

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.

Response:

GrandBridge Energy has initiated the consolidation of the Group 1 accounts for the Energy+ and Brantford Power rate zones and expects to file Group 1 account balances at December 31, 2023 on a consolidated basis in its next RRR filing.

OEB Staff Question – 2Ref 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.

Response:

In the 2022 Cost of Service Application (EB-2021-0009) for the GBE(BPI) Rate Zone, no LRAMVA threshold was established for 2022 and beyond due to the wind-down of CDM activity under the Conservation First Framework. As a result, a zero LRAMVA balance is expected going forward and prospective disposition is not required.

For the GBE(E+) Rate Zone, a significant IESO funded CHP project is expected to go into service in 2023. GrandBridge Energy has not requested prospective disposition at this time to allow the remaining project to accurately be captured in the future energy savings figures. Forecasting the energy savings on the generator nameplate information currently available for the project would likely overstate the savings based on GrandBridge Energy's historical experience.

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.

Response:

GrandBridge Energy confirms that the accounting policies in the Brantford Power rate zone have been harmonized to the Energy+ rate zone’s accounting policies.

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.

Response:

In 2020, former legal entity Energy+ Inc. delivered 1,608,372,320 kWh of electricity to its non wholesale market participant customers excluding loss factor.

The loss factor variance of 0.49% in 2020 results in an estimated impact of 7,881,024 kWh in losses billed. Based on the 2020 average cost of power rate of \$0.064 / kWh, this estimate translates to a \$504,385 impact to Account 1588.

The following table presents the Account 1588 Reasonability test, adjusted for the estimated loss impact.

Year	Account 1588 - RSVA Power				Account 4705 - Power Purchased	Account 1588 as % of Account 4705
	Transactions	Principal Adjustments	Loss Variance Impact	Adjusted Total		
2020	1,359,302	28,004	- 504,385	882,921	98,606,055	0.9%
Cumulative	1,359,302	28,004	- 504,385	882,921	98,606,055	0.9%

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%.

Response:

- a) GrandBridge Energy has updated Tab 3 (Continuity Schedule) of the 2024 IRM Model 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.

Response:

- a) The 2024 IRM Model for the GBE(E+) Rate Zone calculates a zero balance for shared taxes and therefore does not produce a rate rider for any class.

In future applications, if a shared tax balance is generated and does not produce a rate rider for any class the entire shared tax amount will be recorded in Account 1595 for 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:

UTRs

Uniform Transmission Rates		Unit	2022 Jan to Mar		2022 Apr to Dec		2023 Jan to Jun		2023 Jul to Dec		2024
Rate Description			Rate		Rate		Rate		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:

- 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.

Response:

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

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

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.

Question:

- 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?

Response:

GrandBridge Energy proposes to dispose of the credit balance for the residential rate class through Account 1595 in this Application. A principal adjustment of (\$10,650) to Account 1595 (2019) has been included in the 2024 IRM Model for the GBE(E+) Rate Zone attached with the interrogatory responses. The balance allocation by rate class has also been updated to ensure the credit balance is applied directly to the residential rate class.

The following table summarizes the changes to the allocation of the Account 1595 (2019) balances which are a result of the (\$10,650) allocated to the Residential rate class as well as the impact from the update to the Q4 prescribed interest rates of (\$333).

1595 (2019) Disposition by Rate Class	As Filed	IR Update	Difference
RESIDENTIAL SERVICE CLASSIFICATION	61,266	50,538	10,728
GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION	24,963	24,919	44
GENERAL SERVICE 50 TO 999 KW SERVICE CLASSIFICATION	55,296	55,200	96
GENERAL SERVICE 1,000 TO 4,999 KW SERVICE CLASSIFICATION	28,328	28,279	49
LARGE USE SERVICE CLASSIFICATION	17,791	17,760	31
UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION	254	253	0
STREET LIGHTING SERVICE CLASSIFICATION	693	691	1
SENTINEL LIGHTING SERVICE CLASSIFICATION	1	1	0
EMBEDDED DISTRIBUTOR SERVICE CLASSIFICATION - HYDRO ONE CND	1,598	1,595	3
EMBEDDED DISTRIBUTOR SERVICE CLASSIFICATION - WATERLOO	8,527	8,512	15
EMBEDDED DISTRIBUTOR SERVICE CLASSIFICATION - BRANTFORD	47	47	0
EMBEDDED DISTRIBUTOR SERVICE CLASSIFICATION - HYDRO ONE #1	1,216	1,214	2
EMBEDDED DISTRIBUTOR SERVICE CLASSIFICATION - HYDRO ONE #2	7,561	7,548	13
Total	207,542	196,559	10,983

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.

Response:

GrandBridge Energy has updated the net energy savings for the Smart Thermostat Program in Tab 5 of the LRAMVA Workform (Row 787) as well as the LRAMVA Supplementary Data file. The net energy savings have been revised from 89,723 kWh to 89,700 kWh for 2018 to 2027 to align with the figures from the 2020 LRAMVA Workform.

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.

Response:

GrandBridge Energy has updated the 2019 Save on Energy Process & Systems Upgrade Program net energy savings figures for 2019 on Tab 5 of the LRAMVA Workform (cell D921) to align the values in the LRAMVA Supplemental Data file.

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.

Response:

The error related to the new rate codes was an isolated issue and did not previously occur 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.

Responses:

- a) This issue has been previously discussed as part of GrandBridge's 2023 IRM Application (EB-2022-0017) in the response to interrogatory "GBE(BPI) Rate Zone - Staff Question-2" and page 23 of the Manager's Summary. This issue only concerns the pro-ration of revenue for the December 2020 and January 2021 period.

On January 1, 2021, the OEB froze all RPP TOU and Tiered rates at the off-peak price of 8.5 cents per kWh from January 1, 2021 to February 22, 2021. This change in rates was not anticipated as RPP pricing changes were typically expected on May 1 or November 1. New rate codes were established in the billing system to accommodate the RPP pricing change. The existing rate codes were intended to capture amounts before the rate change and the new rate codes were intended to capture amounts after the rate change.

An error occurred when estimating unbilled revenue for the Cost of Power at December 31, 2020. The error resulted from an incorrect pro-ration of the new rate codes that were created in the billing system to accommodate the RPP pricing change. This caused an understatement of revenue in 2020. The 2020 balances were disposed on a final basis in the Brantford Power's 2022 Cost of Service Application.

The error was identified during the year-end review of commodity accounts in 2021 for the former legal entity Brantford Power Inc. During the review, the annual balances were analyzed and it was discovered that:

1. The new rate codes established in the billing system for the "all-day off-peak" RPP pricing change that was effective from January 1, 2021, only contained consumption from January 1, 2021, onward despite presenting meter read dates that began in 2020.
2. The existing rate codes in the billing system for the standard RPP billing process only contained consumption up to December 31, 2020, despite presenting meter read dates that ended in 2021.

The new rate codes and existing rate codes were not adjusted for in the preparation of unbilled entries, which relies on meter reads for estimating unbilled amounts. Since the meter readings were not captured correctly, proration was applied based on incorrect data to determine the December 31, 2020 unbilled entry and the net result was lower revenue attributed to December 2020.

For example, the consumption for a customer who had a meter read from December 15th that was applicable to January 15th would have been prorated for the December 15th to December 31st period on both the old and new rate codes when preparing the unbilled calculation for December 2020. Based on the configuration in the billing system, the old rate should have been used exclusively in the unbilled calculation.

The following table summarizes the amount understated in 2020 for both revenue and consumption. This adjustment was calculated by comparing the actual consumption for December 2020 to what was assumed in the unbilled calculations for December 2020.

RPP Category	Revenue	Consumption
On Peak	\$ 232,932	1,073,419
Off Peak	\$ 471,589	4,491,317
Mid Peak	\$ 162,779	1,085,142
Tier 1	\$ 16,573	131,534
Tier 2	\$ 1,771	12,133
Total Impact	\$ 885,645	6,793,545

Despite this issue, actual billings to customers were correct.

GrandBridge Energy did not seek disposition of its Account 1588 balances for the GBE(BPI) Rate Zone in its 2023 IRM Application because the disposition threshold had not been exceeded for Group 1 accounts.

- b) GrandBridge Energy has reviewed the considerations for rates retroactivity issues raised in the OEB's Oct 31, 2019 letter and confirms that the incorrect prorating from the use of new / old billing codes was:
1. Within the control of former legal entity, Brantford Power Inc., however this was not intentional and has not been a recurring issue. This issue only concerns the pro-ration of unbilled revenue for the December 2020 and January 2021 period.
 2. Was the first and only occurrence for Brantford Power Inc. and is an isolated issue;
 3. Was inadvertent and not due to lack of guidance from the OEB; and
 4. Not an issue experienced by other distributors, to GrandBridge Energy's knowledge.
- c) GrandBridge Energy has reviewed the impact of the error on 1589 balances, intergenerational inequity and financial viability and notes the following:

1589 Balance

The error was isolated to RPP energy sales and did not have an impact on Global Adjustment balances.

Intergenerational inequity

The proposed adjustment to the 1588 Account would credit largely the same group of customers that received the incremental charges from the disposition of the 2020 balances. While there have been changes in customer counts since January 2021 to present that could affect the quantum of refund on a per customer basis, such affects are considered to be non-material. Thus, GrandBridge Energy believes that intergenerational inequity is not an issue with respect to the principal adjustments of \$885,645 in Account 1588.

Financial viability

GrandBridge Energy's financial viability is not impacted by the proposed adjustment to the error. The proposed adjustment is a material amount, however it corrects an

over collection on flow through costs from prior periods. GrandBridge Energy is proposing to return the over collection to customers.

- d) GrandBridge Energy confirm that the identified error did not have impact on the RPP Settlements with the IESO. The process for RPP Settlements with the IESO leveraged different reports from the billing system that did not introduce the same issues that existed for Unbilled revenue.
- e) GrandBridge Energy has established controls to prevent future issues with its commodity accounting processes through improved cross-functional communication and additional validations and review steps for month-end processes.

Prior to rate implementations or billing related Regulatory changes, the Regulatory/Finance team meets with the Billing and Settlements team to review changes and discuss how they will be implemented in the billing system. This allows all parties to be informed of the changes and provides an understanding of any nuances in how processes will be executed.

GrandBridge Energy has also implemented validations and controls for commodity accounts that are reviewed monthly as part of month-end processes. The validations include the preparation of the GA Analysis Workform and 1588 Reasonability test, a comparison of RPP revenues and costs, and a comparison of consumption values to the RPP Settlement with the IESO. Reviewing the validations in detail on a monthly basis has enabled timely identification and resolution of potential issues with the commodity account balances.

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.

Responses:

- a) GrandBridge Energy confirms that the accounting policy impact shown in Table 33 is effective as of May 2, 2022.
- b) GrandBridge Energy confirms that it has followed the methodology established for Account 1576 to determine the balances for comparison with the \$295K materiality threshold.

- c) The following table provides actual figures from 2022 to show how GrandBridge Energy derived the \$539K impact from the change in accounting policies.

(\$000's)	2022 Actual
PP&E values under pre-merger accounting policies	
Opening net PP&E	250,443
Additions	19,441
Depreciation	(9,261)
Closing net PP&E	260,623
PP&E values under harmonized accounting policies	
Opening net PP&E	250,443
Additions (less asset inspections + removal cost on IS)	19,289
Depreciation (Merged Accounting Policies)	(9,649)
Closing net PP&E	260,083
Total decrease / (increase) in closing net PP&E	539

- d) The former Brantford Power Inc. capitalized major asset inspections as part of its system renewal projects which resulted in the costs being included in rate base. This policy was documented in Brantford Power 2022 Cost of Service Application (Settlement Proposal page 40):

"BPI capitalizes the costs for its overhead and underground inspection programs, and has done so since 2015. As part of its annual audited financial statement process, BPI's auditors have not raised a concern with this practice. Intervenors do not agree that the overhead and underground inspection programs should be capitalized, however the impact on the revenue requirement in this Application is immaterial."

Under the harmonized accounting policy, major asset inspections are recorded as operating expenses. In 2022, \$107,740 in major asset inspections for the GBE(BPI) rate zone were recorded as operating expenses instead of being capitalized resulting in a reduction to rate base.

- e) The \$427,149 relates to the one-time PP&E derecognition of fixed assets upon harmonization of accounting policies due to assets being in service longer than the harmonized useful life. These assets had a reduction in their useful lives that resulted in any residual balance to be captured in depreciation to bring the net book value to zero.

To clarify, the total balance of \$539,480 was recorded to *Account 1508 Other Regulatory Assets, Sub Account Impact of Post-Merger Accounting Policy Changes*. The balance of \$427,149 was only removed from the total in Table 33 for purposes of identifying the recurring impact of the accounting policy changes.

- f) As part of the accounting policy harmonization, GrandBridge Energy adopted the useful lives of the former Energy+ for all “like assets”. The useful lives for unique assets with distinct characteristics (e.g. facilities) were maintained through the harmonization. The “like assets” included:
- a. Poles
 - b. Overhead conductors and devices
 - c. Underground conduit
 - d. Underground conductors and devices
 - e. Transformer station equipment
 - f. Meters
 - g. Computer equipment
 - h. Vehicles
 - i. Tools and other equipment

The harmonized useful lives fall within the Kinetrics range with the exception of the following asset components:

- Fully dressed concrete poles
 - Useful life of 35 years compared to Kinetrics range of 50 to 80 years.
 - Concrete poles are located near major roadways and are subject to higher levels of road salt. As a result, GrandBridge Energy has experienced faster than anticipated asset degradation.
- OH transformers & voltage regulators
 - Useful life of 20 years compared to Kinetrics range of 30 to 60 years.
 - In GrandBridge Energy’s experience, voltage regulators have worn out earlier than overhead transformers. The voltage regulators have internal parts that are moving thousands of times per year, which degrades the oil within the unit.
- Secondary cables direct buried (60 years vs range of 25 to 40 years)
 - Useful life of 60 years compared to Kinetrics range of 25 to 40 years.
 - GrandBridge Energy no longer direct buries secondary cables. GrandBridge Energy has established the useful life based on past experience and consideration of its rebuild strategy.
- Pad-mounted transformers
 - Useful life of 50 years compared to Kinetrics range of 25 to 45 years.
 - Based on GrandBridge Energy’s experience, including its rebuild history, the majority of transformers are expected to exceed the useful life range from the Kinetrics study.

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%.

Response:

a) GrandBridge Energy has updated 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 Jan to Mar		2022 Apr to Dec		2023 Jan to Jun		2023 Jul to Dec		2024	
Rate Description				Rate				Rate				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	\$	3.6725	

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.

Response:

a) GrandBridge Energy confirms 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).

Question:

- 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.

Response:

GrandBridge Energy has updated the references for 2021 persistence on 2020 program results in the LRAMVA Supplementary Data file to align the description with the correct years used in the persistence calculations.

Since persistence on 2020 programs is being estimated based on prior year results, GrandBridge Energy took a conservative approach to avoid overstating the savings impact.

For example, the persistence calculation for the 2020 Save on Energy Retrofit Program results references the 2018 results for the same program instead of 2019. The year 2 persistence for the 2019 program was 104% of the year 1 results. The 2018 program results were instead utilized as year 2 persistence was 100% of the year 1 results.

Similarly, for the Save on Energy Home Assistance Program the most recent year with results for the same program was 2017. The year 2 persistence for 2017 was 100% of the year 1 results. The 2016 results were instead utilized as year 2 persistence was 99% of the year 1 results.