



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

BY EMAIL

November 29, 2021

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

Dear Ms. Long:

Re: EB-2021-0057 Application for 2022 Rates

In accordance with Procedural Order #1, please find attached the Ontario Energy Board (OEB) staff interrogatories in the above proceeding. The applicant and intervenors have been copied on this filing.

Sioux Lookout Hydro Inc.'s responses to interrogatories are due by December 13, 2021.

Any questions relating to this letter should be directed to Katherine Wang at katherine.wang@oeb.ca or at 416-440-7619. The Board's toll-free number is 1-888-632-6273.

Yours truly,

Original Signed By

Case Manager
Incentive Rate Setting & Regulatory Accounting

Encl.

**OEB Staff Interrogatories
Sioux Lookout Hydro Inc.
EB-2021-0057**

Please note, Sioux Lookout Hydro Inc. (Sioux Lookout Hydro) is responsible for ensuring that all documents it files with the OEB, including responses to OEB staff interrogatories and any other supporting documentation, do not include personal information (as that phrase is defined in the *Freedom of Information and Protection of Privacy Act*), unless filed in accordance with rule 9A of the OEB's *Rules of Practice and Procedure*.

OEB staff has made the following generic updates in Sioux Lookout Hydro's Rate Generator Model and attached them to these interrogatories:

- Updated the IPI Inflation Factor to 3.30%¹ in Tab 16 and Tab 17-Retail Service Charges
- Updated the Ontario Electricity Rebate in Tab 20 to 17% (as of November 1, 2021)
- Applied a 0% Inflation Factor for the Wireline Pole Attachment Charge in Tab 17

OEB Staff-1

Ref: (i) LRAMVA Workform, Tab 1 (LRAMVA Summary)
(ii) IRM Rate Generator Model, Tab 3 (Continuity Schedule)

There is a discrepancy in the Total LRAMVA balance to be disposed of in the following schedules:

- Cell H22 and Cell R85 of Tab 1 of the LRAMVA Workform (\$22,928)
- Cell G43 of Tab 1 of the LRAMVA Workform (\$16,898)
- Applicant Manager's Summary (\$16,902)
- Cell BT46 of Tab 3 of the IRM Rate Generator Model (\$17,020)

Please confirm the LRAMVA balance to be disposed and update Tab 1 of the LRAMVA Workform with details and calculations to arrive at the LRAMVA balance. Please also provide any necessary updates to the IRM Rate Generator Model.

OEB Staff-2

Ref: (i) LRAMVA Workform, Tab 3 (Distribution Rates)

¹ 2022 inflation factor established in the Decision and Order issued on November 18, 2021, EB-2021-0212

(ii) Draft Rate Order (EB-2018-0066)

Distribution Rates per Tab 3 of current LRAMVA Workform could not be reconciled to the Draft Rate Order for EB-2018-0066 for the following classes:

- GS > 50 to 4,999 kW
- Streetlighting

Please explain the difference and how the values were calculated. Where necessary, please update Tab 3 of the LRAMVA Workform with the corrected values.

OEB Staff-3

Ref: LRAMVA Workform, Tab 4 (2011-2014 LRAM)

Net Electricity Savings persisting from 2011-2014 programs as per Tab 4 of the LRAMVA Workform were reconciled to Tab 7 of the current year LRAMVA Workform and Tab 4 of the 2018 LRAMVA Workform with the exception of the following programs where savings could only be tied to Tab 4 of the 2018 LRAMVA Workform:

2013:

- Appliance Retirement

2014:

- Appliance Exchange
- Time of use savings

Please provide the details and calculations used to arrive at the persisting energy savings for each respective year and program. As part of the response, please confirm the source documentation of the claimed persisting energy savings. If this documentation was not submitted as part of the initial application submission, please provide a copy.

Please also confirm what periods the LRAM claim is for. The Applicant Manager Summary states that the earliest vintage year is 2016, but the LRAMVA Workform indicates a claim for persisting savings going back to 2011.

OEB Staff-4

Ref: (i) LRAMVA Workform, Tab 5 (2015-2020 LRAM)

(ii) IESO Final Verified Report (LDC Savings Persistence tab)

2016

The energy savings persisting from 2016 in Tab 5 of the LRAMVA Workform were reconciled to the IESO Final Verified Report (LDC Savings Persistence tab) with the exception of the following program:

- Appliance retirement initiative

Please provide the details and calculations used to arrive at the 2016 persisting energy savings. As part of the response, please confirm the source documentation of the claimed energy savings persisting from 2016. If this documentation was not submitted as part of the initial application submission, please provide a copy.

2017

The energy savings persisting from 2017 in Tab 5 of the LRAMVA Workform were reconciled to the IESO Final Verified Report (LDC Savings Persistence tab) with the exception of the following program:

- Save on energy coupon program (adjustment to 2017 savings – true up)
- Save on energy heating and cooling program (adjust to 2017 savings – true up)
- Save on energy retrofit program (adjustment to 2017 savings – true up)

Please provide the details and calculations used to arrive at the 2017 persisting energy savings. As part of the response, please confirm the source documentation of the claimed energy savings persisting from 2017. If this documentation was not submitted as part of the initial application submission, please provide a copy

2018 & 2019

The energy savings reported for 2018 and 2019 in Tab 5 of the LRAMVA Workform were reconciled to the IESO Participation and Cost report (LDC Progress tab). However, the persisting energy savings could not be tied to any reports provided. Please provide the details and calculations used to arrive at the persisting energy savings from 2018 and 2019.

OEB Staff-5

Ref: LRAMVA Workform, Tab 6 (Carrying Charges)

Tab 6 of the LRAMVA workform is incomplete as the following fields were left blank:

- Cell C58 (Q4 2021 Prescribed interest rate)
- Cell H171 to Cell H176 (Monthly Rate from Q3 2021 to Q4 2021)

Please update Tab 6 of the LRAMVA Workform with the corresponding interest rates.

OEB Staff-6

**Ref: (i) LRAMVA Workform, Tab 1 (LRAMVA Summary)
(ii) LRAMVA Workform, Tab 8 (Streetlighting)**

As per Tab 1 of the LRAMVA Workform, a portion of the LRAMVA balance to be disposed consists of lost revenues attributable to Streetlighting. However, Tab 8 of the LRAMVA Workform was left blank. Please update Tab 8 of the LRAMVA Workform using the template provided.

OEB Staff-7

Ref: Manager's Summary, pages 12 to 22

In this application, Sioux Lookout Hydro has proposed to recover incremental costs of \$299,002 plus carrying costs of \$994 for a total Z-factor claim of \$299,996 for incremental Operations, Maintenance and Administration (OM&A) costs for restoration of electricity to all customers in its service territories. Sioux Lookout Hydro stated that:

SLHI expects and plans for a certain level of weather-related damage due to storms, however the wind storm was far beyond anything that SLHI had previously experienced...

The total incremental costs directly caused by the wind storm were \$299,002. Eighty-five percent (85%) of these costs were related to the mutual assistance received from Synergy North. The total cost is clearly outside of the base upon which rates were derived based on SLHI's OEB-Approved 2018 Cost of Service Rates.

- a) Please describe all budgets included in Sioux Lookout Hydro's base rates related to emergency response (for storm restoration or other emergency response/maintenance) – capital and operating. If Sioux Lookout Hydro does not have such budgets in its base rates, please explain how storm restoration is normally considered in Sioux Lookout Hydro's budgeting process.
- b) Please provide the budgeted amounts and actuals for the accounts or items discussed in part (a) for the period 2016 to 2021 year-to-date, by year.
- c) Does Sioux Lookout Hydro have strategies in place for mitigating the impact of extreme weather events, such as vegetation management? If so, please provide the related strategy.
- d) If the answer to part c) is yes, please provide the associated budgeted amounts and actuals for the years 2016 to 2021 year-to-date.

OEB Staff-8

Ref: Manager's Summary, pages 12 to 22

Please provide a copy of Sioux Lookout Hydro's Emergency Operation Plan and discuss any deviations from this plan.

OEB Staff-9

Ref: Manager's Summary, page 20

Sioux Lookout Hydro provided the following tables summarizing the incremental costs of the wind storm and a breakdown of the external costs charged by other Utilities.

Summary of Incremental Storm Costs - 2021		
SLHI Internal Labour		
Staff Overtime	\$	21,214
Management Overtime	\$	6,863
Utilities (Hydro One, Synergy North)	\$	196,491
Arborist Contractor	\$	61,460
Other External Costs		
Accommodations	\$	8,481
Fuel	\$	3,439
Meals	\$	1,054
Total before Carrying Charges	\$	299,002
Carrying Charges October 1, 2021 to December 31, 2021	\$	426
Carrying Charges January 1, 2022 to April 30, 2022	\$	568
Total	\$	299,996

Breakdown of External Utility Costs					
Utility Name	Labour	Trucking	Material	Travel	Communications
Synergy North	\$ 135,594	\$ 31,575	\$ 15,770	\$ 7,760	\$ 90
Hydro One*	\$ 5,702	\$	\$	\$	\$
Total	\$ 141,295	\$ 31,575	\$ 15,770	\$ 7,760	\$ 90

- a) Please provide a breakdown of the Internal Labour costs applicable for the affected period (8:00 pm June 23, 2021 to 3:30 pm June 27, 2021) using the below format. In the same table, please also provide the "regular hour worked/payment" information which is not part of the Z-factor claim.

	Z-Factor Costs	Total Overtime Hours Worked	Total Overtime Payment (should equal Z-factor costs)	Total Regular Hours Worked (not considered for Z-factor claim)	Total Regular Time Payment (not included in Z-factor claim)
Non-management Staff	\$21,214				
Management	\$6,863				

b) Sioux Lookout Hydro noted that “Union staff overtime was paid at standard rates in accordance with the Collective Agreement”. Please confirm whether or not all non-management staff are Union staff. If not, please provide a breakdown between Union (non-management) staff and Non-Union (non-management) staff in the table in part a). Please also discuss Sioux Lookout Hydro’s policy with respect to overtime for its non-union employees.

c) Sioux Lookout Hydro noted that “The overtime paid to Management was approved by the Board of Director’s with the express caveat that it would be a one-time occurrence given the extraordinary circumstances of the event. The SLHI Board felt that Management shouldn’t be paid at the standard overtime rate but recognized that compensation based on straight hours worked outside of normal business hours would be appropriate to recognize that upwards of six times the normal amount of staff and resources needed to be managed during this time.”

Is Sioux Lookout Hydro aware of any Z-factor claims approved by the OEB that included overtime paid to management? If so, please provide that reference. If not, would Sioux Lookout Hydro be agreeable to withdrawing this component from its claim, given its discretionary nature?

d) Please clarify whether or not Sioux Lookout Hydro has paid any premium amounts to any third party (Hydro One Networks, Synergy North Corporation, and Arborist Contractor).

e) In the Summary of Incremental Costs table, there is a cost of \$61,460 pertaining to Arborist Contractor. Please clarify if this is the payment made to Sioux Lookout Hydro’s arborist contractor. Does it include any payments related to the work performed by the three crews of arborists from Synergy North Corporation’s subcontractor?