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

November 8, 2022 **VIA E-MAIL**

Ms. Nancy Marconi
Registrar (registrar@oeb.ca)
Ontario Energy Board
Toronto, ON

Dear Ms. Marconi:

Re: EB-2022-0059 – PUC Distribution Inc. (PUC)
May 1, 2023 Cost of Service Distribution Rates
Interrogatories of the Vulnerable Energy Consumers Coalition (VECC)

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

Yours truly,

Mark C Garner Digitally signed by Mark C Garner
Date: 2022.11.08 16:42:23 -05'00'

Mark Garner
Consultants for VECC/PIAC

Email copy:
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REQUESTOR NAME	**VECC**
TO:	**PUC Distribution Inc. (PUC)**
DATE:	**November 8, 2022**
CASE NO:	**EB-2021-0059**
APPLICATION NAME	**2023 Cost of Service Rate Application**

1.0 ADMINISTRATION (EXHIBIT 1)

1.0-VECC-1
Reference: Exhibit 1, page 58

"*To date, over 25% of PUC customers are now enrolled in e-billing*."

a) Please describe the enrollment process for a new customer specifically detailing whether paper billing is provided as an option or whether it is the default billing method.
b) Does PUC require a customer have an email address in order to enroll them in the billing system?
c) Does PUC accept credit card payments and if so does it apply any additional charge for this form of payment?

2.0 RATE BASE (EXHIBIT 2)

2.0-VECC -2
Reference: Exhibit 2 page 19, Appendix 2-AB

a) What accounts for the shortfall in planned capital expenditure in 2019 of $9,454.00 and the actual amount expended of $5,835,000?
b) The net planned capital expenditures shown in Appendix 2-AB of this application are $8,996,00 whereas the net expenditures provided in Appendix 2-AB in EB-2017-0071 (and DSP page 109) are $8576,000. Please explain the difference.

2.0-VECC -3
Reference: Exhibit 2, pages 58-

Table 1: Sub 16 Renewal Milestones

Date	Project Milestones
April 2020	Offload existing station, Equipment Removal and Site Remediation
April, May 2020	Complete Site Civil/Architectural work
June – August 2020	Equipment Installation
August, September 2020	Testing and Commissioning
October 2020	Acceptance, Training, and Turnover
October, November 2020	Document and Financial Closeout

a) The above table was provided in the ICM application (page 7) of EB-2019-0170. Please provide the actual dates of these events.
b) Please provide the detailed project budget that was provided in EB-2019-0170 and show the actual amounts against that budget.
c) Please provide the costs and proof of payment for any materials or services purchased in 2020 for this project.

2.0-VECC -4
Reference: Exhibit 2, pages 58-

"*After thoughtful consideration of the impacts related to the COVID-19 pandemic, including worker safety and logistics of project completion decided to delay construction*."

a) Did PUC seek to also delay implementation of the associated ICM rate rider? If not please explain why not and provide the correspondence to the OEB noting the delay in this project.
b) What is the rationale for recovery of monies from ratepayers in 2020 when the project was not under construction.

2.0-VECC -5
Reference: Exhibit 2, pages 65- / DSP page 91-

The SSG Project is expected to be used and useful by the end of 2022, with a small portion of testing and optimization set to occur in the first quarter of 2023 to maximize project benefits.

a) If the SSG project is not projected to come into service until Q1 2023 why has PUC included the amount of $20,622,622 to be in service in 2022 as shown in Appendix 2 BA?

b) Table 5.3-26 shows an amount of $3,1990,371 of 2023 capital additions. Appendix 2-BA 2023 shows no additions for the ICM SSG. Please clarify the apparent discrepancy.
c) Please provide the current in-service date estimated for the project and specifically when the project is expected to be energized and fully connected to the distribution system.
d) Please explain what activity and how much money is captured by the phrase "*a small portion of testing and optimization set to occur in the first quarter of 2023* "

2.0-VECC -6
Reference: Exhibit 2, pages 65- /91

Table 2-29: SSG ICM Reconciliation

	Original Submission	2022 Capital Additions (ICM)	2023 Capital Additions (COS)	Revised Total Project Spend	Variance
Gross Asset Additions	$ 32,938,213	$ 28,713,347	$ 3,190,371	$ 31,903,718	$(1,034,495)
NRCan	$ 8,109,553	$ 7,355,438	$ -	$ 7,355,438	$ (754,115)
Net Additions	$ 24,828,660	$ 21,357,909	$ 3,190,371	$ 24,548,280	$ (280,380)
In Service Date	31-Dec-22	31-Dec-22	31-Mar-23		

	Revenue Requirement				Variance
Revenue Requirement	$ 875,610	$ 868,713			$ (6,897)
Projected Rate Rider Revenue		$ 852,614			
Refund (-) or Collection		$ 16,100			

"After PUC was approved for its SSG Project ICM Application, the total amount of federal NRCan funding was not the same as when PUC originally submitted its application. The total amount of NRCan grants available to PUC was reduced by $754,115 in 2022, and therefore the amount available to PUC for NRCan funding was reduced proportionately."

a) Please clarify whether the provision that "[U]*nder the Contribution Agreement, NRCan agreed to fund the lesser of 25% of total Project costs incurred or $10,626,500.*." (EB-2020-0249 Decision and Order April 29, 2021, page 5).
b) Please show how the NRCan funding is derived as an amount of 25% of the project costs.
c) Please provide the most current correspondence from NRCan detailing the amount of subsidy they are providing this project.

2.0-VECC -7
Reference: Exhibit 2, pages 58-

a) Did PUC seek to also delay implementation of the SSG ICM rate rider? If not please explain why not and provide the correspondence to the OEB noting the delay in this project.

2.0-VECC -8
Reference: Exhibit 2, DSP 5.3.6.2.1 /Appendix H / EB-2020-0249/2018-0219

"*2. PUC Distribution shall file an updated Distribution System Plan at the time of its next rebasing application which demonstrates how the SSG Project is being accommodated through the re-prioritization of other capital expenditures.*."

a) As compared to the prior years - 2018 through 2020 - PUC choose to expend in 2022 larger amounts on switchgear ($1,325,632) and Distribution Stations ($1,815,709). Similarly in 2023 the Utility is forecast to spend more than past averages on voltage conversion ($863,670) and overhead renewal ($1,485,864). In light of the large investments in SSG and Sub 16 why was more effort was not made to reduce capital spending in the new rate plan so as to mitigate against rate increases caused by capital investment?

2.0-VECC -9
Reference: Exhibit 2, DSP, section 5.3.6.2.3, pages 93-96

Table 5.3-29: Customer Net Benefit Summary

	Top of Dead Band	Bottom of Dead Band	Scenario 1	Scenario 2	Scenario 3	Scenario4
Measured (estimate) VVO Consumption Savings	16,324,838	14,327,652	13,350,394	16,822,310	782,551	29,750,110
PUC Annual Consumption	604, 623,538	606,565,655	607,598,147	603,161,981	603,161,981	603,161,981
PUC Consumption without SSG (projection from LF)	620,948,376	620,893,307	620,948,541	619,984,291	603,944,531	632,912,091
% Savings	2.70%	2.36%	2.20%	2.79%	0.13%	4.93%
PUC Cost of Power Paid	$69,302,488	$69,302,488	$69,302,488	$69,302,488	$69,302,488	$69,302,488

	Top of Dead Band	Bottom of Dead Band	Scenario 1	Scenario 2	Scenario 3	Scenario4
Average $/kWh	0.1146	0.1143	0.1141	0.1149	0.1149	0.1149
PUC Cost of Power Paid without SSG consumption savings	$71,173,655	$70,939,478	$70,825,230	$71,235,348	$69,392,402	$72,720,735
Customer Energy Savings	$1,871,167	$1,636,990	$1,522,742	$1,932,860	$89,914	$3,418,247
Dollar Savings from Loss Factor consumption reduction	$79,664	$79,664	$79,664	$79,664	$79,664	$79,664
Total purchased power savings	**$1,950,831**	**$1,716,654**	**$1,602,406**	**$2,012,524**	**$169,578**	**$3,497,911**
Additional revenue from increased SSG asset base	$1,755,460	$1,755,460	$1,755,460	$1,755,460	$1,755,460	$1,755,460
Benefit of reduced capital expenditures with SSG	($304,390)	($304,390)	($304,389)	($304,388)	($304,388)	($304,388)
Additional O&M expenses due to SSG implementation	$296,400	$296,400	$296,400	$296,400	$296,400	$296,400
Operating efficiency benefits due to SSG implementation	($30,816)	($30,816)	($30,816)	($30,816)	($30,816)	($30,816)
Change In Revenue Requirement	$1,716,654	$1,716,654	$1,716,655	$1,716,656	$1,716,656	$1,716,656
Annual net benefit to customers	**$234,177**	**$ 0**	**($114,249)**	**$295,868**	**($1,547,078)**	**$1,781,255**

"*PUC has engaged an SSG contractor to develop the methodology, in collaboration with PUC, for calculating the SSG Project performance metrics as outlined in PUC's ICM Application (EB-2018- 0219/EB-2020-0249). PUC will file the methodology and targets for each category as soon as it becomes available."*

"First, PUC will measure VVO consumption (kWh) savings on an annual basis. The methodology for calculating VVO savings is being developed in collaboration with PUC's SSG contractor which will be used as an input."

a) When is the SSG related report expected to be completed?
b) In the absence of a Board approved methodology for VVO calculations what is the basis for entries to the proposed deferral account?
c) In the example reproduced above is the bottom line entitled "*Annual net benefit to customers*." Are the amounts in the various scenarios examples of the amounts that would be booked in the proposed VVO account?
d) Are the VVO balances proposed to accumulate over the rate period or be disposed of on an annual basis?
e) Please explain how row 3: "*PUC Consumption without SSG(projection from LF)"* is calculated.
f) Please explain how the row entitled: *"Benefit of reduced capital expenditures with SSG"* is calculated.

2.0-VECC -10
Reference: Exhibit 2, DSP, page 17

g) Please provide the 2023 capital and operating costs of the Green Button program.

2.0-VECC -11
Reference: Exhibit 2, DSP, page 30

Table 5.2-14: Customer Hours Interrupted Numbers by Cause Codes – Excluding MEDs

Cause Code	2017	2018	2019	2020	2021	Total CHI	Percent Share
0-Unknown/Other	5,593	3,715	2,061	1,315	10,183	22,866	8%
1-Scheduled Outage	2,946	6,311	6,695	4,245	3,311	23,507	8%
2-Loss of Supply	0	0	2,869	0	0	2,869	1%
3-Tree Contacts	12,032	1,561	3,765	10,295	9,196	36,849	13%
4-Lightning	3,733	64	5,891	0	919	10,607	4%
5-Defective Equipment	9,546	19,757	11,658	42,838	19,240	103,039	35%
6-Adverse Weather	6,210	5,628	8,523	13,462	11,189	45,012	15%
7-Adverse Environment	0	0	259	0	40	299	0%
8-Human Element	59	2,974	1,161	376	123	4,693	2%
9-Foreign Interference	7,990	2,892	8,681	14,826	7,286	41,676	14%
Total	**48,109**	**42,902**	**51,563**	**87,357**	**61,487**	**291,418**	**100%**

a) What are the most common causes of defective equipment outages? How does the DSP address those issues?
b) Please explain the inordinately high number of hours caused by defective equipment related outages in 2020.

2.0-VECC -12
Reference: Exhibit 2, Material Investment Narrative (PDF page 252)

Table 1: Historical & Forecast Capital Expenditures

	Historical Costs ($ '000)					Forecast Costs ($ '000)				
	2018*	2019*	2020	2021	2022	2023	2024	2025	2026	2027
Capital (Gross)	(1)	65	81	416	299	376	382	388	409	382
Contributions	0	6	(18)	(80)	(63)	(75)	(78)	(80)	(81)	(83)
Capital (Net)	(1)	70	63	336	236	301	304	308	328	299

a) Please explain why the amounts shown in the table above and noted in the section Material Investment Narrative as "*Customer Demand- New Subdivisions*" does not reconcile to the similar titled category of *"New Services and Subdivisions*" in Appendix 2-AA (Updated Excel).

2.0-VECC -13
Reference: Exhibit 2 Material Investment Narrative (PDF page 263)

Table 1: Historical & Forecast Capital Expenditures

	Historical Costs ($ '000)					Forecast Costs ($ '000)				
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Capital (Gross)	257	557	296	640	663	864	0	0	0	0
Contributions	0	0	0	0	0	0	0	0	0	0
Capital (Net)	257	557	296	640	663	864	0	0	0	0

a) Please explain why the amounts shown in the table above and noted in the section Material Investment Narrative as "*OH Renewal – Voltage Conversion*" does not reconcile (for years 2018-2021) to the similar titled category of "*Voltage Conversion*" in Appendix 2-AA (Updated Excel).

2.0-VECC -14
Reference: Exhibit 2, Material Investment Narrative (PDF page 319)

Table 1: Historical & Forecast Capital Expenditures

	Historical Costs ($ '000)					Forecast Costs ($ '000)				
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Capital (Gross)	79	68	61	5	0	401	89	91	95	89
Contributions	0	0	0	0	0	0	0	0	0	0
Capital (Net)	79	68	61	5	0	401	89	91	95	89

a) Please explain why the amounts shown in the table above and noted in the section Material Investment Narrative as "*UG Renewal - Vaults*" does not reconcile to the similar titled category of *"UG Renewal*" in Appendix 2-AA (Updated Excel).

2.0-VECC -15

Reference: Exhibit 2 Exhibit 2, Material Investment Narrative (PDF page 673)

Table 2: Historical & Forecast Capital Expenditures

	Historical Costs ($ '000)					Forecast Costs ($ '000)				
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Capital (Gross)	0	0	0	0	0	295	68	61	0	0
Contributions	0	0	0	0	0	0	0	0	0	0
Capital (Net)	0	0	0	0	0	295	68	61	0	0

"PUC periodically purchases or renews various tools and equipment that are used through its testing and inspection programs. In general, PUC purchases its tools through two methods depending upon the application of the tool. For tools that are exclusively for use in the electrical distribution system, PUC buys tools directly, with larger tools being recorded as a one-time capital expenditure. The tools proposed for 2023-2027 in this narrative all fall into that category. For more generic tools that have applications inside and outside of the electrical distribution system, PUC's affiliate company PUC Services Inc. purchases and owns the tools. They are then charged out to the various PUC affiliate companies in proportion to the amount that they are used by each affiliate. For the historical period 2018-2022 there were no tools purchased directly by PUC Distribution Inc. so no historical information is available for comparative purposes."

a) Please explain what items constitutes the purchase of tools in 2023, 2024 and 2025 (presumed by the above explanation as made exclusively electricity use).

2.0-VECC -16

Reference: Exhibit 2, Appendix 2-AA Material Investment Narrative (PDF page 319)

a) Please identify which material investments narratives provide an explanation for Appendix 2-AA spending categories:
   i. 2022: Switchgear P&C (line 37) Distribution Station (line 40)
   ii. 2023 OH Renewal (line 41)

2.0-VECC -17

Reference: Exhibit 2, Appendix 2-AA

a) Please revise Appendix 2-AA to:

i. Show projects by the sub-categories of System Access, System Renewal, System Service and General Plant and specifically delineating SSG and Substation 16 project cost;

ii. Showing a row in each category for capital contribution amounts;

iii. Expand the detail in Appendix 2-AA so as to Identity and cross -reference project descriptions with those project descriptions/details shown in the Material Investment Narrative.

iv. Adding a column to show the most current spending for 2022 for each project or miscellaneous category of projects.

3.0 OPERATING REVENUE (EXHIBIT 3)

3.0-VECC -18

Reference: Exhibit 3, page 9

Preamble: The Application states:

"*The most important piece to note here is PUC sees a drop of 16.8% of its GS>50 customers in 2021. PUC reviews the consumption of the GS<50 and GS>50 rate classes in the fall of each year to determine if any customers are required to shift classes based on their consumption. Once PUC analyzed the GS>50 consumption of each customer in the fall of 2020, almost all customers from that 16.8% drop shifted to the GS<50 class – the GS>50 saw a drop of 62 customers and GS<50 saw an increase of 68 customers. <u>However, over time these customers should start to see a return to pre-pandemic levels of consumption</u>*." (Emphasis added)

a) Based on the fall reviews undertaken in 2011 through 2019, please provide a schedule that sets out for each review how many customers were reclassified at the start of the next year: i) from GS<50 to GS>50 and ii) from GS>50 to GS<50.

b) How much of the 2021 change in customer count for the GS<50 and GS>50 classes was due to the reclassification of customers in the fall of 2020 and how much was due to the addition of new customers/current customers ceasing operations?

c) Did PUC review the consumption of the GS<50 and GS>50 classes in the fall of 2021?

   i. If yes, how many customers were reclassified: i) from the GS>50 class to the GS<50 class and ii) from the GS<50 class to the GS>50 class?

d) Has PUC completed its fall 2022 review the consumption of the GS<50 and GS>50 classes?

   i. If yes, how many customers were reclassified: i) from the GS>50 class to the GS<50 class and ii) from the GS<50 class to the GS>50 class?

e) Please provide a schedule that sets out the customer/connection count by customer class for the most recent 2022 month available and also for the same month in 2021.

f) Have the consumption levels for those customers that were classified from GS>50 to GS<50 in the fall of 2020 started "to see a return to pre-pandemic levels of consumption"?

   i. If yes, please provide the change in consumption for this group that demonstrates this return.

3.0-VECC -19

Reference: Exhibit 3, page 9
Load Forecast Model, COVID analysis Tab (line 31) and Rate Class Customer Model (line 35)

Preamble: The. Application states: "*In order to predict the number of customers for the 2023 test year, PUC uses a 10-year geomean and applies this geomean to the last year of actual customer count. Since PUC, saw an abnormal drop in number of customers from GS>50 and traced those customers to the GS<50, it was determined that some kind of adjustment was needed*."

a) Please explain why the Average of the Growth Rates for the years 2012-2019 was used to normalize the GS<50 and GS>50 customer counts for 2020 and 2021 (per the COVID analysis Tab) but the Geomean of the Growth Rates for the years 2012-2021 was then used to forecast the customer counts for 2022 and 2023 (per the Rate Class Customer Model Tab). Why wasn't the Geomean used in both cases? Alternatively, why wasn't the Average used for both?

3.0-VECC -20

Reference: Exhibit 3, page 7

Preamble: The Application states (pages 7, 8 and 11):
"*PUC completed the regression analysis using actual data as of year-end 2021. Using the variables explained above produced predicted purchases of 558,517,707 kWh for the 2023 test year*."

The Application states (page 8): "*Overall PUC has seen a general decline in the consumption for all rate classes over the past 10 years. However, in 2020 and 2021 PUC sees a dip in the GS<50 and GS>50 consumption which is believed to be related to the COVID-19 pandemic*."
The Application states (page 11): "*PUC had to consider this adjustment in its overall purchased power for the each year before running the regression analysis again. The result is an adjustment to metered consumption in 2020 of 17,547,504 kWh and an adjustment in 2021 of 18,218,336 kWh. Once this adjustment is added to the actual yearly consumption to get a "COVID normalized" yearly consumption, its then grossed up for the loss factor. This results in normalized yearly purchases which will be used in the power purchased model regression analysis presented in section 2.1.3.1*."

a) Please provide a copy of the regression model developed using the actual data as of year-end 2021.

b) As opposed to adjusting the purchased power values for 2020 and 2021 did PUC consider including in the regression model one or more independent variables to capture the impact of the COVID-19 pandemic?

   i. If not, why not"

   ii. If yes, what were the results and why were they rejected?

3.0-VECC -21

Reference: Exhibit 3, page 9
Load Forecast Model, COVID analysis Tab (line 14) and Rate Class Energy Model Tab (line 54)

a) Please explain why the Average of the Growth Rates for the years 2012-2019 was used to normalize the GS<50 and GS>50 consumption for 2020 and 2021 (per the COVID analysis Tab) but the Geomean of the Growth Rates for the years 2012-2021 was then used to forecast each class' consumption for 2022 and 2023 (per the Rate Class Energy Model Tab). Why wasn't the Geomean used in both cases? Alternatively, why wasn't the Average used for both?

3.0-VECC -22

Reference: Exhibit 3, page 21-22
Load Forecast Model, Power Purchased Model Tab

a) It is noted that the regression analysis produces a negative coefficient for the customer count variable which is intuitively incorrect. Also, the t-statistic for this variable suggests it is not statistically significant. Based on these results, why did PUC include "customer count" as one of the variables in its regression model?

b) It is noted that the historical customer count values change every 3 months for the period 2012-2017. However, for the subsequent years the values are the same for all the months in a given year. Please explain why this is this case.

c) Please provide an alternative regression model and load forecast for 2023 which excludes "customer count" as one of the explanatory variables.

3.0-VECC -23

Reference: Exhibit 3, pages 21-22 and 28-32
Exhibit 4, pages 57-58
Load Forecast Model, Power Purchased Model Tab
2023 LRAMVA Workform, Tab 4, 5 and 7

a) Please provide the any Persistence Reports prepared by the IESO setting out the persisting savings (through to 2023) for CDM programs offered by PUC in 2012 through 2019.

b) It is noted that the Trend variable in PUC's regression model has a negative coefficient. Would PUC agree that one of the reasons for this is the impact of CDM programs offered by PUC during the 2012-2021 period?

   i. If not, why not?

c) It is noted that the value for Trend variable continues to increase monthly for the forecast years 2022 and 2023. Given that PUC also makes an

adjustment for the impact of CDM from program offered by the IESO (and others) over after 2021 (plus ½ of the 2021 impact), please explain why this does not result in a double counting of the impact of CDM.

d) Please provide an alternative forecast for 2023 where the trend variable is held constant over the 2022 and 2023 period at its December 2021 value.

3.0-VECC -24

Reference: Exhibit 3, pages 28-32

Preamble: The Application include the following Table:

Table 3-28: Annual adjustment required to forecast for CDM in 2023-2027 (kWh)

Program	PUC manual adjustment for CDM (kWh)			
	Residential	GS<50	GS>50	Total
Program	1,080,723	3,730,287	5,508,418	10,319,429
Less 1/2 of estimated 2021 savings	(90,266)	(311,566)	(460,081)	(861,912)
Climate Action Incentive Fund	-	1,798,141	2,661,234	4,459,375
Green Municipal Fund	-	91,929	136,055	227,984
Greener Homes Grant	1,434,227	-	-	1,434,227
Post 2024 IESO Programs	206,360	712,285	1,051,813	1,970,459
Sub-total	**2,631,046**	**6,021,077**	**8,897,439**	**17,549,562**
Proposed loss factor	4.62%			
Total CDM results forecast	**2,752,600**	**6,299,251**	**9,308,501**	**18,360,352**
Adjustment to match load forecast	-40%	-3%	-25%	
CDM adjustment to load forecast	**1,643,785**	**6,084,747**	**7,026,072**	**14,754,604**

a) Are the savings set out in the "Program" line those resulting from the 2021-2024 Framework described on pages 30-31?
   i. If not, what do they represent?

b) Please provide the supporting calculations deriving the values in the "Program" line and indicate the sources of all data used. Please also provide copies or links to the source documents for all data used.

c) Please provide the supporting calculations for the "Less ½ of estimated 2021 savings" line. If not provided in response to part (b), please also provide the derivation of the full 2021 savings by customer class, including copies or links to the sources of all data used.

d) With respect to the "Climate Action Incentive Fund" line, please provide the calculations supporting the PUC total of 4,459,375 kWh and the allocation to customer classes. Please indicate the sources of all data used and provide copies or links to the source documents.

e) With respect to the "Greener Homes Grant" line, please provide the calculations supporting the PUC total of 1,434,227 kWh. Please indicate the sources of all data used and provide copies or links to the source documents.

f) With respect to the "Green Municipal Fund" line, please provide the calculations supporting the PUC total of 227,984 kWh and the allocation to

customer classes. Please indicate the sources of all data used and provide copies or links to the source documents.

g) With respect to the "Post 2024 IESO Programs" line, please provide the calculations supporting the PUC total of 1,970,459 kWh and the allocation to customer classes. Please indicate the sources of all data used and provide copies or links to the source documents.

h) Please explain why the resulting values are increased by a loss factor and the basis for the 4.62% used.
    i. If the IESO forecast is at the generation level, wouldn't the values need to be decreased and wouldn't the loss factor need to also include transmission losses?

i) Please explain the basis and provide the numerical derivation of the "Adjustment to match load forecast" line. Please indicate the sources of all data used and provide copies or links to the source documents.

3.0-VECC -25

Reference: Exhibit 3, page 28

Preamble: The Application states:
"*On December 20, 2021 the OEB issued a report Conservation and Demand Management Guidelines for Electricity Distributors which provided updated guidance on the role of CDM for regulated LDCs. PUC has reviewed these guidelines which resulted in a manual adjustment to the load forecast for CDM. This CDM adjustment has been made to reflect the impact of CDM activities that are expected to be implemented from 2023 to 2027 within PUC's service territory based on its share of electricity use within the province, the IESO's 2021-2024 Conservation Demand Management Framework, and the IESO Planning Outlook*".

a) Please explain why it is necessary to adjust the load forecast for 2023 for savings from CDM initiatives that will be implemented in the years 2024-2027.

b) If adjustments for CDM savings from programs/projects implement in 2024-2027 are included in the 2023 load forecast, would it not also be appropriate to adjust the 2023 load forecast to account for other factors that will impact load in the 2024-2027 period?

3.0-VECC -26

Reference: Exhibit 3, pages 32-34

a) Given the acknowledged impact of the COVIC-19 pandemic on GS>50 consumption in 2020 and 2021 plus the fact the class' kW/kWh ratios for those years are lower than in previous years, why is it reasonable to include 2020 and 2021 in the determination of the average kW/kWh ratio for this class?

4.0 OPERATING COSTS (EXHIBIT 4)

4.0 -VECC -27
Reference: Exhibit 4, page 9

"Given the uncertainty surrounding the impact of rising inflation rates, PUC notes this will require further assessment during the proceeding as the situation evolves."

a) Please explain what, if any amendment PUC is proposing to its application and clarify when it intends to make that amendment.

4.0 -VECC -28
Reference: Exhibit 4, page 12

"Green Button incremental initiative costs for 2022 have been recorded in the generic Account 1508 Deferral Account, however, PUC has included costs in OM&A for the 2023 Test year. The result is 2023 OM&A costs that are slightly above the IRM formula."

a) What amount (if any) of Green Button costs are included in Appendix 2-JA and 2-JC?

4.0 -VECC -29
Reference: Exhibit 4, page 14

"PUC did track and allocate the costs related to COVID additional activities in the approved COVID-10 Deferral and Variance account in 2020 and subsequently reversed these costs in 2021 based the guidance issued by the OEB in June 2021. In this respect, PUC acknowledges that the COVID-19 pandemic had to be taken into consideration while reviewing historical actual results presented in this Exhibit for the 2020 and 2021 fiscal years as they are not typical years."

a) Please identify the amount of COVID-19 related costs included in each year in Appendix 2-JC

4.0 -VECC -30
Reference: Exhibit 4, page 21

a) Please provide the tree trimming-right of way expenses for each year 2018 through 2023 (forecast).

4.0 -VECC -31
Reference: Exhibit 4, page 23, 28

Table 4-9: 2023 COS Application Cost Estimates

Cost of Service Application Costs	Total COS	Amortized over 5 Years
Incremental operating expenses associated with staff resources allocated to this application.	$ 126,366	$ 25,273
Consultants' costs (legal, DSP, Shared Services, LRAM)	$ 430,634	$ 86,127
Intervenor costs (4)	$ 100,000	$ 20,000
OEB application costs	$ 20,000	$ 4,000
Settlement conference costs (virtual)	$ 3,000	$ 600
	$ 680,000	**$ 136,000**

a) Please show the amounts expended to date in each one of these cost categories.
b) Please explain the nature of incremental staff costs (line 1) and specifically explain why including these as amortized costs does not constitute "double counting" of past internal staff costs.
c) What was the amount of regulatory cost amortized as part of the prior cost of service application and over what years what it amortized?

4.0 -VECC -32
Reference: Exhibit 4, page 27

- *Maintenance Overhead Lines*

2023 Test Year vs 2018 Approved – $376,200
PUC experienced a shift in the amount of expenses in maintenance overhead line from 2018 Board Approved to 2023 Test Year. The increase is a result of additional labour, materials, trucking, and external contractor costs allocated to these OM&A accounts, in 2023, as compared to the 2018 Board Approved amounts.

a) Using Appendix 2-JC as a reference, please identity where the "shift" of costs to Maintenance Overhead was from and what associated reduction resulted from that "shift" in this category of spending.

4.0 -VECC -33
Reference: Exhibit 4, page 12

Table 4-13: Management Salary Increases

Year	Wage Increase
2018	1.8%
2019	1.8%
2020	1.9%
2021	1.5%
2022	5.0%

a) Why does the management salary increase in 2022 (5%) significantly exceed that of the bargaining units (2.0%)?
b) What is the estimated management increase for 2023?
c) Have any positions in management exceeded a 5% increase in any of the years 2022 through 2023? If yes how many positions exceeded increases of 5%?

4.0 -VECC -34
Reference: Exhibit 4, Table 4-11 and Table 4-16

a) Total capitalized OM&A is relatively stable as between 2022 and 2023 (as shown in Table 4-11) yet total compensation capitalized is much higher in 2022 than in 2023 ($3.1M and $2.4M respectively as shown in Table 4-16). What accounts for this apparent discrepancy?

4.0 -VECC -35
Reference: Exhibit 4, page 39

a) Please provide a table a listing/description of the management and non-management positions and the number of FTEs in that position, for the year 2018 (year-end) and 2023 (proposed year-end).
b) Please identify any positions for which 90% or more of the person's time/compensation is allocated to PUC.

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

5.0-VECC-36

Reference: Exhibit 5, Tab 1, Schedule 2 / Appendix 2-OB

a) Please update Appendix 2-OA and 2-OB for the OEB's October 20, 2022 new cost of capital parameters.
b) Please provide the incremental revenue requirement for this adjustment.

5.0-VECC-37

Reference: Exhibit 5, page 6

"*Loan number 6 is an estimated drawdown of $20,200,000 on the $30,000,000 credit facility. Loan payable number 6 is to be finalized with OILC. It is anticipated to be a 20-year debenture with a estimated fixed interest rate of 5.00% used for rate making purposes. Security is in the form of a fourth ranking general security agreement and a guarantee and assignment of shares from the company's shareholder, PUC Inc*."

a) Other than its affiliated debt all of the third-party debt of PUC has been issued by Infrastructure Ontario. What efforts has PUC made in order to ascertain that the SSG financing – currently estimated at 5% is the least cost alternative?
b) For the SSG financing note showing a start date of January 1, 2023 please clarify when the interest rate agreement is expected to be finalized.

5.0-VECC-38

Reference: Exhibit 5, page 8

PUC is over leveraged financing $86,346,526 in long-term debt (Appendix 20OB) while its capital structure for ratemaking purposes provides for maximum amount of Long-term debt of $76,209,945 or a difference of $10,136,300.

a) Please update Appendix 2-OB to show the weighted cost of long-term debt based on removal of $10,136,300 from the last issued debt (i.e., Line 6 - $20 million).
b) Please recalculated appendix 2-OA to show the result of using the revised long-term debt cost rate.

6.0 CALCULATION OF REVENUE DEFICIENCY/SURPLUS (EXHIBIT 6)

6.0-VECC-39

Reference: Exhibit 6, pages 26 & 28
Chapter 2 Appendices, Appendix 2-H

a) Please provide the basis for the forecast revenues for Account 4210 from Building Charges for 2022 and 2023 and explain why the revenues are less than in previous years and declining over the period 2021-2023.

b) Please provide the calculation for the 2022 and 2023 forecast revenues for Account 4210 from Pole Rentals.

c) Please explain the sources for the revenues forecast for Account 4235 (Miscellaneous Service Revenues).

d) Please explain why there are Revenues from Merchandising (#4325) but no Costs and Expenses of Merchandising (#4330).

6.0-VECC-40

Reference: Exhibit 6, page 31

Preamble: The Application states:
"*Account 4245 – Government and other assistance directly credited to income has seen a steady increase until 2022. In 2022, the NRCan funding received is added to rate base significantly increasing the amount recorded in this account in 2022 and 2023*".

a) What was the basis for NRCan funding received?

7.0 COST ALLOCATION (EXHIBIT 7)

7.0-VECC-41

Reference: Exhibit 7, pages 4-5

Preamble: The Application states:
"*PUC has reviewed its weighting factors from its 2018 COS Application and discussed with staff to determine that there have been no changes. Labour, materials, and outside costs required to perform the specific tasks below were estimated to determine each rate class factor*." (Emphasis added)

a) Please provide the calculations supporting the Service weighting factors (per Table 7-1) for each customer class.

b) Please provide the calculations supporting the Billing and Collecting weighting factors (per Table 7-2) for each customer class.

c) Please provide the calculations supporting the Meter Reading weighting factors (per Table 7-4) for each customer class.

7.0-VECC-42

Reference: Exhibit 7, pages 8-13
Load Forecast Model, Rate Class Energy Model Tab (Row 66)

a) Please confirm that PUC's demand profile methodology assumes that, for each month of the year, all weather sensitive customer classes (i.e., Residential, GS<50 and GS>50) have the same percentage of load that is weather sensitive (e.g., for each of the three classes 39% of January load is assumed to be sensitive to the level of HDD).

b) If confirmed, please indicate if PUC has undertaken any analysis to support this assumption (i.e., that all classes have the same degree of weather sensitivity) and, if yes, please provide.

c) If confirmed, please explain why, in the Load Forecast Model, the GS>50 class was assumed to have a different weather sensitivity than the Residential and GS<50 classes.

7.0-VECC-43

Reference: Exhibit 7, page 7

a) Please provide a revised version of the Updated Cost Allocation Model (20221012), using the same load forecast but demand allocators based on the load profiles used in PUC's 2018 COS Application.

7.0-VECC-44

Reference: Exhibit 7, page 16
RRWF, Cost Allocation Tab

Preamble: The Application states (page 16)
"*Three rate classes were chosen to change the revenue-to-cost percentages from the default presented in the 2023 Cost allocation model. First the General Service <50kW rate class was adjusted down to 110%. This amount was allocated to General Service >50kW and Street Light rate class in unity bringing them both up to 95.07%. PUC ran these changes through the bill impacts model and feels that the bill impacts presented in Exhibit 8 are still reasonable for all rate classes*."

a) Despite the above referenced statement, the proposed revenue to cost ratios set out in the Application (Table 7-17) and in the RRWF are the same as the status quo ratios from the Cost Allocation Model. Please reconcile and clarify PUC's proposal with respect to the 2023 revenue to cost ratios.

8.0 RATE DESIGN (EXHIBIT 8)

8.0-VECC-45

Reference: Cost Allocation Model (20220831)
Cost Allocation Model (20221012)

a) Were there any changes to the base revenues to be recovered from each customer class or the resulting proposed distribution rates by customer class as a result of PUC's Response to Staff Questions (20221012)?

b) If yes, please provide an updated RRWF with the revised Cost Allocation and Rate Design Tabs.

8.0-VECC-46

Reference: Exhibit 8, page 7
Updated Cost Allocation Model, Tab O2

a) Please confirm that, for the Sentinel Class, the monthly Service Charge is billed on a per customer basis.

b) Please confirm that, in the Cost Allocation Model, the Minimum System with PLCC Adjustment value for the Sentinel class is calculated on a per connection basis.

c) If parts (a) and (b) are confirmed, please restate the Minimum System with PLCC Adjustment value for the Sentinel class on a per customer basis.

8.0-VECC-47

Reference: Exhibit 8, pages 10-11
RTSR Workform, Tabs 3 and 5

a) With respect to Tab 3, what year is the RRR data regarding usage by customer based on?

b) With respect to Tab 5, what year is the Network billing units based on?

8.0-VECC-48

Reference: Exhibit 8, page 11
2023 Proposed Tariffs

a) Will the PUC update its 2023 Proposed Tariffs to reflect any future Board Decision regarding the Retail Service Charges for 2023?

8.0-VECC-49

Reference: Exhibit 8, pages 13-14
2023 Proposed Tariffs

a) Will the PUC update its 2023 Proposed Tariffs to reflect any future Board Decision regarding the Pole Rental Charges for 2023?

8.0-VECC-50

Reference: Exhibit 8, page 15

a) Do either the A(1) or A(2) values include the kWh pertaining to distributed generation directly connected to the distributor's own distribution network?

8.0-VECC-51

Reference: Exhibit 8, pages 12-13
Exhibit 9, page 14

a) How is the “refund” provided to customers through Embedded Generation Rate Rider funded and accounted for? Are the amounts paid to customers recorded in Account 1580: RSVA – Wholesale Market Service Charge?

DEFERRAL AND VARIANCE ACCOUNTS (EXHIBIT 9)

9.0 –VECC -52
Reference: Exhibit 9, page 20

Preamble: The Application states:

> "*PUC requests disposition of the balances in account 1518 – RCVA Retail and account 1548 – RCVA STR in this Application and to discontinue these accounts after April 1, 2023 on the assumption that PUC's 2023 rates are approved effective May 1, 2023. PUC has forecasted activity for 2022 through to April 30, 2023 based on historical averages for the past 2 years of activity*.." (Emphasis added)

a) Please clarify, is PUC proposing to discontinue these accounts after April 1, 2023 or after April 30, 2023?

9.0 –VECC -53
Reference: Exhibit 9, Table 9-4, Exhibit 1, Table 1-12

The Board made the following findings in the Report Regulatory Treatment of Impacts Arising from the COVID-19 Emergency, EB-2020-0133 June 17, 2021:

Given the evidence to date, the OEB is expecting applications 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.

The OEB will not expand the scope of this Exceptional Pool beyond the impacts suggested in the Staff Proposal.

These were listed in the Report as:

- *Implementation costs of emergency time-of-use (TOU) rates42 and deferred global adjustment charges for electricity distributors*
- *Implementation and administration costs of CEAP and CEAP-SB*
- *Increased LEAP EFA funding*
- *Lost revenues from certain reduced/waived specific service charges46*

The following shows the amounts sought for recovery by PUC:

Table 9-12: Account 1509 COVID-19 Incremental Expense Detail

Acct 1509	Balance
Incremental billing expenses	$ 577
Incremental labour	$ 250,166
Waived Interest	$ 119,153
Additional LEAP funding	$ 13,133
Principal	**$ 383,029**
Carrying Costs	$ 18,738
Balance	**$ 401,767**

a) Please assign each category shown for Account 1509 to the allowed exceptional categories provided in the Board's Report.
b) With respect to incremental labour please provide each job classification and the amount allocated from that position.

9.0 –VECC -54
Reference: Exhibit 9, Tab 1, Schedule 1, page 4

With respect to the Sub 16 project PUC explains: *"PUC has over collected $23,605. This amount falls below the materiality threshold and PUC is not proposing to reconcile this amount through a Group 2 Account disposition*."

a) PUC's materiality threshold is $135,000 (Exhibit 1, page 45). On this basis PUC appears to be claiming other "immaterial" amounts with respect to both Group 1 and Group 2 accounts (e.g., 1548 $65,199 etc.). Please explain this apparent exception to Board policy.

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