

October 5, 2021

VIA RESS AND EMAIL

Ms. Christine Long
Registrar
Ontario Energy Board
PO Box 2319
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

**RE: EB-2021-0027 - Grimsby Power Inc. 2022 Rate Application
Niagara Peninsula Energy Inc. Interrogatories**

Dear Ms. Long:

In accordance with Procedural Order No. 1, please find attached Niagara Peninsula Energy Inc.'s ("NPEI's") interrogatories in the above-noted proceeding.

NPEI has submitted a pdf version of the interrogatories via the Board's Regulatory Electronic Submission System ("RESS"). In accordance with the Board's Digitization Program Announcement, issued on June 23, 2020, NPEI has not provided hard copies.

If there are any questions, please contact Suzanne Wilson at (905) 353-6004, or Suzanne.Wilson@npei.ca.

Yours truly,
NIAGARA PENINSULA ENERGY INC.



Suzanne Wilson, CPA, CA
Senior Vice-President, Finance

Cc: Applicant and Intervenors (by email)

**Niagara Peninsula Energy Inc. (“NPEI”) Interrogatories
2022 Electricity Distribution Rates Application
Grimsby Power Inc.
EB-2021-0027
October 5, 2021**

Exhibit 7 – Cost Allocation

7-NPEI-1

References:

- 1. GPI_2022 Cost Allocation Model_20210908**
- 2. Grimsby_DRO_Detailed CA Model Run4_20160914 (GPI’s 2016 COS Rate Application - EB-2015-0072)**

NPEI has compiled the following table of costs that have been allocated to the Embedded Distributor rate class in GPI’s current application, as well as the Board-approved final CA model in GPI’s previous COS Rate Application (EB-2015-0072).

Costs Allocated to the Embedded Distributor Rate Class				
Acct #	Account Name	2016 Final CA Model	2022 CA Model Proposed	Difference (2022 Model vs 2016 Model)
	Directly Allocated Assets			
1805	Land	59,997	59,997	-
1808	Buildings and Fixtures	502,474	508,586	6,112
1815	Transformer Station Equipment - Normally Primary above 50 kV	3,736,789	3,925,465	188,676
2105	Accum. Amortization of Electric Utility Plant - Property, Plant, & Equipment	(903,924)	(1,345,626)	(441,701)
1995	Contributions and Grants - Credit	(1,218,270)	(1,218,270)	-
	Directly Allocated Net Fixed Assets	2,177,065	1,930,152	(246,913)
	Directly Allocated Expenses			
5005	Operation Supervision and Engineering	7,978	-	(7,978)
5010	Load Dispatching	28,668	36,024	7,356
5012	Station Buildings and Fixtures Expense	8,558	11,308	2,750
5014	Transformer Station Equipment - Operation Labour	-	1,894	1,894
5015	Transformer Station Equipment - Operation Supplies and Expenses	23,615	34,672	11,058
5112	Maintenance of Transformer Station Equipment	18,276	25,410	7,134
5315	Customer Billing	-	4,320	4,320
5705	Amortization Expense - Property, Plant, and Equipment	97,115	106,692	9,578
	Directly Allocated Expenses	184,210	220,321	36,112
	Approved Total PILs	3,795	21,417	17,622
	Approved Total Return on Debt	46,664	37,035	(9,628)
	Approved Total Return on Equity	94,408	77,168	(17,240)
	Total Direct Allocation (Agrees to Row 36 on Sheet O1)	329,075	355,941	26,866
	Allocated on Sheet O4			
5070	Customer Premises - Operation Labour	1	2	1
5075	Customer Premises - Materials and Expenses	0	1	0
5305	Supervision	-	119	119
5315	Customer Billing	-	887	887
5320	Collecting	-	40	40
5330	Collection Charges	-	2	2
5340	Miscellaneous Customer Accounts Expenses	-	1	1
5605	Executive Salaries and Expenses	10,163	12,662	2,499
5610	Management Salaries and Expenses	22,213	21,195	(1,019)
5615	General Administrative Salaries and Expenses	10,166	20,917	10,751
5620	Office Supplies and Expenses	2,319	2,523	204
5630	Outside Services Employed	3,088	6,292	3,204
5635	Property Insurance	3,834	4,576	742
5645	Employee Pensions and Benefits	343	725	381
5655	Regulatory Expenses	4,591	5,698	1,107
5660	General Advertising Expenses	616	430	(186)
5665	Miscellaneous General Expenses	4,906	5,241	335
5675	Maintenance of General Plant	3,059	8,797	5,739
6105	Taxes Other Than Income Taxes	2,884	3,498	614
6205-1	Sub-account LEAP Funding	360	427	67
	Total Expenses (Agrees to Row 34 on Sheet O1)	68,543	94,034	25,491
	Revenue Requirement (Agrees to Row 40 on Sheet O1)	397,618	449,975	52,357

- Please confirm that the table above is correct. If not confirmed, please provide a corrected version of the above table.
- Please confirm that GPI's invoice to NPEI each month is generated from GPI's accounting system, not GPI's CIS system.

- c) Please provide the details of the costs to prepare and issue monthly invoices to NPEI (amount by USOA account) that have been included in the 2022 Test Year.
- d) Please provide the details of GPI's calculation of the \$4,320 in Account 5315 Customer Billing that has been directly allocated to the Embedded Distributor rate class in the current CA Model, given that the Embedded Distributor class is also allocated a portion of Billing and Collection Accounts 5305-5340 on Sheet O4.

7-NPEI-2

References:

1. GPI_2022 Cost Allocation Model_20210908
2. Grimsby_DRO_Detailed CA Model Run4_20160914 (GPI's 2016 COS Rate Application - EB-2015-0072)

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Sheet I5.2 Weighting Factors Worksheet -

	1	2	3	7	9	10
	Residential	GS <50	GS 50 to 4,999 kW	Street Light	Unmetered Scattered Load	Embedded Distributor
Insert Weighting Factor for Services Account 1855	1.0	3.1	0.0	0.0	0.0	0.0
Insert Weighting Factor for Billing and Collecting	1.0	1.0	7.4	1.5	0.9	22.3

EB-2015-0072

Sheet I5.2 Weighting Factors Worksheet -

	1	2	3	7	9	10
	Residential	GS <50	General Service 50 to 4,999 KW	Street Light	Unmetered Scattered Load	Embedded Distributor
Insert Weighting Factor for Services Account 1855	1.00	3.14	-	-	-	-
Insert Weighting Factor for Billing and Collecting	1.00	1.02	9.62	15.05	11.19	0.00106360

- a) Please provide details of the calculation of the Billing and Collecting Weighting Factor for the Embedded Distributor rate class of 22.3 in Sheet I5.2 Weighting Factors of GPI's 2022 CA Model.
- b) Please confirm that the Billing and Collecting Weighting Factor for the Embedded Distributor rate class in GPI's final 2016 CA Model is 0.00106360. Please explain the large increase in the Billing and Collecting Weighting Factor for the Embedded Distributor rate class from 0.00106360 in the 2016 CA Model to 22.3 the 2022 CA Model.

7-NPEI-3

References:

- 1. GPI_2022 Cost Allocation Model_20210908**
- 2. Exhibit 7, Tab 1, page 7 of 8**
- 3. Grimsby_DRO_Detailed CA Model Run4_20160914 (GPI's 2016 COS Rate Application - EB-2015-0072)**

NPEI has compiled the following table of allocators from Sheet E2 Allocators in GPI's 2022 CA Model and the Board-approved final CA model in GPI's previous COS Rate Application (EB-2015-0072) for the allocator types that include an allocation to the Embedded Distributor rate class.

Explanation	ID and Factors	2016 CA Model - Embedded Distributor %	2022 CA Model - Embedded Distributor %
CUSTOMER ALLOCATORS			
Billing Data			
kWh	CEN	0.00%	22.66%
kW	CDEM	42.99%	45.76%
kWh - Excl WMP	CEN EWMP	0.00%	0.00%
Dollar Billed	CREV	5.50%	7.90%
Bad Debt 3 Year Historical Average	BDHA	0.00%	0.00%
Late Payment 3 Year Historical Average	LPHA	0.00%	0.00%
Number of Bills	CNB	0.01%	0.01%
Number of Connections (Unmetered)	CCON	0.00%	0.00%
Embedded Distributor	ED	100.00%	100.00%
CDM Participant Percentage	CDMPP	0.00%	0.00%
Total Number of Customer	CCA	0.01%	0.01%
Subtransmission Customer Base	CCB	0.00%	0.00%
Primary Feeder Customer Base	CCP	0.00%	0.00%
Line Transformer Customer Base	CCLT	0.00%	0.00%
Secondary Feeder Customer Base	CCS	0.00%	0.00%
Weighted - Services	CWCS	0.00%	0.00%
Weighted Meter -Capital	CWMC	0.00%	0.00%
Weighted Meter Reading	CWMR	0.00%	0.00%
Weighted Bills	CWNB	0.00%	0.17%
CUSTOMER ALLOCATORS - Composite			
CUSTOMER 1815-1855	1815-1855 C	0.00%	0.00%
CUSTOMER 1808	1808 C	0.00%	0.00%
CUSTOMER 1815	1815 C	0.00%	0.00%
CUSTOMER 1820	1820 C	0.00%	22.66%
CUSTOMER 1815 & 1820	1815 & 1820 C	0.00%	22.66%
CUSTOMER 1830	1830 C	0.00%	0.00%
CUSTOMER 1835	1835 C	0.00%	0.00%
CUSTOMER 1830 & 1835	1830 & 1835 C	0.00%	0.00%
CUSTOMER 1840	1840 C	0.00%	0.00%
CUSTOMER 1845	1845 C	0.00%	0.00%
CUSTOMER 1840 & 1845	1840 & 1845 C	0.00%	0.00%
CUSTOMER 1850	1850 C	0.00%	0.00%
CUSTOMER 1855	1855 C	0.00%	0.00%
CUSTOMER 1860	1860 C	0.00%	0.00%
Composite Allocators			
Net Fixed Assets	NFA	10.45%	7.99%
Net Fixed Assets Excluding Capital Contribution	NFA ECC	12.65%	10.99%
5005-5340	O&M	4.79%	5.03%
Account Setup	Acct	4.79%	5.03%
Access to Poles	POLE	0.00%	0.00%
5005-6225	OM&A	2.22%	2.39%
Net Fixed Assets Excluding Direct Allocation	NFAEXDA	0.00%	0.00%
Net Fixed Assets Excluding Capital Contribution	NFA ECCEXDA	0.00%	0.00%

- a) Please confirm that the table above is correct. If not confirmed, please provide a corrected version of the above table.
- b) The allocators that include an allocation to the Embedded Distributor rate class in the 2022 CA Model, that did not include an allocation to the Embedded Distributor rate class in the final 2016 CA Model are highlighted in the table above. In reference 2), GPI indicates that it proposes to apply the same cost allocation methodology that was used in its 2016 COS Rate Application. Please provide the rationale for the change in allocation methodology for the highlighted allocators.
- c) Please explain the basis for the other allocators. Specifically, please explain the change in the OM&A allocator in the table above from 2.22% in the 2016 CA Model to 2.39% in the 2022 CA Model.

7-NPEI-4

References:

- 1. GPI_2022 Cost Allocation Model_20210908**
- 2. Exhibit 7, Tab 1, page 7 of 8**

- a) Please provide the details of the calculation of the Account 1815 amount of \$3,925,465 that has been directly allocated to the Embedded Distributor rate class (Sheet I3 TB Data, cell G137) in GPI's 2022 CA Model.
- b) In reference 2), GPI indicates that 40% of the costs related to the Niagara West MTS have been allocated to the Embedded Distributor rate class. The forecast 2022 total cost in Account 1815 (Sheet I3 TB Data, cell D137) is \$7,986,258. Please explain why the amount directly allocated to the Embedded Distributor rate class in Account 1815 (Sheet I3 TB Data, cell G137 of \$3,925,465) does not equal $\$7,986,258 * 40\% = \$3,194,503$.

7-NPEI-5

References:

- 1. GPI_2022 Cost Allocation Model_20210908**
- 2. Exhibit 7, Tab 2, Table 7-8**

GPI is proposing a Revenue-to-Cost Ratio of 116.24% for the Embedded Distributor rate class, versus a 2016 Board Approved Revenue-to-Cost Ratio of 100.0%.

- a) Please provide a 2022 Revenue Requirement Workform Model, based on the scenario where the Revenue-to-Cost Ratio for the Embedded Distributor rate class is set to 100.0%.

7-NPEI-6

References:

1. GPI_2022 Cost Allocation Model_20210908
2. Grimsby_DRO_Detailed CA Model Run4_20160914 (GPI's 2016 COS Rate Application - EB-2015-0072)

NPEI has compiled the following tables of Operations and Maintenance costs, and General and Administrative costs, where a portion has been allocated to the Embedded Distributor rate class in GPI's current application, as well as the Board-approved final CA model in GPI's previous COS Rate Application (EB-2015-0072).

Operations and Maintenance Costs

Account #	2016 Final CA Model	2022 CA Model Proposed	\$ Difference	% Difference
5010	71,671	90,060	18,389	25.7%
5012	21,396	28,270	6,874	32.1%
5014	19,944	4,735	(15,209)	-76.3%
5015	59,036	86,681	27,645	46.8%
5112	45,690	63,526	17,836	39.0%
Total	217,737	273,272	55,535	25.5%

General and Administrative Costs

Per Sheet O1 Allocated to Embedded Distributor Class	2016 Final CA Model	2022 CA Model Proposed	\$ Difference	% Difference
General and Administration (ad)	68,541	92,981	24,440	35.7%

- a) Please confirm that the tables above are correct. If not confirmed, please provide corrected versions of the above tables.
- b) Please explain the 25.5% increase in Operations and Maintenance costs relating to Niagara West TS between 2016 Board Approved and the 2022 Test Year.
- c) Please provide the details of the 2022 Proposed Operations and Maintenance costs in each of the USoA accounts in the first table above. Please identify which costs are incurred annually and which costs are cyclical in nature.
- d) Please explain the increase of 35.7% between 2016 Board Approved and the 2022 Test Year in General and Administration costs that are allocated to the Embedded Distributor rate class.

Exhibit 8 – Rate Design

8-NPEI-7

References:

- 1) Exhibit 8, Tab 5, Attachment 8-5-2 Proposed Tariff of Rates and Charges**
 - 2) Tariff Schedule and Bill Impact Model, Sheet 5 Final Tariff Schedule**
- a) The proposed Tariff of Rates and Charges includes two Rate Rider for Disposition of Deferral/Variance Accounts lines for the Embedded Distributor Rate Class. Please indicate which Deferral and Variance account balances the proposed rate rider of \$0.3570 relates to (i.e. Group 1, Group 2 etc.), and which Deferral and Variance account balances the proposed rate rider of \$0.0445 relates to (i.e. Group 1, Group 2 etc.). Please update the Final Tariff of Rates and Charges to include the descriptions for each rate rider.
 - b) The Rate Riders for Disposition of Deferral/Variance Accounts for the Embedded Distributor rate class in the proposed Tariff of Rates and Charges both show a unit of “\$/kWh”. Please confirm that the unit for both rate riders should be “\$/kW.” If confirmed, please correct the rate rider unit on the Final Tariff of Rates and Charges.
 - c) The Rate Riders for Disposition of Deferral/Variance Accounts for the Embedded Distributor rate class in the proposed Tariff of Rates and Charges do not indicate an Effective Date. Please provide the proposed Effective Dates of the rate riders. Please update the Final Tariff of Rates and Charges to include the Effective Dates for each rate rider.

8-NPEI-8

References:

- 1) Exhibit 8, Tab 5, Table 8-16 Bill Impact Summary**
- 2) Tariff Schedule and Bill Impact Model, Sheet 6 Bill Impacts**

Table 8-16 in Exhibit 8 shows a total proposed average monthly bill impact for the Embedded Distributor rate class of \$12,474.43 or 1.8%.

- a) Please confirm that, in the calculations for the Embedded Distributor average monthly bill impact in Sheet 6 Bill Impacts of the Tariff Schedule and Bill Impact Model:
 - i. WMS charges are missing from both the current average bill and proposed average bill.
 - ii. RRRP charges are missing from the proposed average bill.

If confirmed, please provide a corrected average monthly bill impact for the Embedded Distributor rate class.

- b) Please indicate the source of the average kW and kWh billing determinants used in the calculation of the proposed average monthly bill impact for the Embedded Distributor rate class (i.e. 14,000 kW and 4,500,000 kWh per month).
- c) Please provide an average monthly bill impact for the Embedded Distributor rate class where the average monthly kW and kWh billing determinants are based on GPI's proposed 2022 Load Forecast for the Embedded Distributor rate class.

8-NPEI-9

References:

- 1) **Exhibit 8, Tab 2, Section 2.1 Rate Design Policy**
- 2) **Cost Allocation Model, Sheet O2 Fixed Charge Floor Ceiling**

GPI is proposing to maintain a 50%/50% Fixed/Variable split for the Embedded Distributor rate class, consistent with their 2016 COS Rate Application.

The proposed 2022 monthly service charge ("MSC") for the Embedded Distributor rate class is \$21,531.07, which is above the current approved 2021 MSC of \$17,333.83 and above the Minimum System with PLCC Adjustment charge from the CA model of \$129.94.

Section 2.8.1 of the OEB's *Filing Requirements for Electricity Distribution Rate Applications - 2021 Edition for 2022 Rate Applications – Chapter 2 Cost of Service* issued June 24, 2021 states:

"If a distributor's current fixed charge for any non-residential class is higher than the calculated ceiling, there is no requirement to lower the fixed charge to the ceiling, nor are distributors expected to raise the fixed charge further above the ceiling for any non-residential class."

- a) Please explain the rationale for proposing a 2022 MSC for the Embedded Distributor rate class that is above the current approved 2021 MSC and the Minimum System with PLCC Adjustment charge from the 2022 CA model.

Exhibit 9 – Deferral and Variance Accounts

9-NPEI-10

References:

- 1) **Exhibit 9, Tab 1, Table 9-8**
- 2) **GPI_2022_DVA_Continuity_Schedule_CoS_20210730**

Table 9-8 in Exhibit 9 and Sheet 4. Billing Determinants of the 2022 DVA Model include billing determinants for the Embedded Distributor Rate Class of 58,660,344 kWh.

- a) Please indicate whether or not the 58,660,344 kWh includes losses.