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BY EMAIL

October 6, 2023

Nancy Marconi
Registrar
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto ON M4P 1E4

Dear Ms. Marconi:

Re: EB-2023-0023 Application for 2024 Rates

In accordance with Procedural Order NO. 1, please find attached the Ontario Energy Board (OEB) staff interrogatories in the above proceeding. The applicant and has been copied on this filing.

GrandBridge Energy Inc's responses to interrogatories are due by October 20, 2023.

Any questions relating to this letter should be directed to Natalya Plummer at natalya.plummer@oeb.ca or at 416-440-7645. The OEB's toll-free number is 1-888-632-6273.

Yours truly,

Original Signed By

Natalya Plummer
Analyst

Encl.

OEB Staff Interrogatories GrandBridge Energy Inc EB-2023-0023

Please note, GrandBridge Energy Inc is responsible for ensuring that all documents it files with the OEB, including responses to OEB staff interrogatories and any other supporting documentation, do not include personal information (as that phrase is defined in the *Freedom of Information and Protection of Privacy Act*), unless filed in accordance with rule 9A of the OEB's *Rules of Practice and Procedure*.

General OEB Staff Questions

OEB Staff Question – 1

Ref: *EB-2021-0280 – Decision and Order – March 17, 2023, Page 16*

Preamble:

In the 2022 MAADs proceeding, the OEB directed GrandBridge Energy to consolidate group 1 deferral and variance accounts as soon as it is practical.

Question:

- a) Please explain whether GrandBridge has initiated the consolidation of the Group 1 accounts for the Energy+ and Brantford Power rate zones. If GrandBridge has not initiated the Group 1 consolidation process, please describe GrandBridge's workplan for consolidating Group 1 Accounts.

OEB Staff Question – 2

Ref 1: [Guidance on Prospective LRAM Amounts – 2024 Rates](#)

Ref 2: *GBE(EPLUS & BPI) 2024 LRAMVA Workform*

Preamble:

Per the GBE (EPLUS) and GBE (BPI) LRAMVA Workforms, GBE is not seeking prospective disposition of LRAMVA amounts. However, per the guidance on prospective disposition, a distributor that does not have a confirmed zero balance in the LRAMVA should seek disposition as part of their 2024 IRM applications, with supporting information, or provide a rationale for not doing so. Such distributors are also eligible for LRAM for persisting impacts of CFF programs and Local Program Fund programs until their next rebasing. Such distributors not rebasing for 2024 rates who have complete information on eligible savings (i.e., needing only to account for persistence of savings in future years) should calculate and request approval of LRAM-eligible amounts to address amounts that would otherwise be recorded in the LRAMVA for all years

until their next rebasing application, and request any rate rider(s) for 2024 rates for the 2024 LRAM-eligible amount.

Question:

- a) Please provide a rationale as to why GBE is not seeking prospective disposition for both the EPLUS and BPI rate zones.

OEB Staff Question – 3

Ref 1: *EB-2021-0280 – Decision and Order – March 17, 2023, Page 17*

Ref 2: *2024 IRM Manager’s Summary, Pages 46-48*

Preamble:

In the 2022 MAADs proceeding, the OEB directed GrandBridge to create deferral *Account 1508 - Other Regulatory Assets, Sub Account Impact of Post-Merger Accounting Policy Changes* to track the rate base impact of actual differences (i.e. annual property, plant, and equipment impacts) arising from the Brantford Power rate zone adopting the Energy+ rate zone’s accounting policies. The OEB ordered that the balance in Account 1508 is to be reviewed in the 2024 rate proceeding and that if the balance in Account 1508 is lower than the materiality threshold of \$295,000, Account 1508 is to be closed without disposition and no further entries are required.

GrandBridge Energy states that the balance in Account-1508 is \$112,331 and has requested that Account-1508 be closed without disposition and that balances to date are to be reversed.

Question:

- 1) Please confirm that the accounting policies in the Brantford Power rate zone have been harmonized to the Energy+ rate zone’s accounting policies. If not confirmed, please describe any differences between the two accounting policies and explain when the accounting policies for the two rate zones will be fully harmonized.

OEB Staff Questions - Energy+ Rate Zone (GBE+)

OEB Staff Question – 1

Ref 1: 2024 IRM Manager's Summary, Pages 270 -276

Ref 2: EB-2021-0018 – Decision and Order – December 21, 2023, Pages 8 and 19

Preamble:

In its 2022 rate proceeding, the OEB ordered the former Energy+ to investigate the differences between its approved system loss and actual system losses and document the findings in its 2024 IRM application with any proposed adjustments to the loss factors. The OEB's directive was in the context of the large debit balance in Account 1588 at the time.

In this rate application, Grandbridge provided the loss factor report in Attachment G and does not propose any adjustment to the loss factors. GrandBridge states that it focused its study on technical system losses as it has controls in place for non-technical system losses. GrandBridge found that for 2018-2022, the average variance between the actual loss factor and the approved loss factor was (-0.49%). GrandBridge also found that the loss factor stabilized from 2016-2021 in comparison to the historical 2013-2015 period but that 2022 shows an unfavourable trend compared to 2021. Table 1 provides a summary of the loss factor trend between 2018-2022.

Table 1: Secondary Metred Customer <5,000 Loss Factor Comparison (2018-2022)

	2018	2019	2020	2021	2022
Actual Loss Factor (GBE(E+) Rate Zone)	3.62%	3.51%	3.56%	3.46%	3.62%
Approved Loss Factor (2019 COS GBE(E+) Rate Zone)	3.07%	3.07%	3.07%	3.07%	3.07%
Variance	0.55%	0.44%	0.49%	0.39%	0.55%

Question:

- a) Please reconcile the finding regarding the average loss factor in the loss factor report with the large debit balance in Account 1588 in Energy +'s 2022 rate proceeding.

OEB Staff Question – 2

Ref: 2024 IRM Rate Generator Model, Tab 3, Continuity Schedule

Preamble:

On September 12, 2023, the OEB published the 2023 Quarter 4 prescribed accounting interest rates applicable to the carrying charges of deferral, variance and construction work in progress (CWIP) accounts of natural gas utilities, electricity distributors and other rate-regulated entities.

Question:

- a) Please update Tab 3 (Continuity Schedule) as necessary to reflect the Q4 2023 OEB-prescribed interest rate of 5.49%.

OEB Staff Question – 3

Ref: 2024 IRM Rate Generator Model, Tab 9 – Shared Tax Rate Rider

Preamble:

The shared tax amount in Tab 9 is not material and thereby does not produce a rate rider for any rate class.

Question:

- a) Please confirm that the entire shared tax amount will be booked in Account 1595 for future disposition.

OEB Staff Question – 4

Ref: 2024 IRM Rate Generator Model, Tab 11, 15 and 20

Preamble:

On September 28, 2023, the OEB issued a letter regarding 2024 Preliminary Uniform Transmission Rates (UTRs) and Hydro One Sub-Transmission Rates.¹ The OEB determined to use of preliminary UTRs to calculate 2024 Retail Service Transmission rates (RTSR) to improve regulatory efficiency, allowing for this data to feed into the rate applications including annual updates for electricity distributors on a timelier basis. The OEB also directed distributors to update their 2024 application with Hydro One Network Inc.'s proposed host RTSRs.² Any further updates to Hydro One's proposed host RTSR will be reflected in the final rate generator. OEB staff has updated LDC's rate generator with the preliminary UTRs/and proposed host RTSR by HONI as follows:

¹ OEB Letter, EB-2023-0222, 2024 Preliminary Uniform Transmission Rates and Hydro One Sub-Transmission Rates, issued September 28, 2023.

² EB-2023-0030, Hydro One's 2024 Custom IR Annual Update Application

UTRs

Uniform Transmission Rates		Unit	2022		2023		2024
Rate Description			Jan to Mar	Apr to Dec	Jan to Jun	Jul to Dec	Rate
Network Service Rate	kW	\$	5.13	\$ 5.46	\$ 5.60	\$ 5.37	\$ 5.76
Line Connection Service Rate	kW	\$	0.88	\$ 0.88	\$ 0.92	\$ 0.88	\$ 0.95
Transformation Connection Service Rate	kW	\$	2.81	\$ 2.81	\$ 3.10	\$ 2.98	\$ 3.21

Hydro One Sub-Transmission Rates

Hydro One Sub-Transmission Rates		Unit	2022		2023		2024
Rate Description			Rate		Rate		Rate
Network Service Rate	kW	\$		4.3473	\$	4.6545	\$ 4.5778
Line Connection Service Rate	kW	\$		0.6788	\$	0.6056	\$ 0.6056
Transformation Connection Service Rate	kW	\$		2.3267	\$	2.8924	\$ 3.0673
Both Line and Transformation Connection Service Rate	kW	\$		3.0055	\$	3.4980	\$ 3.6729

Question:

Please confirm the accuracy of the Rate Generator update, as well as the accuracy of the resulting Retail Transmission Service Rates following these updates.

OEB Staff Question – 5

Ref 1: Manager’s Summary/ Section 4.3.7.2 GBE(EPLUS) Rate Zone

Ref 2: GBE(EPLUS) 2024 LRAMVA Workform, Tab 1. LRAMVA Summary

Ref 3: GBE(EPLUS) 2024_IRM_Rate_Generator_Model_20230817, Tab 3

Preamble: OEB Staff acknowledges that the (\$117,101) LRAMVA balance in the IRM Rate Generator Model differs from the (\$127,600) in the LRAMVA Workform because the (\$10,650) attributable to the residential rate class has not been included. GBE notes in its Management Summary that the residential LRAMVA balance has been excluded from the 2024 IRM model as it does not generate a significant rate rider.

Questions:

- a) Please explain what GBE proposes to do with the credit balance for the residential rate class.
- b) If GBE intends to seek future disposition of this balance, is GBE proposing to record the amount in Account 1595?

OEB Staff Question – 6

Ref 1: Manager’s Summary/ Section 4.3.7.2 GBE(EPLUS) Rate Zone

Ref 2: GBE(EPLUS) 2024 LRAMVA Workform, Tab 5. 2015-2027 LRAM

Ref 3: GBE (EPLUS) 2020 LRAMVA Workform

Preamble:

OEB staff notes that 2018 LRAMVA balances were previously claimed and approved in GBE's 2020 IRM application. GBE also notes that CDM program results for 2018 were supported by "2017 Final Verified Annual LDC CDM Program Results Report" published by the IESO in GBE'S Management Summary. However, staff is unable to tie 2018 Program Savings per Tab 5 of the 2024 LRAMVA Workform for the Smart Thermostat Program (Row 787, net energy savings values from 2018 to 2027) to that of Tab 5 of the 2020 LRAMVA Workform.

Question:

- a) Please confirm the net energy savings for the Smart Thermostat Program in Tab 5 of the LRAMVA Workform (Row 787). Where applicable, please update the 2024 LRAMVA Workform accordingly.

OEB Staff Question – 7

Ref 1: Manager's Summary/ Section 4.3.7.2 GBE(EPLUS) Rate Zone

Ref 2: GBE(EPLUS) 2024 LRAMVA Workform, Tab 5. 2015-2027 LRAM

Ref 3: GBE IRM LRAMVA Supplementary Data File

Preamble:

GBE notes per the Management Summary that CDM program savings from 2019 to 2022 are based on the most recent input assumptions using post project submissions to the IESO's CDM portal for projects undertaken as part of the Conservation First Framework. Supporting data and calculations can be traced through to GBE'S Supplemental Data File. However, Staff is unable to tie program savings for the 2019 Save on Energy Process & Systems Upgrades Program (row 921, net energy savings for 2019) to the Supplemental Data File.

Question:

- a) Please verify the 2019 net savings values for the 2019 Save on Energy Process & Systems Upgrades Program in Tab 5 of the LRAMVA Workform (row 921). Where applicable, please and update the LRAMVA Workform accordingly.

OEB Staff Questions - Brantford Power Rate Zone (GBE BPI)

OEB Staff Question – 1

Ref: *2024 IRM Managers Summary, Pages 32-33*

Preamble

GrandBridge Energy states it has identified an estimation error that occurred prior to the merger, under the former Brantford Power Inc in Account 1588- RSVA Power. The error is related to new rate codes that were established in the former legal entity's billing system to accommodate changes in RPP electricity pricing and resulted in \$885,645 in additional revenue to be recorded in 2021.

Question(s):

- a) Please explain whether the error related to new rate codes has occurred previously under the former Brantford Power Inc.

OEB Staff Question – 2

Ref 1: *OEB letter issued on October 31, 2019 – “Adjustments to Correct for Errors in Electricity Distributor “Pass-Through” Variance Accounts After Disposition”*

Ref 2: *GrandBridge Energy Inc, 2024 IRM Application, pp. 32 & 33*

Reference 1 states that “Where an accounting or other error is discovered after the balance in one of the above-listed variance accounts has been cleared by a final order of the OEB, the OEB will determine on a case-by-case basis whether to make a retroactive adjustment based on the particular circumstances of each case, including factors such as:

- whether the error was within the control of the distributor
- the frequency with which the distributor has made the same error
- failure to follow guidance provided by the OEB
- the degree to which other distributors are making similar errors

On page 32 of Reference 2, Grandbridge states that:

The 2020 and 2021 offsetting principal adjustments of \$885,645 in Account 1588 are due to an estimation error that occurred prior to the merger, under the former Brantford Power Inc. legal entity, when estimating unbilled revenue for Cost of Power at December 31, 2020. As noted in the 2023 IRM Application, the 2020 year-end unbilled revenue entry was understated, resulting in \$885,645 in additional revenue to be recorded in 2021.

On page 33 of Reference 2, Grandbridge states that:

The estimation error was an isolated incident associated with the use of a new rate code over the year-end (as opposed to a pricing change in an existing rate code) and processes have been put in place to improve communication and validations going forward.

Questions:

- a) Please explain how GrandBridge identified the error in Reference 2 and explain the nature of the adjustments in details.
- b) Please provide GrandBridge's consideration regarding the rates retroactivity issues raised in the OEB's Oct 31, 2019 letter in Reference 1.
 - i. Please also comment on the four factors outlined in Reference 1.
- c) Please confirm and explain whether the following items are affected by the error. If not, why not.
 - i. 1589 balance
 - ii. Intergenerational inequity
 - iii. GrandBridge's financial viability
- d) Please confirm that the identified error did not have impact on the RPP settlements with the IESO. If not, please explain.
- e) Please describe GrandBridge's procedures that have been implemented to prevent mistakes like those mentioned in Reference 2.

OEB Staff Question – 3

Ref 1: GrandBridge Energy Inc, 2024 IRM Application Amended 20230915, p47, Table 33

Ref 2: EB-2021-0280, Accounting Order, Account 1508 – Other Regulatory Assets, Sub-account Impact of Post-Merger Accounting Policy Changes

Table 33 - Accounting Policy Harmonization Impact in 2022

Impact from fixed asset additions	(Increase) / Decrease to Rate Base
Recognition of major asset inspections in operating expenses	\$ 107,740
Recognition of removal costs on Income statement	\$ 44,205
Total impact from fixed asset additions	\$ 151,945
Impact from depreciation	(Increase) / Decrease to Rate Base
Impact of change in useful life on deferred revenue amortization	\$ 65,420
Impact of change in useful life on PP&E amortization	\$ (105,034)
One-time PP&E derecognition due to useful life reduction (1)	\$ 427,149
Total impact from depreciation	\$ 387,535
Total (increase) / decrease to Rate Base (2)	\$ 539,480
Recurring annual impact on Rate Base (3) = (2) - (1)	\$ 112,331

Questions:

- a) Please confirm that the accounting policy impact shown in Table 33 is effective as of May 2, 2022, or the date of the merger transaction between Brantford Power and Energy+, as noted in Reference 2. If not, please explain.
- b) Please confirm that Grandbridge followed the methodology established for Account 1576, as noted in Reference 2, to determine the balances for comparison with the \$295K materiality threshold. If not, please explain.
- c) Please replace the illustrative example in Reference 2 with actuals to show how Grandbridge came out of the \$539K accounting policy impact.
- d) Please explain why the \$107K major asset inspections are classified as having an annual impact on the rate base.
- e) Please explain the nature of the \$427K and why it was removed from the \$539k accounting policy impact.
- f) Please explain how GrandBridge identified which assets required a change in useful life and which depreciation useful life is preferable.
 - I. Please also explain whether the chosen useful life falls within the Kinetrics range. If not, please explain.

OEB Staff Question – 4

Ref: *Rate Generator Model, Tab 3, Continuity Schedule*

Preamble

On September 12, 2023, the OEB published the 2023 Quarter 4 prescribed accounting interest rates applicable to the carrying charges of deferral, variance and construction work in progress (CWIP) accounts of natural gas utilities, electricity distributors and other rate-regulated entities.

Question:

- a) Please update Tab 3 (Continuity Schedule) as necessary to reflect the Q4 2023 OEB-prescribed interest rate of 5.49%.

OEB Staff Question – 5

Ref: 2024 IRM Rate Generator Model, Tab 11, 15 and 20

Preamble

On September 28, 2023, the OEB issued a letter regarding 2024 Preliminary Uniform Transmission Rates (UTRs) and Hydro One Sub-Transmission Rates.³ The OEB determined to use of preliminary UTRs to calculate 2024 Retail Service Transmission rates (RTSR) to improve regulatory efficiency, allowing for this data to feed into the rate applications including annual updates for electricity distributors on a timelier basis. The OEB also directed distributors to update their 2024 application with Hydro One Network Inc.’s proposed host RTSRs.⁴ Any further updates to Hydro One’s proposed host RTSR will be reflected in the final rate generator.

OEB staff has updated LDC’s rate generator with the preliminary UTRs/and proposed host RTSR by HONI as follows:

UTRs

Uniform Transmission Rates	Unit	2022		2023		2024
		Jan to Mar	Apr to Dec	Jan to Jun	Jul to Dec	
Rate Description		Rate		Rate		Rate
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Hydro One Sub-Transmission Rates

Hydro One Sub-Transmission Rates	Unit	2022		2023		2024
		Rate		Rate		Rate
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Question:

- a) Please confirm the accuracy of the Rate Generator update, as well as the accuracy of the resulting Retail Transmission Service Rates following these updates.

³ OEB Letter, EB-2023-0222, 2024 Preliminary Uniform Transmission Rates and Hydro One Sub-Transmission Rates, issued September 28, 2023.

⁴ EB-2023-0030, Hydro One’s 2024 Custom IR Annual Update Application

OEB Staff Question – 6

Ref 1: Manager's Summary/ Section 4.3.7.1 GBE(BPI) Rate Zone

Ref 2: GBE(BPI) 2024 LRAMVA Workform, Tab 5. 2015-2027 LRAM

Ref 3: GBE IRM LRAMVA Supplementary Data File

Preamble:

OEB staff can trace energy savings values from Tab 5 of LRAMVA Workform to the corresponding values in the LRAMVA supplementary data file. However, there appears to be inconsistency in the data and formula used to calculate 2021 persistence savings for 2020 Programs in the Supplementary Data File (Rows 44 to 46).

Questions:

- a) Per the Supplementary Data File, GBE notes that 2020 Lost Revenues and the 2021 persistence for those programs were calculated based on 2019 or 2016 results from the same program. Please advise why 2021 persistence savings was calculated based on 2016 results for the Save on Energy Home assistance program whereas, 2019 results were used for the Save on Energy Heating and Cooling Program and the Save on Energy Retrofit Program.
- b) Per the Supplementary Data File, Staff notes that the formula used to calculate 2021 persistence savings for the 3 programs (Rows 44 to 46) is inconsistent with the methodology noted by GBE (e.g. GBE notes that 2021 persistence savings for the Save on Energy Retrofit Program uses 2019 program results where the formula takes 2020 savings times 2019 savings over 2018 savings. Whereas 2021 persistence savings for the Save on Energy Heating and Cooling Program is also supposed to use 2019 results but the formula takes 2020 savings times 2020 savings over 2019 savings). Please confirm the methodology in calculating persistence for each of the 3 programs. Where applicable, please update the savings values in the Supplementary Data File and LRAMVA Workform.