

**North Bay Hydro Distribution  
Ltd. (NBHDL)  
2021 Cost of Service Application**

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**VECC**

**COMPENDIUM**

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**June 21, 2021**

# TAB 1

**1-Staff-4**

**Customer Surveys**

**Reference:** Exhibit 1, Pages 83-94

**Preamble:**

North Bay Hydro engaged in two surveys with customers, a telephone survey and an online survey.

**Question:**

- (a) Please provide a copy of the surveys with all of the questions asked and the responses.

**Response:**

Please find a copy of the surveys and results of Phase 1 and Phase 2 customer engagement at Attachment B – 1-Staff-4 - Phase 1 and 2 Customer Engagement Survey Results.



# Customer Engagement

PRIVILEGED AND CONFIDENTIAL

## 2019 SURVEY RESULTS

# Executive Summary

In this section, we will provide a high-level overview of North Bay Hydro customers' needs and preferences.

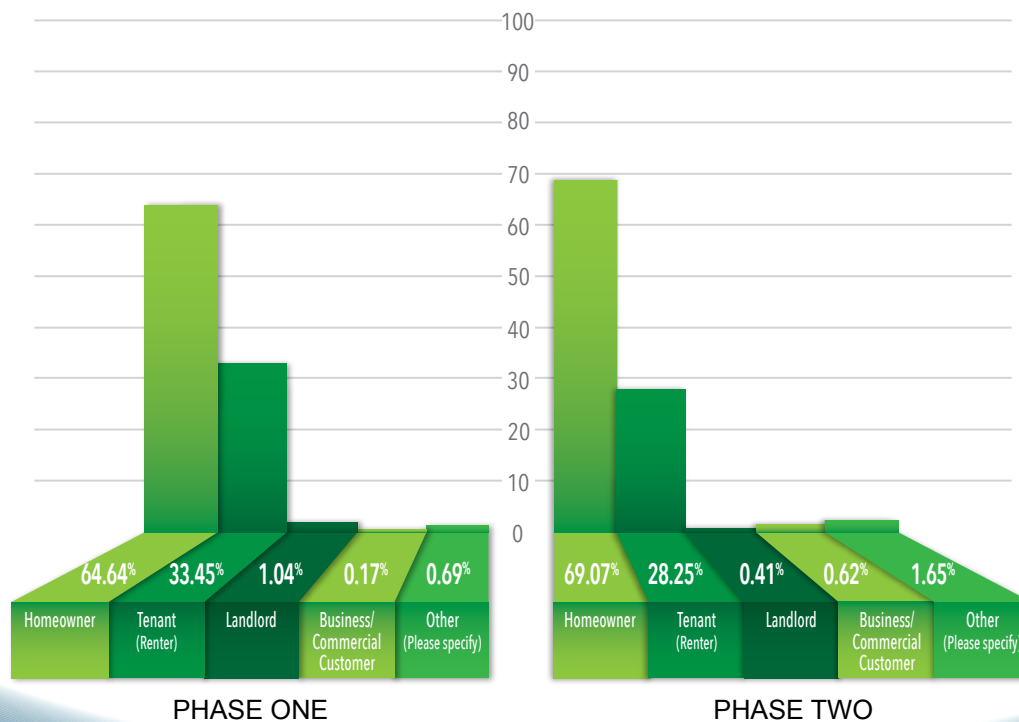
This overview is from customers who participated in the telephone survey by UtilityPULSE, as well as an online survey. The online survey was offered in two phases, with the second phase devoted to obtaining

For the telephone survey, the sample of phone numbers were drawn randomly to ensure that both

the interviews were with residential customers and 15% with businesses. From the list, supplied by North Bay Hydro, interviewers reached 2,173 households and businesses; the 400 who completed the interview represent an 18% response rate.

The online survey was hosted by a temporary survey service and advertised on the North Bay Hydro website, as well as through paid advertising on Facebook. For each phase of the survey, the opportunity to win a television was offered, chosen randomly to encourage participation. To this end, there was approximately 500 people who responded to phase one, and only slightly fewer responses to phase two. A majority of responses are from **Residential Homeowners**, with 0.17% describing themselves as **Business/Commercial Customer** in phase one, and 0.62% in phase two.

Which of the following best describes you?



## Customer Priorities

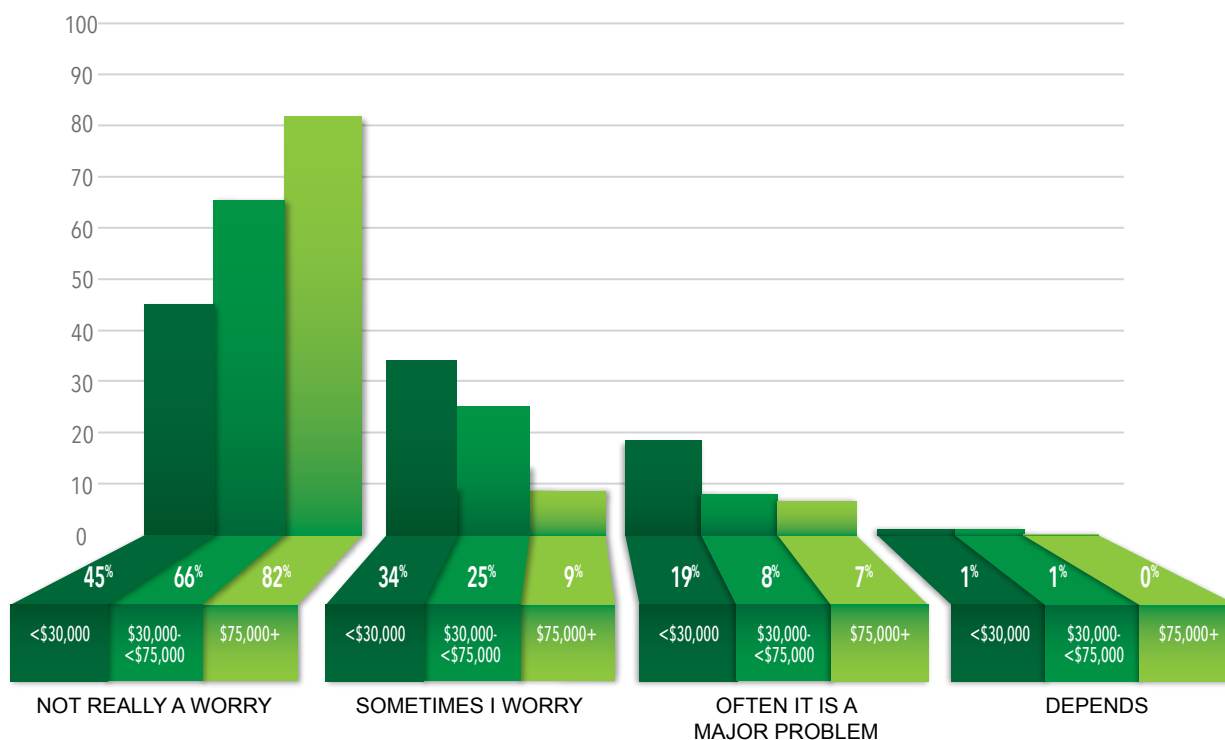
### Cost of services

Though 21% of customers who took part in the telephone survey said that one of the most important things their local utility could do to improve service was “better prices/lower rates,” 67% of North Bay Hydro respondents felt that paying for electricity was “not a worry.” That number fell amongst those with an income reaching 82%.

Cost of electricity was also commented on in the Corporate Image portion of the telephone survey that 61% of respondents felt cost of electricity is reasonable when compared to other utilities, such as gas, cable or telephone, and 70% felt that North Bay Hydro operates a cost effective electricity distribution system.

When presented with the opportunity to reduce costs, through North Bay Hydro’s offering of incentives to encourage customers to go paperless, saving on supplies and postage, 87.84% of customers agreed with the notion.

Is paying for electricity a worry or a major problem?



## **TAB 2**

# Census Profile, 2016 Census

North Bay, City [Census subdivision], Ontario and Nipissing, District [Census division], Ontario

Topic: Income

☒ Counts ☐ Rates

Submit



Related data ▾

Characteristic	North Bay, CY Ontario [Census subdivision]			Nipissing, DIS Ontario [Census division]		
	Data quality Map			Data quality Map		
	Change geography			Change geography		
	Total	Male	Female	Total	Male	Female
Counts (unless otherwise specified)						
<b>Income of individuals in 2015</b>						
Total - Income statistics in 2015 for the population aged 15 years and over in private households - 100% data <sup>21</sup>	42,720	20,405	22,320	68,995	33,480	35,510
Number of total income recipients aged 15 years and over in private households - 100% data	41,200	19,665	21,540	66,485	32,305	34,180
Median total income in 2015 among recipients (\$)	32,292	37,990	28,031	31,747	37,832	26,726
Number of after-tax income recipients aged 15 years and over in private households - 100% data	41,215	19,665	21,550	66,505	32,305	34,195
Median after-tax income in 2015 among recipients (\$)	29,586	34,157	26,028	29,168	34,181	24,992
Number of market income recipients aged 15 years and over in private households - 100% data	35,970	17,375	18,595	57,125	28,225	28,900
Median market income in 2015 among recipients (\$)	30,289	37,142	24,896	29,906	36,536	24,281
Number of government transfers recipients aged 15 years and over in private households - 100% data	31,385	14,045	17,340	50,805	23,320	27,490
Median government transfers in 2015 among recipients (\$)	7,961	7,641	8,143	8,395	8,492	8,233
Number of employment income recipients aged 15 years and over in private households - 100% data	28,890	14,625	14,265	45,695	23,530	22,165





Income of individuals in 2015	\$10;000 to \$19;999		7,955	3,200	4,755	13,045	5,205	7,840	39
Income of individuals in 2015	\$20;000 to \$29;999		6,230	2,500	3,730	10,025	4,260	5,765	40
Income of individuals in 2015	\$30;000 to \$39;999		4,920	2,250	2,670	7,985	3,830	4,150	41
Income of individuals in 2015	\$40;000 to \$49;999		4,260	2,100	2,165	6,990	3,590	3,400	42
Income of individuals in 2015	\$50;000 to \$59;999		3,345	1,765	1,580	5,305	2,865	2,440	43
Income of individuals in 2015	\$60;000 to \$69;999		2,520	1,445	1,070	3,970	2,345	1,630	44
Income of individuals in 2015	\$70;000 to \$79;999		1,760	970	790	2,745	1,585	1,160	45
Income of individuals in 2015	\$80;000 to \$89;999		1,370	775	600	2,080	1,245	835	46
Income of individuals in 2015	\$90;000 to \$99;999		1,175	605	570	1,775	935	840	47
Income of individuals in 2015	\$100;000 and over		2,455	1,740	715	3,865	2,790	1,080	48
Income of individuals in 2015	\$100;000 to \$149;999		1,740	1,190	555	2,850	1,985	865	49
Income of individuals in 2015	\$150;000 and over		715	550	160	1,020	800	220	50
Income of individuals in 2015	Total - After-tax income groups in 2015 for the population aged 15 years and over in private households - 100% data	32	42,725	20,400	22,315	68,990	33,480	35,515	51
Income of individuals in 2015	Without after-tax income		1,510	740	770	2,485	1,175	1,315	52
Income of individuals in 2015	With after-tax income		41,215	19,660	21,545	66,500	32,305	34,200	53
Income of individuals in 2015	Percentage with after-tax income		97	96	97	96	97	96	54
Income of individuals in 2015	Under \$10;000 (including loss)		5,420	2,350	3,065	9,020	3,710	5,310	55
Income of individuals in 2015	\$10;000 to \$19;999		8,300	3,340	4,960	13,545	5,415	8,125	56
Income of individuals in 2015	\$20;000 to \$29;999		7,180	3,005	4,175	11,550	5,055	6,495	57
Income of individuals in 2015	\$30;000 to \$39;999		5,725	2,690	3,035	9,380	4,650	4,730	58
Income of individuals in 2015	\$40;000 to \$49;999		4,845	2,455	2,390	7,770	4,115	3,660	59
Income of individuals in 2015	\$50;000 to \$59;999		3,300	1,870	1,430	5,265	3,045	2,220	60
Income of individuals in 2015	\$60;000 to \$69;999		2,270	1,280	990	3,485	2,075	1,410	61
Income of individuals in 2015	\$70;000 to \$79;999		1,690	920	765	2,595	1,470	1,130	62
Income of individuals in 2015	\$80;000 and over		2,490	1,750	745	3,900	2,770	1,130	63
Income of individuals in 2015	\$80;000 to \$89;999		920	570	355	1,495	925	570	64
Income of individuals in 2015	\$90;000 to \$99;999		500	345	155	820	590	230	65
Income of individuals in 2015	\$100;000 and over		1,065	835	235	1,585	1,250	335	66
Income of individuals in 2015	Total - Employment income groups in 2015 for the population aged 15 years and over in private households - 100% data	33	42,725	20,405	22,315	68,995	33,480	35,515	67
Income of individuals in 2015	Without employment income		13,830	5,780	8,050	23,295	9,950	13,345	68
Income of individuals in 2015	With employment income		28,890	14,620	14,270	45,695	23,530	22,165	69
Income of individuals in 2015	Percentage with employment income		68	72	64	66	70	62	70
Income of individuals in 2015	Under \$5;000 (including loss)		4,675	2,445	2,230	7,725	4,085	3,640	71
Income of individuals in 2015	\$5;000 to \$9;999		2,490	1,105	1,385	3,870	1,695	2,175	72
Income of individuals in 2015	\$10;000 to \$19;999		3,810	1,645	2,165	5,830	2,535	3,295	73
Income of individuals in 2015	\$20;000 to \$29;999		3,385	1,500	1,890	5,150	2,300	2,855	74
Income of individuals in 2015	\$30;000 to \$39;999		2,895	1,310	1,580	4,740	2,140	2,595	75
Income of individuals in 2015	\$40;000 to \$49;999		2,690	1,350	1,340	4,300	2,190	2,120	76

Income of individuals in 2015	\$50;000 to \$59;999		2,210	1,175	1,030	3,515	1,930	1,585	77
Income of individuals in 2015	\$60;000 to \$69;999		1,620	950	670	2,555	1,550	1,005	78
Income of individuals in 2015	\$70;000 to \$79;999		1,255	695	560	1,960	1,135	825	79
Income of individuals in 2015	\$80;000 and over		3,860	2,445	1,415	6,045	3,965	2,075	80
Income of individuals in 2015	\$80;000 to \$89;999		1,060	600	470	1,615	975	640	81
Income of individuals in 2015	\$90;000 to \$99;999		990	505	490	1,550	795	750	82
Income of individuals in 2015	\$100;000 and over		1,810	1,345	460	2,880	2,190	690	83
<b>Income of households in 2015</b>	<b>Total - Income statistics in 2015 for private households by household size - 100% data</b>	<b>34</b>	<b>22,610</b>			<b>36,050</b>			<b>84</b>
Income of households in 2015	Median total income of households in 2015 (\$)		60,731			60,303			85
Income of households in 2015	Median after-tax income of households in 2015 (\$)		54,455			54,303			86
Income of households in 2015	Total - Income statistics in 2015 for one-person private households - 100% data		7,220			10,745			87
Income of households in 2015	Median total income of one-person households in 2015 (\$)		30,135			28,873			88
Income of households in 2015	Median after-tax income of one-person households in 2015 (\$)		27,814			26,733			89
Income of households in 2015	Total - Income statistics in 2015 for two-or-more-person private households - 100% data		15,395			25,310			90
Income of households in 2015	Median total income of two-or-more-person households in 2015 (\$)		79,313			77,685			91
Income of households in 2015	Median after-tax income of two-or-more-person households in 2015 (\$)		70,093			69,074			92
Income of households in 2015	Total - Income statistics in 2015 for private households by household size - 25% sample data	35	22,610			36,050			93
Income of households in 2015	Average total income of households in 2015 (\$)		77,691			76,594			94
Income of households in 2015	Average after-tax income of households in 2015 (\$)		65,700			65,092			95
Income of households in 2015	Total - Income statistics in 2015 for one-person private households - 25% sample data		7,245			10,745			96
Income of households in 2015	Average total income of one-person households in 2015 (\$)		38,729			38,305			97
Income of households in 2015	Average after-tax income of one-person households in 2015 (\$)		33,399			33,100			98
Income of households in 2015	Total - Income statistics in 2015 for two-or-more-person private households - 25% sample data		15,370			25,300			99
Income of households in 2015	Average total income of two-or-more-person households in 2015 (\$)		96,055			92,860			100
Income of households in 2015	Average after-tax income of two-or-more-person households in 2015 (\$)		80,925			78,683			101
<b>Income of households in 2015</b>	<b>Total - Household total income groups in 2015 for private households - 100% data</b>	<b>36</b>	<b>22,610</b>			<b>36,050</b>			<b>102</b>
Income of households in 2015	Under \$5;000		210			340			103
Income of households in 2015	\$5;000 to \$9;999		340			510			104
Income of households in 2015	\$10;000 to \$14;999		995			1,470			105
Income of households in 2015	\$15;000 to \$19;999		1,195			1,945			106
Income of households in 2015	\$20;000 to \$24;999		1,260			1,995			107
Income of households in 2015	\$25;000 to \$29;999		1,050			1,695			108
Income of households in 2015	\$30;000 to \$34;999		1,115			1,865			109
Income of households in 2015	\$35;000 to \$39;999		1,115			1,810			110
Income of households in 2015	\$40;000 to \$44;999		1,000			1,705			111
Income of households in 2015	\$45;000 to \$49;999		1,000			1,615			112
Income of households in 2015	\$50;000 to \$59;999		1,895			2,985			113
Income of households in 2015	\$60;000 to \$69;999		1,660			2,600			114
Income of households in 2015	\$70;000 to \$79;999		1,505			2,360			115
<b>Income of households in 2015</b>	<b>\$80;000 to \$89;999</b>		<b>1,355</b>			<b>2,100</b>			<b>116</b>

Income of households in 2015	\$90;000 to \$99;999		1,140			1,860			117
Income of households in 2015	\$100;000 and over		5,775			9,190			118
Income of households in 2015	\$100;000 to \$124;999		2,110			3,380			119
Income of households in 2015	\$125;000 to \$149;999		1,350			2,220			120
Income of households in 2015	\$150;000 to \$199;999		1,385			2,225			121
Income of households in 2015	\$200;000 and over		930			1,375			122
<b>Income of households in 2015</b>	<b>Total - Household after-tax income groups in 2015 for private households - 100% data</b>	<b>32</b>	<b>22,615</b>			<b>36,050</b>			<b>123</b>
Income of households in 2015	Under \$5;000		225			365			124
Income of households in 2015	\$5;000 to \$9;999		345			525			125
Income of households in 2015	\$10;000 to \$14;999		1,000			1,465			126
Income of households in 2015	\$15;000 to \$19;999		1,235			2,000			127
Income of households in 2015	\$20;000 to \$24;999		1,395			2,185			128
Income of households in 2015	\$25;000 to \$29;999		1,200			1,930			129
<b>Income of households in 2015</b>	<b>\$30;000 to \$34;999</b>		<b>1,250</b>			<b>2,085</b>			<b>130</b>
Income of households in 2015	\$35;000 to \$39;999		1,280			2,065			131
Income of households in 2015	\$40;000 to \$44;999		1,225			2,025			132
Income of households in 2015	\$45;000 to \$49;999		1,155			1,835			133
Income of households in 2015	\$50;000 to \$59;999		2,210			3,530			134
Income of households in 2015	\$60;000 to \$69;999		1,890			2,930			135
Income of households in 2015	\$70;000 to \$79;999		1,655			2,630			136
Income of households in 2015	\$80;000 to \$89;999		1,325			2,165			137
Income of households in 2015	\$90;000 to \$99;999		1,095			1,745			138
Income of households in 2015	\$100;000 and over		4,120			6,570			139
Income of households in 2015	\$100;000 to \$124;999		1,870			3,085			140
Income of households in 2015	\$125;000 to \$149;999		1,035			1,690			141
Income of households in 2015	\$150;000 and over		1,210			1,795			142
Income of economic families in 2015	Total - Income statistics in 2015 for economic families in private households - 100% data	37	14,550			24,210			143
Income of economic families in 2015	Median total income of economic families in 2015 (\$)		79,734			77,926			144
Income of economic families in 2015	Median after-tax income of economic families in 2015 (\$)		70,347			69,149			145
Income of economic families in 2015	Average family size of economic families		3			3			146
Income of economic families in 2015	Total - Income statistics in 2015 for couple economic families without children or other relatives in private households - 100% data		6,285			11,125			147
Income of economic families in 2015	Median total income of couple economic families without children or other relatives in 2015 (\$)		75,167			72,439			148
Income of economic families in 2015	Median after-tax income of couple economic families without children or other relatives in 2015 (\$)		66,880			64,315			149
Income of economic families in 2015	Average family size of couple economic families without children or other relatives		2			2			150
Income of economic families in 2015	Total - Income statistics in 2015 for couple economic families with children in private households - 100% data		5,160			8,495			151
Income of economic families in 2015	Median total income of couple economic families with children in 2015 (\$)		111,194			108,288			152
Income of economic families in 2015	Median after-tax income of couple economic families with children in 2015 (\$)		95,309			93,487			153
Income of economic families in 2015	Average family size of couple economic families with children		4			4			154
Income of economic families in 2015	Total - Income statistics in 2015 for lone-parent economic families in private households - 100% data		2,705			3,955			155
Income of economic families in 2015	Median total income of lone-parent economic families in 2015 (\$)		44,700			44,331			156
Income of economic families in 2015	Median after-tax income of lone-parent economic families in 2015 (\$)		42,222			41,943			157

Income of economic families in 2015	Average family size of lone-parent economic families		3			3			158
Income of economic families in 2015	Total - Income statistics in 2015 for economic families in private households - 25% sample data	38	14,595			24,230			159
Income of economic families in 2015	Average total income of economic families in 2015 (\$)		96,566			93,197			160
Income of economic families in 2015	Average after-tax income of economic families in 2015 (\$)		81,113			78,783			161
Income of economic families in 2015	Total - Income statistics in 2015 for couple economic families without children or other relatives in private households - 25% sample data		6,280			11,145			162
Income of economic families in 2015	Average total income of couple economic families without children or other relatives in 2015 (\$)		89,276			85,834			163
Income of economic families in 2015	Average after-tax income of couple economic families without children or other relatives in 2015 (\$)		74,987			72,420			164
Income of economic families in 2015	Total - Income statistics in 2015 for couple economic families with children in private households - 25% sample data		5,170			8,490			165
Income of economic families in 2015	Average total income of couple economic families with children in 2015 (\$)		127,877			121,878			166
Income of economic families in 2015	Average after-tax income of couple economic families with children in 2015 (\$)		105,560			101,612			167
Income of economic families in 2015	Total - Income statistics in 2015 for lone-parent economic families in private households - 25% sample data		2,710			3,935			168
Income of economic families in 2015	Average total income of lone-parent economic families in 2015 (\$)		54,807			53,299			169
Income of economic families in 2015	Average after-tax income of lone-parent economic families in 2015 (\$)		49,163			48,052			170
Income of economic families in 2015	Total - Income statistics in 2015 for persons aged 15 years and over not in economic families in private households - 100% data	21	9,855	4,580	5,275	14,160	6,805	7,355	171
Income of economic families in 2015	Median total income in 2015 for persons aged 15 years and over not in economic families (\$)	39	26,552	26,987	26,260	26,100	28,448	24,675	172
Income of economic families in 2015	Median after-tax income in 2015 for persons aged 15 years and over not in economic families (\$)	39	24,953	25,303	24,797	24,508	26,204	23,694	173
Income of economic families in 2015	Total - Income statistics in 2015 for persons aged 15 years and over not in economic families in private households - 25% sample data	40	9,785	4,485	5,295	14,170	6,725	7,440	174
Income of economic families in 2015	Average total income in 2015 for persons aged 15 years and over not in economic families (\$)	41	35,540	36,676	34,578	35,508	37,931	33,316	175
Income of economic families in 2015	Average after-tax income in 2015 for persons aged 15 years and over not in economic families (\$)	41	30,875	31,440	30,396	30,893	32,477	29,460	176
Income of economic families in 2015	Total - Economic family income decile group for the population in private households - 100% data	42	50,370	24,275	26,100	81,285	39,695	41,590	177
Income of economic families in 2015	In the bottom half of the distribution		27,335	12,855	14,480	44,620	21,265	23,360	178
Income of economic families in 2015	In the bottom decile		6,125	2,960	3,170	9,400	4,520	4,880	179
Income of economic families in 2015	In the second decile		5,855	2,515	3,340	9,970	4,390	5,585	180
Income of economic families in 2015	In the third decile		5,265	2,470	2,800	8,800	4,210	4,590	181
Income of economic families in 2015	In the fourth decile		4,995	2,395	2,600	8,105	3,955	4,150	182
Income of economic families in 2015	In the fifth decile		5,095	2,515	2,575	8,350	4,190	4,160	183
Income of economic families in 2015	In the top half of the distribution		23,040	11,420	11,620	36,660	18,430	18,235	184
Income of economic families in 2015	In the sixth decile		4,885	2,390	2,495	7,895	3,930	3,965	185
Income of economic families in 2015	In the seventh decile		4,890	2,410	2,480	8,010	4,005	4,000	186
Income of economic families in 2015	In the eighth decile		4,740	2,320	2,420	7,550	3,755	3,795	187
Income of economic families in 2015	In the ninth decile		4,860	2,425	2,430	7,560	3,830	3,730	188
Income of economic families in 2015	In the top decile		3,675	1,880	1,795	5,650	2,910	2,740	189
Low income in 2015	Total - Low-income status in 2015 for the population in private households to whom low-income concepts are applicable - 100% data	43	50,375	24,275	26,095	79,540	38,810	40,735	190
Low income in 2015	0 to 17 years		9,370	4,780	4,595	14,700	7,465	7,235	191
Low income in 2015	0 to 5 years		2,965	1,505	1,460	4,575	2,315	2,260	192
Low income in 2015	18 to 64 years		31,465	15,305	16,160	49,150	24,100	25,050	193



Low income in 2015	65 years and over		9,535	4,190	5,340	15,695	7,245	8,450	194
Low income in 2015	In low income based on the Low-income measure; after tax (LIM-AT)		8,645	3,890	4,750	13,710	6,215	7,500	195
Low income in 2015	0 to 17 years		1,980	1,020	960	3,105	1,580	1,530	196
Low income in 2015	0 to 5 years		755	375	380	1,140	565	575	197
Low income in 2015	18 to 64 years		5,380	2,480	2,900	8,150	3,750	4,400	198
Low income in 2015	65 years and over		1,280	395	890	2,450	880	1,565	199
Low income in 2015	Prevalence of low income based on the Low-income measure; after tax (LIM-AT) (%)		17	16	18	17	16	18	200
Low income in 2015	0 to 17 years (%)		21	21	21	21	21	21	201
Low income in 2015	0 to 5 years (%)		26	25	26	25	24	25	202
Low income in 2015	18 to 64 years (%)		17	16	18	17	16	18	203
Low income in 2015	65 years and over (%)		13	9	17	16	12	19	204
Low income in 2015	In low income based on the Low-income cut-offs; after tax (LICO-AT)		4,770	2,385	2,390	6,150	3,060	3,085	205
Low income in 2015	0 to 17 years		910	500	410	1,185	645	535	206
Low income in 2015	0 to 5 years		370	200	170	465	255	205	207
Low income in 2015	18 to 64 years		3,690	1,825	1,865	4,720	2,325	2,390	208
Low income in 2015	65 years and over		170	55	115	245	85	160	209
Low income in 2015	Prevalence of low income based on the Low-income cut-offs; after tax (LICO-AT) (%)		10	10	9	8	8	8	210
Low income in 2015	0 to 17 years (%)		10	11	9	8	9	7	211
Low income in 2015	0 to 5 years (%)		13	13	12	10	11	9	212
Low income in 2015	18 to 64 years (%)		12	12	12	10	10	10	213
Low income in 2015	65 years and over (%)		2	1	2	2	1	2	214

Symbols:

Notes:

21

Total income - The sum of certain incomes (in cash and in some circumstances in kind) of the statistical unit during a specified reference period. The components used to calculate total income vary between:

\*statistical units of social statistical programs such as persons private households census families and economic families;

\*statistical units of business statistical programs such as enterprises companies establishments and locations;

\*statistical units of farm statistical programs such as farm operator and farm family.

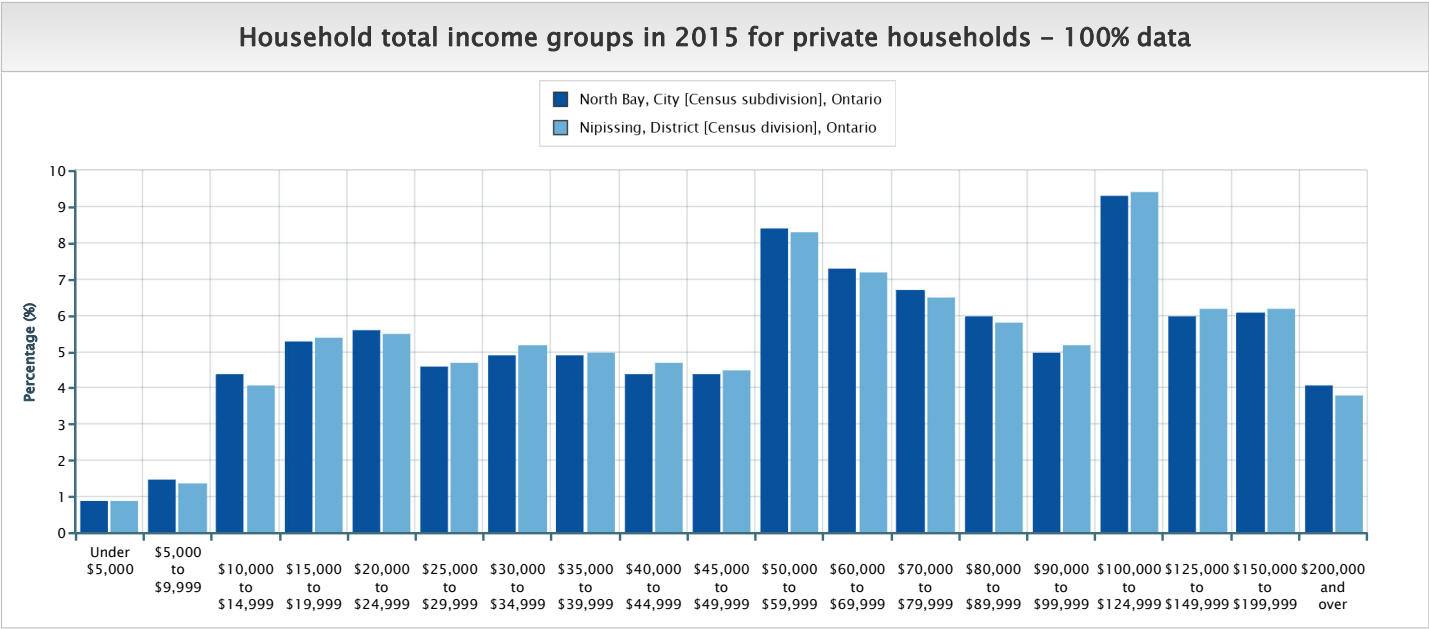
In the context of persons total income refers to receipts from certain sources before income taxes and deductions during a specified reference period.

In the context of census families total income refers to receipts from certain sources of all of its family members before income taxes and deductions during a specified reference period.

In the context of economic families total income refers to receipts from certain sources of all of its family members before income taxes and deductions during a specified reference period.

In the context of households total income refers to receipts from certain sources of all household members before income taxes and deductions during a specified reference period.

The monetary receipts included are those that tend to be of a regular and recurring nature. Receipts that are included as income are:



**TAB 3**



**Table 4 - 13: FTE and Employee Costs (Appendix 2-K)**

	Last Rebas Year - 2015- Board Approved	Last Rebas Year - 2015- Actual	2016 Actuals	2017 Actuals	2018 Actuals	2019 Actuals	2020 Bridge Year	2021 Test Year
<b>Number of Employees (FTEs including Part-Time)<sup>1</sup></b>								
Management (including executive)	10.0	9.0	9.6	10.2	9.9	10.0	11.0	13.0
Non-Management (union and non-union)	39.2	36.9	36.0	36.1	34.6	34.8	38.1	40.0
Total	49.2	45.9	45.5	46.3	44.5	44.8	49.1	53.0
<b>Total Salary and Wages including overtime and incentive pay</b>								
Management (including executive)	\$ 1,099,796	\$ 979,953	\$ 1,164,976	\$ 1,311,168	\$ 1,409,417	\$ 1,255,530	\$ 1,390,483	\$ 1,678,677
Non-Management (union and non-union)	\$ 3,224,921	\$ 2,956,975	\$ 3,007,910	\$ 3,041,437	\$ 2,930,546	\$ 2,968,695	\$ 3,335,071	\$ 3,482,832
Total	\$ 4,324,717	\$ 3,936,928	\$ 4,172,886	\$ 4,352,605	\$ 4,339,963	\$ 4,224,225	\$ 4,725,554	\$ 5,161,508
<b>Total Benefits (Current + Accrued)</b>								
Management (including executive)	\$ 262,792	\$ 224,320	\$ 267,451	\$ 296,192	\$ 318,365	\$ 289,892	\$ 326,695	\$ 410,522
Non-Management (union and non-union)	\$ 772,676	\$ 726,635	\$ 742,759	\$ 746,253	\$ 724,583	\$ 726,492	\$ 831,494	\$ 891,859
Total	\$ 1,035,468	\$ 950,955	\$ 1,010,210	\$ 1,042,446	\$ 1,042,948	\$ 1,016,384	\$ 1,158,188	\$ 1,302,381
<b>Total Compensation (Salary, Wages, &amp; Benefits)</b>								
Management (including executive)	\$ 1,362,589	\$ 1,204,273	\$ 1,432,427	\$ 1,607,361	\$ 1,727,782	\$ 1,545,422	\$ 1,717,178	\$ 2,089,199
Non-Management (union and non-union)	\$ 3,997,597	\$ 3,683,610	\$ 3,750,669	\$ 3,787,691	\$ 3,655,129	\$ 3,695,187	\$ 4,166,565	\$ 4,374,690
Total	\$ 5,360,185	\$ 4,887,883	\$ 5,183,096	\$ 5,395,051	\$ 5,382,911	\$ 5,240,609	\$ 5,883,743	\$ 6,463,889

As discussed in the Overview section, NBHDL has maintained a resourcing level that was lower than the 2015 Board-Approved level throughout the majority of the years following the last rate application. This staffing level is not sufficient for NBHDL to be able to deliver on expected outcomes and deliverables that are driven by core values that align with the RRFE. The following section provides details on the proposed staffing level changes.

#### (f) Employee Staffing Levels

Table 4-14 summarizes the number of full-time employees by department at year end since 2015. The table highlights the changes between the Test Year and the 2015 Board Approved complement, 2015 actuals, and 2019 actuals. The number of employees in Table 4-14 and Tables 4-17 to 4-22 will not equal the number of employees in Table 4-13, Board Appendix 2-K since that table calculates partial FTE's based on the start date of the position not the year end number. The number of new positions since 2015 and drivers are provided in Table 4-15.

**Table 4 - 14- Full-Time Employees by Department**

Department	2015 Board Approved	2015 Actual	2016 Actual	2017 Actual	2018 Actual	2019 Actual	2020 Bridge Year	2021 Test Year	2021 vs 2015 Board Approved	2019 Actual vs 2021 Test Year
<b>Operations</b>										
Operations Administration	3	3	3	3	3	3	3	5	2	2
Lines	14	14	14	12	12	12	12	12	(2)	-
Customer Services	2	2	2	2	2	1	-	-	(2)	(1)
Stores	1	1	1	1	1	1	1	2	1	1
Substations	2	2	2	2	2	2	2	3	1	1
Metering	2	2	2	2	2	2	2	2	-	-
<b>Total</b>	<b>24</b>	<b>24</b>	<b>24</b>	<b>22</b>	<b>22</b>	<b>21</b>	<b>22</b>	<b>24</b>	<b>-</b>	<b>3</b>
<b>Engineering</b>										
Engineering	9	7	9	8	8	9	9	9	-	-
<b>Total</b>	<b>9</b>	<b>7</b>	<b>9</b>	<b>8</b>	<b>8</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>-</b>	<b>-</b>
<b>Finance</b>										
Accounting/Finance	5	5	5	5	5	5	6	6	1	1
Billing	2	2	2	2	1	1	2	2	-	1
CAS	5	5	5	4	4	4	4	4	(1)	-
<b>Total</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>11</b>	<b>10</b>	<b>10</b>	<b>12</b>	<b>12</b>	<b>-</b>	<b>2</b>
<b>Administration</b>										
Administration	1	1	1	2	1	2	2	2	1	-
Human Resources	1	1	1	1	1	1	1	2	1	1
CDM	1	-	-	-	-	-	-	-	(1)	-
IT	1	1	1	1	2	3	4	4	3	1
<b>Total</b>	<b>4</b>	<b>3</b>	<b>3</b>	<b>4</b>	<b>4</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>4</b>	<b>2</b>
<b>Total</b>	<b>49</b>	<b>46</b>	<b>48</b>	<b>45</b>	<b>44</b>	<b>46</b>	<b>50</b>	<b>53</b>	<b>4</b>	<b>7</b>
<b>Increase over prior year</b>			2	(3)	(1)	2	4	3		
<b>Increase 2021 over 2015 Board Approved</b>								<b>4</b>		

1

**Table 4 - 15: New Positions Since 2015 Actual**

<b>Driver</b>	<b>Number of Employees</b>
<b>Growth in Administrative Functions</b> Administrative Assistant	1
<b>Growth in Customer Engagement requirements</b> Communications Officer	1
<b>Growth in Health and Safety Compliance, Purchasing, Planning, Project Management, and Risk Management</b> Operations Coordinator	1
<b>Operations Department Succession Planning</b> Operations Manager / Operations Supervisor	1
<b>Growth in IT - Cyber Security, Network, Digital Transformation, and Billing</b> IT Analyst	1
IT Specialist - created position in-house and eliminated external contractor	1
IT Specialist (meter to cash)	1
<b>Growth in Financial and Regulatory Reporting and Analysis</b> Customer Accounts Specialist	(1)
Accountant	1
<b>Operations Efficiencies</b> Powerline Maintainers	(2)
Customer Services Representative	(2)
Substation Electrician Learner	1
Storekeeper Assistant	1
<b>Elimination of Position</b> CDM Position	(1)
<b>Total</b>	<b>4</b>

2

3 NBHDL's 2015 COS included a total complement of 49 full time employees. The actual complement in 2015  
4 was 46 and NBHDL has floated between 45 and 48 employees, with an actual complement of 46 full time  
5 employees in 2019. As explained in Exhibit 1, NBHDL runs lean and the management team has identified  
6 gaps with resourcing and with positions that are under-utilized or purely obsolete. The 2021 Test Year  
7 includes a complement of 53 full-time employees representing an increase of 4 positions from the levels  
8 included in the 2015 COS, an increase of 7 positions over 2019 actuals, and an increase of 7 employees  
9 from 2015 actuals.

#### 4.0-VECC-39

**Reference:** Exhibit 4, Section 2.4.3.2., Table 4-14

**Preamble:** None.

**Question:**

- a) Of the 53 full-time employees identified in Table 4-14 how many are currently employed by the Utility and how many positions are vacant?
- b) For any vacant position please describe the current stage of recruitment.
- c) What is the annual employee churn rate at NBHDL?

**Response:**

- a) Of the 53 full-time employees identified in Table 4-14, NBHDL currently employs 49, and there are four vacancies.
- b) The current stage of recruitment for the remaining vacant positions are as follows:
  - An employment letter has been signed for the position of Accountant, and the employee will begin their employment on April 12, 2021.
  - The positions of Administrative Assistant, Operations Coordinator, and succession planning in the operations department will begin in the second quarter of 2021.
- c) The following Table 4.0-VECC-39 provides the annual employee churn rate at NBHDL from 2015 to 2020.

**Table 4.0-VECC-39 – Annual Employee Churn Rate**

2015 Actuals	2016 Actuals	2017 Actuals	2018 Actuals	2019 Actuals	2020 Actuals
4%	10%	24%	32%	13%	4%

The average annual employee churn rate is 14.5% from 2015 to 2020. As evidenced in the application, 2017 and 2018 were years of significant transition for the business with the retirement of the President and CEO and the Manager of Finance causing a cascading effect on internal movement and external recruitment to round out the team. When removing 2017 and 2018 from this table, the average annual churn rate during this same period is 7.8%.

## **TAB 4**

policies can be found in Exhibit 2 along with Board Appendix 2-D. Changes on a year over year basis are a result of changes in the allocation of labour hours between OM&A and capital programs due to differing annual demands.

#### 2.4.3 OM&A PROGRAM DELIVERY COSTS WITH VARIANCE ANALYSIS

NBHD has a variety of programs activities and initiatives that are critical in enabling NBHD to continue to provide reliable and affordable service to customers. In Table 4-11, Board Appendix 2-JC, NBHD has identified its programs and major functions from the 2015 Board Approved OM&A, 2015 – 2019 historical period, the 2020 Bridge Year, and the 2021 Test Year. These programs contribute to the achievement of NBHD's Core Values that align with the RRFE performance outcomes of Customer Focus, Operational Effectiveness, and Public & Policy Responsiveness. This shows the alignment of NBHD's direct costs and the management of the costs associated with the outcomes.

Table 4-12 provides a comparative of the 2021 Test year versus 2019 Actual and 2015 Board Approved OM&A costs.

**Table 4 - 11– OM&A Programs Table (Board Appendix 2-JC)**

Programs (Core Values "CV")	Last Rebasement Year (2015 Board-Approved)	Last Rebasement Year (2015 Actuals)	2016 Actuals	2017 Actuals	2018 Actuals	2019 Actuals	2020 Bridge Year	2021 Test Year
Reporting Basis	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS
Customer Services, Billing & Collecting (1,4,5)	\$874,281	\$852,944	\$951,084	\$913,856	\$856,418	\$809,381	\$932,859	\$931,903
Bad Debts (4)	\$191,079	\$131,849	\$72,850	\$163,484	\$167,985	\$121,132	\$200,000	\$200,000
Locates (1,2)	\$249,857	\$281,031	\$342,115	\$271,936	\$189,340	\$293,933	\$183,361	\$172,430
Customer Engagement (1,4,5)	\$62,000	\$33,590	\$51,273	\$57,655	\$67,979	\$108,844	\$66,790	\$164,820
Executive, Financial, Regulatory, Professional, Insurance (all)	\$1,197,087	\$1,260,162	\$1,228,678	\$1,220,284	\$1,132,601	\$1,139,758	\$1,325,767	\$1,382,287
Regulatory Reporting & Assessments (5)	\$222,552	\$163,255	\$275,338	\$270,027	\$269,009	\$270,260	\$140,496	\$270,679
Information & Technology (1,4,5,6)	\$453,162	\$411,146	\$455,611	\$605,282	\$579,942	\$600,795	\$669,547	\$712,558
Smart Meters, Meter Reading (4,5)	\$377,808	\$376,075	\$374,498	\$302,500	\$316,606	\$314,485	\$328,463	\$342,707
Human Resources (all)	\$376,108	\$401,609	\$335,128	\$439,642	\$355,030	\$425,209	\$491,812	\$568,201
Corporate Policies, Initiatives, and Strategy (all)	\$0	\$0	\$0	\$0	\$0	\$0	\$110,000	\$150,000
Training, Health & Safety (2,4)	\$215,387	\$238,322	\$266,588	\$166,018	\$251,168	\$218,912	\$288,647	\$294,009
Overhead Operations & Maintenance (2,3,4)	\$711,686	\$705,682	\$755,322	\$731,007	\$740,328	\$866,065	\$853,864	\$1,141,750
Underground Operations & Maintenance (2,3,4)	\$276,014	\$448,112	\$328,702	\$317,505	\$309,295	\$331,735	\$383,846	\$462,900
Substation Maintenance, Load Dispatching, SCADA (2,3,4)	\$510,537	\$398,805	\$413,185	\$396,446	\$418,110	\$516,528	\$706,996	\$840,861
Vegetation Management (2,3,4)	\$456,194	\$438,897	\$541,345	\$516,229	\$515,994	\$550,373	\$685,609	\$773,437
Metering - Operations & Maintenance (2,3,4)	\$330,670	\$252,727	\$301,221	\$306,947	\$240,739	\$292,249	\$322,179	\$362,170
Miscellaneous, Fleet Dep'n (4)	(\$74,692)	(\$180,997)	(\$285,992)	(\$247,722)	(\$170,733)	(\$170,777)	(\$237,408)	(\$204,775)
<b>Total</b>	<b>6,429,729</b>	<b>6,213,210</b>	<b>6,406,945</b>	<b>6,431,094</b>	<b>6,239,812</b>	<b>6,688,882</b>	<b>7,452,827</b>	<b>8,565,938</b>

**CCC-29**

**Reference:** Exhibit 4, page 31

**Preamble:** None.

**Question:**

Please update Table 4-11 – OM&A Programs Table to include 2020 Actuals.

**Response:**

Table 4-11 is reproduced below as Table CCC-29 with 2020 actuals. NBHDL has provided high level explanations of material variances and the main drivers of the variance between 2020 actuals and 2020 forecasts and implications on the 2021 Test Year, if applicable.

**Table CCC-29 – Updated Table 4-11 with 2020 Actuals**

Programs (Core Values "CV")	Last Rebasings Year (2015 Board-Approved)	Last Rebasings Year (2015 Actuals)	2016 Actuals	2017 Actuals	2018 Actuals	2019 Actuals	2020 Bridge Year	2020 Actuals	2021 Test Year
Reporting Basis	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS
Customer Services, Billing & Collecting (1,4,5)	\$874,281	\$852,944	\$951,084	\$913,856	\$856,418	\$809,381	\$932,859	\$811,497	\$931,904
Bad Debts (4)	\$191,079	\$131,849	\$72,850	\$163,484	\$167,985	\$121,132	\$200,000	\$113,333	\$200,000
Locates (1,2)	\$249,857	\$281,031	\$342,115	\$271,936	\$189,340	\$293,933	\$183,361	\$241,077	\$172,430
Customer Engagement (1,4,5)	\$62,000	\$33,590	\$51,273	\$57,655	\$67,979	\$108,844	\$66,790	\$23,695	\$164,820
Executive, Financial, Regulatory, Professional, Insurance (all)	\$1,197,087	\$1,260,162	\$1,228,678	\$1,220,284	\$1,132,601	\$1,139,758	\$1,325,767	\$1,368,387	\$1,382,280
Regulatory Reporting & Assessments (5)	\$222,552	\$163,255	\$275,338	\$270,027	\$269,009	\$270,260	\$140,496	\$140,142	\$270,679
Information & Technology (1,4,5,6)	\$453,162	\$411,146	\$455,611	\$605,282	\$579,942	\$600,795	\$669,547	\$550,301	\$712,558
Smart Meters, Meter Reading (4,5)	\$377,808	\$376,075	\$374,498	\$302,500	\$316,606	\$314,485	\$328,463	\$293,275	\$342,707
Human Resources (all)	\$376,108	\$401,609	\$335,128	\$439,642	\$355,030	\$425,209	\$491,812	\$441,971	\$568,202
Corporate Policies, Initiatives, and Strategy (all)	\$0	\$0	\$0	\$0	\$0	\$0	\$110,000	\$56,220	\$150,000
Training, Health & Safety (2,4)	\$215,387	\$238,322	\$266,588	\$166,018	\$251,168	\$218,912	\$288,647	\$122,273	\$294,009
Overhead Operations & Maintenance (2,3,4)	\$711,686	\$705,682	\$755,322	\$731,007	\$740,328	\$866,065	\$853,864	\$967,556	\$1,141,750
Underground Operations & Maintenance (2,3,4)	\$276,014	\$448,112	\$328,702	\$317,505	\$309,295	\$331,735	\$383,846	\$466,963	\$462,900
Substation Maintenance, Load Dispatching, SCADA (2,3,4)	\$510,537	\$398,805	\$413,185	\$396,446	\$418,110	\$516,528	\$706,996	\$468,846	\$840,861
Vegetation Management (2,3,4)	\$456,194	\$438,897	\$541,345	\$516,229	\$515,994	\$550,373	\$685,609	\$596,124	\$773,437
Metering - Operations & Maintenance (2,3,4)	\$330,670	\$252,727	\$301,221	\$306,947	\$240,739	\$292,249	\$322,179	\$321,663	\$362,170
Miscellaneous (4)	(\$74,692)	(\$180,997)	(\$285,992)	(\$247,722)	(\$170,733)	(\$170,777)	(\$237,408)	(\$205,727)	(\$204,776)
<b>Total</b>	<b>6,429,729</b>	<b>6,213,210</b>	<b>6,406,945</b>	<b>6,431,094</b>	<b>6,239,812</b>	<b>6,688,882</b>	<b>7,452,827</b>	<b>6,777,595</b>	<b>8,565,931</b>

The key drivers of the variance between the 2020 Bridge Year forecast and 2020 Actuals are as follows:

- Compensation costs are lower than expected as a result of delaying recruitment due to COVID-19. NBHDL experienced delays in recruitment with respect to the following positions: Substation Electrician, Meter-to-Cash Specialist, Accountant, and a Distribution Engineer. The positions were filled in late 2020 and early 2021. NBHDL will have its full proposed complement in 2021. Please see 4-Staff-47.
- Customer engagement costs (related to annual activities, not COS application) were put off as a result of COVID-19. Proposed 2021 activities are expected to move forward as planned. Please see 4-Staff-48.
- As a result of a focused effort by NBHDL to work with customers on individualized payments plans, NBHDL's bad debt came in lower than expected. Please see 4-Staff-51.
- As a result of COVID-19, corporate policies and initiatives, and cyber security related projects came in lower than anticipated and will be incorporated into the proposed 2021 budget. Initiatives are expected to move forward as planned in 2021. Please see 4-Staff-45.



## **TAB 5**

#### 4-Staff-52

#### Maintenance Programs

**Referenec:** Exhibit 4, Pages 28-29

**Preamble:**

Starting in the 2021 test year, North Bay Hydro is starting several maintenance programs consisting of wood pole testing, underground cable testing and an ARC flash study.

**Question:**

- (a) Please explain how North Bay Hydro estimated the annual costs of these programs.
- (b) Has North Bay Hydro ever conducted an ARC flash study in the past? Please explain the reasoning for completing this study in the test year.
- (c) Please explain if the ARC flash study is a one-time cost or an annual cost of \$110k.

**Response:**

- (a) NBHDL estimated the annual costs of these programs through pricing inquiries and approximate quotes of the work involved.

The wood pole testing consists of non-destructive testing to diagnose the current health of wood poles in NBHDL's distribution system. This testing will collect information not available through visual inspections such as internal pole decay (at and below the ground line) as well as make a determination on the remaining strength of the pole. Based on pricing inquiries, the average cost is estimated to be \$25.00 per pole. The cost of testing will vary depend on the location and access to a pole. In an effort to contain costs, NBHDL plans to test only poles carrying high voltage conductors and equipment and only pole greater than 10 years old. Based on NBHDL's pole count and the costs provided, this plan will cost approximately \$169,500.00 in total or \$33,900.00 per year over 5 years.

The estimated cost for the cable testing services is \$15,000 per week (third-party quote). The rate at which testing is performed can vary. On average, 40 single phase cable segments can be tested in a week, putting the cost at approximately \$375.00 per single phase cable segment. While it was recommended that all cables be tested to establish a baseline health index to keep track of cable degradation, the avoidance of testing new low risk cable can reduce the overall cost. Based on this NBHDL excluded cable of 10 years and younger from the program, only 555 cables will be tested at a total cost of \$208,125.00 or \$41,625.00 per year.

For the arc flash study, NBHDL obtained a third-party quote by a consultant qualified to do this type of work. Based on NBHDL's system, size, and number of substations, the estimated cost for this assessment was \$110k.

- (b) NBHDL has no record or knowledge of an arc flash study ever being performed in the past. Protecting workers' lives is a priority for NBHDL. Arc flashes are typically due to a fault from equipment, inadequate safety practices or using unsafe tools. An arc flash analysis determines the incident energy available at specific electrical devices that employees would be exposed to while interacting with the electrical equipment at the facility. The output of the study will determine the PPE labelling requirements for the various devices, suitability of the devices for service as installed and identify if there are any miscoordination issues with the system as installed. In order to determine the incident energy, a short-circuit analysis and clearing times determination are required. Basically, an arc flash study is an analysis of the utility's equipment and should have been completed in the past, however for various reasons, this work was not done. This has left NBHDL at risk of an incident and vulnerable to potential litigation due to the lack of information that can be provided from an arc flash study. This study needs to be completed as soon as possible so that proper safety measures can be put in place if required. These could include modified PPE, new safety procedures, new tools, etc. NBHDL personnel who work in proximity to energize equipment safe. As such, the nature of this study makes it a critical priority.

Please also see SEC-15.

- (c) The arc flash study is a one-time cost in the context that once completed NBHDL will have all the necessary information NBHDL with the information it needs to properly assess the risk, provide up to date hazard information, select appropriate PPE, and update work procedures necessary to keep its workers safe. NBHDL intends to continuously enhance its maintenance program on an annual basis, beyond the minimum requirements of the DSC in an effort to improve upon DSP information inputs for planning and execution of capital projects. As such, NBHDL intends to utilize these funds on an annual basis to undertake and support different initiatives.

## **TAB 6**

**CCC-27**

**Reference:** Exhibit 4, page 13.

**Preamble:**

The overall regulatory costs for this Cost of Service Application are \$793,551 which are to be amortized over the five year rate plan at a cost of \$158,710 per year.

**Question:**

Has NBH benchmarked these costs with other utilities? If not, why not? If so, please file the results of that benchmarking.

**Response:**

NBHDL internally reviewed the proposed 2021 costs against the prior 2015 COS application with a focus on reducing costs. Included in that forecast are the requirements of NBHDL specifically with respect to external consultants and legal expertise when taking into account the size of NBHDL's management team and internal expertise. That structure is different across every LDC.

NBHDL provides the following Table CCC-27 as a comparison.

**Table CCC-27 – Comparison of Regulatory Costs for NBHDL and other LDCs**

Cost Category	NBHDL (2015)	NBHDL (2020)	ERHDC (2020)	PUC (2018)	Sudbury (2019)	NPEI (2020)	WNH (2019)	OPUCN (2020)
Legal / Consultants	722,331	626,300	507,539	366,829	280,000	489,451	525,000	532,786
Intervenors & OEB Costs	84,494	85,000	70,000	55,620	60,000	94,000	115,000	155,000
Internal Labour	114,073	82,250	-	405,760	110,000	-	10,000	-
Other	-	-	5,000	10,000	-	-	-	-
<b>Total Costs</b>	<b>920,899</b>	<b>793,550</b>	<b>582,539</b>	<b>838,209</b>	<b>450,000</b>	<b>583,451</b>	<b>650,000</b>	<b>687,786</b>

Please also see SEC-12 c), 4-Staff-46.

**TAB 7**

#### 4-Staff-45

#### OM&A

##### Reference:

Ref 1: Exhibit 4, Pages 12-13, 26

Ref 2: Exhibit 1, Pages 121-122

##### Preamble:

North Bay Hydro forecasted \$150k annually towards “corporate policies, initiatives, and strategy.”

OEB staff notes that \$110k was already spent in this category in 2020.

##### Question:

- (a) Please indicate if this was the actual amount spent or a forecast at the time of filing. If forecast, please provide the actual amount spent in 2020.
- (b) Please provide a breakdown of the costs incurred.
- (c) Please provide a breakdown of what costs are expected to be incurred in 2021 (e.g. the external consultants that North Bay Hydro expects to contract).
- (d) Please provide further details on the need for continual annual spending in this category. What initiatives does North Bay Hydro have planned for 2022-2025, and what of these initiatives cannot be completed by North Bay Hydro's executive team and employees?

North Bay Hydro expects to merge with Espanola Regional Hydro Distribution Corporation in 2022.

- (e) Please explain why it is preferable to engage in these initiatives now, such as a comprehensive update of North Bay Hydro's Conditions of Service, instead of waiting until after the merger, when these initiatives can be applied to the merged utility?

##### Response:

- (a) The \$110k was a forecast at the time of filing. The actual amount spent in 2020 was \$56,220. Due to the pandemic, NBHDL was forced to delay or defer several initiatives in 2020. These decisions were made so that the Management team could commit to ensuring its employees had a safe working environment, focus on ensuring strong reliability of the power grid and implement new processes to ensure business continuity.
- (b) In 2020, NBHDL funded an updated Lead/Lag study through this budgeted envelope of dollars and began initial discussions around the updating of Health and Safety policies.
- (c) Please see 1-DDR-8. NBHDL notes that the \$150k referenced is for external consultants.
- (d) Please see 1-DDR-8.

- (e) Although efforts have been made over the last five years to address outdated policies, procedures, and processes, and to implement new frameworks that foster improvement, drive efficiency, enhance safety, create accountability, and align NBHDL with emerging trends and best practices, these types of initiatives have not progressed due to the leanness of the resource complement and the lack of available dollars in the OM&A budget. It is critical that NBHDL is able to move these initiatives forward regardless of a potential merger with ERHDC. Because of the difference between NBHDL and ERHDC in terms of utility size and organizational capacity, it is important that NBHDL have an updated CoS document to form a strong basis for integrating ERHDC should a potential merger occur.



## TAB 8



**Ontario Energy Board**  
**Commission de l'énergie de l'Ontario**

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# **DECISION AND ORDER**

## **EB-2014-0099**

### **NORTH BAY HYDRO DISTRIBUTION LTD.**

**North Bay Hydro**

**BEFORE: Christine Long**  
Presiding Member

**Allison Duff**  
Member

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**July 16, 2015**

**Evidence:**

*Application:* Exhibit 1 including pages 9-27, 33-41, 52-72, 73-90, Appendix 1-A (1-A.1 through 1-A.7), Appendix 1-I; Exhibit 2 including at Tables 2-5, 2-10, 2-11, 2-18, 2-19, 2-32, 2-33; Exhibit 2, Appendix 2-A – Distribution System Plan; Exhibit 4 including at Tables 4-36, 4-37, 4-44, 4-45 and pages 79-98; Exhibit 9 including at pages 19-31

*IRRs:* 1-Energy Probe-4, 1-Energy Probe-6, 1-Energy Probe-8, 1-NBTA-1, 1-NBTA-4, 1-NBTA-5, 1-NBTA-8, 1-NBTA-10, 1-NBTA-11, 1-NBTA-12, 1-NBTA-13, 1-NBTA-14, 1-SEC-3, 1-SEC-4, 1-SEC-8, 1-SEC-11, 1-VECC-3, 1-VECC-4; 2-Staff-1 to 2-Staff-8, 2-Energy Probe-17 to 2-Energy Probe-31, 2-NBTA-15 to 2-NBTA-25, 2-SEC-12 to 2-SEC-41, 2-VECC-10 to 2-VECC-16; 4-Energy Probe-49, 4-Energy Probe-50, 4-Energy Probe-56, 4-NBTA-63, 4-NBTA-65; 9-Staff-26, 9-NBTA-75; Chapter 2-NBTA-81

*TC Transcript:* May 4, 2015 TC Transcript at pages 15 to 73

*Undertaking Responses:* JT1.3, JT1.4, JT1.5, JT1.6, JT1.7, Exhibit KT1.2.

*Appendices to this Settlement Proposal:* Appendix A, Appendix B, Appendix C, Appendix D

A revised Appendix 2-Z Proposed Tariffs is also provided in working Microsoft Excel format reflecting this Settlement Proposal as part of the supporting material in file named “North Bay 2015 Tariff Sheet - Appendix 2-Z\_Settlement”.

**Supporting parties:** NBHDL, EP, SEC, VECC, NBTA

## 1.2 OM&A

*Is the level of planned OM&A expenditures appropriate and is the rationale for planning choices appropriate and adequately explained, giving due consideration to:*

- *customer feedback and preferences;*
- *productivity;*
- *benchmarking of costs;*
- *reliability and service quality;*
- *impact on distribution rates;*
- *trade-offs with capital spending;*
- *government-mandated obligations; and*
- *the objectives of the Applicant and its customers.*

**Complete Settlement:** For the purposes of the settlement of all of the issues in this proceeding (except working capital), NBHDL agrees to reduce its proposed OM&A expenses in the test year by \$575,000.

The Parties agree that NBHDL's proposed OM&A expenses, as modified by this Settlement Proposal, support the planning choices and are adequately explained.

The evidence in this proceeding regarding OM&A expenditures provided a starting point for discussions which resulted in a settlement proposal which is agreeable to all Parties and provides a basis to support acceptance by the Board.

The Parties accept NBHDL's overall objectives, and have agreed that the revised OM&A budget will allow NBHDL to achieve those objectives in the Test Year.

For the purposes of the partial settlement of the issues in this proceeding, the Parties agree to the proposed OM&A expenses in this Settlement Proposal. The Intervenors have relied on NBHDL's view that it can safely and reliably operate the distribution system based on the total OM&A budget established in this Settlement Proposal. NBHDL confirms that it will be able to achieve its business objectives as described in Exhibit 1 in the Test Year.

For the purpose of presentation, the NBHDL has identified in the table below the following possible OM&A reductions, which it believes appropriately balances the prospect for productivity improvements with NBHDL's cost drivers including increases in wages and benefits (including increases due to succession planning activities), cost of materials and supplies, contractors, regulatory costs, and meter reading costs (Appendix 2-JB, Table 4-4 of Exhibit 4, p.20).

Changes to OM&A are reproduced below as Table 3:

**Table 3: OM&A**

<b>OM&amp;A Category</b>	<b>Rate Application</b>	<b>IRR - Changes</b>	<b>Settlement Changes</b>	<b>Settlement Proposal</b>
Operations	1,088,205	-	(71,800)	1,016,405
Maintenance	1,721,331	-	(235,000)	1,486,331
Billing & Collecting	1,243,810	-	(10,000)	1,233,810
Community Relations	2,200	-	-	2,200
Administrative & General	2,949,298	(7,465)	(258,200)	2,683,633
<b>Total OM&amp;A</b>	<b>7,004,844</b>	<b>(7,465)</b>	<b>(575,000)</b>	<b>6,422,379</b>

NBHDL further agrees to explore the possibility of better aligning its incentive pay structure with the metrics and outcomes described in this Application and mandated by the Board. NBHDL also agrees to explore the possibility of further improving the alignment between the Board's mandated outcomes and metrics with its distribution system planning process. NBHDL will present the results of its efforts in this regard during its next cost of service or custom IR rate application. If NBHDL identifies opportunities to improve its incentive pay structure or its distribution system planning

processes before then, it will not delay any potential implementation until its next cost of service or custom IR rate application.

**Evidence:**

*Application:* Exhibit 1 including pages 9-27, 42-45, 52-72, 73-90, Appendix 1A (1-A.1 through 1-A.7), Appendix 1-I; Exhibit 2 including Tables 2-2, 2-25, Appendix 2-A including at Appendix 2-H, Appendix L, Appendix N; Exhibit 4 including at Tables 4-1 and 4-3.

*IRRs:* 1-Energy Probe-2, 1-Energy Probe-15, 1-SEC-9, 1-SEC-10, 1-SEC-11, 1-VECC-1, 1-VECC-6, 1-VECC-9; 2-SEC-13, 2-SEC-24, 2-SEC-31, 2-SEC-35 to 2-SEC-40; 4-Staff-10 to 4-Staff-17, 4-Energy Probe-42 to 4-Energy Probe-59, 4-NBTA-29 to 4-NBTA-66, 4-VECC-30 to 4-VECC-41

*TC Transcript:* May 4, 2015 TC Transcript at pages 4-14, 18-22, 25-30, 60-63, 73 to 84

*Undertaking Responses:* JT1.1, JT1.2, JT1.5, JT1.9, JT1.10, KT1.3

*Appendices to this Settlement Proposal:* Appendix A, Appendix D

**Supporting Parties:** NBHDL, EP, SEC, VECC, NBTA

## **2. Revenue Requirement**

### **2.1** *Are all elements of the Base Revenue Requirement reasonable, and have they been appropriately determined in accordance with Board policies and practices?*

**Partial Settlement:** On May 20, 2015, Board staff advised the Parties that the Board would not accept any settlement on working capital allowance, and that this issue must proceed to hearing. The Board then adopted a new default value of 7.5% in its letter on June 3, 2015 and NBHDL filed its proposal in respect of the appropriate working capital allowance for its Application on June 12, 2015. For the purpose of calculating the impacts of this Settlement Proposal, the Parties have used the new Board default amount of 7.5% working capital allowance, however the Parties agree to adjust the relevant calculations as necessary (rate base, revenue requirement, PILs, bill impacts, etc.) to reflect the final working capital allowance approved by the Board, following a review of the lead-lag study that is to be filed.

Excluding working capital allowance, and subject to the specific adjustments noted below, the Parties agree that all elements of the Base Revenue Requirement have been correctly determined in accordance with Board policies and practices. Specifically:

- a) *Rate Base:* As described in respect of issue 1.1 above, NBHDL has agreed to adjust its 2014 rate base and test year capital plan to reflect the deferral of projects not completed in 2014 that will now be completed in 2015 (see 2-Energy Probe-28(a)). The revised 2014 and 2015 continuity schedules are attached in Appendix

## TAB 9

**1-Staff-10**

**Incentive Pay**

**Reference:** Exhibit 1, Page 118

**Preamble:**

Page 118 indicates that more achievement points are given to North Bay Hydro's management team the more the budget is spent.

**Question:**

- (a) Please explain if these achievement measures only measure the amount of capital that is spent each year, or if it is also tied towards the percentage of project completion budgeted in any given year.
- (b) What incentive measures does North Bay Hydro have that are tied to distribution system performance?

**Response:**

- (a) The achievement measures only measure the amount of capital that is spent each year as a percentage of budget. It is not tied towards the percentage of project completion budgeted in any given year. However, actual project completion progress is closely managed and is considered – see the response to Staff-8(a).
- (b) NBHDL does not have any incentive measures that are tied to distribution system performance. These measures fall outside of the scope of consequences that an individual staff member can directly control / influence. Meaningful incentive measures must be realistic and achievable for the individual responsible.