

PUC Distribution Inc. (“PUC”)

EB-2022-0059

Responses to Pre-Settlement Clarification Questions

March 10, 2023

Without Prejudice and Confidential

Contents

Ontario Energy Board (OEB) Staff	3
1-Staff-112	3
1-Staff-113	4
2-Staff-114	5
2-Staff-115	6
2-Staff-116	8
2-Staff-117	9
2-Staff-118	10
2-Staff-119	11
2-Staff-120	12
3-Staff-121	16
3-Staff-122	17
4-Staff-123	18
4-Staff-124	19
4-Staff-125	20
6-Staff-126	21
6-Staff-127	22
8-Staff-128	23
9-Staff-129	24
9-Staff-130	25
9-Staff-131	27
9-Staff-132	28
9-Staff-133	29
School Energy Coalition (SEC).....	31
SEC – 1	31
SEC – 2	32
SEC – 3	33

SEC – 4	34
SEC – 5	35
SEC – 6	36
SEC – 7	37
SEC – 8	38
SEC – 9	39
SEC – 10	40
Vulnerable Energy Consumers Coalition (VECC)	41
VECC-55	41
VECC-56	42
VECC-57	43
VECC-58	45
VECC-59	46
Consumers Council of Canada (CCC).....	47
CCC-49	47
CCC-50	48
CCC-51	49
CCC-52	50
CCC-53	51
CCC-54	52
CCC-55	53
CCC-56	54
CCC-57	55
Appendix A – RFP No 22 04 06 Green Button Implementation	56
Appendix B – Appendix IR16 – PUCD – Bill C97 Accelerated CCA_20221128.....	57
Appendix C – Appendix IR16 – PUCD – Bill C97 Accelerated CCA_20221128_SEC6.....	58
Appendix D – PUC Services Inc and PUC Distribution Inc Agreement	59
Appendix E – Exhibit 9 -Tables_20221212	60
Appendix F – Purchase Order - PO - 213.....	61

Appendix G – – Live Excel Models – Staff-120	62
Appendix H – SSG DVA Accounting Order	63
Appendix I – Evidence Updates.....	63

Ontario Energy Board (OEB) Staff

1-Staff-112

Tree Trimming

Ref 1: IRR 1-Staff-9

Ref 2: IRR VECC-30

Question:

The response in reference 1 states that with respect to vegetation management, PUC Distribution continues using a similar cycle management process, which consists of the service territory being divided into four similarly sized sections completed over a four-year cycle.

The response to reference 2 provides the following table with respect to tree-trimming expenses:

Year	2018 Approved	2018	2019	2020	2021	2022 Budget	2023 Test
5135 – Right of Way	\$693,011	\$621,970	\$617,322	\$651,631	\$824,518	\$772,070	\$851,608

- (a) Please provide the 2022 year-to-date actuals.
- (b) Please provide the drivers for the 2023 budget to be approximately \$155k over the historical average.

Response:

- a) The 2022 YTD actuals as of October 31, 2022, is \$543,825.
- b) The amount reported for the 2023 test year in the table above included amounts from Account 5125 in error. The revised Account 5135 amount for the 2023 test year is \$733,747. With this correction, the 2023 budget is in line with the historical average.

Year	2018 Approved	2018	2019	2020	2021	2022 Budget	2023 Test Updated
5135 – Right of Way	\$693,011	\$621,970	\$617,322	\$651,631	\$824,518	\$772,070	\$733,747

1-Staff-113

Ref 1: IRR 1-Staff-10(c)

Question:

The interrogatory asked if PUC Distribution had considered both the implications on the availability of and the expected rates for debt that **could not (emphasis added)** be obtained through Infrastructure Ontario (IO). Further, the interrogatory requested that PUC Distribution describe the risks, and how PUC Distribution intends to mitigate those risks should that become a circumstance faced by the utility.

The response to the interrogatory confirmed that “loans 2-7 have already been committed as a preapproval from IO as a revolving credit facility. PUC has also closely monitored the fluctuating rate situation by keeping in frequent contact with its IO financing representative.”

Please explain if PUC Distribution considered both the implications on the availability of and the expected rates for debt that could not be obtained through IO, describe the risks, and how PUC Distribution intends to mitigate those risks should that become a circumstance faced by the utility.

Response:

PUC has already secured the financing by way of a revolving credit facility with Infrastructure Ontario (IO). Therefore, there is no risk to PUC with respect to availability of debt from IO. As noted in the original response, PUC closely monitors expected rates and views the level of risk associated with rate fluctuations as low.

2-Staff-114

Cost of Power

Ref 1: IRR 2-Staff-21(d)

Ref 2: Chapter 2 Appendices, November 28, 2022, Tab 2-ZB

Ref 3: Revenue Requirement Workform (RRWF), November 28, 2022, Tab 3

Question:

The response to reference 1 states that the cost of power has been updated to match the Ontario Electricity Rebate (OER) of 11.7%.

OEB staff notes that the Chapter 2 Appendices filed with PUC Distribution's responses (reference 2) shows an OER rate of 17% in cell B165 on Tab 2-ZB. Further, Tab 3 of the RRWF indicates a cost of power of \$60,391,013 in the "Interrogatory Responses" column. Tab 2-ZB (prior to the correction of the OER) shows an amount of \$58,540,344.

Please reconcile both matters and file corrected models as required.

Response:

The Chapter 2 Appendices, Appendix 2-ZB has been corrected to show the correct OER rate of 11.7%.

In response to VECC 56, the load forecast has also been updated. A revision to the consumption used in the chapter 2 Appendices, Appendix 2-ZB results in a revised cost of power of \$60,482,027.

2-Staff-115

Sault Smart Grid – Reprioritization

Ref 1: IRR 2-Staff-25

Ref 2: IRR VECC-8

Question:

PUC Distribution stated that the original SSG scope did not specifically include the renewal of transformers, switchgear, and on-load tap changers. It appears that part of the funds from deferral of Substation 22 were redirected to the “Switchgear P&C” and “Distribution Station” programs. It is staff’s understanding from the response in reference 1 and 2 that the costs for the renewal of six transformers and primary switchgear at three of PUC Distribution’s existing distribution stations (Substation 2, 11, and 20) are included under the “Switchgear P&C” and “Distribution Station” programs. The reason that they were replaced was due to asset condition, but the replacement also benefitted from NRCan funding eligibility as the replacement can also be considered “in-scope” of the SSG even though not included in the \$28.7 million.

- (a) Please confirm if OEB staff’s understanding is correct. If not, please correct OEB staff’s understanding.
- (b) If so, provide a breakdown for the “Switchgear P&C” and “Distribution Station” programs between the cost of the renewal of six transformers and primary switchgear at three of PUC Distribution’s existing distribution stations and other project costs.
- (c) Please provide the calculation of the NRCan funding and the project costs before the NRCan funding for the renewal of six transformers and primary switchgear at three of PUC’s existing distribution stations.

Response:

- a) PUC can confirm that the incremental costs of six power transformers compared to six voltage regulators for Substations 2, 11, and 20 and the cost of one 34.5kV switchgear for Substation 20 is being contributed to SSG by PUC’s capital programs. The OEB staff’s understanding of the reasoning and NRCan funding eligibility is correct.
- b) The incremental cost of six power transformers versus six voltage regulators is in the 2022 Distribution Station Transformation program budget and the cost of one 34.5kV switchgear

is in the 2022 Distribution Station Switchgear P&C program budget. The current estimate for the incremental transformer costs is \$3M, which is net of NRCan contribution of \$1M. The current estimate for the switchgear costs is \$0.5M, which is net of NRCan contribution of \$0.16M.

- c) NRCan funding of 25% was used for calculating the costs in answer (b) above. Prior to applying NRCan funding, the current estimate for the incremental transformer costs is \$4M. Prior to applying NRCan funding, the current estimate for the switchgear costs is \$0.66M.

2-Staff-116

Reliability

Ref: IRR 2-Staff-30

Question:

PUC Distribution showed that the majority of the outages were due to conductor-related failures.

Please confirm if most of these conductor-related failures are from restricted conductors.

Response:

PUC has had a program in place for a number of years and continues to replace restricted wire and it now consists of a small proportion of wire in our system. Accordingly, most of the conductor-related failures are not from restricted wire conductors.

2-Staff-117

Station Renewal

Ref: IRR 2-Staff-39

Question:

PUC Distribution stated that the increase in budget is due to higher copper theft in recent years. PUC Distribution also pointed out that the DAI for 6 station buildings is below the threshold and the costs are reflective of extra environmental controls and work methods required to complete the work.

- (a) Copper theft is an issue that utilities have seen for many years. While PUC Distribution has seen an increase in copper theft in recent years it was not always as high. Please explain why it would not be more appropriate to average the costs PUC Distribution seen for fence repair over the five years. Especially with the addition of security cameras.
- (b) Please explain if PUC Distribution intends to improve the DAI score for station buildings. If not, why not?
- (c) Has PUC Distribution sandblasted or painted any units in the past 5 years? If so, please provide the year and cost.

Response:

- a) A larger proportion of the increased cost is related to the sandblasting, painting and repairs of deteriorated switchgear and metal clad station buildings. In addition, to save project administration costs and to benefit from economies of scale, the work associated with the building exhaust fan ESA directive for multiple substations will be completed as one project and therefore 2023 is slightly greater than other years.
- b) Yes, PUC intends to improve the DAI score by implementing the recommendation in section 6.3.2 of Appendix H of the Distribution System Plan.
- c) PUC has not sandblasted or painted any units in the past 5 years.

2-Staff-118

Transmission Station Improvement
Ref: IRR 2-Staff-52

Question:

PUC provided proposed investments for 2023 in the Transmission Station Improvement investment.

Please provide the expected costs for this investment between 2024 to 2027, if any.

Response:

Please see table below:

Year of Proposed Investment		2024	2025	2026	2027
Transformer Stations	Unplanned renewal of Transformer Station assets - emergency repairs upon failure	\$ 76,353	\$ 77,669	\$ 81,829	\$ 76,422
	Planned - Transformer Station building and fence repairs	\$ 12,726	\$ 12,945	\$ 13,638	\$ 12,737
	Planned - Transformer Station Transformation	\$ -	\$ -	\$ -	\$ -
	Planned - TS rebuild (Engineering)	\$ -	\$ -	\$ 136,381	\$ 127,370

2-Staff-119

SSG

Ref: 2-Staff-19

Question:

In response to 2-Staff-19, PUC Distribution indicated that the SSG depreciation of \$550,407 in Account 1508, Sub-account ICM SSG Depreciation includes 4 months of depreciation and 2022 depreciation of \$300,244.

- (a) Please explain what period the 4 months of depreciation pertains to.
- (b) Please explain whether the 4 months of depreciation is reflected in the fixed asset continuity schedule (Appendix 2-Ba).
 - a. Please indicate the annual depreciation pertaining to the SSG assets reflected in the fixed asset continuity schedule up to Dec. 31, 2023.
- (c) Please confirm that half-year depreciation was used in the year the SSG assets were in service.

Response:

- a) The 4 months of depreciation pertains to January 1, 2023 to April 30, 2023.
- b) The 4 months of depreciation is not reflected in the fixed asset continuity schedule Appendix 2-BA.
 - a) The annual depreciation pertaining to the SSG assets reflected in the fixed asset continuity schedule of the Chapter 2 Appendices is \$300,244 as of the end of 2022. There is an additional \$642,290 in 2023.
- c) The half-year rule for depreciation was used in 2022 for the amount of SSG assets placed in service in that year. In 2023, the half-year rule was used on the 2023 SSG additions and a full year depreciation on the 2022 SSG assets placed into service.

2-Staff-120

Substation 16 ICM True-up

Ref 1: 2-Staff-20

Ref 2: Exhibit 2, pages 59-64

Question:

- (a) In response to 2-Staff-20a regarding the Substation 16 ICM, PUC Distribution indicated that it updated the ICM capital spend, depreciation and CCA in tab 9b of the ICM model approved in its ICM proceeding.¹ OEB staff reperformed these updates and obtained the following results as compared to PUC Distribution's results in Table 2-27

Column E of ICM model	Table 2-27 (\$)	Recalculated by OEB staff (\$)
Amount of Project Claimed	3,894,622	2,602,851
Depreciation	97,366	65,071
CCA	155,785	104,114
Revenue requirement	356,932	238,544

In OEB staff's recalculation, the Amount of Capital Project Eligible for ICM (cell E25) remains unchanged at \$2,602,851 as the ICM capital spend of \$6,020,000 is limited to the \$2,602,851 of maximum eligible incremental capital as shown on tab cell G20. Please provide PUC Distribution's ICM excel model and clarify how PUC Distribution calculated the ICM revenue requirement based on actuals in Table 2-27.

- (b) Please recalculate the actual ICM revenue requirement using the half-year rule in 2021, then full-year in 2022, based on the below and provide the associated ICM excel model.
- no change in maximum eligible incremental capital from the approved amount.
 - actual costs, depreciation and CCA excluding the amounts related to COVID-19 related expenses of \$176k.
 - actual depreciation, considering the 4 months of depreciation as noted in response to 2-Staff-19.
 - updated forecasted rate riders collected to April 30, 2023 (\$713,103 per SEC-9 or \$731,193 sum of Account 1508, Sub-account Substation 16 Rider and Account 1509, Sub-account COVID-19 Foregone Revenue for Substation 16 per IRR DVA Continuity Schedule).

¹ EB-2019-0170

- (c) Please compare the recalculated revenue requirement to actual rate riders collected.
(d) Please provide the actual costs, depreciation and CCA excluding COVID-19 related amounts.

Response:

- (a) PUC has provided the live ICM excel models as Appendix G with these pre-settlement clarification responses. In cell G16 the new CAPEX amount is now \$10,392,266 instead of \$9,100,376. This increase of \$1,291,890 is from the additional spending on Substation 16. This changes the maximum eligible incremental capital in cell G20 to \$3,894,741 from \$2,602,851. PUC has provided a snapshot below of Tab 9b of the ICM Model.

CAPEX ¹	Cost of Service Test Year 2018	Price Cap IR Year 1 2019		Price Cap IR Year 2 2020
	\$ 4,938,176	\$ 5,770,421	\$ 10,392,266	
Materiality Threshold		\$ 6,445,056	\$ 6,497,525	
Maximum Eligible Incremental Capital (Forecasted Capex less Threshold)		\$ -	\$ 3,894,741	
	Test Year 2018	Year 1 2019		Year 2 2020
Project Descriptions:				
	Type	Proposed ACM/ICM	Amortization Expense	CCA
Substation 16 Rebuild	New ICM			
		\$ 6,020,119	\$ 150,503	\$ 240,805

These inputs create the incremental revenue requirement of \$356,943 on tab 10 of the ICM model.

- (b) Using the same ICM Model filed in part “a”, PUC updated tab 9b to the following information below:
- Cell G16 was not changed from the original file amount of \$9,100,376 as shown below.

CAPEX ¹	Cost of Service Test Year 2018	Price Cap IR Year 1 2019		Price Cap IR Year 2 2020	
Materiality Threshold		\$ 6,445,056		\$ 6,497,525	
Maximum Eligible Incremental Capital (Forecasted Capex less Threshold)		\$ -		\$ 2,602,851	
	Test Year 2018	Year 1 2019		Year 2 2020	
Project Descriptions:					
Substation 16 Rebuild	Type	Proposed ACM/ICM	Amortization Expense	CCA	Proposed ACM/ICM
	New ICM				
		\$ 6,020,119	\$ 150,503	\$ 240,805	

- ii. Cell G25 in this scenario is \$176,000 less than \$6,020,119. This revises the depreciation to \$146,103 and CCA to \$467,530. This can be seen in the snapshot of tab 9b below.

	Cost of Service Test Year 2020	Price Cap IR Year 1 2021			Price Cap IR Year 2 2022		
		Proposed ACM/ICM	Amortization Expense	CCA	Proposed ACM/ICM	Amortization Expense	CCA
CAPEX ¹	\$ 4,938,176	\$ 5,770,421			\$ 9,100,376		
Materiality Threshold		\$ 6,445,056			\$ 6,497,525		
Maximum Eligible Incremental Capital (Forecasted Capex less Threshold)		\$ -			\$ 2,602,851		
Project Descriptions:							
Type	Test Year 2020	Year 1 2021	Year 2 2022				
Substation 16 Rebuild	New ICM			\$ 5,844,119	\$ 146,103	\$ 467,530	

- iii. The response in OEB Staff-19 relates to depreciation of SSG assets and not Substation 16.
- iv. PUC has revised the forecast revenue requirement collection. The total forecasted collection to April 30, 2023, in 1508 ICM revenue, is \$584,857 and the total forecasted collection in 1509 foregone ICM revenue to November 30, 2022, is \$101,711.29. Therefore, the total collection in ICM revenue is \$686,568. This has been revised in the DVA continuity schedule.

- (c) The recalculated revenue requirement is \$100,503 in 2021 which uses the following inputs on Tab 9b and output from tab 10.

Figure: Tab 9b Half Year

	Cost of Service Test Year 2018	Price Cap IR Year 1 2019			Price Cap IR Year 2 2020		
		Proposed ACM/ICM	Amortization Expense	CCA	Proposed ACM/ICM	Amortization Expense	CCA
CAPEX ¹							
Materiality Threshold		\$ 6,445,056			\$ 6,497,525		
Maximum Eligible Incremental Capital (Forecasted Capex less Threshold)		\$ -			\$ 3,894,741		
Project Descriptions:							
Type	Test Year 2018	Year 1 2019	Year 2 2020				
Substation 16 Rebuild	New ICM			\$ 3,010,060	\$ 75,251	\$ 120,402	

Figure: Tab 10 Half Year

Current Revenue Requirement				
Current Revenue Requirement - Total			\$ 19,273,165	A

Eligible Incremental Capital for ACM/ICM Recovery				
	Total Claim	Eligible for ACM/ICM (Half Year* Prorated Amount <small>(from Sheet 10b)</small>)		
Amount of Capital Projects Claimed	\$ 5,844,119	\$ 1,301,426		B
Depreciation Expense	\$ 146,103	\$ 32,536		C
CCA	\$ 467,530	\$ 104,114		V

*The half year rule is applied as the distributor is scheduled to rebase in the next rate year.

ACM/ICM Incremental Revenue Requirement Based on Eligible Amount in Rate Year				
Return on Rate Base				
Incremental Capital		\$ 1,301,426		B
Depreciation Expense (prorated to Eligible Incremental Capital)		\$ 32,536		C
Incremental Capital to be included in Rate Base (average NBV in year)		\$ 1,285,158		D = B - C/2
	% of capital structure			
Deemed Short-Term Debt	4.0%	E \$ 51,406		G = D * E
Deemed Long-Term Debt	56.0%	F \$ 719,688		H = D * F
	Rate (%)			
Short-Term Interest	2.29%	I \$ 1,177		K = G * I
Long-Term Interest	4.12%	J \$ 29,651		L = H * J
Return on Rate Base - Interest		\$ 30,828		M = K + L
	% of capital structure			
Deemed Equity %	40.00%	N \$ 514,063		P = D * N
	Rate (%)			
Return on Rate Base -Equity	9.00%	O \$ 46,266		Q = P * O
Return on Rate Base - Total		\$ 77,094		R = M + Q

Amortization Expense				
Amortization Expense - Incremental	C	\$ 32,536		S

Grossed up Taxes/PILs				
Regulatory Taxable Income	O	\$ 46,266		T
Add Back Amortization Expense (Prorated to Eligible Incremental Capital)	S	\$ 32,536		U
Deduct CCA (Prorated to Eligible Incremental Capital)		\$ 104,114		V
Incremental Taxable Income		-\$ 25,313		W = T + U - V
Current Tax Rate	26.5%	X		
Taxes/PILs Before Gross Up		-\$ 6,708		Y = W * X
Grossed-Up Taxes/PILs		-\$ 9,126		Z = Y / (1 - X)

Incremental Revenue Requirement				
Return on Rate Base - Total	Q	\$ 77,094		AA
Amortization Expense - Total	S	\$ 32,536		AB
Grossed-Up Taxes/PILs	Z	-\$ 9,126		AC
Incremental Revenue Requirement		\$ 100,503		AD = AA + AB + AC

The recalculated revenue requirement is \$201,007 for 2022 using the following inputs on tab 9b and output on Tab 10:

Figure: Tab 9b Full Year

	Cost of Service Test Year 2019	Price Cap IR Year 1 2020			Price Cap IR Year 2 2021		
CAPEX ¹	\$ 4,938,176	\$ 5,770,421			\$ 9,100,376		
Materiality Threshold		\$ 6,445,056			\$ 6,497,525		
Maximum Eligible Incremental Capital (Forecasted Capex less Threshold)		\$ -			\$ 2,602,851		
Project Descriptions:	Type	Year 1 2020			Year 2 2021		
		Proposed ACM/ICM	Amortization Expense	CCA	Proposed ACM/ICM	Amortization Expense	CCA
Substation 16 Rebuild	New ICM				\$ 5,844,119	\$ 146,103	\$ 467,530

Figure: Tab 10 Full Year

Current Revenue Requirement	
Current Revenue Requirement - Total	\$ 19,273,165

A

Eligible Incremental Capital for ACM/ICM Recovery		
	Total Claim	Eligible for ACM/ICM (Full Year Prorated Amount) <i>(from Sheet 10b)</i>
Amount of Capital Projects Claimed	\$ 5,844,119	\$ 2,602,851
Depreciation Expense	\$ 146,103	\$ 65,071
CCA	\$ 467,530	\$ 208,228

B

C

V

ACM/ICM Incremental Revenue Requirement Based on Eligible Amount in Rate Year

Return on Rate Base	
Incremental Capital	\$ 2,602,851
Depreciation Expense (prorated to Eligible Incremental Capital)	\$ 65,071
Incremental Capital to be included in Rate Base (average NBV in year)	\$ 2,570,316
	<i>% of capital structure</i>
Deemed Short-Term Debt	4.0% E \$ 102,813
Deemed Long-Term Debt	56.0% F \$ 1,439,377
	<i>Rate (%)</i>
Short-Term Interest	2.29% I \$ 2,354
Long-Term Interest	4.12% J \$ 59,302
Return on Rate Base - Interest	\$ 61,657
	<i>% of capital structure</i>
Deemed Equity %	40.00% N \$ 1,028,126
	<i>Rate (%)</i>
Return on Rate Base -Equity	9.00% O \$ 92,531
Return on Rate Base - Total	\$ 154,188

B

C

D = B - C/2

G = D * E

H = D * F

K = G * I

L = H * J

M = K + L

P = D * N

Q = P * O

R = M + Q

Amortization Expense	
Amortization Expense - Incremental	C \$ 65,071

S

Grossed up Taxes/PILs	
Regulatory Taxable Income	O \$ 92,531
Add Back Amortization Expense (Prorated to Eligible Incremental Capital)	S \$ 65,071
Deduct CCA (Prorated to Eligible Incremental Capital)	\$ 208,228
Incremental Taxable Income	-\$ 50,625
Current Tax Rate	26.5% X
Taxes/PILs Before Gross Up	-\$ 13,416
Grossed-Up Taxes/PILs	-\$ 18,253

T

U

V

W = T + U - V

Y = W * X

Z = Y / (1 - X)

Incremental Revenue Requirement	
Return on Rate Base - Total	Q \$ 154,188
Amortization Expense - Total	S \$ 65,071
Grossed-Up Taxes/PILs	Z -\$ 18,253
Incremental Revenue Requirement	\$ 201,007

AA

AB

AC

AD = AA + AB + AC

The total revenue requirement is \$301,510 for 2022 and 2023 as compared to the projected rate rider revenue collected to April 30, 2023, of \$686,568 resulting in a refund to customer of \$385,058.

(d) Please see the figure in the response to b(ii).

3-Staff-121

COVID Adjustment

Ref: IRR 3-Staff-55(d)

Question:

OEB staff requested a scenario where wholesale purchases were unadjusted for COVID-19, but an explanatory variable was used capture and adjust for the impacts of the pandemic.

The supplied scenario included an explanatory variable for COVID-19, but the wholesale load forecast for 2020 still reflects 631,179,704 kWh, and 2021 still reflects 622,536,838 kWh.

Please re-run the scenario where the wholesale load does not include the adjustment for COVID-19.

Response:

PUC is unclear where OEB Staff states 631,179,704 kWh for 2020 and 622,536,838 for 2021. In the Load Forecast response to Staff 55(d), PUC removed the adjustment of 1,526,904 for each month in 2020 from the purchases column B on the Purchased Power Model tab. Consistently, PUC used the adjustment of 1,579,660 for 2021. With these adjustments, PUC reran the regression model after this change to produce a load forecast of 646,025,946 purchases for 2020 and 623,681,157 purchases for 2021.

Please note this version of the load forecast also does not include customer count as an explanatory variable.

3-Staff-122

Customer Reclassifications

Ref: IRR 3-VECC-18

Question:

PUC Distribution indicates that 72 customers were reclassified into the GS < 50 rate class in 2012.

Please indicate which customer classes these customers were in prior to re-classification.

Response:

These customers were in the large GS>50 rate class before being reclassified into GS<50.

4-Staff-123

Inflation Trends

Ref 1: IRR 4-Staff-61

Ref 2: Exhibit 4, page 9, table 4-3

Question:

PUC Distribution confirmed that:

- The inflation rates used for inflation trends were 3.0% and 7.4% for 2022 and 2023 respectively.
- The inflation factors for budgeting OM&A for 2022 and 2023 includes a 2.0% increase to unionized labour and a 3.0% increase to management labour.
- A general inflationary increase of 3.0% was applied to other non-labour related items where detailed estimating was otherwise unknown.
- Specific elements with known increases were included into budgeted OM&A costs for 2022 and 2023, some of which are significantly above 3.0% (e.g., insurance premiums).

Please itemize and quantify what categories had the highest specific inflationary increases forecasted for 2023 to get to a rate of 7.4%. In other words, please detail what accounts for the aggregate inflationary increase of 7.4% in the test year.

Response:

Significant known increases above the 3.0% inflationary rate included in the 2023 Test year are provided in the table below.

Account	Description
5010, 5085, 5615, 5620	Software
5335	Bad Debts
5675, 5365	Insurance
Various	Asset and Cost of Capital charges

4-Staff-124

CDM

Ref 1: Exhibit 4, page 55

Ref 2: IRR VECC-35(a)

Question:

At reference 1, PUC Distribution confirmed that no CDM costs are included in its test year revenue requirement.

The table provided in response to VECC-35 shows 0.31 Management FTE and 0.12 Non-Management FTE in line items "Conservation and Demand Management".

Chapter 2 of the Filing Requirement, page 33 states that the 2021 CDM Guidelines indicate that distributors should not request funding through distribution rates for dedicated CDM staff to support IESO programs. Further, an application must provide a statement confirming that no costs for dedicated CDM staff to support IESO programs funded under the 2021-2024 CDM Framework are included in the revenue requirement.

- (a) Please reconcile the statement in reference 1 with the table provided in reference 2.
- (b) Please confirm if CDM costs are included in its test year revenue requirement. If yes, please explain why and quantify.

Response:

- (a) The response to VECC-35 was intended to identify the number of FTEs allocated to PUC from PUC Services. Portions of time for PUC Services employees were/are allocated to PUC's CDM activities for which recovery is provided through IESO funded programs and not through PUC's revenue requirement.
- (b) There are no CDM costs included in the test year revenue requirement.

4-Staff-125

Green Button Implementation

Ref: IRR 4-Staff-64

Question:

PUC Distribution has included \$21,000 in its OM&A expenses and an estimated capital cost of \$80,000 related to the implementation of Green Button in the 2023 test year. PUC Distribution confirmed the use of an external third-party vendor.

- (a) Please confirm if the selection of the vendor related to Green Button implementation was subject to an RFP process. If yes, please explain the selection process. If not, please explain why.
- (b) Can PUC Distribution provide an estimate of the annual and monthly cost per customer for Green Button implementation?

Response:

- (a) PUC's vendor for the Green Button was selected through an RFP process by invitation. Please find a copy of the RFP Green Button Implementation Contract No 22 04 006 which identifies the various milestones and approach provided in Appendix A.
- (b) Please find the table below for the implementation and annual cost per customer.

	Cost	Number of Customers (2021)	Cost per Customer
Capital Cost of Implementation	\$80,000	33,905	\$2.36
Annual OM&A	\$21,000	33,905	\$0.62

6-Staff-126

Ref 1: IRR VECC-39(a)

Ref 2: Exhibit 4, Appendix B - Full Absorption Cost Allocation Review, pg. 18

Ref 3: Chapter 2 Appendices, November 28, 2022, Tab 2-H

Question:

For 2023, PUC Distribution used the OEB's revised cost of capital parameters released on October 20, 2022 as the basis of the calculation of the building return charge. This has increased the building return charge. The cost of capital parameters is applied to the average net book value of the building.

- a) Please confirm if there have been any changes to the methodology to determine the 2023 proposed building charge as compared to the building charge as agreed to in PUC Distribution's 2018 cost of service (EB-2017-0071).
- b) The increased building return charge for 2023 is shown in the top portion of Tab 2-H of the updated Chapter 2 Appendices. Please also make the parallel update to the bottom portion of the tab at cell O137.

Response:

- a) There have been no changes to the methodology to determine the 2023 proposed building charge.
- b) PUC has revised the Chapter 2 Appendices tab 2-H for this update. PUC also updated the pole rentals line in row 139 as this was also updated during the IRs.

6-Staff-127

CCA

Ref 1: 6-Staff-90

Ref 2: 6-Staff-90 excel PUCD - Bill C97 Accelerated CCA_Staff 90d_20221128

Ref 3: 6-Staff 90 excel PUCD - Bill C97 Accelerated CCA_Staff 90e_20221128

Ref 4: 6-Staff 89 excel PUC_IRR_Appendix IR16_PUCD_Bill C97 Accelerated CCA_20221128

Ref 5: IRR PILs Workform

Question:

In response to 6-Staff-90, PUC Distribution stated that the Omicron Injection Tester for \$294,789 previously in Class 1 should be classified with a CCA rate of 8%. Subsequently, PUC Distribution stated that the 2023 Omicron Injection tester is now classified as CCA class 8. Class 8 has a CCA rate of 20%.

In tab T8 of the IRR PILs Workform, \$294,754 is shown in Class 8 with a CCA rate of 20%. In the excels in reference 2, 3 and 4, the "2023-2027 Nov 28, 2022" tab shows \$294,754 in Class 8 with a CCA rate of 8%.

Please clarify which class and rate applies to the \$294,789 and revise the evidence as needed.

Response:

The CCA rate for the Omicron Injection Tester should be class 8 which is 20%. PUC has revised Appendix IR16 – PUCD – Bill C97 Accelerated CCA_20221128 and filed it with these responses as Appendix B in live excel format.

8-Staff-128

Ref 1: IRR 8-Staff-101

Ref 2: Tariff and Bill Impact Model, November 28, 2022, Tabs 3 and 5

Question:

OEB staff notes the following with respect to both versions of the Tariff and Bill Impact Model provided (i.e., with SSG and excluding SSG):

- Tab 3 requires updating for the most recent RPP rates, Pole Attachment Charge, Smart Metering Entity Charge and 2023 Retail Service Charges.
- Tab 5 requires updating to reflect the 2023 Retail service Charges as per reference 1
- Tab 6 shows an Ontario Electricity Rebate for the Street Lighting rate class of 17%. This should be updated to the current rate of 11.7%.

Please revise both versions of the Tariff and Bill Impact Model for these items.

Response:

PUC is unable to change the RPP rates, pole attachment charge and smart metering entity charge because the modelling sheet is locked. PUC applied the inflation factor of 3.30% to the Retail Service Charges to get the revised 2023 Retail Service Charges which did carry through to Tab 5. PUC is unable to update the OER credit for Street Light class as an error message is received when trying to save the file. The Street Light Class does not receive the OER benefit, therefore making this change would not impact the final bill impact model.

PUC is providing the proprietary table below on a preliminary basis and subject to change while the errors in the OEB model are being addressed.

Bill Impacts			Total Bill Impacts		Total Bill Impacts with SSG	
Class	Consumption (kWh)	Consumption (kW)	Total Bill Increase/Decrease	Total Bill Impact %	Total Bill Increase/Decrease	Total Bill Impact %
Residential	750	0	\$5.46	4.52%	\$3.88	3.22%
GS<50	2,000	0	\$8.04	2.63%	\$0.37	0.12%
GS>50	57,220	145	\$106.30	1.23%	-\$125.55	-1.46%
USL	3600	0	\$28.87	5.03%	\$13.04	2.27%
Sentinel Light	50	1.00	\$8.15	16.18%	\$7.65	15.18%
Street Light	199852	585	\$3,985.03	9.23%	\$3,269.40	7.92%

9-Staff-129

DVAs

Ref 1: 9-Staff -102

Ref 2: 9 -Staff-104

Question:

In Appendix IR18 of PUC Distribution's response to 9-Staff-102,

- (a) Table 1-12 shows columns for RPP and Non-RPP. Please confirm that these columns should be for principal and interest, respectively. If not confirmed, please explain.
- (b) Table 9-5 shows Account 1508, Sub-account Pole Attachment forecasted principal amounts to be up to December 31, 2021. Per 9-Staff-104, the sub-account has been forecasted to include activity up to the 2022 year-end. Please clarify.

Response:

- (a) PUC has updated Table 1-12 and Exhibit 9 Tables as a result of revisions from these questions. Please refer to Appendix E.
- (b) Table 9-5 should have been updated to forecast to April 30, 2023 as it included 2022 Pole variance and interest calculated to April 30, 2023.

9-Staff-130

DVAs

Ref 1: 9-VECC-54

Ref 2: IRR DVA Continuity Schedule

Question:

It states that PUC Distribution revised its Group 2 account claim in Tab 2b, rows 59 and 60 of the DVA Continuity Schedule.

- (a) The claim amounts in row 59 and 60 in both the pre-filed and IRR DVA Continuity Schedules are \$0. Please clarify what was updated.
- (b) Please confirm that PUC Distribution is requesting final disposition of Group 1 balances. If not, please explain why not.
- (c) The closing principal for 2021 (column BO) relating to the Substation16 sub-accounts were revised between the pre-filed and IRR versions of the DVA Continuity Schedule as shown in the following table.

	Pre-filed DVA Continuity Schedule (\$)	IRR DVA Continuity Schedule (\$)	Difference (\$)
Substation 16 Depreciation	275,922	225,754	50,168
Substation 16 Accumulated Dep	- 275,922	- 225,754	- 50,168
Substation 16 Riders	- 629,377	- 611,290	- 18,087

Please explain the change in the account balances.

- i. Please explain whether the related accumulated depreciation for Substation as reflected in the DVA Continuity Schedule has been updated. If yes, please explain the update made. If no, please explain why not.

Response:

- a) Please see the response to OEB Staff 120(c) which revises rows 57-60 and adds an additional row 67 to ensure the proper amount is disposed of for Group 2 balances related to account 1508 – ICM Substation 16.

- b) PUC can confirm that it is requesting final disposition of Group 1 balances.

- c) The \$50,168 in depreciation and accumulated depreciation is from the first 4 months of 2023. PUC has revised its DVA continuity schedule to exclude this amount as it will not be recorded in account 1508 and therefore should not form part of the balance. The substation 16 rate riders have further been revised to \$632,807 as provided in response to OEB Staff-120. The reason for the further revision is the amount of rate riders collected are changing on a regular basis. PUC identified an error in its previous forecast and has revised it.

9-Staff-131

Pole Attachment Variance

Ref: IRR 9-Staff-104

Question:

Reference 1 notes that the Pole Attachment charge was \$22.35 up to August 2021, \$28.09 between September to December 2018, \$43.63 effective January 2019, \$44.5 effective January 2020, and \$34.76 effective January 2022.

Please provide the calculation of the \$69,334 requested for disposition, showing the Pole Attachment charges and the joint poles figures used.

Response:

PUC had an over collection in 2018 of \$25,567 and an under collection in 2022 of \$93,876. This results in a collection from customers of \$68,309 and \$69,334 when considering carrying charges. Please see the chart below.

	Dec-31-2018	Dec-31-2019	Dec-31-2020	Dec 31/21	Dec 31/22	Apr 30/23
Pole Att Rev Variance	-\$25,567	-\$25,567	-\$25,567	-\$25,567	\$68,309	\$68,309
Pole Att Rev Variance C/C	-\$139	-\$713	-\$1,019	-\$1,165	\$143	\$1,025
	-\$25,706	-\$26,281	-\$26,587	-\$26,732	\$68,452	\$69,334

9-Staff-132

COVID-19 Incremental Expense Variance
Ref: IRR 9-VECC-53b

Question:

Please provide a breakdown of the \$250,166 incremental labour costs noted in the Reference by job classification and by year.

Response:

The following table provides the incremental labour costs by job classification and by year:

PUC Services Inc. Personnel	Job Class	2020	2021	Total
Executive	Executive	\$ 26,654	\$ 2,680	\$ 29,334
Communications Coordinator	Manager	\$ -	\$ 1,226	\$ 1,226
Manager - Billing & Special Projects	Manager	\$ 53,846	\$ 5,619	\$ 59,464
Manager - Corporate Communications	Manager	\$ 5,863	\$ -	\$ 5,863
Director, Finance	Director	\$ 11,910	\$ 5,955	\$ 17,864
Assistant Controller	Manager	\$ 40,191	\$ 14,542	\$ 54,733
Manager - Customer Care	Manager	\$ 7,727	\$ 2,208	\$ 9,934
Customer Care staff	Staff	\$ 53,737	\$ 18,009	\$ 71,747
		\$ 199,927	\$ 50,238	\$ 250,166

9-Staff-133

Account 1589 & GA Analysis Work Form

Ref 1: 9-Staff-108

Ref 2: 9-Satff 109

Ref 3: DVA Continuity Schedule, Tab 2a

Ref 4: GA Analysis Workform

Question:

- a) Reference 1 states that “In PUC Distribution’s 11 2022 GA Analysis Workform, there were principal adjustments of (\$759,501) and \$759,201 for Accounts 1589 and 1588, respectively, that were recorded in the 2021 general ledger.” and “The activity shown in Net Change did not include the 2020 adjustment. The GA Workform has now been updated to show the amount in the activity and the reversal.”
 - i) The principal adjustments in the DVA Continuity Schedule should agree to the total principal adjustments in the Principal Adjustment tab of the GA Analysis Workform. Please update the principal adjustments in the DVA Continuity Schedule to include \$(759,501) and \$759,501 for Accounts 1589 and 1588, respectively, in Reference 3 (Cell BF 31 & BF32).
 - ii) Please confirm the balances for Account 1589 and 1588 are \$709,967.23 and \$(1,971,801.14), respectively, in Reference 3 (Cell BT32 & BT31). If not confirmed, please explain why.
- b) Principal Adjustment in Reference 4 Tab 1588 (Cell D20) does not agree to the Principal Adjustment in Reference 4 Tab Principal Adjustment (Cell V63).
 - i) Please reconcile the difference and update the two Tabs mentioned above.
 - ii) Please confirm the Account 1588 % of Account 4705 in Reference 4 Tab Account 1588 (Cell G20) is -1.8% if including the \$1,002,372 RPP related reconciling item, or -0.2% if excluding the \$1,002,372 RPP related reconciling item. If not confirmed, please explain why.
- c) Net Change in Principal Balance in the GL In Reference 4 Tab GA 2021 (Cell C75) does not agree to the Transactions Debit/(Credit) during 2021 in Reference 3 (Cell BD32).
 - i) Please reconcile the difference and update the two Tabs mentioned above.
 - ii) Please reassess the Unresolved Difference as % of Expected GA Payments to IESO in Reference 4 Tab GA 2021 Cell C93), if the percentage is greater than 1% if updated.

Response:

- a) i) The adjustments have been added to the DVA Continuity Schedule, but to agree to the 2021 general ledger, they have also been added to 2021 transactions (Cell BD31 and BD32).
- ii) As noted above, the \$759,501 adjustments recorded in 2021 for 2020 activity were not included in the 2021 transactions (cell BD31 and BD32). Amounts have now been updated to agree to the GA Analysis. Balances in 1588 and 1589 remain at \$1,187,958.07 and \$73,874.57 respectively.
- b) i) The GA Workform Cell C20 has been updated.
- ii) Confirmed.
- c) i) Amount has been reconciled.
- ii) Due to the prior period adjustment of the of the IESO CT2148, the variance percentage is 1.8%. Without this adjustment, the current activity variance for the 2021 year is less than 1%.

School Energy Coalition (SEC)

SEC – 1

Reference: SEC 6

Question:

Please provide a copy of the referenced PUC Services corporate scorecard for each year since 2018.

Response:

PUC Service Inc. is a competitive affiliate of the applicant. Its corporate scorecard is strictly confidential and contains information that is not relevant to the matters at issue in this application.

SEC – 2

Reference: Ex.2, p.86-87

Question:

Please explain the basis for the CCA calculation in the revised ICM model shown at Table 2-20 and provide a comparison to that provided in the approved ICM model in EB-2020-0249. Please explain all differences besides that caused by the difference in total capital costs.

Response:

The change in CCA in table 2-30 on page 67 of Exhibit 2, for the SSG ICM, is due to a reduced spend in 2022 and timing of project completion. For example, all planned work in account 1920 computer software/hardware will be completed in 2023 which carries a CCA rate of 100%.

SEC – 3

Reference: Staff-32

Question:

Please provide a copy of the referenced integrated resources plan used to optimize spending over the 5-year DSP period.

Response:

The integrated resource plan referenced in Staff-32 is not a formal documented plan. During the preparation of the DSP, an evaluation of the impact on internal resources from all departments is completed to ensure that PUC can deliver on the annual forecast provided. These evaluations are then dynamic and continue to be re-evaluated through the years as information changes, such as the level of customer demand, and projects get completed to maximize resources efficiency.

SEC – 4

Reference: SEC 18

Question:

Please provide a response as requested. If PUC maintains its refusal, please explain with specificity, why the information is not readily available, and could not have been undertaken in the allotted interrogatory response time.

Response:

It is not clear that the probative value of the information resulting from a detailed accounting of the number of assets replaced (or planned to be replaced), many of which are below the materiality threshold, each year for 10 years outweighs the level of effort required. The requested information is also not an OEB requirement. Section 5.4 of PUC's DSP meets all of the requirements in Section 5.4.1 of the Chapter 5 Filing requirements, and particularly provides:

- An analysis of a PUC's capital expenditure performance for the DSP's historical period;
- An analysis of a distributor's capital expenditures for the DSP's forecast period; and
- An analysis of capital expenditures in the DSP's forecast period compared to the historical period.

This request would require an extensive number of hours to complete. Looking at 2023 alone, there are 23 line items listed as Forecast Net System Renewal Expenditures in Table 5.4-11 of the DSP for 2023, many of which are below PUC's materiality threshold. There are a number of projects subsumed within the 23 line items that would need to be individually reviewed to gather the requested information. When the number of line items and projects in the line items are extrapolated between 2018 and 2027, PUC would be reviewing a large number of records and historical individual work orders covering each subject year to fulfill the request of this IR. PUC would then need to extract the relevant information from each record and aggregate it into a presentable format. Typically to ensure data quality, this data would then be audited by a reviewer to ensure no errors are made. Expecting PUC to perform this task in the allotted time is not reasonable, especially since PUC had to respond to approximately 567 interrogatories in the 3-week interrogatory response time. PUC notes that some of the information requested may be included in the material investment summaries of the DSP.

SEC – 5

Reference: SEC 20

Question:

SEC requested PUC to provide ‘Material Investment Narratives’ documents for capital projects/programs completed during the last rebasing period that the company now seeks to add to rate base. Implicit in the response is that such document did not exist for previous capital work.

- a. Please confirm that these documents do not existing for 2019 to 2022 capital projects/programs.
- b. Does PUC have any documentation that is produced internally that documents material capital project/program prioritization, alternatives, costs, evaluation criteria, need, justification or similar information? If so, please provide details and copies as it relates to 2019-2022 material capital investments.

Response:

- a) PUC did not prepare ‘Material Investment Narratives’ documents for capital projects/programs completed between 2019 and 2022 that the company now seeks to add to rate base. The requested information is not required under section 5.4.2.1 of the Filing Requirements.
- b) A prioritization matrix was provided in the 2018-2022 Distribution System Plan for the test year in Table 23: Prioritization Matrix for Test Year Projects over Materiality Threshold. Beyond the test year, informal discussions and project reviews are dynamic. As project-specific details are reviewed, alternative options are considered, balancing the capital investment needed and the related new or replacement quantity of assets with the overall customer’s impact. PUC does not at this stage have any further additional relevant information to provide beyond what was issued to support the capital-related costs upon which its rate proposal is based, as required under section 5.4.2 of the Filing Requirements.

SEC – 6

Reference: Staff-89e, SEC-34

Question:

Please provide the calculation based on actual capital additions in each year (2019-2022) and provide supporting calculations similar to that provided in PUC_IRR_Appendix IR16_PUCD_Bill C97 Accelerated CCA_20221128.

Response:

PUC has provided the updated calculations requested in Appendix C Appendix IR16 - PUCD - Bill C97 Accelerated CCA_20221128_SEC6. This update is included on the tab 2018-2022. Please note that the actual capital additions were used in each year 2019-2022 when calculating accelerated CCA. The 2018 additions were still used in calculating CCA at the old rate.

SEC – 7

Reference: Staff-96

Question:

Please confirm that the calculation of the variable charge provided in the response is based on the as-filed application proposed revenue requirement, as opposed to the updated revenue requirement included with the interrogatory responses. If confirmed, please provide a revised response based on the updated revenue requirement included with the interrogatory responses.

Response:

PUC can confirm that the response provided in Staff 96 is based on the revenue requirement as filed on August 31, 2022.

PUC has revised the table and reproduced below based on the revised revenue requirement submitted with the Interrogatory Responses November 28, 2022:

	Fixed	Variable
GS<50	\$22.32	\$0.0382
GS>50	\$123.27	\$9.6625
USL	\$13.67	\$0.0550

SEC – 8

Reference: Ex 2, Appendix B With respect to the VVO Link to ROE calculation:

Question:

- a. [p.3] The Draft AO states the following: “Considering that the COP will fluctuate on a yearly basis, PUC proposes a band where the breakeven point, (i.e., \$0 savings to customers) as a percentage is the low end of the band, with the upper limit being 2.70% or \$234,177 VVO savings” [emphasis added]. Is the upper limit 2.70% energy savings or \$234,177 in net savings to customers.
- b. [p.3] The Draft AO states the following: “The final step is to review the revenue requirement calculation for SSG included in rates. The benefit of reduced future capital expenditures, as described in EB-208-0219/2020-0249 is \$234,177 in each year moving forward.” Please confirm reference to \$234,177 in this sentence is an error and should be \$304,389.
- c. Please confirm the \$304,390 ‘benefit of reduced capital expenditure’ line item is a capital expenditure number whereas the ‘additional revenue from increased SSG asset base’ line item is a revenue requirement number.

Response:

- a) The upper limit is 2.70% VVO Savings.
- b) Confirmed.
- c) The \$304,390 benefit of reduced capital expenditure is a revenue requirement number.

SEC – 9

Reference: Staff 27-d

Question:

The interrogatory asked PUC to update the VVO Link to ROE calculation with the 2023 cost of capital parameters. In response, PUC updated Table 5.3-29.

- a. Please confirm the 2.36% consumption savings used in the table was premised on the that being the point in which, on all else being equal, results in \$0 net benefit to customers.
- b. Based on the revise table, the deadband is now \$2,974 (top) and -\$230,203 (bottom) in annual net benefits to customers. Please confirm this is correct and confirm?
- c. Is PUC proposal to update the calculation for the revise 2023 cost of capital parameters and if is the deadband that set out in question part (b)?
- d. Please provide a breakdown of the updated 'additional revenue from increased SSG asset base' calculation.

Response:

- a) Confirmed.
- b) Confirmed. The dead band dollar value has shifted; however, the dead band VVO percentage amount still remains at 2.36% to 2.70%.
- c) PUC developed this calculation during the preparation of its cost of service application and locked in the dead band of 2.36% to 2.70%. PUC's proposal is to keep that dead band regardless of the other inputs into the model which are outside of PUC's control and evolving on a regular basis (i.e. Cost of Power, Revenue Requirement, Interest Rates, etc.).
- d) PUC provided a side by side calculation of this in its Interrogatory Responses as Appendix IR1 – Additional revenue from increase SSG asset base.

SEC – 10

Reference: Appendix H – PUC’s Response to OEB Order #6, Appendix B

Question:

Please provide a copy of IEEE 1885-2022

Response:

IEEE 1885-2022 is available for purchase here: <https://standards.ieee.org/ieee/1885/5624/>.

Vulnerable Energy Consumers Coalition (VECC)

VECC-55

REFERENCE:

Staff 54 b) and VECC 22

Staff 1: PUC_2023_Load Forecast – With Regression Analysis_20221128

PREAMBLE:

The responses to both Staff 54 b) and VECC 22 a) indicate that customer count should not be included in the regression model used to forecast purchased power. However, the updated Load Forecast model referenced in Staff 1 still includes customer count as an explanatory variable.

Question:

- a) Please confirm that PUC's proposal is to exclude customer count as an explanatory variable.
- b) If confirmed, please provide a version of the Load Forecast model that reflects all of the revisions PUC is proposing be made to the model as originally filed.

Response:

- a) Confirmed.
- b) PUC has revised the Load Forecast model to remove the customer count as an explanatory variable. The CDM adjustment has also been revised in accordance with the response in VECC-56.

VECC-56

REFERENCE:

VECC 24

Question:

- a) The calculation of the manual CDM adjustment increases PUC's share of the conservation savings forecasted by the IESO by 4.62%. Please set out PUC's understanding of where on the electricity system (e.g., customer delivery point, point of generation, or some other point) the conservation savings forecast by the IESO are "measured" and provide references supporting this view.
- b) Base on the response to part (a) please explain why it is appropriate to mark the savings up a factor that represents distribution losses.

Response:

- a) The calculation of the manual CDM adjustment increases PUC's share of the conservation savings forecasted by the IESO by 1.0462%, not 4.62%.

CDM has historically been measured at the customer level. The Minister's Directive of September 30, 2020 provides the most recent definition of CDM: "The IESO shall consider CDM to be inclusive of activities aimed at reducing peak electricity demand and/or electricity consumption from the electricity system. Examples of CDM include energy efficiency replacements whereby similar output is achieved with less electricity, and behind-the-meter consumer generation." Further, the *2021-2024 Conservation and Demand Management Program Plan, January 4, 2021* states that savings are calculated in accordance with the *IESO Evaluation, Measurement and Verification Protocol*, p.31 of which describes how data are to be collected: either through a deemed savings approach, or a custom M&V approach **measured on-site**.

- b) The CDM savings also results in savings in distribution losses. On reviewing where the CDM adjustment is being made in the load forecast, PUC has concluded that the CDM adjustment is being made to the forecast load *before* the loss factor is applied so the CDM adjustment should not include distribution losses. The factor for distribution losses has been removed from the CDM adjustment in the load forecast.

VECC-57

REFERENCE:

Staff 1: PUC_2023_Filing_Requirements_Chapter2_Appendices_20221128, Tab 2 H
VECC 39 a)

Question:

- a) Please provide a detailed breakdown of the updated revenues for account #4210.
- b) Please provide a schedule that sets out the calculation of the 2023 Building Charges revenue of \$1,035,470 per the original Application and the changes made to derive the revised value included in the IRR update.

Response:

- a) The updated revenues for account 4210 are from a change in the pole attachment rate used and the 2023 building return charges. Please refer to the answer in part (b) for the detailed calculation of the building return charge. For the Pole attachment revenue, PUC identified a calculation error in the rate used in the IRs. Please see the below table that reconciles the calculations used for pole attachment rates:

Date	Total Poles	Rate used	Total Poles Revenue 4210
31-Aug-22	19375	34.76	673,475
28-Nov-22	19375	37.06	718,038
12-Dec-22	19375	36.05	698,469

- b) Please see the table below for a side-by-side comparison. The changes from August 31, 2022 to November 28, 2022 include Updated Cost of Capital Parameters and the reclassification of Omicron Injection tool.

VECC-58

REFERENCE:

VECC 41 a)

Question:

- a) Please explain why the cost per connection for Residential underground service (\$3,220) is significantly higher than the cost per connection for GS<50 or GS>50 underground service (\$456).

Response:

The ownership demarcation points of customer classes differ from one to another. The ownership demarcation point for the above noted customer classes are summarized in the below table:

Customer Class	Connection Type	Ownership Demarcation Point
Residential Secondary Service	Underground Service	Line side of exterior meter socket or main switch or current transformer
General Secondary Service	Underground Service	Secondary connections at load side of PUC transformer
General Primary Service	Underground Service	Secondary connections at load side of PUC transformer (Section 3.0.3 – Where primary service is required, the Customer will be responsible for all costs to construct a private pole line or underground duct bank structures.)

Costs for residential secondary services are higher than connections for GS<50 and GS>50 due to PUC owning the secondary service inclusive of the trenching, conduits, and cables for residential secondary services. This differs from GS connections as the customer is responsible for the cost of the services and therefore PUC's contribution is limited to connections.

For further clarity on demarcation points, please refer to PUC's Conditions of Service, Appendix C: Demarcation Points and Connection Charges Application.

VECC-59

REFERENCE:

PUC_2023_Tariff_Schedule_and_Bill_Impact_Model_20221128

Question:

- a) In the Residential Bill Impact model, the 2023 volumes used for RTSR, WMS and RPP are hard coded at 763 kWh – what is the basis for this value and is this the value that will be used in 2023 for billing a customer with 750 kWh of usage?
- b) In the Residential Bill Impact model, the 2023 volumes used for Commodity (total), Total Deferral/Variance Account Rate Riders, CBR Class B Rate Riders and Additional Volumetric Rate Riders are hard coded at roughly 730 kWh –what is the basis for this value and is this the value that will be used in 2023 for billing a customer with 750 kWh of usage?

Response:

Response to “a” and “b”:

The final tab of the Tariff Schedule and Bill Impact Model was unlocked so that PUC could ‘hard-code’ the proper consumption amounts to show the bill impacts including VVO savings of 2.70%. The Current OEB-Approved Column uses a consumption of 750 kWh, and the Proposed column uses a consumption of 750kWh less 2.70% VVO savings or 730 kWh. This calculation is applied through all the rate classes and accounts for the difference you see in consumption from the Current OEB-approved column to the Proposed column. The 730kWh is the revised consumption that a customer will be using once they receive the 2.70% VVO consumption savings. A customer who was once using 750 kWh in 2022 will now be consuming 730 kWh in 2023, all else remaining equal.

Consumers Council of Canada (CCC)

CCC-49

REFERENCE:

Re: CCC-18

Question:

In 2023-2027 the plan adds EV each year based on supply chain availability. PUC expects 4 EV purchases in 2023.

Please provide the budget line item and amount for EV purchases in 2023.

Response:

To clarify, it is PUC Services Inc. that expects to have 4 EV purchases in 2023.

CCC-50

REFERENCE:

Re: CCC-22 (a)

Question:

PUC provides the annual vehicle leasing costs proposed in 2023 and references the guidelines in the Full Absorption Cost Allocation Review completed by BDR North America Inc.

Please provide the Shared Services Agreement between PUC and PUC Services.

Response:

PUC has provided the Shared Services Agreement as Appendix D – PUC Services Inc and PUC Distribution Inc Agreement.

Questions

CCC-51

REFERENCE:

Re: CCC-24

Question:

Please provide the circuit's historical failures during the last five years by year.

Response:

The table below shows the number of underground cable failures per year per circuit over the five years used in the ACA for the purpose of evaluating the health index.

Underground cable failures per circuit								
Circuit	2017	2018	2019	2020	2021	Total # of outages	Total UG Cable length (km)	Failure count per 10 km per year
21-02	3	3	4	2	1	13	14.34	2.01
20-04	1	1	2	2	0	6	9.55	1.40
12-14	1	2	1	2	0	6	6.26	2.13
13-01	2	0	0	0	0	2	3.96	1.12
1-12	1	4	0	0	0	5	0.02	483.91
11-13	1	0	2	0	0	3	0.50	13.22
21-01	4	1	1	0	0	6	5.06	2.64
18-04	1	0	1	0	0	2	4.21	1.06
20-01	1	0	0	0	0	1	1.19	1.86
TA-11	0	1	0	0	0	1	0.18	12.32
19-04	0	1	0	2	0	3	4.23	1.58
11-14	0	1	3	1	0	5	2.44	4.56
12-13	0	0	1	0	2	3	4.60	1.45
12-11	0	0	1	0	0	1	0.75	2.97
16-02	0	0	1	0	0	1	7.88	0.28
16-04	0	0	3	2	1	6	10.32	1.29
5-02	0	0	1	0	0	1	0.00	0.00
12-12	0	0	1	1	1	3	10.11	0.66
11-12	0	0	1	1	0	2	0.79	5.59
2-15	0	0	1	0	0	1	2.68	0.83
18-02	0	0	0	1	0	1	2.58	0.86
19-03	0	0	0	1	0	1	3.95	0.56
TA-6	0	0	0	5	0	5	2.67	4.16
13-04	0	0	0	1	0	1	0.52	4.31
2-14	0	0	0	0	3	3	3.79	1.76
11-11	0	0	0	0	1	1	1.90	1.17

Questions

CCC-52

REFERENCE:

Re: CCC-30

Question:

Please confirm receipt of the breaker for Substation 19.

Response:

PUC has not yet received the breaker for Substation 19.

Questions

CCC-53

REFERENCE:

Re: CCC-37 (a)

Question:

PUC indicates that added positions in support of SSG account for part of the increase in O&M in 2023 compared to 2021.

Please provide a summary of the number of FTEs added to support SSG by year including the position title and cost.

Response:

Please refer to OEB Staff-67 (reference: Exhibit 4, pg.8 and Exhibit 4, pg. 26).

Questions

CCC-54

REFERENCE:

Re: VECC-8

Question:

The response states “PUC directed approximately \$3.5M of COS dollars to station renewal of assets that would benefit both the DSP ACA objectives and the SSG objectives. This investment was primarily for two transformers and a 34.5kV switchgear at Substation 20, and transformers at Substations 2 and 11. Due to NRCan grant funding received for the SSG project, the PUC will receive a 25% savings on that \$3.5M dollar investment.

Please discuss if the \$3.5M investment is included in the \$28,713,347 for the SSG ICM project.

Response:

The \$3.5M investment is not included in the \$28.7M. Please refer to OEB Staff-115.

Questions

CCC-55

REFERENCE:

Re: OEB Staff – 25

Question:

The question asked for a cost variance breakdown for the SSG Project comparing the actual cost of the project components compared to what was planned. The answer states:

As the project is still in progress and actual costs have not been fully incurred, it is still too early to provide a detailed breakdown of actual costs. These actual costs will be trued up-up and subject to OEB approval at a later date. To be of assistance, PUC can state that the project is currently trending on budget.

Please clarify what amounts PUC is seeking to add to ratebase for the SSG project in 2022 and 2023. When does PUC expect that these amounts will be trued up? Please indicate why PUC cannot provide a comparison as requested based on actual costs and the most recent forecast of expected costs?

Response:

PUC has provided an update to all models based on the revised spend which is estimated as follows:

	2022 (in millions)	2023 (in millions)
Gross	\$12.0	\$19.9
NRCan	<u>\$(3.0)</u>	<u>\$(4.4)</u>
Net	\$9.0	\$15.5

Delays impacting the project have been encountered in a number of areas but at a high level the largest contributing factor was the COVID pandemic and the ripple effect on availability of equipment, materials and resources.

In the early design stages the restrictions to border travel impacted the engineering teams ability to be on-site for design efforts. Remote work arounds were employed, but some time delays and turn around on reviews and comments were encountered. As construction got underway there were supply chain and vendor delays that impacted work sequencing. With the nature of the cascading station outage plan, equipment or material item delays caused schedule slip. The schedule changes also impacted planning on specialized resources for construction, testing and commissioning. Compounding the resource challenge was a very active local construction season and availability and scheduling of equipment, supplies such as concrete, and local work forces. As the schedule delays pushed the work into colder winter months, there were additional impacts to the ability to plan station outages due to higher system loads which also stretched the schedule

Questions

CCC-55

REFERENCE:

Re: OEB Staff – 25

and continues to be the case in the first quarter of 2023.

Based on current forecasts, the physical installation of the SSG Project will be largely complete by March 31. However, Substantial Completion will not occur until November 1, 2023.

Substantial completion is a defined term under the EPC Contract with Black & Veatch (see Amended Application at Appendix AA3-7 from EB-2020-0249/EB-2018-0219). As set out in the response to Staff-18, Substantial Completion generally requires optimization and testing by Black and Veatch: (a) on a station by station basis to finalize voltage reduction settings and control systems; and (b) on full system wide basis to confirm coordinated station performance, which includes items such as integrated measurement, verification and reporting. As set out in the response to Staff-29, the testing and optimization phase of the SSG Project was always expected to occur subsequent to the physical installation of the SSG Project. PUC anticipates to be in a position to start measuring VVO savings at the time of Substantial Completion.

Questions

CCC-56

REFERENCE:

Re: OEB Staff – 70

Question:

The variance between the test year (2023) Administrative Costs and the 2018 OEB approved amounts represents an increase of approximately \$934,000. Part of the variance can be attributed 5 to additional positions. How much of the variance is attributable to those positions? What is the other part attributable to?

Response:

The variance attributable to the positions is approximately \$354k. The other part of the variance is attributable to inflationary increases as well as other labour increases, software, and the Shared Services allocation costs.

Questions

CCC-57

REFERENCE:

Re: CCC-3

Question:

Please describe the ownership structure of 17 Trees. Please provide all contractual arrangements between 17 Trees and PUC Distribution Inc.

Response:

The shares of 17 Trees Inc. are 1/3 owned by PUC Inc., PUC's sole shareholder. The other 2/3 of the shares are split evenly between Greater Sudbury Utilities Inc. and North Bay Hydro Services Inc. The 17 Trees Inc. PO is provided at Appendix F. Presumptively confidential information under Appendix B of the Practice Direction on Confidential Filings, namely unit pricing and billing rates, has been redacted.

Questions

EB-2022-0059
PUC Distribution Inc.
Pre-Settlement Clarification
Page **56** of **62**
Filed: March 10, 2023

Appendix A – RFP No 22 04 06 Green Button Implementation

REQUEST FOR PROPOSAL (RFP)

GREEN BUTTON IMPLEMENTATION

CONTRACT NO. 22 04 006



Important Dates

The following is a tentative schedule that will apply to this RFP but may change in accordance with the organization's needs or unforeseen circumstances. Changes will be communicated by e-mail to all proponents.

Issue Date of RFP	May 2, 2022
Deadline for Vendor Questions	May 11, 2022: 12:00pm
Anticipated Deadline for Issuing Addenda	May 17, 2022
Requested Proposal Submission Date	May 25, 2022: 4:00pm
Review of Submitted Proposals	June 3, 2022
Presentations	June 8 and 10, 2022
Overall Review of Shortlist Proposals	June 17, 2022
Anticipated Selection of Vendor	June 17, 2022
Contract Negotiations	June 24, 2022

TABLE OF CONTENTS

PART 1: INTRODUCTION	6
1.1 Invitation to Proponents.....	6
1.2 The Organization.....	6
1.3 Type of Contract for Deliverables	6
1.4 Proponents Understanding of RFP.....	6
1.5 Good Faith Statement.....	6
1.6 Communication.....	6
1.6.1 Proponent’s Inquiries.....	7
1.6.2 Informal Communications	7
1.6.3 Formal Communications.....	7
1.6.4 Addenda.....	7
PART 2: TERMS & CONDITIONS	8
2.1 Rights of PUC	8
2.1.1 PUC’s Right to Amend, Supplement or Cancel the RFP	8
2.1.2 Proposal Acceptance and Significance of the Proposed Price Process	8
2.1.3 PUC’s Right to Waive Irregularities.....	8
2.1.4 PUC’s Right to Clarify Proposals.....	8
2.1.5 PUC’s Right to Verify.....	9
2.1.6 PUC’s Right to Waive Mandatory Requirements.....	9
2.2 Right to Amendments or Withdrawal of Proposal by Proponent	9
2.3 Disqualification of Proposals on Grounds of Faulty Submission	9
2.4 Costs Incurred by Proponents	9
2.5 Privilege Clause.....	10
2.6 Contract Award.....	10
2.6.1 The Contract	10
2.6.2 Signing the Contract	10
2.6.3 Omissions and Discrepancies.....	10
2.7 Proponent’s Failure to Sign the Contract	10
2.7.1 Situations	10
2.7.2 Options	11
2.8 Limitation of Liability	11

2.9 Litigation	11
2.10 Performance of Work	11
2.11 Inspection of Work	12
2.12 Notice.....	12
2.13 Right to Negotiate.....	12
2.14 Power to Pause	12
2.15 Confidentiality	12
2.16 Term of Contract.....	13
PART 3: THE DELIVERABLES	14
3.1 Background Information.....	14
3.2 Must Categories.....	14
3.3 Objectives	15
3.4 Value Add On	16
3.5 Schedule.....	16
3.6 Qualifications	17
3.7 Internal Resources	18
3.8 Risk Assessment Plan.....	18
3.9 Accessibility for Ontarians with Disabilities (AODA).....	18
3.10 Form of Services Agreement	18
PART 4: EVALUATION OF PROPOSALS	19
4.1 Stages of Proposal Evaluation.....	19
4.2 Stage I	19
4.3 Stage II	19
4.4 Stage III	19
4.5 Stage IV	19
4.6 Stage V	19
PART 5: MANDATORY & RATED REQUIREMENTS.....	20
5.1 Stage I – Mandatory Requirements.....	20
5.1.1 Sign Off (Appendix A)	20
5.1.2 Reference Form (Appendix B)	20
5.1.3 Rate Bid Form (Appendix C)	20
5.1.4 Services Agreement (Appendix D)	20
5.2 Stage II – Evaluation of Rated Criteria	20

5.3 Stage III – Evaluation of Pricing..... 21

5.4 Stage IV - Presentation 21

5.5 Stage V - Evaluation Committee Review 21

5.6 Evaluation Committee 21

PART 6: PROPOSALS SUBMISSION & FORMAT 23

6.1 Instructions to Vendors 23

6.2 RFP Response Format 23

6.3 Covering Letter 23

6.4 Proposal Submission..... 23

PART 1: INTRODUCTION

1.1 Invitation to Proponents

This Request for Proposal (RFP) is issued by PUC Services Inc., hereafter referred to as “PUC”, as an invitation to prospective Proponents to submit proposals for the provision, implementation, and on-going support of Green Button (collectively, the “Deliverables”) to PUC.

1.2 The Organization

PUC is a group of companies that operates multiple utilities and within Ontario, including the supply, treatment and distribution of municipal drinking water, the supply of electricity, and the operation of wastewater treatment facilities.

1.3 Type of Contract for Deliverables

The intended coverage of this RFP is per Part 3 of this document.

Although it is PUC’s intention to enter into the agreement with only one (1) legal entity, PUC makes no guarantee of the value or volume of work to be assigned to the successful Proponent.

PUC makes no representation, warranty or guarantee as to the accuracy of the information contained in the RFP. Any quantities shown or data contained in this RFP are estimates only and are for the sole purpose of indicating to Proponents the general size of the work.

1.4 Proponents Understanding of RFP

In responding to this RFP, the Proponent accepts full responsibility to understand the RFP in its entirety, and in detail, including making any inquiries to PUC as necessary to gain such understanding. PUC reserves the right to disqualify any Proponent who demonstrates less than such understanding. Further, PUC reserves the right to determine, at its sole discretion, whether the Proponent has demonstrated such understanding. That right extends to cancellation of award if award has been made. Such disqualification and/or cancellation shall be at no fault, cost, or liability whatsoever to PUC.

1.5 Good Faith Statement

All information provided by PUC in this RFP is offered in good faith. Individual items are subject to change at any time. PUC makes no certification that any item is without error. PUC is not responsible or liable for any use of the information or for any claims asserted there from.

1.6 Communication

Verbal communication shall not be effective unless formally confirmed in writing by a specified procurement official in charge of managing this RFP process. In no case shall verbal communication govern over written communication.

1.6.1 Proponent's Inquiries

Applicable terms and conditions herein shall govern communications and inquiries between PUC and Proponents as they relate to this RFP. Inquiries, questions, and requests for clarification related to this RFP are to be directed in writing to:

PUC Services Inc.
500 Second Line East
Sault Ste. Marie, ON P6A 4K1
Attention: Shelley Hambly, CSCMP
Email: purchasing.dept@ssmpuc.com

1.6.2 Informal Communications

Informal communications shall include, but are not limited to requests from/to Proponents or Proponents' representatives in any kind of capacity, to/from any PUC employee or representative of any kind or capacity except for **Shelley Hambly** for information, comments, speculation, etc. Inquiries for clarifications and information that will not require addenda may be submitted verbally to the named above at any time.

1.6.3 Formal Communications

Formal Communications shall include, but are not limited to:

- Questions concerning this RFP must be submitted in writing and be received prior to **May 11, 2022: 12:00pm.**
- Errors and omissions in this RFP and enhancements: Proponents shall recommend to PUC any discrepancies, errors, or omissions that may exist within this RFP. With respect to this RFP, Proponents shall recommend to PUC any enhancements, which might be in PUC's best interest. These must be submitted in writing and be received prior to **May 11, 2022: 12:00pm.**
- Inquiries about technical interpretations must be submitted in writing and be received prior to **May 11, 2022: 12:00pm.** Inquiries for clarifications/information that will not require addenda may be submitted verbally to the named above at any time during this process.
- Verbal and/or written presentations and pre-award negotiations under this RFP.
- Addenda to this RFP.

1.6.4 Addenda

PUC will make a good-faith effort to provide a written response to each question or request for clarification that requires addenda within four (4) business days. All questions, answers, and addenda will be shared with all proponents.

PUC will not respond to any questions or requests for clarification that require addenda, if received after **May 11, 2022: 12:00pm.**

PART 2: TERMS & CONDITIONS

2.1 Rights of PUC

2.1.1 PUC's Right to Amend, Supplement or Cancel the RFP

PUC without liability, cost, or penalty, may in its sole discretion:

- (a) Alter any dates in the RFP, as they relate to the RFP Process, at any time prior to or after the Closing Date and Time.
- (b) Cancel this RFP at any time, whether prior to or after the Closing Date and Time, and PUC may, but need not, in its sole discretion, issue a new RFP.
- (c) Amend or supplement this RFP at any time prior to the Closing Date and Time.

2.1.2 Proposal Acceptance and Significance of the Proposed Price Process

PUC will not necessarily accept the lowest priced Proposal or any Proposal. While price is an element in the selection process, Proponents should recognize that there are other criteria in this RFP that PUC will consider in evaluating Proposals and in making its decision as to the award of a contract.

As it is the intention of PUC to award to that Proponent (if any) who offers the best over-all value to PUC, PUC reserves the right in its sole discretion to accept or reject any bid which in the opinion of the PUC is incomplete, obscure, irregular, contains exceptions or counteroffers, or which is non-compliant with the terms of the Proposal.

2.1.3 PUC's Right to Waive Irregularities

PUC, without liability, cost, or penalty, may, in its sole discretion, waive irregularities in Proposals or in the submission of Proposals.

2.1.4 PUC's Right to Clarify Proposals

PUC, without liability, cost, or penalty, may, in its sole discretion and at any time after Proposal submission, seek clarification from any Proponent, either in writing or during a Presentation with respect to its Proposal. Without limiting the generality of the foregoing, PUC may, in its sole discretion, request a Proponent to confirm in writing any statement made by the Proponent during the Presentation stage in which case the Proponent will promptly provide such written confirmation to PUC, within the time specified.

Any written information received by PUC from a Proponent in response to a request for clarification from PUC shall be considered as an integral part of the Proponent's Proposal.

Without prejudice to this right, PUC may request clarification where any Proponent's intent is unclear, or PUC may waive or request amendments where, in the opinion of PUC, there is an irregularity or omission in the information submitted in the Proposal.

2.1.5 PUC's Right to Verify

PUC may verify any Proponent's statement or claim by whatever means PUC deems appropriate, including contacting references other than those offered by the Proponent. PUC may reject any Proponent statement or claim if, in the judgment of PUC, the statement or claim is unwarranted or not credible. The Proponent shall co-operate with PUC in its attempts to verify any such statement or claim.

2.1.6 PUC's Right to Waive Mandatory Requirements

Wherever the words "will", "shall", or "must" are used in this RFP, PUC will have the option of waiving this as a mandatory requirement as it is intended that Proposals be subject to review and negotiations and not all options may be known to PUC at this time, which is why it is looking for innovative Proposals from experienced Proponents. Therefore, PUC must have the ability to waive what would otherwise appear to be mandatory requirements in the appropriate situation as determined by PUC.

2.2 Right to Amendments or Withdrawal of Proposal by Proponent

A Proponent that submits a Proposal to PUC may amend its Proposal only by submitting an amended proposal to PUC at the location identified before the closing date and time. The latest Proposal received by PUC from a Proponent, before the closing date and time, shall supersede and invalidate any Proposal previously submitted by that Proponent.

A Proponent that submits a Proposal to PUC may withdraw its Proposal by advising the RFP Contact, as described in Part 1 Section 1.6.1, in writing before the Closing Date and Time.

2.3 Disqualification of Proposals on Grounds of Faulty Submission

PUC, without liability, cost, or penalty, in its sole discretion, may disqualify any Proposal at any time during the RFP process if, in the opinion of PUC, one or more of the following events occur:

- (a) The RFP contains incorrect information that is fundamental to the submission.
- (b) The Proponent is unresponsive to this RFP.
- (c) The Proponent fails to cooperate with PUC in its attempts to clarify information or evaluate the Proposal.
- (d) The Proponent misrepresents any information provided in its Proposal.
- (e) The Proposal is incomplete.
- (f) The Proposal, on its face, reveals a conflict of interest or unfair advantage; or
- (g) A change has occurred in the management or ownership structure of the Proponent's organization.

2.4 Costs Incurred by Proponents

Nothing in this RFP, receipt by PUC of a response to this RFP, or subsequent negotiations by PUC of terms of a contract, shall in any way impose an obligation on PUC to reimburse any Proponent or to pay any

compensation for costs incurred in the preparation of a response to this RFP, presentations, or the negotiation of a proposed contract.

2.5 Privilege Clause

Nothing in this RFP, receipt by PUC of a response to this RFP, or subsequent negotiations by PUC of terms of a contract, shall in any way impose a legal obligation on PUC to sign a contract with any Proponent.

Bidders are notified that the lowest or any proposal need not be accepted by PUC and PUC reserves the right to reject all proposals at any time without further explanation or to accept any proposal considered advantageous to PUC. Proposals which contain qualifying conditions or otherwise fail to conform to these RFP documents may be disqualified or rejected. PUC may waive any non-compliance with the Proposal documents, specifications, or any conditions, including the timing of delivering of anything required by this RFP and may at its sole discretion elect to retain for consideration Proposals which are non-conforming because they do not contain the content or form required by the RFP documents or because they have not complied with the Process for submissions set out herein.

2.6 Contract Award

2.6.1 The Contract

PUC's right to accept any bid and reject any bid or all bids.

Any contract award made pursuant to this RFP is conditional upon the Selected Proponent entering into a contract with PUC under the terms and conditions of this tender.

2.6.2 Signing the Contract

PUC shall advise the Selected Proponent once ready to commence negotiations. The negotiations shall be concluded within a timeframe mandated by PUC, acting reasonably. The Selected Proponent shall prepare and provide to PUC a Services Agreement with two executed copies.

2.6.3 Omissions and Discrepancies

Should a Proponent find discrepancies in or omissions or Contract documents or should be in doubt as to their meaning, they should notify PUC's Contact.

2.7 Proponent's Failure to Sign the Contract

2.7.1 Situations

One or more of the following situations occur, PUC may invoke one of the following options stated in Clause 2.7.2:

- (a) The negotiations with the Selected Proponent are not successful and PUC, in its sole discretion, does not think that a contract satisfactory to PUC can be reached.
- (b) The Selected Proponent fails to employ best efforts to finalize a contract during the timeframe mandated by PUC; or

- (c) The Selected Proponent fails or refuses to enter a contract within the timeframe mandated by PUC.

2.7.2 Options

In the case of PUC and the Selected Proponent not being able to come to an amicable contract agreement, PUC without liability, cost, or penalty, may, in its sole discretion:

- (a) Extend the period for negotiation or execution; or
- (b) Cease negotiations with the Selected Proponent; or
- (c) Enter negotiations with the second highest rated proponent; or
- (d) Exercise PUC's rights pursuant to Sub-Section 2.1.1(b) to cancel the RFP.

2.8 Limitation of Liability

Each Proponent, by submitting a Proposal, agrees that in the event that any or all of the Proposals are rejected or disqualified, or the Project or selection process is modified, suspended or cancelled for any reason, PUC is found to be in breach of its obligations under this RFP, including due to its fault or negligence, has otherwise failed to follow any Process required under the terms of this RFP, neither PUC, nor its employees, advisors or representatives will be liable under any circumstances for any claim or to reimburse or compensate any person or entity in any manner whatsoever for loss of anticipated profits, loss of opportunity, or any indirect or consequential damages and the Proponent waives any claim for loss of profits or loss of opportunity, indirect or consequential damages, if the Proponent is rejected or disqualified, or is not successful in the selection process for any reason whatsoever. The Proponents acknowledge in evaluating the Proposals, PUC and its advisors are seeking a Proposal satisfactory to PUC's needs and are under no duty to the Proponents except to bona fide consider all Proposals and that this RFP is not a contract between PUC and the Proponents.

2.9 Litigation

If PUC or any of its officers, employees, assigns, independent contractors, subcontractors, agents or representatives are made a party to any litigation arising out of or by reason of or attributable to this RFP, then the applicable Proponent(s) shall indemnify and save harmless PUC and its officers, employees, assigns, independent contractors, subcontractors, agents or representatives in connection with such litigation, except to the extent that such litigation arose from the negligence or willful act of PUC, or any of its officers, employees, assigns, independent contractors, subcontractors, agents or representatives.

2.10 Performance of Work

The Proponent shall, before submitting their Proposal, satisfy themselves as to the local conditions that may be encountered during services of the work. They shall make their own estimate of the services and difficulties that may be encountered and the nature of the subsurface materials and conditions. The Proponent shall not claim at any time after submission of their Proposal that there was any misunderstanding of the terms and conditions of the Contract relating to site.

The Proponent shall complete the work in a reasonable time frame, recognizing that total anticipated quantities during the term of the contract will require an ongoing commitment of resources by the Proponent throughout the service period. The Proponent shall make every effort reasonable to complete the work expeditiously as it is issued.

2.11 Inspection of Work

It shall be the responsibility of the Proponent to review their work before declaring an item is completed. The review by the PUC's Contact shall take place prior to the issue of payment and be an agenda item at the regular project meetings.

The Proponent shall supply proof of required certificates, competencies and required training to successfully complete the work. Furthermore, these requirements must be kept current during the duration of the Contract.

2.12 Notice

All Notices under this Agreement shall be in writing and shall be deemed received, if properly sent to the addresses as listed in Part 1 Section 1.6.1.

2.13 Right to Negotiate

Should PUC not receive any satisfactory bid, in its sole discretion, PUC reserves the right to negotiate a contract for the whole or part of the Proposal with any one or more of the Proponents without becoming obligated to offer to negotiate with all Proponents.

2.14 Power to Pause

In the event PUC discovers the Proponents have received unequal access to relevant information regarding the requirements of the RFP, PUC reserves the right in its sole discretion to suspend the competitive bid process, issue new information in writing to all Proponents and then continue the competitive bid process.

In the event PUC chooses to suspend the procurement process, those Proponents who have submitted Proposals will be provided with new information and allowed an additional five (5) business days to change their Proposals should they choose to do so or to withdraw altogether.

Thereafter, PUC will continue the competitive bid process with the then remaining Proponents, with all other requirements of the instructions to Proponents applying as if the competitive bid process had not been suspended.

2.15 Confidentiality

The RFP is strictly confidential and proprietary to PUC. Proponents will not use the information included in the RFP without prior written consent from PUC. In addition, information in the RFP will not be shared with any other Proponent. A final decision will be made strictly on the merits of the submitted documents. The decision of PUC is final.

2.16 Term of Contract

The initial term of the agreement is to be for a period to complete the full implementation of Green Button by November 1, 2023, or earlier. In addition, the term of the agreement will continue for the support and management services portion, based on the use of the Selected Proponents solution by PUC, for a minimum of five (5) years, until 30 calendar days' notice is provided.

PART 3: THE DELIVERABLES

3.1 Background Information

The Ontario Energy Board (OEB) with the issuance of Ontario Regulation 633/21 under the Electricity Act, 1998 (Green Button Regulation) requires distributors (electricity and natural gas) to make available energy usage and account information identified in the NAESB ESPI standard that the distributor currently collects and make available to customers in the normal course of the distributor's operation. Energy usage information must be provided for interval of one hour or less and at least 24 months of usage data must be available (unless the customer has not held an account with the distributor for that long).

Green Button is part of the Ontario government's commitment to give consumers more choice when it comes to their energy use and will enable easy, quick, and secure access to their consumption data through smartphone or computer applications so they can find customized tips to reduce energy use or switch electricity price plans to save money.

PUC is looking for an integrated business partner which will assist us and new vendors in this process which will provide positive outcomes to our end user customers. The successful Proponent will help PUC drive our certification and implementation of Green Button which ensures the solutions meet not only our specific needs, which include digitization, but also the regulatory requirements by November 1, 2023. After Green Button has been implemented, PUC is also looking for ongoing management support services.

3.2 Must Categories

The proposed solution must follow Ontario Regulation 633/21, made under the Electricity Act, 1998. For greater certainty it must meet North American Energy Standards Board's (NAESB) REQ.21 Energy Services Provider Interface (ESPI) version 3.3 standard, and the Proponent must provide the following capabilities/services:

1. Aggregation of Data
 - a. Either reading through the manual or hiring 3rd party vendor to help us aggregate data in required format. This data needs to be made available to all customers and any third parties that are request access to the data as authorized by customers. Please provide in detail how the process would work.
2. Customer Authorization and Revocation of Third-Party Access
 - a. Authorization should only occur after a customer has gone through an authentication process to verify that they are the account holder. Distributors should also consider alternate authentication approaches for customers without an online account with the distributor. Please provide in detail how the process would work.
 - b. Distributors should make the authorization form as simple as possible, and the form should only require such information as is reasonably necessary (i) to process the

authorization; and (ii) for the customer to understand the choice they are making to download or share their data.

- c. The authorization form should include a clear statement to the effect that the customer is about to authorize the sharing of its energy usage and/or account information with a third party and that questions relating to the agreement between the customer and the third party, including how the third party will deal with their energy data, should be directed to the third party.
- d. The authorization form should advise the customer that the third party will continue to have access to their data until such time as the customer revokes the authorization.
- e. The authorization form should advise the customer that they can revoke the authorization at any time – with a link to information on how to revoke authorization.
- f. The authorization form should inform the customer of the scope-of-use, to be provided by the third party, in relation to the data to be shared with the third party. For the scope of use to be included a third party must provide the exact statement to be included in the Customer Authorization Form to the distributor. The distributor should copy the statement exactly as provided by the third party and make it clear that the distributor it is not responsible for either the accuracy of the content nor the third party's actions in relation to the customer's energy data.
- g. Update the Privacy Policy to make sure that it has covered implementation of Green Button. Privacy policy must be provided to customer when they authorize a third party to have access to their energy data and thereafter whenever the policy is updated. Authorization form should include a link to the distributors privacy policy
- h. An understanding of the protocols being used in meeting the National Institute of Standards and Technology (NIST) and the North America Electric Reliability Corporation Critical Infrastructure Protection (NERC CIP).

3.3 Objectives

To ensure the end customer experience meets the scope of the Green Button initiatives we are looking to see how the following categories will be addressed:

Information Technology:

- How the authorization form and authorization process is optimized for use on mobile devices;
- How the new technology via application program interfaces (API) would be integrated with existing PUC applications which would include MyPUC and our website. In addition, as PUC brings new applications the flexibility to integrate into Geographic Information System (GIS), the Sault Smart Grid (SSG) etc.;
- A description of the technology being proposed, i.e., software as a service (SaaS) or self-hosted;
- The ability of the software to incorporate the process for water consumption and analysis like what is required for electric and natural gas;

- An understanding on how the system's security/accessibility is being monitored?
- At present the reporting of information is based on what is currently provided, does the proposed solution provide flexibility if there is a modification in the interval times? For clarity PUC currently has information at one-hour intervals, if PUC decides to have a lower minimum can the system accommodate this.

Reporting:

All the various reports that the proposed solution can produce:

- Default reports
- Utilization by customers
- Exception reporting
- Summary activity
- Report Customization
- Other relevant key performance indicators

Customer Centric:

- How the proposed solution will integrate the currently billing data;
- To ensure a positive end customer experience how the proposed solution promotes ease of use to the end customer.
- How the proposed solution can integrate with PUC current website and its flexibility as the website is upgraded;
- What resources does the Proponent have in terms of videos, tutorials to assist the end customer on the utilization of the proposed solution;
- Information to support end customer support through the Proponent's ticket system.

3.4 Value Add On

- The focus of the RFP is on implementing Green Button; however, can you provide how you may integrate an upgrade to our Customer Connect and the associated costs;
- Assistance on how Green Button can assist PUC in its digitization strategy;
- Provide other value-added services which you provide which have not been listed in the RFP.

3.5 Schedule

Understanding the proposed solution must be implemented by November 1, 2023, please provide a detailed project schedule of when the services can start based on the RFP award date. Please address at a minimum:

- Planning Stage
 - Conduct evaluation and solution selection
 - Develop project plan and test plan
 - Other....

- Solution Implementation
 - Set-up custodian and install solution
 - Connectivity testing
 - Training
 - Other....
- Solution Testing
 - Security testing
 - Data validation
 - Test case execution (ensuring data integrity)
 - Other....
- Implementation Readiness
 - Includes scheduling and Green Button Alliance certification testing
 - Solution installation with production environments
 - Other....
- Go Live
 - Based on approach could include soft launch and a marketing launch

Within each section, please include the proposed cadence of project meetings with PUC.

3.6 Qualifications

Please provide information pertaining to your company profile, the number of employees, the years of experience and qualification in providing this service.

In addition, please provide your company's experience in providing Green Button implementation services. This may include being part of the OEB Working Group or part of the Green Button Alliance. Please provide at a minimum three related references with details of the projects, preferably from different clients.

The Proponent should outline your company's experience in providing Green Button Implementation services to Ontario local distribution companies (LDC). Provide two related examples with details of the project.

Proponent should provide your company's best practices philosophy and how it supports development of its business relationship with PUC.

Proponent should identify the Project Manager to be assigned for this project. Provide a resume including summary of the Project Lead's education, experience and accreditations related to the project.

The resume should also include related project job information including:

- Name of organization
- Role and Responsibilities
- Dates and duration of the project

Proponent should identify the Team Member(s) who will be assigned to the project. Provide a resume including summary of each Team Member's project role, education, experience, and accreditations related to the project.

Each team member resume should also include related project job information including:

- Name of organization
- Role and Responsibilities
- Dates and duration of the project

Proponent should describe any subcontractors to be used in the provision of the Services. Include subcontractor name, role in project and a brief experience overview.

3.7 Internal Resources

Based on the schedule laid out in section 3.5, the Proponent should indicate any PUC resources required to support this Project (role and estimated number of hours) through each milestone. PUC's standard business hours are 9:00 a.m. - 4:30 p.m. Monday to Friday. It is expected that any requirements of PUC resources will be within standard business hours.

3.8 Risk Assessment Plan

Proponent should identify any potential risks that would be expected to emerge during this Project. Describe the respective impact(s) of these risks on the Project itself and assign a severity on a defined scale of minor/medium/major. Outline your companies risk mitigation strategies.

3.9 Accessibility for Ontarians with Disabilities (AODA)

The Deliverables of the RFP, the successful Proponent is required to comply with PUC's accessibility policies, practices and procedures established in accordance with the Accessibility for Ontarians with Disabilities Act, 2005 (AODA). As such, PUC must incorporate accessibility design, criteria and features when acquiring goods, services, or facilities.

3.10 Form of Services Agreement

Proponent should include a copy of its Form of Services Agreement as Appendix D - Form of Services Agreement. PUC will consider a Proponent's Form of Services Agreement. If the Proponent's Form of Services Agreement is not substantially acceptable, PUC will provide a Form of Services Agreement for the Successful Proponent's consideration. If the Successful Proponent cannot accept PUC's Form of Services Agreement, then PUC may disqualify the Successful Proponent's Proposal.

PUC acknowledges the need to add detailed requirements to the form of the Services Agreement.

PART 4: EVALUATION OF PROPOSALS

4.1 Stages of Proposal Evaluation

The evaluation of each Proponent's response to this RFP will be based on its demonstrated competence, compliance, format, and organization. The purpose of this RFP is to identify those Proponents that have the interest, capability, and capacity to supply PUC with the described Deliverables.

Proposal evaluation will consist of the following stages.

4.2 Stage I

Stage I will consist of a review to determine which Proposals comply with all the mandatory requirements. Proposals which do not comply with all the mandatory requirements may, subject to the express and implied rights of PUC, be disqualified and not evaluated further.

4.3 Stage II

Stage II will consist of a scoring by PUC of each qualified proposal based on the rated criteria.

4.4 Stage III

Upon completion of Stage II for all Proponents, the pricing provided by each Proponent will be reviewed and Stage III will consist of a scoring of the pricing submitted. The evaluation of price/cost shall be undertaken after the evaluation of the mandatory requirements and any rated requirements.

4.5 Stage IV

Stage IV will be consistent of a presentation of a shortlist of Proponents and scoring by PUC based on the rated criteria.

4.6 Stage V

At the conclusion of Stage IV, all scores from Stage II, Stage III and Stage IV will be added to determine the Total Score for each Proponent.

PART 5: MANDATORY & RATED REQUIREMENTS

5.1 Stage I – Mandatory Requirements

5.1.1 Sign Off (Appendix A)

Each Proposal must include a Sign Off Form (Appendix A) attesting the Proponent confirms the proposed solution follows Ontario Regulation 633/21, made under the Electricity Act, 1998. For greater certainty it must meet North American Energy Standards Board's (NAESB) REQ.21 Energy Services Provider Interface (ESPI) version 3.3 standard.

5.1.2 Reference Form (Appendix B)

Each proposal must include a Reference Form (Appendix B) completed by the Proponent. To validate the mandatory requirements and the RFP requirements, PUC may request to contact any of the references provided in Appendix B.

5.1.3 Rate Bid Form (Appendix C)

Each Proponent must include a Rate Bid Form (Appendix C) completed according to the Proponent's solution and provide for clear separation and understanding.

- a) Quoted prices for the implementation of Green Button must include all charges as applicable. The payment schedule will be negotiated based on the final project schedule as outlined in Section 3.5.
- b) Quoted prices for the annual ongoing management support for a minimum of five (5) years.
- c) Pricing to be in Canadian funds.

5.1.4 Services Agreement (Appendix D)

Each Proponent must include two executed copies of their proposed Services Agreement.

5.2 Stage II – Evaluation of Rated Criteria

The following is an overview of the categories and weighting for the rated criteria of the RFP:
Rated Criteria Points:

a) Reference	10 points
b) Must Categories	25 points
c) Objectives	25 points
d) Value Add On	5 points
e) Schedule	25 points
f) Qualifications	20 points
g) Internal Resources	20 points
h) Risk Assessment	5 points

i) Accessibility for Ontarians with Disabilities	5 points
j) Form of Services Agreement	10 points
Total Points	150 points

5.3 Stage III – Evaluation of Pricing

Pricing will be scored based on a relative pricing formula using the prices set out in Appendix C: Rate Bid Form.

Each Proponent will receive a percentage of the total possible points allocated to pricing for the category it has bid on by dividing that Proponent's price for that category into the lowest bid price in that category. For example, if a Proponent bids \$120.00 for a particular category and that is the lowest bid price in that category, that Proponent receives 100% of the possible points for that category ($120/120 \times \text{Available Points} = 100\%$). A Proponent who bids \$150.00 receives 80% of the possible points for that category ($120/150 \times \text{Available Points} = 80\%$), and a Proponent who bids \$240.00 receives 50% of the possible points for that category ($120/240 \times \text{Available Points} = 50\%$).

For example:

Lowest rate

----- X Total Available Points = Pricing Points Score for Proposal with Second-lowest rate

Second-lowest rate

The points assigned to Stage III is 35 points.

5.4 Stage IV - Presentation

Stage IV will consist of presentations from a shortlist of the Proponent's software solution to the Evaluation Committee. The presentations will be conducted virtually through TEAMS and will not be longer than two hours.

The points assigned to Stage IV is 15 points.

5.5 Stage V - Evaluation Committee Review

The Evaluation Committee may select the Proposal which has achieved the highest points rating or may negotiate directly with one or more Proponents to determine the most favourable proposal, considering the overall ratings, the results of the negotiations, and any additional overriding factors that are relevant to the potential success of this project.

5.6 Evaluation Committee

An evaluation committee will be used to evaluate all qualified submissions. The evaluation committee will independently review and score each criterion comparatively to one another based on a 0-5 Rating Scale as described below.

Score	Description of Score
0	Represents that the item being evaluated was not addressed in the Proposal.
1	Represents that the item being evaluated is insufficient and there are significant deficiencies which are deemed not correctable.
2	Represents that the item being evaluated is below average and there were missing elements to the response.
3	Represents that the item being evaluated is about average, but there is insufficient information to make a dominant decision.
4	Represents that the item being evaluated is above average and minor improvements may be possible.
5	Represents that the item being evaluated is an excellent response and provided solutions for all parts of the item, with no deficiencies.

Once each evaluation team member has individually scored each Proposal, their scores will be sent to the RFP Lead Contact Person. The evaluation team will meet with the RFP Lead Contact Person to determine consensus scores for each Proposal.

PART 6: PROPOSALS SUBMISSION & FORMAT

6.1 Instructions to Vendors

Proposals in response to this RFP will be accepted until **4:00 p.m. on May 25, 2022**, by email and must be submitted in PDF format:

PUC Services Inc.
500 Second Line East
Sault Ste. Marie, P6A 4K1
ATTENTION: Shelley Hambly CSCMP
Email: purchasing.dept@ssmpuc.com

Proposals received after the closing deadline whether delivered personally, or if mailed, regardless of postal markings, will not be accepted. PUC reserves the right to alter the date of the proposal or to cancel this proposal without any penalty or cost to PUC.

The Proposal should be submitted by a person, or persons, duly authorized to bind the Proponent to contracts. The covering letter described in Section 6.3 will meet this requirement.

All financial information submitted by the Proponent will be used for evaluation purposes only and will be held in the strictest confidence.

6.2 RFP Response Format

Proponent must address all information specified by this RFP. All questions must be answered completely. PUC reserves the right to verify any information contained in the Proponents' RFP response, and to request additional information after the RFP response has been received.

Marketing brochures included as part of the bid response shall be considered as general background, but not as a substitute for written responses. In case of any conflict between the content in the attachments and a Proponent's answers in the body of the proposal, the latter will prevail.

6.3 Covering Letter

The Proposal must be accompanied by a covering letter and signed by an individual authorized to bind the Proponent.

6.4 Proposal Submission

Please note that it is the Proponent's responsibility to ensure that the Proposal and all other required documents are received at the address named above by the closing date and time specified and, in the format, specified.

PUC will be the sole judge of the qualifications of all prospective Proponents and reserves the right to reject all submittals without recourse.

PUC is aware that information contained in the proposals indicates the Proponent's current operations. Therefore, use of this information shall be confined to this request and will be treated as confidential.

Proponents shall bear all costs associated with preparing and submitting responses to this RFP, and the subsequent evaluation phase. PUC will in no case be responsible for these costs, regardless of the conduct or outcome of the prequalification process.

SPREADSHEET INSTRUCTION WORKSHEET

Please complete the required tabs within the spreadsheet in order to provide PUC with the complete cost and information for this project.

Information

1. This spreadsheet contains many tabs providing information and instructions to Proponents, as well as proposal response documents.

APPENDIX A: Sign Off

Proponent Name: _____

Read the instructions tab in this spreadsheet before completing.

I/We confirm the proposed solution in this RFP meets:

- * Ontario Regulation 633/21 made under the Electricity Act, 1998

- * North American Energy Standards Boards (NAESB) REQ 21 Energy Services provider Interface (ESPI) version 3.3 Standard.

(Print)

(Position)

(Signature)

On behalf of:

(Proponent)

APPENDIX B : List of References

Proponent Name: _____

Read the instructions tab in this spreadsheet before completing.

Reference #1:

Company Name	
Contact Person	
Contact Phone Number	
Email Address	
Address and City	
Summary of Work	

Reference #2:

Company Name	
Contact Person	
Contact Phone Number	
Email Address	
Address and City	
Summary of Work	

Reference #3:

Company Name	
Contact Person	
Contact Phone Number	
Email Address	
Address and City	
Summary of Work	

APPENDIX C: Rate Bid Form

Proponent Name: _____

Read the instructions tab in this spreadsheet before completing.

Green Button Implementation	Cost	Comments
Total		

Annual On Going Support	Cost	Comments
Year 1		
Year 2		
Year 3		
Year 4		
Year 5		
Total		

APPENDIX D: **Services Agreement**

Proponent Name: _____

Read the instructions tab in this spreadsheet before completing.

As per Section 2.6 please include a two executed copies of the Proponent's Service Agreement.

Questions

EB-2022-0059
PUC Distribution Inc.
Pre-Settlement Clarification
Page **57** of **62**
Filed: March 10, 2023

Appendix B – Appendix IR16 – PUCD – Bill C97
Accelerated CCA_20221128

Questions

EB-2022-0059
PUC Distribution Inc.
Pre-Settlement Clarification
Page **58** of **62**
Filed: March 10, 2023

Appendix C – Appendix IR16 – PUCD – Bill C97
Accelerated CCA_20221128_SEC6

Questions

EB-2022-0059
PUC Distribution Inc.
Pre-Settlement Clarification
Page **59** of **62**
Filed: March 10, 2023

Appendix D – PUC Services Inc and PUC Distribution Inc Agreement

MANAGEMENT, OPERATIONS AND MAINTENANCE AGREEMENT

THIS AGREEMENT made as of January 1st, 2001.

BETWEEN:

PUC SERVICES INC., a corporation incorporated under the laws of the Province of Ontario (hereinafter called the "Manager"),

OF THE FIRST PART;

-and-

PUC DISTRIBUTION INC., a corporation continued under the laws of the Province of Ontario (hereinafter called "Distribution"),

OF THE SECOND PART.

RECITALS

1. Distribution and the Manager have agreed to enter into this Agreement pursuant to which the Manager will assume responsibility for all aspects of the management operation and maintenance of Distribution's Business other than marketing and sales and subject to overall responsibility for management of Distribution by its senior officers and board of directors.

NOW THEREFORE THIS AGREEMENT WITNESSES THAT, in consideration of the covenants and agreements herein contained, the parties hereto agree as follows:

ARTICLE ONE

DEFINITIONS AND SCHEDULES

1.1 Definitions

In this Agreement, unless something in the subject matter is inconsistent therewith, all capitalized terms shall have the meanings set forth below:

"Affiliate Relationships Code" means the Affiliate Relationships Code of the Ontario Energy Board as the same may be amended from time to time.

"Agreement" means this Agreement and all amendments made hereto in accordance with the provisions hereof.

"Business" means owning a distribution system in order to distribute electricity to customers, as well as business activities incidental thereto.

"Business Day" means a day other than Saturday, Sunday or a legal holiday in the City of Sault Ste. Marie, Ontario.

"Emergency Management Powers" means the powers of the Manager described in Section 2.2 (1)(d).

"Event of Default" means any of the events described in Section 6.1.

"Force Majeure" means a cause which is unavoidable or beyond the reasonable control of a party hereto and which by the exercise of due diligence such party is unable to prevent or overcome, including, without limitation, acts of God, acts of a public enemy, war, hostilities, invasion, insurrection, riot, the order of any competent civil or military government, explosion, fire, strikes, lockouts, labour disputes, malicious acts, vandalism, failure of equipment beyond the reasonable control of a party hereto, accident to any facilities, storms, or other adverse weather conditions, or other causes of a similar nature which wholly or partially prevent the parties or either of them from carrying out the terms of this Agreement (other than for the payment of monies due hereunder); provided that either party shall have the right to determine and settle any strike, lockout and labour dispute in which that party may be involved in its sole discretion and provided further that Force Majeure shall exclude lack of funds or economic hardship.

"Insolvent" means, in relation to any Person, being insolvent, bankrupt, making a proposal under the *Bankruptcy and Insolvency Act* (Canada) or having a trustee or receiver or manager appointed in respect of its assets.

"Prudent Industry Practice" means any of the practices, methods and acts which, in the exercise of reasonable judgment in the light of the facts known to the Manager, at the time that a decision was made, could reasonably have been expected to accomplish the desired result at a reasonable cost, consistent with applicable laws, licensing and regulatory considerations, environmental considerations, reliability, safety and expedition. Prudent Industry Practice is not intended to be limited to the optimum practice, method or act, to the exclusion of all others, but rather to be a spectrum of possible practices, methods or acts employed by owners and operators of facilities similar in size, type and operational characteristics to Distribution's facilities, and having due regard for applicable electrical, safety and maintenance codes and standards, manufacturers' warranties, and applicable laws and shall, in any event, evidence the degree of care, diligence and skill that a reasonably prudent advisor and manager having responsibility for the management of a similar business would exercise in comparable circumstances.

"Term" shall mean the period from the date hereof to the tenth anniversary hereof or such earlier date as this Agreement may be terminated in accordance with its terms.

1.2 Headings

The division of this Agreement into Articles, Sections, paragraphs and subparagraphs and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement. The terms "hereof", "hereunder" and similar expressions refer to this Agreement and not to any particular Article, Section or other portion hereof and include any agreement supplemental hereto. Unless something in the subject matter or context is inconsistent therewith, references herein to Articles and Sections are to Articles and Sections of this Agreement.

1.3 Interpretation

Words importing the singular number only shall include the plural and vice versa, words importing gender shall include all genders. Where the word "including" or "includes" is used in this Agreement it means "including without limitation" or "includes without limitation", respectively. Any reference to any Document shall include a reference to any schedule, amendment or supplement thereto or any agreement in replacement thereof, all as permitted under the Documents.

1.4 Accounting Principles

Wherever in this Agreement reference is made to generally accepted accounting principles, such reference shall be deemed to be to the generally accepted accounting principles from time to time approved by the Canadian Institute of Chartered Accountants, or any successor institute, applicable as at the date on which such calculation is made or required to be made in accordance with generally accepted accounting principles. Where the character or amount of any asset or liability or item of revenue or expense is required to be determined, or any consolidation or other accounting computation is required to be made for the purpose of this Agreement or any document, such determination or calculation shall, to the extent applicable and except as otherwise specified herein or as otherwise agreed in writing by the parties, be made in accordance with generally accepted accounting principles applied on a consistent basis.

1.5 Funds

All dollar amounts referred to in this agreement are in lawful money of Canada.

ARTICLE TWO

THE MANAGER'S FUNCTIONS AND POWERS

2.1 Appointment of the Manager

Distribution hereby appoints the Manager and the Manager hereby accepts its responsibility for all aspects of the operation, maintenance, management and management of the Business in accordance with Prudent Industry Practice and the terms of this Agreement throughout the Term including without limitation providing all necessary staff to operate the Business but excluding marketing and sales services.

2.2 General Management Services

(1) The Manager shall have authority during the Term to manage, control, administer and operate the Business in accordance with Prudent Industry Practice, subject to the overall responsibility for management of Distribution by its senior officers ("Distribution Management") and the Distribution Board of Directors (the "Distribution Directors") and subject to and limited by the provisions of this Agreement.

Without limiting the generality of the foregoing, the Manager shall be vested with the following powers which it shall exercise on behalf of Distribution:

- (a) to report to Distribution Management and the Distribution Directors with respect to the business and affairs of Distribution and the Business as may be requested from time to time by Distribution Management and the Distribution Directors;
- (b) to provide all administrative services for the Business and Distribution including accounting and bookkeeping services;
- (c) to negotiate, execute, amend, administer, perform and carry out the terms of all agreements and commitments, the performance of which by or on behalf of Distribution in respect of the Business and the Business is necessary or advisable; and
- (d) to exercise emergency management powers in respect of any aspect of the operation and management of Distribution's facilities ("Emergency Management Powers") in order to take such action as a prudent owner of such facilities would normally take in the circumstances provided that (i) the Manager reasonably believes that immediate action is necessary to safeguard life or property or to prevent or minimize an interruption in the delivery of electricity, (ii) such action does not involve expenditures exceeding \$1 million per occurrence in respect of any emergency unless the Manager has first received the approval of Distribution, and (iii) upon the exercise of Emergency Management Powers, the Manager shall forthwith notify Distribution Management and Distribution Directors in writing

of the nature of the Emergency Management Powers exercised by it, the reasons for exercising Emergency Management Powers and the costs incurred or to be incurred by it in the exercise of the Emergency Management Powers.

2.3 Operations and Maintenance Services

Without limiting the generality of Section 2.2, the Manager shall provide or arrange for all of the operations and maintenance services necessary to prudently and efficiently operate and maintain Distribution's facilities, including but not limited to:

- (a) co-ordinate the purchase and sale of electricity under applicable contracts and pay on behalf of Distribution and collect all amounts payable and receivable thereunder;
- (b) operate and maintain the Business in accordance with Prudent Industry Practice, applicable laws and all Distribution agreements, to minimize unscheduled outages and to provide maintenance for Distribution's facilities in the most cost-effective manner to prevent deterioration beyond normal wear and tear; provided that such efforts shall be necessarily limited by the operating life, capacity and maintenance requirements of Distribution's facilities and by the requirements of all applicable laws;
- (c) use all reasonable care necessary to keep Distribution's facilities clean, orderly and free from debris, rubbish or waste to the extent consistent with the operation of the Business;
- (d) use all reasonable care not to generate, store, transport, accumulate, dispose, discharge or release any hazardous substance on, in or from any property in connection with Distribution's facilities, except in compliance with all applicable environmental laws and regulations;
- (e) assist Distribution in obtaining and maintaining all necessary regulatory approvals including those required from the Ontario Energy Board for the Business and renewals therefor including preparing and submitting all associated applications and filings;
- (f) use its reasonable efforts to secure and maintain from vendors, suppliers and subcontractors the best indemnities, warranties and guarantees as may be commercially available in accordance with Prudent Industry Practice regarding supplies, equipment and services purchased for the Business and assist Distribution in preserving and enforcing such indemnities, warranties or guarantees;
- (g) provide administrative services for the Business and for Distribution in respect of the Business including:

- (i) arrange insurance for the Business and Distribution consistent with Prudent Industry Practice;
- (ii) maintain and preserve equipment maintenance, accounting, banking and other necessary records, reports, documents, data and the like for the Business and Distribution;
- (iii) perform cash management services for the Business and Distribution;
- (iv) on a timely basis prepare monthly and annual financial statements and deliver them to the Distribution Directors;
- (v) assist in the administration of all agreements to which Distribution is a party or by which it is bound, including negotiations and communications with third parties in connection therewith; and
- (vi) make all banking and financing arrangements;
- (h) employ, and ensure adequate training and testing of all qualified personnel (duly licensed where required) required for the operation and maintenance of Distribution's facilities consistent with Prudent Industry Practice;
- (i) implement an inventory control system to identify, catalogue and disburse spare parts for the maintenance of Distribution's facilities and procure, as agent for Distribution, initial and replacement spare parts and refurbish, where practical or economical, spare parts to allow their reuse;
- (j) perform for Distribution such other services as may from time to time be reasonably requested or are reasonably necessary or appropriate in connection with the operation and maintenance of Distribution's facilities;
- (k) promptly provide Distribution with such other information relative to the Business as Distribution may reasonably request;

provided that in the conduct of its duties hereunder, the Manager shall not, without first obtaining the written approval of the Distribution Directors undertake any activity which by the terms of the Shareholders' Agreement between Distribution and PUC Inc. requires the approval of PUC Inc.

2.4 Covenants of the Manager

The Manager covenants and agrees that in the performance of its services under this Agreement it shall:

- (a) perform all services at all times in accordance with Prudent Industry Practice and in compliance with applicable laws and the Affiliate Relationships Code;
- (b) comply with all instructions of Distribution Management of the Distribution Directors in relation to the performance of its services under this Agreement;
- (c) observe and perform or cause to be observed and performed on behalf of Distribution in every material respect the provisions of (i) the agreements from time to time entered into in connection with the Business, and (ii) all applicable laws including the Affiliate Relationships Code;

2.5 No Liability of Manager

The Manager shall have no liability as a result of this Agreement to make or arrange for payments on account of operating expenses of Distribution or any other expenses relating to this Agreement out of its own funds.

ARTICLE THREE

TERM

3.1 Term of Agreement

This Agreement shall become effective as of the date hereof and shall continue in full force and effect until January 1st, 2011 unless sooner terminated in accordance with the provisions of this Agreement. This Agreement shall be automatically renewed for successive periods of five years unless either party provides the other with written notice to the contrary at least one hundred and eighty (180) days prior to the end of the then incumbent term.

ARTICLE FOUR

MANAGEMENT FEES

4.1 Management Fees

The parties shall negotiate, acting reasonably, the fees to be paid by Distribution to the Manager for the services hereunder. Such fees shall be determined annually and in compliance with the Affiliate Relationships Code. Any change in fees shall not be effective unless ratified by the Distribution Directors.

ARTICLE FIVE

FINANCIAL STATEMENTS, BUDGETS AND RECORDS

5.1 Books and Records

The Manager shall keep proper books, records and accounts in which full, true and correct entries in conformity with generally accepted accounting principles and all requirements of applicable laws will be made of all dealings and transactions in relation to the Business and the performance of the Manager's services under this Agreement at the Manager's head office.

5.2 Examination of Records

The Manager shall make available to Distribution and its authorized representatives at any time during normal business hours on a Business Day all records, documents or information related to the Business, wherever maintained. The Manager shall permit Distribution and its authorized representatives at any time during normal business hours on a Business Day to examine the books, records, drawings, computer-stored data, correspondence, accounting procedures and practices, cost analyses and any other supporting financial data, including invoices, payments or claims and receipts pertaining to the Business maintained by the Manager at its head office. Distribution's examination of records at the Business or at the Manager's head office shall be conducted in a manner which will not unduly interfere with the conduct of the Business or of the Manager's business in the ordinary course. The Manager shall furnish to Distribution such financial and operating data and other information with respect to the Business as Distribution shall from time to time reasonably request.

5.3 Confidentiality

The manager shall ensure that, unless required in connection with applicable laws, the books, records and accounts of Distribution (i) shall not be made available to any other person for whom the Manager provides services, and (ii) are not used by the Manager itself for any improper purpose, in compliance with the Affiliate Relationships Code.

ARTICLE SIX

DEFAULT AND TERMINATION

6.1 Event of Default

The Manager shall be in default under this Agreement upon the happening or occurrence of any of the following events, each of which shall be deemed to be an Event of Default for the purposes of this Agreement:

- (a) the Manager breaches or fails to observe or perform any of the Manager's material obligations, covenants, or responsibilities under this Agreement, and,

within thirty (30) days after notice from Distribution specifying the nature of such breach or failure, to the satisfaction of Distribution Management and the Distribution Directors, the Manager fails to cure such breach or failure or to take steps to remedy such breach or failure and give reasonable assurances to Distribution that such default shall be cured within a period of time satisfactory to Distribution Management and the Distribution Directors;

- (b) the Manager:
 - (i) becomes Insolvent;
 - (ii) is subject to any proceeding, voluntary or involuntary, under the provisions of the *Bankruptcy and Insolvency Act* (Canada), the *Companies Creditors Arrangement Act* (Canada), or any other Act for the benefit of creditors;
 - (iii) goes into liquidation;
 - (iv) winds up either voluntarily or under an order of a Court of competent jurisdiction;
 - (v) makes a general assignment for the benefit of its creditors; or
 - (vi) otherwise takes any corporate action that acknowledges its Insolvency; or
- (c) gross negligence, wilful default or fraud by the Manager in the performance of any of its obligations, covenants, or responsibilities under this Agreement.

6.2 Termination by Distribution

Upon the occurrence of an Event of Default of the Manager but subject to section 6.3, Distribution may without recourse to legal process but without limiting any other rights or remedies which it may have at law or otherwise, terminate this Agreement by delivery of written notice of termination to the Manager.

6.3 Restriction on Termination during Force Majeure

During the occurrence of an event of Force Majeure, the obligations of the party affected by such event of Force Majeure, to the extent that such obligations cannot be performed as a result of such event of Force Majeure, shall be suspended, and such party shall not be considered to be in default hereunder, for the period of such occurrence except that the occurrence of an event of Force Majeure affecting Distribution (but not affecting the performance of the Manager's obligations hereunder) shall not relieve it of its obligation to make payments to the Manager hereunder. The non-performing party shall give the other party prompt written notice of the particulars of the event of Force Majeure and its expected duration, shall continue to furnish regular reports with respect thereto on a timely basis during the continuance of the event of Force Majeure and shall use its best efforts to remedy its inability to perform. The suspension of performance is to be of no greater scope and of no longer duration than is required by the Force Majeure condition. No obligations of either party that arose before the

Force Majeure causing the suspension of performance are excused as a result of the Force Majeure.

6.4 Post-Termination Arrangements

In the event of termination of this Agreement:

- (a) the Manager shall deliver to Distribution all books, records, accounts, systems and manuals which it has developed and maintained relating to Distribution, Distribution's facilities and the Business pursuant to this Agreement;
- (b) the parties shall take all steps as may be reasonably required to complete any final accounting between them and to provide, if applicable, for the orderly transfer of insurance and completion of any other matter contemplated by this Agreement; and
- (c) title to all materials, equipment, supplies, consumables, spare parts and other items purchased or obtained by the Manager for the Business shall pass to and vest in Distribution upon the passage of title from the vendor or supplier thereof and payment or reimbursement of costs by Distribution.

ARTICLE SEVEN

GENERAL MATTERS

7.1 Governing Law

This Agreement shall be conclusively deemed to be a contract made under, and shall for all purposes be construed and interpreted in accordance with the laws of the Province of Ontario, and the laws of Canada applicable in such Province.

7.2 Benefit of the Agreement

This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

7.3 Severability

Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall not invalidate the remaining provisions hereof and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. In respect of any provision so determined to be unenforceable or invalid, the parties agree to negotiate in good faith to replace the unenforceable or invalid provision with a new provision that is enforceable and valid in order to give effect to the business intent of the original provision to the extent permitted by law and in accordance with the intent of this Agreement.

7.4 Amendments and Waivers

No modification of or amendment to this Agreement shall be valid or binding unless set forth in writing and duly executed by both of the parties hereto and no waiver of any breach of any term or provision of this Agreement shall be effective or binding unless made in writing and signed by the party purporting to give the same and, unless otherwise provided, shall be limited to the specific breach waived.

7.5 Further Assurances

Each of Distribution and the Manager shall from time to time execute and deliver all such further documents and instruments and do all acts and things as the other party may reasonably require to effectively carry out or better evidence or perfect the full intent and meaning of this Agreement.

7.6 Time of the Essence

Time shall be of the essence of this Agreement.

7.7 No Partnership

It is understood and agreed that nothing contained in this Agreement nor any acts of the parties shall be deemed to constitute the Manager and Distribution as partners of each other.

IN WITNESS WHEREOF this Agreement has been executed by the parties hereto as of the day of February, 2001.

PUC SERVICES INC.

Per: _____

Per: _____

PUC DISTRIBUTION INC.

Per: _____

Per: _____

MANAGEMENT, OPERATIONS AND MAINTENANCE AGREEMENT

AMENDING AGREEMENT

THIS AGREEMENT made the 10th day of November, 2011.

B E T W E E N:

PUC SERVICES INC.

(hereinafter called the "Manager")

OF THE FIRST PART

- and -

PUC DISTRIBUTION INC.

(hereinafter called "Distribution")

OF THE SECOND PART

NOW THEREFORE for good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, the Manager and Distribution agree as set forth herein.

1.0 BACKGROUND

1.1 Manager and Distribution are parties to a Management, Operations and Maintenance Agreement dated January 1st, 2001, a copy of which is annexed hereto (the "Original Agreement").

1.2 In order to more efficiently carry out the obligations of the Manager as set forth in the Original Agreement the Manager has entered into a Lease for certain facilities being constructed on property at 500 Second Line East, Sault Ste. Marie, Ontario (the "Facilities"). The commencement date of the Lease is December 1st, 2012 (the "Effective Date")

2.0 AMENDMENTS

2.1 As of the Effective Date the determination of the Manager's fees in paragraph 4.1 shall be cancelled and commencing as of the Effective Date the following provision shall apply:

4.1 Management Fees

In consideration of the Manager undertaking the management, operation, and maintenance of Distribution's Business and the provision of the services set forth in paragraphs 2.2 and 2.3 hereof, Distribution agrees to pay to the Manager a monthly fee consisting of the direct costs specifically attributable to Distribution plus Distribution's proportionate share (as set forth herein) of the costs incurred by the Manager for the shared services (direct costs and shared costs collectively referred to as the "Costs") incurred by the Manager in the fulfilment of the Manager's obligations pursuant to all service contracts administered by the Manager. The Costs shall be determined by the Manager and payment shall be made by Distribution monthly within fifteen (15) days of the Manager submitting an invoice for payment to Distribution. For the purpose of this paragraph Distribution's proportionate share shall be 46% subject to periodic adjustment by the Manager. If Distribution disagrees with the Manager's determination of the Costs or any adjustment to Distribution's proportionate share, the dispute shall be submitted to a single qualified, experienced arbitrator pursuant to the *Arbitration Act, 1991* (Ontario) and the decision of the arbitrator shall be binding on the parties. The cost of arbitration shall be borne equally between the parties.

For greater clarity, the calculation of any rent included in the Costs for workshop and garage facilities and administrative offices presently owned or leased by the manager or to be owned or leased by the Manager (collectively the "Facilities") during the term of this agreement and used in the operation of Distribution's Business shall be based on the following formula:

Rent = Capital cost of the Facilities divided by the estimated useful life (in years) of the Facilities plus the cost of capital. For the purposes of this formula "costs of capital" is the capital cost of the Facilities x the cost of capital as established by the Ontario Energy Board from time to time.

2.2 Manager and Distribution agree that until the Effective date the provisions contained in the Original Agreement with respect to the determination of management fees shall continue in full force and effect.

2.3 Manager and Distribution agree that the term of the Original Agreement is hereby extended to November 30th, 2012. The provisions regarding automatic renewal set forth in paragraph 3.1 of the Original Agreement shall continue to apply.

3.0 GENERAL

3.1 This Agreement shall be read together with the Original Agreement and the parties confirm that except as modified herein all covenants and conditions in the Original Agreement remain unchanged, unmodified and in full force and effect.

3.2 Any capitalized word or term not otherwise defined herein shall have the meaning given thereto in the Original Agreement.

3.3 The parties agree to do or cause to be done from time to time all such things and shall execute and deliver all such documents, agreements and instruments reasonably requested by the other party as may be necessary or desirable to carry out the provisions and intentions of this Agreement.

3.4 This Agreement shall ensure to the benefit of and be binding upon the parties hereto and their respective successors and assigns.

IN WITNESS WHEREOF the parties hereto have executed this Agreement.

PUC SERVICES INC.

Per: 

Per: 

We have authority to bind the Corporation

PUC DISTRIBUTION INC.

Per: 

Per: 

We have authority to bind the Corporation

Questions

EB-2022-0059
PUC Distribution Inc.
Pre-Settlement Clarification
Page **60** of **62**
Filed: March 10, 2023

Appendix E – Exhibit 9 -Tables_20221212

Table 1-12 Deferral and Variance Accounts

Accounts Requested for Disposal	Account Number	Claim	RPP	Non RPP
Group 1 Accounts:				
Smart Metering Entity Charge Variance Account	1551	(\$17,194)	(\$16,443)	(\$750)
RSVA - Wholesale Market Service Charge	1580	\$914,291	\$602,033	\$312,259
RSVA - Wholesale Market Service Charge - CBR	1580	(\$76,540)	(\$53,945)	(\$22,595)
RSVA - Retail Transmission Network Charge	1584	\$452,702	\$298,090	\$154,612
RSVA - Power (excluding Global Adjustment)	1588	(\$1,187,959)	(\$782,234)	(\$405,724)
RSVA - Global Adjustment	1589	(\$73,875)	\$0	(\$73,875)
Subtotal - Group 1 Accounts		\$11,425	\$47,500	(\$36,075)
Group 2 Accounts:				
Other Regulatory Assets - Sub-Account - Pole Attachment Variance	1508	\$69,334	\$45,654	\$23,680
COVID-19 Rate Implementation Delay Variance Account (net)	1509	(\$1,929)	(\$1,270)	(\$659)
COVID-19 ICM Rate Implementation Delay Variance Account (net)	1509	(\$51,943)	(\$34,203)	(\$17,740)
COVID-19 Incremental Expense Variance Account	1509	\$405,498	\$267,008	\$138,490
Retail Cost Variance Account - Retail	1518	(\$18,852)	(\$12,413)	(\$6,438)
Retail Cost Variance Account - STR	1548	\$65,798	\$43,326	\$22,472
PILs & Taxes Variance	1592	(\$619,378)	(\$407,841)	(\$211,537)
Subtotal - Group 2 Accounts		(\$151,471)	(\$99,739)	(\$51,732)
Other Accounts:				
LRAM Variance Account	1568	\$198,189	\$130,891	\$67,298
Subtotal - Other Accounts		\$198,189	\$130,891	\$67,298
Subtotal - Group 2 Accounts & Other Accounts		\$46,718	\$31,152	\$15,566
Total		\$58,143	\$78,652	(\$20,509)

Table 9-4: DVAs Requested for Disposal in 2023 Application

Account Name	Account Number	Total Principal & Interest (Dec 31, 2021)	2021 Disposal	COS Adjustments	Principal & Interest Disposed	Interest to April 30, 2023	Balances April 30, 2023 Total Claim
Group 1 Accounts:							
Smart Metering Entity Charge Variance Account	1551	(\$16,709)	\$50	\$0	(\$16,659)	(\$535)	(\$17,194)
RSVA - Wholesale Market Service Charge	1580	\$656,641	\$229,218	\$0	\$885,859	\$28,432	\$914,291
RSVA - Wholesale Market Service Charge - CBR	1580	(\$106,818)	\$32,083	\$0	(\$74,735)	(\$1,805)	(\$76,540)
RSVA - Retail Transmission Network Charge	1584	\$687,230	(\$248,553)	\$0	\$438,677	\$14,025	\$452,702
RSVA - Power (excluding Global Adjustment)	1588	(\$980,375)	(\$170,617)	\$0	(\$1,150,993)	(\$36,966)	(\$1,187,959)
RSVA - Global Adjustment	1589	\$481,319	(\$552,595)	\$0	(\$71,276)	(\$2,599)	(\$73,875)
Disposition and Recovery/Refund of Regulatory Balances (2018)	1595	\$25,810	\$0	\$0	\$0	\$0	\$0
Disposition and Recovery/Refund of Regulatory Balances (2019)	1595	(\$24,486)	\$0	\$0	\$0	\$0	\$0
Disposition and Recovery/Refund of Regulatory Balances (2020)	1595	\$228,535	\$0	\$0	\$0	\$0	\$0
Subtotal - Group 1 Accounts		\$951,147	(\$710,414)	\$0	\$10,874	\$552	\$11,425
Account Name	Account Number	Total Principal & Interest (Dec 31, 2021)	2022/2023 Forecast Transactions	COS Adjustments	Principal & Interest Disposed	Interest to April 30, 2023	Total Claim
Group 2 Accounts:							
Other Regulatory Assets - Sub-Account - Pole Attachments	1508	(\$26,732)	\$0	\$93,876	\$67,144	\$2,190	\$69,334
Other Regulatory Assets - Sub-Account - ICM Substation 16 Capital	1508	\$6,020,120	\$0	(\$6,020,120)	\$0	\$0	\$0
Other Regulatory Assets - Sub-Account - ICM Substation 16 Depreciation	1508	\$75,251		\$150,503	\$225,754		\$0
Other Regulatory Assets - Sub-Account - ICM Substation 16 Accumulated Depreciation	1508	(\$75,251)		(\$150,503)	(\$225,754)		\$0
Other Regulatory Assets - Sub-Account - ICM Substation 16 Rate Riders	1508	(\$269,820)	(\$315,037)	\$0	(\$584,857)	\$1,389	(\$583,468)
Other Regulatory Assets - Sub-Account - ICM Substation 16 Rate Riders Revenue Revised	1508	\$0	\$632,807	\$0	\$632,807	\$0	\$632,807
Other Regulatory Assets - Sub-Account - ICM Substation 16 Delayed Rate Implementation	1508	(\$115,142)	\$0	\$0	(\$115,142)	\$0	(\$115,142)
COVID-19 Foregone Revenue - ICM Substation Delayed Rate Implementation	1508	\$115,142	\$0	\$0	\$115,142	\$3,690	\$118,832
COVID-19 Foregone Revenue - ICM Substation 16 Rate Rider	1508	(\$59,155)	(\$42,557)	\$0	(\$101,712)	(\$3,260)	(\$104,972)
Other Regulatory Assets - Sub-Account - ICM Sault Smart Grid Capital	1508	\$0	\$21,357,909	(\$21,357,909)	\$0	\$0	\$0
Other Regulatory Assets - Sub-Account - ICM Sault Smart Grid Depreciation	1508	\$0	\$500,407	(\$500,407)	\$0	\$0	\$0
Other Regulatory Assets - Sub-Account - ICM Sault Smart Grid Accumulated Depreciation	1508	\$0	(\$500,407)	\$500,407	\$0	\$0	\$0
Other Regulatory Assets - Sub-Account - ICM Sault Smart Grid Rate Rider	1508	\$0	(\$852,614)	\$852,614	\$0	\$0	\$0
COVID-19 Delayed Implementation IRM Foregone Revenue	1509	\$192,359	\$0	\$0	\$192,359	\$6,165	\$198,524
COVID-19 Delayed Implementation IRM Rate Rider Recovery	1509	(\$101,703)	(\$92,525)	\$0	(\$194,228)	(\$6,225)	(\$200,453)
COVID-19 Incremental Expense Variance Account	1509	\$393,222	\$0	\$0	\$393,222	\$12,276	\$405,498
Retail Cost Variance Account - Retail	1518	(\$6,188)	(\$12,107)	\$0	(\$18,295)	(\$557)	(\$18,852)
Retail Cost Variance Account - STR	1548	\$53,395	\$10,433	\$0	\$63,828	\$1,970	\$65,798
PILs & Taxes Variance	1592	(\$410,974)	(\$189,219)	\$0	(\$600,193)	(\$19,185)	(\$619,378)
Subtotal - Group 2 Accounts		\$5,784,524	\$20,497,090	(\$26,431,539)	(\$149,925)	(\$1,547)	(\$151,472)
Other Accounts:							
LRAM Variance Account (2018 COS)	1568	\$14,263	(\$22,841)	\$0	(\$8,578)	(\$645)	(\$9,223)
LRAM Variance Account (2023 COS)	1568	\$0	\$201,460	\$0	\$201,460	\$5,952	\$207,412
Subtotal - Other Accounts		\$14,263	\$178,619	\$0	\$192,882	\$5,307	\$198,189
Total Group 2 Accounts		\$5,798,787	\$20,675,710	(\$26,431,539)	\$42,958	\$3,760	\$46,718
Total		\$6,749,934	\$19,965,295	(\$26,431,539)	\$53,831	\$4,312	\$58,143

Table 9-5: Principal Activity included in Group 2 Disposition

Group 2 Account Description	Account Number	Principal Amounts Included in Proposed Disposition
Group 2 Accounts:		
Other Regulatory Assets - Sub-Account - Pole Attachments	1508	to April 30, 2023
COVID-19 Delayed Implementation IRM Forgone Revenue	1509	to October 31, 2022
COVID-19 Delayed Implementation IRM Rate Rider Recovery	1509	to October 31, 2022
COVID-19 Incremental Expense Variance Account	1509	to December 31, 2021
COVID-19 Delayed Implementation ICM Substation Forgone Revenue	1509	to October 31, 2022
COVID-19 Delayed Implementation ICM Substation Rate Rider	1509	to October 31, 2022
Retail Cost Variance Account - Retail	1518	to April 30, 2023
Retail Cost Variance Account - STR	1548	to April 30, 2023
PILs & Taxes Variance	1592	to December 31, 2022
LRAM Variance Account (2018 COS)	1568	to December 31, 2021
LRAM Variance Account (2023 COS)	1568	to April 30, 2022
Other Regulatory Assets - Sub-Account - ICM Substation 16	1508	to December 31, 2021
Other Regulatory Assets - Sub-Account - ICM Substation 16 Rate Rider	1508	to April 30, 2023
Other Regulatory Assets - Sub-Account - ICM Substation Forgone Revenue	1508	to October 31, 2022
Other Regulatory Assets - Sub-Account - ICM Sault Smart Grid	1508	to December 31, 2021
Other Regulatory Assets - Sub-Account - ICM Sault Smart Grid Rate Rider	1508	to April 30, 2023

Table 9-6: Group 1 DVAs Requested for Disposal

Account Name	Account Number	Principal & Interest Disposed	Interest to April 30, 2023	Balances April 30, 2023 Total Claim
Group 1 Accounts:				
Smart Metering Entity Charge Variance Account	1551	(\$16,659)	(\$535)	(\$17,194)
RSVA - Wholesale Market Service Charge	1580	\$885,859	\$28,432	\$914,291
RSVA - Wholesale Market Service Charge - CBR	1580	(\$74,735)	(\$1,805)	(\$76,540)
RSVA - Retail Transmission Network Charge	1584	\$438,677	\$14,025	\$452,702
RSVA - Power (excluding Global Adjustment)	1588	(\$1,150,993)	(\$36,966)	(\$1,187,959)
RSVA - Global Adjustment	1589	(\$71,276)	(\$2,599)	(\$73,875)
Subtotal - Group 1 Accounts		\$10,874	\$552	\$11,425

Table 9-7: Group 2 DVAs Requested for Disposal

Account Name	Account Number	Total Principal & Interest (Dec 31, 2021)	2022/2023 Forecast Transactions	COS Adjustments	Principal & Interest Disposed	Interest to April 30, 2023	Total Claim
Group 2 Accounts:							
Other Regulatory Assets - Sub-Account - Pole Attachments	1508	(\$26,732)	\$0	\$93,876	\$67,144	\$2,190	\$69,334
Other Regulatory Assets - Sub-Account - ICM Substation 16	1508	\$6,020,120	\$0	(\$6,020,120)	\$0	\$0	\$0
Other Regulatory Assets - Sub-Account - ICM Substation 16 Depreciation	1508						
Other Regulatory Assets - Sub-Account - ICM Substation 16 Accumulated Depreciation	1508						
Other Regulatory Assets - Sub-Account - ICM Substation 16 Rate Rider	1508	(\$269,820)	(\$315,037)	\$0	(\$584,857)	\$1,389	(\$583,468)
Other Regulatory Assets - Sub-Account - ICM Substation 16 Rate Rider Revenue Revised		\$0	\$632,807			\$0	\$632,807
Other Regulatory Assets - Sub-Account - ICM Substation Forgone Revenue	1508	(\$115,142)	\$0	\$0	(\$115,142)	\$0	(\$115,142)
COVID-19 Delayed Implementation ICM Substation Forgone Revenue	1508	\$115,142	\$0	\$0	\$115,142	\$3,690	\$118,832
COVID-19 Delayed Implementation ICM Substation Rate Rider	1508	(\$59,155)	(\$42,557)	\$0	(\$101,712)	(\$3,260)	(\$104,972)
Other Regulatory Assets - Sub-Account - ICM Sault Smart Grid	1508	\$0	\$21,357,909	(\$21,357,909)	\$0	\$0	\$0
Other Regulatory Assets - Sub-Account - ICM Sault Smart Grid Depreciation	1508						
Other Regulatory Assets - Sub-Account - ICM Sault Smart Grid Accumulated Depreciation	1508						
Other Regulatory Assets - Sub-Account - ICM Sault Smart Grid Rate Rider	1508	\$0	(\$852,614)	\$852,614	\$0	\$0	\$0
COVID-19 Delayed Implementation IRM Forgone Revenue	1509	\$192,359	\$0	\$0	\$192,359	\$6,165	\$198,524
COVID-19 Delayed Implementation IRM Rate Rider Recovery	1509	(\$101,703)	(\$92,525)	\$0	(\$194,228)	(\$6,225)	(\$200,453)
COVID-19 Incremental Expense Variance Account	0	\$393,222	\$0	\$0	\$393,222	\$12,276	\$405,498
Retail Cost Variance Account - Retail	0	(\$6,188)	(\$12,107)	\$0	(\$18,295)	(\$557)	(\$18,852)
Retail Cost Variance Account - STR	0	\$53,395	\$10,433	\$0	\$63,828	\$1,970	\$65,798
PILs & Taxes Variance	1592	(\$410,974)	(\$189,219)	\$0	(\$20,804)	(\$19,185)	(\$619,378)
Subtotal - Group 2 Accounts		\$5,784,524	\$20,497,090	(\$26,431,539)	(\$203,343)	(\$1,547)	(\$151,472)
Other Accounts:							
LRAM Variance Account (2018 COS)	1568	\$14,263	(\$22,841)	\$0	(\$8,578)	(\$645)	(\$9,223)
LRAM Variance Account (2023 COS)	1568	\$0	\$201,460	\$0	\$201,460	\$5,952	\$207,412
Subtotal - Other Accounts		\$14,263	\$178,619	\$0	\$192,882	\$5,307	\$198,189
Total Group 2 Accounts		\$5,798,786	\$20,675,710	(\$26,431,539)	(\$10,461)	\$3,760	\$46,717

Table 9-15 – Group 2 Accounts – Commence/Continue/Discontinue

Table 1-13 DVAs Commence/Continues/Discontinue

Group 2 and Other Accounts	Account Number	Commence Continue Discontinue	Explanation
Other Regulatory Assets - Sub Account - Incremental VVO Savings or Costs	1508	Commence	To record on-going SSG VVO impacts.
Other Regulatory Assets - Sub Account - EPC Contract Liquidated Damages	1508	Commence	To record liquidated damages due to performance or delay in EPC contract.
Other Regulatory Assets - Sub Account - SSG Foregone Revenue Requirement	1508	Commence	To record on-going SSG Foregone Revenue
Other Regulatory Assets - Sub-Account - Pole Attachment	1508	Continue	On-going in event of a decrease in expected Pole Rental charge.
PILs and Tax Variance	1592	Continue	Remain available to use for other legislative tax changes not reflected in rates.
LRAM Variance Account	1568	Continue	On-going in event of future CDM programs.
Other Regulatory Assets - Sub-Account - ICM Sub-station 16	1508	Discontinue	Rate Rider in effect until April 30, 2023
Other Regulatory Assets - Sub-Account - Sault Smart Grid	1508	Discontinue	Rate Rider in effect until April 30, 2023
COVID-19 Deferral Account	1509	Discontinue	Final disposition at rebasing; no activity expected
Retail Cost Variance Account - Retail	1518	Discontinue	Final disposition at rebasing; forecast activity to April 30, 2023
Retail Cost Variance Account - STR	1548	Discontinue	Final disposition at rebasing; forecast activity to April 30, 2023

**Table 9-17: Rate Rider Calculation for Group 1 Deferral / Variance Accounts Balances
(excluding Global Adj. and Account 1580 WMS CBR Class B)**

Rate Class	Units	kW / kWh / # of Customers	Allocated Group 1 Balance (excluding 1589)	Rate Rider for Deferral/Variance Accounts
RESIDENTIAL SERVICE CLASSIFICATION	kWh	274,738,681	\$ 69,712	0.0003
GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION	kWh	79,051,528	\$ 22,807	0.0003
GENERAL SERVICE 50 TO 999 KW SERVICE CLASSIFICATION	kW	547,687	\$ 68,221	0.1259
UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION	kWh	878,528	\$ 273	0.0003
STREET LIGHTING SERVICE CLASSIFICATION	kW	7,200	\$ 766	0.1064
SENTINEL LIGHTING SERVICE CLASSIFICATION	kW	566	\$ 60	0.1066
Total			\$ 161,840	

Table 9-18: Rate Rider Calculation for Account 1580 WMS, sub-account CBR Class B

Rate Class	Units	kW / kWh / # of Customers	Allocated Sub-account 1580 CBR Class B Balance	Rate Rider for Sub-account 1580 CBR Class B
RESIDENTIAL SERVICE CLASSIFICATION	kWh	274,738,681	\$ (38,975)	(0.0001)
GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION	kWh	79,051,528	\$ (11,229)	(0.0001)
GENERAL SERVICE 50 TO 999 KW SERVICE CLASSIFICATION	kW	458,921	\$ (25,832)	(0.0570)
UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION	kWh	878,528	\$ (125)	(0.0001)
STREET LIGHTING SERVICE CLASSIFICATION	kW	7,200	\$ (350)	(0.0487)
SENTINEL LIGHTING SERVICE CLASSIFICATION	kW	566	\$ (28)	(0.0488)
Total			\$ (76,540)	

Table 9-19: Rate Rider Calculation for RSVA - Power - Global Adjustment

Rate Class	Units	kW / kWh / # of Customers	Allocated Global Adjustment Balance	Rate Rider for RSVA Power - Global Adjustment
RESIDENTIAL SERVICE CLASSIFICATION	kWh	3,364,092	\$ (1,472)	(0.0004)
GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION	kWh	12,067,162	\$ (5,279)	(0.0004)
GENERAL SERVICE 50 TO 999 KW SERVICE CLASSIFICATION	kWh	151,116,068	\$ (66,106)	(0.0004)
UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION	kWh	-	\$ -	-
STREET LIGHTING SERVICE CLASSIFICATION	kWh	2,330,282	\$ (1,019)	(0.0004)
SENTINEL LIGHTING SERVICE CLASSIFICATION	kWh	-	\$ -	-
Total			\$ (73,876)	

Table 9-20: Rate Rider Calculation for Group 2 Deferral / Variance 1 Accounts Balances

Rate Class	Units	kW / kWh / # of Customers	Allocated Group 2 Balance	Rate Rider for Group 2 Accounts
RESIDENTIAL SERVICE CLASSIFICATION	# of Customers	30,340	\$ (244,196)	(0.6707)
GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION	kWh	79,051,528	\$ (78,034)	(0.0010)
GENERAL SERVICE 50 TO 999 KW SERVICE CLASSIFICATION	kW	547,687	\$ (240,860)	(0.4444)
UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION	kWh	878,528	\$ (861)	(0.0010)
STREET LIGHTING SERVICE CLASSIFICATION	kW	7,200	\$ 6,738	0.9358
SENTINEL LIGHTING SERVICE CLASSIFICATION	kW	566	\$ 244	0.4312
Total			\$ (556,969)	

Table 9-21 - Rate Rider Calculation for Account 1568 LRAMVA

Rate Class	Units	kW / kWh / # of Customers	Allocated Account 1568 Balance	Rate Rider for Account 1568
RESIDENTIAL SERVICE CLASSIFICATION	kW	274,738,681	\$ 44,507	0.0002
GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION	kWh	79,051,528	\$ (110,221)	(0.0014)
GENERAL SERVICE 50 TO 999 KW SERVICE CLASSIFICATION	kW	547,687	\$ 263,903	0.4869
UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION	kWh	878,528	\$ -	-
STREET LIGHTING SERVICE CLASSIFICATION	kW	7,200	\$ -	-
SENTINEL LIGHTING SERVICE CLASSIFICATION	kW	566	\$ -	-
Total			\$ 198,189	

Table 9-22 - Rate Rider Calculation for Account 1509 COVID-19 Incremental Expense

Rate Class	Units	kW / kWh / # of Customers	Allocated Account 1509 Balance	Rate Rider for Account 1509
RESIDENTIAL SERVICE CLASSIFICATION	# of Customers	30,340	\$ 248,864	0.6835
GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION	# of Customers	3,400	\$ 61,340	1.5034
GENERAL SERVICE 50 TO 999 KW SERVICE CLASSIFICATION	# of Customers	344	\$ 89,493	21.6794
UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION	# of Customers	25	\$ 818	2.7272
STREET LIGHTING SERVICE CLASSIFICATION	# of Customers	8,037	\$ 4,279	0.0444
SENTINEL LIGHTING SERVICE CLASSIFICATION	# of Customers	317	\$ 705	0.1852
Total			\$ 405,498	

Questions

Appendix F – 17 Trees PO



Bill To: accounts.payable@ssmpuc.com

PO Number: BP-213

As of Aug 1st 2021 PUC will only be accepting electronic/digital invoices.
Please ensure your PDF invoice is emailed to the above address

PO Date: 01/01/2022

Expiration Date 12/31/2022

Address: 500 Second Line East
Post Office Box 9000
Sault Ste. Marie, ON P6A 6P2

PO Amount: 680000

Vendor: 17 TREES INC.
02246 500 SECOND LINE EAST
SAULT STE MARIE PO BOX 9000 ON P6A 6P2

Ship To: PUC SERVICES INC.
500 SECOND LINE EAST
SAULT STE MARIE, ON P6B 4K1

Terms: NET 30 PR Number: PR-19960 PO Desc: LINE Vegetation Management - for 2022
Ship Via: Bestway F.O.B. DESTINATION

LINE	DESCRIPTION	QTY	UNIT	UNIT PRICE	TOTAL
<i>SCOPE OF WORK. To provide utility arborist services in accordance with PUC's 2022 vegetation management program, in addition to ad hoc related customer demand work as required. Hourly billable crew rates will be in accordance with the approved shareholder crew rates for 2022, as attached. 17 Trees Inc. will provide all equipment, tools, and labour for the services provided and agrees to comply with all applicable PUC policies, procedures and standards for vegetation management.</i>					
1	2022 Vegetation Management	680000	\$	\$1.00	\$680,000.00



Subtotal: \$680,000.00

HST \$88,400.00

PO Total: \$768,400.00

PRICE CORRECTIONS & TERMS must be confirmed before delivery of goods or original Purchase Order Pricing will be honoured by Vendor

All equipment provided for the construction or repair of the electrical distribution system must meet the requirements of Ontario Regulation 22/04. This requirement can be met by electrical equipment that is approved in accordance with the requirements of the Ontario Electrical Safety Code Rule 2-024 (CSA Certified or equivalent). Alternative equipment approval requirements are outlined in O. Reg. 22/04.

All non-distribution type electrical equipment (ancillary equipment) must be approved in accordance with the requirements of the Ontario Electrical Safety Code Rule 2-024.

Any item not meeting the above two requirements will be returned at the supplier's expense.

Kindly quote this Purchase Order number on all invoices, packing lists, containers and correspondences Failure to comply with delivery date could be cause for cancellation of order at no cost to Purchaser. You are required to supply new or updated Material Safety Data Sheets (M.S.D.S) for all hazardous materials.

PUC Services Inc. has implemented a quality management system for safe drinking water that meets the requirements of the Ontario Ministry of the Environment's Drinking Water Quality Management Standard

01-Jan-2022

Shelley Hambly

Date

Page 1 of 1

PUC Purchasing Dept. 705-759-6530 purchasing.dept@ssmpuc.com

HST Number: R122198567



17 TREES INC.
500 Second Line E
PO Box 9000
Sault Ste Marie, ON
P6A 6P2

2022 RATE SHEET
Arborist Services
effective January 1, 2022

Rate Description	Shareholder Hourly Internal Regular rate	Shareholder Hourly Overtime rate
2 person crew 3 person crew		

PURCHASE ORDER TERMS AND CONDITIONS

1. Definitions

In these Standard Purchase Terms, the following definitions apply:

- a) **Agreement** means the agreement between Supplier and Buyer for the purchase of goods and/or services;
- b) **Buyer** means PUC Services Inc.;
- c) **Deliverable** means any deliverable or other product or result from services that is referred to in a Purchase Order and any related materials, data, documentation and includes any intellectual property rights developed by Supplier pursuant to such Purchase Order;
- d) **Delivery Date** means the date of delivery for goods or performance of services as specified in the Purchase Order;
- e) **Delivery Point** means the location identified by Buyer in the Purchase Order to which Supplier is to deliver goods and/or perform the services or such other delivery area or point which is specified in writing by Buyer;
- f) **Goods** means the goods that are required to be delivered by Supplier pursuant to a Purchase Order and includes all materials, component parts, packaging and labelling of such goods;
- g) **Intellectual Property Rights** means all intellectual and industrial property rights and rights of a similar nature including all rights in and to patents, including all issued patents and pending applications therefore, and patents which may be issued therefrom (including divisions, re-issues, re-examinations, continuations and continuations in part); trade-marks, copyrights, industrial design rights, rights pertaining to trade secrets and confidential information, publicity rights, personality rights, moral rights, and other intellectual property rights, whether registered or not and all applications, registrations, renewals and extensions pertaining to the foregoing;
- h) **Purchase Order** means the Purchase Order between Buyer and Supplier for the purchase and sale of goods and/or services to which the standard purchase terms are attached or are incorporated by reference;
- i) **Services** means any services to be provided by Supplier to Buyer pursuant to a Purchase Order;
- j) **Specifications** means the requirements, attributes and specifications for the goods or services that are set out in the applicable Purchase Order. Specifications also include:
 - i) Documentation published by Supplier relating to the goods and services;

- ii) Operational and technical features and functionality of the goods and services;
 - iii) Standards or level of service, performance for services; and,
 - iv) Buyer business requirements that are expressly set out in a Purchase Order;
- k) **Supplier** means the party indicated on the face page of the Purchase Order that is contracting with Buyer for the purchase and sale of goods and/or services;
- l) **Supplier Proposal** means any acknowledgement, estimate, quote, offer to sell, invoice, or proposal of Supplier relating to the supply of goods and/or services to Buyer including any delivered in connection with a request for quotations, request for proposal or similar process initiated by Buyer;
- m) **Warranty Period** means in respect of any goods or services, the longer of:
- i) The express written warranty period provided by Supplier for the goods and services; and,
 - ii) The period commencing on the date of acceptance of such goods or services and ending on the date that is one (1) year from that date.

2. Agreement

The Agreement consists only of:

- a) These standard purchase terms;
- b) The applicable Purchase Order; and,
- c) Any specifications or other documents expressly referenced in the Purchase Order.

Any reference in the Purchase Order to any supplier proposal is solely for the purpose of incorporating the descriptions and specifications of the goods and/or services contained in the proposal and only to the extent that the terms of Supplier proposal do not conflict with the descriptions and specifications set out in the Purchase Order. Buyer's acceptance of, or payment for goods and/or services, will not constitute Buyer's acceptance of any additional or different terms in any Supplier proposal unless otherwise accepted in writing by Buyer. If there is any conflict or inconsistency between the documents constituting the Agreement, then unless otherwise expressly provided, the documents will rank in the order of precedence in accordance with the order in which they are listed in Section 2.

3. Delivery of Goods and Services

- a) Supplier agrees to supply and deliver the goods to Buyer and to perform the services as applicable, on the terms set out in this Agreement;

- b) Supplier shall, at its own expense, pack, load and deliver goods to the delivery point and in accordance with the invoicing, delivery terms, shipping, packing and other instructions printed on the face of the Purchase Order or otherwise provided to Supplier by Buyer in writing. No charges will be allowed for freight, transportation, insurance, shipping, storage, handling, demurrage, cartage, packaging or similar charges unless provided for in the applicable Purchase Order or otherwise agreed to in writing by Buyer;
- c) Time is of the essence with respect to delivery of the goods and performance of the services. Goods shall be delivered, and services performed by the applicable delivery date. Supplier must immediately notify Buyer if Supplier is likely to be unable to meet a delivery date. At any time prior to the delivery date, Buyer may, upon notice to Supplier, cancel or change a Purchase Order or any portion thereof for any reason including, without limitation, for the convenience of Buyer, or due to failure of Supplier to comply with this Agreement unless otherwise noted;
- d) Title and risk of loss damage shall pass to Buyer upon receipt of the goods at the delivery point unless otherwise agreed to by Buyer in writing. Buyer has no obligation to obtain insurance while goods are in transit from Supplier to delivery point;
- e) Supplier shall follow all instructions of Buyer and co-operate with Buyer's customs broker as directed by Buyer (including by providing requested shipping documentation) with respect to all goods that originate from sources or suppliers based outside Canada. Supplier shall comply with all the requirements of the Canada Border Service Agency (or any successor organization) with respect to the importation of goods from outside Canada.

4. Inspection, Acceptance and Rejection

- a) All shipments of goods and performance of services shall be subject to Buyer's right of inspection. Buyer shall have ninety (90) days (the inspection period) following the delivery of the goods or services at the delivery point or performance of the services to undertake such inspection and upon such inspection, Buyer shall either accept the goods or services (acceptance) or reject them. Buyer shall have the right to reject any goods that are delivered in excess of the quantity ordered or are damaged or defective. In addition, Buyer shall have the right to reject any goods or services that are not in conformance with the specifications or any term of this Agreement. Transfer of title to Buyer of goods shall not constitute Buyer's acceptance of those goods. Buyer shall provide Supplier with the inspection period notice of any goods or services that are rejected together with the reasons for such rejection. If Buyer does not provide Supplier with any notice of rejection within the inspection period, then Buyer will be deemed to have provided acceptance of such goods or services. Buyer's inspection, testing or acceptance or use of the goods or services hereunder, shall not limit or otherwise affect Supplier's warranty obligations hereunder with respect to the goods or services and such warranties shall

survive inspection, tests, acceptance and use of the goods or services;

- b) Buyer shall be entitled to return rejected goods to Supplier at Supplier's expense and risk of loss for, at Buyer's option, either:
 - i) Full credit or refund of all amounts paid by Buyer to Supplier for the rejected goods; or,
 - ii) Replacement goods to be received within the time period specified by Buyer.

Title to rejected goods that are returned to Supplier shall transfer to Supplier upon such delivery and such goods shall not be replaced by Supplier except upon written instructions from Buyer. Supplier shall not deliver goods that were previously rejected on grounds of non-compliance with this Agreement unless delivery of such goods is approved in advance by Buyer and is accompanied by a written disclosure of Buyer's prior rejection(s).

5. Price Payment Terms

Prices for the goods and/or services will be set out in the Purchase Order. Prices increases or changes not expressly set out in the Purchase Order shall not be effective unless agreed to in writing in advance by Buyer. Supplier will issue all invoices on a timely basis. All invoices delivered by Supplier must meet Buyer's requirements and at a minimum, shall reference the applicable Purchase Order. Buyer will pay the undisputed portion of properly rendered invoices thirty-five (35) days from the invoice date. Buyer shall have the right to withhold payment of any invoiced amounts that are disputed in good faith until the parties reach an agreement with respect to such disputed amounts and such withholding of disputed amounts shall not be deemed a breach of this Agreement nor shall any interest be charged on such amounts. Notwithstanding the foregoing, Buyer agrees to pay the balance of the undisputed amounts on any invoice that is the subject of any dispute within the time periods specified therein.

6. Taxes

Unless otherwise stated in a Purchase Order, all prices and other payments stated in the Purchase Order are exclusive of any taxes. Supplier shall separately itemize all applicable taxes on each invoice and indicate on each invoice, its applicable tax registration number or numbers. Buyer will pay all applicable taxes to Supplier when the applicable invoice is due. Supplier will remit all applicable taxes to the applicable government authority as required by applicable laws. Notwithstanding any other provision of this Agreement, Buyer may withhold from all amounts payable to Supplier, all applicable withholding taxes and to remit those taxes to the applicable governmental authorities as required by applicable laws.

7. Hazardous Materials

Supplier agrees to provide as requested by Buyer, to satisfy any applicable laws governing the use of any hazardous substances, either of the following:

- a) All reasonably necessary documentation to verify the material composition, on a

substance by substance basis, including quantity, use of each substance and any goods and/or of any process used to make, assemble, use, maintain or repair any goods; or,

- b) All reasonably necessary documentation to verify any goods and/or any process used to make, assemble, use, maintain or repair any goods, do not contain and the services do not require the use of, any particular hazardous substances specified by Buyer.

8. Legal Compliance

In carrying out its obligations under the Agreement, including the performance of services, Supplier shall, at all times, comply with all applicable federal, provincial and municipal laws, regulations, standards and codes.

All equipment provided for the construction or repair of the electrical distribution system must meet the requirements of Ontario Regulation 22/04. This requirement can be met by electrical equipment that is approved in accordance with the requirements of the Ontario Electrical Safety Code Rule 2-024 (CSA Certified or equivalent). Alternative equipment approval requirements are outlined in O. Reg. 22/04.

All non-distribution type electrical equipment (ancillary equipment) must be approved in accordance with the requirements of the Ontario Electrical Safety Code Rule 2-024.

Any item not meeting the above two requirements will be returned at the Supplier's expense.

9. Warranties

a) Product Warranties

Supplier warrants to Buyer that during the goods warranty period, all goods provided hereunder, shall be:

- i) Of merchantable quality;
- ii) Fit for the intended purposes;
- iii) Unless otherwise agreed to by Buyer, new;
- iv) Free from defects in design, material and workmanship;
- v) In strict compliance with the specifications;
- vi) Free from any liens or encumbrances on title whatsoever;
- vii) In conformance with any samples provided to Buyer; and,
- viii) Compliant with all applicable federal, provincial, and municipal laws,

regulations, standards and codes.

b) Service Warranties

Supplier shall perform all services:

- i) Exercising that degree of professionalism, skill, diligence, care, prudence, judgment, and integrity which would reasonably be expected from a skilled and experienced service provider, providing services under the same or similar circumstances as the services under this Agreement; and,
- ii) In accordance with all specifications and all Buyer policies, guidelines, by-laws and codes of conduct applicable to Supplier; and,
- iii) Using only personnel with the skills, training, expertise and qualifications necessary to carry out the services. Buyer may object to any of the Supplier's personnel engaged in the performance of services who, in the reasonable opinion of Buyer, are lacking an appropriate skill or qualification, engage in misconduct, constitute a safety risk or hazard or are incompetent or negligent, and, Supplier shall promptly remove such personnel from the performance of any services upon receipt of such notice and shall not re-employ the removed person in connection with the services without the prior written consent of Buyer.

c) Intellectual Property Warranty

Supplier further warrants to Buyer that at all times, all goods and/or services including deliverables, will not be in violation of, or infringe any intellectual property rights of any person.

d) Manufacturer Warranties

Supplier shall assign to Buyer, all manufacturer's warranties for goods not manufactured by or for, Supplier, and shall take all necessary steps as required by such third party manufacturers, to effect assignment of such warranties to Buyer.

10. Warranty Remedies

- a) In the event of breach of the warranties in section 9 and without prejudice to any other right or remedy available to Buyer, (including Buyer's indemnification rights hereunder), Supplier will, at Buyer's option, and Supplier's expense, refund the purchase price for, or correct or replace the affected goods or re-perform the affected services within ten (10) days after notice by Buyer to Supplier of breach of warranty. All associated costs, including costs of reperformance, costs to inspect the goods and/or services, transport the goods from Buyer to Supplier and return shipment to Buyer and costs resulting from supply chain interruptions, will be borne by Supplier. If goods are corrected or replaced, or services are re-performed, the warranties in section 9 will continue as to the corrected or

replaced goods for a further goods warranty period commencing on the date of acceptance of the corrected or replaced goods by Buyer. If Supplier fails to repair or replace the product within the time periods set out herein, Buyer may repair or replace the goods at Supplier's expense;

- b) In the event that any goods provided by Supplier to Buyer are subject to a claim or allegation of infringement of intellectual property rights of a third party, Supplier shall, at its own option and expense, without prejudice to any other right or remedy of Buyer, (including Buyer's indemnification rights hereunder) promptly provide Buyer with a commercially reasonable alternative including the procurement for Buyer of the right to continue using the goods in question, the replacement of such goods with a non-infringing alternative satisfactory to Buyer or the modification of such goods (without affecting functionality), to render them non-infringing.

11. Intellectual Property Rights

All intellectual property rights in and to each deliverable, shall vest in Buyer free and clear of all liens and encumbrances on receipt of payment by Supplier for each deliverable. To the extent that any deliverables contain any intellectual property of Supplier, Supplier hereby grants to Buyer a worldwide, royalty free, non-exclusive, perpetual license to use, copy, modify, and distribute such intellectual property as part of the deliverables. Supplier agrees to provide Buyer all assistance, reasonably requested by Buyer, to perfect the rights described herein including obtaining all assignments and waivers of moral rights necessary, or appropriate, to vest the entire right, title and interest in such materials in Buyer and its accessors and assigns.

12. Confidentiality

Supplier acknowledges that Buyer is bound by the provisions of the *Municipal Freedom of Information and Protection of Privacy Act* and regulations thereto. Supplier shall safeguard and keep confidential, any and all information relating to Buyer obtained by it or provided to it by Buyer, in connection with this Agreement and shall use such information only for the purpose of carrying out its obligations under this Agreement.

13. Insurance

Supplier represents and warrants to Buyer that it has in place, with reputable insurers, such insurance policies in coverage amounts that would be maintained by a prudent supplier of goods and services similar to the goods and services provided hereunder, including, as applicable, professional errors and omissions, liability insurance and comprehensive, commercial general liability insurance (including product liability coverage, all risk contractors, equipment insurance and automobile liability insurance). In addition, Supplier will take out and maintain at its own cost, such insurance policies and coverages as may be reasonably required by Buyer from time to time. Supplier will promptly deliver to Buyer, as and when requested, written proof of such insurance. If requested, Buyer will be named as an additional insured under any such policies. If requested by Buyer, such insurance will provide that it cannot be cancelled or materially changed so as to affect the coverage

provided under this Agreement, without the insurer providing at least thirty (30) days prior written notice to Buyer.

14. Indemnities

Supplier shall indemnify, defend and hold harmless Buyer, its affiliates and their respective officers, directors, employees, consultants and agents (the Buyer indemnified parties) from and against any claims, fines, losses, actions, damages, expenses, legal fees and all other liabilities brought against, or incurred by Buyer, indemnified parties or any of them, arising out of:

- a) Death, bodily injury or loss, or damage to real or tangible personal property resulting from the use of, or any actual or alleged defect in the goods or services, or from the failure of the goods or services to comply with the warranties hereunder;
- b) Any claim that the goods or services infringe or violate the intellectual property rights or other rights of any person;
- c) Any intentional, wrongful or negligent act or omission of Supplier or any of its affiliates or sub-contractors;
- d) Supplier's breach of any of its obligations under this Agreement;
- e) Any liens or encumbrance relating to any goods or services.

15. Limitation of Liability

Except for Supplier's obligation under section 14, and except for damages that are the result of the gross negligence or willful misconduct of a party, in no event will either party be liable to the other party or any other person for any direct, incidental, consequential, or punitive damages including any lost profits, data, goodwill, or business opportunity for any matter relating to this Agreement.

16. Independent Contractors

Supplier will perform its obligations under the Agreement as an independent contractor and in no way will Supplier or its employees, be considered employees, agents, partners, fiduciaries or joint venturers of Buyer. Supplier and its employees will have no authority to represent Buyer or its affiliates or bind Buyer or its affiliates in any way and neither Supplier nor its employees will hold themselves out as having authority to act for Buyer or its affiliates.

17. Further Assurances

The parties shall assign such further and other documents, cause such meetings to be held, resolutions passed, and do and perform, and cause to be done and performed, such further and other acts and things as may be necessary or desirable in order to give full effect to this

Agreement and every part thereof.

18. Severability

If any provision of this Agreement is determined to be unenforceable or invalid by any reason whatsoever in whole or in part, such invalidity or unenforceability shall attach only to such provision or part thereof, and the remaining part thereof, and all other provisions shall continue in force and effect.

19. Waiver

No waiver of any provision of this Agreement shall be enforceable against that party unless it is in writing and signed by that party.

20. Assignment

Supplier may not assign or sub-contract this Agreement in whole or in part without Buyer's prior written consent. Supplier's permitted assignment or sub-contracting of this Agreement, or any part thereof, will not release Supplier of its obligations under this Agreement and it will remain jointly and severally liable with the assignee or sub-contractor for any obligations assigned or sub-contracted. The acts or omissions of any sub-contractors of Supplier will be deemed to be the acts and omissions of Supplier. Buyer may assign this Agreement in whole or in part to any affiliate or buyer without the consent of Supplier. This Agreement shall enure to the benefit of, and be binding upon, the parties and their respective representatives, heirs, executors, administrators, assigns or successors.

21. Survival

Any provision of this Agreement which expressly or the implication from its nature is intended to survive the termination or completion of the Agreement, will continue in force and full effect after any termination, expiry or completion of this Agreement.

22. Governing Law

This Agreement shall be governed by the laws of the Province of Ontario and the federal laws of Canada applicable therein. The parties irrevocably attorn to the jurisdiction of the Courts of Ontario which will have non-exclusive jurisdiction over any matter arising out of this Agreement.

Questions

Appendix G – Live Excel Models – Staff-120

Questions

EB-2022-0059
PUC Distribution Inc.
Pre-Settlement Clarification
Page **62** of **62**
Filed: March 10, 2023

Appendix H – SSG DVA Accounting Order

PUC Distribution Inc.

2023 Cost of Service Application – The Sault Smart Grid Project
Forgone Revenue Requirement

EB-2022-0059

Accounting Order

Account 1508 Other Regulatory Assets

Sub-accounts SSG Foregone Revenue Requirement

December 12, 2022

PUC Distribution Inc. - 2023 Cost of Service Application – The Sault Smart Grid Project Foregone Revenue Requirement

Accounting Order – Account 1508 Other Regulatory Assets

This account is intended to ensure PUC remains whole; therefore, PUC is proposing to record the difference in revenue requirement associated with the SSG included in base distribution rates less the revenue requirement associated with the SSG adjusted to reflect full year in-service for the years beyond 2023 to 2027.

This account shall be treated as a Group 1 DVA account and the balance in this account will be disposed of annually with PUC's IRM filings.

The following describes the sub account and sample journal entries for the new account.

1) Account 1508 Other Regulatory Assets, Sub-account SSG Forgone Revenue Requirement

This account shall be used to record the change in revenue requirement as a result of the calculating at the full-year in-service value of the Sault Smart Grid Assets.

2) Account 1508 Other Regulatory Assets, Sub-account SSG Forgone Revenue Requirement Carrying Charges

Carrying charges calculated on the year-end balance shall be recorded in this sub account. Carrying charges shall be calculated using simple interest applied to the opening balances in the account and shall be recorded monthly in a separate carrying charges sub account. The interest rate shall be the rate prescribed by the Board.

A sample of the accounting entries associated with foregone revenue requirement is presented below.

1508 – Other Regulatory Assets – SSG Foregone Revenue Requirement	\$XX	
4080 Distribution Revenue		\$XX
1508 – Other Regulatory Assets – SSG Foregone Revenue Requirement Carrying costs	\$XX	
4405 Carrying costs		\$XX

To record the associated difference in revenue requirement related to full-year in-service additions of the SSG project.

Disposition of Accounts

PUC requests to include the balance in this account in its annual IRM filing disposition request.

Questions

EB-2022-0059
PUC Distribution Inc.
Pre-Settlement Clarification
Page **63** of **62**
Filed: March 10, 2023

Appendix I – Evidence Updates

John Vellone
T: 416-367-6730
jvellone@blg.com

Colm Boyle
T: 416-367-7273
cboyle@blg.com

Borden Ladner Gervais LLP
Bay Adelaide Centre, East Tower
22 Adelaide Street West
Toronto ON M5H 4E3
Canada
T 416-367-6000
F 416-367-6749
blg.com



File No. 14898.17

December 11, 2022

BY EMAIL

Without Prejudice and Confidential

Karen Wianecki
Planning Solutions Inc.
8 Buggey Lane
Ajax, ON L1Z1X4

Dear Ms. Wianecki

**Re: PUC Distribution Inc. (“PUC”)
Application for 2023 Electricity Distribution Rates
Ontario Energy Board (“OEB”) File No. EB-2022-0059 (“Proceeding”)**

Please find enclosed the Pre-Settlement Clarification Responses of PUC in respect of the above noted Proceeding. We note that a new accounting order is attached to the Pre-Settlement Clarification Responses as “Appendix F”. This accounting order is related to the foregone revenue for Sault Smart Grid in years 2024-2027 from the half-year accounting on asset completions that are carried over into 2023.

PUC is also revising certain portions of its filed evidence and interrogatory responses as a result of the Pre-Settlement Clarification Responses. Appendix A to this letter outlines these changes.

Please contact the undersigned with any questions.

Yours truly,

A handwritten signature in black ink, appearing to read 'J Vellone', is written over a light blue horizontal line.

John Vellone

cc: Interveners in EB-2022-0059

Appendix A

Updates to Evidence and Interrogatory Responses

As a result of the responses to the Pre-Settlement Clarification Questions, PUC revised the following evidence filed on the record of the Proceeding:

1. Staff 114 – PUC has updated the Chapter 2 Appendices 2-ZA and 2-ZB to reflect the revised consumption in the final load forecast model (VECC 55). Additionally the OER was updated to 11.7%.
2. Staff 119 – The DVA continuity schedule has been updated to reflect the proper amount of depreciation and accumulated depreciation for the ICM Substation 16 sub accounts. There was \$75,251 depreciation in 2021 and \$150,503 in 2022 for a revised total of \$225,754. The revised model filed on November 28, 2022 still had a value of \$275,922.
3. Staff 120b(iv) – The DVA continuity schedule has been reflected to revised amount of rate rider revenue to be collected from customers. PUC also added row 67 which shows the revised rate rider revenue calculation from the ICM true up calculation. This results in a net refund to customer of \$51,941 (includes carrying charges) for Group 2 Substation 16 ICM.
4. Staff 126 – The Chapter 2 Appendices, App-2H has been updated throughout entire sheet to show the updated building return charges and pole attachment revenue.
5. Staff 127 – PUC has revised the CCA rate for the Omicron Injection Tester to 20% since it falls under Class 8. This change has caused an update throughout all the models due to the CCA smoothing calculation and the resulting Loss Carry Forward Rate Rider amount.
6. Staff 128 – PUC has revised tabs 5 and 6 of the Tariff Schedule and Bill Impact model to reflect all updates for RPP rates, pole attachment, Smart metering entity charges and retail service charges.
7. Staff 133 – The DVA Continuity Schedule, Account 1588 and 1589 GL Activity and principal adjustments have been updated to reflect the \$759,501 and \$(759,501) respectively. The GA Workform has been updated to agree the 1588 principal adjustment to the Principal Adjustments tab, as well the transactions for 2021 has also been updated (previously only showed the 2021 activity and not the 2020 adjustment). The GA 2022 Net Change in Principle Balance has also been updated to agree to the DVA Continuity 2021 transactions.
8. VECC 55 – The customer count has been properly removed as an explanatory variable in the load forecast.
9. VECC 56 – the load forecast has been updated for the final CDM adjustment factor as explained in the response to VECC 56.

Further as a result of the responses to the Pre-Settlement Clarification Questions, PUC is providing the following list of revisions to correct the information filed in the Interrogatory Responses on

November 28, 2022. These revisions have been reflected in the appropriate OEB Models that have been filed with these Pre-Settlement Clarification Questions.

1. SEC 9 – Table 2-25 has been revised for the final revenue requirement reconciliation that PUC is submitting for this settlement proposal. PUC is proposing to refund customer an over collection of \$53,779 based on the ICM true up calculation of \$275,864 in revenue requirement in year 1 (2021) which uses the half year rule and \$356,932 in year 2 (2022) which uses a full year.

	2020	2021	2022	Total
Approved Revenue Requirement (\$4.73M)	\$213,870	\$237,816	\$237,816	\$689,502
Revised Revenue Requirement (\$6.02M)		\$275,864	\$356,932	\$632,796
Projected Revenue Collection to April 30, 2023	\$275,744	\$281,162	\$129,669	\$686,575
Refund (-) or Collection				\$ (53,779)

2. PUC has revised its 2022 and 2023 in service additions for SSG. The updated spending amounts can be viewed in the response to CCC-55.
3. SEC 19 – PUC has revised the Chapter 2 Appendices 2-AA and 2-AB 2022 YTD column to include the capital expenditures as of October 31, 2022 for SSG Assets.
4. PUC has revised the pole attachment rate used as outlined in VECC 57a. This has reduced the revenue offsets by \$19,569.
5. VECC 53 – Table 1-12 Deferral and Variance Accounts, Table 1-13 DVAs Commence / Continues / Discontinue and Exhibit 9 Tables have been updated as per the updates made to the DVA Continuity Schedule.
6. STAFF 102, 108 and 109 – PUC has revised the DVA Continuity Schedule Account 1588 and 1589 and the GA Workform as outlined in Staff 133.
7. PUC has removed the effects of 2023 SSG asset additions from the CCA smoothing adjustment in the calculation of revenue requirement. All changes in revenue requirement, including the CCA smoothing adjustment, in relation to SSG asset additions will be captured in the newly proposed DVA account attached as Appendix F.