



PUBLIC INTEREST ADVOCACY CENTRE
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March 3, 2023

VIA E-MAIL

Ms. Nancy Marconi
Registrar
Ontario Energy Board
2300 Yonge Street
P.O. Box 2319
Toronto, ON M4P 1E4

Dear Ms. Marconi:

**Re: EB-2022-0317 Elexicon Energy Inc. Z-factor Application
Interrogatories of Vulnerable Energy Consumers Coalition (VECC)**

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

Yours truly,

John Lawford

Counsel for VECC

Copy to: Cynthia Chan, Chief Financial Officer

EB-2022-0317
Elexicon Energy Inc.
Application for changes to electricity distribution rates
in the Veridian Rate Zone and the Whitby Rate Zone,
effective July 1, 2023

VECC Interrogatories March 3, 2023

VECC-1

Ref: Elexicon Z-Factor Application Page 3

Elexicon recorded total costs of \$4,602,788 related to the May 21, 2022 storm and subsequent restoration efforts.

- a) Please provide a summary of Elexicon's previous Z-factor storm claims and the amounts approved by the OEB?
- b) Please confirm and explain how the total costs of \$4,602,788 are outside of the base upon which rates were derived.

VECC-2

Ref: Elexicon Z-Factor Application Page 15

Elexicon's Z-Factor Event Costs are as follows:

Category	Operating \$	Capital \$	Total \$
Incremental Labour/Material/Vehicle Costs	\$ 149,626	\$ 2,350,964	\$ 2,500,590
3rd Party Contractors	\$ 155,483	\$ 1,946,715	\$ 2,102,198
Total	\$ 305,110	\$ 4,297,679	\$ 4,602,788

- a) Please provide a breakdown of the Operating costs (\$305,110) and Capital costs (\$4,297,679) in terms of labour (regular), labour (overtime), materials, vehicles, and Third-Party Contractor costs, etc. Please provide the contractor costs broken down by services provided.
- b) Please confirm the regular-time labour component is not included in the Z-factor claim.
- c) Please confirm overtime costs associated with management employees are not included in the claim.
- d) Please clarify if a premium rate (double time) was applied by Third-Party Contractors for emergency work outside of regular hours.

VECC-3

Ref: Elexicon Z-Factor Application Page 4

The evidence states “In the aftermath, over 95,000 customers were without power in the communities of Ajax, Belleville, Bowmanville, Pickering, Uxbridge and Whitby. Uxbridge was the most severely impacted service area with its main transformer station requiring a full rebuild as part of the Derecho Storm Event restoration operation.”

- a) Please identify the transformer station, age and condition details and the cost of the full rebuild.
- b) Please provide Elexicon’s planned spending on transformer station rebuilds in 2022 compared to actuals.
- c) Please provide details of other portions of the system that were rebuilt, associated costs and age and condition.
- d) Please provide a list of major asset quantities replaced due to the storm, i.e. poles, etc. and associated costs.
- e) Please provide the variance of 2022 actual capital spend compared to budget/planned for each of the following categories: System Access, System Renewal, System Service and General Plant by rate zone.
- f) Please provide a variance analysis on system renewal spending in 2022 (planned vs. actual).

VECC-4

Ref: Elexicon Z-Factor Application Page 4

The evidence states “The Crisis Management Team immediately activated the organization’s Power Restoration Plan and declared a Level 3 outage situation, which involves any power interruption event affecting more than 25,000 customers with an expected restoration time exceeding 24 hours.”

- a) Please provide a copy of Elexicon’s Power Restoration Plan.
- b) Please provide a description of all outage situations, i.e. Level 1, Level 2, etc.
- c) Please discuss any deviations from the Power Restoration Plan.

VECC-5

Ref: Elexicon Z-Factor Application Page 7

Elexicon indicates its forecast for its regulated 2022 ROE at this time is expected to be below the OEB Deemed ROE, and fall within the OEB’s 300 basis points ROE deadband.

Please provide the ROE for 2022.

VECC-6

Ref: Elexicon Z-Factor Application Page 8

Elexicon lists vegetation management as an example of how Elexicon employs asset hardening measures to reduce the risk of asset failure. Elexicon indicates vegetation management reduces the likelihood of tree contacts during high winds or from snow/ice accumulation.

Please provide Elexicon's vegetation management details as follows:

- a) Vegetation management cycle and number of tree trimming zones.
- b) Planned compared to actual vegetation management spending for the years 2018 to 2022.
- c) % of planned work completed by year for each of the years 2018 to 2022.
- d) With respect to incomplete work, identify specific tree trimming areas not complete by year and discuss any catch-up plans.
- e) Please provide the vegetation management amount approved in base rates.

VECC-7

- a) Please provide Elexicon's annual operating Emergency Maintenance amounts budgeted and included in rates, compared to actual expenditures for the years 2018 to 2022.
- b) Please provide Elexicon's annual capital demand response/storm amounts budgeted and included in rates, compared to actual expenditures for the years 2018 to 2022.

VECC-8

Please complete the following table excluding major events and loss of supply:

Reliability Data	2017	2018	2019	2020	2021
# Interruptions – Tree Contacts					
Total # Interruptions					
% Interruptions – Tree Contacts					
# Customer Hours of Interruptions (CHI) – Tree Contacts					
Total # Customer Hours of Interruptions (CHI)					
% Customer Hours of Interruptions – Tree Contacts					

VECC-9

Ref: Elexicon Z-Factor Application Page 19

- a) Please calculate rate riders for each rate zone that combines the operating costs and the revenue requirement impact of capital expenditures with recovery periods of: July 1, 2023 to June 30, 2024 (Option 1) and July 1, 2023 to Rebasing (Option 2).
- b) Please provide a bill impact comparison for each rate zone.