



PUBLIC INTEREST ADVOCACY CENTRE
LE CENTRE POUR LA DÉFENSE DE L'INTÉRÊT PUBLIC

October 5, 2021

VIA E-MAIL

Christine E. Long
Board Secretary and Registrar (registrar@oeb.ca)
Ontario Energy Board
Toronto, ON

Dear Ms. Long:

**Re: EB-2021-0027 – Grimsby Power Inc. - January 1, 2022 Cost of Service Rates
Interrogatories of the Vulnerable Energy Consumers Coalition (VECC)**

Please find attached the interrogatories of VECC in the above-noted proceeding. We have also directed a copy of the same to the Applicant.

Yours truly,

Mark Garner
Consultants for VECC/PIAC

Email copy:
Amy La Selva, Regulatory & Customer Accounts Supervisor
amyl@grimsbypower.com

Michael Buonaguro, Counsel
mrb@mr-b-law.com

1.0 ADMINISTRATION (EXHIBIT 1)

1.0-VECC-1

Reference: Exhibit 1, Tab 3, page 19

- a) Please update the tables Total Cost per Customer and Total Cost per Km of Line to include 2020 results.

1.0-VECC-2

Reference: Exhibit 1, Tab 3, page 26

Table 1-5: OEB 2019 Scorecard – Geographical Benchmarking Cohort

Distributor	New Services Connected on Time (Target: 90%)	Scheduled Appointments Met on Time (Target: 90%)	Telephone Calls Answered on Time (Target: 65%)	Billing Accuracy (Tar: 98%)	SAIFI	SAIDI	Efficiency Assessment	\$/Customer	\$/Km of Line	ROE: Deemed	ROE: Achieved
Grimsby Power Incorporated	100.00%	100.00%	90.24%	100	3.44	5	1	594	10,029	9.19%	10.39%
Canadian Niagara Power Inc.	93.27%	100.00%	79.73%	100	2.00	3.01	4	893	16,421	8.78%	5.84%
Niagara Peninsula Energy Inc.	93.57%	99.50%	84.67%	99	1.63	2.03	3	786	13,712	9.30%	4.73%
Niagara-on-the-Lake Hydro Inc.	100.00%	100.00%	86.80%	100	0.38	0.5	3	758	19,676	8.98%	14.38%
Welland Hydro-Electric System Corp.	94.82%	93.16%	88.90%	100	2.41	1.71	2	512	24,714	8.78%	10.44%

- b) GPI's SAIDI and SAIFI results are significantly worse than surrounding utilities who presumably face similar weather incidents. What are the reasons for this? Specifically, has GPI compared its outages due to equipment failure to these surrounding utilities? If so please provide those results.

1.0-VECC-3

Reference: Exhibit 1, Tab 3, Attachment 1, Business Plan, page 17

Preamble: *Grimsby Power will improve reliability compared to historic performance levels. These performance levels include the average number of hours and times that power to a customer is interrupted. Grimsby Power will remain below the current 1.36 with regard to the duration of outages and below 1.07 for the frequency of outages.*

- a) How were the Business Plan metrics of 1.36 and 1.07 chosen?
b) What are the consequences of not meeting or exceeding these objectives?

1.0-VECC-4

Reference: Exhibit 1, Tab 3, page 17 / Attachment 1, Business Plan, page 18

- a) GPI was only able to achieve on average 81.6% of its planned capital expenditures (page 17). Had the Utility achieved 100% of the capital expenditures as planned would this have changed its cohort standing?

1.0-VECC-5

Reference: Exhibit 1, Tab 4, Attachment 1,

- a) How many customers (by customer class) does GPI currently have load limiters applied to?

2.0 RATE BASE (EXHIBIT 2)

2.0-VECC -6

Reference: Exhibit 2, Appendix 2-AB/ pages 4-

- a) GPI's actual capital spending between the years 2016 and 2020 was over 18% lower than that projected in the prior distribution system plan (DSP). It is only by the end of 2021 that GPI will have spent the monies projected in the 2016-2020 DSP.
 - i. Please outline which projects were not undertaken as anticipated during that period and the reasons why they were not completed.
 - ii. Please describe what were the repercussions for Utility management in both failing to meet capital spending objectives and having a decline in reliability as measured by SAIDI and SAIFI over the rate plan.
- b) Over the prior rate period, including 2021, Grimsby spent (or will have spent) an average of \$2.081 million per year. For both 2022 and the remaining years of the new DSP the Utility spending on capital will be significantly in excess of this amount at \$2.8 million.
 - i. Please explain why there is a significant increase in annual spending and the major driver for this annual increase
 - ii. Given the Utility's past performance showing it unable or unwilling to complete spending projected in the prior DSP what changes have been made that would indicate that the current plan proposals will be achieved?

2.0-VECC -7

Reference: Exhibit 2, Tab 1, page 19

- a) Please update Appendix 2-BA 2021 Fixed Asset Continuity Schedule to show actual 2021 additions to date.

2.0-VECC -8

Reference: Exhibit 2, Appendix 2-AA

- a) Please update Appendix 2-AA to show the 3rd quarter results for both 2020 and 2021.

2.0-VECC -9

Reference: Exhibit 2, Appendix 2-AA

- a) Please explain how the capital contribution forecast of 423k was calculated.
b) Please provide the forecast capital contribution for each of the projects listed under System Access (Appendix 2-AA) in 2022.

2.0-VECC -10

Reference: Exhibit 2, Tab2, page 20

	2017 Historical Year	2018 Historical Year	2019 Historical Year	2020 Historical Year	2021 Bridge Year	2022 Test Year
Lineman's Expenses	\$ 187,584	\$ 211,392	\$ 208,068	\$ 197,992	\$ 197,696	\$ 236,646
Truck Expenses	\$ 98,872	\$ 142,765	\$ 149,032	\$ 173,812	\$ 189,497	\$ 192,610
Total OM&A Before Capitalization (B)	\$ 286,456	\$ 354,157	\$ 357,100	\$ 371,805	\$ 387,193	\$ 429,256

Capitalized OM&A	2017 Historical Year	2018 Historical Year	2019 Historical Year	2020 Historical Year	2021 Bridge Year	2022 Test Year	Directly Attributable?
Employee Benefits	\$ 62,924	\$ 94,217	\$ 109,137	\$ 83,672	\$ 79,296	\$ 113,722	Yes
Fleet Cost	\$ 51,483	\$ 71,675	\$ 85,335	\$ 68,255	\$ 71,146	\$ 58,498	Yes
Total Capitalized OM&A (A)	\$ 114,406	\$ 165,892	\$ 194,473	\$ 151,927	\$ 150,442	\$ 172,220	
% of Capitalized OM&A (=A/B)	39.94%	46.84%	54.46%	40.86%	38.85%	40.12%	

- a) Please update Tables 2-26 and 2-27 to include the 2016 historical year.

2.0-VECC -11

Reference: Exhibit 2, Attachment 1, DSP, page 59

- a) Please show the forecasted (or DSP objective goal) Average Health Index i.e., Table 19/Figure 18) at the end of the proposed DSP.
b) Please explain why GPI does not use a health index outcome measure as a metric of the success (or failure) of its DSP.

2.0-VECC -12

Reference: Exhibit 2, Attachment 1, DSP, page 67

- a) Are the costs of the Distribution System Plant Inspections and Ground Level Maintenance inspections expensed or capitalized (or a combination of both)?
- b) Are the Off-Road High Voltage Line Inspections costs capitalized or expensed (or a combination of both)?

2.0-VECC -13

Reference: Exhibit 2, Appendix 2-AA

- a) GPI forecast spending \$258,550 on rear lot conversion in 2021. How much has been spent to date on these conversions.
- b) Please identify the location of these conversions and the number of customers who service line has been converted.

2.0-VECC -14

Reference: Exhibit 2, Attachment 1, DSP, page 45, 133

- a) GPI proposes to embark on significant spending (in excess of \$1 million) for rear-lot plant replacements over the term of the DSP. Yet the main body of the DSP provides no background or details for this program. Please provide the following:
 - i. The location and number of customers affected in each year of the replacement program.
 - ii. The cost-benefit analysis supporting overhead to underground replacement showing the cost differential and expected reliability benefits as between the two types of plant replacement.
 - iii. Correspondence showing that GPI has sought from the local municipal authority permission to move its plant to either overhead or underground. Specifically, please provide the correspondence which shows GPI is prohibited from providing overhead service and if prohibited what appeal process there is to that decision.
 - iv. Please provide the customer engagement which was undertaken both showing the cost differential in different types of plant replacement and the areas/customers who would be affected.
 - v. Please provide the outage history for the planned back-yard replacement areas for the past five years.
 - vi. Please provide the reference in the Kinectrics 2018 Asset Condition

- Assessment which supports or recommends the replacement of rear lot plant.
- vii. Please provide the specific metric or measure that will be used to assess the level of success of this program.

2.0-VECC -15

Reference: Exhibit 2, Attachment 1, DSP, page 45, 133

- a) GPI proposes to embark on a significant spending in pole replacements over the course of the rate plan period. The body of the DSP contains no rationale for this project and no specific details.
- i. Is the significant increase in “defective pole” replacement based on finding in the Kinectrics 2018 Asset Condition? If yes, please explain how this asset condition differed from the last ones and what accounts for the extraordinary high degradation rate over the past 5 years in pole condition.
 - ii. Is this project the replacement of single poles, multiple poles in a single location or complete circuits/lines?
 - iii. Please show the number of poles replaced in each year under the Plan for (a) singular replacement; (b) multiple poles replaced in a single location; (c) line or circuit replacement with fully dressed poles.
 - iv. Please provide the specific metric that will be used to judge the level of success of this program at the end of the rate plan period.

2.0-VECC -16

Reference: Exhibit 2, Appendix 2-AA / Tab 3, Attachment 1, page 111

- a) Please explain why residential expansions do not attract a contribution in aid of construction from developers?
- b) Please explain how the number of infill services (25) was calculated.
- c) Please explain what “Legacy” services refers to.
- d) For the following projects shown in Project ID SA-001 please provide an update of their construction status:
- i. 27 John Street townhouse development;
 - ii. 3 & 84 Slessor Blvd;
 - iii. 709-721 Winston Rd,
- Specifically, address whether all municipal approvals have been provided and whether the developer has begun construction or pre-construction work.

2.0-VECC -17

Reference: Exhibit 2, Attachment 1, DSP, page 45, 133

- a) For the CNR Pole Line Replacement please clarify the length of line that is being replaced and its start and end location by crossroad or geographic (e.g., Casablanca to Kerman etc.).
- b) Does this line lie within the transmission corridor of Hydro One? Please explain more specifically where the line is being relocated to.

2.0-VECC -18

Reference: Exhibit 2, Tab 3, Attachment 1 2018 Kinectrics ACA, page 237

**Table 3 Ten
Year Flagged
for Action Plan**

Asset Category		Flagged for Action Plan by Year									
		1	2	3	4	5	6	7	8	9	10
Station Transformers		0	0	0	0	0	0	0	0	0	0
Station Circuit Breakers		0	0	0	0	0	0	0	0	0	0
Poles	Wood	143	109	109	109	109	109	109	109	43	44
	Concrete	3	3	3	2	2	2	2	1	1	1
Pole Mounted Transformers	1 Phase	3	3	4	4	4	5	5	5	6	6
	2 Phase	0	0	0	0	0	0	0	0	0	0
	3 Phase	0	0	0	0	0	0	0	0	0	0
OH Lines *	1 Phase	4	3.7	3.4	3.3	3	2.6	2.5	2.4	2.3	1.9
	2 Phase	0	0	0	0	0	0	0	0	0	0
	3 Phase	3	2.7	2.6	2.4	2.3	2	1.6	1.6	1.6	1.2
OH Switches	1 Phase	0	0	0	0	0	0	0	0	0	0
	3 Phase	4	3	4	4	4	4	4	4	4	3
Pad Mounted Transformers	1 Phase	2	2	2	2	1	1	1	1	1	1
	3 Phase	0	0	0	0	0	0	0	0	0	0
Pad Mounted Switchgear		0	0	0	0	0	0	0	0	0	0
Underground Cables *	1 Phase	2.1	1.8	1.7	1.8	1.5	1.3	2	2	1.9	2
	2 Phase	0	0	0	0	0	0	0	0	0	0
	3 Phase	0	0	0	0	0	0	0	0	0	0

* by length (km)

* Year 0 = 2018, year 1 = 2019, year 2 = 2020 ... etc.

- a) With reference to the above table shown in the Kinectrics 2018 ACA please show the actual (columns 1-3), test year in progress (column 4); and forecast DSP plan (columns 5-8) GPI asset replacements.

2.0-VECC -19

Reference: Exhibit 2, Tab 1, pages 24-25
Exhibit 8, Tab 3, pages 3-4

- a) With respect to the determination of the Low Voltage costs included in the Working Capital calculation, please explain why the 2022 LV rates for the various rate classes used in Exhibit 2 do not match those proposed in Exhibit 8.
- b) With respect to the determination of the Low Voltage costs included in the Working Capital Calculation, please explain why the 2022 LV rates used in Exhibit 2 for the GS 50-4,999 and Street Light classes are different for RPP vs. non-RPP customers.
- c) Please confirm (per the Bill Impact Model) that the LV billing determinants are not adjusted for losses when determining a customer's bill.
- d) With respect to the determination of the Low Voltage costs included in the Working Capital Calculation, please explain why the total 2022 Residential kWh used in Exhibit 2 do not match those used in Exhibit 8.
- e) With respect to the determination of the Low Voltage costs included in the Working Capital Calculation, please explain why the total costs used in Exhibit 2 (\$530,623) do not match those used in Exhibit 8 (\$478,224).

3.0 OPERATING REVENUE (EXHIBIT 3)

3.0-VECC -20

Reference: Exhibit 3, Tab 1, page 4

Preamble: *"Grimsby Power is proposing a modification to the definitions of a General Service < 50 kW and General Service 50 to 4,999 kW rate classes such that customers are considered General Service <50 kW if their average peak demand is less than 50 kW. Under the current definition, customers that exceed 50 kW in any month are classified as General Service 50 to 4,999 kW customers."*

- a) Please clarify how the average peak demand will be determined (e.g., is the averages based on a calendar year, is it based on a rolling 12 months, or calculated in some other manner?).
- b) Over the period 2011-2020 how many customers in either the GS<50 or GS 50-4,999 classes were reclassified to the alternate GS class and then reclassified back to their original class – based on the current definitions.
- c) If the proposed definition had been in place starting in 2011 how many customers in either the GS<50 or GS 50-4,999 classes would have been reclassified to the alternate GS class and then reclassified back to their original class over the 2011-2020 period?

3.0-VECC -21

Reference: Exhibit 3, Tab 1, pages 4 and 8

Preamble: The Application states (page 4): *“For the purposes of developing the load forecast, historic customer, load, and demand data for the customers that were General Service 50 to 4,999 kW customers but will be General Service < 50 kW customers in the future have been restated as if those customers were General Service < 50 kW customers since 2011.”*

The Application states (page 8): *“The increase in consumption per General Service < 50 kW customer has increased as a result of the change in the definition of the rate classes. The increase in consumption per General Service 50 to 4,999 kW customer is a result of the addition of two large customers in the bridge year and the rate class definitions.”*

- a) With respect to the referenced statement from page 8, what are the points comparison that GPI is using when referring to an increase in consumption per GS<50 customer?
- b) How can the change in definition of the rate classes be the reason for the GS<50 per customer increase when, per page 4, the same definition has been used for all of the historic years and forecast years?
- c) Similarly, with respect to the referenced statement from page 8, what points of comparison is GPI using when referring to an increase in consumption per GS 50-4,999 customer?
- d) How can the change in definition of the rate classes be a reason for the GS 50-4,999 per customer increase when, per page 4, the same definition has been used for all of the historic years and forecast years?

3.0-VECC -22

Reference: Exhibit 3, Tab 1, page 10
Load Forecast Model, Purchases Tab
Exhibit 2, page 24

Preamble: The Application states: “The dependent variable is system purchases, excluding embedded distributor purchases, plus cumulative CDM. Cumulative CDM is then removed from predicted purchases.”

- a) Please confirm that the system purchases values used as the dependent variable also include purchases for local generators and the requirements of any wholesale market participants served by GPI, with the later adjusted for losses.

- b) Is the Embedded Distributor a wholesale market participant?
- c) Excluding the Embedded Distributor how many wholesale market participants does GPI serve and what rate class(es) are they in? As part of the response, please indicate if any of the new GS customers (per page 20) are expected to be wholesale market participant.
- d) If any of GPI's customers (including the Embedded Distributor) are wholesale market participants, please explain how the cost of power calculation in Exhibit 2 has been adjusted to exclude their electricity requirements.

3.0-VECC -23

Reference: Exhibit 3, Tab 1, page 11

Preamble: The Application states: *"Grimsby Power considered a range of HDD and CDD base temperatures from 10°C to 20°C to analyze the weather variables that most closely predict total system purchases. HDD and CDD variables with a base of 16°C were found to be the most predictive."*

- a) Were the appropriate base values for HDD and CDD tested separately or did the analysis assume that HDD and CDD would have the same "base value"?

3.0-VECC -24

Reference: Exhibit 3, Tab 1, page 12

Load Forecast Model, Economic Tab, Purchase Power Model Tab and Purchase Power Model (WN) Tab

- a) The Economic Tab of the Load Forecast Model sets out a number of economic-related variables, none of which are used as an independent variable in the proposed load forecast model. Did GPI test the impact of including any of these variables in the load forecast model? If yes, which ones and why were they rejected for inclusion in the final model?
- b) There does not appear to be any variable included in the load forecast model to account for the impact of the economic downturn in 2020 due to the COVID-19 pandemic. Did GPI consider the need for such a variable and, if yes, why was one not included?
- c) Why is the Embedded Distributor included in the customer count variable when Embedded Distributor usage is excluded from the dependent variable?

3.0-VECC -25

Reference: Exhibit 3, Tab 1, page 18
Load Forecast Model, Rate Class Energy Model Tab

- a) The Application states that the historical class for the period 2016-2020 of 4.56% was used to determine billed load. However, in the Load Forecast Model it appears a value of 4.43% was used. Please reconcile and indicate what GPI considers to be the appropriate value.
- b) What was the average historic loss factor for the 2011-2020 period?

3.0-VECC -26

Reference: Exhibit 3, Tab 1, pages 19-20
Load Forecast Model, Customer Count Tab

Preamble: The Application states: *“Generally, the factor resulting from the geometric mean analysis from 2011 to 2020 is applied to the 2020 customer/connection numbers to determine the forecast of customer/connections in 2021”.*

- a) In the Customer Count Tab, the geometric mean analysis from 2011-2020 is used for all customer classes except Residential where the analysis is based on 2015-2020. Please explain why a different period is used for the Residential Class.

3.0-VECC -27

Reference: Exhibit 3, Tab 1, pages 20 and 23-24
Load Forecast Model, Customer Count Tab

Preamble: The Application states (page 20): *“The subdivision is forecast to add 42 Residential customers in 2021, 337 Residential customers in 2022, 2 General Service < 50 kW customers in 2022, and 2 General Service 50 to 4,999 kW customers in 2022”.*

The Application states (page 23): *“One of the two new large customers completed construction in 2021 and has had relatively steady consumption in 2021”.*

- a) Please provide the customer/connection counts for each class as of the end of June 2021 and July 2021. As part of the response please indicate how many of the customers are associated with the new subdivision.
- b) Please provide an update as to the expected overall number of Residential customer additions in 2021 and expectations for 2022 as a result of the new subdivision.
- c) With respect to the two new large industrial customers, the 2022 customer count for the GS 50-4,999 class has been increased by 1.1 (Table 3-18).

This number was calculated (see Load Forecast model) by assuming that both customers are added in 2022. However, according the Application, one of them came into service in 2021 and will be part of the customer count for all of the months in 2022. Wouldn't this result in a higher increase in the class' customer count for 2022 than 1.1?

3.0-VECC -28

Reference: Exhibit 3, Tab 1, pages 21 and 23-24
Load Forecast Model, Rate Class Energy Model Tab and
New >50 Customers Tab

Preamble: The Application states (page 21): *"The most recent consumption per customer volumes are used as a first approximation of forecast consumption per customer in 2021 and 2022, however, consumption in 2020 is not typical for some rate classes due to the COVID-19 pandemic so consumption per customer volumes in 2019 are used as the starting point for the Residential, General Service < 50 kW and General Service 50 to 4,999 kW rate classes. The volumes used are provided in Table 3 - 14".*

The Application states (page 23): *"The additional growth has been added from two sources: new developments and two large General Service 50 to 4,999 kW customers that are materially increasing consumption demand in the test and bridge years. The forecast of consumption from the new developments is calculated by multiplying Forecast Annual Consumption per customer from Table 3-14 by the average number of customers added from the class".*

The Application states (pages 23-24): *"One of the two new large customers completed construction in 2021 and has had relatively steady consumption in 2021. Consumption and demand for the remaining months of 2021 and all of 2022 are assumed to be equal to average consumption and demand from January to June 2021. A certain level of consumption is included in the purchases forecast, so the amount of consumption and demand added is net of the customer's typical historic consumption."*

- a) With respect to the referenced statement from page 21, please confirm that 2019 consumption per customer/connection was also used as the "starting point" for the other customer classes.
- b) Please confirm that for the Residential and GS<50 customers added due to the new developments the consumption per customer was based on actual 2019 usage and was not weather normalized.

- c) With respect to the one new customer that completed construction in 2021, the Application states that “consumption and demand for the remaining months of 2021 and all of 2022 are assumed to be equal to average consumption and demand from January to June 2021”. However, in the Load Forecast model the monthly usage post June 2021 is calculated as a rolling average of the values for the previous 6 months. Please reconcile and indicate which of the two approaches GPI proposes to use.
- d) Please explain why GPI considers that there is already a certain level of consumption for the each of the new GS 50-4,999 customers built into the purchase power forecast.

3.0-VECC -29

Reference: Exhibit 3, Tab 1, page 30

- a) Are the historical Embedded Distributor kW values used to calculate the forecast demand actual or weather normalized values?
- b) If actual, what would be the resulting forecast if based on weather normalized values calculated by applying the actual kW/kWh ratio to the weather normalized kWh values for each year?

3.0-VECC -30

Reference: Exhibit 3, Tab 3, pages 2 and 6

Preamble: The Application states (page 6): *“The increase in revenue in the 2022 Test year is primarily due to an increase in revenue for pole rentals and Government and Other Assistance Directly Credited to Income.”*

The Application also states (page 6): *“In the 2022 Test Year there is also \$7,000 higher revenue from late payment charges as the impact of the COVID-19 pandemic starts to subside”.*

- a) It is noted that the forecast 2022 revenue from late payment charges is still lower than that received in the years prior to 2020. Please provide more details on the basis for the 2022 forecast.
- b) What is the reason for the increase in 2022 revenue from Government and Other Assistance Directly Credited to Income?

4.0 OPERATING COSTS (EXHIBIT 4)

4.0 -VECC -31

Reference: Exhibit 4, Tab 4, page 11

- a) Please clarify the increase in positions in Engineering from 2 to 3 between 2021 and 2022 and the increase in Executives as between 2020 and 2021. Specifically, which one of these positions is Director of Engineering and Operations and what is the title of the other position?

4.0 -VECC -32

Reference: Exhibit 4, Tab 2, pages 13- /9-

- a) Please clarify if the IT System and Communication Specialist is being hired to implement GPI's Cyber Security plans.
b) Has this position been hired?
c) Please provide the job description for this position.
d) Please provide the total (including labour) incremental annual costs (as compared to 2016) for the new cyber security protocols.

4.0 -VECC -33

Reference: Exhibit 4, Tab 3, pages 4-

Preamble: Operations with respect to NW MTS are currently contracted to third-party service providers. GPI's intent is to slowly migrate some of these services to GPI staff as training and knowledge of the station is increased.

Table 4-14

Summary of Transformer Station Niagara West MTS

2016 OEB Approved to 2022 Test Year

Programs	Details	Last Rebasings Year (2016 OEB-Approved)	2020 Actuals	2022 Test Year	Variance (Test Year vs. 2020 Actuals)	Variance (Test Year vs. Last Rebasings Year (2016 OEB-Approved))
OPERATIONAL EFFECTIVENESS						
Transformer Station	Load Dispatching	71,671	104,237	90,060	(14,177)	18,389
	Operating Expenses	52,122	73,738	84,683	10,945	32,561
	Maintenance Expense	45,690	55,042	63,526	8,484	17,836
	Insurance	25,000	24,165	28,387	4,222	3,387
	Property Tax	7,500	9,459	10,092	632	2,592
Sub-Total		201,983	266,641	276,748	10,107	74,764

- a) Are any FTE's included in Appendix 2-K for the service providers contracted to maintain NW MTS? If yes, please provide the number of FTEs.

- b) Has GPI developed a business plan to bring MTS service in-house? If yes, what are the expected savings (or costs) for that change.

4.0 -VECC -34

Reference: Exhibit 4, Tab 3, page 11

- a) Please breakdown the \$167,804 in incremental Customer Service and Billing costs into labour related and non-labour related components.

4.0 -VECC -35

Reference: Exhibit 4, Tab 3, pages 15-

Preamble: *The 2022 Test Year balance of \$321,026 is \$131,916 higher than 2016 Board Approved amount of \$189,110. The primary driver for higher costs relates to pole maintenance and costs associated with the maintenance of OH Conductors and Devices.*

- a) GPI proposes a significant increase in pole replacement as part of its 5-year DSP. At the same time, the Utility is projecting a significant increase in pole and line maintenance costs. Please explain why pole and line maintenance are not decreasing if the stock of assets is being significantly renewed over the next 5 years.

4.0 -VECC -36

Reference: Exhibit 4, Tab 4, page 19

Table 4-26 /Short Term Incentive Split

GPI's Position Description	Corporate Performance %	Individual Performance %
President and CEO	75	25
Director of Engineering and Operations	50	50
Director of Finance	50	50
Operations Supervisor	50	50
Regulatory and Customer Accounts Supervisor	50	50
Accounting Supervisor	50	50
IT/Communication Specialist	25	75
Executive Assistant	25	75

- a) Are the eight positions listed in this table the same 8 positions listed in Appendix 2-K as Management (including executive)?
b) Are all these positions currently filled?

4.0 -VECC -37

Reference: Exhibit 4, Tab 6, page 2

- a) Table 4-38 does not indicate the procurement method for MEARIE products. Please clarify the services and products provided and the procurement method used to purchase those services.
- b) When was the last time GPI tendered for any of these insurance services?
- c) Please provide the MEARIE related premiums for each of 2016 through 2022 (forecast).

4.0 -VECC -38

Reference: Exhibit 4, Tab 6, page 2

- a) Is GPI a member of the Electricity Distributors Association? If yes, please provide the annual association fees for 2016 through 2022.

4.0 -VECC -39

Reference: Exhibit 4, Tab 6, page 4

Table 4-39

Regulatory Costs specific to the 2022 Cost of Service

Cost of Service Expense	Amount
Legal	\$ 40,000
Customer Engagement	\$ 12,676
Consultant	\$ 150,000
DSP	\$ 75,000
Intervenor and OEB Cost	\$ 120,000
Miscellaneous	\$ 2,324
TOTAL	\$ 400,000
Amortized over 5 Years	\$ 80,000

- a) Please provide the amounts incurred to date for these one-time application related costs.
- b) Are any of the application costs shown in the table included as costs in the 2020 or 2021 OM&A costs shown in Appendices 2-JA or 2-JC?
- c) Is the 80k included as part of 2022 OM&A costs in Appendices 2-JA and (under Regulatory Costs) in 2-JC.

- d) Please clarify what the 150k in consulting cost relates to.
- e) Is the 80,000s GPI a member of the Electricity Distributors Association? If yes, please provide the annual association fees for 2016 through 2022.

5.0 COST OF CAPITAL AND RATE OF RETURN (EXHIBIT 5)

5.0-VECC-40

Reference: Exhibit 5, Tab 1, page 2

Preamble: *In order to maintain the flexibility for the future, GPI maintained a reasonable debt. Operating with a reasonable debt/equity will provide GPI's flexibility to access the credit facility in case it is needed for a large investment.*

- a) Interest rates are at historically low values. GPI is underleveraged. Why is it not the most prudent course of action to borrow long-term now to finance the larger capital program anticipated in the DSP?
- b) What is the current long-term interest rate that GPI believes it could borrow \$3-4 million?

5.0-VECC-41

Reference: Exhibit 5, Tab 1,

Performance Outcomes	Performance Categories	Measures	2016	2017	2018	2019
Financial Performance	Financial Ratios	ROE: Deemed (included in rates)	9.19%	9.19%	9.19%	9.19%
		ROE: Achieved	2.39%	10.92%	8.45%	10.39%

- a) Please provide GPI's return on equity for 2020.

6.0 CALCULATION OF REVENUE DEFICIENCY/SURPLUS (EXHIBIT 6)

N/A

7.0 COST ALLOCATION (EXHIBIT 7)

7.0-VECC-42

Reference: Exhibit 7, Tab 1, pages 6-8
Cost Allocation Model, Tabs I7.1 and I7.2
EB-2015-0072, Responses to 7-Staff-42 and 7-EP-44

Preamble: The Application states: *"Grimsby Power proposes to apply the same methodology used in the 2016 Settlement Agreement in this application. The allocation includes 40% of costs related to the Niagara West MTS to the Embedded Distributor class, a direct allocation of a very small portion of billing & collecting associated with invoicing the Embedded Distributor and an allocation of expenses that are allocated by the O&M allocator"*.

- a) Please describe the GPI owned assets used to service the Embedded Distributor (including the relevant USOA they are included in).
- b) Please confirm that the meter ownership and reading responsibilities continue to be as outlined in 7-Energy Probe-44 from EB-2015-0072.
- c) Please confirm that the assignment of the capacity of the Niagara West MTS continues to be as set out in the response to 7-Staff-42 from EB-2015-0072.
- d) Please itemize the USOA accounts for which Miscellaneous Revenues are allocated to the Embedded Distributor and explain why it is reasonable for the Embedded Distributor to be allocated a share of these revenues.
- e) Given the Embedded Distributor is allocated a portion of the General and Administrative expenses, would it not be appropriate to allocate the Embedded Distributor a portion General Plant as this provides the infrastructure supporting the staff whose costs are included in General and Administrative expenses?

7.0-VECC-43

Reference: Exhibit 7, Tab 1, pages 1-2

Preamble: The Application states: *"For Street Lighting, Unmetered Scattered Load and Embedded Distributor classes Grimsby Power does not have assets in account 1855 associated with these classes which causes the assigned weighting factor to be set at 0.0"*.

- a) Are there services assets associated Street Lighting or USL that are included in another USOA account and, if yes, which account and what are the dollar values?

7.0-VECC-44

Reference: Exhibit 7, Tab 1, pages 2-3
EB-2015-0072, DRO Cost Allocation Model, Tab I5.2

Preamble: The Application states:
"In determining the weighting factors for Billing and Collecting, an analysis of Accounts 5305 – 5340, was conducted".
In the EB-2015-0072 DRO Cost Allocation Model the Billing and Collecting weighting factors were:

Insert Weighting Factor for Billing and Collecting

Residential	GS <50	General Service 50 to 4,999 KW	Street Light	Unmetered Scattered Load	Embedded Distributor
1.00	1.02	9.62	15.05	11.19	0.00106360

- Please provide copy of the analysis undertaken to determine the Billing and Collecting weighting factors for this Application.
- Please explain the reasons for the material change in the Billing and Collecting weighting factors from those used in EB-2015-0072.

7.0-VECC-45

Reference: Cost Allocation Model, Tabs I6.2 and I8

- Do all GS 50-4,999 customer that own their transformer also own the secondary assets on the customer side of the transformer?
- If yes, why in Tab I6.2, is the GS 50-4,999 customer count for Secondary Customer Base (94) greater than the customer count for Line Transformer Base?
- If yes, why in Tab I8 is the GS 50-4,999 4NCP value for Secondary Customer greater than the 4NCP value for Line Transformer?

8.0 RATE DESIGN (EXHIBIT 8)

8.0-VECC-46

Reference: Exhibit 8, Tab 2 page 2
Cost Allocation Model, Tabs O1 and O2
EB-2015-0072, DRO Cost Allocation Model, Tabs O1 and O2

Preamble: In the EB-2015-0072 DRO Cost Allocation Model the Customer Unit Cost per month – Minimum System PLCC were:

Summary

Customer Unit Cost per month - Minimum System with PLCC Adjustment

1	2	3	7	9	10
Residential	GS <50	General Service 50 to 4,999 KW	Street Light	Unmetered Scattered Load	Embedded Distributor
\$15.84	\$24.32	\$204.49	\$2.56	\$61.38	\$0.55

- a) The Customer Unit Cost per month – Minimum System PLCC value for the USL rate class in the current Cost Allocation Model is \$12.87. Can GPI explain the significant change in the Customer Unit Cost per month – Minimum System PLCC value for the USL rate class from that derived in EB-2015-0072?
- b) Please provide a schedule that for each rate class (except Residential) set outs the following based on EB-2015-0072 and based on the current Application:
 - i. The Customer Unit Cost per month – Minimum System PLCC value
 - ii. The number of customers/connections
 - iii. The total costs allocated to the class (per Tab O1)
 - iv. The total miscellaneous revenues allocated to the class (per Tab O1)
 - v. Total allocated costs less miscellaneous revenues (Item (iii)-Item (iv))
 - vi. The product of Items (i) and (ii)
 - vii. The percentage Item (vi) represents of Item (v).

8.0-VECC-47

Reference: Exhibit 8, Tab 3, page 3

Preamble: The Application states: *“Forecasted low voltage charges of \$478,224 from Hydro One for 2022 have been allocated to each rate class based on the proportion of proposed retail transmission connection revenue collected from each class. The 2022 Test Year Low Voltage expense of \$480,000 has been estimated based on 2020 charges paid to Hydro One, adjusted to \$472,224 to account for charges rounded to the fourth decimal”.*

- a) Please clarify whether the forecast LV charges for 2022 are \$478,224 or \$472,224.
- b) The 2020 LV charges from Hydro One are reported as \$464,993 (per page 3). Please provide schedule that sets out how the 2022 forecast charges of were derived from this value.

8.0-VECC-48

Reference: Exhibit 8, Tab 4, page 1

Load Forecast Model, Power Purchases Tab

- a) Please reconcile the wholesale delivered kWh used in Table 8-12 with the purchased power values in the Load Forecast Model.

DEFERRAL AND VARIANCE ACCOUNTS (EXHIBIT 9)

9.0 –VECC -49

Reference: Exhibit 9, Tab 1, page 7

- a) We are unclear as to how the balance of \$95,745 was calculated. In Appendix 2-M (Regulatory Cost Schedule) the amount of \$30,064 is shown as the amount estimated in 2016 for the OEB Annual Assessment (this is the same as was filed in Schedule 2-M in the prior cost of service application EB-2015-0072). The most current actuals for 2020 show Board assessment costs of \$29,400 indicating that the value built into rates is slightly higher than the actual OEB invoiced costs. If this is correct please explain how a debit value of over \$95k accrued over the rate plan period.
- b) If the annual assessment costs in Appendix 2-M are incorrect please provide the actual OEB annual assessment costs for each year 2016 through 2020.

9.0 –VECC -50

Reference: Exhibit 9, Tab 1, page 8

- a) Please explain how the lost revenues arising from COVID-19 or \$732 was calculated.
- b) For the Other incremental costs please describe these costs and differentiate any costs which would meet the “exceptional pool” definition provided by the Board in its Report of June 17, 2021.

End of document