions have been deferred in 2020 due to the impact of COVID-19; however, we plan to resume recruitment for these positions in 2021.

iii) No, temporary, contract, and student positions are reflected based on the length of the work term associated with the position. Example, a 4 month Powerline Co-op Student equates to a 0.3 FTE while a 12 month Electrical Engineering Intern Student equates to 1 FTE.

e) The vacant positions are the Cyber Security Analyst (temporary contract), Powerline Technician Co-op Students, Electrical Engineering Intern students, Summer Students (Marketing, Information Technology, Operations, Finance).

f) While we continue to monitor the impact of COVID-19 on our business, our current plan is to fill these vacant positions in 2021. We are hopeful that the impact of COVID-19 on our business and the completion of this application will allow us to resume recruitment activity in Q2 of 2021. While some of our recruitment activity can be completed virtually, we anticipate that in-person meetings and field tests may resume mid-2021 which will contribute to this momentum. The plan is to fill the temporary, contract, and student positions in Q2 and Q3 over the summer and fall student work term time periods (Electrical Engineering Intern students, Powerline Technician Co-op Students, Information Technology Co-op Student, Operations Co-op Student, Marketing Co-op Student). We also plan to hire Apprentice Powerline Technicians in Q2 or Q3. Other vacancies, such as the Cyber Security/IT Analyst contract will be filled in Q3 or Q4.

4-Staff-143
Ref 1: IRR 4-Staff-68
Ref 2: EB-2020-0048, Application, Page 43
Ref 3: IRR 4-AMPCO-30
Ref 4: IRR 4-VECC-36

In response to interrogatory 4-Staff-68, Oshawa PUC Networks provided a summary table of all FTEs added from 2015-2020 and whether the FTEs were a result of replacements, retirements, leavers or incremental new hires.

Based on OEB staff's understanding of the evidence, from 2015-2020 there have been 6.5 incremental FTEs added. These positions are listed below:

1. CEO – transfer from Parent Company (1.0 FTE)
2. Human Resources (1.0 FTE)
3. Purchasing/Stores Manager (1.0 FTE)
4. IT/Cyber Security Analyst (0.5 FTE)
5. Website Development/Maintenance + Customer Engagement (1.0 FTE)
6. Maintenance Planner (1.0 FTE)
7. Sustainability & Business Advocacy, CDM and Key Accounts (1.0 FTE)

(a) Please confirm if OEB staff's understanding is correct.

Based on the table provided in response to 4-Staff-68, staff calculates a total of approximately 7.6 FTEs added between **2014-2020** that are a result of replacements outpacing retirements and leavers combined.

	Retirements (a)	Leavers (b)	Sub-Total (a+b)	Replacements (c)	Difference between retirements + leavers and replacements
Total (2014-2020)	20	17.6	37.6	45.2	7.6

Based on the response to 4-AMPCO-30, the change in FTEs from **2015 to 2021** is 12.1 (i.e. 79.3 to 91.4 FTEs). This would imply in the addition of 5.6 FTEs added as a result of replacements outpacing retirements and leavers combined (i.e. 12.1 – 6.5 incremental = 5.6).

(b) Please confirm if OEB staff's understanding is correct.
(c) Please provide a summary table of these additional FTEs which outlines their role/job title, justification for the addition and whether these positions are currently filled.

Response

a) Yes, this is correct.
b) No, replacements are not outpacing retirements and leavers. It is important to note the context of the starting point - the 2015 total of 79.3 in 4-AMPCO-30 was 5.2 FTE less than was approved. OPUCN's 2015-2019 rate application was only approved late in 2015 which is a principal cause of the lower actual FTE's at the end of 2015.
c) As noted in (b) above, these are not 'additional FTEs' but are approved, albeit delayed, FTEs.

4-Staff-144
Ref: IRR 4-Staff-69(d)

Oshawa PUC Networks notes that it altered its Maintenance and Inspection program from previous years between 2019 and 2020. This additional work is the driver for the 18% increase in its Maintenance program between 2019 and 2020.

(a) What are the associated benefits of the increase in the Maintenance and Inspection program? Please provide specific examples.
(b) What prompted the business decision to alter the Maintenance and Inspection Program for 2020?

Response

(a) Increased Maintenance and Inspections will benefit:
    i. Increase Reliability via providing predictive data through testing and inspection, allowing for timely replacement right before failure
    ii. Prolonged equipment life based upon regular maintenance
    iii. Increase public safety due to increased inspection of all equipment
(b) New Distribution Management in 2018 assessed current practices, which met the minimum OEB DSC/ESA 22-04 requirements, and recommended to strategically increase and update practices to increase reliability, prolong equipment life and increase public safety.

4-Staff-145
Ref: IRR 4-Staff-70

In response to part (a) of the referenced interrogatory, Oshawa PUC Networks notes that before the addition of 1 FTE to manage website development and maintenance, along with fulfilling additional requirements covering customer engagement and communications, this work was previously contracted out and as a result, Oshawa PUC Networks was not achieving the requisite level of customer engagement.

(a) Besides improved quality of customer engagement, does Oshawa PUC Networks expect other quantifiable efficiencies as a result of this decision?
(b) Was a cost/benefit analysis conducted to aid in the decision to bring this position in-house?

Response

a) We recognize the required evolution to a customer centric business model focused on access to timely information and self-service features linked to technology implementation and enhanced service delivery. There is an increased onus to be accessible to customers and seek their input and feedback as a key stakeholder to our business operations. To deliver on this model, we made this decision and expect the following quantifiable, operational efficiencies beyond quality customer engagement:

- Website development, maintenance, and engagement with customers via social media, creating a space of timely information and updates, 24/7 information availability, and improved response times (example: timely information sharing to customers during power outage to allow customers to make informed decisions for safety and lifestyle)
- Implementation and maintenance of self-service model to our website and customer tools that will change the way our customers interact with OPUC regarding their hydro needs and increase the number of requests and services that customers can access themselves
- Improved overall presence and involvement with our customers and community results for customer awareness and information sharing as measured by the OEB metric for Level of Public Awareness (Customer Service Satisfaction Survey, Public Safety Survey & Information Campaigns, Power Outage Management, Customer Outreach Events)
- Fulfillment of additional requirements covering customer engagement and communications in accordance with the Board's guidelines outlined in its RRFE Report.
- Improved safety results and relationship management with contractor & public via events and outreach

- Increased customers accessing billing electronically resulting in reduced paper billing and associated costs

b) A formal cost/benefit analysis was not conducted to aid in the decision to bring this position in-house. However, we recognized the additional work and scope required in this area of the business that was not previously done and knew that increasing the contract scope of our current contract services company would be more expensive than hiring the position in-house based on the fees/rate of the services company. The level of service that we are working towards for customer engagement would be at a premium if outsourced.

4-Staff-146
Ref: IRR 4-Staff-71

Oshawa PUC Networks was asked to explain the driver(s) behind the 29% increase in the Community Relations line item between 2019 actuals and the 2020 bridge year. Oshawa PUC Networks notes that 29% ($326k) of the increase reflects 1.5 open FTE's ($180k), in addition to $146k in allocations to CDM projects in 2019 not forecast in 2020.

Please explain what “$146k in allocations to CDM projects” means.

Response
Where OPUCN staff spend time working on CDM funded projects, their time is charged to those via an allocation entry crediting OM&A and debiting the CDM Project cost (USA Account 4380).

4-Staff-147
Ref: IRR 4-Staff-73(b)

Oshawa PUC Networks added 1 FTE to its purchasing/stores function in order to pursue a modernized and more strategic approach to job planning, buying and securing greater value from the supply base.

At the reference noted above, Oshawa PUC Networks notes the improvements and efficiencies in job planning and purchasing anticipated are, among others, reduced costs, improved vendor assessment and control, reduced shipping costs, improved productivity of internal resources etc.

In what areas/programs does Oshawa PUC Networks expect these reduced cost benefits to materialize? Please provide specific quantifiable examples.

Response
In the pursuit of a modernized and strategic approach to job planning and supply chain, we anticipate cost benefits to materialize in the following ways:

The engagement of the supply chain team in job planning and material staging will result in the right materials being available on the job site at the right time. This will improve efficiency of field workers and lead to greater field worker availability and productivity, as measured by our wrench time metric. For example, there will be less instances where a worker will need to leave the job site to coordinate/pick up needed materials for the job which results in lower productivity (wrench time). A dedicated focus to vendor management and results tracking will improve lead times on materials and material availability for scheduled jobs. This material availability, coordination, and focus on vendor accountability will lead to less scheduling conflicts and need for re-scheduling of capital jobs impacting productivity (wrench time) in the field. This dedicated focus on vendor management and performance monitoring will set ourselves up to be in a position to potentially re-negotiate contracts and material price based on improved relationships and engagement with our vendors and past vendor performance. By managing a more robust supply chain and RFP processes, we will have greater confidence that we are paying the right price for capital expenses and material as we are actively engaged with new opportunities available and work with our vendors to drive improvements. In addition, this model will also allow us to reduce unnecessary inventory and ensure that we have the right tools and material for the job at the right time by identifying unnecessary spend and items to stock.

4-Staff-148

Ref 1: IRR 4-AMPCO-32
Ref 2: IRR 4-Staff-75
Ref 3: OEB Letter, Cyber Security Readiness Report & Amendments to Electricity Reporting and Record Keeping Requirements (RRR) (EB-2016-0032), November 29, 2018

In response to reference 1, Oshawa PUC Networks provides a summary of the increase in IT Operations costs in 2021 compared to 2015 OEB-approved.

The summary table is reproduced below:

a)

	2015 Approved	2021 Test	Increase	
IT Operations	378,817	709,601	330,784	11.0%

Labour - increase of 0.5 FTE plus change in seniority/speciality mix compared to plan in 2015.	120,000
Software maintenance & licensing costs associated with increasingly complex IT infrastructure and increased cost pressures associated with modernising IT infrastructure, including new Disaster Recovery site at MS9 and developing and maintaining a CyberSecurity framework.	110,000
Increased communication costs related to IVR system	25,000
Inflation and other	75,784
	330,784

The letter of the OEB in reference 3 notes that it expects that distributors will incorporate cyber security investments into their distribution system plans and that these responsibilities should be addressed in the same manner as any other operational risk.

(a) Of the $330k increase, what are the costs explicitly related to developing and maintain a cybersecurity framework?
(b) How has Oshawa PUC Networks tried to manage its cybersecurity costs within its historical OM&A budget?
(c) Has Oshawa PUC compared the costs of in-house cybersecurity to a third-party provider? If so, please provide the comparison. If not, why not?

Response

a) The net new FTE spends at least 25 to 33% of their time overseeing the implementation of the cyber security framework. This translates directly to $30K to $40K per year. Increased operational costs associated with new IT equipment cannot be explicitly broken down and attributed directly to the cyber security framework at this point in time. IT upgrades, renewals and additions (including

the new disaster recovery infrastructure) take into account required cyber security functionality, but are not necessarily solely driven by the framework. If additional security appliances or services are identified and implemented in future years, then explicit costs will be available.

b) Historical cyber security costs were managed through existing budgets. This included a predominant use of internal staff, the hiring of temporary analysts, the procurement of additional consulting services, and the use of IT service providers or vendors for specific equipment upgrades and renewals.

c) OPUCN does not consider the implementation and the on-going management of cyber security framework controls as binary (either completely undertaken in-house or completely outsourced). Rather, a pragmatic hybrid approach is being rolled out, to ensure OPUCN maintains adequate in-house expertise for sustainable long-term management, accountability, responsiveness and control. A cyber security action plan has been developed in-house and was vetted/assessed by third party consultants, confirming the adequacy of what OPUCN will do to comply with each cyber security framework control. Each year, a cyber security work plan is formalized by the IT department, identifying which controls will be implemented that year, and whether each identified control will be implemented by internal or external resources. The department plans to hire a cyber security analyst (a net new FTE) in 2021. The cyber security analyst will take over the implementation of the cyber security action plan, wholly monitor all network security appliances and applications, coordinate incident responses, and oversee evolving regulatory compliance and reporting requirements. As time progresses, a determination will be made whether internal staff can continue to absorb all or portions of this work, and/or if some elements are best suited with third party service providers. Nonetheless, a competent and dedicated internal staff member (the cyber security analyst) will be required in order to adequately manage any contracted services.

4-Staff-149
Ref 1: IRR 4-AMPCO-34
Ref 2: Exhibit 4, Pages 39-40 and IRR 4-Staff-77
Ref 3: IRR CCC-8

In response to reference 1, when asked to explain the increase in Subcontractor costs for the years 2020 and 2021, Oshawa PUC Networks responded that the principal drivers behind the increase are:

- $100k in higher IT costs associated with modernizing IT infrastructure, including new Disaster Recovery site at MS9, developing and maintaining a cybersecurity framework, additional effort customizing billing system to provide data and reporting required to meet regulatory requirements, and
- $100k related to pole testing program planned for 2021 and 2022.

Reference 2 discusses the increase in Subcontractor costs due to additional security measures provided by subcontractors as a result of increased levels of theft, attempted thefts, and vandalism that has necessitated to protect the security of station buildings, pole yard, and head office.

(a) Please reconcile the above. Please clarify what the specific drivers are for the increase in Subcontractor costs.

In reference 3, Oshawa PUC notes the addition of a cybersecurity Analyst (0.5 FTE) to develop and maintain a cybersecurity framework.

(b) How much of the increase in Subcontractor costs is related to developing and maintaining a cybersecurity framework?
(c) Please explain why Subcontractor costs are increasing to manage “developing and maintaining a cybersecurity framework”, when an FTE was added in 2019 to carry out the same duties?

Response

a) Reference 1 refers to appendix 2-JB, and identifies the main drivers for Subcontractor increases in 2020 and 2021 respectively. Reference 2 refers to appendix 2-JC, and identifies the main driver for the increase to Maintenance, Janitorial & Security cost increases from 2015 through 2019.
b) Refer to response to 4-Staff-148
c) Refer to response to 4-Staff-148

4-Staff-150
Ref 1: IRR 4-AMPCO-32
Ref 2: IRR 4-AMPCO-34

Reference 1 notes a $110k increase in IT Operations costs between 2015 and the 2021 test year for "Software and licensing costs associated with increasingly complex infrastructure and increased cost pressures associated with modernising IT infrastructure, including new Disaster Recovery site at MS9 and developing and maintaining a Cybersecurity framework".

The response to reference 2 explained that the increase in Subcontractor costs for the years 2020 and 2021 are associated with modernising IT infrastructure, including new Disaster Recovery site at MS9, developing and maintaining a cyber security framework.

What is the distinction between what Subcontractors do and what is covered under Oshawa PUC Networks' internal IT Operations for the same deliverables?

Response

Refer to response to 4-Staff-148.

4-Staff-151
Ref: IRR 4-VECC-36

When does Oshawa PUC Networks plan to fill the vacant cybersecurity Analyst position?

Response
Please refer to response 4-Staff-148 (c).

4-Staff-152
Ref 1: IRR 4-Staff-80
Ref 2: IRR 2-SEC-28

The interrogatory in reference 1 asked why the "Customer Billing (outsourced)" line item is increasing by 24% (about $122k) in the 2021 test year over the 2019 OEB-approved

amount, and 13% over 2019 actuals, given that Oshawa PUC Networks is planning on acquiring an in-house CIS system which will allow Oshawa PUC Networks to do in house billing.

Oshawa PUC Networks responded that:

> Completion of the project to acquire and host in-house the CIS is expected close to the end of Q4 2021, with the 'outsourced' label being redundant from 2022.
>
> The 2019 OEB-approved amount reflects an estimate made in 2014, based on services provided then. Costs have increased more than expected, including incremental improvements to facilitate additional regulatory reporting requirements. For 2021, the costs are forecast to increase further to accommodate further improvements. These are examples of why an in-house CIS is being explored.

What are the expected OM&A savings/benefits of the CIS system hosted in-house post Q4 2021?

Response

As per the submitted DSP, there are projected savings of hosting the CIS in-house of approximately $100K annually post implementation, starting in 2022. These projected savings are subject to change pending further investigation internally and externally with vendors.

4-Staff-153
Ref: IRR 4-Staff-88

OEB staff questioned why the management fee paid by Oshawa PUC Networks to its parent company did not decrease in 2016 given the CEO appointment in 2016, with the headcount within Oshawa PUC Networks where the previous CEO headcount was in the parent company. Oshawa PUC Networks noted the management fee increased each year to 2018 based on the OEB-approved amount in the 2015 application. The fee was adjusted down in 2019 to reflect the transfer of the CEO position from the parent company to Oshawa PUC Networks.

Please confirm that the CEO position was transferred from the parent company in 2018 and not in 2016 as noted in the Application (Exhibit 4, Page 56).

Response

Confirmed

4-Staff-154
Ref: IRR 4-Staff-92

Regarding variances between the depreciation calculated in Tables 4-49 to 4-52 and the depreciation in the fixed asset continuity schedule for Account 1994 Contributions and Grants, Oshawa PUC Networks stated that it plans to resolve this issue as soon as possible. Please explain Oshawa PUC Networks' plan for investigating these variances.

Response
As noted in our response to 2-Staff-127, our Fixed Asset process is cumbersome. Part of this relates to the Fixed Asset module in use, which is unwieldy and does not allow for easy analysis that would resolve these issues. The plan to replace the FA Module in 2020 was deferred due to circumstances driven by Covid but it is hoped this can be revisited in 2021.

4-Staff-155
Ref 1: IRR PILS Workform
Ref 2: IRR 4-Staff-95

Regarding PILS:

(a) Rate base and return on equity has been revised in the interrogatory responses. These updates are not reflected in the interrogatory response PILS model. Please update the PILS model to reflect the updated rate base and return on equity.

(b) In response to 4-Staff-95, the 2019 ending UCC in the PILS Workform agrees to the 2019 financial statements and not the 2019 tax return. The UCC in the tax return included some additional adjustments not reflected in the financial statements. The integrity checklist included in the PILS Workform states "Schedule 8 of the most recent federal T2 tax return filed with the application has a closing December 31 historical year UCC that agrees with the opening (January 1) bridge year UCC. If the amounts do not agree, then the applicant must provide a reconciliation with explanations. Distributors must segregate non-distribution tax amounts on Schedule 8." Considering the previous statement in the integrity checklist, please explain why the additional adjustments reflected in the tax return are not included in calculating PILS. Please revise the PILS calculation to reflect the 2019 ending UCC in the tax return.

Response

a. The model has been updated.
b. This was an oversight. The PILS calculation for 2021 of nil is not impacted.

4-Staff-156
Ref: IRR 4-Staff-96

Regarding Account 1592, Sub-account CCA changes, Oshawa PUC Networks stated that there is no balance for 2019 as the calculation for the 2019 amount was done after filing the 2019 tax return, which was after the 2019 financial statements were finalized.

(a) Please provide the calculation for the 2019 amount even though it was not recorded until 2020.
(b) Please explain whether the amount calculated in Account 1592 is based on actual additions in the year or approved capital additions from Oshawa PUC Networks' last rebasing application and provide justification for the approach taken.
(c) Please provide the calculation for the Account 1592 2019 amount on both of the following bases:
    i. The difference in CCA between the calculations embedded in Oshawa PUC Networks' rates and what that calculation would have been had the AIIP rules been applied in its last rebasing application (i.e. based on approved capital additions)
    ii. The difference in CCA between the amounts claimed in 2019 and what the claims would have been had the AIIP program not been introduced (i.e. based on actual capital additions in the year).

Response

a. The amount applicable to 2019, to be recorded in 2020, is $44,795. The detail is attached as 'Appendix 2 (AIIP) 4-Staff-156a'.
b. The amount calculated in Account 1592 is based on actual additions in the year.
c. i) The difference is $269,789. The detail is attached as 'Appendix 3 (AIIP) 4-Staff-156c(i)'.
   ii) The difference is $44,795. Please see attached 'Appendix 2 (AIIP) 4-Staff-156a'.

5-Staff-157
Ref: EB-2020-0048, Application Pages 5-6

At the above reference, Oshawa PUC Networks requests that "the applicable cost of capital parameters be updated annually in accordance with the annual update by the OEB of such parameters".

Please confirm that this is in error, and Oshawa PUC Networks will not seek to update its cost of capital parameters annually.

Response
Confirmed. OPUCN will not seek to update its cost of capital parameters annually.

5-Staff-158
Ref: IRR 5-Staff-98

Oshawa PUC Networks noted that discussions regarding new debt are in progress, with the latest rate estimate in the region of 2.10% for a 10-year term.

When does Oshawa PUC Networks expect to have an update for the 2020 and 2021 new debt?

Response
New debt was finalized Dec 21st 2020 at 2.27% fixed on a 10 year term.

5-Staff-159
Ref: IRR 5-Staff-97

In the response to part a) of this interrogatory, Oshawa PUC Networks states:

> A formal document of the Note Payable between Oshawa PUC Networks and OPUC is in process and will be filed later in this proceeding. The intercompany arrangements are documented in the financing presented for approval by the Finance and Audit Committee and the Board of Directors - extract below is from July 2018 financing proposal.

(a) When will the executed Note Payable be filed on the record in this application?
(b) In its response to this interrogatory, in parts a) and c), Oshawa PUC Networks states that the quoted material presented to the Audit and Finance Committee and the Board of Directors supports the 3.65% proposed rate. However, the rates noted in the quoted material show rates of 3.57% and 2.71% Please explain the basis for the 3.65% proposal based on the quoted material.

Response
a. See the response to SEC-7.

b. The rates of 3.57% and 2.71% refer to rates on some existing debt that was being refinanced. The 3.65% refers to the actual locked in rate when the refinancing was completed. The quoted material included an indicative rate of 3.60%, which became 3.65% when actual financing was completed.

5-Staff-160
Ref: IRR 5-Staff-99

In this interrogatory, Oshawa PUC Networks was requested to explain how its proposal for the treatment of notional debt is consistent with OEB policy.

In its response, Oshawa PUC Networks amended its evidence in Exhibit 5. However, the amended evidence still states that "OPUCN believes this treatment of "notional" debt is consistent with the policy as summarized in the Chapter 2 Filing Requirements and originally articulated in Report of the Board on the Cost of Capital for Ontario's Regulated Utilities (EB-2009-0084), issued December 11, 2009."

(a) Please provide a response to the question asked in 5-Staff-99 as to how Oshawa PUC Networks believes that its proposal for notional debt treatment is consistent with OEB policy (i.e., what is the basis for Oshawa PUC Network's belief).
(b) Please reconcile the 3.57% figure in the interrogatory response, to the 3.41% figure noted in the updated 2021 Chapter 2 Appendices, Tab 2-OB – Debt Instruments.

Response

a. In a forward year rate application, OPUCN has considered new debt forecasts as actual rather than notional. Absent any understanding or advice to the contrary, OPUCN believed its treatment consistent with official policy.
b. The 3.57% was the Weighted Debt Cost Rate for 2021 as per original filing (using 3.21% deemed rate for all future debt). The later 3.41% reflects estimated actual rate of 2.1% for 2020 debt and updated deemed rate of 2.85% for 2021 debt.

8-Staff-161
Ref: IRR 8-Staff-106

Oshawa PUC has provided two reasons for the increase in distribution losses, new subdivisions with longer secondary wiring, and estimated bills resulting from failure of smart meters due to age.

(a) With respect to the new subdivisions with longer secondary wiring, is Oshawa PUC able to estimate the average losses in these subdivisions?
(b) Also with respect to the new subdivisions with longer secondary wiring, is Oshawa PUC able to estimate the energy consumption in these subdivisions?
(c) With respect to the estimated consumption due to meter exchange, please indicate the number of meters and bills impacted in each of 2018 and 2019.
(d) Please provide an estimate of the total amount consumption was under-estimated.
(e) How many meters does Oshawa PUC expect to have fail in a similar fashion in each of 2021 to 2025.

Response

a) At the moment, Oshawa PUC does not have the granularity in data readily available nor the resources to manually filter out data to compute average losses in new subdivisions before the required time.
b) At the moment, Oshawa PUC does not have the granularity in data readily available nor the resources to manually filter out the energy consumption in new subdivisions before the required time.
c) There were 650 meter changes completed in 2018 due to meter failure, and 630 completed in 2019.
d) Approximately 10,000KWH was underestimated in both 2018 and 2019.
e) OPUCN expects 650-700 meters to fail each year for the next 5 years.

9-Staff-162
Ref: IRR 4-Staff-107

Oshawa PUC Networks has not proposed disposition of Group 2 accounts as it wants to see if the results of the Group 1 audit would lead to adjustments to Group 2 accounts.

(a) In Oshawa PUC Networks' view, please explain how the Group 1 audit could lead to adjustments to Group 2 balances. Please explain what type of adjustments may arise.
(b) Oshawa PUC Networks has proposed to dispose of Group 2 accounts in its next rebasing application. Please explain Oshawa PUC Networks' views on carrying the Group 2 balances for potentially another five years instead of recovering/refunding the balances to ratepayers on a timelier basis (with due consideration to intergenerational inequities).

Response

a) On reflection, the Group 1 audit would not lead to adjustments to Group 2 accounts.
b) OPUCN will review and request disposition during next IRM adjustment. OPUCN agrees it is not ideal to wait five years for disposition, even though amounts are not significant.

9-Staff-163
Ref: IRR 9-Staff-110
Ref: IRR Appendix E - Sub-account Pole Attachment Variance Calculation

Regarding Account 1508, Sub-account Pole Attachment Revenue Variance,

(a) Oshawa PUC Networks indicated that the forecasted balance as at Dec. 31, 2020 is ($148,068). Based on the Appendix E, ($148,068) appears to represent 2020 transactions only. The 2018 to 2020 cumulative balance appears to be ($337,715). Please confirm. If not confirmed, please explain what the amounts ($47,412) for "2018 Diff" and ($142,236) for "2019 Diff" represent in Appendix E.
(b) Please provide the associated carrying charges forecasted to December 31, 2020.
(c) Oshawa PUC Networks stated that the DVA Continuity Schedule will be updated for Account 1508, Sub-account Pole Attachment Revenue Variance. The IRR DVA Continuity Schedule does not include the balance for the sub-account. Please update the DVA Continuity Schedule to include the 2019 balance for the sub-account and the forecasted 2020 amounts in the "Principal Adjustments" column.

Response

a. Confirmed - the cumulative balance to end of 2020 is $337,715.
b. The associated carrying charges forecasted to December 31, 2020 are $5,543.
c. The DVA Continuity Schedule has been updated to include the 2019 balance for the sub-account and the forecasted 2020 amounts in the "Principal Adjustments" column.

9-Staff-164
Ref: IRR 9-Staff-111
Ref: IRR 9-Staff-113

In response to 9-Staff-113, Oshawa PUC Networks confirmed that Account 1508, Sub-account OPEB Deferral is the same as the Pension Cost Differential Account that was approved for continuation in Oshawa PUC Networks' decision and order for 2015 rates. The accounting order[2] for the sub-account as approved in Oshawa PUC Networks' rate order for 2012 rates stated "The purpose of the deferral account will be to record the cumulative actuarial gains or losses in OPUCN's post retirement benefits in a deferral account to be specified by the Board."

As noted in 9-Staff-111, the OEB established Account 1522 to track the difference between the forecasted accrual pension and OPEB amounts in rates and actual cash payments made, with an asymmetric carrying charge in favour of ratepayers applied to the differential. The nature of the sub-account is different than Account 1508, Sub-account OPEB Deferral noted above. However, in response to 9-Staff-111 regarding Account 1522, Oshawa PUC Networks stated it is 'tracking the OPEB deferral in Account 1508-sub-account OPEB Deferral". Oshawa PUC Networks further stated that it will update to transfer the balance to Account 1522.

(a) Please explain why Oshawa PUC Networks is proposing to transfer the balance in the 1508 sub-account to Account 1522 when the purposes of the two accounts are different.
(b) Please explain whether Oshawa PUC Networks has recorded balances in Account 1522 and its sub-accounts in accordance with Report of the Ontario Energy Board, Regulatory Treatment of Pension and Other Post-Employment Benefit (OPEBs) Costs, May 18, 2017.
(c) Please provide the calculation of the amounts recorded (or that should be recorded) in each of the Account 1522 sub-accounts.

[2] Revised Draft Rate Order, December 23, 2011, EB-2011-0073

Response

a) OPUCN may have misinterpreted the guidance in assuming the purpose of account 1522 to "capture the accrual versus cash differential" is similar to tracking "the cumulative actuarial gains or losses".
b) No amounts have been recorded to date.
c) As per the guidance in the Report of the Ontario Energy Board, Regulatory Treatment of Pension and Other Post-Employment Benefit (OPEBs) Costs, May 18, 2017, should the balances be transferred to Account 1522 the effective date would be January 1st 2021.

9-Staff-165
Ref 1: 9-Staff-109
Ref 2: 9-SEC-43

In response to 9-SEC-43, Oshawa PUC Networks provided the principal amounts recorded in the Account 1508, sub-account OEB Cost Assessment from 2016 to 2019, which ranged from $78,530 to $115,346. The cumulative 2019 balance is $379,519. Oshawa PUC Networks has forecasted a cumulative balance of $528,890 as at September 30, 2020 in response to 9-Staff-9 and has stated that the amount remaining for Q4 2020 cannot be reasonably estimated.

(a) It appears that the $207,197 has been recorded for nine months in September. Please confirm that this amount is correct. If not confirmed, please provide the appropriate amount.
(b) Per the OEB's Cost Assessment Model report[3], costs are assessed for the fiscal year starting April 1 and ending March 31 of the following year. Costs are invoiced quarterly and historically Q4 costs do not tend to change materially from Q3.
    i. Please explain why Oshawa PUC Networks feel that it cannot reasonably estimate the Q4 2020 amount in the 1508 sub-account.
    ii. Please forecast the December 31, 2020 balance for the 1508 sub-account using the Q3 invoice for Q4 2020.

Response

a. No, the amount recorded for the nine months to September is $149,372.
b. This was a misunderstanding. The amount can be reasonably estimated.

[3] Ontario Energy Board Cost Assessment Model, April 1, 2018

The forecast balance December 31, 2020 is $560,000.

Pre-Settlement Clarification Questions from Association of Major Power Consumers in Ontario ("AMPCO")

AMPCO-36

Ref: 1-AMPCO-2

OPUCN indicates it has a wrench target of 47%.

Please provide the wrench time for the years 2015 to 2020 and the target for 2021 and show the calculation.

Response:

OPUCN Past Wrench Time

						Target
2015	2016	2017	2018	2019	2020	2021
N/A	47%	45%	50%	45%	51%	47%

OPUCN Wrench Time Calculation

1. Total Scheduled Hours per Month – Total Non-Available Hours per Month – Total Unproductive Hours per Month = Total Wrench Time Hours
2. (Total Wrench Time Hours / Total Scheduled Hours) X 100 = **Wrench Time Percentage**
3. Total Wrench Time Percentage is the average % of employees

Example

Employee	Scheduled in Month	
	Scheduled (Days)	Scheduled (Hrs) (Days x 8)
Bob Smith	23	184.00

Non - Available Time in Month								
Personal Time Off (Hrs)	Family Leave (Hrs)	Bereavement / Union (Hrs)	Stat Holiday	Vacation (Hrs)	Floater (Hrs)	Banked Time Off (Hrs)	Sick Leave (Hrs)	Total Non - available (Hrs)
0.00	0.00	0.00	8.00	0.00	0.00	0.00	8.00	16.00

Unproductive Time in Month								
Training (Hrs)	Safety (Hrs)	Admin (Hrs)	Job Planning (Hrs)	Circle Check (Hrs)	Travel Time (Hrs)	Job Setup/ Teardown (Hrs)	Corp Meetings (Hrs)	Total Unproductive (Hrs)
0.00	0.00	0.00	10.50	10.50	18.90	21.00	0.00	60.90

Wrench Time	
Wrench Time (Hrs)	Wrench Time (%)
107.10	58.21%

AMPCO-37

Ref: 2-AMPCO-3

For each key asset group analyzed in the ACA, please provide the Typical Useful Life (TUL) utilized by OPUCN that differs from the OEB Asset Depreciation Study.

Response:

All TUL values reported in “Appendix B – Asset Condition Assessment” of the DSP are aligned to the OEB Asset Depreciation Study except for switchgears. In the OEB study, station metal clad switchgears are reported to have a TUL of 40 years, whereas the report assumed a TUL value of 30 years for OPUCN.

AMPCO-38

Ref: 2-AMPCO-9

Please explain why 2015 and 2016 information is unavailable at this time and if it will become available at a later date.

Response:

An initial search for the 2015 and 2016 was not found. Data is likely captured in hardcopy documents and would require additional resources to gather and tabulate data.

AMPCO-39

Ref: 2-AMPCO-14 (d)

Please provide the cable faults to date for 2020.

Response:

Count of 2020 Cable faults - 23

AMPCO-40

Ref: 2-AMPCO-17 (c)

a) Please provide the calculation, assumptions and data for OPUCN's Vehicle Utilization Rates for 2017, 2018 and 2019.

b) Please provide the Vehicle Utilization Rate for 2020 and forecast for 2021.

Response:

a) Calculation is (# of hours vehicle is out of yard during regular business hours per GPS software (Mobilizz GEOTAB) / # of regular business hours) x 100 = % Fleet Utilization
b) Utilization Rate for 2020 was 79% (Due to COVID) and target for 2021 is 50%

AMPCO-41

Ref: 2-AMPCO-19 Appendix K; 2-AMPCO-22

Please add a column to the table to reflect DAI without assumptions applied.

Response:

Please see provided spreadsheet “AMPCO-41.xlsx”.

AMPCO-42

Ref: 2-AMPCO-20

OPUCN confirms it tracks the ages of asset failures.

Please provide the average age of asset failures compared to Typical Useful Life for the following asset categories for the years 2015 to 2020:

- Wood poles
- Overhead Primary Conductor
- Underground Primary Cable
- Distribution Transformers
- Switches
- Reclosers
- Switchgear

Response:

Asset	**Average Age replaced**
Wood Poles	50
Overhead Primary Conductor	*
Underground Primary Cable	*
Distribution Transformers	*
Switches	*
Reclosers	*
Switchgear	*

*OPUCN's general practice is to replace equipment at Typical Useful Life or when it fails. Currently a manual process is required to capture all past asset age replacement/failure data. Due to staff vacations and holidays, OPUCN does not have the resources to compute asset replacement/failure data in time for all asset categories.

AMPCO-43

Ref: 2-AMPCO-27

Please provide the data for each of the following KPI's for the years 2015 to 2020:

- Percentage of Planned Projects Completed
- Percentage of Total Planned Projects Actual Costs

Response:

Please see below percentage of all controllable capital work:

Year	**Project Delivery (%)**	**Cost (%)**
2015	Not available	Not available
2016	105	95
2017	100	93
2018	105.3	89.8
2019	105.6	106.7
2020	Final year-end report in progress	Final year-end report in progress

AMPCO-44

Ref: 2-AMPCO-29 (b)

Please provide an excel version of Appendix 2-K that includes a breakdown of Salary and Wages including overtime and incentive pay.

Response:

An excel version of the table below is attached as "AMPCO-44.xlsx".

	Last Rebasing Year (2015 OEB Approved)	Last Rebasing Year (2015 Actuals)	2016 Actuals	2017 Actuals	2018 Actuals	2019 Actuals	2020 Bridge Year	2021 Test Year
Number of Employees (FTEs including Part-Time)[1]								
Management (including executive)	19	18	18	20	27	27	28	28
Non-Management (union and non-union)	65	60	58	64	63	63	64	63
Total	85	79	76	84	90	90	92	91
Total Salary and Wages including overtime and incentive pay								
Management (including executive)	$2,000,473	$1,839,260	$1,815,195	$2,038,642	$2,778,233	$2,949,374	$3,043,904	$3,031,258
Non-Management (union and non-union)	$4,791,615	$4,493,511	$4,525,456	$4,617,115	$4,721,939	$4,722,513	$5,079,911	$5,114,040
Overtime	$608,013	$664,705	$610,840	$574,438	$871,934	$810,008	$784,058	$799,439
Incentive Pay	$112,204	$151,525	$179,034	$201,140	$163,778	$324,223	$250,752	$255,767
Total	$7,512,305	$7,149,001	$7,130,525	$7,431,335	$8,535,884	$8,806,118	$9,158,624	$9,200,504
Total Benefits (Current + Accrued)		**(4.8)%**	**(0.3)%**	**4.2%**	**14.9%**	**3.2%**	**4.0%**	**0.5%**
Management (including executive)	$ 667,826	$ 646,418	$ 627,181	$ 706,775	$ 857,872	$ 898,518	$ 933,678	$ 944,970
Non-Management (union and non-union)	$ 1,665,791	$ 1,752,236	$ 1,708,633	$ 1,737,280	$ 1,737,582	$ 1,729,581	$ 1,785,816	$ 1,821,265
Total	$ 2,333,617	$ 2,398,654	$ 2,335,814	$ 2,444,055	$ 2,595,454	$ 2,628,100	$ 2,719,494	$ 2,766,235
Total Compensation (Salary, Wages, & Benefits)		**2.8%**	**(2.6)%**	**4.6%**	**6.2%**	**1.3%**	**3.5%**	**1.7%**
Management (including executive)	$ 2,668,299	$ 2,485,679	$ 2,442,376	$ 2,745,417	$ 3,636,105	$ 3,847,892	$ 3,977,581	$ 3,976,228
Non-Management (union and non-union)	$ 6,457,406	$ 6,245,747	$ 6,234,089	$ 6,354,395	$ 6,459,521	$ 6,452,095	$ 6,865,727	$ 6,935,305
Total	$ 9,845,922	$ 9,547,655	$ 9,466,339	$ 9,875,390	$ 11,131,338	$ 11,434,218	$ 11,878,118	$ 11,966,739
		(3.0)%	**(0.9)%**	**4.3%**	**12.7%**	**2.7%**	**3.9%**	**0.7%**

AMPCO-45

Ref: CCC-26

a) Please provide the number of overtime hours for each of the years 2015 to 2020 and the forecast for 2021.

b) Please provide the total number of hours excluding overtime hours for each of the years 2015 to 2021.

Response:

a) Please see table below.

Actual Hours						Forecast
2015	2016	2017	2018	2019	2020	2021
8,846	8,064	7,473	10,669	10,017	8,572	8,691

b) Please see table below.

Actual Hours						Forecast
2015	2016	2017	2018	2019	2020	2021
156,677	156,034	166,590	176,637	177,770	151,462	171,132

AMPCO-46

Ref: 2-SEC-15 Table 9-1

a) Please add 2020 data to tables 9-1, 10-1 and 11-1.

b) Please provide the number of interruptions and customer hours of interruption for the years 2015 to 2020 for the following asset categories:
Poles
Switches
Switchgear
Reclosers

Response:

A) Please see attached spreadsheet “AMPCO-46.xlsx”.
B) Please see attached spreadsheet “AMPCO-46.xlsx”. Please note that outages attributed to Substation Switchgear may not include all switchgear caused outages as there was a manual process completed to filter for switchgear outages.

Pre-Settlement Clarification Questions from School Energy Coalition ("SEC")

Question:

1. Please provide an updated forecast of 2020 capital expenditures and in-service additions.

Response:

[Same as 2-Staff-127]

OPUCN's process for recording capital assets in this format is as follows:

- Capital job costs recorded within job cost system (within Great Plains) as the work progresses. In accounting system, the costs are kept in work in progress (OEB account 2055) until the job is completed and closed.
- When the job is closed, the closing entry moves the cost from Account 2055 to a Fixed Asset Clearing account (uses OEB Account 1845)
- OPUCN has a Fixed Asset module attached to its Great Plains accounting system. The final step in the process involves adding the new assets to the FA Module, at which point a journal is created crediting the Clearing account and allocating to the final OEB account as appropriate.
- The FA Module update trails the job activity and doesn't allow for a meaningful report of actuals to date.
- OPUCN believes that its 2020 actuals will approximate closely to its projected numbers.

Question:

2. [**2-SEC-33**] Does the information contained in either the '2020 Bridge Year' and/or '2020 Actual Sep YTD' columns include amounts also record (or will be record) in Account 1509. If so, please provide the amounts.

Response:

No costs have been booked to the COVID-19 Deferral Account (and sub-accounts) to date pending formal confirmation of the rules for recovery

Question:

3. [**2-SEC-25**] Please respond to the IR as posed. The information contained in the DSP is not granular enough to review performance of material projects in previous DSP.

Response:

A spreadsheet containing a detailed table of variances related to material capital projects as requested is attached.

Please note that OPUCN has implemented the Quadra estimating software to significantly enhance the quality of estimates in the test year. See Exhibit 1 at Page 91, 1-Staff-14, 1-SEC-7, 2-SEC-12, 2-SEC-24, and CCC-13.

Question:

4. [**4-SEC-35**] The Applicant notes that it currently has 11 FTEs on temporary layoffs, and 5 FTE position deferred or on hold, as part of an effort to mitigate the effects of COVID-19:

    a. Please quantify the forecast savings of these actions in 2020.
    b. Does the Applicant expect to make similar adjustments to its FTE complement in 2021 as a result of COVID-19? If so, please provide details and quantify those savings.
    c. Has the Applicant taken any other actions to mitigate costs (either capital or OM&A) as a result of COVID-19 that are not reflected in either the 2020 or 2021 forecast budgets included in the application? If so, please provide details and a breakdown of the forecast cost savings.

Response:

a. The savings in 2020 are approximately $1.0m. These are likely more than offset by revenue losses, increased bad debt expense, and costs of incremental measures necessary to deal with specific requirements of working in the Covid-19 environment.
b. OPUCN continues to monitor the situation and will act according to the prevailing circumstances. The plan as filed with this application remains in place.
c. OPUCN has made efforts across the board to control and delay costs where possible. These actions are reflected in 2020 forecasts but are temporary in nature and not reflected in 2021 as filed.

Question:

5. [**9-SEC-43**] Please provide the ‘base’ amount that OPUCN is comparing actual OEB Cost Assessment to for the purpose of recording variances in the sub-account.

Response:

The cumulative base amount for the period 2015 to 2019 was $674,074.

Question:

6. [**4-Staff-96**] Please provide the information requested in 4-Staff-96 (a) and (b), for the 2019 (rate year) and 2020 (forecast rate year).

Response:

The amount applicable to 2019, to be recorded in 2020, is $44,795. The estimated amount to be recorded for 2020 year is $232,755.

Question:

7. [**5-Staff-97**] In OPUCN's response to part (a) it notes that a formal Note Payable document will be filed later in this proceeding. Please provide a copy of the document.

Response

The formal Note Payable document is filed with these responses as 'Appendix 1 Note Payable (5-SEC-97)'.

Pre-Settlement Clarification Questions from Vulnerable Energy Consumers Coalition ("VECC")

(Numbering follows from VECC IR numbering)

VECC-58

REFERENCE: 3-Staff-58
OPUCN_2021_Filing_Requirements_Chapter2_
Appendices_OEBstaff_Updated_2020116 (Appendix 2H)
3-SEC-32
Exhibit 3, page 44

PREAMBLE: SEC-32 outlines the methodology used for forecasting Other Revenues and indicates it is generally based on an average of previous years' values over two years or more. However, for Account #4355 (Gain on Disposition of Utility and Other Property) the response to Staff-58 states the 2021 forecast value is zero as: *"OPUCN is not planning to dispose of any material utility property in 2020 or 2021*". In contrast, OPUCN has included in Other Revenue a loss of $277,875 related to Loss on Disposition of Utility and Other Property (Account #4360) which is roughly equal to the average over 2016-2019.

QUESTION:

a) Please explain why OPUCN did not use the same approach for forecasting the 2021 values for Accounts #4355 and #4360.

Response

a) Forecasting based on an average of previous years' values over two years or more is appropriate for many revenue and cost types where the historic trend has been relatively uniform and there is no reason to expect any material changes going forward.

In relation to Account #4355, there is no uniform historic trend that is expected to carry forward. More particularly, as noted in the response to Staff-58, there is no planned sale of property that would yield gains.

For Account #4360, there is a historic trend that can reasonably be expected to continue given the forecast capital expenditures and associated replacement of older equipment.

VECC-59

REFERENCE: RSC Rate Adjustments, EB-2020-0285, December 3, 2020
Wireline Pole Attachment Charge, EB-2020-0288, December 10, 2020
OPUCN_2021_Filing_Requirements_Chapter2_Appendices_OEBstaff_Updated_2020116 (Appendix 2H)
OPUCN_2021_Tariff_Schedule_and_Bill_Impact_Model_20201116
3-VECC-31 a) & b)

PREAMBLE: The Board has recently issued Decisions regarding the Retailer Service Charges and Wireline Pole Attachment Charges for 2021.

QUESTION:

a) Based on the Board's recent Decisions, please: i) revise the table provided in response to VECC 31 a) and ii) update Appendix 2-H (including the details regarding Account #4210).

Response

i. Please see updated table below:

4235 - Specific Service Charges							
	2015 Actual[2]	2016 Actual[2]	2017 Actual[2]	2018 Actual[2]	2019 Actual	Bridge Year	Test Year
	2015	2016	2017	2018	2019	2020	2021
Reporting Basis							
Collection Charge	$ 501,317	$ 606,809	$ 288,867	$ 51,096	$ 27,596	$ 39,837	$ 40,392
Set up Charge	$ 261,450	$ 287,490	$ 290,002	$ 284,790	$ 258,344	$ 274,959	$ 278,786
Enhancement Revenue	$ 55,730	$ 73,821	$ 31,985	$ 272,290	$ 64,584	$ 52,874	$ 52,874
Reconnect Charge	$ 62,145	$ 60,430	$ 42,700	$ 71,757	$ 68,460	$ 70,984	$ 71,972
Retail Charges	$ 45,896	$ 40,594	$ 34,004	$ 28,165	$ 38,278	$ 33,637	$ 27,678
Other	$ 12,311	$ 8,803	$ 9,275	$ 11,371	$ 12,181	$ 11,603	$ 11,758
Total	$ 938,849	$ 1,077,947	$ 696,833	$ 719,469	$ 469,443	$ 483,894	$ 483,460

ii. Please see updated table below:

Appendix 2-H
Other Operating Revenue

USoA #	USoA Description	2015 Actual[2]	2016 Actual[2]	2017 Actual[2]	2018 Actual[2]	2019 Actual	Bridge Year	Test Year
		2015	2016	2017	2018	2019	2020	2021
	Reporting Basis	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS
4235	**Specific Service Charges**	$938,848	$1,077,943	$696,833	$719,470	$469,443	$483,894	$483,460
4225	**Late Payment Charges**	$285,462	$326,018	$308,614	$254,142	$247,470	$253,938	$257,473
4082	**Retail Services Revenues**	$0	$0	$0	$0	$0	$0	$0
4210	Rent from Electric Property	$183,586	$184,007	$183,913	$194,697	$293,620	$200,288	$342,523
4084	Service Transaction Requests (STR) Revenues	$992	$770	$365	$257	$494	$0	$0
4325	Revenues from Merchandise, Jobbing, Etc.	$153,070	$48,353	$185,119	$175,831	$182,826	$191,174	$191,174
4330	Costs and Expenses of Merchandising, Jobbing, Etc	$(134,452)	$(67,997)	$(203,663)	$(118,523)	$(199,582)	$(190,405)	$(190,405)
4355	Gain on Disposition of Utility and Other Property	$500	$7,875	$(73,591)	$33,661	$10,400	$0	$0
4360	Loss on Disposition of Utility and Other Property	$(106,535)	$(429,437)	$(439,947)	$(386,552)	$189,483	$(277,875)	$(277,875)
4375	Revenues from Non-Utility Operations	$1,588,923	$3,208,616	$2,851,179	$2,918,149	$3,483,340	$2,988	$2,988
4380	Expenses of Non-Utility Operations	$(1,454,655)	$(2,932,676)	$(2,706,242)	$(2,371,942)	$(3,481,513)	$0	$0
4390	Miscellaneous Non-Operating Income	$154,246	$122,788	$205,677	$189,621	$145,804	$149,788	$149,788
4405	Interest and Dividend Income	$190,832	$145,298	$159,458	$168,840	$131,553	$74,431	$74,431
4245	Government Assistance Directly Credited to Income			$0	$0	$0	$21,756	$66,213
4086	SSS Administration Revenue	$164,503	$175,179	$181,223	$189,855	$195,618	$189,782	$197,418
Specific Service Charges		$938,848	$1,077,943	$696,833	$719,470	$469,443	$483,894	$483,460
Late Payment Charges		$285,462	$326,018	$308,614	$254,142	$247,470	$253,938	$257,473
Other Operating Revenues		$183,586	$184,007	$183,913	$194,697	$293,620	$222,044	$408,736
Other Income or Deductions		$557,424	$278,769	$159,578	$799,197	$658,422	$139,883	$147,519
Total		$1,965,320	$1,866,737	$1,348,938	$1,967,505	$1,668,955	$1,099,760	$1,297,189

VECC-60

REFERENCE: 7-VECC 48 b) & c)
OPUCN_2021_Cost_Allocation_Model_20201116 (Tab I6.2)

QUESTION:

a) VECC 48 b) asked "*With respect to Tab I6.2, please explain why for the GS 50-999 class the number of Line Transformer Customers is less than the number of Secondary customers*." The response states "*The Line Transformer Customers do not include the 19 customers in class GS 50-999 who own their own transformer*". This response does not address the question as posed. Please explain the circumstances under which there are 19 GS50-999 customers that own their own transformers but only 10 of these customers own the secondary assets (i.e., the line assets on the customer side of the transformer).

b) In response to VECC 48 c), OPUCN states "*For all customers in the Residential Class, OPUCN owns and provides the line transformer and secondary assets.*" Please confirm that there are no residential condominium apartments in Oshawa that are individually metered as residential customers and where the condominium corporation owns the transformer and/or secondary assets.

Response

a) OPUCN has reached out to its CIS vendor for assistance to create an explanation of the deviation.

b) Confirmed.

VECC-61

REFERENCE: 7-VECC 49 b)
7-OEB-103
OPUCN_2021_Cost_Allocation_Model_20201116 (Tab I7.2)

QUESTION:

a) The response to OEB 103 states “The number of GS<50 meters will be updated to reflect the forecasted customer count for 2021 for GS<50 in the updated Cost Allocation Model filed with these interrogatory responses.” However, the number of GS<50 meters remains unchanged (at 4,183) in the Cost Allocation Model filed with the interrogatory responses. Please update the model as required.

b) The response to OEB 103 also states that the number of residential meters is higher than the forecasted customer count in 2021 of residential customers for a few reasons including “OPUCN has electric heat meters, generation, and load meters which may be consolidated to one account (one customer count)”.

   i. Please explain the circumstances that would give rise to an electric customer having an “electric heat meter” in addition to the normal load meter.

   ii. Please confirm that that the Residential meter count does not include any meters associated with microFIT installations – for which there is a separate customer charge. As part of the response please explain where (i.e., in what USOA the costs associated with microFIT-related meters are recorded.

Response

a. The model has been updated, and is attached.

b. i) See following as an example scenario: "Electric Heat – When transferring the responsibility to pay for electricity there is an exemption for units that are heated electrically. If the rental unit is heated electrically, the tenant cannot be required to assume the responsibility to pay for heat. The landlord will have to separate the cost of heat from other electricity consumption - second meter".

   ii) Confirmed.

VECC-62

REFERENCE: 8-VECC 53 b)

PREAMBLE: The question requested the range of bill impacts under two different scenarios regarding the 2021 fixed charge for the GS-I and Large Use classes. The response did not provide the range, as requested, but rather the bill impact for one specific consumption profile in each case. The purpose of the question was to assess OPUCN's claim that "Decreasing the monthly fixed charge to this level will increase the variable portion of OPUCN's revenues which would create a large impact on customers with higher consumption/demand levels".

QUESTION:

a) With respect to the GS-I class, for each of the scenarios outlined in VECC 53 b) please provide the total bill impact for based on the usage profile for the customer in the class with the highest average billing demand in 2019.

b) Given there is only one customer in the Large Use class, please explain how changing the fixed/variable split for the class will create a large impact for this class/customer.

Response

a) Please see below the total bill impact based on the usage profile for the customer in the class with the highest average billing demand in 2019.

Total Bill Impact		
Class	b) a.	b) b.
GS Intermediate 1,000 To 4,999 KW	1.05%	0.10%

b) This statement should not have been included.

VECC-63

REFERENCE: 8-Staff-105
OPUCN_2021_RTSR_Workform_20201116

QUESTION:

a) Please confirm that in the updated RTSR Workform, the metered kWh and kW used for class (per Tab 3 RRR Data) is based on 2018 RRR filings while the UTR billing units (per Tab 5 Historical Wholesale) are based on 2019 actuals.

b) If the customer class billing units and the UTR billing units used are based on different years, please provide a revised version of the RTSR Workform where both are based on the same year – using the most recent year for which actual data is available for both.

Response

a) Both datasets are 2019.
b) n/a.

VECC-64

REFERENCE: OPUCN_2021_Filing_Requirements_Chapter2_ Appendices_OEBstaff_Updated_2020116 (Appendix 2-R)
OPUCN_2021_Tariff_Schedule_and_Bill_Impact_Model_ 20201116

QUESTION:

a) The loss factors set out in the proposed 2021 Tariff Schedule do not reconcile with the 5 year average loss factor as calculated in the updated version of Appendix 2R. Please reconcile the two and provide updated models as required.

Response

a) The loss factor displayed at the bottom of tab 5 "Final Tariff Schedule" is not the updated calculation per the updated version of Appendix 2R. This may be a model issue in that this tab is auto generated.

   However, the correct loss factor as in the updated version of Appendix 2R is used in tab 6 "Bill Impacts".

   OPUCN will ensure this is reflected in the final version of the Tariff Schedule.

VECC-65

REFERENCE: OPUCN_2021_Filing_Requirements_Chapter2_ Appendices_OEBstaff_Updated_2020116 (Appendix 2-ZB)
OPUCN_2021_Weather Normalization Regression Model_20201116 (Summary Tab)
3-VECC-25 a)
2-Staff-20
Exhibit 2, page 20
OEB Regulated Price Plan Report, November 1, 2020 to October 31, 2021 – issued October 13, 2020
OEB December 15, 2020 Letter re: New RPP Prices Effective January 1, 2021.

QUESTION:

a) Exhibit 2 states that "*OPUCN's wholesale market participant (WMP) customers have been excluded from the calculation of electricity and global adjustment costs*". However, the consumption values used in Appendix 2-ZB for each customer class match those set out in the Load Forecast model which (according to VECC 25 a)) includes use by the WMP customers. Please reconcile.

b) Please provide an updated cost of power calculation (Appendix 2-ZB) based on the Board's most recent RPP prices for 2021 and the revised value for the Ontario Electricity Rebate.

Response

a) The consumption values used in the Load Forecast model includes only that billed to customers, therefore excludes WMP customers transacting directly with the IESO.

b) The resulting cost of power is $131,373,754. An updated App.2 ZA & ZB is attached.