

**BURLINGTON HYDRO RESPONSES TO
VULNERABLE ENERGY CONSUMERS COALITION
PRE-SETTLEMENT CLARIFICATION QUESTIONS**

VECC-77 (CQ-3-VECC-77)

REFERENCE: 3-VECC 29 a)

PREAMBLE: The response to VECC 29 a) states that “historical sales (kWh) data was not based on actual calendar month sales for the Residential and GS<50 rate classes and for some customers in the GS>50 classes”.

- a) For the Residential and GS<50 classes why wasn’t calendar month data based on the smart meter readings used?
- b) Why was billed data used for some GS>50 customers and actual monthly data used for others?

Response:

- a) BHI’s billing system Daffron, which was used to estimate consumption for the purposes of the load forecast, does not store smart meter data.
- b) A proportion of BHI’s GS>50 kW customers are billed on a calendar month basis and as such actual monthly data is the same as billed data. For those GS>50 kW customers not billed on a calendar month basis, billed data was used to estimate consumption.

VECC-78 (CQ-3-VECC-78)

REFERENCE: 3-Staff 36 a)
3-VECC 31 b)

- a) Please confirm that the GS>50 load forecast provided in the response to Staff 36 a) is based on a GDP forecast using the average from forecasts produced by four major Canadian banks in mid-2020.
- b) Please provide a revised GS>50 load forecast using the same model as developed for Staff 36 a) but based on the pre-COVID average GDP growth forecasts for 2020 and 2021 from the same major banks per VECC 31 b).

Response:

- a) BHI confirms that the GS>50 load forecast provided in the response to interrogatory 3-Staff-36 a) is based on a GDP forecast using the average from forecasts produced by four major Canadian banks in mid-2020.
- b) BHI provides a revised GS>50 kW load forecast as CQ_Attachment_3-VECC-78, using the same model as developed for interrogatory 3-Staff-36 a) but based on the pre-COVID average GDP growth forecasts for 2020 and 2021 from the same major banks as identified in interrogatory per 3-VECC-31 b).

VECC-79 (CQ-3-VECC-79)

REFERENCE: 3-VECC-39 e)-h)
3-Staff 39 b)
IRR Attachment – BHI Load Forecast Revised (Excel Model)

PREAMBLE: The response to VECC 39 indicates that the 2015-2018 CDM program savings included in the Load Forecast model need to be updated.

The response to Staff 39 b) suggests that the CDM savings for 2019 and 2020 have been revised since the Application.

- a) Please provide an updated version of the BHI Load Forecast Model Revised (as filed with the interrogatory responses) that incorporates: i) the correct CDM data for the 2015-2018 program years (per VECC 39 e)-h)) and ii) any revisions required to the CDM savings for 2019 and 2020 due to 2019 programs (per Staff 39).
- b) Please provide tables similar to those provided in the attachment to VECC 39 that reconcile for the program years 2015-2019, the CDM data used in the load forecast with that provided in the IESO and Other Reports.
- c) Please update the LRAMVA target calculation (Exhibit 3, page 47, Table 28) to reflect the revised CDM savings values.

Response:

- a) BHI provides an updated version of the BHI Load Forecast Model Revised (as filed with the interrogatory responses) that incorporates: i) the correct CDM data for the 2015-2018 program years (per 3.0-VECC-39 e)-h)) and ii) any revisions required to the CDM savings for 2019 and 2020 due to 2019 programs (per 3-Staff-39) as CQ_Attachment_3-VECC-79a. This version also includes a correction to the GS>50 kW customer count in February 2020 as identified in 3.0-VECC-37 and 3-Staff-38 b).
- b) BHI provides tables similar to those provided in the attachment to 3.0-VECC-39 that reconcile for the program years 2015-2019, the CDM data used in the load forecast with that provided in the IESO and Other Reports as Attachment CQ_Attachment_3-VECC-79b. In providing this reconciliation BHI identified an error in its LRAMVA Workform for the retrofit savings in 2018 were incorrectly entered for 2018. A revised LRAMVA Workform is attached as:
CQ_Attachment_2021 LRAMVA Workform_BHI_Revised_20210216.
- c) The CDM adjustment and LRAMVA target calculation have been updated in CQ_Attachment_3-VECC_79a. Please note that 2019 CDM savings has been removed from the CDM adjustment and LRAMVA target calculation (please refer to CQ-3-Staff-89 b).

VECC-80 (CQ-3-VECC-80)

REFERENCE: 3-VECC-42 d)

- a) With respect to Table 1 in VECC 42 d), what is the basis for:
- The \$53.47 pole attachment charge that Carrier 1 charged BHI?
 - The \$40.00 pole attachment charge applied to Non-Carrier 3?
- b) Please provide, for each of 2020 and 2021, a table similar to the Table 1 provided in the response to VECC 42 d).

Response:

- a) With respect to Table 1 in 3.0-VECC-42 d):
- The \$53.47 pole attachment charge that Carrier 1 charged BHI is in accordance with an existing agreement with this Carrier to charge the OEB set Wireline Pole Attachment Charge plus a fixed percentage mark-up.
 - The \$40.00 pole attachment charge applied to Non-Carrier 3 is in accordance with an existing agreement with this Non-Carrier.
- b) BHI provides Table 1 for the 2020 Pole Attachment Revenue and Table 2 for the 2021 Pole Attachment Revenue. There is a rounding difference of \$121 between the Pole Attachment Revenue in Table 2 (2021) and the Pole Attachment revenue included in other revenue in OEB Appendix 2-H.



Table 1

2020 Pole Attachment Revenue	Rates	Specific Service Charges Revenue	Account 1508 - Sub Account - Pole Attachment Revenue	Total Revenue Earned/ (Expense Incurred)
Carrier 1	\$44.50	\$100,284	\$99,387	\$199,672
Carrier 1	(\$54.53)	(\$58,615)	(\$58,080)	(\$116,694)
Total Carrier 1		\$41,670	\$41,307	\$82,977
Carrier 2	\$44.50	\$78,493	\$77,791	\$156,284
Carrier 2 (Strands)	\$5.59	\$12,544		\$12,544
Total Carrier 2		\$91,037	\$77,791	\$168,828
Total Carrier 3	\$44.50	\$1,788	\$1,772	\$3,560
Carrier 4	\$44.50	\$60,032	\$59,495	\$119,527
Carrier 4 - km of Duct (\$1,000/km)		\$9,930		\$9,930
Total Carrier 4		\$69,962	\$59,495	\$129,457
Total Carrier 5	\$44.50	\$9,700	\$9,613	\$19,313
Total Carrier Revenue		\$214,157	\$189,978	\$404,135
Non-Carrier 1	\$44.50	\$107,191	\$106,231	\$213,422
Non-Carrier 2	\$44.50	\$6,035	\$5,981	\$12,015
Non-Carrier 3	\$40.00	\$2,400		\$2,400
Total Non-Carrier Revenue		\$115,625	\$112,212	\$227,837
Total		\$329,782	\$302,190	\$631,972

Table 2

2021 Pole Attachment Revenue	Rates	Specific Service Charges Revenue	Account 1508 - Sub Account - Pole Attachment Revenue	Total Revenue Earned/ (Expense Incurred)
Carrier 1	\$44.50	\$166,542	\$33,129	\$199,672
Carrier 1	(\$54.53)	(\$97,334)	(\$19,360)	(\$116,694)
Total Carrier 1		\$69,208	\$13,769	\$82,977
Carrier 2	\$44.50	\$130,354	\$25,930	\$156,284
Carrier 2 (Strands)	\$5.59	\$12,544		\$12,544
Total Carrier 2		\$142,898	\$25,930	\$168,828
Total Carrier 3	\$44.50	\$2,969	\$591	\$3,560
Carrier 4	\$44.50	\$99,695	\$19,832	\$119,527
Carrier 4 - km of Duct (\$1,000/km)		\$9,930		\$9,930
Total Carrier 4		\$109,625	\$19,832	\$129,457
Total Carrier 5	\$44.50	\$16,109	\$3,204	\$19,313
Total Carrier Revenue		\$340,809	\$63,326	\$404,135
Non-Carrier 1	\$29.73	\$107,191	\$35,410	\$142,601
Non-Carrier 2	\$44.50	\$10,022	\$1,994	\$12,015
Non-Carrier 3	\$40.00	\$2,400		\$2,400
Total Non-Carrier Revenue		\$119,612	\$37,404	\$157,016
Total		\$460,421	\$100,730	\$561,151

Note 1: Rate represents 4 months at OEB set Wireline Pole Attachment charge of \$44.50 and 8 months at applied for Wireline Pole Attachment charge of \$22.35 for Non-Carrier 1

VECC-81 (CQ-3-VECC-81)

REFERENCE: 3-VECC 42 f)
3-Staff 72 c)

PREAMBLE: VECC 42 f) inquired as to the basis for the -\$98,000 in 2021 for Accounts 4355/4360. The response referred to Staff 72 c). The response to Staff 72 c) states:
“The 2020 Bridge Year forecast loss of \$125,669 for scrap disposals of meters and transformers was derived using information available at the time of filing the Application. The 2021 Test Year forecast loss of \$27,669 was derived using the 2020 Bridge Year forecast loss of \$125,669 less an estimated loss of \$98,000 for transformer and meter scrap disposals for the period from May 1 to December 31, 2021.”

- a) Appendix 2-H does not show any gains or losses for 2020. Please reconcile this with the \$125,669 referenced in the response to Staff 72 c).
- b) The quoted response to Staff 72 c) makes reference to a 2021 test year forecast loss of \$27,669. Please reconcile this with the \$98,000 used in the Application.

Response:

- a) The 2020 Bridge Year forecast loss of \$125,669 for scrap disposals of meters and transformers is recorded in USoA 4310 – Regulatory Credits in Appendix 2-H in accordance with OEB guidance¹ as it relates to a financial difference arising from the transition to IFRS.
- b) BHI is estimating a total loss on disposals of meters and transformers in the 2021 Test Year of \$125,669 which is comprised of:
 - a \$27,669 loss on the disposal of meters and transformers expected to be incurred from January 1 to April 30, 2021 which is recorded in Account 1575 IFRS-CGAAP Transitional PP&E Amounts; and
 - a \$98,000 loss on the disposal of meters and transformers expected to be incurred from May 1 to December 31, 2021 which is recorded as a revenue offset in USoA 4360. Please refer to Table 1 below.

¹ OEB APH FAQ's July 2012 Q18



Table 1

Description	DR/CR	Amount	Comment
2020 Bridge Year			
USoA - 1575	DR	\$125,669	100% recorded in USoA 1575/4310 due to transition to IFRS
USoA - 4310	CR	(\$125,669)	
Loss on Disposal	DR	\$125,669	
Net Fixed Assets	CR	(\$125,669)	
2021 Test Year			
USoA - 1575	DR	\$27,669	100% recorded in USoA 1575/4310 up to May 1/2021 - before rebasing
USoA - 4310	CR	(\$27,669)	
Loss on Disposal	DR	\$27,669	
Net Fixed Assets	CR	(\$27,669)	
Loss on Disposal	DR	\$98,000	no entry to 1575/4310 after May 1/2021
Net Fixed Assets	CR	(\$98,000)	

VECC-82 (CQ-7-VECC-82)

REFERENCE: 7-VECC 65

7-Staff 68 c)

IRR Attachment - 2021 Cost Allocation Model – BHI Revised

PREAMBLE:

Staff 68 c) acknowledges that the USL load profile used in the Application's cost allocation model was incorrect. As a result, the comparison of the revenue to cost ratios provided in the response to VECC 65 with those in the original application does not indicate the impact of BHI updating the load profiles.

- a) Please provide revised version of the Cost Allocation Model filed with the interrogatory responses based on Hydro One's load profiles derived using 2004 data.

Response:

- a) A revised version of the Cost Allocation Model filed with the interrogatory responses but based on Hydro One's load profiles derived using 2004 data is attached as CQ_Attachment_7-VECC-82.

VECC-83 (CQ-7-VECC-83)

REFERENCE: Staff 65 b) and c)

IRR Attachment - 2021 Cost Allocation Model – BHI Revised

- a) The total costs by USOA as set out in Staff 65 c) (Table 3) do not match the costs for the same USOA as set out in the TB Tab of the cost allocation model. Please reconcile.
- b) Do the references to “secondary assets” in the response to Staff 65 b) include both secondary and services assets as defined for purposes of the Board’s cost allocation model?
- c) Does the response to Staff 65 c) mean that:
 - For Residential and GS<50 customers, BHI is responsible for the maintenance of Services (USOA 1855) assets? If not, please explain.
 - For all other classes, the customer is responsible for the maintenance of Services (USOA 1855) assets? If not, please explain.

Response:

- a) The total costs by USOA as set out in Table 3 of BHI’s response to 7-Staff-65 c) were based on actual costs. BHI provides a revised Table 3 for 7-Staff-65 c), using the 2021 Test Year costs, and an updated cost allocation model as CQ_Attachment_7-VECC-83 which includes the updated weighting factors as a result of the change in USOA costs. The change in weighting factors had no impact to fixed or variable rates for any rate class.

Table 1 (revised Table 3 from 7-Staff 65c) to use 2021 Test Year Costs)

Cost	USoA	Directly Attributable/ Allocated	Methodology	Total	Residential	GS<50 kW	GS>50 kW	USL	SL
Customer Billing - Bill Production/ Presentment/Print	5315	Directly Attributable	Cost/Bill x # bills	\$682,858	\$611,534	\$57,214	\$13,864	\$226	\$21
Customer Billing - All Other	5315	Allocated	Total = remainder of Customer Billing Cost. Allocated on Direct Customer Billing Costs.	\$563,697	\$504,819	\$47,230	\$11,445	\$186	\$17
Collecting	5320	Allocated	Total = actual Collecting Cost; allocated to rate class based on proportion of total bad debt expense for past 3 years.	\$220,422	\$83,681	\$39,842	\$96,899	\$0	\$0
Collection Charges	5330	Allocated	Total = actual Collection Charges costs. Allocated to rate class based on proportion of total bad debt expense for past 3 years.	\$201,800	\$76,611	\$36,476	\$88,713	\$0	\$0
Miscellaneous Customer Accounts Expense	5340	Allocated	Total = actual Miscellaneous Customer Accounts Cost . Allocated to rate class based on proportion of total other expenses above (5315,5320,5330)	\$807,795	\$617,978	\$87,500	\$102,099	\$199	\$18
# of bills				817,803	739,532	66,088	11,857	289	36
Total Billing Cost per Bill				\$3.03	\$2.56	\$4.06	\$26.40	\$2.11	\$1.57
Weighting Factor					1.00	1.58	10.30	0.83	0.61

- b) Yes, the references to “secondary assets” in the response to interrogatory 7-Staff-65 b) include both secondary and services assets as defined for purposes of the Board’s Cost Allocation Model.
- c) BHI confirms that the response to 7-Staff-65 **b)** means that:
- For Residential and GS<50 customers, BHI is responsible for the maintenance of Services (USoA 1855) assets.
 - For all other classes, the customer is responsible for the maintenance of Services (USoA 1855) assets.

VECC-84 (CQ-8-VECC-84)

REFERENCE: Environmental Defence #8 a)
IRR Attachment - 2021 Cost Allocation Model – BHI Revised
IRR Attachment – Tariff Schedule and Bill Impact Model –
BHI Revised
Exhibit 8, page 7

PREAMBLE: Exhibit 8 page 7 explains that BHI proposal is to use the current fixed/variable split for all customer classes.
The response to Environmental Defence #8 a) states: “As confirmed in Table 6 on page 8 of Exhibit 8 of the Application, there are no proposed fixed charges that exceed the maximum fixed charge set by the OEB with the exception of the residential class which is 100% fully fixed.

- a) It is noted that in the O2 Tab of the cost allocation model filed with the interrogatory responses the Customer Unit Cost-Minimum System with PLCC Adjustment is \$25.70 for the GS<50 class while the proposed 2021 service charge as set out in the revised Tariff Sheets is \$29.98. Please confirm that BHI is now proposing to set the GS<50 service above the maximum value established by the cost allocation model.

Response:

- a) BHI confirms that it is now proposing to set the GS<50 kW fixed service charge above the Customer Unit Cost-Minimum System with PLCC Adjustment in the revised cost allocation model. BHI's response to ED-8 a) was erroneously based on the cost allocation model filed on October 30, 2020 and not the cost allocation model filed with BHI's interrogatory responses.

VECC-85 (CQ-2-VECC-85)

REFERENCE: 2-VECC-11 (c)

Please confirm the reason for the increase in Third Party Contractors to 48% in 2021.

Response:

The increase in the percentage of capital work undertaken by third party contractors in 2021 is due to the Metrolinx Corridor Electrification project, the Burloak Grade Separation project, the Dundas St. Road Widening project, and the Waterdown Rd. Road Widening project. These projects represent more than \$20 million in capital work in 2021 and are primarily completed by third party contractors.

VECC-86 (CQ-2-VECC-86)

REFERENCE: 2-VECC-11 (d)

PREAMBLE: BHI indicates it does not track or budget expenditures related to reactive replacements separately from expenditures related to proactive replacements.

Does BHI have the capability to track reactive replacements separate from planned replacements?

Response:

BHI uses a work order system to record costs associated with capital projects/programs. Currently reactive and proactive replacements for a program are tracked in the same work order to ease the administrative burden associated with tracking time and materials in two separate work orders. BHI has the capability to track reactive replacements separately from planned replacements by setting up two separate work orders in its system.

VECC-87 (CQ-2-VECC-87)

REFERENCE: 2-VECC-21 (c)

PREAMBLE: BHI indicates it does not track the quantities or cost of third-party contractor pole replacements separately from poles that are replaced using internal resources.

- a) Why does BHI not track the quantities or cost of third-party contractor pole replacements separately from poles that are replaced using internal resources?
- a) How does BHI know it is not paying a premium for third-party contractor pole replacements?
- b) Does BHI track other third party contractor costs separately from internal costs?

Response:

- a) i. BHI uses a work order system to record costs associated with capital projects/programs. It does not track the quantities or cost of third-party contractor pole replacements separately from poles that are replaced using internal resources because all pole replacements are tracked in one work order. It is common for both internal resources and third-party resources to work on the same pole replacement job (e.g., BHI uses specialized contractors to hydro-vacuum the hole for the new pole, but BHI will remove the old pole and install the new one; and/or, BHI will often arrange transportation of poles to a job site and the third-party contractor will complete the replacement from that point on).
- a) ii. In BHI's answer to interrogatory 2.0-VECC-21 b), (i.e. to determine whether BHI pays a premium to use third-party contractors to replace poles under the Pole Replacement Program), BHI compared the standard cost of replacing one 40-foot pole on a single-phase circuit with no transformer using internal resources to the equivalent cost using a third-party contractor. It determined that BHI's internal cost estimate was marginally higher than the third-party contractors.
- b) BHI can identify third party costs in total (capital and operating expenditures) through its ERP (accounts payable module); but it does not track other third-party contractor costs separately by capital program/project. As identified in part a) i), costs for capital programs/projects including the pole replacement program are currently tracked in one work order because internal and third-party contractors are working on the same investment; and as such costs include internal labour and vehicles, materials, and third-party contractor costs.

VECC-88 (CQ-2-VECC-88)

REFERENCE: 2-VECC-21 (i)

PREAMBLE: BHI provided the annual quantities for other capital programs where wood poles are replaced on a planned basis.

Please explain the higher amounts in 2020 and 2021.

Response:

The increase in 2020 and 2021 is driven by the Metrolinx Corridor Electrification project, the Dundas St Road Widening project, and the Waterdown Road Widening project. These projects require the relocation of BHI plant to accommodate road widening and other civil work, for which BHI does not reuse existing poles. BHI installs new poles parallel to the old ones, moves the feeders and other equipment to the new poles, then removes the old poles. This reduces outage time and simplifies coordination with 3rd parties (e.g., Bell, Rogers) who have to move their equipment to the new pole (typically done a few weeks later). In addition, the old poles may be in Poor or Very Poor condition, are not up to current standards, and/or do not meet the height requirements of the project design. Old poles are typically not reused on other projects because their strength would be compromised by the new holes drilled in order to re-attach cross arms and other equipment.

VECC-89 (CQ-2-VECC-89)

REFERENCE: 2-VECC-26

PREAMBLE: Table 1 in the response shows that the condition of transformers replaced for the years 2014 to 2019 is N/A.

Does this mean the condition is not known? If yes, on what basis were these transformers replaced?

Response:

In its response to 2.0-VECC-26, BHI provided the condition of transformers replaced based on the 2019 Asset Condition Assessment (“ACA”) methodology. Since BHI had not completed a formal ACA prior to 2019, the condition of transformers replaced for the years 2014 to 2019 based on the ACA definitions of condition (Very Good, Good, Fair, Poor, Very Poor) is not known.

That being said, these transformers were still replaced based on their condition, in addition to, their criticality to the distribution system, safety and reliability risk, system limitations, and pacing considerations¹. BHI’s response to 2-Staff-27 c) describes these factors in greater detail. The condition of these transformers was determined using diagnostic testing results (e.g., Dissolved Gas Analysis) and other condition parameter data identified in the ACA².

¹ DSP, pages 148-149

² ACA, page 57

VECC-90 (CQ-4-VECC-90)

REFERENCE: 4-VECC-52

PREAMBLE: Table 1 provides a comparison of a select group of expenses from 2014 to 2021.

Please summarize the drivers for the increases in overtime, incentive pay and consulting fees.

Response:

The drivers for the increases in overtime, incentive pay, and consulting fees are as follows:

1. Overtime

As identified on pages 31 of Exhibit 4, overtime is expected to increase by \$366,834 from the 2014 Actuals to the 2021 Test Year primarily in operations departments due to inflationary increases of \$80,883, accounting for 22% of the increase; (ii) an increased number of outages and repairs as a result of extreme weather events; (iii) after-hours equipment failures; and (iv) the significant rate of turnover since 2014. Recent turnover from 2019-2021 is expected to impact 2021-2025 as existing, experienced workers staff are required to perform current duties and train new, less experienced workers, some of whom are apprentices who require between four and seven years to reach proficiency in their trade. A significant number of BHI's employees (48%) have less than five years of experience with the company – typically less tenured employees take more time to complete the same tasks as a more experienced employee. The reasons for the increase by department are identified in Table 1 below and are as follows:

Table 1

Description	2014 Actuals MIFRS	2021 Test Year MIFRS	Inflation	Other	Total Variance
Control Room	\$131,010	\$197,135	\$22,212	\$43,913	\$66,125
Distribution Maintenance & Operations	\$182,967	\$456,438	\$31,021	\$242,450	\$273,471
Other	\$163,080	\$190,317	\$27,650	(\$412)	\$27,237
Total	\$477,057	\$843,891	\$80,883	\$285,951	\$366,834

- a) Inflation (p 31 Exhibit 4) \$80,883
- b) Distribution Maintenance and Operations \$242,450 (excluding inflation)

As identified on page 88 and 89 of Exhibit 4 overtime has increased due to:

- increased repairs and troubleshooting associated with:
 - overhead distribution lines (e.g., overhauling and repairing line cut-outs; repairing damaged conductors and secondary bus; pulling slack on service wires; retying service wire; refastening and/or tightening service brackets; and realigning and relocating equipment on poles; and
 - underground cables (e.g., cleaning ducts, repairing underground service plant, identifying cable faults and splicing to repair; changing lightning arrestors; replacing bushing inserts, junction bars); and
- a high rate of turnover and vacancies – ten employees have left the distribution maintenance and operations department since 2014, five of which were in 2019. Existing fully competent employees incur overtime while new hires and apprentices complete all training and competency requirements

- c) Control Room (p 67 Ex 4) \$43,913 (excluding inflation)

Overtime in the Control Room increased from \$66,125 from the 2014 Actuals to the 2021 Test Year, \$22,212 of which is driven by inflation. The remaining amount of \$44,913 is driven by the same factors as identified above - an increased number of outages and repairs as a result of extreme weather events; and after-hours equipment failures.

2. **Incentive Pay** (Reference: pages 32, 153/154 of Exhibit 4)

As identified on page 32 and 153 of Exhibit 4, BHI increased is incentive compensation from \$403,303 in the 2014 actuals to \$765,444 in the 2021 Test Year based on the recommendations of an independent third-party consultant's report.¹ The report determined that BHI's incentive program for its non-union employees was not competitive with its industry and geographic peers and a change in incentive program design was required to attract and retain competent workers. Approximately 20% or \$70,510 of the \$362,141 increase is due to inflationary increases. For further details refer to pages 153 and 154 of Exhibit 4.

¹ Incentive Program Review, Willis Towers Watson, October 2016

3. **Consulting Fees** page 32 of Exhibit 4, 4-VECC-58

As identified on pages 32 of Exhibit 4, Consulting fees have increased by \$277,257 or 12.3% from the 2014 Actuals to the 2021 Test Year primarily driven by the Engineering and Information Technology Department. Table 1 identifies the changes by department.

Table 2

Description	2014 Actuals MIFRS	2021 Test Year MIFRS	Inflation	Other	Total Variance
Engineering	\$41,113	\$167,000	\$6,971	\$118,916	\$125,887
Information Technology	\$42,479	\$145,500	\$7,202	\$95,819	\$103,021
Safety	\$11,735	\$35,000	\$1,990	\$21,275	\$23,265
Other	\$126,728	\$151,812	\$21,486	\$3,598	\$25,084
Total	\$222,055	\$499,312	\$37,649	\$239,608	\$277,257

Consulting Fees have increased in the Engineering Department as a result of increased operational technology support, as key operational systems (e.g. OMS, GIS) were experiencing frequent down time due to server issues and conflicts with virus scans and IT backups. Consulting Fees for project coordination and support have increased because this work used to be conducted by internal Engineering Technicians. BHI began leveraging third-party contractors for this work because the Engineering Technicians were handling more project design work driven by an increase in System Access projects. An explanation by category is provided in Table 3 below.

Table 3

Consultants	2014	2021
Asset Management & Engineering Process Design	\$26,469	\$21,064
Audit, Compliance & Other	\$13,332	\$2,872
Operational Technology Support	\$0	\$66,300
Project Coordination & Support ¹	\$0	\$76,764
Total	\$41,113	\$167,000

As identified on page 113 of Exhibit 4, consulting fees have increased in the Information Technology Department as a result of the challenging and rapid technology changes within the IT infrastructure support arena including the ever-advancing cyber security threat landscape. Changes since 2014 include moving to an outsourced model for cyber security monitoring; leveraging cloud technologies for disaster recovery; implementation of an Electronic Document Records Management System; and an increase in security and

management of customer facing applications on a 24X7 basis. Specifically, and as identified on page 111 of Exhibit 4 under the Consulting Services Sub-Program:

BHI incurred an increase in 2018 of \$72,815 as it began to move to an outsourced model for cyber security monitoring in order to protect BHI's information assets on a 24X7 basis. BHI also leveraged various cloud technologies for disaster recovery backups and an Electronic Document Records Management system. In 2019 BHI incurred a further increase of \$77,490 as it responded to continued evolution of IT infrastructure technology demands. This included further incremental costs as the outsourced model for 24X7 cyber security monitoring was fully deployed, increased security monitoring and management of 24X7 Customer facing applications, implementation of additional cloud-based software solutions and further outreach to professional services for internal IT infrastructure support activities.

VECC-91 (CQ-4-VECC-91)

REFERENCE: 4-VECC-60

PREAMBLE: BHI provides its vehicle utilization rate for the years 2014 to 2021.

Please provide the calculation and assumptions.

Response:

The calculations and assumptions for BHI's vehicle utilization rate for the years 2014 to 2021 are provided in Table 1 below.

Table 1

Description	Formula	2014	2015	2016	2017	2018	2019	2020 Bridge Year	2021 Test Year ¹
Total Truck Hours Used (# of hours recorded in Work Orders)	a	32,784	33,713	29,240	31,260	30,988	28,504	45,434	
# of Trucks in Fleet	b	35	35	33	35	38	37	37	
# of hours in year/truck	c	1,950	1,950	1,950	1,950	1,950	1,950	1,950	
Total Truck Hours Available	d = b x c	68,250	68,250	64,350	68,250	74,100	72,150	72,150	
Vehicle Utilization	e = a/d	48%	49%	45%	46%	42%	40%	63%	54%

1. 2021 Test Year = 50% historical average 2014-2019; 50% 2020 Bridge Year