



Ontario
Energy
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BY EMAIL

August 5, 2022

Ms. Nancy Marconi
Registrar
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4
Registrar@oeb.ca

Dear Ms. Marconi:

**Re: Ontario Energy Board (OEB) Staff Interrogatories
EPCOR Electricity Distribution Ontario Inc.
2023 Cost of Service
OEB File Number: EB-2022-0028**

Please find attached OEB staff's interrogatories in the above referenced proceeding, pursuant to Procedural Order No. 1.

Yours truly,

Original Signed By

Katherine Wang
Operations Decision Support: Incentive Rate Setting & Regulatory Accounting

cc: All parties in EB-2022-0028

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- Administrative Documents

1-Staff-1

Updated Revenue Requirement Work Form (RRWF) and Models

Upon completing all interrogatories from 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 2023 Electricity Distributor Rate Applications webpage.

Note that the 2023 PILs Workform has been updated to reflect the change in small business rate from the 2022 federal budget that updated the range over which the small business deduction is reduced to \$10 million to \$15 million.

Please note that the 2023 RTSR Workform has been updated with the 2022 UTRs, and 2021 billed usage from the RRRs. Please ensure that 2021 wholesale volumes are also used.

1-Staff-2

Letters of Comment

Following publication of the Notice of Application, the OEB received two letters of comment. Section 23.03 of the OEB's *Rules of Practice and Procedure* states that "Before the record of a proceeding is closed, the applicant in the proceeding must address the issues raised in letters of comment by way of a document filed in the proceeding." If the applicant has not received a copy of the letters or comments, they may be accessed from the public record for this proceeding.

Please file a response to the matters raised in the letters of comment referenced above. Going forward, please ensure that responses to any matters raised in subsequent

comments or letter are filed in this proceeding. All responses must be filed before the argument (submission) phase of this proceeding.

1-Staff-3

Costs Related to the Premium Paid for Share Acquisition

Ref: Decision and Order, EB-2017-0373 and EB-2017-0374, August 30, 2018, page 14

Preamble:

In the above noted Decision and Order, the OEB approved the sale of the shares of Collus PowerStream Corporation (Collus PowerStream) to EPCOR Utilities Inc. (EPCOR Utilities) with a purchase price of \$36.8 million, which included a premium of \$17.1 million. As stated in this Decision and Order, assurance that there are no costs related to the premium paid for the acquisition in future rates can be achieved through examination when new rates are proposed.

Question(s):

- a) Please confirm that EPCOR Electricity Distribution Ontario has not included any costs related to the premium paid for the share acquisition in the current rebasing application.

1-Staff-4

Achieved Return on Equity (ROE)

Ref: 2016 to 2021 ROE Data

Preamble:

As summarized in the table below, for 2019 to 2021 period, EPCOR Electricity Distribution Ontario has achieved less than the deemed regulated ROE, and the achieved ROEs are outside the dead band of +/-300 basis points.

Table 1-1: Return on Equity

ROE	2016	2017	2018	2019	2020	2021
Deemed	8.98%	8.98%	8.98%	8.98%	8.98%	8.98%
Achieved	10.03%	11.65%	11.94%	2.77%	-1.77%	3.47%
ROE delta	1.05%	2.67%	2.96%	-6.21%	-10.75%	-5.51%

Question(s):

- a) EPCOR Electricity Distribution Ontario underearned in 2019 to 2021. Please explain the drivers for the low achieved ROE in these recent years. Please

consider all significant changes in the factors involved in the calculation of the achieved ROE.

1-Staff-5

Customer Engagement

Ref: Chapter 2A Filing Requirements for Small Utilities, page 10

Question(s):

As required in the Chapter 2A Filing Requirements, please document any communications with unmetered load customers, including street lighting customers, and how EPCOR Electricity Distribution Ontario assisted them in understanding the regulatory context in which distributors operate and how it affects unmetered load customers.

1-Staff-6

APB

Ref: Exhibit 1 / Tab 1 / Schedule 1 / page 52

Preamble:

The OEB issued an updated APB report dated April 29, 2022, with 2020 results included.

Question(s):

- a) Please discuss EPCOR Electricity Distribution Ontario's year-over-year performance for each of the ten APB programs with 2020 results.

1-Staff-7

Implementing the Green Button Initiative

Ref: OEB Letter dated November 1, 2021

Preamble:

Distributors are required to implement Green Button by November 1, 2023. The OEB has approved the establishment of a generic deferral account for rate regulated distributors to record the incremental costs directly attributable to the implementation of the Green Button initiative.

Question(s):

- a) Please provide EPCOR Electricity Distribution Ontario's current progress of implementing the Green Button initiative. Does EPCOR Electricity Distribution Ontario have a project plan in place to implement Green Button? If yes, please

provide a high-level description of those plans. If not, please advise when the distributor expects to have a project plan in place.

- b) Please clarify if EPCOR Electricity Distribution Ontario has recorded any incremental costs directly attributable to the implementation of the Green Button initiative in the generic deferral account.
- c) Please confirm EPCOR Electricity Distribution Ontario has not proposed any capital or OM&A costs associated with the implementation of the Green Button initiative for the 2022 bridge year and the 2023 test year.

1-Staff-8

Adoption of IFRS

Ref: Exhibit 1 / Tab 1 / Schedule 1 / page 28

Accounting Procedures Handbook, Article 510, page 9

Preamble:

Subsequent to EPCOR Electricity Distribution Ontario's last rebasing for 2013 rate year, EPCOR Electricity Distribution Ontario transitioned to International Financial Reporting Standards (IFRS) effective January 1, 2014. EPCOR Electricity Distribution Ontario indicated that there were no material differences in the 2023 revenue requirement between Canadian Generally Accepted Accounting Principles (GAAP) and IFRS.

Article 510 of the Accounting Procedures Handbook indicates that there is an exemption that allows an entity to recognize all cumulative actuarial gains and losses in opening retained earnings on the transition date independent of the previous accounting policy under previous GAAP.

Question(s):

- a) Please confirm that any impact from the recognition of actuarial gains and losses in opening retained earnings on the transition date was not material. If not confirmed, please quantify the cumulative actuarial gains or losses that was recognized in opening retained earnings on the transition date.

1-Staff-9

Leases

Ref: Exhibit 1 / Tab 1 / Schedule 1 / page 146 / Appendix B – 2021 Audited Financial Statements

Exhibit 4 / Tab 1 / Schedule 1 / page 17

Chapter 2 Appendix 2-BA

Preamble:

Note 11 and Note 17 of EPCOR Electricity Distribution Ontario's 2021 Audited Financial Statements indicates that EPCOR Electricity Distribution Ontario has a right-of-use asset of \$1,160,526 and lease liability of \$1,268,814 as at the 2021 year-end. Note 17 further indicates that the lease was effective in 2018. In Appendix 2-BA, Account 2005 – Property Under Finance Lease has a net book value of \$1,160,526 as of December 31, 2021 and \$816,867 as at December 31, 2023.

In Exhibit 4, it states that the variance in General & Admin OM&A is partially due to \$216k in lease costs from Collingwood Public Utilities Services Board as EPCOR Electricity Distribution Ontario's lease with the Town of Collingwood has been included as a capital lease and lease amortization has been included in Account 6045.

Question(s):

- a) IFRS 16 – Leases was effective for reporting periods beginning on or after January 1, 2019. Please discuss whether the adoption of IFRS 16 had a material impact on EPCOR Electricity Distribution Ontario's financial statements.
- b) Please confirm that the lease from Collingwood Public Utilities Services Board included in EPCOR Electricity Distribution Ontario's 2013 cost of service rate application has expired, and the lease with the Town of Collingwood has not been previously included in EPCOR Electricity Distribution Ontario's rates. If not confirmed, please explain.
- c) For each lease, if any, that EPCOR Electricity Distribution Ontario had included for recovery in a prior rate application and is continuing to request recovery of these leases in the current application, please:
 - i. indicate whether these leases were treated as operating or finance leases for regulatory purposes, and whether costs were included in OM&A or rate base in the prior application.
 - ii. indicate whether these leases are proposed to be treated as operating or finance leases for regulatory purposes, and the corresponding amounts included in OM&A or rate base in the current application.
 - iii. quantify the revenue requirement difference between including the costs in OM&A versus capital in the current application.
- d) For any leases where there was a change in accounting treatment between a prior application and the current application, please explain how EPCOR Electricity Distribution Ontario plans to treat this revenue requirement difference for rate purposes.

Exhibit 2 – Rate Base

2-Staff-10

2022 Bridge Year Actual

Ref: Appendix 2-AA

Question(s):

- a) Please update actual capital expenditures for 2022 bridge year in Appendix 2-AA format (and update other related tabs in Chapter 2 Appendices accordingly). Please specify for which months actual data has been used versus forecast.

2-Staff-11

Controllable Expenses in Working Capital Allowance Calculation (WAC)

Ref: Exhibit 2 / Tab 1 / Schedule 1 / page 4 Table 2.1.1-1

RRWF Tab 4 Rate Base

Exhibit 2 / Tab 1 / Schedule 1 / page 55 Table 2.5-1

Exhibit 4 / Tab 1 / Schedule 1 / page 2

Preamble:

The amount of Controllable Expenses for 2023 that is included in Table 2.1.1-1 in Exhibit 2 and Tab 4 of RRWF is \$6,555,915. In Table 2.5-1 on page 55 of Exhibit 2, the amount for 2023 Controllable Expenses is \$6,442k. In Exhibit 4 (and related Chapter 2 Appendices), the estimated total OM&A for 2023 Test Year is \$6,530,315.

Question(s):

- a) Please provide explanations for differences among the above three noted OM&A expenses values (especially why the OM&A amount used in the WAC calculation is different than the one estimated in Exhibit 4).
- b) Please confirm the correct OM&A amount to be used in the WAC and rate base calculations and make updates to related models and workforms if necessary.

2-Staff-12

Fixed Asset Continuity Schedule

Ref: Chapter 2 Appendix – 2-BA

Exhibit 1 / Tab 1 / Schedule 1 / page 146 / Appendix B – 2021 Financial Statements

Preamble:

The 2021 fixed asset net book value in Chapter 2 Appendix 2-BA appears to be different than the corresponding amounts in EPCOR Electricity Distribution Ontario's 2021 financial statements by \$148,005. The difference is shown in the table below.

In the EPCOR Electricity Distribution Ontario's Reporting and Record Keeping Requirements (RRR) 2.1.13 Financial Statement Reconciliation filed with the OEB, there are adjustments to property plant and equipment netting to \$148,005 relating to MIST meters.

Table 2-1

	USoA in Appendix 2-BA	Appendix 2-BA (\$)	Audited Financial Statements (\$)	Difference (\$)
Total PP&E	All remaining USoA	33,018,462	33,166,468	-148,006
Intangibles	1609, 1611, 2060	908,420	908,420	0
Right of Use Asset	2005	1,160,526	1,160,526	0
Deferred Revenue	2440	- 6,264,120	- 6,264,120	0
Total Capital		28,823,289	28,971,294	- 148,005

Question(s):

- a) Please reconcile and explain the 2021 fixed asset net book value difference between Appendix 2-BA and EPCOR Electricity Distribution Ontario's financial statements.

**2-Staff-13
Depreciation**

**Ref: Exhibit 2 / Tab 1 / Schedule 1 / page 7
Chapter 2 Appendix 2-C, 2-BA**

Preamble:

In Chapter 2 Appendix 2-C, the book values used to calculate depreciation is as follows:

Table 2-2

	Accounting Standard	Opening Net Book Value of Existing Assets as at Date of Policy Change (Jan. 1)	Opening Gross Book Value of Assets Acquired After Policy Change
2013	CGAAP	\$0	\$31,038,990
2014	CGAAP	\$15,119,880	\$0
2014	MIFRS	\$15,119,880	\$0
2015	CGAAP	\$15,119,880	\$1,801,231
2015	MIFRS	\$8,599,156	\$1,801,231

Question(s):

- a) EPCOR Electricity Distribution Ontario adopted the deemed cost exception upon transition to IFRS, where the deemed cost under CGAAP became new IFRS cost basis and accumulated depreciation was set to \$0. This is represented by the 2014 opening net book value of \$15,119,880 in Appendix 2-C. The opening net book value of existing assets as at the policy change is generally not expected to be revised after. Please explain why the 2015 opening net book value in Appendix 2-C was revised to \$8,599,156, how this amount was determined, and the impact to depreciation expense.

2-Staff-14

Capitalized Overhead

**Ref: Exhibit 2 / Tab 1 / Schedule 1 / pages 64-67
Chapter 2 Appendix 2-D**

Preamble:

In Chapter 2 Appendix 2-D, EPCOR Electricity Distribution Ontario indicated that the changes in direct wages overhead is due to increased capital work demands and decreased reliance on contractors. The change in burden, administration and general overhead costs is due to the change in capitalized overhead policy from the acquisition by EPCOR Utilities in October 2018.

Question(s):

- a) OEB staff calculated the percentage of capitalized burden, administration and general overhead costs as a percentage of total OM&A before capitalization from Appendix 2-D. This percentage and the percentage of total capitalized OM&A from Appendix 2-D is shown in the table below. Both 2018 and 2019 percentages were decreased slightly from the 2017 percentages, instead of the increase expected due to EPCOR Electricity Distribution Ontario's adoption of EPCOR Utilities Inc.'s capitalization policies. Please further explain how the change in capitalization of overhead policy from the acquisition by EPCOR Utilities Inc. in October 2018 affected the amount of capitalized overheads, considering the table below.
 - i. Please explain why capitalized OM&A appears to have increased to a higher level starting in 2015.

Table 2-3

	2013 Approved	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Capitalized Burden, Administration and General Overhead Costs as % of Total OM&A Before Capitalization	4%	4%	3%	9%	7%	10%	9%	8%	7%	10%	9%	9%
% of Capitalized OM&A	8%	8%	7%	15%	15%	21%	19%	16%	14%	20%	18%	17%

- b) EPCOR Electricity Distribution Ontario uses a burden rate of 44%, which is a rate provided by EPCOR Utilities Inc. Please explain and discuss whether EPCOR Electricity Distribution Ontario has assessed the appropriateness of the 44% burden rate specifically for EPCOR Electricity Distribution Ontario's operations. If not, why not.

2-Staff-15

Capitalized Overhead

**Ref: Exhibit 2 / Tab 1 / Schedule 1 / pages 64-67
Chapter 2 Appendix 2-D**

Preamble:

Exhibit 2, Table 2.10-1 shows the capitalized overhead on self-constructed assets. Appendix 2-D shows capitalized OM&A, shown in Table 2-4.

Table 2-4

		2021	2022	2023
Table 2-10-1	Capitalized Overhead (\$000's)	485.4	453.8	469.1
Appendix 2-D	Direct Wages (\$000's)	690.66	664.34	685.01
	Burden, administration and other general overhead costs (\$000's)	716.47	668.48	693.66
	Total Capitalized OM&A (\$000's)	1,407.13	1,332.82	1,378.67

Question(s):

- a) Please explain how the capitalized overhead on self-constructed assets in table 2-10.1 correlates to the capitalized OM&A amounts in Appendix 2-D. Please explain what other costs are capitalized in the amounts shown in Appendix 2-D.

2-Staff-16
Historical Expenditures
Ref: Chapter 2 Appendix 2-AA

Preamble:

In Appendix 2-AA, EPCOR Electricity Distribution Ontario provided historical aggregated spending for road authority and customer demand from 2013-2023.

Question(s):

- a) Please separate road authority and customer demand spending for both capital expenditures and capital contributions.

2-Staff-17
Historical Expenditures
Ref: Chapter 2 Appendix 2-AB

Preamble:

Between 2013 and 2017 EPCOR Electricity Distribution Ontario's actual capital expenditures were \$10.1 million but the planned capital expenditures were \$14.5 million. EPCOR Electricity Distribution Ontario's spending was \$4.4 million (30%) below planned expenditures.

Question(s):

- a) Please explain the reasons for the underspend over 2013 through 2017.
- b) Please list the capital projects that were not completed in EPCOR Electricity Distribution Ontario's 2013 to 2017 plan.

2-Staff-18
Historical Expenditures
Ref: Chapter 2 Appendix 2-AB

Preamble:

The average actual capital expenditure between 2013 to 2017 was \$2 million. The average actual capital expenditure between 2018 to 2022 was \$3.4 million, a 70% increase.

Question(s):

- a) Please explain the drivers for the increase in average capital expenditures between 2013-2017 and 2018-2022.
- b) A large portion of the increase in capital spending over 2018-2022 is in system renewal. Please confirm if this is mostly due to pole replacement and line rebuilds. If so, please provide a table of the total number of poles replaced each year for each of the pole-related programs.

2-Staff-19

MAADs Capital Plan

Ref: Chapter 2 Appendix 2-AB

EB-2018-0025, Distribution System Plan 2019-2023, page 12

EB-2017-0373 & EB-2017-0374, page 31

Preamble:

EPCOR Electricity Distribution Ontario provided capital expenditure plan from 2019 to 2024 as part of the MAADs application submitted in 2017 (EB-2017-0373 & EB-2017-0374). EPCOR Electricity Distribution Ontario submitted a DSP in 2018 (EB-2018-0025) for the 2019 to 2023 period.

Question(s):

- a) Please explain the variance between the planned capital investment summary in the 2019-2023 DSP, the MAADs application, and the 2023-2027 DSP for the period of 2019 to 2023.

2-Staff-20

Electrification and EV Accommodation

Ref: Distribution System Plan, page 7

Preamble:

EPCOR Electricity Distribution Ontario has “developed a plan to continue to upgrade, modify and keep secure grid technology solutions to maintain pace with growing distributed energy resources” such as electric vehicle (EV) integration and distributed renewable energy.

Question(s):

- a) Please provide the plan referred to on page 7 of the DSP.
- b) How has EPCOR Electricity Distribution Ontario planned for the electrification of vehicles given that Canada's Emissions Reduction Plan mandates that all new light-duty vehicle sales will be net-zero emission vehicles by 2035?¹ What challenges will the uptake of EVs bring to EPCOR Electricity Distribution Ontario during the DSP period? Has EPCOR considered the use of Level 1 versus Level 2 EV chargers and the difference in load associated with each?
- c) Through the federal Greener Home Initiative, residents are being encouraged to switch to cold climate heat pumps for space heating.² Has EPCOR Electricity Distribution Ontario considered the uptake of cold climate heat pumps over the coming years? What challenges has this brought to EPCOR Electricity Distribution Ontario, and how has it affected planning during the DSP period?
- d) How will future electrification affect the capital expenditure plan?

2-Staff-21

Number of Poles Being Replaced

Ref: **Distribution System Plan, pages 39-40**

Distribution System Plan, page 49

Distribution System Plan, pages 64, 69-70, 72, 75-76, 78, 81-82

Preamble:

EPCOR Electricity Distribution Ontario states that “[t]he pole replacement program together with the line overhead line replacement projects are expected to replace over 850 of the 1000 poles+ currently in poor or very poor condition during the 2023 – 2027 DSP period.”

According to the METSCO Asset Condition Assessment, 891 wooden poles are currently in poor or very poor condition.

According to the EPCOR Electricity Distribution Ontario Business Cases, approximately 40 poles per year will be addressed through the System Renewal Miscellaneous Pole Replacement plan. In addition, EPCOR Electricity Distribution Ontario has developed the System Renewal Pole Line Rebuilds/Extensions plan. The total number of poles being replaced is outlined in the table below as per the Business Cases.

¹ [2030 Emissions Reduction Plan – Canada's Next Steps for Clean Air and a Strong Economy](#)

² [NRCan, Canada Greener Home Initiatives](#)

Table 2-5: Number of Poles Being Replaced as per Business Case

Year	Miscellaneous Pole Replacement (Approximates)	Pole Line Rebuilds/Extensions
2023	40	38
2024	40	92
2025	40	63
2026	40	89
2027	40	66
Total	200	348

Question(s):

- a) The METSCO Asset Condition Assessment states that 891 wooden poles are in poor or very poor condition but the stated plan is to “replace over 850 of the 1000 poles+ currently in poor or very poor condition.” Please reconcile the total number of poles in poor or very poor condition.
- b) Please reconcile the number of poles being replaced in Table 2-5 with the stated plan of 850 poles.
- c) How were the total number of poles to be replaced in each year decided?
- d) Please provide the number of poles expected to be in poor or very poor condition by the end of the DSP period if all projects are completed.

2-Staff-22

Historical Expenditures – Pole Line Rebuild

Ref: Chapter 2 Appendix 2-AB

Distribution System Plan 2019-2023, page 110

Preamble:

In reference 1, the pole line rebuild program saw an increase of 200% between 2018 and 2019. In reference 2, EPCOR Electricity Distribution Ontario stated that this program is to address pole lines at end-of-life and it’s determined through EPCOR Electricity Distribution Ontario’s inspection process. EPCOR Electricity Distribution Ontario also budgeted \$1.2 million for 2019 in pole line rebuild projects.

Question(s):

- a) Please explain the variance between 2018 and 2019. Was the increase between 2018 to 2019 due to a new inspection process?

- b) Please provide the inspection process used in EPCOR Electricity Distribution Ontario's last DSP. Did EPCOR Electricity Distribution Ontario have an asset condition assessment for its poles? If so, please provide it.
- c) Please explain the variance between EPCOR Electricity Distribution Ontario's budgeted \$1.2 million in pole line rebuilds but actuals of \$1.9 million.

Between 2020 and 2022 EPCOR Electricity Distribution Ontario planned to spend \$5.8 million on pole line rebuilds but EPCOR Electricity Distribution Ontario's actuals were only \$4.1 million, an underspend of 30%.

- d) Please explain the underspending between 2020 and 2022.
- e) Please explain how there can be confidence in the 2023 estimate for the pole line rebuild program.

2-Staff-23

Asset Condition Assessment (ACA) - Poles

Ref: METSCO Asset Condition Assessment, pages 9, 39

Preamble:

According to the asset condition assessment, wood poles only have a 20% data availability indicator (DAI) for remaining pole strength and 60% DAI for visual inspections. On page 39, it states that for an asset to have a valid health index, it must meet 70% DAI across the condition parameters. It is also recommended that EPCOR Electricity Distribution Ontario consider collecting accurate hammer tests and a more robust visual inspection.

Question(s):

- a) Please confirm that the health index is still largely based on pole age. If not, please explain how the low DAI for pole strength and visual inspections does not decrease the accuracy of the health index.
- b) When will EPCOR Electricity Distribution Ontario implement the recommendations to improve its ACA and when will those recommendations be implemented?

2-Staff-24

Telecommunications

Ref: Distribution System Plan, page 9

**OEB Letter – Capital Planning to Support Telecommunications Projects,
January 11, 2022**

Preamble:

Reference 2 states the new regulation made under Part VI.1 of the Ontario Energy Board Act, which was added by the Supporting Broadband and Infrastructure Expansion Act, requires a distributor to consult telecommunications entities in its service areas and provide the number of consultations, a summary of the consultations, and whether the consultations were reflected in the capital plans. EPCOR Electricity Distribution Ontario stated that it has not held specific consultations but incorporates accommodation for future communications technology when planning its electrical infrastructure.

Question(s):

- a) Please provide a plan where EPCOR Electricity Distribution Ontario will consult with any telecommunication entity in its service area in the future. The plan should include an estimate of when the consultations would happen and the process EPCOR Electricity Distribution Ontario will use to incorporate those consultations into its infrastructure planning.
- b) Please confirm if all of EPCOR Electricity Distribution Ontario's poles can accommodate future communications infrastructure. If not, please provide the percentage of poles that can accommodate future communications infrastructure.
- c) When was the last time that telecommunications entities were consulted?

2-Staff-25

Reliability

Ref: Distribution System Plan, pages 22-23

Preamble:

Defective equipment is the second largest cause of the frequency of outages.

Question(s):

- a) Please break down the defective equipment cause code by the equipment that failed.

The majority of the customer outage hours are due to loss of supply and tree contacts.

- b) How has EPCOR Electricity Distribution Ontario addressed loss of supply?
Please break down the tree contact cause code by growth and fallen tree.
- c) What clearance standard does EPCOR Electricity Distribution Ontario uses for tree trimming?

The outage hours for tree contacts are 10 times longer than defective equipment.

- d) What is EPCOR Electricity Distribution Ontario's vegetation management budget?

- e) How does EPCOR Electricity Distribution Ontario optimize the balance between capital expenditures and OM&A to maximize improvement in reliability (i.e., spending less on pole replacement and spending more on tree trimming)?

Based on data provided by EPCOR Electricity Distribution Ontario, adverse weather interruption hours have increased in 2020 and 2021.

Table 2-6: Adverse Weather Customer Hours of Interruption

Year	Adverse Weather Hours of Interruption	Total Hours of Interruption	% of Total
2017	1,005	76,996	1%
2018	1,304	43,333	3%
2019	459	62,953	1%
2020	6,880	67,192	10%
2021	20,354	80,703	25%

- f) What was the reasoning for the increase in customer hours of interruption due to adverse weather in 2020 and 2021?
- g) Please provide sub-cause code adverse weather hours of interruption from 2017 to 2021 (wind, ice, snow, major storm, and other).

2-Staff-26

Pole Replacement

Ref: Distribution System Plan – System Renewal – Misc. Pole Replacement, page 63

Preamble:

EPCOR Electricity Distribution Ontario stated that on average it replaces 40 poles per year in this program.

Question(s):

- a) Please provide the number of poles replaced for each year in this program between 2017 to 2021.
- b) Of the poles provided in part A please provide the number of poles that were replaced on a reactive basis.

2-Staff-27

Pole Replacement Program Cost

Ref: Distribution System Plan, page 62

Preamble:

The following table outlines the cost breakdown for the miscellaneous pole replacement program as outlined in App.2-AA_Capital Projects:

Table 2-7: Miscellaneous Pole Replacement Program Actual Cost (2018-2022)

2018	2019	2020	2021	2022
\$370,665	\$196,641	\$587,011	\$595,826	\$582,540

The following table outlines the cost breakdown for the miscellaneous pole replacement program in the 2023-2027 DSP:

Table 2-8: Miscellaneous Pole Replacement Program Forecasted Cost (2023-2027)

2023	2024	2025	2026	2027
\$582,540	\$582,540	\$582,540	\$582,540	\$582,540

Both programs were expected to address approximately 40 pole replacements per year.

Question(s):

- a) How were the increased cost of lumber and the increase to inflation implemented into the capital cost of the program from 2023 to 2027, given that future program spending is less than 2020 spending?

2-Staff-28

Pole Line Rebuilds 2023

Ref: Distribution System Plan – System Renewal – Pole Line Rebuilds, page 68

Preamble:

EPCOR Electricity Distribution Ontario provided three individual neighborhood projects in the pole line rebuild program in 2023.

Question(s):

- a) Please provide the project description for the Osler Bluff Road – Feeder Tie project.
- b) The average cost per pole replacement in the Osler Bluff Road project is \$21k per pole but for the other two projects is \$60k per pole. Please explain the driver for the higher costs.

2-Staff-29

SCADA Controlled 44kV Overhead Switch

Ref: Distribution System Plan – System Service – SCADA Controlled 44kV Overhead Switch, page 89

Preamble:

EPCOR Electricity Distribution Ontario stated that it plans to automate and sectionalize the 44kV system to improve restoration times in the event of an outage.

Question(s):

- a) Please explain which reliability cause codes this is intended to improve and what is the expected improvement in terms of hours.
- b) Does EPCOR Electricity Distribution Ontario's 44kV system have the capability to back feed itself through automated tie switches?

2-Staff-30

ArcGIS Pro

Ref: Distribution System Plan – System Service – ArcGIS Pro and Utility Network Migration, page 91

Preamble:

EPCOR Electricity Distribution Ontario uses Esri's ArcMap software for utility asset database recording and stated that it needs to upgrade to the next generation of the ArcMap software. EPCOR Electricity Distribution Ontario only considered updating the software or not.

Question(s):

- a) Did EPCOR Electricity Distribution Ontario consider using other vendors for GIS software? If not, why not?
- b) EPCOR Electricity Distribution Ontario stated that software updates will cease in 2024 but the support for ArcMAP won't cease until 2026. What software updates are typically provided? What is the risk of one year less of software upgrades?

2-Staff-31

Stayner MS1 and M2

**Ref: Distribution System Plan – System Service – Stayner MS1 and MS2
Substation Upgrades, page 97
Distribution System Plan – Station Loading, page 41**

Preamble:

In reference 2, it shows Stayner MS1 has a peak load of 2.9MVA and MS2 has a peak load of 4.9MVA, while the average load is 1.5MVA for both stations.

Question(s):

- a) Has EPCOR Electricity Distribution Ontario purchased the two new 7.5MVA transformers? What will EPCOR Electricity Distribution Ontario do with the existing 5MVA transformers?
- b) Please provide the number of hours or days the peak lasts on Stayner MS1 and MS2.
- c) Please confirm if the peaks provided are concurrent peaks or the peak on each station. If it is the peak on each station, please provide the concurrent peak for the Stayner service area.
- d) In the worst-case scenario, one station (7.5MVA) needs to supply all of the peak load (7.8MVA). Please explain why EPCOR Electricity Distribution Ontario chose to replace the existing transformers with a 7.5MVA transformer knowing the peak load.
- e) Does EPCOR Electricity Distribution Ontario have any standards on how long a transformer can be temporarily overloaded? If not, why?
- f) Is the forecasted load growth on the edge of the Stayner service territory? If so, are there neighboring 4.16kV feeders from Hydro One that EPCOR Electricity Distribution Ontario could use to supply the load growth?
- g) Has forecasted load growth accounted for the rise of electric vehicles, cold climate heat pumps, and renewable energy distribution?
- h) Did EPCOR Electricity Distribution Ontario consider CDM/ non-wire solutions that may defer or avoid the need to upgrade one or both Stayner MS1 and MS2 Substations in 2023 and 2024 to meet anticipated load growth?

2-Staff-32

Vegetation Management

Ref: Distribution System Plan, page 51

Preamble:

EPCOR Electricity Distribution Ontario stated that it has enhanced its preventative maintenance practices in vegetation management and the tree trimming program has been set to a 3-year cycle.

Question(s):

- a) What was the tree trimming cycle prior to being set to a 3-year cycle.
- b) Please provide EPCOR Electricity Distribution Ontario's vegetation management standards or practices.
- c) Does EPCOR Electricity Distribution Ontario survey its service area for vulnerable trees in danger of falling in its vegetation management program? If not, why?

2-Staff-33

Capital Project Prioritization

Ref: Distribution System Plan, page 61

Preamble:

EPCOR Electricity Distribution Ontario has provided a list of capital projects for the DSP period of 2023 to 2027 categorized by system access, system renewal, system service, and general plant.

Question(s):

- a) How were projects prioritized?
- b) Please provide the project rankings for each project.

2-Staff-34

Engagement Survey

Ref: Distribution System Plan, page 10

Preamble:

EPCOR Electricity Distribution Ontario retained Stone Olafson to administer a customer engagement survey between November 18 to December 8, 2021. The survey aimed to canvass customer opinions on a number of key areas, including customer satisfaction and priorities related to customers' electricity service.

Question(s):

- a) Please provide the engagement survey that was administered to customers.

- b) Please explain how the engagement survey results were used to prioritize capital investment projects.

2-Staff-35
Fleet Vehicle Condition Assessment
Ref: Distribution System Plan, page 62

Preamble:

EPCOR Electricity Distribution Ontario developed its own fleet vehicle condition assessment in 2021. Eight vehicles were deemed to require replacement before the end of the DSP period.

Question(s):

- a) One of the criteria that is assessed in each vehicle is engine hours. Please define engine hours.
- b) How are engine hours captured?
- c) How was the assessment criteria/point evaluation developed?
- d) Was the assessment criteria/point evaluation peer-reviewed?

On page 255 of 353 of Exhibit 2 (fleet vehicle condition assessment), the CW14-04 small dump truck has a proposed replacement year of 2023. The assessment also states that the truck has 6 more years of service.

- e) Please reconcile the year of replacement for CW14-04.
- f) Please provide a risk assessment if this truck replacement is deferred to 2024.

2-Staff-36
Distribution System Plan – CDM Considerations
Ref: Exhibit 2 / Section 5.3.5
2021 CDM Guidelines, Chapter 3.1

Preamble:

EPCOR Electricity Distribution Ontario's DSP notes there are no planned rate-funded CDM activities in the planning period 2023-2027 to defer distribution infrastructure.

Question:

- a) Please describe how EPCOR Electricity Distribution Ontario has addressed or plans to address the requirement in OEB's CDM Guidelines for distributors to "make reasonable efforts to incorporate consideration of CDM activities into their distribution system planning process, by considering whether distribution rate-

funded CDM activities may be a preferred approach to meeting a system need, thus avoiding or deferring spending on traditional infrastructure.”

Exhibit 3 – Customer and Load Forecast

3-Staff-37

Residential Load forecast

Ref: Exhibit 3 / Tab 1 / Schedule 1 / page 7

Preamble:

A set of COVID/weather interaction variables were considered to capture the incremental consumption caused by people working from home and more generally staying at home due to lockdowns. These variables, “COVID HDD” and “COVID CDD” are equal to the relevant HDD and CDD variables from March 2020 to December 2021 and equal to 0 in all other months. The coefficients reflect incremental heating and cooling load from people working from home, public health lockdowns, and people generally staying at home.

Question(s):

- a) Please include a scenario in which the COVID related variable take a value of 0 in 2022 and 2023 for the Residential rate class.
- b) Please comment on how the issue of multicollinearity is being dealt with due to HDD, CDD and the COVID/HDD, COVID/CDD interaction variables?

3-Staff-38

GS<50 kW Load forecast

Ref: Exhibit 3 / Tab 1 / Schedule 1 / page 17

Preamble:

Weather-normalized consumption and forecast values are calculated for the General Service < 50 kW class in Table 3.1-10 below, which incorporates the 10-year weather normal HDD and CDD, month days, binary shoulder variable, and COVID_AM. Forecast COVID-related values are adjusted downward by 50% in 2022 and 75% in 2023 to reflect the gradual declining impacts of COVID.

Question(s):

- a) Please include a scenario in which the COVID related variable take a value of 0 in 2022 and 2023.

3-Staff-39

Load Growth

Ref: Load Forecast

Question(s):

- a) How has EV penetration been factored into load growth expectation over the forecast period?
- b) Has EPCOR Electricity Distribution Ontario developed a load forecast specifically for EV growth?
- c) Has EPCOR considered the impact of Distributed Energy Resources (DERs) or other emerging technologies on its load forecast?

3-Staff-40

Load Forecast Model – CDM adjustments

Ref: Exhibit 3 / Section 3.1.4

EB-2021-0020 Excel LRAMVA Workform, Tab 5 (2015-2027 LRAM)

Preamble:

EPCOR Electricity Distribution Ontario states that CDM data for each rate class used in the load forecast is from their last approved LRAMVA Workform under EB-2021-0020.

Questions:

- a) Please explain the discrepancy between the CDM values per column D, E and F of the “CDM” tab of the Load Forecast Model as compared to Tab 5 of the last approved LRAMVA Workform for Residential, GS<50 kW and GS>50 kW customer classes. Please update the Load Forecast Model where applicable.

3-Staff-41

Load Forecast Model – CDM adjustments

Ref: Exhibit 3 / Section 3.1.10

Excel LRAMVA Workform / Tab 5 (2015-2027 LRAM)

Load forecast model / CDM adjustment tab

Load forecast model / CDM tab

Load forecast model / Monthly data tab

Load forecast model / normalized annual summary

Load forecast model / summary tables

Preamble:

EPCOR Electricity Distribution Ontario describes how it has accounted for CDM in its load forecast by means of a manual adjustment formulated by external consultant, Elenchus (section 3.1.10). The CDM adjustments have been made to reflect impact of

CDM activities that are expected to be implemented from 2021 to 2023. CDM activities have been forecasted based on EPCOR Electricity Distribution Ontario's share of consumption within the province using 2016-2020 OEB yearbooks and IESO's 2021-2024 CDM Framework.

Questions:

- a) Please confirm 2023 forecast values in Table 3.1-28 of Exhibit 3 Section 3.1.10 should reflect the 2023 CDM adjusted forecast values per the Load forecast model under "Summary Tables" tab. Is a CDM adjustment also proposed for the 2022 Bridge Year? If so, please provide.
- b) Please explain why CDM savings used for the historical impact of CDM in the load forecast ("CDM" tab) is not consistent with CDM savings used to dispose of LRAMVA balances (Tab 5 of LRAMVA Workform). For Example: 2020 in-year savings for GS>50 class shows 651kWh per the LRAMVA Workform, whereas the load forecast shows 298,133kWh.
- c) How, if at all, is the impact of in-year 2021 energy savings from the 2021-2024 CDM Framework (Table 3.1-24) accounted for in the multivariate regression modelling approach described in section 3.1 (which utilized actual data from January 2012 to December 2021)?
- d) Please clarify the rationale for EPCOR Electricity Distribution Ontario's use of a weighting factor of 0.5 for the contribution of 2021 in-year energy savings from the 2021-2024 CDM Framework to the proposed manual CDM adjustment to the 2023 Test Year (Table 3.1-24), and describe how this relates to the treatment of these savings within the multivariate regression modelling approach.

Exhibit 4 – Operating Expenses

4-Staff-42

2022 Bridge Year Actual

Ref: Appendix 2-JC

Question(s):

- a) Please update actual OM&A costs for 2022 bridge year in Appendix 2-JD format (and update other related tabs in Chapter 2 Appendices accordingly). Please specify for which months actual data has been used versus forecast.

4-Staff-43

OM&A Costs from 2013 to 2023

Ref: Exhibit 4 / Tab 1 / Schedule 1 / pages 15-18

Preamble:

As stated in the application, the 2023 Test Year OM&A of \$6,530k has increased from 2013 OEB-approved of \$4,585k by \$1,945k (42.4%). EPCOR Electricity Distribution Ontario explains (on page 17 of Exhibit 4) that the OM&A increase in the Administration and General category of \$1,234k over the 10 years is primarily due to:

- i. Inflation – EPCOR Electricity Distribution Ontario estimated that the costs attributable to inflation is approximately \$285k.
- ii. Shared Services - EPCOR Electricity Distribution Ontario notes that the total shared service costs in 2023 Test Year are \$1,665k, and there are several offsetting costs which have been removed since 2013.

Question(s):

- a) With respect to part ii above, please confirm the total estimated shared service costs for 2023 in amount of \$1,665k are fully pertaining to the Administration and General portion in OM&A.
- b) Please quantify the increase in Administration and General costs (2023 vs. 2013) attributable to shared service costs in part ii above. Please briefly discuss the calculation.
- c) Based on the answer to b) above, does the total dollar impact of inflation and shared service costs on the Administration and General cost increase reconcile to the \$1,234k increase noted in the application? If not, please provide explanations.

4-Staff-44

COVID-19 Impacts on Capitalized Labour and Vehicle Costs in 2020

Ref: Exhibit 4 / Tab 1 / Schedule 1 / page 28

Preamble:

As stated in the application, the 2020 actual OM&A costs increased \$517k compared to 2019 actuals. EPCOR Electricity Distribution Ontario explains that \$304k of the increase was due to higher operations FTE as well as lower capitalized labour and vehicle costs due to lower time spent on capital projects primarily due to impacts of COVID-19 on operational crew availability and effectiveness, and adverse weather conditions.

Question(s):

- a) Please provide more information about how COVID-19 impacted operational crew's availability and effectiveness in 2020 which resulted in lower capitalized labour and vehicle costs. Which months in 2020 were considered affected by the impacts of COVID-19 discussed in this question?
- b) Please quantify the amount of OM&A increase in 2020 pertaining to the COVID-19 impacts discussed in part a).

4-Staff-45

Labour Allocation Due to Termination of Services to the Town of Collingwood

Ref: Exhibit 4 / Tab 1 / Schedule 1 / pages 27 and 40

Preamble:

As stated in the application, the Collus PowerStream 2013 OEB-approved FTEs of 22.92 included 9.35 FTEs (17 headcount) allocated from its affiliate company, Collus PowerStream Solutions Corporation (Collus Solutions) for providing services (utility activities) to Collus PowerStream. The remaining 7.65 FTEs of the 17 Collus Solutions employees were dedicated to providing services for non-utility activities for the Town of Collingwood. The Collus Solutions employees (who provided non-utility services to the Town of Collingwood) were moved to Collus PowerStream in mid-year 2016 and at the end of 2016, as the Town of Collingwood terminated the services provided by these employees (7.65 FTEs as estimated in 2013 proceeding).

EPCOR Electricity Distribution Ontario estimated that in 2016 and 2017, the labour costs increased by \$203k and \$150k respectively, as a result of increased FTE due to the termination of services to the Town of Collingwood.

Question(s):

- a) Please confirm that the above noted incremental 7.65 FTEs were fully conducting utility activities after they were reallocated to Collus PowerStream. Please provide brief information about the major tasks and responsibilities assigned to the incremental resources on an ongoing basis, as well as the related department/position information.
- b) Before the incremental FTEs were added to Collus PowerStream in 2016, how did Collus PowerStream use its existing resources to complete the portion of activities and tasks discussed in part a)?
- c) Please discuss how Collus PowerStream ensured efficiency in dealing with the reallocation of labour from Collus Solutions.

4-Staff-46

Compensation and Short Term Incentive (STI) Program & Incentive Compensation Paid to Corporate Services Employees

Ref: Exhibit 4 / Tab 1 / Schedule 1 / pages 42, 53, 54, 84

Exhibit 4 / Tab 2 / Appendix A EPCOR Management & Salaried Compensation Administration Guidelines

Preamble:

EPCOR Electricity Distribution Ontario states that its compensation strategy and structure are based on EPCOR Utilities' compensation philosophy, which targets the "mid-market" or 50th percentile of a defined peer group for total employee compensation. EPCOR Electricity Distribution Ontario notes that EPCOR Utilities has defined peer group is comprised of energy, utility and pipeline organizations of similar size to EPCOR Utilities.

On page 53 of Exhibit 4, EPCOR Electricity Distribution Ontario states:

EPCOR's STI program is designed to provide employees a competitive incentive plan that focuses on Business Unit ("BU") performance and the performance of the individual and includes a minor component related to EPCOR ("Corporate") financial performance. Target payout levels under the STI program are expressed as a percentage of salary in accordance with EPCOR's STI program.

EPCOR Electricity Distribution Ontario introduced its STI program (with the measures and related weightings) which is applicable to the non-represented employees. EPCOR Electricity Distribution Ontario has included its target STI amount in 2023 Test Year revenue requirements.

As stated in bullet I. on page 84 of Exhibit 4, Incentive Compensation (paid to corporate services employees) is one of the categories of EPCOR Utilities' corporate costs that is allocated to EPCOR Electricity Distribution Ontario based on the corporate cost allocation. This bullet describes EPCOR Utilities' compensation for non-union and unionized staff, consisting of base compensation, employer-paid benefits, short-term incentive (STI) and medium-term incentive (MTI). The application states that the costs of any incentives are tracked separately.

Question(s):

- a) Appendix A of Exhibit 4 indicates that EPCOR Utilities Board has established two main comparator groups in Canada that are used to determine EPCOR Utilities' competitive positioning. Please provide information about how often EPCOR Utilities Board normally conducts the review of the comparator groups. When was the last time this review was conducted? Please briefly discuss the major

results and corresponding adjustments made to the compensation plan (if any) based on the most recent review.

- b) When did EPCOR Electricity Distribution Ontario start to implement the STI program discussed on pages 53 to 54 of Exhibit 4?
- c) Has there been any major change(s) to the STI program methodologies which influenced EPCOR Electricity Distribution Ontario's total STI cost by a material amount for a year? If yes, please briefly discuss the change(s) and the related outcomes in total STI costs.
- d) In the Section 4.4.2 Shared Services and Corporate Cost Allocation, with respect to tables earlier than page 84, such as Table 4.4.2-2, on allocated costs from all affiliates, please confirm that any labour-related costs included in costs allocated to EPCOR Electricity Distribution Ontario from affiliates would consist of base compensation and employee benefits, and would not include costs for STIs and MTIs. In the alternative, please explain in detail.
- e) In Table 4.4.2-13, \$56,441 is shown as the allocated incentive compensation for the 2023 Test Year. Bullet d. on page 85 states that this amount is the forecasted expense at Target. Please explain what "Incentive Compensation amounts at Target" means.

4-Staff-47

OPEBs

Ref: Exhibit 4 / Tab 1 / Schedule 1 / page 58

Exhibit 4 / Tab 2 / Appendix B – Actuarial Report

Preamble:

In Table 4.4.1-7, OPEB OM&A amounts for 2019 to 2022 agree to the Total Defined Benefit Cost line in Appendix – Detailed Accounting Schedule of the Actuarial Report. Actuarial gains and losses included in Other Comprehensive Income are included in the Total Defined Benefit Cost. For 2019, there is an actuarial loss of \$50,698, while there are no actuarial gains or losses for 2020 to 2022. Therefore, actuarial gains and losses are included in OPEB OM&A amounts presented in Table 4.4.1-7.

Actuarial gains and losses are included in Other Comprehensive Income and not OM&A, and therefore, should not be included in revenue requirement. There is no impact to EPCOR Distribution Ontario's 2023 test year OM&A since there are no actuarial gains or losses forecasted for 2023.

Question(s):

- a) Please confirm that EPCOR Electricity Distribution Ontario accounts for actuarial gains and losses for regulatory purposes in Other Comprehensive Income and not in OM&A. If not confirmed, please confirm that EPCOR Electricity Distribution Ontario will account for actuarial gains and losses in Other Comprehensive Income going forward.

4-Staff-48

Shared Services and Corporate Cost Allocation

**Ref: Exhibit 4 / Tab 1 / Schedule 1 / section 4.2.2
Exhibit 4 / Tab 1 / Schedule 1 / pages 10, 17-30**

Preamble:

EPCOR Electricity Distribution Ontario states that it obtains shared services from its affiliated companies EPCOR Water Services Inc. (EWSI), EPCOR Distribution and Transmission Inc. (EDTI), EPCOR Ontario Operations Management Inc. (EOOMI) and EPCOR Ontario Utilities Inc. (EOUI), as well as its parent EPCOR Utilities (for corporate shared services). Various types of services have been provided to EPCOR Electricity Distribution Ontario by the affiliated companies and EPCOR Utilities.

Page 10 of Exhibit 4 notes that in October 2018, EPCOR Utilities acquired Collus PowerStream and has worked to create efficiencies by implementing a shared service model that maximizes the value of services being provided. In the OM&A cost driver analysis provided in the application, the year-over-year OM&A increases pertaining to the increases in shared service costs are about:

- \$186k in 2018
- \$904k in 2019
- \$458k in 2022 Bridge Year
- \$115k in 2023 Test Year
- \$226k in 2023 Test Year compared to 2013 actual

Question(s):

- a) Please briefly discuss the processes that have been followed to establish, review and update the shared services structure (the list of shared services, associated amount of FTE and corresponding providers) for EPCOR Electricity Distribution Ontario. Please include the information related to the basis that the structure has been developed on and the parties involved in the relevant decision making.

- b) Please discuss how the shared services (including corporate shared services) program has contributed to EPCOR Electricity Distribution Ontario's efficiency and providing value and benefits to customers.
- c) Has there been a cost-benefit study conducted on the shared services (including corporate shared services) that EPCOR Electricity Distribution Ontario receives? If yes, please discuss the major findings of the study and provide a copy in responses.

4-Staff-49

Organizational Structure and Number of Employees

**Ref: Exhibit 4 / Tab 1 / Schedule 1 / pages 41, 44, 51, 65-68
Exhibit 1 / Tab 1 / Schedule 1 / page 32, Figure 1.3-2**

Preamble:

EPCOR Electricity Distribution Ontario states that it employs 32 people and has provided its organizational structure in Figure 1.3-2 in Exhibit 1.

Question(s):

- a) Please confirm if the organizational structure provided in Figure 1.3-2 reflects the structure for current year (2022) and/or Test Year 2023.
- b) Are there any proposed changes in the organizational structure in 2023 compared to 2022?
- c) Has the move of the Operations Network & Security Manager position to an affiliate company as noted would occur in 2022 in Exhibit 4 been completed? In Figure 1.3-2, there is a role labeled as "Manager, Ops Network". Please confirm if this is the role noted in Exhibit 4.
- d) EPCOR Electricity Distribution Ontario provided the FTE figures from 2013 to 2023 in Appendix 2-K and in Table 4.4.1-3 on page 44 of Exhibit 4. Please clarify if the FTE data in these two tables include any shared service resources from any affiliates and/or EPCOR Utilities. If yes, please specify with details. It's noted that the 2013 OEB-approved FTE of 22.92 included 9.35 FTE allocated from Collus Solutions.
- e) If Appendix 2-K includes FTEs allocated from shared services, how does the compensation information (salary, wages and benefits) in the same table correspond with the FTE data?
- f) Table 4.4.1-2 on page 41 of Exhibit 4 shows that the total number of employees for 2023 Test Year is 31. The table also provides a breakdown into seven

categories. Please reconcile the number of employees in each category with the organizational structure chart. (e.g. For Management category, please indicate which 3 roles in the chart are the corresponding roles.)

- g) It's noted in Exhibit 4 that the following four positions are included in the shared services provided by EOOMI:
- Vice President, Ontario Region
 - Director, Operations Ontario Region
 - Manager, Customer Operations
 - Manager, Operations Engineering

If these roles are included in the organizational structure chart, please indicate this information in a note or using color code. Please include a color code legend for the different colors used in the structure chart.

- h) Please confirm if any shared service positions are counted in the total employee number of EPCOR Electricity Distribution Ontario (headcount).
- i) Please update the organizational structure chart (with number of employee information in each position box) to address the above questions.

4-Staff-50

Affiliate Companies and Organizational Chart

Ref: Exhibit 4 / Tab 1 / Schedule 1 / page 60

Exhibit 1 / Tab 1 / Schedule 1 / page 31, Figure 1.3-1

Question(s):

- a) It's noted that one of the affiliate companies - EOOMI and EPCOR Electricity Distribution Ontario are not included in Figure 1.3-1 Organizational Chart. Please explain why these two entities are not included. Please update the organizational chart is necessary.

4-Staff-51

Cost Recovery Basis for Shared Services Costs

Ref: Exhibit 4 / Tab 1 / Schedule 1 / page 60

Preamble:

EPCOR Electricity Distribution Ontario states that its shared services costs are determined on a cost recovery basis in accordance with the *Affiliate Relationships Code for Electricity Distributors and Transmitters* (ARC) and the services are delivered in

accordance with a Service Level Agreement (SLA). The allocation of shared services is assessed regularly and adjusted as appropriate.

The ARC states that where a reasonably competitive market exists for a service, product, resource or use of asset, a utility shall pay no more than the market price when acquiring that service, product, resource or use of asset from an affiliate. The ARC defines that cost-based pricing shall only be applied where there is no competitive market for the service, product, resource or use of asset that a utility acquires from an affiliate or in the case of shared corporate services.

Question(s):

- a) Please confirm if EPCOR Electricity Distribution Ontario has complied with the pricing mechanisms defined in the ARC in determining its shared services costs with its affiliate companies.
- b) Please explain if the shared service costs are determined on a cost-based pricing, or determined with reference to the market price (following instructions defined in the ARC). If the costs are determined on a cost-based pricing, please provide reasons for this pricing mechanism which is not compliant with the ARC.

4-Staff-52

Shared Services Provided by EDTI

Ref: Exhibit 4 / Tab 1 / Schedule 1 / pages 64-65

Preamble:

It's noted that the shared service costs that EPCOR Electricity Distribution Ontario paid to EDTI increased from \$25k in 2021 to \$40k in 2022 Bridge Year. EPCOR Electricity Distribution Ontario states that the increase in costs is the result of adding the following two services in 2022:

- Monitoring SmartMap in addition to monitoring SCADA
- Developing switching orders for both planned and unplanned outages

Question(s):

- a) Table 4.4.2-4 on page 64 appears to be cut off due to the page break, as there is no line 2 shown in the table. Please provide a complete version of Table 4.4.2-4.
- b) Please explain why the service functionality being added in 2022 and 2023 for monitoring SmartMap in addition to SCADA and for developing switching orders for planned and unplanned outages is being charged solely as an ongoing operating expense. Are there not one-time costs associated with the increased functionality?

- c) Please explain why it is a more effective and efficient use of resources for these services to be provided by EDTI rather than having these services being performed in-house. Does EDTI provide analogous services to other affiliated companies?

4-Staff-53

Shared Services Provided by EOOMI/EOUI

Ref: Exhibit 4 / Tab 1 / Schedule 1 / pages 65-74, 90

Preamble:

EPCOR Electricity Distribution Ontario states that due to various changes in the businesses/operations which EOUI/EOOMI were servicing, the 2021 and prior years allocations to EPCOR Utilities' various Ontario businesses/operations were based on estimates of time spent by each affiliate shared service area. For 2022 Bridge Year and all proceeding years, EOOMI costs will be allocated based on the Cost Allocators noted in Table 4.4.2-5 in Exhibit 4.

EPCOR Electricity Distribution Ontario also provided the 2019 to 2023 EOOMI/EOUI affiliated shared services costs allocated to EPCOR Electricity Distribution Ontario in Table 4.4.2-7 in Exhibit 4.

Question(s):

- a) Please discuss the triggers for the changes in EOOMI's shared services cost allocation methodology in 2022 (changed from a time basis to specific allocator basis). Please provide the background information for this methodology change.
- b) Please calculate and provide the total dollar impact for 2023 Test Year of the methodology change. (Please compare the total EOOMI costs allocated to EPCOR Electricity Distribution Ontario based on time spent vs. total costs based on the specific allocators.)
- c) Please discuss the rationale and necessity of implementing the cost allocation methodology change.
- d) On page 70 of Exhibit 4, it's stated that the percentages in the Table 4.4.2-6 will translate approximately into FTEs based on the number of positions providing the relevant services multiplied by the percentages shown in the table. Please explain how the equivalent FTEs are calculated with examples for some services. Please reconcile the calculated equivalent 2023 FTEs with the FTE figures included on pages 66 to 68 for each specific service.
- e) Page 66 of Exhibit 4 indicates that with respect to the Regulatory Analyst role, EOOMI shared service will add approximately 0.33 FTE for the 2023 Test Year.

Page 72 of Exhibit 4 notes that the level of work required for meeting all regulatory requirements has necessitated an additional regulatory FTE for 2023. Please confirm the amount of FTE that will be added to the Regulatory role in 2023 Test Year (or in both 2022 and 2023, please confirm) as well as the associated cost.

- f) For the Regulatory role, it's noted that the percentage allocator used for both 2022 and 2023 is 33%, but the service cost has been estimated to increase from \$29k (2022) to \$40k (2023). Please provide explanation for the increase.
- g) The Head Office Corporate Allocations (HOCA) is included in Tables 4.4.2-5, 4.4.2-6 and 4.4.2-7 and the estimated allocated cost for 2023 is \$36k. Please provide description for this service/functionality and the rationale for this cost to be allocated to EPCOR Electricity Distribution Ontario.
- h) On page 66 of Exhibit 4, the application states that the allocated resource of the VP Ontario Region and the Director Operations Ontario equates to 0.61 FTE in 2023 (in place of the former CEO position at Collus PowerStream). On page 90, it states that the VP Ontario Region and Director Ontario Operations is allocated at 0.7 FTE in 2023 in shared services. Please confirm the FTE equivalency of the VP Ontario Region and the Director Ontario Operations for 2023. Please confirm that this is used consistently in all applicable tables and calculations for shared services costs of this application. In the alternative, please explain and provide any necessary corrections.

4-Staff-54

Corporate Shared Services from EPCOR Utilities

Ref: Exhibit 4 / Tab 1 / Schedule 1 / pages 74-87

Preamble:

EPCOR Electricity Distribution Ontario states that it obtains corporate shared services from its parent corporation, EPCOR Utilities. The amounts paid to EPCOR Utilities for corporate shared services reflect three categories - directly assignable costs, allocable costs and corporate asset usage fees. EPCOR Electricity Distribution Ontario provided the allocation methods applicable to the allocable corporate services costs, as well as the allocation percentages for 2022 Bridge Year and 2023 Test Year in Table 4.4.2-9, Table 4.4.2-10 and Table 4.4.2-11 in the application.

Question(s):

- a) Please discuss if all services listed (by department and function) in Table 4.4.2-9 are related to and necessary for EPCOR Electricity Distribution Ontario's

regulated electricity distribution business. Have there been any major changes in the service categories (including department and function information) and associated allocators since 2019?

- b) EPCOR Electricity Distribution Ontario notes that the allocation percentages used in developing the 2022 Bridge Year (Table 4.4.2-10) and 2023 Test Year (Table 4.4.2-11) were based on EPCOR Utilities' 2023 budget. Please explain why the 2022 and 2023 allocation percentages are both based on 2023 budget data and why they are based on the parent company's budget. Is data from each business unit (affiliate company) used in calculating the percentages?
- c) Please briefly illustrate how the allocation percentages noted in part b) are derived. Have there been any major changes in the percentages assigned to EPCOR Electricity Distribution Ontario in 2022 and 2023 (compared to prior years or between 2022 and 2023)? If yes, please provide explanations.
- d) As shown in Table 4.4.2-13, the Public and Government Affairs (P&GA) service cost is estimated to increase from \$3,736 in 2022 Bridge Year to \$21,123 in 2023 Test Year. EPCOR Electricity Distribution Ontario notes that the cost driver is net income and is anticipating earning its ROE for 2023 Test Year versus having lower earnings in 2022 as a result of the long time lag from Collus PowerStream's last rebasing filing. Please explain what ROE data has been used in this estimation and how it derived the relatively significant increase in P&GA cost in question.
- e) Table 4.4.2-13 appears to be cut off in columns A and B as some dollar amounts do not show properly. Please provide a complete version of Table 4.4.2-13.

4-Staff-55

Allocated Corporate Asset Usage Fees

Ref: Exhibit 4 / Tab 1 / Schedule 1 / pages 86-88

Preamble:

EPCOR Electricity Distribution Ontario states that the asset usage fee for each category of corporate assets is comprised of two components: "return on" capital and "return of" capital (or depreciation expense). The return on capital component is calculated using the service recipient's weighted average cost of capital (WACC). Table 4.4.2-14 in Exhibit 4 lists the 2019 actual to 2023 Test Year's asset usage fees allocated to EPCOR Electricity Distribution Ontario by asset category.

Question(s):

- a) Please provide the allocation methodology for the asset usage fees. Please discuss the rationale of the methodology and any major changes to the method since 2019.
- b) Please explain how the return on capital component is calculated using the service recipient's WACC.
- c) In Table 4.4.2-14, if "Return on Assets" is a component of each corporate asset listed above line 6 in the table, why there is a separate line 6 for Return on Assets in this table? What kind of cost does this category "Return on Assets" represent?
- d) Do lines 1 to 5 in Table 4.4.2-14 represent the "return of" capital (depreciation expense) component of the corporate assets?
- e) For each category of assets listed in the Table 4.4.2-14, what is the depreciation rate used? How is this rate determined, and is the rate the same as or different from the depreciation rate used by EPCOR Electricity Distribution Ontario? Please explain the response.

Exhibit 5 – Cost of Capital and Capital Structure

5-Staff-56

Long-term Debt

Ref: Exhibit 5 / Tab 1 / Schedule 1 / pages 6 to 10

**Report of the Board on the Cost of Capital for Ontario's Regulated Utilities,
EB-2009-0084, issued December 11, 2009
Chapter 2 Appendix 2-OB**

Preamble:

As noted in the application, on December 3, 2018, EPCOR Electricity Distribution Ontario borrowed \$8.1 million from EPCOR Utilities to replace certain debt and to maintain its capital structure. The term of this debt is 30 years with an interest rate of 4.30%.

EPCOR Electricity Distribution Ontario expects to add \$1.2 million of new long-term debt in 2022 Bridge Year and \$1.2 million of new long-term debt in 2023 Test Year (both are through affiliated debt). EPCOR Electricity Distribution Ontario estimated two interest rates of 5.25% and 5.03% for these two long-term debts respectively and estimated the weighted average cost of long-term debt in 2023 to be 3.98%.

The Report of the Board on the Cost of Capital for Ontario's Regulated Utilities, issued on December 11, 2009 (2009 Cost of Capital Report) stated that:

For new affiliated debt, the deemed long-term debt rate will be a ceiling on the allowed rate. The onus will be on the utility to demonstrate that the applied for rate and terms are prudent and comparable to a market-based agreement and rate on arms-length commercial term.

Question(s):

- a) The 2018 cost of capital parameter updates were issued by the OEB via a letter dated November 23, 2017, and applicable to the 2018 rate year, and set a deemed long-term debt rate of 4.16%. The OEB's 2019 cost of capital parameter updates were issued via a letter dated November 22, 2018, and applicable to the 2019 rate year, and set a deemed long-term debt rate of 4.13%. Both the 2018 and 2019 deemed long-term debt rates were known at the time that EPCOR Electricity Distribution Ontario's affiliated debt (\$8.1 million) was issued on December 3, 2018. EPCOR Electricity Distribution Ontario's actual affiliated debt rate of 4.30% is higher than the 2018 deemed long-term debt of 4.16%. According to the above noted 2009 Cost of Capital Report, the deemed long-term debt rate is a ceiling on affiliated debt. Therefore, for rate setting purposes, the lower of 4.30% (actual) and 4.16% (deemed) should be applied on this debt until maturity.

Please confirm if EPCOR Electricity Distribution Ontario will update the long-term debt rate for the above noted debt in Chapter 2 Appendix 2-OB (in 2018 to 2023 tables) in accordance with the 2009 Cost of Capital Report as discussed above. If not, the onus is on EPCOR Electricity Distribution Ontario to fully support its proposed rate with evidence including data, analysis and related information about estimates or offers of market-based debt rates.

- b) It's noted that in 2021 there was a new affiliated long-term debt of \$2 million with start date of December 15, 2021, and actual debt rate of 3.41%. The 2021 deemed long-term debt rate is 2.85% per the OEB letter dated November 9, 2020. The 2022 deemed long-term debt rate is 3.49% per the OEB letter dated October 28, 2021. Please confirm the appropriate debt rate that should be applied for this debt for rate setting purposes in Appendix 2-OB and provide supporting evidence.
- c) For the two \$1.2 million new affiliated debts with start date of December 31, 2022 and December 31, 2023 added in the 2023 Test Year Debt Instruments table in Chapter 2 Appendix 2-OB, EPCOR Electricity Distribution Ontario estimated debt rates of 5.25% and 5.03% respectively. Please provide supporting evidence of

the proposed methodology and explanations on how the proposed debt rates are reasonable and market-based.

- d) Will EPCOR Electricity Distribution Ontario update the estimated debt rate(s) to the OEB's 2023 deemed long-term debt rate once it is issued later in 2022, in a situation that any of the current estimated rates (5.25% and 5.03%) is higher than the 2023 OEB deemed long-term debt rate?
- e) As stated in the 2009 Cost of Capital Report, for any new affiliated debt, the deemed long-term debt rate is a ceiling on the allowed rate. The onus is on the distributor to demonstrate that the applied for rate is prudent and comparable to a market-based agreement and rate on arms-length commercial term. If the answer to part b) above is no (considered as a depart from OEB policy), EPCOR Electricity Distribution Ontario is required to fully support its proposed methodology with evidence (including data, analysis and related information) and explanation about how the proposed debt rates are reasonable and market-based debt rates.
- f) It's noted that in the 2023 table in Appendix 2-OB, EPCOR Electricity Distribution Ontario applied proration for principle and interest amounts for the new affiliated debts added. However, this proration has not been applied to the new affiliated debts added in years 2018, 2020 and 2021. Please update the related tables in Appendix 2-OB with the appropriate proration calculations. Otherwise, please provide explanations.

Exhibit 6 – Revenue Requirement

6-Staff-57

Tax Return

Ref: Exhibit 6 / Tab 1 / Schedule 1 / page 10

Please provide a copy of 2021 tax return. If the final return is not available, please provide the draft return and indicate whether changes are expected to the draft return.

6-Staff-58

PILs

**Ref: Exhibit 6 / Tab 1 / Schedule 1 / page 11
Exhibit 9 / Tab 1 / Schedule 1 / pages 25-27**

Preamble:

Table 6.2-2 in Exhibit 6 shows the tax losses carry-forward for regulatory purposes available to be used for 2023 to be \$2,680,706. EPCOR Electricity Distribution Ontario indicated that it anticipates to use up the loss carry-forward during 2023 to 2027.

EPCOR Electricity Distribution Ontario states that:

As a result of expecting to use the loss carry-forward for regulatory purposes balance prior to its next cost of service filing, EEDO is requesting the establishment of a deferral account to track the use of the loss carry-forwards for regulatory purposes and to include any tax expense incurred in the 2023 to 2027 period once the loss carryforward for regulatory purposes balance is fully utilized.

Question(s):

- a) Please explain the main drivers that generated the tax loss carry-forwards for regulatory purposes (i.e. drivers of the 2018 to 2022 tax losses).
- b) EPCOR Electricity Distribution Ontario indicated that it has excluded losses relating to the judicial inquiry from tax loss carry-forwards for regulatory purposes. Please confirm that the regulatory tax loss carry-forward does not reflect any other material non-regulatory amounts (e.g. CCA on goodwill that may have been included in taxable income). If not confirmed, please identify the material non-regulatory amounts that impacted the tax loss carry-forward.
- c) Please update the table as appropriate, for the finalization of the 2021 tax return, any updates to the 2022 tax loss carry-forward forecast, and any other material non-regulatory amounts as referenced in response to part b above.
- d) Please provide the annual forecasted taxable income, tax loss carry-forward and taxes payable for 2023 to 2027.
 - i. Please indicate the CCA rule EPCOR Electricity Distribution Ontario anticipates to use in its tax return for each year from 2023 to 2027 (e.g. legacy half-year rule, two-times the half-year rule).

6-Staff-59

Account 1592

**Ref: Exhibit 6 / Tab 2 / Appendix B – PILs Workform
Exhibit 9 / Tab 1 / Schedule 1 / pages 25-27**

Preamble:

In Schedule 8 of the PILs Workform for the test year, CCA is calculated using the legacy rule (i.e. the half-year rule) instead of using accelerated CCA rules.

EPCOR Electricity Distribution Ontario has proposed to establish a new account called the Recovery of income Taxes Deferral Account, which is to record the difference

between the zero PILs included in the revenue requirement proposed and the actual taxes paid (as calculated at the tax rate currently in place at the time of this Application).

Question(s):

- a) Please explain EPCOR Electricity Distribution Ontario’s expectation for Account 1592, Sub-account CCA Changes during 2023 to 2027, given its expectation of CCA claims in its tax return as noted in response to 6-Staff-58 (e.g. whether there will be a balance in the account for particular years, how the balance will be determined).
- b) Please explain how Account 1592, Sub-account CCA Changes will interact with the proposed Recovery of Income Taxes Deferral Account, and how will EPCOR Electricity Distribution Ontario ensure that there is no double counting between the two accounts.

6-Staff-60

PILs Workform

Ref: Exhibit 6 / Tab 2 / Appendix B – PILs Workform

In Schedule 8 of the PILs Workform for the bridge and test years, there are Adjustments and Transfers in column 5 of -\$1,616,036 excluding CWIP for the bridge year, and - \$994,401 for the test year. Please explain what these amounts represent and why adjustments to UCC are necessary.

6-Staff-61

PILs Workform

**Ref: Exhibit 6 / Tab 2 / Appendix B – PILs Workform
 Chapter 2 Appendix 2-BA**

Preamble:

In the PILs Workform, the following depreciation related amounts are added back to regulatory net income in tabs B1 and T1:

<u>Additions to net income</u>	PILs Workform	
	2023	2022
Amortization of tangible assets	\$1,397,064	\$1,282,677
Amortization of intangible assets	\$119,207	\$59,702
Right of use asset	\$171,830	\$171,830
Vehicle burden	\$356,391	\$302,982
Total depreciation added back	\$ 2,044,492	\$1,817,191

The following is a breakdown of depreciation expense in Chapter 2 Appendix 2-BA:

<u>Depreciation</u>	Appendix 2-BA	
	2023	2022
Tangible and intangible assets excluding finance lease, deferred revenues	\$1,872,661	\$1,645,360
Property under finance lease	\$171,830	\$171,830
Depreciation excluding deferred revenue	\$2,044,491	\$1,817,190
Amortization of deferred rev	-\$204,069	-\$172,924
Gross depreciation	\$1,840,422	\$1,644,266
Remove transportation depreciation	-\$356,391	-\$302,982
Net depreciation in revenue requirement*	\$1,484,031	\$1,341,284

*Amortization of deferred revenues is included in revenue requirement through other revenues

Question(s):

- a) Please explain the methodology in determining the amount of depreciation to be added back to net income in the PILs Workform, and how it reconciles the depreciation expense in Appendix 2-BA. Please include a discussion on the treatment of amortization of deferred revenue and vehicle burden.

Exhibit 7 – Cost Allocation

7-Staff-62

Weighting Factors

Ref: Exhibit 7 / Tab 1 / Schedule 1 / pages 2-4

Preamble:

EPCOR Electricity Distribution Ontario states that “an analysis of accounts 5305 – 5340 was conducted.” The meter reading weight for the meter type “Demand with IT and Interval Capability” is 0.38.

Question(s):

- a) Please provide the analysis which supports the proposed weighting factors.
- b) Please provide the derivation of the weighting factors for Meter Reading.
- c) Please confirm that the costs used in part b) are the same costs that are recorded in account 5310.

7-Staff-63

Meter Count

Ref: Cost Allocation Model / Sheet I7.1 Meter Capital / I7.2 Meter Reading

Preamble:

In the GS < 50 kW rate class, on sheet I7.1, 1,733 meters reads are identified as Smart Meters, while 100 are identified as demand with IT meters. On sheet I7.2, total meter unit count is 1733.

Question(s):

- a) Please explain the apparent discrepancy for the GS < 50 rate class.

7-Staff-64

Load Profiles

Ref: Exhibit 7 / Tab 1 / Schedule 1 / pages 5-10

Demand Data Model / Sheet Res

Cost Allocation Model / Sheet I8 Demand Data

Preamble:

EPCOR Electricity Distribution Ontario has provided a regression model for Residential and noted that “other classes and historic weather data has been removed to reduce the size of the model.” The included regression model was estimated based on 24840 observations (hourly data for the three years from 2019-2021). A single HDD or CDD value is used for each day.

The 1CP and 4CP values in the Demand Data model do not match the same values in the cost allocation model.

Question(s):

- a) Please provide the regression output for all rate classes (comparable to the information found on the Res sheet, columns B through F).
- b) As a scenario, please provide regression output that results from only using 2019 historic data.
- c) For any rate classes that weren't estimated using regression, please explain the methodology used to produce the 2023 load profiles.
- d) Is hourly temperature data available for the Collingwood area? If so, please explain why daily temperature data was used.
- e) Please explain the apparent inconsistency between the cost allocation model and the demand data model or revise.

Exhibit 8 – Rate Design

8-Staff-65

Fixed / Variable Charge

Ref: Exhibit 8 / Tab 1 / Schedule 1 / pages 2-3

Cost Allocation Model / Sheet O2 Fixed Charge|Floor|Ceiling

Preamble:

EPCOR Electricity Distribution Ontario states:

The Street Light monthly service charge, after a revenue adjustment to bring the revenue to cost ratio to 120%, has a monthly service charge that is lower than the floor from the 'O2 Fixed Charge|Floor|Ceiling' tab". EEDO proposes to increase the monthly service charge to the minimum.

The proposed fixed charge for the street lighting rate class is \$1.94.

Question(s):

- a) Please confirm that the minimum system with peak load carrying capability (PLCC) for the street lighting rate class from the cost allocation model is \$1.94, and that this is in fact the ceiling.
- b) Please confirm that the Avoided Cost is \$0.00, and that this is in fact the floor.
- c) Is EPCOR Electricity Distribution Ontario's proposal therefore to reduce the fixed charge in the street lighting rate class to the ceiling?
- d) As a scenario, please provide the fixed and variable charges that would result from maintain the existing proportions of 73.2% fixed, 26.8% variable.

8-Staff-66

Low Voltage Service Rates

Ref: Exhibit 8 / Tab 1 / Schedule 1 / page 15

Preamble:

EPCOR Electricity Distribution Ontario has estimated the Low Voltage charge for the 2023 Test Year to be \$1,031,829. It has calculated Low Voltage Rates by Rate Class using the 2021 actual costs as a basis for calculation, while removing the impact of rate riders.

Question(s):

- a) Please provide the low voltage expense that would result if 2022 Hydro One rates excluding rate riders were applied to a 5-year average of 2017-2021 volumes

8-Staff-67

Loss Factors

Ref: Exhibit 8 / Tab 1 / Schedule 1 / page 18

Preamble:

The RRR values for 2.1.5.3 Supply indicate 307,339,771 kWh for Collus PowerStream in 2017 (reported 2018), and 315,450,702 kWh, 309,631,324 kWh, and 306,437,609 kWh for 2018-2020 for EPCOR Electricity Distribution Ontario for 2018-2020.

Embedded Generation is additional.

The losses in the distribution system have been increasing every year from 2017 to 2021, including an increase from 1.0209 in 2019 to 1.0307 in 2020.

Question(s):

- a) Please ensure that embedded generation is included in the power delivered to the distributor as it reflects part of the supply used in the delivery of power to customers.
- b) Please provide any insight EPCOR Power Distribution Ontario has into the cause of the increased losses from 2019 to 2020.

Exhibit 9 – Deferral and Variance Accounts

9-Staff-68

Recovery of Income Tax Deferral Account

Ref: Exhibit 9 / Tab 1 / Schedule 1 / pages 25-27

Exhibit 9 / Tab 2 / Appendix D – Draft Accounting Order

Regarding the proposed Recovery of Income Taxes Deferral Account (RITDA), the first reference states:

EEDO proposes for the purposes of determining the amount to record in the RITDA for a given year that the taxable income (or losses) for the 2022 Bridge Year and any subsequent period will reduce (or increase) this loss carry-forward balance for regulatory purposes and in the year that the loss carry-forward balances is fully utilized. And for subsequent years, that amounts are added to the RITDA based on the taxable income for years once the loss carry-forward balance is fully utilized.

EEDO proposes that for the purposes of determining the amount to record in the RITDA, the actual cash income taxes each year are calculated based on the tax

rate in place at the time of this Application. This will ensure no double counting of a recovery between the RITDA and Account 1592 – PILS and Tax variances due to changes in legislation.

The draft accounting order in Appendix D states

Amounts will be recorded in the RITDA on an annual basis only once the loss carry-forward balance for regulatory purposes as identified in Exhibit 6, Tab 1, Schedule 1 Table 6.2-2 of EB- 2022-0028 is fully utilized.

Question(s):

- a) Please confirm that the amount of tax loss carry forward referenced in the first paragraph quoted above is not recorded in the account and that only the taxes payable calculated using the tax rate effective at the time of this application is recorded in the account. If not confirmed, please explain.
- b) Please indicate the effective tax rate that is anticipated to be used, taking into consideration the 2022 federal budget that updated the range over which the small business deduction is reduced to \$10M to \$15M.
- c) Please provide a numerical example of the amounts to be recorded in the account annually from 2023 to 2027, using the forecasted tax losses, tax carry-forwards as provided in response to 6-Staff-58.
- d) The tax rate effective at the time of this application is proposed to be used so that there is no double counting of a recovery between the RITDA and Account 1592 – PILS and Tax variances due to changes tax rates. However, please confirm that the proposed RITDA will allow EPCOR Electricity Distribution Ontario to be kept whole for all other fluctuations that affect taxes (e.g. if taxes payable are higher due to increase in net income), i.e. true up the tax expenses during the incentive period. If confirmed, please explain why this method is proposed. If not confirmed, please explain what is the proposal regarding the PILs expense in conjunction with the RITDA.

9-Staff-69

GA Analysis Workform

Ref: GA Analysis Workform

GA Analysis Workform Instructions for 2023 Rates, dated May 27, 2022

Preamble:

Due to the timing of EPCOR Electricity Distribution Ontario's application filing, it does not appear that the 2023 version of the GA Analysis Workform was used.

Question(s):

- a) The GA rates used in EPCOR Electricity Distribution Ontario’s GA Analysis Workform appear to be different than the rates in the GA Analysis Workform for 2023 rate applications and the rates posted on the Independent Electricity System Operator website (which includes the 2021 GA recovery rates). The rates are as follows:

Table 9-1

2021	GA Rate Billed (\$/kWh)		GA Actual Rate Paid (\$/kWh)	
	Per EPCOR	IESO Posted Rates	Per EPCOR	IESO Posted Rates
January	0.13331	0.09092	0.13307	0.08798
February	0.16191	0.10485	0.12132	0.05751
March	0.12749	0.0842	0.14960	0.09668
April	0.14439	0.06969	0.17484	0.11589
May	0.16651	0.10531	0.16264	0.10675
June	0.1641	0.11352	0.14472	0.09216
July	0.11662	0.07612	0.12940	0.07918
August	0.14107	0.08734	0.09679	0.05107
September	0.09812	0.05519	0.14255	0.08234
October	0.14233	0.07402	0.11204	0.0584
November	0.1185	0.06342	0.11367	0.06012
December	0.10312	0.05443	0.11438	0.06515

Please explain the differences and update the GA Analysis Workform for the appropriate GA rates.

- b) As noted in the GA Analysis Workform Instructions for 2023 Rates, a reconciling item for the Impacts of GA Deferral is optional depending on the materiality of the reconciling item. Please confirm that this reconciling item is not material for EPCOR Electricity Distribution Ontario. If not confirmed, please quantify the reconciling item.

9-Staff-70

GA Analysis Workform

Ref: GA Analysis Workform

GA Analysis Workform Instructions for 2023 Rates, dated May 27, 2022

Preamble:

In the GA Analysis Workform, unbilled to actual revenue differences are identified as reconciling items (2a and 2b) and principal adjustments. In the calculation of the expected GA variance in the table under Note 4, unbilled consumption is used.

Per pages 10-11 of the GA Analysis Workform Instructions, the scenario where a reconciling item and principal adjustment is required for unbilled to actual revenue differences is when the expected GA balance is calculated based on actual consumption, and the GA balance in the general ledger excludes the unbilled to actual revenue true-up.

Question(s):

- a) Please confirm that the unbilled consumption included in the table under Note 4 that was used to calculate the expected GA variance represents actual consumption. If not confirmed, please revise the reconciling items and principal adjustments according to the GA Analysis Workform Instructions.

9-Staff-71

Account 1550 – LV Variance Account

Ref: DVA Continuity Schedule

In the DVA Continuity Schedule, the 2020 ending interest for Account 1550 – LV Variance Account was not carried into the 2021 opening interest, resulting in \$0 2021 opening interest. Please revise the DVA Continuity Schedule to update the 2021 opening interest.

9-Staff-72

Pole Attachment Account

Ref: Exhibit 9 / Tab 1 / Schedule 1 / pages 9, 11

Exhibit 6 / Tab 1 / Schedule 1 / page 14

Accounting Guidance on Wireline Pole Attachment Charges, July 20, 2018

Preamble:

In Table 9.1-8 of Exhibit 9, the pole attachment revenues under “Updated OEB Rates” appear to be different than that in the Account 4210 Pole Attachment Revenues in Table 6.3-2 of Exhibit 6. The amounts are as follows:

<u>Pole Revenues</u>	2018*	2019	2020	2021	2022
Table 9.1-8	\$62,738	\$273,820	\$279,179	\$279,179	\$219,181
Table 6.3-2	\$36,167	\$142,733	\$136,505	\$146,473	\$143,707
Difference	\$26,572	\$131,087	\$142,674	\$132,706	\$75,474

*2018 revenues from Table 6.3.-2 is on an annual basis, whereas revenues from Table 9.1-8 is for Sept. to Dec. 2018. The revenue for Table 6.3-2 has been divided by 4 to be comparable to revenues in Table 9.1-8.

Question(s):

- a) Please explain the difference in revenues between Table 9.1-8 and Table 6.3-2.
- b) Please revise the balance in Account 1508, Sub-account Pole Attachment Revenue Variance as necessary, and provide the supporting calculation. If a revision is required, please ensure that the balance is calculated based on the difference in pole attachment rates multiplied by number of poles as per the OEB's accounting guidance referenced above (under footnote 1).

9-Staff-73

Account 1508, Sub-account ICON F&G Meter Disposal

Ref: Exhibit 9 / Tab 1 / Schedule 1 / page 13

EB-2012-0116 Rate Order, October 24, 2013

DVA Continuity Schedule

Preamble:

EPCOR Electricity Distribution Ontario is requesting disposition of Account 1508, Sub-account ICON F&G Meter Disposal (i.e. Sub-account Stranded Meters Net Book Value) for \$569,403, which includes \$56,910 of carrying charges.

Question(s):

- a) In the decision referenced above that discussed the establishment of the 1508 sub-account, the OEB noted that it was premature to determine whether the stranded FG meters will ultimately attract interest. Please explain EPCOR Electricity Distribution Ontario's rationale for including interest on the sub-account for disposition.
- b) In tab 5 of the DVA Continuity Schedule, the 1508 sub-account balance is proposed to be allocated based on kWh. Please explain why this allocator was chosen and whether there is another more appropriate allocator (e.g. # of customers in affected rate classes). Please revise the DVA Continuity Schedule as necessary.

9-Staff-74

Group 2 Accounts

Ref: Exhibit 9 / Tab 1 / Schedule 1 / pages 12-15

Accounting Order for the Establishment of a Deferral Account to Record Impacts Arising from Implementing the Customer Choice Initiative

Ontario Energy Board File No. EB-2020-0152, September 16, 2020

March 2015 Accounting Procedures Handbook Guidance #4

July 2012 Accounting Procedures Handbook Frequently Asked Questions #8

Preamble:

EPCOR Electricity Distribution Ontario is requesting disposition of Account 1508, Sub-account Customer Choice Initiative for \$8,634, Account 1508, Sub-account Energy East Consultation Costs for \$2,501 and Account 1508, Sub-account Late Payment Penalty for (\$2,217).

For the Customer Choice Initiative and Energy East sub-accounts, the guidance documents referenced above note that materiality thresholds apply to the sub-accounts. For the Late Payment Penalty sub-account, the guidance document referenced above noted that the OEB did not approve a variance account for to record any differences between the Late Penalty Payment cost and related revenue recovered in rates through the rate rider.

Question(s):

- a) Please explain why EPCOR Electricity Distribution Ontario requesting the above noted sub-accounts for disposition, considering the guidance regarding the materiality of these accounts. Please revise the DVA Continuity Schedule to remove the balances of these sub-accounts.

9-Staff-75

Account 1509 - COVID-19

Ref: Exhibit 9 / Tab 1 / Schedule 1 / pages 9, 15

Exhibit 1 / Tab 1 / Schedule 1 / page 146 / Appendix B – 2021 Financial Statements

Report of the OEB: Regulatory Treatment of Impacts Arising from the COVID-19 Emergency (EB-2020-0133), June 17, 2021 (COVID-19 Report)

Guidance for Electricity Distributors with Forgone Revenues Due to Postponed Rate Implementation from COVID-19, August 6, 2020

Preamble:

EPCOR Electricity Distribution Ontario is requesting disposition of Account 1509 – Impacts Arising from the COVID-19 Emergency.

Page 39 of the COVID-19 Report indicated that Account 1509, Sub-account Forgone Revenues from Postponing Rate Implementation is not in scope for the COVID-19 consultation. Separate accounting guidance (as referenced above) was issued for this sub-account.

Note 5 of EPCOR Electricity Distribution Ontario's 2021 Audited Financial Statements state:

...the Company has not experienced any significant impact of COVID-19 on its operations and financial results except for a decline in services to commercial customers mainly due to business closures resulting from government imposed restrictions, which has largely been offset by an increase in services to residential customers. Overall, the COVID -19 pandemic did not result in any material impact on the financial results of the Company for the years ended December 31, 2021 and 2020.

Per page 3 of the OEB's COVID-19 report referenced above, the OEB is expecting requests for disposition of Account 1509 to be filed only on an exceptional basis for costs not related to mandated government or OEB-initiated programs; and utilities should generally have been able to manage pandemic-related impacts within existing budgets.

Question(s):

- a) Please separate out the Account 1509, Sub-account Forgone Revenues from Postponing Rate Implementation for (\$17,475) from the other 1509 sub-accounts in the DVA Continuity Schedule as different guidance applies to this sub-account.
- b) Given that the OEB's expectation is that utilities generally be able to manage pandemic-related impacts within existing budgets, and EPCOR Electricity Distribution Ontario's financial statements that state that the COVID-19 pandemic did not result in a material impact on the financial results of the company, please explain why EPCOR Electricity Distribution Ontario is requesting disposition of the Account 1509, Sub-account Other Costs and Savings for incremental business operating costs of \$29,221.
- c) Page 24 of the COVID-19 Report stated that the OEB will apply the criteria of causation, prudence and materiality to amounts in Account 1509. Furthermore, the COVID-19 Report indicated that materiality will be calculated based on the annual total of the amounts recorded in the Account, net of any offsetting cost savings recorded, and exclusive of any amounts recorded in the Exceptional Pool. Please discuss the materiality criteria on the annual amounts in the Account 1509, Sub-account Other Costs and Savings and revise the claim amount to remove annual amounts that do not meet the materiality criteria.

- i. Page 26 of the COVID-19 Report states that the onus will be on the utility to demonstrate that these savings have been identified and that all reasonable avenues of cost reduction have been explored and prudently acted upon. Please discuss how EPCOR Electricity Distribution Ontario has assessed and identified savings applicable to Account 1509.
 - ii. Please update the DVA Continuity Schedule for any revisions in the claim amount.
 - iii. Per page 48 of the COVID-19 Report, please ensure that amounts disposed are allocated based on the distribution revenue by rate class and the amount recovered is based on a monthly fixed charge, using the number of customers for each rate class as a denominator. Please note that in the 2023 DVA Continuity Schedule, a separate rate rider is established for disposition of Account 1509.
- d) In Table 9.1-5, Account 1509 is proposed to be continued. On page 16 of Exhibit 9, it appears that EPCOR Electricity Distribution Ontario has not incurred any amounts for Account 1509 in 2022. Please explain whether EPCOR Electricity Distribution Ontario anticipates further COVID-19 related costs to be recorded in Account 1509.
- i. Per page 38 of the COVID-19 Report, Account 1509 will remain effective until the utility's subsequent rebasing application. Please explain why EPCOR Electricity Distribution Ontario is proposing that the account continue after rebasing.

9-Staff-76

Account 1532 – Renewable Connection OM&A

Ref: Exhibit 9 / Tab 1 / Schedule 1 / page 19

Preamble:

EPCOR Electricity Distribution Ontario is requesting Account 1532 – Renewable Connection OM&A Deferral Account for \$45,230 for disposition. The amount represents a prorated portion of the incremental cost built into the UtiliSmart rate (generation accounts as a % of all accounts) offset by the approved MicroFit charge.

Question(s):

- a) Please explain what is meant by “incremental cost built into UtiliSmart” and how the incremental cost is OM&A in nature and not capital.

9-Staff-77

Account 1557 – MIST Meters

Ref: Exhibit 9 / Tab 1 / Schedule 1 / page 21

DVA Continuity Schedule

Exhibit 1 / Tab 1 / Schedule 1 / page 146 / Appendix B – 2021 Financial Statements

Preamble:

EPCOR Electricity Distribution Ontario is requesting Account 1557 – MIST Meters for \$265,324 for disposition.

Question(s):

- a) Please provide a breakdown of costs in the account by capital and OM&A.
- b) Please confirm that the amount requested for disposition represents the revenue requirement impact of the meters.
 - i. If not confirmed, please explain why the revenue requirement impact was not requested for disposition.
 - ii. Please provide the revenue requirement calculation for the MIST meters.
 - iii. The annual principal balance has increase by approximately \$10k annually, please explain why the principal balance has been increasing annually.
- c) In EPCOR Electricity Distribution Ontario's 2021 financial statements, note 12 shows the MIST meter account for \$201,191 and MIST Meter Capitalized for IFRS (\$201,191). Please explain what the MIST Meter Capitalized for IFRS represents.
- d) In tab 5 of the DVA Continuity Schedule, the Account 1557 balance is proposed to be allocated based on kWh. Please explain why this allocator was chosen and whether there is another more appropriate allocator (e.g. # of customers in affected rate classes). Please revise the DVA Continuity Schedule as necessary.

9-Staff-78

Account 1568 LRAMVA

Ref: Excel LRAMVA Workform

Exhibit 9 / Section 9.3 Lost revenue adjustment mechanism variance account

Preamble:

2021 CDM Guidelines requires electricity distributors filing an application for 2023 rates to seek disposition of all outstanding LRAMVA balances related to previously

established LRAMVA thresholds. EPCOR Electricity Distribution Ontario Inc. is seeking disposition of outstanding LRAMVA debit balance of \$185,830 for 2021 and 2022 as part of their 2023 cost of service application.

Question(s):

- a) Please confirm if EPCOR Electricity Distribution Ontario is seeking disposition of all outstanding LRAMVA balances and whether the LRAMVA would have a zero balance if disposition is approved.
- b) Please confirm that EPCOR Electricity Distribution Ontario is not at this time requesting to use the LRAMVA for any CDM activities for 2023 or beyond.

9-Staff-79

Account 1568 LRAMVA

Ref: Excel LRAMVA Workform / Tab 3 (Distribution Rates)

Preamble:

Tab 3 (Cell P40) under EB-2021-XXXX for rate year 2022, the rate rider for tax sharing under streetlighting shows \$0.4031.

Question(s):

- a) Please clarify EB-2021-XXXX is in reference to EB-2021-0020.
- b) Per Tariff of Rates and Charges under the Street Lighting Service Classification on page 20 of the Decision and Rate Order issued March 24, 2022 for EB-2021-0020, the rate rider for application of tax change (2022) – effective until April 30, 2023 shows \$0.3236/kWh. Whereas the Low Voltage Service Rate shows \$0.4031/kWh (which coincides with EPCOR's input in Tab 3, Cell P40). Please clarify the amount for 2022 Rate Rider for Tax Sharing under Streetlighting. If it differs from \$0.4031, please update and file a revised LRAMVA Workform with the changes.

9-Staff-80

Account 1568 LRAMVA

**Ref: Excel LRAMVA Workform / Tab 5 (2015-2027 LRAM) / 2015 Table 5-a
2017 Final Verified Results Report – LDC Savings Persistence Tab**

Preamble:

In Table 5-a, savings from 2025 to 2027 could not be reconciled for the following programs:

- Coupon Initiative

- Bi-Annual Retailer Event Initiative
- Efficiency: Equipment Replacement Incentive Initiative
- Direct Install Lighting and Water Heating Initiative
- Process and Systems Upgrade Initiatives – Energy Manger Initiative
- Low Income Initiative
- Save on Energy Coupon Program
- Save on Energy Retrofit Program

Question(s):

- a) Please provide the details and calculations (e.g., source documents or rationale for persistence factors) used to arrive at the 2025 to 2027 persisting energy savings.

9-Staff-81

Account 1568 LRAMVA

**Ref: Excel LRAMVA Workform / Tab 5 (2015-2027 LRAM) / 2016 Table 5-b
2017 Final Verified Results Report – LDC Savings Persistence Tab**

Preamble:

In Table 5-b, electricity savings persisting from 2016 to 2025 could not be reconciled for the following programs:

Loblaws Pilot

Persisting savings from 2016 to 2025 reconciles with energy savings for the Home Depot Home Appliance Market Uplift Conservation Fund Pilot Program. The Loblaws P4P Conservation Fund Pilot Program shows energy savings of \$nil.

Save on Energy Heating and Cooling Program

Persisting savings from 2016 to 2025 per Tab 5 of the LRAMVA Workform reconciles with the 2017 Final Verified Report for Save on Energy Coupon Program except for verified savings from 2017 to 2025 with “#####” input per LRAMVA Workform.

Save on Energy New Construction Program

Persisting savings from 2016 to 2025 reconciles with energy savings for the Save on Energy Heating and Cooling Program.

Business Refrigeration Local Program

Persisting savings from 2016 to 2025 reconciles with energy savings for the Save on Energy Energy Manager Program.

First Nation Conservation Local Program

Persisting savings from 2016 to 2025 reconciles with energy savings for the Business Refrigeration Incentives Local Program.

Enersource Hydro Mississauga Inc. – Performance-based Conservation Pilot Program - Conservation Fund

Persisting savings from 2016 to 2025 reconciles with energy savings for the Social Benchmarking Local Program.

Question(s):

- a) With respect to Loblaws Pilot, please clarify if the energy savings reported under Loblaws Pilot in the LRAMVA Workform were for the Home Depot Home Appliance Market Uplift Conservation Fund Pilot Program
 - i. If so, please update the LRAMVA Workform accordingly.
 - ii. If not, please provide the details and calculations used to arrive at the 2016 to 2025 persisting energy savings for Loblaws Pilot. In your response, please confirm the source documentation of the claimed energy savings. If this documentation was not submitted as part of the initial application submission, please provide a copy.
- b) With respect to Save on Energy Heating and Cooling Program, please clarify if the energy savings reported under Save on Energy Heating and Cooling Program in the LRAMVA Workform were for Save on Energy Coupon Program.
 - i. If so, please confirm whether the “#####” input for verified savings from 2017 to 2025 was a typo and should reflect the 2017 Final Verified Report for Save on Energy Coupon Program where persisting savings remained at 1,213,322 from 2017 to 2025 and update the LRAMVA form accordingly.
 - ii. If not, please provide the details and calculations used to arrive at the 2016 to 2025 persisting energy savings for Save on Energy Heating and Cooling program. In your response, please confirm the source documentation of the claimed energy savings. If this documentation was not submitted as part of the initial application submission, please provide a copy.
- c) With respect to Save on Energy New Construction Program, please clarify if the energy savings reported under Save on Energy New Construction Program in the LRAMVA Workform were for the Save on Energy Heating and Cooling Program.

- i. If so, please update the LRAMVA form accordingly.
 - ii. If not, please provide the details and calculations used to arrive at the 2016 to 2025 persisting energy savings for Save on Energy New Construction program. In your response, please confirm the source documentation of the claimed energy savings. If this documentation was not submitted as part of the initial application submission, please provide a copy.
- d) With respect to Business Refrigeration Local Program, please clarify if the energy savings reported under Business Refrigeration Local Program in the LRAMVA Workform were for the Save on Energy Energy Manager Program.
 - i. If so, please update the LRAMVA form accordingly.
 - ii. If not, please provide the details and calculations used to arrive at the 2016 to 2025 persisting energy savings for Business Refrigeration Local Program. In your response, please confirm the source documentation of the claimed energy savings. If this documentation was not submitted as part of the initial application submission, please provide a copy.
- e) With respect to First Nation Conservation Local Program, please clarify if the energy savings reported under First National Conservation Local Program in the LRAMVA Workform were for the Business Refrigeration Incentives Local Program.
 - i. If so, please update the LRAMVA form accordingly.
 - ii. If not, please provide the details and calculations used to arrive at the 2016 to 2025 persisting energy savings for First Nation Conservation Local Program. In your response, please confirm the source documentation of the claimed energy savings. If this documentation was not submitted as part of the initial application submission, please provide a copy.
- f) With respect to Enersource Hydro Mississauga Inc. – Performance-based Conservation Pilot Program - Conservation Fund, please clarify if the energy savings reported under Enersource Hydro Mississauga Inc. – Performance-based Conservation Pilot Program - Conservation Fund in the LRAMVA Workform were for the Social Benchmarking Local Program.
 - i. If so, please update the LRAMVA form accordingly.
 - ii. If not, please provide the details and calculations used to arrive at the 2016 to 2025 persisting energy savings for Enersource Hydro Mississauga Inc. – Performance-based Conservation Pilot Program - Conservation

Fund. In your response, please confirm the source documentation of the claimed energy savings. If this documentation was not submitted as part of the initial application submission, please provide a copy.

9-Staff-82

Account 1568 LRAMVA

**Ref: Excel LRAMVA Workform / Tab 5 (2015-2027 LRAM) / 2017 Table 5-c
2017 Final Verified Results Report – LDC Savings Persistence Tab**

Preamble:

In Table 5-c, the electricity savings persisting from 2017 to 2026 could not be reconciled for the following programs:

Save on Energy Coupon Program

Persisting savings (verified and true-up) from 2017 to 2026 per Tab 5 of the LRAMVA Workform could not be reconciled to the 2017 Final Verified Report. Only the 2017 energy savings true-up value of 1,679 per cell D486 could be reconciled to the Participation & Cost Report under the LDC Progress tab.

Save on Energy Heating and Cooling Program

Persisting savings (verified and true-up) from 2017 to 2026 per Tab 5 of the LRAMVA Workform was reconciled to the 2017 Final Verified Report with the exception of the following timelines:

- 2017 energy savings – True up (cell D489)
- 2018 energy savings – verified and true up (cell E488 & E489)
- 2019 energy savings – verified and true up (cell F488 & F489)
- 2020 energy savings – verified and true up (cell G488 & G489)
- 2021 energy savings – verified and true up (cell H488 & H489)
- 2022 energy savings – True up (cell I489)
- 2023 energy savings – True up (cell J489)
- 2024 energy savings – True up (cell K489)
- 2025 energy savings – True up (cell L489)
- 2026 energy savings – True up (cell M489)

Save on Energy Retrofit Program

Persisting savings from 2018 to 2026 per Tab 5 of the LRAMVA Workform could not be reconciled to the 2017 Final Verified Report. Only the 2017 verified energy savings could be reconciled to the Final Verified Report with immaterial differences and the 2017 true-up energy savings could be reconciled to the Participation & Cost Report under the LDC Progress tab.

Social Benchmarking Local Program

Persisting savings from 2017 to 2026 per Tab 5 of the LRAMVA Workform reconciles with the 2017 Final Verified Report energy savings for the Social Benchmarking Local Program with the exception of years 2018, 2019 and 2020 with inputs of “#####” in the LRAMVA Workform.

Enersource Hydro Mississauga Inc. – Performance-based Conservation Pilot Program – Conservation Fund

Persisting savings from 2017 to 2026 per Tab 5 of the LRAMVA Workform reconciles with the 2017 Final Verified Report energy savings but for the Whole Home Pilot Program.

Question(s):

- a) With regards to the Save on Energy Coupon Program, please provide the details and calculations used to arrive at the 2017 to 2026 persisting energy savings for the Save on Energy Coupon Program. In your response, please confirm the source documentation of the claimed energy savings. If this documentation was not submitted as part of the initial application submission, please provide a copy.
- b) With regards to the Save on Energy Heating and Cooling Program, please provide the details and calculations used to arrive at the persisting energy savings for the Save on Energy Heating and Cooling program for the aforementioned timelines. In your response, please confirm the source documentation of the claimed energy savings. If this documentation was not submitted as part of the initial application submission, please provide a copy.
- c) With respect to the Save on Energy Retrofit Program, please provide the details and calculations used to arrive at the persisting energy savings for the Save on Energy Retrofit Program from 2018 to 2026. In your response, please confirm the source documentation of the claimed energy savings. If this documentation was not submitted as part of the initial application submission, please provide a copy.
- d) With respect to the Social Benchmarking Local Program, please clarify the energy savings for 2018, 2019 and 2020. In your response, please provide the details and calculations used to arrive at the persisting energy savings for those years and confirm the source documentation of the claimed energy savings. If

this documentation was not submitted as part of the initial application submission, please provide a copy.

- e) With respect to the Enersource Hydro Mississauga Inc. – Performance-based Conservation Pilot Program – Conservation Fund, please clarify the energy savings reported under Enersource Hydro Mississauga Inc. – Performance-based Conservation Pilot Program – Conservation Fund per the LRAMVA Workform is for the Whole Home Pilot Program.
- i. If so, please update the LRAMVA form accordingly.
 - ii. If not, please provide the details and calculations used to arrive at the 2017 to 2026 persisting energy savings for Enersource Hydro Mississauga Inc. – Performance-based Conservation Pilot Program - Conservation Fund. In your response, please confirm the source documentation of the claimed energy savings. If this documentation was not submitted as part of the initial application submission, please provide a copy.

9-Staff-83

Account 1568 LRAMVA

**Ref: Excel LRAMVA Workform / Tab 5 (2015-2027 LRAM) / 2018 Table 5-d
2017 Final Verified Results Report – LDC Savings Persistence Tab**

Preamble:

In Table 5-d, the electricity savings persisting from 2018 to 2027 could not be reconciled for the following programs:

Save on Energy Home Assistance Program

Energy Savings in 2018 per Tab 5 of the LRAMVA Workform were reconciled to the Participation & Cost Report under the LDC Progress tab. However, persisting savings from 2019 to 2027 could not be reconciled to any reports.

Save on Energy Retrofit Program

Energy Savings in 2018 per Tab 5 of the LRAMVA Workform were reconciled to the Participation & Cost Report under the LDC Progress tab. However, persisting savings from 2019 to 2027 could not be reconciled to any reports.

Save on Energy Small Business Lighting Program

Energy Savings in 2018 and 2020 per Tab 5 of the LRAMVA Workform were reconciled to the Participation & Cost Report under the LDC Progress tab. However, persisting savings in years 2019 and 2021 to 2027 could not be reconciled to any reports.

Question(s):

- a) With regards to the Save on Energy Home Assistance Program, please provide the details and calculations used to arrive at the 2019 to 2027 persisting energy savings for the Save on Energy Home Assistance Program. In your response, please confirm the source documentation of the claimed energy savings. If this documentation was not submitted as part of the initial application submission, please provide a copy.
- b) With regards to the Save on Energy Retrofit Program, please provide the details and calculations used to arrive at the 2019 to 2027 persisting energy savings for the Save on Energy Retrofit Program. In your response, please confirm the source documentation of the claimed energy savings. If this documentation was not submitted as part of the initial application submission, please provide a copy.
- c) With regards to the Save on Energy Small Business Lighting Program, please provide the details and calculations used to arrive at the 2019 and 2021-2027 persisting energy savings for the Save on Energy Small Business Lighting Program. In your response, please confirm the source documentation of the claimed energy savings. If this documentation was not submitted as part of the initial application submission, please provide a copy.

9-Staff-84

Account 1568 LRAMVA

**Ref: Excel LRAMVA Workform / Tab 5 (2015-2027 LRAM) / 2019 Table 5-e
2017 Final Verified Results Report – LDC Savings Persistence Tab**

Preamble:

In Table 5-e, the electricity savings persisting from 2019 to 2028 could not be reconciled to the 2017 Final Verified Report (LDC Savings Persistence tab) or Participation & Cost report for the following programs:

- Save on Energy Heating and Cooling Program
- Save on Energy Retrofit Program
- Save on Energy Small Business Lighting Program
- Save on Energy Process & Systems Upgrades

Question(s):

- a) Please provide the details and calculations used to arrive at the 2019 to 2028 persisting energy savings for the aforementioned programs. In your response, please confirm the source documentation of the claimed energy savings. If this

documentation was not submitted as part of the initial application submission, please provide a copy.

9-Staff-85

Account 1568 LRAMVA

**Ref: Excel LRAMVA Workform / Tab 6 (Carrying Charges)
OEB's Prescribed Interest Rates Posted on the Website**

Preamble:

Per Tab 6 of the LRAMVA Workform, the approved deferral & variance accounts interest rate is 1.02%. Since the LRAMVA Workform was filed, the OEB published its interest rate for Q3 and Q4 of 2022 at 2.20% on the OEB website.

Question(s):

- a) Please update Tab 6 of the LRAMVA Workform to reflect the updated interest rate.

9-Staff-86

Account 1595 (2018)

**Ref: Exhibit 9 / Tab 1 / Schedule 1 / page 23
Chapter 2 Filing Requirements for Electricity Distribution Rate
Applications 2023 Rate Applications, pages 61, 62**

EPCOR Electricity Distribution Ontario is requesting Account 1595 (2018) for \$83,112. The associated rate riders expired April 30, 2020 and therefore, does not yet meet the Filing Requirement criteria for disposition. Please remove the sub-account for disposition in the DVA Continuity Schedule.

9-Staff-87

New Account

**Ref: Exhibit 9 / Tab 1 / Schedule 1 / pages 24-25
Exhibit 9 / Tab 1 / Schedule 2 / Appendix E – Draft Accounting Order**

Preamble:

EPCOR Electricity Distribution Ontario is proposing to establish an account to record the difference between the amount of fixed billing costs attributable to non-electricity billing, net of actual recoveries from the Town of Collingwood in the event the agreement to provide these services is terminated by the Town of Collingwood.

Question(s):

- a) If the service contract with the Town of Collingwood is terminated, please explain what the actual recoveries from the Town of Collingwood would be for.
- b) EPCOR Electricity Distribution Ontario indicated that it will still be required to incur certain fixed billing costs in order to continue to provide these services to the utility customers (i.e. costs that will be incurred irrespective of the amount/level of customer billing activities). Please explain what these services are and whether some of these services could be reduced in the event that the contract with the Town of Collingwood is terminated.