



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

October 12, 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-2023-0009 Canadian Niagara Power Inc. Z-factor Application
Interrogatories of VECC**

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

Yours truly,

John Lawford
Counsel for VECC

Copy to: CNPI

EB-2023-0009

Canadian Niagara Power Inc. (CNPI)

Application for electricity distribution rates and other charges effective January 1, 2024

VECC Interrogatories October 13, 2023

VECC-1

Ref: Manager's Summary p. 29

CNPI recorded total costs of \$1,930,136 related to the December 23, 2022 storm and subsequent restoration efforts as follows:

Category	Amount
Capital	\$866,568
Capital (Regular-Time Labour)	\$88,548
O&M (Regular-Time Labour)	\$82,906
O&M (Recorded in Acct 1572)	\$892,114
Total Storm Costs	\$1,930,136

- a) Please confirm the total costs of \$1,930,136 are outside of the base upon which rates were derived.
- b) Please confirm that the Z-factor claim is directly related to the Z-factor event and if the event had not occurred, CNPI would not have incurred any of the costs.
- c) Please confirm the scope of the outage invoked CNPI's Business Continuity Plan. Please confirm CNPI has followed its Business Continuity Plan in responding to the storm event or explain any deviations.
- d) Please confirm all cost categories have been audited.

VECC-2

Ref: Manager's Summary p. 29

CNPI recorded more than 32,000 customer interruptions, representing 106% of CNP's customer base (which includes Eastern Ontario Power). This indicates that many customers in Fort Erie and Port Colborne would have experienced more than one interruption during the storm and restoration.

Please provide the number of customers impacted by the storm that had one interruption.

VECC-3

Ref: Manager’s Summary p. 33

CNPI confirms that the costs incurred in relation to this storm exceed the amounts included in the 2022 COS Rate Application revenue requirement underpinning CNPI’s current rates, as well as CNPI’s internal budget for this purpose. The claim amounts are incremental to the budgeted levels of storm damage costs.

Please complete the following table to compare storm damage costs from 2017 to 2023.

Year	Included in Rates (\$)	Budgeted Amount (\$)	Actual (Non-Z-factor) (\$)	Actual Z-Factor (\$)
2017				
2018				
2019				
2020				
2021				
2022				
2023				

VECC-4

Ref: Manager’s Summary p. 33

CNPI has developed a 3-year cycle to its vegetation management program, including tree trimming standards designed for CNPI’s service Territory.

- a) Please provide a map of CNPI’s 3-year vegetation management cycle and indicate the cycle areas impacted by this event?
- b) Please complete the following table to compare vegetation management program costs from 2017 to 2023.

Year	Included in Rates (\$)	Annual Budget (\$)	Actual (\$)
2017			
2018			
2019			
2020			
2021			
2022			
2023			

- c) Please provide the tree related activities and costs included in the Z-factor storm restoration costs.

- d) Please provide the vegetation management cycle for 2022 and confirm the cycle was completed as planned.
- e) Please provide the tree trimming standards designed for CNPI's service territory and confirm CNPI adhered to its tree trimming standards in 2022.

VECC-5

Ref: Manager's Summary p. 30

CNPI indicates it continued its efforts to repair and replace damaged assets into 2023, after the critical repairs and customer restoration was complete.

- a) Please discuss if the repair and replacement of damaged assets into 2023 is included in the storm claim.
- b) If yes to part (a), please provide a breakdown of the 2023 capital and O&M costs.

VECC-6

Ref: Manager's Summary p. 30

CNPI indicates the capital costs are primarily related to work required to replace broken poles, and conduct other work which would normally be capitalized under CNPI's typical capitalization practices.

Please provide a breakdown of the \$866,568 in Capital costs based on work completed and include the major asset quantities replaced as a result of the storm.

VECC-7

Ref: Manager's Summary p. 31 Table 10

CNPI's total proposed Z factor claim is \$984,114, is comprised of OM&A, Capital (evaluated as the revenue requirement associated with capital cost), and interest elements as follows:

Category	Amount
OM&A Component Principal Balance	\$892,114
2023 Interest Forecast	\$44,000
Capital Expenditures Revenue Requirement	\$48,000
Total Z-Factor Claim	\$984,114

- a) Please provide the 2023 Interest Forecast calculation.
- b) Please provide a breakdown of the OM&A costs of \$892,114 recorded in Account 1572.

VECC-8

Please complete the table below which summarizes the categorized invoiced amounts to Capital vs. OM&A by vendor.

Vendor	Work Performed	Total Billings	Billings to Capital	Billings to OM&A
Total				

VECC-9

- a) Please provide CNPI's annual OM&A Emergency Maintenance amounts included in rates, budgeted and actual expenditures for the years 2017 to 2023.

- b) Please provide CNPI's annual capital demand response/storm amounts included in rates, budgeted and actual expenditures for the years 2017 to 2023.