



Ontario
Energy
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BY EMAIL

September 30, 2021

Christine E. Long
Registrar
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto ON M4P 1E4

Dear Ms. Long:

**Re: Grimsby Power Inc.
2022 Cost of Service Rate Application
Ontario Energy Board (OEB) File Number: EB-2021-0027
OEB Staff Interrogatories**

In accordance with Procedural Order No.1, please find attached OEB staff's interrogatories in the above noted proceeding.

Responses to interrogatories, including supporting documentation, must not include personal information unless filed in accordance with rule 9A of the OEB's *Rules of Practice and Procedure*.

Yours truly,

Original Signed By

Shuo Zhang
Project Advisor – Electricity Distribution: Major Rate Applications & Consolidations

Attach.

*Responses to interrogatories, including supporting documentation, must not include personal information unless filed in accordance with rule 9A of the OEB's *Rules of Practice and Procedure*.

Exhibit 1- Administration

1-Staff-1

Updated Revenue Requirement Work Form (RRWF) and Models

Upon completing all interrogatories from Ontario Energy Board (OEB) staff and intervenors, please provide an updated RRWF in working Microsoft Excel format with any corrections or adjustments that the Applicant wishes to make to the amounts in the populated version of the RRWF filed in the initial applications. Entries for changes and adjustments should be included in the middle column on sheet 3 Data_Input_Sheet. Sheets 10 (Load Forecast), 11 (Cost Allocation), and 13 (Rate Design) should be updated, as necessary. Please include documentation of the corrections and adjustments, such as a reference to an interrogatory response or an explanatory note. Such notes should be documented on Sheet 14 Tracking Sheet and may also be included on other sheets in the RRWF to assist understanding of changes.

In addition, please file an updated set of models that reflects the interrogatory responses. Please ensure the models used are the latest available models on the OEB's 2022 Electricity Distributor Rate Applications webpage.

1-Staff-2

Customer Satisfaction

Ref: EB-2015-0072 Decision and Order, August 18, 2016, page 7
Exhibit 1, Tab 6, page 6 of 18

Preamble:

The OEB stated in the decision:

In addition to the emphasis on productivity, the RRFE stresses the importance of outcome based regulation. The OEB expects there to be a correlation between more money being spent and improved outcomes. Grimsby Power described the need to increase customer communications particularly as it relates to outages. Given the increase in OM&A approved, the OEB expects that Grimsby Power will improve customers' satisfaction in the area of customer communications. Grimsby Power is encouraged to monitor its operating performance and improvement in customer satisfaction and to report the results in its next rate application.

When discussing the improvement in customer satisfaction in 2019 survey, it was noted that:

GPI renewed its website with better power outage information, added a feature to our phone system that relays power outage information as well as creating an account on social media to allow customers to better track outage related information.

Question(s):

- a) Please provide a comprehensive list of activities implemented since 2016 to improve customer satisfaction in the area of customer communications.
- b) Grimsby Power explained that the main contributor to the drop in customer satisfaction from 2015 (92%) to 2016 (75.4%) was a change in survey methodology. The 2015 result represented the overall satisfaction while the 2016 results reflected a weighted score of several questions. Grimsby Power stated that considering only overall satisfaction, the score would have been 81% for 2016, 90% for 2018, and 91% for 2021.
 - i. Excluding the impact of the methodology change, there was still a drop in the overall satisfaction from 2015 (92%) to 2016 (81%), please explain the drivers.
 - ii. Grimsby Power noted that it began utilizing standard questions and methodologies developed by the Innovative Research Group in its biannual customer satisfaction survey starting in 2016. With respect to customer satisfaction, please compare and identify differences in the list of questions and methodologies utilized by Grimsby Power and those conducted by other distributors, known as the UtilityPulse survey.¹
 - iii. Please provide a copy of Grimsby Power's latest customer satisfaction survey report.

1-Staff-3
Inflation Factor

Ref: Exhibit 1, Tab 3, page 6 of 28

Preamble:

When discussing the 2022 budgeting process, Grimsby Power noted that a forecasted consumer price index was utilized as the general inflation factor.

Question(s):

- a) Please specify the general inflation factor utilized for the 2022 OM&A budget.

¹ For example, Halton Hills Hydro Inc. filed its 2018 Electricity Utility Customer Satisfaction Survey as part of its 2021 Cost of Service Application (EB-2020-0026, Exhibit 2, DSP Appendix B Customer Engagement Results, Appendix C).

- b) Please explain what categories of expenses this general inflation factor applied to.
- c) Please provide the range of inflation factors utilized to adjust third-party expenses for the 2022 OM&A budget.

1-Staff-4

SAIDI/SAIFI Performance

Ref: Exhibit 1, Tab 3, page 16 of 28

Exhibit 2, Tab 3, Attachment 1, page 32 of 678

Responses to OEB Staff Clarification Question-4

Preamble:

Grimsby Power reported its system reliability performance in the scorecard:

Performance Outcomes	Performance Categories	Measures	2016	2017	2018	2019
Operational Effectiveness	System Reliability	SAIDI	0.55	1.20	1.73	5.00
		SAIFI	0.69	0.99	1.17	3.44

Question(s):

- a) Please confirm measures reported for each year over the 2016-2019 period in the table above excludes both Loss of Supply and Major Event Days (MEDs).
- b) Grimsby Power noted that excluding the two specific events in April and May of 2019, the calculations would have yielded a SAIDI of 3.87 and a SAIFI of 3.06. Please explain which cause code these two specific events fall under.
- c) Grimsby Power stated that “GPI’s reliability metrics results in 2019 were abnormally high due to loss of supply, and adverse weather that were not classified as Major Events.” Please provide Grimsby Power’s process for determining MEDs and the specific determination or calculations of the MED threshold for 2019.
- d) Please confirm Grimsby Power did not record any MEDs over the period of 2016-2020.
- e) Please provide a breakdown of reliability performance (number of interruptions, number of customer interruptions, and number of customer-hours of

interruptions) by cause code for each year over the historical period of 2016-2020.

- f) Please review and discuss the historical trend of interruptions due to Defective Equipment.
- g) Does Grimsby Power track interruptions due to Defective Equipment by equipment type? If so, please provide a further breakdown of historical interruptions due to Defective Equipment by year and by equipment type.

1-Staff-5

Benchmarking based on Yearbook Data

Ref: Exhibit 1, Tab 3, page 26 of 28

Question(s):

- a) Please update Table 1-7 and Table 1-8 using the 2020 yearbook data.

1-Staff-6

Performance Metrics and Benchmarking

Ref: Exhibit 1, Tab 3, Attachment 1, page 18 of 36

Preamble:

With respect to the efficiency rating comes from the Pacific Economics Group report, it was stated that:

Because of this study, Grimsby Power has expended considerable effort to understand the drivers of its efficiency ranking and has undertaken initiatives to improve its scores ultimately achieving best cost efficiency ranking in 2019.

Question(s):

- a) Please provide the list of initiatives Grimsby Power has undertaken and explain how these initiatives helped to improve its scores and achieved cost efficiency.

1-Staff-7

Personnel Plan

Ref: Exhibit 1, Tab 3, Attachment 1, page 36 of 36

Preamble:

It was stated that:

In 2021, GPI engaged a third party to conduct an assessment of key management positions and a review of the overall organization to analyze future looking risks as it relates to the achievement of corporate goals and ongoing continuity of the business. As a result, a resource strategy plan has been prepared and is in the early stages of implementation. Included in the plan are a talent retention and skills development and coaching program.

Question(s):

- a) Please provide a copy of the assessment study prepared by the third party and the resource strategy plan.
- b) Please explain how these reports impact Grimsby Power's workforce planning for the 2022 test year and for the 2023-2026 period.

1-Staff-8

Customer Engagement

Ref: Exhibit 1, Tab 5, page 11 of 15

Question(s):

- a) "Affordable electricity costs and value of money" was identified as one of the four key customer preferences. Please discuss any feedback provided by customers about the proposed rate impacts for the 2022 test year and how this feedback shaped the final proposal included in the application.

1-Staff-9

Activity and Program-based (APB) Benchmarking

Ref: PEG Report to the OEB, revised May 11, 2021

Tables in Excel format for the PEG Report, May 11, 2021

Question(s):

- a) Please explain the cost differences for the Station Maintenance O&M program between the cost data reported for the APB benchmarking and those presented in Appendix 2-JC as summarized in the table below.

Year	PEG APB Report Table 19 (\$000)	Appendix 2-JC (\$000)
2017	2.9	206.459

Year	PEG APB Report Table 19 (\$000)	Appendix 2-JC (\$000)
2018	133.5	241.617
2019	90.5	202.859

Exhibit 2 – Rate Base and Distribution System Plan

2-Staff-10

Variance of Rate Base

Ref: Exhibit 2, Tab 1, page 8 of 27

Preamble:

When discussing the variance between the 2021 bridge year and 2020 actual rate base, Grimsby Power noted a major contributor to gross fixed assets relate to a forecasted increase of \$361k during 2021 in System Renewal. It was noted that this investment related to deferral of renewals along Casablanca Blvd to align with road widening project initiated by the Region.

Question(s):

- a) Please provide the actual capital expenditures related to the Casablanca Blvd Road widening in System Renewal in 2020 and 2021.
- b) Please provide the forecast capital expenditures related to the Casablanca Blvd Road widening in System Renewal for the 2022 test year.
- c) Please explain which program(s) in System Renewal these spending fall under.

2-Staff-11

System Renewal

Ref: Exhibit 2, Tab 2, page 16 of 23

Preamble:

Grimsby Power stated that starting in 2022, it is increasing investments in System Renewal. OEB staff notes that the proposed capital expenditures in System Renewal for

the 2022 test year is approximately 51.7% higher than the average forecast spending for 2023-2026.

Question(s):

- a) Please explain if Grimsby Power has considered a more balanced pacing of its capital plan in System Renewal during the DSP period. Please include an discussion of the trade-off between increased customer bills versus the reliability or other benefits expected by undertaking these investments.

2-Staff-12

2021 Capital Expenditures

Ref: Exhibit 2, Tab 2, Attachment 1, Appendix 2-AB
Exhibit 4, Tab 4, Table 4-27

Question(s):

- a) Please confirm the 2021 planned capital expenditures is \$1,921,036 as noted in Table 4-27 of Exhibit 4.
- b) Please clarify the 2021 planned capital expenditures of \$1,921,036 is gross or net capital expenditures.
- c) Please provide variance analysis between 2021 planned and actual/forecast capital expenditures by investment category.

2-Staff-13

Sources of Cost Savings

Ref: Exhibit 2, Tab 3, Attachment 1, page 13 of 678

Preamble:

Grimsby Power identified seven sources of cost savings.

Question(s):

- a) Is there any quantified information associated with these identified sources of cost savings? If so, please provide savings on an annual basis for each of these sources. Please explain:
 - i. Whether it's one-time saving or persistent saving.
 - ii. Whether it is an avoided future cost or a reduction of current spending.
 - iii. Whether its capital related or OM&A related savings or both.

- iv. Whether cost savings have been reflected in the 2022 capital/OM&A budget.
 - v. How savings for each source were calculated/estimated.
- b) Please identify any new productivity initiatives that are planned to be implemented for the period of 2022-2026.

2-Staff-14

Project Selection and Prioritization

Ref: Exhibit 2, Tab 3, Attachment 1, page 17 of 678
Exhibit 2, Tab 3, Attachment 1, page 52 of 678
Exhibit 2, Tab 3, Attachment 1, page 82 of 678

Question(s):

- a) With respect to capital investment prioritization process, Grimsby Power noted that a value and risk deferral assessment of the investment is performed. Investment scores determine an initial priority of the investment for current or future budget periods. Please provide an example to show how investment scores were determined for a capital project. Please explain assumptions, data and methodology utilized in the calculation.
- b) Please explain how Grimsby Power defines mandatory and non-mandatory projects or programs. Please identify which projects included in Appendix 2-AA are mandatory for the 2022 test year. Also, please indicate if the mandatory classification applies to the entire spend or only in part.
- c) Please explain how Grimsby Power determined/selected the preferred technical alternative for an investment need. Is there a quantitative approach to determine a preferred alternative? If so, please provide an example to show assumptions, data and methodology utilized.
- d) Please provide the list of capital projects and associated capital expenditures in Appendix 2-AA format in Excel for the 2022 test year, resulting from each of the following steps noted as part of Grimsby Power's asset management process.
 - Identify Needs
 - Develop Business Cases to support Preferred Technical Alternatives
 - Prioritize and Select Investments
 - Draft Capital Investment Plan
 - Recommendation by Operations Committee

- Recommendation by Audit Committee
- Approval by GPI Board

2-Staff-15

Meter Re-Verification

Ref: Exhibit 2, Tab 3, Attachment 1, page 19 of 678

Preamble:

Grimsby Power provided its planned meter re-verification testing for each year over the DSP period.

Question(s):

- a) Please explain why meters planned to be tested in 2022 is approximately 248% higher than the average amount planned for 2023-2026.
- b) Please explain how the potential replacement cost was derived.
- c) Please explain why meter re-verification testing plan is considered as a contingent aspect of the DSP.
- d) Please explain which capital program(s) this meter re-verification testing falls under. Please reconcile the budget of \$193,440 with capital program/project presented in Appendix 2-AA.

2-Staff-16

System Renewal

Ref: EB-2015-0072, Exhibit 2, Appendix 2-A DSP, page 91

Preamble:

In its last DSP, Grimsby Power provided a table summarized its system renewal programs by asset category.

EB-2021-0027
Grimsby Power Inc. 2022 Cost of Service Application
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Level		2015	2016	2017	2018	2019	2020
Wood Poles	4 Units	28	44	111	150	155	177
	Unit Cost \$1,500	\$ 1,683	\$ 1,717	\$ 1,751	\$ 1,786	\$ 1,822	\$ 1,858
	Burden \$183	\$ -	\$ 49,985	\$ 60,858	\$ 89,639	\$ 125,376	\$ -
	Program Cost	\$ 46,619	\$ 126,068	\$ 254,869	\$ 356,791	\$ 407,964	\$ 329,416
Concrete Poles	4 Units	1	1	1	1	1	1
	Unit Cost \$2,000	\$ 2,244	\$ 2,289	\$ 2,335	\$ 2,381	\$ 2,429	\$ 2,478
	Burden \$244.0	\$ 2,468	\$ 2,518	\$ 2,568	\$ 2,619	\$ 2,672	\$ 2,725
	Program Cost	\$ 2,468	\$ 2,518	\$ 2,568	\$ 2,619	\$ 2,672	\$ 2,725
Pole Mounted Transformers	4 Units	1	1	1	1	1	1
	Unit Cost \$3,000	\$ 3,366	\$ 3,433	\$ 3,502	\$ 3,572	\$ 3,643	\$ 3,716
	Burden \$366.0	\$ 4,039	\$ 4,120	\$ 4,202	\$ 4,286	\$ 4,372	\$ 4,460
	Program Cost	\$ 4,039	\$ 4,120	\$ 4,202	\$ 4,286	\$ 4,372	\$ 4,460
Pad Mounted Transformers	4 Units	2	2	2	2	2	2
	Unit Cost \$6,000	\$ 6,000	\$ 6,120	\$ 6,242	\$ 6,367	\$ 6,495	\$ 6,624
	Burden \$732.0	\$ 10,800	\$ 11,016	\$ 11,236	\$ 11,461	\$ 11,690	\$ 11,924
	Program Cost	\$ 10,800	\$ 11,016	\$ 11,236	\$ 11,461	\$ 11,690	\$ 11,924
Meters	4 Units	229	229	229	229	229	229
	Unit Cost \$200	\$ 224	\$ 229	\$ 233	\$ 238	\$ 243	\$ 248
	Burden \$24.40	\$ 51,492	\$ 52,522	\$ 53,572	\$ 54,644	\$ 55,737	\$ 56,851
	Program Cost	\$ 51,492	\$ 52,522	\$ 53,572	\$ 54,644	\$ 55,737	\$ 56,851
Overhead Switches (direct from GPI)	2 Units	1	0	0	0	0	1
	Unit Cost \$28,000	\$ 31,416	\$ 32,044	\$ 32,685	\$ 33,339	\$ 34,006	\$ 34,686
	Burden \$3,416.0	\$ 31,416	\$ -	\$ -	\$ -	\$ -	\$ 34,686
	Program Cost	\$ 31,416	\$ -	\$ -	\$ -	\$ -	\$ 34,686
Padmount Switches (direct from GPI)	2 Units	0	0	1	0	0	0
	Unit Cost \$50,000	\$ 56,100	\$ 57,222	\$ 58,366	\$ 59,534	\$ 60,724	\$ 61,939
	Burden \$6,100.0	\$ -	\$ -	\$ 58,366	\$ -	\$ -	\$ -
	Program Cost	\$ -	\$ -	\$ 58,366	\$ -	\$ -	\$ -
UG Cable	4 Units	734	1223	3058	3058	3181	3425
	Unit Cost \$125	\$ 140	\$ 143	\$ 146	\$ 149	\$ 152	\$ 155
	Burden \$15.25	\$ 102,947	\$ 175,011	\$ 446,277	\$ 455,203	\$ 482,879	\$ 530,424
	Program Cost	\$ 102,947	\$ 175,011	\$ 446,277	\$ 455,203	\$ 482,879	\$ 530,424

Question(s):

- Please provide a table in the same format in Excel to summarize the actual program cost, quantities of work, and unit cost by asset category for each year over 2016-2021.
- Please provide a table in the same format in Excel to summarize the forecast program cost, quantities of work, and unit cost by asset category for each year over 2022-2026.

2-Staff-17

Pole Line Relocation due to Road Widening

Ref: Exhibit 2, Tab 3, Attachment 1, page 114 of 678

Preamble:

This project is pole line relocation due to a Metrolinx new Go train station. OEB staff notes that in 2018, a change in the delivery process was announced that a third-party agreement is required for the design and construction of the Go station, rather than Metrolinx as originally planned.

Question(s):

- a) Please explain if the Region of Niagara has announced any updates on the securing of a third-party partner.
- b) Please discuss if the uncertainty exists in the construction timeline of the new Go train station has any impacts on Grimsby Power's forecast for the pole line relocation project.

2-Staff-18

Pad Mounted Transformers

Ref: Exhibit 2, Tab 3, Attachment 1, page 121 of 678

Question(s):

- a) In the material investment summary for the replace pad mounted transformers project, Grimsby Power stated that it is planning to replace 5 single-phase and 1 three-phase pad mounted transformers per year over the forecast period. The Flagged for Action Plan produced by Kinectrics recommended 1 single-phase and 0 three-phase pad mounted transformers per year over the forecast period. Please provide the rationale of deviating from the Flagged for Action Plan.

2-Staff-19

Variance Analysis of Capital Expenditures

Ref: Exhibit 2, Tab 2, page 8 of 23

Preamble:

When comparing the planned vs. actual net capital expenditures over the 2016-2020 period, there was an overall underspending of approximately \$1,656k (17.4%).

Question(s):

- a) Please explain the overall variance between planned vs. actual capital expenditures by investment category (i.e., System Access, System Renewal, System Service, and General Plant) over the 2016-2020 period.
- b) Please describe any actions Grimsby Power plans to take to minimize future variances between planned and actual capital expenditures over the forecast period.

- c) Please identify if any material System Service and System Renewal projects planned for the historical period (2016-2020) were not completed, and the reasons why the associated projects were not completed.
- d) Regarding the 2021 net capital expenditures of \$2,238k, please explain how many months are actual vs. forecast. Does Grimsby Power have updated 2021 capital expenditures based on latest information? If so, please provide them in Appendix 2-AB format and indicate how many months are actual vs. forecast.

2-Staff-20

System Access

Ref: Exhibit 2, Tab 3, Attachment 1, page 89 of 678

Preamble:

Table 30 indicates that there was an underspend in System Access expenditures over the historical period, most of which is related to planned connections not materializing.

Question(s):

- a) Does the total underspend in System Access over the historical period represent a backlog of customer connections that will take place during the forecast period? (For example, was expected subdivision growth simply delayed rather than foregone?) If so, is this backlog accounted for in the planned expenditures for the forecast period?
- b) Please clarify on what basis certain System Access projects require capital contributions from customers and others do not.
- c) Please describe any actions Grimsby Power plans to take to minimize future variances between planned and actual system access expenditures over the forecast period.

2-Staff-21

Residential Expansion

Ref: Exhibit 2, Tab 3, Attachment 1, page 111 of 678

Question(s):

- a) Grimsby Power provided the planned customer attachments and load for each year over the DSP period. Please provide the agreements between Grimsby Power and the developer(s)/builder(s).

- b) Grimsby Power stated that “The main driver for this project is customer service requests. The Developer/Builder is building a new subdivision or townhouse complex requiring the installation of service. Infills have also been included as part of the Residential Expansions project.” Please explain how the forecast budget of \$660,249 for the 2022 test year was derived. Please provide all assumptions, data, and methodology. Please also distinguish the forecast costs on new subdivision/townhouse vs. infills.
- c) Appendix B of the Distribution System Code describes the methodology to determine capital contribution a distributor shall charge a customer to construct an expansion. Please explain how Grimsby Power calculate capital contributions from developers/builders. Please provide an example in Excel.

2-Staff-22

Defective Pole Replacements

Ref: Exhibit 2, Tab 3, Attachment 1, pp. 124-125 of 678

Preamble:

In the material investment summary for the defective pole replacements project, it was stated that:

On average, GPI estimates to replace approximately 109 poles per year over the forecast period.

Grimsby Power also noted that:

In the past 5 years, GPI has replaced approximately 20 poles, or 0.5%, of the total number of poles per year and it is targeting to increase that number to 75 poles, or 2.0%, of the total number of poles per year as per Asset Condition Assessment completed in Jan. 2019.

Question(s):

- a) Please explain the discrepancy between the target of 109 poles vs. 75 poles per year over the forecast period.
- b) Please explain how the forecast cost for the defective pole replacement program was derived (e.g., Did Grimsby Power rely on the historical unit cost information?).
- c) Does Grimsby Power plan to maintain or improve its reliability objectives with the implementation of its DSP?

2-Staff-23

Rear Lot Supply Relocation

Ref: Exhibit 2, Tab 3, Attachment 1, page 133 of 678

Question(s):

- a) In the material investment summary for the rear lot supply relocation project, Grimsby Power stated that there are no equivalent projects/programs over the historical period. Please explain how the forecast budgets of \$598,550 for 2022, \$298,000 for 2025 and \$315,000 for 2016 were derived. Please explain all assumptions, data and methodology utilized in the forecast.
- b) In Grimsby Power's service area, approximately how many houses/customers are currently served by rear lot overhead supply?
- c) Please explain the role that customer requests play in the decision to implement rear lot supply relocation projects.
- d) How many houses/customers will be transitioned to front-side underground supply in each of the years over the forecast period? How many houses/customers will remain on rear lot supply at the end of the forecast period, if any?
- e) Please explain the rationale for replacing rear lot overhead supply with underground supply instead of overhead supply.
- f) In the proposed relocation projects, are there any assets being replaced earlier than would otherwise be warranted by their conditions?
- g) Over the historical period (2016-2020), how many interruptions have been associated with existing rear lot supply infrastructure?
- h) Grimsby Power stated that "Operational costs (trouble calls, rear lot line clearing, plant replacement) are also expected to decrease with underground front yard supply." Is there any way to quantify the expected operational cost savings?

2-Staff-24

Health Index Results

Ref: Exhibit 2, Tab 3, Attachment 1, page 59 of 678

Preamble:

Grimsby Power provided its health index results summary in Table 19.

Question(s):

- a) Please indicate what steps are being taken to improve the low data availability indicator for the pad-mounted switchgear asset class.
- b) Please indicate what steps are being taken to address the data gaps at the component-level for pole mounted transformers, overhead lines and overhead switches and underground cables.
- c) Considering there is no component-level data for all the overhead asset groups and underground cables, please explain to what extent Grimsby Power relied on the condition assessment results on these asset groups for forecasting the associated renewal expenditures.

Exhibit 3 – Operating Revenue

3-Staff-25

Load Forecast

Ref: Load Forecast Model, Sheet: Power Purchase Model

Preamble:

Grimsby Power has included 2010 to 2020 historic data in its load forecasting model. The regression model was forecast using 2011 to 2020 historic data.

Question(s):

- a) Did Grimsby Power consider using the 2010 data in its load forecasting as an 11th historic year? If so, what were the results, if not, why not?

3-Staff-26

Load Forecast

Ref: Exhibit 3, page 28

Load Forecast Model, Sheet: Power Purchase Model

Preamble:

Grimsby Power has a forecast for the embedded distributor in cells R165:R176 at the referenced worksheet. This forecast is used to adjust both the predicted wholesale purchases and forecast the rate class consumption.

Question(s):

- a) Does this forecast include losses or exclude losses for the embedded distributor?
- b) Please explain why it is appropriate to use the same figure, either inclusive or exclusive of losses for both the rate class forecast, and its contribution to wholesale purchases.
- c) Please provide the consumption of the embedded distributor, both with, and without losses.

3-Staff-27

Embedded Distributor Forecast

Ref: Exhibit 3, page 28

Load Forecast Model, Sheet: Embedded Distributor

Preamble:

An Annual Growth Rate of 0.5% is used for both energy and demand. In addition, there is a Gross Up difference in demand between metered and billed. This has been decreasing each year from 2018 to 2020, both in absolute kW and in percentage.

Question(s):

- a) Please provide the rationale for the forecasted 0.5% growth rate in energy and demand.
- b) Please identify the cause of the gross up, and explain whether it would normally be related to overall embedded distributor demand.

3-Staff-28

Load Forecast adjustment

Ref: Exhibit 3, page 20

Load Forecast Model, Sheet: Customer Count

Preamble:

An adjustment for subdivisions is made consisting of 42 additional residential customers in 2021 and 337 additional residential, 2 additional GS < 50 and 2 additional GS > 50 connections in 2022.

Question(s):

- a) Please indicate how many connections were added each year due to subdivisions from 2016-2020, and so far in 2021.

3-Staff-29

Load Forecast

Ref: Load Forecast Model, Sheet: Purchases

Load Forecast Model, Sheet: Purchased Power Model

Preamble:

Grimsby Power indicates a quantity of power used by Wholesale Market Participants on the load forecast model, purchases worksheet. The quantity of energy purchased, without adjustment for wholesale market participants is used on the Purchased Power model worksheet.

Question(s):

- a) Does the energy on the Purchased Power Model, column D include energy purchased by wholesale market participants (except for energy purchased by the embedded distributor)?
- b) Does the resulting forecasted delivered energy by rate class include energy delivered for wholesale market participants? If so, which rate classes?
- c) Does Grimsby Power purchase power from embedded generators including FIT and microFIT? If so, is this energy included in the amount in the Purchased Power Model, column D?

Exhibit 4 – Operating Costs

4-Staff-30

2021 Actual

Ref: Appendix 2-JC

Question(s):

- a) Please provide the updated year to date actual OM&A costs for 2021 bridge year in Appendix 2-JC format. Please specify how many months are actual vs. forecast.

4-Staff-31
2016 Actual
Ref: Appendix 2-JC

Question(s):

- a) Please provide a variance analysis between the 2016 OEB-approved OM&A and the 2016 actuals.

4-Staff-32
Pension Plan
Ref: Exhibit 4, Tab 4, page 21 of 22

Question(s):

- a) Grimsby Power mentioned its employees are members of the Ontario Municipal Employees Retirement System under a contributory defined benefit pension plan. Please provide the contribution percentage from the employer and employees.
- b) Please discuss if Grimsby Power has explored any options that would result in a lower cost pension plan.

4-Staff-33
COVID-19 Impact
Ref: Exhibit 4, Tab 1, page 1 of 9

Question(s):

- a) Please confirm that Grimsby Power has not made any assumptions or inclusions for expenses related to COVID-19 in its 2021 and 2022 OM&A budgets. If not, please specify the impacts.
- b) Please confirm that Grimsby Power has not made any assumptions or inclusions for expenses related to COVID-19 in its 2021 and 2022 capital budgets. If not, please specify the impacts.

4-Staff-34
Review and Approval of Annual Budget
Ref: Exhibit 4, Tab 1, page 1 of 9

Question(s):

- a) Please specify if any changes were made to 2022 capital and OM&A budgets after management review.
- b) Please specify if any changes were made to 2022 capital and OM&A budgets after Board of Directors review.

4-Staff-35

Human Resource Requirements

Ref: Exhibit 4, Tab 2, page 8 of 16

Preamble:

Grimsby Power explained the need and costs related to four positions (Accounting Supervisor, Senior Customer Service Representative, Journeyman Lineman Apprentice, IT System & Communication Specialist) when describing OM&A cost drivers.

Question(s):

- a) Please clarify if any of these four positions is a temporary position. If so, please specify the planned term for the position.
- b) Please clarify when Grimsby Power has filled/planned to file each of these four positions.

4-Staff-36

Customer Service and Billing

Ref: Exhibit 4, Tab 3, page 11 of 17

Preamble:

In comparing the 2022 test year with 2020 actuals, Grimsby Power identified an increase of \$73,316 in labour costs in Customer Service and Billing.

Question(s):

- a) Please specify the increase in labour costs due to increases in wages.

4-Staff-37

Maintenance Poles, Towers and Fixture

Ref: Exhibit 4, Tab 3, page 15 of 17

Question(s):

- a) Please explain how the budget of \$138,259 in the maintenance poles, towers and fixture program for the 2022 test year was derived. Please provide assumptions, data and methodology utilized in the forecast.
- b) Please provide actual spending in the maintenance poles, towers and fixture program for each year over the 2016-2019 period.
- c) Compared to the 2016 OEB-approved level, Grimsby Power proposed an increase of approximately 351% in the poles, towers and fixture maintenance program for the 2022 test year, and an increase of approximately 664% in the pole replacement capital program. Please explain how Grimsby Power justified the trade-offs between capital and O&M.

4-Staff-38

Administration and Financial

Ref: Exhibit 4, Tab 3, page 16 of 17

Preamble:

In comparing the 2022 test year with 2020 actuals, Grimsby Power identified an increase of \$384,962 in labour costs in Administration and Financial.

Question(s):

- a) Please specify the increase in labour costs due to changes in staffing level.
- b) Please specify the increase in labour costs due to increases in wages.

4-Staff-39

Summary of Positions

Ref: Exhibit 4, Tab 4, page 11 of 22

Question(s):

- a) There is a net increase of two FTEs from the 2016 OEB-approved level to the 2022 forecast in the Engineering department, please explain the need and cost for these two positions.
- b) Please explain why the net increase of approximately six FTEs from 2020 actuals to the 2022 forecast are reasonable.

4-Staff-40

Salary and Benefits

Ref: Exhibit 4, Tab 4, page 15 of 22

Question(s):

- a) Please specify the wage and benefit increase assumptions used for management staff for the 2021 and 2022 budgets.
- b) Please specify wage and benefit increase assumptions used for union staff for the 2021 and 2022 budgets.

4-Staff-41

Corporate Performance Measures and Metrics

Ref: Exhibit 4, Tab 4, page 20 of 22

Question(s):

- a) Please provide the corporate objectives for the 2022 test year and actual performance results for each year over the 2016-2020 period.
- b) Regarding the “% Weighted Completion of Budgeted Capital Projects Items” measure, please explain whether it is a measure based on quantity of work or capital expenditures.
- c) Please provide an example to explain how the “% Weighted Completion of Budgeted Capital Projects Items” measure is calculated.
- d) In light of the OEB’s Activity and Program Based Benchmarking Initiative, has Grimsby Power considered including cost efficiency and effectiveness measures to track unit cost information for its main OM&A and capital programs/projects?

4-Staff-42

Wages Benchmarking

Ref: Exhibit 4, Tab 4, page 21 of 22

Preamble:

Grimsby Power stated that it has utilized the annual MEARIE Group-Management Salary Survey of local distribution companies for the management wages calculation.

Question(s):

- a) Please explain which positions were reviewed in the survey.
- b) Please provide Grimsby Power's benchmarking results for each of the reviewed positions.
- c) Please explain why job rates are established to target the P50th percentile for small utilities with less than 20,000 customers.

4-Staff-43
System O&M
Ref: Appendix 2-AB

Question(s):

- a) Please explain drivers for the consistent underspending in System O&M over the 2017-2020 period.
- b) Please describe any actions Grimsby Power plans to take to minimize future variances between planned and actual system OM&A expenditures over the forecast period.

4-Staff-44
Customer Service Expenses
Ref: Appendix 2-JB

Question(s):

- a) There is an increase of \$51,430 in Customer Service Expenses in 2022 budget from 2016 OEB-approved level, please explain drivers for the increase.

4-Staff-45
Wages and Benefits
Ref: Appendix 2-JB

Question(s):

- a) Please provide the cost of wages and benefits included in the 2016 OEB-approved OM&A of \$3,134,546.
- b) Please provide the cost of wages and benefits included in the 2020 actual OM&A of \$3,539,965.

4-Staff-46

Customers/FTEs

Ref: Appendix 2-L

Preamble:

When comparing the number of customers and FTEs between the 2020 actuals and the 2022 test year, OEB staff notes a forecasted increase of 3.6% in the number of customers while an increase of 40% in the number of FTEs.

Question(s):

- a) Please discuss how Grimsby Power justifies the misalignment in the forecasted increases between number of customers and number of FTEs.
- b) Please discuss how customers can benefit from the proposed increases in FTEs.

4-Staff-47

LRAMVA

Ref: Tab 1 of LRAMVA Workform
DVA Continuity Schedule

Preamble:

The total LRAMVA balance in the LRAMVA workform is a debit balance of \$105,501. The total claim amount for LRAMVA balance in the DVA Continuity Schedule is a debit balance of \$105,995.

Question(s):

- a) Please confirm the LRAMVA disposition requested in this application is a total balance of \$105,501, comprised of \$99,683 (principal) and \$5,818 (carrying charges) as calculated in the LRAMVA workform.
- b) If necessary, please update the evidence to ensure that the LRAMVA balance and resulting rate riders reflect the balance calculated in the LRAMVA workform.

Exhibit 5 – Cost of Capital and Capital Structure

5-Staff-48

Long-term Debt

Ref: Exhibit 5, Tab 1, page 7 of 10

Preamble:

Grimsby Power stated that it is requesting to recover the cost of long-term debt at a rate of 2.68% for the 2022 test year.

Question(s):

- a) Please confirm the requested long-term debt rate was 2.73% per Table 5-5.
- b) Please confirm the debt rate for the promissory note will be updated in accordance with the OEB-issued long-term debt rate for 2022 rates.

Exhibit 7 – Cost Allocation

7-Staff-49

Weighting Factors

Ref: Exhibit 7, pages 1-2

Cost Allocation Model, sheet I9 Direct Allocation

Preamble:

The services weighting factor for the GS < 50 kW rate class has been set at 3.14 (reflecting a cost 3.14 times as much as Residential). Grimsby power has provided explanations as to why this cost is higher for GS < 50 than Residential.

Grimsby power has provided explanations for the Services weighting factors.

The direct allocation for the Embedded Distributor includes a direct allocation for Account 5315.

Question(s):

- a) Please provide the derivation of the 3.14 weighting factor or explain how this number was arrived at.
- b) Please provide the derivation of the services weighting factors.
- c) Please detail which costs are included in the direct allocation of Account 5315 to the Embedded Distributor, which are included in the derivation of the services weighting factor for this rate class, and confirm that there is no double counting of costs.

7-Staff-50

Load Profiles

Ref: Exhibit 7, Tab 1, page 5

Preamble:

Grimsby Power indicates that it has based its load profiles on the same information provided by Hydro One that it has used in its previous rate applications, and not updated its load profiles to reflect recent smart meter and interval meter information.

Grimsby notes that it intends to follow the OEB's guidance on acceptable methodologies for updating cost allocation load profiles.

OEB staff notes that it's not clear how prescriptive any filing requirements will be regarding approved methodologies.

Question(s):

- a) Please confirm that Grimsby Power will begin to collect smart meter and interval meter data either now, or shortly after the conclusion of this proceeding so that it has the data available to implement whatever methodology it determines most appropriate at the time of its next rebasing application.
- b) Please confirm that Grimsby Power will update its load profiles at the next rebasing application whether that takes the form of following filing requirements, a methodology used by other distributors, or one of its own design.

Exhibit 8 – Rate Design

8-Staff-51

Retail Transmission Service Rates

Ref: RTSR Workform

Preamble:

On June 25, 2021 the OEB issued the RTSR workform for 2022 rate applications.

Question(s):

- a) Please file an updated RTSR workform ensuring that both the historic wholesale and retail volumes are consistent with 2020 actuals.

8-Staff-52

Rate Class Definition

Ref: Exhibit 8, Tab 5 pages 1-2

Preamble:

Grimsby is proposing to amend the definition of its GS < 50 kW and GS 50 – 4,999 kW rate classes such that the boundary is based on the average peak demand, rather than the highest peak demand. It indicates that this will result in reclassification of the smallest GS 50 – 4,999 customers into the GS < 50 kW rate class.

Question(s):

- a) Were the affected customers consulted regarding the proposed change, and if so, how did they respond?
- b) Please provide the rationale for the proposed changes to the rate class definitions.
- c) Please provide a sample bill impact reflecting full impact of the rate application on a typical customer that would be reclassified by this proposal.
- d) If a customer taking power over 750 volts were to drop below 50 kW average, which rate class would apply?

Exhibit 9 – Deferral and Variance Accounts

9-Staff-53

LRAMVA

Ref: Exhibit 9, Page 5

Exhibit 9, Page 9

DVA Continuity Schedule

Preamble:

On page 5, Grimsby Hydro stated that LRAMVA balance and interest were adjusted within the DVA Continuity Schedule. An adjustment of (\$26,676) for the principal amount and an adjustment of \$1,391 for the interest were included in the DVA Continuity Schedule. Grimsby Power stated that these two adjustments were made to have the amount of principal and interest as December 31, 2020 coincide with the 2022 LRAM work form. On page 9, Grimsby Power stated that it adjusted the lost revenue for 2020 to reflect participation and cost reports from the IESO.

Question(s):

- a) Please provide some further explanation on the nature of the adjustments and why they are needed.

9-Staff-54

GA Analysis

Ref: Exhibit 9, Tab 1, page 23 of 27
GA Analysis Workform

Preamble:

In Exhibit 9, Grimsby Power indicated that the unresolved difference between the GL and the GA Analysis Workform was \$64,364. In the GA Analysis Workform, the unresolved difference shown in tab "GA2020" cell C92 is \$101,940.

Question(s):

- a) Please explain the difference between the unresolved differences referenced above.
- b) Please quantify the reconciling item "Impact of GA deferral" (cell C83) in the GA Analysis Workform as explained in item 5 of the Instructions for Completing GA Analysis Workform – 2022 Rates.

9-Staff-55

Account 1592

Ref: Exhibit 9, Tab 1, page 10

Preamble:

Grimsby Power is proposing that account 1592 is discontinued after disposition of (\$169,193).

Question(s):

- a) Please explain why Grimsby Power is proposing to discontinue a generic account.

9-Staff-56

Account 1518 and 1548

Ref: Exhibit 9, Tab 1, page 21

Preamble:

Grimsby Power provided the balances to be disposed for accounts 1518 and 1548 and stated that the balances are as of December 31, 2020, plus interest to December 31, 2022.

Question(s):

- a) Please confirm the interest were calculated up to December 31, 2021 and not 2022 as mentioned above.
- b) Please confirm whether Grimsby Power is able to forecast the principal balances for accounts 1518 and 1548 up to December 31, 2021 with reasonable accuracy.
 - i. If so, please provide the 2021 transactions forecasted
 - ii. Please discuss Grimsby Power's position on the notion of disposing the forecasted balance and discontinuing the accounts effective January 1, 2022. If Grimsby Power agrees with disposition of a forecasted balance to the end of 2021, please update the DVA Continuity Schedule in the 2020 principal adjustment column to include the 2021 transactions.

9-Staff-57

Income before Taxes

Ref: Exhibit 4, Tab 9, page 1

Revenue Requirement Workform

Preamble:

In Exhibit 4, Grimsby Power states that the utility income before taxes is \$268,205. The Revenue Requirement workform shows \$966,360 as the utility income before taxes.

Question(s):

- a) Please confirm that the reference to the utility income before taxes in Exhibit 4, Tab 9, page 1 is a typo. If not, please explain.

9-Staff-58

Account 1509

Ref: Exhibit 9, Tab 1, page 8 of 30

Exhibit 1, Tab 3, page 23 of 28

Preamble:

Grimsby Power is proposing to dispose the balance of account 1509 - Impacts Arising from the COVID-19 Emergency in the amount of \$80,199. The Report of the OEB: Regulatory Treatment of Impacts Arising from the COVID-19 Emergency (the Report), was released dated June 17, 2021. The Report summarizes on pages 2 and 3 the rules and operations of Account 1509. Included in that summary are the following:

- The OEB will adopt a means test for recovery.
- The means test will be based on a utility's achieved regulatory return on equity (ROE) compared to its OEB-approved ROE less 300 basis points (bps). Recovery will be anchored to this ROE-based means test (i.e., no greater than the lower end of the dead band of 300 bps from a utility's approved ROE).
- The net amounts recorded in the Account are subject to a 50% recovery rate.
- The OEB will apply a separate set of rules for the costs necessary to comply with government or OEB-initiated programs aimed at providing relief to customers which is referred to as the Exceptional Pool. Those costs are eligible for a 100% recovery rate and are subject to an approved ROE plus 300 bps means test.
- For those utilities that intend to submit claims for recovery, both costs and savings are to be recorded in the Account and presented on a net basis.

Question(s):

- a) Please provide an update on Grimsby Power's proposal for the Account 1509 sub-accounts in consideration of the rules for the account set out in the Report and update the evidence as necessary. For any aspects of Grimsby Power's proposal that deviates from the Report, please explain why Grimsby Power believes the deviation to be appropriate.
- b) In Exhibit 1, Grimsby Power calculated the ROE for the years 2016-2019. Please file the ROE for 2020 calculated prior to making any entries into Account 1509 as specified in the OEB's Report.
- c) Given Grimsby Power is seeking disposition of the 1509 sub-accounts, please:
 - i. provide the supporting calculations of the annual sub-account balances, broken down into categories, as appropriate, and the amount for disposition after applying the applicable recovery rate.
 - ii. provide discussion on the applicable aspects of the Report, such as interim/final disposition and rationale for it, causation, materiality, prudence, calculation of incremental costs and savings, etc.

- d) At the first reference above, Grimsby Power is requesting the continuance of account 1509 throughout this rate-setting term. Please explain if Grimsby Power has embedded the COVID-19 related impacts into the 2022 revenue requirement. If not, please explain why not.

9-Staff-59

Account 1592

Ref: Exhibit 9, Tab 1, page 10 of 30

Preamble:

Grimsby Power is requesting disposition of \$169,193, comprised of a \$165,205 principal balance and \$3,988 in interest. Grimsby Power did not explain how the revenue requirement impacts are calculated and the percentage of sharing with ratepayers in Exhibit 9.

Question(s):

- a) Please explain whether the amount calculated in Account 1592 is based on actual additions in the year or approved capital additions from Grimsby Power's last rebasing application and provide justification for the approach taken.
- b) Please provide the calculation for the Account 1592 entries in 2018 and 2019 on both of the following bases:
 - i. The difference in CCA between the calculations embedded in Grimsby Power's rates and what that calculation would have been had the AIIP rules been applied in its last rebasing application (i.e. based on approved capital additions)
 - ii. The difference in CCA between the amounts claimed in 2018 and 2019 and what the claims would have been had the AIIP program not been introduced (i.e., based on actual capital additions in the year).
- c) Please confirm that Grimsby Power is proposing to dispose 100% of the revenue requirement impacts to customers.

9-Staff-60

PILs

Ref: PILs Workform, Tab H4, Schedule 4

Preamble:

At the reference above, cell G14 Grimsby Power states the Non-Capital Loss Carry forward Deduction was \$748,421. The Non-Distribution portion of this amount was \$458,212 or 61%.

Question(s):

- a) Please explain how the non-distribution portion of the historical loss carry-forward was calculated.