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June 26, 2023

VIA E-MAIL

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

Dear Ms. Marconi:

Re: EB-2023-0041 Niagara-on-the-Lake Inc. 2024 COS Application
Interrogatories of Vulnerable Energy Consumers Coalition (VECC)

Please find enclosed the interrogatories of VECC. We have also directed a copy of the same to the Applicant.

Yours truly,

Shelley Grice

Digitally signed by Shelley Grice
DN: C=CA, E=shell.grice@rogers.com, OU=VECC, CN=Shelley Grice
Reason: I am the author of this document
Date: 2023.06.26 17:14:03-04'00'

John Lawford

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REQUESTOR NAME	**VECC**
INFORMATION REQUEST ROUND:	**# 1**
TO:	**Niagara-On-The-Lake (NOTL)**
DATE:	**June 26, 2023**
CASE NO:	**EB-2023-0041**
APPLICATION NAME	**2024 Cost of Service Rate Application**

1.0 ADMINISTRATION (EXHIBIT 1)

1.0-VECC-1

Reference: Exhibit 1, page 75 Table 1.42

Please provide the actual ROE for 2022 and the forecast for 2023.

1.0-VECC-2

Reference: Exhibit 1, page 88

NOTL Hydro outsources its basic vegetation management on three-year contracts over which the vegetation is trimmed over the entire Town.

a) Please identify the third-party that undertakes vegetation management.

b) Please provide the end date of the current contract.

c) Please provide the following vegetation management costs:2019 OEB-Approved; 2019 actuals, budget and actuals for 2020 to 2022 and the forecast for 2023 and 2024.

1.0-VECC-3

Reference: Exhibit 1, page 98

NOTL Hydro is jointly sharing a GIS Technician, through CHEC, with five other LDCs**.**

a) When did this sharing of the GIS Technician commence?

b) Does this position contribute to NOTL's FTE count?

c) Please provide NOTL's share of the costs.

1.0-VECC-4

Reference: Exhibit 1, Appendix 1C, page 17 Chart 4

a) Please provide the dollar amounts for each spending category in Chart 4 for each of the years 2022, 2023 and 2024.

b) Please provide the amounts provided in the application for the same categories for the years 2022 to 2024.

1.0-VECC-5

Reference: Exhibit 1, Appendix 1C, page 19

NOTL Hydro will be taking delivery of two new large vehicles in 2023: a new digger in March and a new bucket truck in December. The current bucket truck was purchased in 2013 and was due for replacement. The digger was purchased in 2011.

a) Please provide a breakdown of NOTL's fleet by vehicle type.

b) Please provide NOTL's criteria for replacement of each vehicle type.

c) Please provide the data in part b) for the above two replacements in 2023.

d) Please provide the proposed delivery dates for each vehicle.

1.0-VECC-6

Reference: Exhibit 1, Appendix 1 G

With respect to the slide "Customer Satisfaction Index: Compared to Other CHEC Members, NOTL's score in 2023 is statistically lower than that of 1 other LDC.

Please identify the LDC.

1.0-VECC-7

Reference: Exhibit 1, Appendix 1 G

In response to ranking items of most importance, customers ranked lowered cost (61%) and improved reliability (26%) as the top two.

Please explain how NOTL's application addresses these two priorities.

2.0 RATE BASE AND CAPITAL (EXHIBIT 2)

2.0-VECC-8

Reference: Appendix 2-AA

a) Please confirm Appendix 2-AA reflects in-service additions in each year.

b) Please explain the increase in overhead system renewal costs in 2023.

c) Please explain the increase in underground system renewal costs in 2023 and 2024.

d) Please explain the increase in SCADA costs (system service) in 2024.

2.0-VECC-9

Reference: Exhibit 2, page 16, Table 2.12

Please provide an excel version of Table 2.12.

2.0-VECC-10

Reference: Appendix 2-G

Please provide SAIDI and SAIFI for the years 2018 to 2022 excluding Loss of Supply, Major Events Days and Scheduled Outages.

2.0-VECC-11

Reference: Appendix 2, Appendix B

a) Page 28: Please provide the number of poles to be replaced in each of the years 2023 to 2028.

b) Page 29: Please provide the number of transformers replaced by transformer type for each of the years 2018 to 2022 and forecast to be replaced for each of the years 2023 to 2028.

c) Page 31: Please provide the km of wire replaced by wire type for each of the years 2018 to 2022 and the forecast for each of the years 2023 to 2028.

2.0-VECC-12

Reference: Appendix 2, Appendix B, page 65

Please provide a table that sets out the Planned Overhead Projects in the same format as Table 31 on page 66.

2.0-VECC-13

Reference: Appendix 2, Appendix B, page 66

Please provide the planned Underground Projects in 2023.

2.0-VECC-14

Reference: Appendix 2, Appendix B, page 67

Please provide the quantity of switches replaced in each of the years 2018 to 2022 and forecast for each of the years 2023 to 2028.

3.0 OPERATING REVENUE (EXHIBIT 3)

3.0-VECC-15

Reference: Exhibit 3, page 4, Table 3.2
Load Forecast Model, Tab 3 – Consumption by Rate Class

a) Tab 3 contains, for each rate class, the monthly customer/connection count, the monthly kWh use and the monthly billing demand (where applicable) for the years 2012 to 2022. Please provide similar data for 2023 for all the months were actual values are available.

3.0-VECC-16

Reference: Exhibit 3, pages 6-8
Load Forecast Model, Tab 4 – Customer Growth

a) Please clarify whether the actual and forecast customer/connection values in Table 3.4 are year-end values, mid-year values or annual averages.

b) For the Residential, GS<50, GS>50, Street Lighting and USL customer classes the forecast customer/connection counts for 2024 vary from those initially calculated using the geomean. In the Load Forecast Model the forecast values for 2024 (cells B28, D28, F28, H28 and J28) all refer to tab "12c. Monthly Customer Forecast". However, this tab is not included in the Load Forecast Model as filed. Please provide a copy of Tab 12c. and, for each of these customer classes, provide the rationale for revising the 2024 customer/connection count forecast from those initially determined using the geomean and how the adjusted values were derived.

3.0-VECC-17

Reference: Exhibit 3, pages 11 and 13

Preamble: The. Application states (page 11):
"NOTL Hydro looked at a number of variables to capture the impact of the pandemic, but none were statistically significant. NOTL Hydro therefore did not have a separate variable for the pandemic other than through its impact on historical load."

a) With respect to Table 3.11, do the values in the column labelled "Weather Normalized" represent: i) the predicted values for the year using the weather normal values for HDD and CDD or ii) the predicted values for the year using the actual HDD and CDD values for the year?

b) If the values in the "Weather Normal" column are based on the weather normal values for HDD and CDD, please re-do the Table using the actual HDD and CDD values for each year to predict the revised Wholesale Purchases for the year.

c) If the values in the "Weather Normal" column are based on the actual HDD and CDD values for each year, the results for 2020 and 2021 suggest that for those years the regression model overstates the actual purchases. In NOTL Hydro's view would this variance be explained, in part, by the impact of the pandemic and the fact there is no variable to capture the impact of the pandemic? If not, why not?

d) Please outline the various variables NOTL Hydro looked at to capture the impact of the pandemic and for each set out: i) the resulting regression equation results, ii) the resulting statistic for the regression equation and iii) the 2024 predicted purchases using the equation.

3.0-VECC-18

Reference: Exhibit 3, page 13

Preamble: The Application states:
"The penetration of both heat pumps and EVs in Niagara-on-the-Lake is still very small so the impact on the current load is minimal. NOTL Hydro has conducted scenario analysis to assess the impact of the widespread adoption of EVs but has not incorporated any impact into this forecast due to the uncertainty".

a) What is the current penetration in the NOTL service area for: i) home EV charging, ii) direct current fast charging stations and iii) heat pumps?

3.0-VECC-19

Reference: Exhibit 3, page 13

b) The 2019-222 annual values for the Large User Adjustment (CAM, Tab 3), the annual Large User Consumption (CAM, Tab 6) and the portion of Wholesale kWhs delivered to Large Use Customers (Appendix 2-R) are all different. Please explain why and reconcile the differences

4.0 OM&A (EXHIBIT 4)

4.0-VECC-20

Reference: Exhibit 4, page 7

NOTL Hydro continues to be part of UCS which shares a customer billing system across a number of LDCs. UCS costs were themselves managed by moving the management from Utilassist to CHEC and moving the hosting from ITM to ERTH. Unfortunately, the number of participating LDCs has declined primarily due to mergers thus increasing the costs for the remaining LDCs. UCS still remains more cost effective than going it alone.

Please provide the dollar impact of the change on NOTL's costs.

4.0-VECC-21

Reference: Exhibit 4, page 7

NOTL Hydro staff previously assisted in the provision of CDM and AFT services to customers under programs administered by the IESO and OEB. These programs have since finished so this savings opportunity is no longer available.

a) Please define AFT.

b) Please discuss the status of the staff that previously assisted in the provision of CDM and AFT services, i.e.

4.0-VECC-22

Reference: Exhibit 4, page 7

In 2020 a Locator was added. The new Locator provides services to both NOTL Hydro and the Town of Niagara-on-the-Lake. NOTL Hydro saves as the costs of the Locator are fully charged to the affiliate on a full cost basis, thus absorbing overhead, while the charges for the locate services are lower than those charged by the previous outside provider.

Please provide the annual savings.

4.0-VECC-23

Reference: Exhibit 4, page 32

In 2022, two new underground service staff were hired. The overall cost on an hourly basis was lower than the previous contractor resulting in savings.

Please provide a business case or similar analysis to compare the costs of two new underground service staff compared to the previous service contractor, to show the lower costs and savings.

4.0-VECC-24

Reference: Exhibit 4, page 28

In 2023, the Board of Directors authorized an additional increase of 3% on top of the contractual 2% increase to adjust for the rising rate of inflation.

Please provide the resulting compensation costs in 2023 if only the contractual increases are included.

4.0-VECC-25

Reference: Exhibit 4, page 30 Table 4.29

a) Please explain the increase in Health and Dental from $78.4k in 2021 to $113.7k in 2022.

b) Please explain the increase in RRSP and long-term disability in 2021.

4.0-VECC-26

Reference: Exhibit 4, page 30

Total company benefits have increase 41.2% from 2019 to 2024. The biggest benefit is OMERS which accounts for 38% of all benefits. OMERS has increased by 31% over this time period and CPP increased by 60%. These two accounted for most of the benefit cost increase. Benefits are expensed on an accrual basis. Some of this increase will be due to the increased headcount (15%) and to inflation (15.9%) but most is due to uncontrollable rising costs above inflation.

Please specify the uncontrollable costs above inflation that are driving the increase.

4.0-VECC-27

Reference: Exhibit 4, page 40

Tandem Consulting has been hired for high level advice and assistance with the models.

a) Please provide more details on the scope of work for Tandem Consulting.

b) Please provide the full amount paid to Tandem Consulting.

4.0-VECC-28

Reference: Appendix 2-JA

a) The average spend on billing and collecting for the years 2019 to 2022 is $611,914. Please provide a breakdown of the 30% increase to $800,299 in 2024.

b) The average spend on Administration & General for the years 2019 to 2022 is $1,260,460. Please provide a breakdown of the 16% increase to $1,465,508 in 2024.

4.0-VECC-29

Reference: Appendix 2-JB

Please provide the underlying calculation of the inflation amounts of $117,665 and $165,403 in the years 2023 and 2024, respectively.

4.0-VECC-30

Reference: Appendix 2-JC

a) Please describe the activities included under Miscellaneous Distribution Expense.

b) Please explain the increase in Miscellaneous Distribution Expense beginning in 2021.

c) Please explain the increase in Maintenance of Underground Services beginning in 2021.

4.0-VECC-31

Reference: Appendix 2-JC

Appendix 2-K

a) Please provide incentive pay forecast and actuals for 2019 to 2022.

b) Please provide the incentive pay forecast for 2024.

6.0 REVENUE REQUIREMENT (EXHIBIT 6)

6.0-VECC-32

Reference: Chapter 2 Appendices, Appendix 2-H
Exhibit 6, page 15 (Table 6.18)

a) Please provide a Table similar to Appendix 2-H that sets out the 2023 year-to-date actual values and the values for 2022 for the equivalent period.

b) Please provide a Table similar to Table 6.18 that sets out the 2023 year-to-date actual values and the values for 2022 for the equivalent period.

6.0-VECC-33

Reference: Exhibit 6, page 16

a) Please provide a schedule that sets out, for the years 2019 to 2023, the pole attachment rate approved by the Board and the pole attachment rate used for purposes of Table 6.20.

7.0 COST ALLOCATION (EXHIBIT 7)

7.0-VECC-34

Reference: Exhibit 7, page 4

Preamble: The Application states:
"Account 1855 includes the installed cost of overhead and underground conductors leading from a point where wires leave the last pole of the overhead system or the transformers or manhole, or the top of the pole of the distribution line, to the point of connection with the customer's electrical panel. NOTL Hydro services all Residential accounts as well as GS<50kW and GS 50kW - 4,999kW accounts with a 200 amp or less service."

a) Do any of NOTL Hydro's Residential customers have >200 amp service? If yes, how many?

b) Precisely how many of NOTL's GS<50 customers have >200 amp service based on the most recent data available?

c) Precisely how many of NOTL's GS 50 kW – 4,999 kW customers have >200 amp service based on the most recent data available?

7.0-VECC-35

Reference: Exhibit 7, page 5

Preamble: The Application states:
"NOTL Hydro undertook a detailed review of expenses in accounts 5315, 5320 and 5340 to determine the costs associated with customers in each rate class."

a) Please provide a copy of the detailed review undertaken by NOTL Hydro.

7.0-VECC-36

Reference: Exhibit 7, page 7

Preamble: The Application states:
"NOTL Hydro was approved to increase the MicroFIT rate from $5.40 to $10.00 per month in 2019. The increase was due to the increase in costs related to meter reading and billing for MicroFIT customers, including the implementation of Utilismart Settlement manager to allow for automated billing and improved 1598 reporting with regards to embedded generation. The cost of these services is $8.00 per meter per month. The additional $2.00 is deemed to cover labour and other costs associated with MicroFIT customers. NOTL Hydro is proposing to maintain the $10.00 charge per month."

a) Please confirm that the cost of the Utilismart Settlement manager is the same now as it was in 2019 - $8/meter.

7.0-VECC-37

Reference: Exhibit 7, page 8

Preamble: The Application states:

"NOTL Hydro had a Standby Power Service Classification approved in its 2019 Cost of Service application. NOTL Hydro is proposing to maintain this customer class. The new potential Large Use customer will have a load approved by the IESO to be up to 50 MW and would like to have a higher load. The customer is also situated in a location that has access to large gas lines. The risk of load displacement is therefore very high; especially as the customer is a participant in the Industrial Conservation Initiative. The standby rate is needed to protect other NOTL Hydro customers."

a) Does the potential new Large Use customer currently have or plan to have behind the meter self-generation?

b) Do any of NOTL Hydro's other customers currently have or (to NOTL Hydro's knowledge) plan to have behind the meter self-generation. If so, please describe the circumstances.

7.0-VECC-38

Reference: Exhibit 7, page 6
2024 Cost Allocation Model, Tab I8

Preamble: The Application states:
"The data used in the cost allocation model reflects the findings of the 2004 hour by hour load data being scaled to be consistent with NOTL Hydro's 2024 load forecast. No historical information was available for the new Large User rate class and therefore NOTL Hydro utilized load profile estimates provided by this customer to estimate the demand data at 5,000kW."

a) In Tab I8 the 4NCP values for the Large Use class are 18,000 kW (i.e., 4,500 x 4). However, since there is only one customer in the class and that customer's monthly peak demand is 5,000 kW why wouldn't the 4NCP value be 20,000 kW?

b) Please re-do the Cost Allocation using a 4NCP value for the Large Use Class of 20,000.

7.0-VECC-39

Reference: Exhibit 7, page 10

Preamble: The Application contains the following table:

Table 7.5: Proposed Revenue to Cost Ratio Allocation

Revenue to Cost Ratio Allocation				Target Range	
Customer Class Name	Calculated R/C Ratio	Proposed R/C Ratio	Variance	Floor	Ceiling
Residential	0.9052	0.9052	0.00	0.85	1.15
General Service < 50 kW	1.1338	1.1338	0.00	0.80	1.20
General Service > 50 kW	1.1136	1.1136	0.00	0.80	1.20
Large User	1.0986	1.0986	0.00	0.80	1.20
Unmetered Scattered Load	1.1815	1.1815	0.00	0.80	1.20
Street Lighting	1.4118	1.4118	0.00	0.80	1.20

a) Please confirm that the Target Range for the Large User class should be 0.85-1.15.

7.0-VECC-40

Reference: Exhibit 7, page 10

Preamble: The Application states:

"NOTL Hydro is proposing not to rebalance streetlights"

a) Has NOTL Hydro consulted with the Town of Niagara-on-the-Lake regarding its proposal not to rebalance street lights? If yes, is the Town in agreement with the proposal?

7.0-VECC-41

Reference: Exhibit 7, page 11

Preamble: The Application states:
"The table below shows the customer class allocation using the three revenue scenarios as well as the revenue to cost ratio using the NOTL Hydro developed load profile and 2021 data. The allocations to the residential class are much higher than in the previous study while the allocations to the two general service classes are much lower. In fact, the GS < 50 kW class falls outside the accepted range."

a) The referenced table does not appear to include the cost allocation results (i.e., class allocations and revenue to cost ratios) based on the load profiles developed using the 2021 data. Please provide.

8.0 RATE DESIGN (EXHIBIT 8)

8.0-VECC-42

Reference: Exhibit 8, page 4

Preamble: The Application states:
"NOTL Hydro also requests that the 1% discount provided to customers that own their own transformers not apply to the Large Use RTSR rates in order to maintain the flow through cost mechanism created with having the Large Use RTSR rates equal to the UTS rates."

a) Was this also approved in the Board's EB-2022-0158 Decision?

b) If not, please explain more fully why this change is required.

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8.0-VECC-43

Reference: Exhibit 8, page 5

Preamble: The Application states:
"NOTL Hydro is also requesting to amend the accounting order for the Large Use Customer Variance Revenue Account (EB-2022-0158) such that the allocation across customers within each customer class is consistent with the treatment of other Group 2 Accounts."

a) Please describe how the allocation across customers within each

customer class is currently done and how this would change under NOTL Hydro's proposal.

8.0-VECC-44

Reference: Exhibit 8, page 6

Preamble: The Application states:
"The classification of costs between fixed and variable is based on the time horizon being evaluated."

a) Please confirm that the Board's cost allocation model does not classify costs as between fixed and variable but rather as between customer-related and demand-related.

8.0-VECC-45

Reference: Exhibit 8, page 6

Preamble: The Application states:
"While NOTL Hydro could have tried to amend the formulas, NOTL Hydro is instead proposing a more customer-centric approach. NOTL Hydro is proposing to keep the fixed: variable ratio the same as with current rates. This results in the increases to both fixed and variable rates to be the same. This is both most understandable to customers and prevents any favouritism to customers who use more or less power.'

a) Please provide the 2024 monthly service charge and variable charge for each of the GS<50, GS 50-4,999, Large User and Street Lighting classes if the month service charges were held at their 2023 levels.

8.0-VECC-46

Reference: Exhibit 8, pages 7-10
2024 RTSR Workform, Tabs 3 & 5

a) Please confirm that the customer class usage data in Tab 3 and the billing units in Tab 5 are based on the same year.

b) If not confirmed, please re-do the RTSR Workform using the same year's data in both Tabs.

8.0-VECC-47

Reference: Exhibit 8, page 10
NOTL Hydro's 2023 IRM Application (EB-2022-0052), page 11

Preamble: NOTL Hydro's 2023 IRM Application states:
"NOTL Hydro filed an application to change its Network and Connection rates for Large Use Customers on May 10, 2022 under EB-2022-0158. That case is still in process at the time of this submission. NOTL Hydro has not changed the rates in this application to reflect that request at this time and will make the appropriate adjustments once that case in resolved".

a) Were NOTL Hydro's 2023 RTSRs for the Large Use class revised to reflect the Board's Decision in EB-2022-0158? If not, why not?

8.0-VECC-48

Reference: Exhibit 8, page 10

Preamble: The Application states:
"Large Use RSTR rates automatically update whenever new UTR rates are approved by the OEB. This avoids NOTL Hydro having to apply anytime UTR rates are reset and prevents an unfavourable variance accruing while the Large Use RSTR rate application is proceeding."

a) Please outline how NOTL Hydro would anticipate the "automatic update" to occur.

8.0-VECC-49

Reference: Exhibit 8, pages 12-13

Preamble: The Application states (page 12):
"NOTL Hydro proposes to increase a number of its Specific Service Charges to better reflect the actual cost of providing these services."

a) What year's costs are the "rates" used in Table 8.12 based on?

b) Are the hourly staff and service truck requirements used in Table 8.12 the same as those used to set the current rates?

   i. If not, which ones have changed and why?

c) To what does NOTL Hydro attribute the decrease in the Meter Dispute Charge?

d) Did NOTL Hydro calculate the current cost of providing each of the services listed in Table 8.11?

   i. If not, why not?

   ii. If yes, did the current cost for any of the services NOTL Hydro is not proposing a rate change differ from the current rates by more than 10%? If so, for which services and what was the current cost for

each?

8.0-VECC-50

Reference: **Exhibit 8, page 14**

Preamble: The Application states:
"NOTL Hydro is proposing to use the generic OEB approved province wide service charge of $36.05 for 2023 for pole rentals."

a) Will NOTL Hydro update the rate if the Board approves a province wide pole rental charge for 2024 on a generic basis?

8.0-VECC-51

Reference: **Exhibit 8, page 14**
2024 Cost Allocation Model, Tab I6.2

Preamble: The Application states:
"For the General Service > 50 kW class, the majority of customers in this customer class use the transformation facilities of the LDC to transform the voltage from the primary to the secondary voltage. However, there are three customers who use their own transformers on the primary side."

a) While the Application states there are 3 GS>50 customer that own their transformers, the Cost Allocation Model indicates there are 6 (i.e., 127 customers in total with 121 using NOTL transformers). Please reconcile.

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