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June 29, 2021

**Delivered by Email & RESS**

Ms. Christine Long, Registrar  
Ontario Energy Board  
P.O.Box 2319, 27<sup>th</sup> Floor  
2300 Yonge Street  
Toronto, ON M4P 1E4

Dear Ms. Long:

**Re: OEB File No. EB-2020-0043  
North Bay Hydro Distribution Limited (“NBHDL”)  
2021 Rates Application  
Responses to Undertakings**

Please find enclosed NBHDL’s responses to undertakings J.1.1 to J1.5 for the Oral Hearing held on June 22, 2021 in regards to the above-noted proceeding.

Yours very truly,

**BORDEN LADNER GERVAIS LLP**

Per:

A handwritten signature in black ink, appearing to read 'Flora Ho', is written over a horizontal line.

Flora Ho

cc: Intervenors of record in EB-2020-0043

**ONTARIO ENERGY BOARD**

**IN THE MATTER OF** the *Ontario Energy Board Act, 1998*,  
S.O. 1998, c. 15, (Schedule B);

**AND IN THE MATTER OF** an Application by North Bay  
Hydro Distribution Limited (“NBHDL”) for an Order or  
Orders approving or fixing just and reasonable rates and other  
service charges for the distribution of electricity, effective  
May 1, 2021.

**Response to Oral Hearing Undertakings**

**Filed: June 29, 2021**

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## UNDERTAKING J1.1

**Reference:**

EB-2020-0043 Interrogatory Response to 1.0 VECC 6 dated April 1, 2021  
Oral Hearing Transcript page 69 line 25 to page 71 line 17

**Undertaking:**

To file the updated 2020 Bridge year table showing actuals.

**Response:**

Revised 1.0 VECC 6 table to include 2020 Actuals (final) and Revised 2021-2024 (settlement):

| Cost Benchmarking Summary      | 2015 Actual | 2016 Actual | 2017 Actual | 2018 Actual | 2019 Actual | 2020 Bridge | 2021 Test  | 2022 Forecast | 2023 Forecast | 2024 Forecast |
|--------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|------------|---------------|---------------|---------------|
| Actual Total Cost              | 16,186,108  | 15,860,761  | 16,206,020  | 16,794,774  | 17,721,539  | 18,140,531  | 20,137,386 | 20,616,137    | 21,105,474    | 21,641,273    |
| Predicted Total Cost           | 15,094,161  | 15,355,279  | 15,341,396  | 16,251,685  | 16,873,219  | 17,511,504  | 18,240,438 | 18,981,727    | 19,748,207    | 20,548,780    |
| Difference                     | 1,091,947   | 505,482     | 864,624     | 543,089     | 848,320     | 629,027     | 1,896,948  | 1,634,411     | 1,357,268     | 1,092,493     |
| % Difference (Performance)     | 7.0%        | 3.2%        | 5.5%        | 3.3%        | 4.9%        | 3.5%        | 9.9%       | 8.3%          | 6.6%          | 5.2%          |
| Three-year Average Performance |             |             | 5.2%        | 4.0%        | 4.6%        | 3.9%        | 6.1%       | 7.2%          | 8.3%          | 6.7%          |
| <b>Stretch Factor Cohort</b>   |             |             |             |             |             |             |            |               |               |               |
| Annual Result                  | 3           | 3           | 3           | 3           | 3           | 3           | 3          | 3             | 3             | 3             |
| Three-year Average             |             |             | 3           | 3           | 3           | 3           | 3          | 3             | 3             | 3             |

NBHDL notes that the original VECC 6 table included model inputs for bad debt expenses (USofA 5335) in the years 2021-2024 in error. This has been corrected in the above table.

## UNDERTAKING J1.2

**Reference:**

Oral Hearing Transcript page 133 line 19 to page 136 line 10

**Undertaking:**

To file a best efforts assessment of how many kilometers of vegetation still to be cleared, what type of vegetation and which categories of vegetation for which part of the city.

**Response:**

The following is the vegetation management plan. Please be aware that future estimates are based on expected growth based on current conditions. Annual reviews are undertaken prior to the vegetation management year.

### **VEGETATION MANAGEMENT PLAN**

| <b><u>2021</u></b>                        | <b><u>km of Line to Clear</u></b> | <b><u>Area Description</u></b>   | <b><u>Vegetation Type</u></b> | <b><u>Comments</u></b>      |
|---|-----------------------------------|----------------------------------|-------------------------------|-----------------------------|
|   | 21.9                              | Trout Lake Area                  | Very Heavy                    | Last cleared 2011           |
|   | 7.4                               | HWY 17 E Area                    | Heavy                         | Last cleared prior to 2010  |
|   | 29.3                              |                                  |                               |                             |
|   | Total VM Budget Required:         |                                  | \$773,437.00                  |                             |
| <b><u>2022<br/>(Start of Cycle 1)</u></b> | <b><u>km of Line Cleared</u></b>  | <b><u>Area Description</u></b>   | <b><u>Vegetation Type</u></b> | <b><u>Comments</u></b>      |
|   | 20.9                              | Birchhaven & Seymour Area        | Moderate                      | Last cleared in 2010 / 2012 |
|   | 4.4                               | Trout Lake Station Off Road Area | Moderate                      | Last cleared in 2010        |
|   | 75                                | West Ferris Area                 | Light                         | Last cleared in 2012        |
|   | 100.3                             |                                  |                               |                             |
|   | Total VM Budget Required:         |                                  | \$784,015.74                  |                             |

| <b>2023</b><br><b>(Completion of Cycle 1<br/>and Cycle 2)</b> | <u>km of<br/>Line<br/>Cleared</u> | <u>Area Description</u> | <u>Vegetation<br/>Type</u> | <u>Comments</u>            |
|---|-----------------------------------|-------------------------|----------------------------|----------------------------|
|   | 111                               | North Bay City Core     | Light                      | Last cleared in 2014 /2015 |
|   | 3.6                               | HWY 11 South            | Very Heavy                 | Last cleared prior to 2010 |
|   | 114.6                             |                         |                            |                            |
|   | Total VM Budget Required:         |                         | \$790,936.05               |                            |

| <b>2024</b><br><b>(Cycle 3)</b> | <u>km of<br/>Line<br/>Cleared</u> | <u>Area Description</u> | <u>Vegetation<br/>Type</u> | <u>Comments</u>                   |
|---------------------------------|-----------------------------------|-------------------------|----------------------------|-----------------------------------|
|                                 | 8.1                               | CFB Area                | Light                      | Last cleared in 2017              |
|                                 | 5.9                               | Airport Hill Area       | Light                      | Last cleared in 2017              |
|                                 | 61.2                              | Highway 11N Area        | Moderate                   | Last cleared in 2015 /2016 / 2017 |
|                                 | 75.2                              |                         |                            |                                   |
| Total VM Budget Required:       |                                   | \$807,248.78            |                            |                                   |

| <b>2025</b><br><b>(Cycle 4)</b> | <u>km of<br/>Line<br/>Cleared</u> | <u>Area Description</u> | <u>Vegetation<br/>Type</u> | <u>Comments</u>             |
|---------------------------------|-----------------------------------|-------------------------|----------------------------|-----------------------------|
|                                 | 57.8                              | Highway 63 Area         | Moderate                   | Last cleared in 2018 / 2019 |
|                                 | 57.8                              |                         |                            |                             |
| Total VM Budget Required:       |                                   | \$730,504.75            |                            |                             |

|   |        |
|---|--------|
| Total kms of line clearing required in 5-year cycle | 408 km |
| Total kms of line cleared from 2021 to 2025         | 377 km |

|            |  |
|------------|--|
| Legend:    |  |
| Light      | Trimming, Urban or previously maintained rural                   |
| Moderate   | Some urban/some rural, adjacent to highway ROW                   |
| Heavy      | Rural  |
| Very Heavy | Rural (thick, large trees and/or off road right-of-way clearing) |

NBHDL notes that it will only clear 377 km of 408 km of line between 2021 to 2025. This shortfall is due to catch-up work required to get on-to a five year cycle.

## **UNDERTAKING J1.3**

### **Reference:**

EB-2020-0043 – Response to Pre-Settlement Clarification Questions – Question 4, dated May 17, 2021

Oral Hearing Transcript page 148 lines 9 to 22 and page 170 line 24 to page 171 line 24

### **Undertaking:**

To file quotes from consultants in a way that addresses privacy concerns.

### **Response:**

The estimated costs related to the complete update and overhaul of the Conditions of Service (last completed in 2007) are \$50k; \$32k for final COS document, \$8k for legal review and revision, \$10k for contingency/additional work not contemplated in scope.

#### **Conditions of Service Scope of Work**

This work has been developed to be completed in two parts: Discovery and Revisions. The first effort on the project will be a review of the existing Conditions of Service document. The second is for necessary revisions to meet the OEB Distribution System Code being recommended and inserted into the document.

Approach on these projects is normally the following:

1. Establish the project team and schedule of availability for workshop and review.
2. Review the current conditions of service document and align it to a current template (target document) which complies with the Distribution System Code.
3. Develop a target document for content review in the form of a face to face workshop (1.5 – 2 Days onsite section by section facilitated review) (optional WebEx/Zoom/Skype).
4. Capture comments from workshop – prepare working draft highlight unresolved comments for follow up discussion.
5. 2<sup>nd</sup> review phase – (1.5 days on site) section by section review of what changed and finalize unresolved content.
6. Prepare final draft for review.
7. Prepare change summary document for OEB Reference



### Legal Review

Assessment of draft conditions of service to ensure compliance with applicable laws, including without limitation: the *Ontario Energy Board Act, 1998* and the *Electricity Act, 1998* and associated regulations, the terms of NBHDL's distribution license, including the Distribution System Code, Retail Settlement Code and Standard Supply Service Code as applicable.

## UNDERTAKING J1.4

**Reference:**

EB-2020-0043 Interrogatory Response to CCC-27 dated April 1, 2021  
Oral Hearing Transcript page 168 line 28 to page 169 line 10

**Undertaking:**

To provide a breakdown between legal and consulting costs in the Application.

**Response:**

See the below table:

| Revised COS Application Costs:         |                |
|--|----------------|
| Legal Costs                            | 210,713        |
| Consultant Costs                       | 180,126        |
| Legal/Consultant Costs                 | 390,839        |
|  |                |
| Cost Awards                            | 85,000         |
| Incremental Labour                     | 60,006         |
| <b>Total Application Costs</b>         | <b>535,846</b> |
|  |                |
| Oral Hearing Costs:                    |                |
| Legal Costs                            | 150,000        |
| Cost Awards                            | 25,000         |
| <b>Estimated Oral Hearing Costs</b>    | <b>175,000</b> |
|  |                |
| <b>Total Application/Hearing Costs</b> | <b>710,846</b> |

NBHDL notes that on pages 127 (lines 24 and 26), 174 (lines 5 and 6), and 217 (lines 18), Ms. Casson referred to legal fees costing \$390,000 for this application without considering the estimated costs of the oral hearing. The reference to \$390,000 was in relation to all legal and consultant costs in total, not just legal fees.

## UNDERTAKING J1.5

**Reference:**

EB-2020-0043 Interrogatory Response to 4-DDR-17, dated April 1, 2021  
Oral Hearing Transcript page 192 line 18 to page 194 line 27

**Undertaking:**

With respect to the second full sentence in DDR17, for each item listed there, to provide evidentiary cross references to where Mr. Rennick can find additional information on how each of those have impacted staffing costs.

**Response:**

The second full sentence in DDR17 is reproduced below for ease of reference.

*“These include inflation, improving technologies, evolving customer expectations, continuously changing regulatory and public policy requirements, an aging workforce and the need for succession planning, responding to the risks identified in Exhibit 1, among others.”*

The following table provides the evidentiary cross references to additional information on how each of the items have impacted staffing costs.

| ITEM |                                | EVIDENTIARY REFERENCE  |
|------|--------------------------------|--|
| 1.   | Inflation                      | Exhibit 4, s. 2.4.3.2.3 at page 57, 58   |
| 2.   | Improving Technologies         | Exhibit 1, s. 2.1.2.2.1 at page 13<br>Exhibit 1, s. 2.1.2.4.2 at page 27<br>Exhibit 1, s. 2.1.7.5.1 at page 96<br>Exhibit 4, s. 2.4.1.10 at page 17  |
| 3.   | Evolving Customer Expectations | Exhibit 1, s. 2.1.2.2.1 at page 12<br>Exhibit 1, s. 2.1.7.5.1 at page 96<br>Exhibit 4, s. 2.4.1 at page 3<br>Exhibit 4, s. 2.4.1.1.2 at page 8<br>Exhibit 4, s. 2.4.1.10 at page 16<br>Exhibit 4, s. s. 2.4.3.1.1 at page 33<br>Exhibit 4, s. 2.4.3.2.1 at page 47 |

|    |   |  |
|----|---|--|
| 4. | Continuously Changing Regulatory and Public Policy Requirements | Exhibit 4, s. 2.4.1 at page 3<br>Exhibit 4, s. 2.4.1.1.1 at pages 6 to 8<br>Exhibit 4, s. 2.4.3.2.1 at page 47         |
| 5. | Aging Workforce and the Need for Succession Planning            | Exhibit 1, s. 2.1.2.5.1 at page 33<br>Exhibit 4, s. 2.4.1.1.2 at page 10<br>Exhibit 4, s. 2.4.3.2.1 at pages 47 and 48 |
| 6. | Responding to the Risks Identified in Exhibit 1                 | Exhibit 1, s. 2.1.3.4.2 at pages 19 to 33  |