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

October 20, 2023   **VIA E-MAIL**

Ms. Nancy Marconi
Registrar (registrar@oeb.ca)
Ontario Energy Board
Toronto, ON

Dear Ms. Marconi:

Re: EB-2023-0052 Synergy North Corporation (Synergy)
May 1, 2024 Cost of Service Rates
Interrogatories of the Vulnerable Energy Consumers Coalition (VECC)

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

Yours truly,

Mark Garner
Consultants for VECC/PIAC

Email copy:
Mr. Aaron Blazina, CPA, CA, Vice President, Finance, Regulatory Affairs & Purchasing, Synergy North
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For interrogatory clarifications please contact Mark Garner at 647-408-4501 or markgarner@rogers.com

REQUESTOR NAME	VECC
TO:	Synergy North Corporation (Synergy or SNC)
DATE:	October 20, 2023
CASE NO:	EB-2023-0052
APPLICATION NAME	2024 Cost of Service Rate Application

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1.0   ADMINISTRATION (EXHIBIT 1)

1.0-VECC-1

Reference: Exhibit 1, page 37

"*Additionally, with the exception of a merger efficiency dividend the majority shareholder has yet to receive a dividend from SNC*".

a) How much was this dividend and when was it paid?

1.0-VECC-2

Reference: Exhibit 1, page 55

"*In 2019, SNC purchased the Survalent Outage Management System (OMS). This technology has improved the accuracy of recording both customers affected and interruption minutes over the historical period*."

a) Are the OMS and SCADA systems operable in the Kenora rate zone?

1.0-VECC-3

Reference: Exhibit 1 page 63

"*SNC meets regularly with its unique Local Advisory Council (LAC), representing SNC's customers. Starting a LAC was the first of its kind in the industry*"

a) Who are the members of this advisory councils. Does it include representatives from each of SNC's rate classes?

b) Does it include both Thunder Bay and Kenora representatives?

1.0-VECC-4

Reference: Exhibit 1, page 75 / Attachment 1-F, page 9

TABLE 1-20: SCORECARD PERFORMANCE – SAFETY

Performance Categories	Measures	2017	2018	2019	2020	2021	2022
Safety	Level of Public Awareness	83%	83.0%	83.0%	84.0%	84.0%	83.4%
	Level of Compliance with Ontario Regulation 22/04 (Target: substantially compliant)	C	C	C	C	C	C
	Number of General Public Incidents	0	0	0	0	0	0
	Rate per 10, 100, 1000 km of line	0	0	0	0	0	0

"*Over the past six years, SNC has recorded one serious electrical incident ("Component C"). SNC's target is to achieve full compliance and to have zero serious electrical incidents.***"**

Q15. Using the same scale, please rate your level of agreement with the following statements related to Synergy North's operations.

	Unsure	Total Disagree	Neutral	Total Agree
a. (Synergy North) Provides consistent, reliable electricity	1%	5%	1%	93%
b. Bills accurately	-	9%	9%	82%
c. Makes electricity safety a top priority for employees and contractors	17%	2%	2%	78%
d. Has a standard of reliability delivering electricity that meets your expectations	2%	6%	1%	91%
e. Delivers on its service commitments to customers	4%	6%	6%	84%
f. Provides excellent quality services overall	1%	6%	2%	90%
g. Quickly handles outages and restores power	1%	10%	2%	87%
h. Efficiently manages the electricity system	5%	10%	7%	78%

a) The statement and the table shown above appear to be contradictory. Synergy's Scorecard also records a Serious Electrical Incident in 2022. Please clarify and describe the noted incident including what, if any remedies were implemented subsequent to the event.

b) Among the lower scores in Synergy's customer survey is with regard to the question of employee and contractor safety. What explains these low results?

1.0-VECC-5

Reference: Exhibit 1, Attachment 1-F, page 13

Q19. Regarding customer service at Synergy North, how would you rate your level of satisfaction with each of the following?

	Unsure	Total Dissatisfied	Neither satisfied nor dissatisfied	Total satisfied 2022	Total satisfied 2021
a. The availability of call centre staff	3%	4%	6%	87%	84%
c. The online self-serve options for managing your account	23%	6%	13%	58%	55%
d. The online self-serve options for requesting service	24%	12%	9%	54%	52%

a) What steps is SNC taking to address the poor results with respect to on-line account management?

2.0   RATE BASE (EXHIBIT 2)

2.0-VECC -6

Reference: Exhibit 2, Appendix 2-AA

a) Please explain why "Tree Trimming" amounts of $700k (2023) and $417k (2024) appear in Appendix 2-AA -capital related reporting - and clarify whether it is SNC's proposal to capitalize tree trimming expenditures.

2.0-VECC -7

Reference: Exhibit 2, Appendix 2-AA & Table 2-26

a) Please update Appendix 2-AA to show 2023 actuals and in a separate column the current forecasted year-end expenditures for 2023.

b) Please update Table 2-26 to show the updated 2023 results as shown in the response to a).

2.0-VECC -8

Reference: Exhibit 2, pages 73

a) Please explain the need to replace the relatively new (2015) drop bow boat at $250,000.

b) Is this craft used both in the Kenora and Thunder Bay rate zones?

2.0-VECC -9

Reference: Exhibit 2, Appendix 2-A DSP page 8, Section 5.4.1.1

Table 5.2-1 Historical Actual and Forecast CAPEX and
OM&A ($,000)

Category	Historical Period						Bridge Year	Forecast Period				
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
System Access (Gross)	1,942	1,688	4,370	3,299	3,383	4,066	1,985	2,092	4,323	2,796	2,455	2,329
System Renewal (Gross)	8,748	9,403	8,636	8,674	10,205	11,451	11,985	12,714	12,383	12,068	12,151	12,691
System Service (Gross)	151	289	432	87	242	142	277	323	330	336	343	350
General Plant (Gross)	929	1,093	1,073	863	1,273	1,529	1,174	1,282	1,480	1,473	1,617	1,701
Gross Capital Expenditure	11,770	12,473	14,510	12,924	15,104	17,188	15,420	16,411	18,516	16,674	16,566	17,071
Contributed Capital	(1,017)	(1,243)	(2,517)	(2,923)	(2,742)	(3,415)	(1,422)	(1,534)	(3,437)	(1,865)	(1,596)	(1,628)
Net Capital Expenses after Contributions	10,754	11,230	11,993	10,001	12,362	13,772	13,999	14,877	15,079	14,809	14,969	15,442
System O&M	8,785	9,155	8,881	8,317	8,387	11,359	11,253	11,779	12,014	12,255	12,500	12,750

a) SNC is proposing to spend a significantly larger amount on system renewal and general plant in the 2024 to 2028 period than had historically been made over the 2017 to 2021 time frame. Please describe what fundamental changes in asset condition have occurred since the last distribution plan which justify this higher level of spending. Specifically address which category of assets significantly deteriorated over the last rate period and why the prior DSP failed to anticipate the capital needs for those assets.

b) Table 5.4-3 – Summary of Changes to Capital Programs -shows for most areas of the DSP there have been no significant changes. Please clarify the extent to which the 4kV conversion program is a driver to the higher spending during the new rate period.

2.0-VECC -10

Reference: Exhibit 2, Appendix 2-A DSP page 11

a) Please provide the amounts expended or budgeted for the underground renewal program for each year 2019 through 2024.

b) Please provide (separately) the amounts expended on new underground plant in each year 2019 through 2021.

c) What type of cabling does SNC install for new underground works and what type of cabling is typically addressed in its underground renewal program.

d) Please provide the total km of underground plant in service in each year 2019 through 2024.

2.0-VECC -11

Reference: Exhibit 2, Appendix 2-A DSP – page 55

"*An ACA study was originally completed by Kinectrics in 2015. Since then, the data has been updated and maintained by SNC staff to determine the current health of SNC's distribution system assets*"

a) Please provide the above mentioned 2015 Kinectrics Study.

b) Since 2015 has SNC had any independent assessment made of any of its major asset classes?
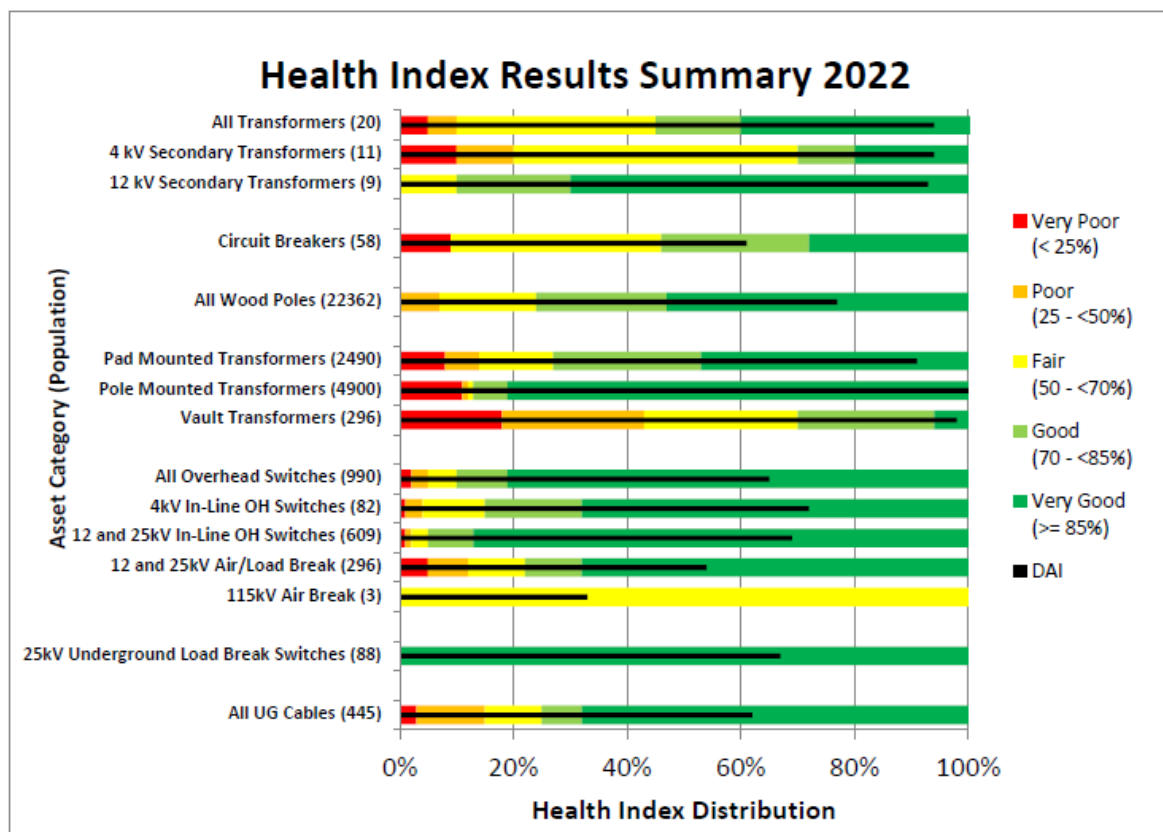
2.0-VECC -12

Reference: Exhibit 2, Appendix 2-A DSP – page 55

Figure 5.3-9 Health Index Summary

a) For each of the asset categories monitored by SNC please indicate what methods are used to determine asset condition (i.e., age, periodic physical testing, etc.). If a methodology other than age is used to determine condition (e.g., oil testing) please briefly describe the methodology, the frequency of testing and the percentage of the population that has been subject to testing within the last 5 years.

3.0 OPERATING REVENUE (EXHIBIT 3)

3.0-VECC -13

Reference: Exhibit 3, page 10

Preamble: The Application states:
"*The Thunder Bay rate zone had a Sentinel Lighting rate class and the Kenora rate zone did not. SNC is proposing to maintain the Sentinel Lighting rate class for former Thunder Bay rate zone customers and no Kenora rate zone customers will be migrating to that rate class.*"

a) Please confirm that there are no customers in the Kenora rate zone that would be considered Sentinel Lighting customers if they were located in the Thunder Bay rate zone.

b) If not confirmed, please indicate the number of customers that would be considered Sentinel Lighting customers if in the Thunder Bay rate zone along with their annual kWh and kW values for 2018 to 2022.

c) If not confirmed, please also indicate which of the previous Kenora rate zone customer classes these customers were in.

3.0-VECC -14

Reference: Exhibit 3, page 10

Preamble: The Application states:
"*For all other classes which are not weather sensitive, the load forecast for these classes will be the forecasted average usage per customer/connection applied to the forecasted number of connections for the class*".

a) For the other customer classes, were separate forecasts of average usage per customer/connection and customer/connection counts for 2024 prepared for each rate zone?

b) If not, why is it reasonable to combine them for purposes of forecasting?

3.0-VECC -15

Reference: Exhibit 3, pages 10-11

Preamble: The Application states (page 10):
"*As a starting point, SNC used the same regression analysis methodology approved by the Ontario Energy Board (the "Board") in its 2017 Cost of Service ("COS") application (EB-2016-0105) and updated the analysis for actual data to the end of the 2022. SNC has conducted the regression analysis on an individual rate class basis for each of the Thunder Bay and Kenora rate zones.*".

The Application states (page 11):
"*Based on the Board's approval of this methodology in SNC's previous*

cost of service application, as well 1 as the discussion that follows, SNC submits the load forecasting methodology is reasonable at this time 2 for the purposes of this Application".

a) In their previous COS applications did Thunder Bay and Kenora both use the same load forecast methodology?

b) If not, please explain the differences and why, in the Application, SNC chose to use that from EB-2016-0105.

3.0-VECC -16

Reference: Exhibit 3, page 13

Preamble: The Application states:
"*Weather data for Thunder Bay is primarily from the "Thunder Bay CS" station. When weather data was unavailable from that station, weather data was obtained from the "Thunder Bay A" (airport) station or "Thunder Bay" station. Weather data for Kenora is primarily from the "Kenora A" (airport) station. When data from that station was unavailable, data was obtained from the "Kenora RCS" station.*"

a) With respect to Thunder Bay, how many of the 120 monthly values are based on readings from the Thunder Bay CS station?

b) Did SNC undertake any analysis to determine how similar monthly weather data from the Thunder Bay A station was to that from the Thunder Bay CS station? If yes, what were the results?

c) With respect to Kenora, how many of the 120 monthly values are based on readings from the Kenora A station?

d) Did SNC undertake any analysis to determine how similar monthly weather data from the Kenora RCS station was to that from the Kenora A station? If yes, what were the results?

3.0-VECC -17

Reference: Exhibit 3, page 15

Preamble: With respect to the Thunder Bay Residential model, the Application states:
"*A time trend variable beginning in 2017 was found to be statistically significant and is used in the prediction model. Other time trends, or other trending variables including customer counts, a range of GDP measures, and a range of FTE measures were also tested but found to be less statistically significant. Overall consumption and consumption per customer declined through the start of the 10-year period but started increasing around 2017. This increase is likely due to increased electrification in Thunder Bay that is not easily reflected in other variables. SNC expects this trend to continue into the future*".

a) Please provide the Thunder Bay Residential regression model results (i.e., equation, statistics, etc.) and the forecasts for 2023 and 2024 where in addition to the trend variable the Residential customer count for each month is also used.

3.0-VECC -18

Reference: Exhibit 3, pages 13-14 and 16

Preamble: With respect to the Thunder Bay Residential model, the Application states (page 16):
"*In addition to the HDD16 and CDD14 variables, the corresponding COVIDHDD16 and COVIDCDD14 variables were used and found to be statistically significant*".

a) Out of the four COVID flag variables described on pages 13-14, did the COVIDHDD16 and COVIDCDD14 variables provide the best statistical results?

b) If not, why were these variables chosen?

3.0-VECC -19

Reference: Exhibit 3, page 13

Preamble: The Application states (page 13):
"*These variables, "HDD COVID" and "CDD COVID" are equal to the relevant HDD and CDD variables since March 2020, and 0 in all earlier months. The coefficients reflect incremental heating and cooling load consumed as people stayed home during the pandemic. These variables continue to December 2021 but are reduced to 50% of HDD and CDD in all months in 2022 and 2023, and 25% in 2024*".

a) Please provide a schedule that sets out the actual Thunder Bay Residential kWh consumption for each of the months in 2023 where such data is available.

b) Using the Thunder Bay Residential regression model and the actual 2023 values for the explanatory variables (along with a COVID flag based on actual HDD and CDD values and SNC's assumed 2023 adjustment of 25%), please include in the above requested schedule the model's prediction for each of months in 2023 where actual usage is available

3.0-VECC -20

Reference: Exhibit 3, page 18

Preamble: With respect to the Kenora Residential model, the Application states:
"*A time trend variable beginning in 2017 was found to be statistically significant and is used in the prediction model. Other time trends, or other trending variables including*

customer counts, a range of GDP measures, and a range of FTE measures were also tested but found to be less statistically significant. Overall consumption and consumption per customer declined through the start of the 10-year period but started increasing around 2017. This increase is likely due to increased electrification in Kenora that is not easily reflected in other variables. SNC expects this trend to continue into the future."

a) Please provide the Kenora Residential regression model results (i.e., equation, statistics, etc.) and the forecasts for 2023 and 2024 where in addition to the trend variable the Residential customer count for each month is also used.

3.0-VECC -21

Reference: Exhibit 3, pages 13-14 and 18

Preamble: With respect to the Kenora Residential model, the Application states (page 18):

"*A COVID variable is included to reflect higher consumption beginning from the onset of COVID-19 pandemic. This variable "COVID_WFH" is similar to the "COVID_AM" variable*".

c) Out of the four COVID flag variables described on pages 13-14, did the COVID_WFH variable provide the best statistical results?

d) If not, why was this variable chosen?

3.0-VECC -22

Reference: Exhibit 3, page 18

Preamble: With respect to the Kenora Residential model, the Application states (page 18):

"*The "COVID_WFH" variable is equal to 0.5 in March 2020, 1.0 in April and May 2020, 0.75 throughout 2021, and 0.5 through 2022. The variable is set to 0.25 through 2023 and 2024. Note that COVID/weather interaction variables are not used in this Residential equation*".

a) Please provide a schedule that sets out the actual Kenora Bay Residential kWh consumption for each of the months in 2023 where such data is available.

b) Using the Kenora Residential regression model and the actual 2023 values for the explanatory variables (along with SNC's assumed 2023 value for COVID_WFH), please include in the above requested schedule the model's prediction for each of months in 2023 where actual usage is available.

c) Please explain why for the Kenora Residential forecast the 2024 value for the COVID flag variable used is equal to one-third of the value used for 2021 (i.e., 0.25 versus 0.75) whereas in the Thunder Bay Residential forecast the 2024 value for the COVID flag variable is one-quarter of the value used for 2021 (i.e., a reduction to 25% in 2024 versus no reduction for 2021).

3.0-VECC -23

Reference: Exhibit 3, pages 13-14 and 21

Preamble: With respect to the Thunder Bay GS<50 model, the Application states (pg21):"*The COVID_AM variable has been included for this class*".

a) Out of the four COVID flag variables described on pages 13-14, did the COVID_AM variable provide the best statistical results?

b) If not, why was this variable chosen?

3.0-VECC -24

Reference: Exhibit 3, pages 21-22 /Load Forecast Model, TB GS<50 Normalized Monthly Tab

Preamble: The Application states:

"*The COVID_AM variable has been included for this class. This variable is equal to 0 in each month prior to 16 March 2020, 0.5 in March 2020, 1 in April 2020 and May 2020, 0.5 in each month from June 2020 to 17 December 2021, and 0.25 in each month in 2022. This variable accounts for the impacts of COVID, while recognizing the impacts in April and May 2020 were more significant than any month thereafter. The value in March 2020 reflects that the impacts of the pandemic on energy consumption began about halfway though the month. This variable continues at 0.25 in 2023 and declines to 0.00 in the 2024 test year*".

a) While the Application states the COVID flag variable (COVID_AM) was set at zero for 2024, the Load Forecast Model uses a value of 0.125. Please reconcile and indicate which value SNC proposes to use in its load forecast for 2024.

b) Please provide a schedule that sets out the actual Thunder Bay GS<50 kWh consumption for each of the months in 2023 where such data is available.

c) Using the Thunder Bay GS<50 regression model and the actual 2023 values for the explanatory variables (along with SNC's assumption regarding the 2023 values for the COVID flag variable), please include in the above requested schedule the model's prediction for each of months in 2023 where actual usage is available.

3.0-VECC -25

Reference: Exhibit 3, page 21

Preamble: With respect to the Thunder Bay GS<50 model, the Application states (page 21): "*The number of General Service < 50 kW customers in Thunder Bay is used as an explanatory variable. Other trending variables including a range of GDP measures, a range of FTE measures, and time trends were also tested but found to be less statistically significant*".

a) Please describe the trend in usage per customer for the Thunder Bay GS<50 class over the 2013-2022 period.

3.0-VECC -26

Reference: Exhibit 3, page 25

Preamble: With respect to the Kenora GS<50 model, the Application states:
"*A time trend variable beginning in 2018 was found to be statistically significant and is used in the prediction model. Other time trends, or other trending variables including customer counts, a range of GDP measures, and a range of FTE measures were also tested but found to be less statistically significant. Consumption per customer declined through the start of the 10-year period but started increasing around 2018. This increase is likely due to increased electrification in Kenora that is not easily reflected in other variables. SNC expects this trend to continue into the future*".

a) Please provide the Kenora <50 regression model results (i.e., equation, statistics, etc.) and the forecasts for 2023 and 2024 where, in addition to the trend variable the GS<50 customer count is also used for each month.

3.0-VECC -27

Reference: Exhibit 3, pages 13-14 and 25

Preamble: With respect to the Kenora GS<50 model, the
Application states (page 25): "*The COVID_AM variable has been included for this class*".

a) Out of the four COVID flag variables described on pages 13-14, did the COVID_AM variable provide the best statistical results?

b) If not, why was this variable chosen?

3.0-VECC -28

Reference: Exhibit 3, pages 13-14 and 29

Preamble: With respect to the Thunder Bay GS 50-999 model, the
Application states (page 2):
"*The COVID_AM variable has been included for this class.*"

a) Out of the four COVID flag variables described on pages 13-14, did the COVID_AM variable provide the best statistical results?

b) If not, why was this variable chosen?

3.0-VECC -29

Reference: Exhibit 3, page 29

Preamble: With respect to the Thunder Bay GS 50-999 model, the
Application states (page 29): "*The number of General Service 50 to 999 kW customers in Thunder Bay is used as an explanatory variable*".

a) Please describe the trend in usage per customer for the Thunder Bay GS 50-999 class over the 2013-2022 period.

3.0-VECC -30

Reference: Exhibit 3, page 32

Preamble: With respect to the Kenora GS 50-4999 model, the Application states:

"*A time trend variable beginning in 2013 was found to be statistically significant and is used in the prediction model. Other time trends, or other trending variables including customer counts, a range of GDP measures, and a range of FTE measures were also tested but found to be less statistically significant*".

a) Please describe the trend in use per Kenora 50-4999 customer over the 2013-2023 period.

b) Please provide the Kenora 50-4999 regression model results (i.e., equation, statistics, etc.) and the forecasts for 2023 and 2024 where, in addition to the trend variable the GS 50-4999 customer count is also used for each month.

3.0-VECC -31

Reference: Exhibit 3, pages 13-14 and 32

Preamble: With respect to the Kenora GS 50-4999 model, the Application states (page 32):"*The COVID_AM variable has been included for this class*".

a) Out of the four COVID flag variables described on pages 13-14, did the COVID_AM variable provide the best statistical results?

b) If not, why was this variable chosen?

3.0-VECC -32

Reference: Exhibit 3, pages 13-14 and 36

a) It is noted that the Thunder Bay GS 1000-4999 regression model does not include a COVID flag variable. Were the four COVID flag variables described on pages 13-14 each tested for their statistical significance?

  i.   If not, why not?
  ii.   If not, are any of the four variables statistically significant when included in the model?
  iii. If yes, what were the results?

b) It is noted that the Thunder Bay GS 1000-4999 regression model does not include a weather-related explanatory variable. Was the regression model tested to determine if either HDD or CDD based variables would be significant?

  i.   If not, why not?
  ii.   If not, is either weather variable statistically significant when included in the model?
  iii. If yes, what were the results?

3.0-VECC -33

Reference: Exhibit 3, page 35

Preamble: With respect to the Thunder Bay GS 1000-4999 model, the Application states (page 35):
"*The number of General Service 1,000 to 4,999 kW customers in Thunder Bay is used as an explanatory variable*".

a) Please describe the trend in usage per customer for the Thunder Bay GS 1000-4999 class over the 2013-2022 period.

3.0-VECC -34

Reference: Exhibit 3, pages 37-38
Load Forecast Model, Historic CDM Tab and CDM Forecast Tab

Preamble: The Application states:
"*To isolate the impact of CDM, persisting CDM is added back to rate class consumption to simulate the rate class consumption had there been no CDM program delivery. This is labelled as "Actual No CDM" throughout the model. The effect is to remove the impact of CDM from any explanatory variables, which may capture a trend, and focus on the external factors. A weather normalized forecast is produced first based on no CDM delivery, and then persisting CDM savings of historic programs are subtracted off to reflect the actual normal forecast". (page 37)*

"*CDM data is based on actual CDM results from 2011 to 2019 in a manner consistent with SNC's LRAMVA workforms and an allocation of the IESO's 2021-2024 CDM Framework. CDM data from 2011 to 2022 is included in the 'Historic CDM' tab in the load forecast model. An allocation of 2021-2024 CDM Framework savings if allocated to each of the Thunder Bay and Kenora rate zones in the 'CDM Forecast' tab and a forecast of CDM savings up to 2024 is calculated in the 'CDM Adjustment' tab.*" (page 38)

a) Provide the LRAMVA workforms from which the 2011 to 2019 CDM results by customer class were derived (per the Historic CDM Tab, Cells A3-F100)

b) There is no reference in the Application as to the source of the historic CDM results from 2020 CDM programs (Historic CDM Tab, Cells A102-F106). Please indicate the source of these values and provide copies of the sources used.

c) The Application notes that the 2021 and 2022 CDM programs savings were derived from the IESO's 2021-2024 CDM Framework. Please provide a copy.

d) In December 2022 the IESO released an Update to 2021-2024 Conservation and Demand Management Framework Program Plan (see the bottom of page at the following link: https://ieso.ca/en/Sector-Participants/Energy-Efficiency/2021-2024-Conservation-and-Demand-Management-Framework). Please reconcile the 2021 and 2022 savings by Program set out in this

Update with the values used in the CDM Forecast Tab (Cells C4 – D11).

e) The OEB has recently released the 2022 yearbook data for electricity distributors. Please update Synergy's calculated percentage of total Provincial metered kWh (per CDM Forecast Tab, Cells B17-H20) using 2018-2022 data. As part of the response please clarify how "Provincial metered kWh" is determined for each year. If not based on overall total Provincial metered usage, please also redo the calculation using this definition.

f) In the Historic CDM Tab please explain why there are two set of results for 2021 (i.e., one in Rows 108-111 and a second in Rows 113-116).

g) In December 2022 the IESO released the Update to 2021-2024 Conservation and Demand Management Framework Program Plan (see the bottom of page at the following link: https://ieso.ca/en/Sector-Participants/Energy-Efficiency/2021-2024-Conservation-and-Demand-Management-Framework). Please reconcile the 2023 and 2024 savings by Program set out in this Update with the values used in the CDM Forecast Tab (Cells E4-F11).

h) Based on the foregoing responses, please revise the regression models used as necessary and provide the revised models along with updated forecast of 2024 usage by customer class.

3.0-VECC -35

Reference: Exhibit 3, page 49
                 Exhibit 2, Attachment 2-A, page 107

Preamble: The Application states (Exhibit 2, Attachment 2-A):

"*System access investments represent 16% of SNC's overall proposed capital expenditure over the forecast period. The estimated level of expenditure is based on historic spending levels and information gathered from stakeholders throughout the service territory about specific planned projects at the time of preparation of this DSP. The largest portion in this category (44%) involves fulfilling customer requests regarding new and upgraded Services (residential and general services combined). Since there is little growth projected in SNC's service territory over the forecast period, service connections are anticipated to remain constant with costs rising in accordance with inflation*". (page 107 – emphasis added)

"*The forecast of 2023 and 2024 customer counts is based on the 10-year geometric mean growth rate for most classes unless more recent trends deviate from the 10-year growth rate.*" (Exhibit 3, page 49)

a) In the DSP, what historic period was used to the anticipated number of annual service connections in future years?

b) For each customer class please provide the monthly customer/connection counts for each month in 2023 where actual results are available. In doing so, please report the Thunder Bay and Kenora results separately.

3.0-VECC -36

Reference: Exhibit 3, pages 49-50
                  Load Forecast Model, Connection Count Tab

Preamble: The Application states (page 50):
                  "*The Thunder Bay General Service 50 to 999 kW change in customer counts in 2020 was largely due to reclassifications following COVID-19 so it is excluded from the calculation.*"

a) The Table on page 49 shows that the Thunder Bay GS 50-99 class growth rate is -1.98% using the 10-year geomean results and -1.89% if the value for 2020 is excluded. The Connection Count Tab shows that a growth rate of -1.98% was used to forecast the 2023 and 2024 customer counts for this class. Please reconcile this with the statement in the Preamble that the value for 2020 was excluded when calculating growth rate to be used.

b) With respect to Table 3-40 setting out the historic customer/connection counts for Kenora, is the column labelled "Intermediate" supposed to be for "Street Lighting"?

c) With respect to Table 3-40, please explain the large changes in USL count shown for 2018 and 2019.

d) With respect to Table 3-40, please explain the large change in value for 2019 show in the column labelled "Intermediate".

e) With respect to Table 3-39, please explain the 2021 and 2022 changes in the customer count for the Thunder Bay GS >50-999 class.

4.0 OPERATING COSTS (EXHIBIT 4)

4.0 -VECC -37
Reference: **Exhibit 4,Appendix 2-JC OM&A programs table**

a) Please update the 2023 bridge year in Appendix -JC and include actual spending to date and the current estimate for the remaining year-end spending.

4.0 -VECC -38
Reference: **Exhibit 4, pages 28, 32**

b) Please confirm (or correct) that the OM&A shown in Appendix 2-JA and JC include in 2019 one-time merger transaction costs of $479,213.

c) Please confirm (or correct) the two Appendices also include for 2019 the one-time cost of $114,881 related to inventory write-off expenses.

4.0 -VECC -39
Reference: **Exhibit 4, page 33, Table 4-13**

a) Please update Table 4-13 to show 2023 actual capitalized OM&A to-date and add a column showing year-end projections.

b) Please provide the overtime capitalized costs for 2021 through 2024 (budgeted).

4.0 -VECC -40
Reference: **Exhibit 4, pages 48 & 58**

Program	2017 BA Proxy	2017 Actuals	2018 Actuals	2019 Actuals	2020 Actuals	2021 Actuals	2022 Actuals	Bridge Year 2023 Forecast	Test Year 2024 Forecast
				Historical Years				Bridge Year	Test Year
Station Operations	$ 451,714	$ 496,539	$ 427,595	$ 382,648	$ 337,025	$ 319,709	$ 321,919	$ 427,478	$ 501,098

Program	2017 BA Proxy	2017 Actuals	2018 Actuals	2019 Actuals	2020 Actuals	2021 Actuals	2022 Actuals	Bridge Year 2023 Forecast	Test Year 2024 Forecast
				Historical Years				Bridge Year	Test Year
Station Maintenance	$ 281,809	$ 203,262	$ 215,072	$ 279,096	$ 216,199	$ 129,298	$ 211,300	$ 250,542	$ 268,983

a) Please provide a table showing the number of stations associated with the costs in the tables above for each year 2019 through 2025 (forecast).

4.0 -VECC -41
Reference: Exhibit 4, page 72

a) Please explain how the 2024 bad debt cost was estimated.

b) What is the current 2023 bad debt cost to date?

4.0 -VECC -42
Reference: Exhibit 4, page 54

				Historical Years				Bridge Year	Test Year
Program	2017 BA Proxy	2017 Actuals	2018 Actuals	2019 Actuals	2020 Actuals	2021 Actuals	2022 Actuals	2023 Forecast	2024 Forecast
Overhead\Underground Maintenance	$ 2,473,099	$ 3,009,218	$ 3,089,646	$ 2,756,736	$ 2,549,265	$ 2,494,248	$ 3,597,746	$ 2,898,879	$ 3,086,046

a) Please separate the costs in the table shown above into the two separate components (i.e., costs of underground and costs of overhead maintenance).

4.0 -VECC -43
Reference: Exhibit 4,

				Historical Years				Bridge Year	Test Year
Program	2017 BA Proxy	2017 Actuals	2018 Actuals	2019 Actuals	2020 Actuals	2021 Actuals	2022 Actuals	2023 Forecast	2024 Forecast
Community Relations	$ 133,581	$ 137,247	$ 105,421	$ 216,866	$ 135,303	$ 201,408	$ 211,824	$ 250,998	$ 257,012

a) Community Relations costs have nearly doubled since 2017. Why?

b) Are costs related to SNC's Public Safety Strategy included in this category?

4.0 -VECC -44
Reference: Exhibit 4, page 76

				Historical Years				Bridge Year	Test Year
Program	2017 BAProxy	2017 Actuals	2018 Actuals	2019 Actuals	2020 Actuals	2021 Actuals	2022 Actuals	2023 Forecast	2024 Forecast
Finance, Regulatory and Purchasing	$ 1,836,221	$ 1,958,575	$ 1,753,149	$ 1,755,948	$ 1,861,084	$ 1,877,249	$ 1,855,907	$ 2,100,603	$ 2,266,581

a) Please provide the number of FTEs associated with the above activity for each year 2017 through 2024.

4.0 -VECC -45
Reference: Exhibit 4, page 79

Program	2017 BA Proxy	2017 Actuals	2018 Actuals	2019 Actuals	2020 Actuals	2021 Actuals	2022 Actuals	2023 Forecast	2024 Forecast
				Historical Years				Bridge Year	Test Year
Human Resources and Safety	$ 853,341	$ 722,185	$ 770,245	$ 812,827	$ 861,641	$ 807,048	$ 820,924	$ 1,071,904	$ 1,104,868

a) Please provide the number of FTEs associated with this category of costs for each year 2017 through 2024.

4.0 -VECC -46
Reference: Exhibit 4,

Program	2017 BA Proxy	2017 Actuals	2018 Actuals	2019 Actuals	2020 Actuals	2021 Actuals	2022 Actuals	2023 Forecast	2024 Forecast
				Historical Years				Bridge Year	Test Year
President and Board of Directors	$ 669,356	$ 691,318	$ 881,663	$ 560,683	$ 578,894	$ 704,537	$ 695,774	$ 800,858	$ 797,813

"*2017 and 2018 President and Board of Directors expenses include both TBHEDI and KHEC's Board of Directors and Presidents & CEO's costs.*"

a) Why are 2024 costs in this category higher than in 2017 when that year had one more CEO and (presumably) a more Board directors for the two separate utilities?

4.0 -VECC -47
Reference: Exhibit 1, page 39 & Exhibit 4, pages 90-

a) Please provide a table for each year 2019 through 2024 which shows the number of employees (specify year end or year average) in each of the organizational areas shown in the chart at Figure 1, Exhibit 1, page 39.

4.0 -VECC -48
Reference: Exhibit 4, pages 90-

a) Of the 135.3 FTEs listed for 2024 in Table 4-19 (Appendix 2-K) please provide the current number of vacancies.

b) What is the annual churn rate of SNC?

4.0 -VECC -49
Reference: Exhibit 4, pages 90-

a) Please provide a list of the management positions in 2022, 2023 and 2024.

4.0 -VECC -50
Reference: Exhibit 4, Appendix 2-M

a) Please provide a table showing the one-time regulatory costs of $697,780 by category of costs estimates: (1) legal; (2) consulting; (3) intervenor; (4) internal; (5) other – please specify. Please also provide the costs incurred to date in each of those categories.

4.0 -VECC -51
Reference: Exhibit 4, Attachment 4-C

a) Please provide the cost of the vegetation management plan in each year of 2022 through 2028 and the number of kilometers in each year actually or projected to be trimmed/addressed.

b) Please provide the metric(s) that SNC uses to evaluate the implementation of the plan.

c) Please clarify if the Kenora rate zone is included in the plan.

4.0 -VECC -52
Reference: Exhibit 4, page 85

TABLE: 4-16: IT COSTS ALLOCATED TO OM&A PROGRAMS

	Last Rebasing Year (2017 Actuals)	2018 Actuals	2019 Actuals	2020 Actuals	2021 Actuals	2022 Actuals	2023 Bridge Year	2024 Test Year
Total IT Costs	$1,036,425	$1,073,475	$1,135,715	$1,198,290	$1,274,496	$1,422,323	$1,574,437	$1,591,866
IT Costs allocated to non-wires	($90,405)	($93,935)	($58,429)	($74,104)	($91,337)	($24,964)	($74,290)	($80,984)
Total IT Costs within Wires OM&A Programs	$946,020	$979,540	$1,077,285	$1,124,187	$1,183,159	$ 1,397,359	$1,500,147	$1,510,882
%Change (year over year)		3.42%	9.07%	4.17%	4.98%	15.33%	6.85%	0.71%
Software costs within Wires OM&A Programs	$80,858	$89,042	$91,856	$161,128	$173,729	$ 253,099	$ 232,247	$ 240,129
%Change (year over year)		9.19%	3.06%	42.99%	7.25%	31.36%	-8.98%	3.28%
Contract Services within Wires OM&A Programs	$16,945	$19,046	$124,937	$79,766	$132,937	91,214.27	$172,935	$161,351
%Change (year over year)		11.03%	84.76%	-56.63%	40.00%	-45.74%	47.26%	-7.18%

a) Please provide a table showing the increase from 2018 of IT costs into the categories of: (1) internal labour; (2) external contractor; (3) software licensing; (3) hardware (if any in OM&A programs).

b) SNC's IT costs have increased by more than 50%. What efforts have been made to mitigate these large increases?

c) Does SNC have an IT strategy and plan for the 2024 -2028 rate period? If so please provide it.

5.0 COST OF CAPITAL AND RATE OF RETURN (EXHIBIT 5)

5.0-VECC-53
Reference: Exhibit 5, Appendix 2-OB

a) It does not appear that the calculation of the long-term debt rate as complete from Appendix 2-OB pro-rates debt issuances that are either retired or issued within the 2024 calendar year. Specifically rows 2, 8, and 15. Please recalculate the long-term debt rate making the appropriate pro-ration adjustments.

5.0-VECC-54
Reference: Exhibit 5

a) Please provide SNC's calculation of the average 2024 notional debt and the cost rate applied the notional debt. Please explain how the cost rate of notional debt is derived.

b) If the notional debt rate is not the lowest cost rate of all current debt (i.e., 2.65%), then please explain why this would not be the most appropriate rate given it was SNC's shareholders who chose not to raise debt during low debt cost periods..

6.0 CALCULATION OF REVENUE DEFICIENCY/SURPLUS (EXHIBIT 6)

6.0-VECC-55

Reference: Exhibit 6, pages 21-24
Exhibit 8, page 15
Appendix 2-H

a) For each of the USOAs in Appendix 2-H please explain the basis for the 2024 forecast values.

b) Please provide the details supporting the proposed charge of $26.75 for an Easement Letter (per Exhibit 3, page 23 and Exhibit 8, page 15). Also, how many Easement Letters does SNC issue per year on average?

7.0 COST ALLOCATION (EXHIBIT 7)

7.0-VECC-56

Reference: Cost Allocation Model, Tab I4 BO Assets
Exhibit 7, page 8

Preamble: The Application states:

"*Consistent with the Guidelines, SNC's assets were broken out into primary and secondary distribution functions using current information on the distribution system. The breakout of assets, capital contributions, depreciation, accumulated depreciation, customer data and load data by primary, line transformer and secondary categories were developed from the best data available to SNC, its engineering records, and its customer and financial information systems*".

a) In Tab I4, USOA #1805 is all sub-categorized as "Land – Stations <50 kV". What is the land actually used for?

b) What Buildings are included in USOA #1808 (per Tab I4)?

c) In Tab I4, for USOA #1815 through #1860, can the value of these assets be broken down by rate zone (i.e., Thunder Bay vs. Kenora)?

d) In Tab I4, for USOA #1815 through #1860 how were the break-out percentages shown in Tab I4, column D determined?

7.0-VECC-57

Reference: Exhibit 7, page 6

Preamble: The Application states:
"*For Street Lighting, Sentinel Lighting, and Unmetered Scattered Load, SNC does not have assets in account 1855 associated with these classes, which causes the assigned weighting factor to be set at 0.*"

e) .Does SNC have any costs for Services types assets for these classes recorded in other USoAs? If so, in what accounts are the costs recorded?

7.0-VECC-58

Reference: Exhibit 7, page 6

Preamble: The Application states:
"*In determining the weighting factors for Billing and Collecting, an analysis of Accounts 5305 – 5340, was conducted. Each expense within these accounts was allocated to each rate class with an expense specific weighting factor.*"

a) Please provide a copy of the analysis undertaken to derive the proposed Billing and Collecting weights.

b) Please explain why there are no weightings associated with the Sentinel and USL classes.

7.0-VECC-59

Reference: Exhibit 7, page 7
Cost Allocation Model, Tab I7.1, Meter Capital

Preamble: The Application states:
"*SNC's installation costs per meter were calculated based on current meter costs, labour rates, truck rates, and IT costs, if applicable. The installed costs of SNC's general service meters include higher capital and installation costs, as shown in Table 7-3 below.*"

a) Are SNC's installation costs per meter (including time requirements per meter) the same in both rate zones? If not, what are the differences and how was the cost per meter derived for each meter type as set out in Tab I7.1?

7.0-VECC-60

Reference: Exhibit 7, pages 7-8
Cost Allocation Model, Tab I7.2, Meter Reading

Preamble: The Application states:
"*SNC completed an analysis of the costs included in the meter reading and assigned the costs to the appropriate type of meter based on the nature of the cost. Based on this activity analysis, SNC calculated the overall cost per meter and assigned a weighting of 1 for the meter reading costs related to smart AMI meters.*"

a) Please provide a copy of the analysis undertaken to derive the proposed meter reading weights.

b) Are SNC's meter reading costs per meter (including time requirements per meter) the same in both rate zones? If not, what are the differences and how was this reflected in the analysis of the cost for meter reading undertaken to derive the meter reading weights?

7.0-VECC-61

Reference: Cost Allocation Model, Tab E1 Categorization

a) Tab E1 reports a total customer count of 57,369 and 1,270 for the total kM of lines which results in a density of 45. Please provide the comparable values for each of the Thunder Bay and Kenora rate zones.

7.0-VECC-62

Reference: Exhibit 7, pages 9
Exhibit 3, page 36

Preamble: The Application states:
"*SNC has updated the load profiles for all rate classes. Load profiles were derived using weather normalized 2019, 2021, and 2022 hourly load data; adjustments were made to align the 2022 load profiles with the proposed 2024 Load Forecast (i.e., consumption forecast).*"
(page 9)

The Application also states that weather normalized load profiles were developed for the Residential, General Service < 50 kW, General Service 50 to 999 kW, and General Service 1,000 to 4,999 kW classes. (pages 12-13)

a) Please explain why the load profile for the GS 1000-4999 class was weather normalized when for purposes of the load forecast the class' load was determined to not be weather sensitive.

b) Did SNC develop the weather normalized load profiles for 2024 by: i) weather normalizing just the 2022 load profiles and then adjusting the results to match the forecast 2024 kWh for each class or ii) by weather normalizing the load profiles for each of the years 2019, 2021 and 2022 (as suggested by the reference), adjusting the results from each to match the forecast kWh for each class and the averaging the results?

   i.   If only the 2022 load profiles for each customer class were "weather normalized", please explain why the weather normalization methodology was not also applied to the 2019 and 2021 loads for each class and the proposed 2024 load profile for each class based on an average of the three years.

   ii.   If only the 2022 load profiles for each customer class were "weather normalized", please provide the results (i.e., the 2024 CP and NCP values) for each customer class based on: i) adjusted 2019 data and ii) adjusted 2021 data.

7.0-VECC-63

Reference: Exhibit 7, pages 8-13
               SNC's 2024 Load Profile Derivation Model

Preamble: The Application states (page 11):
               "*The impact of HDDs and CDDs on hourly load is calculated with a
               regression of three years of actual hourly loads (2019, 2021, and
               2022) on daily HDDs and CDDs. The regression results provide the
               estimated impact of a change in degree days on load.*"

a) In the Load Profile Derivation Model, Tab Res sets out the calculation of
the hourly adjusted loads for the Residential class. Please clarify whether
the Tab is based the loads and the HDD and CDD values for just Thunder
Bay or for all of SNC.

    i.   If all of SNC, what is the basis for the HDD and CDD values?

b) In the Load Profile Derivation Model (Tab 2024 Profile (K)) all of the hourly
customer class load values (Columns E-G) are hard coded and not based
on formulae as is the case for similar Thunder Bay customer classes (Tab
2024 Profile (TB)). Please explain how the Kenora values were derived.

c) Please confirm that the CP and NCP values for each SNC rate class are
calculated by adding the weather normalized 2024 Kenora and Thunder
Bay hourly loads and then calculating the CP and NCP values based on
the totals for each hour.

    i.   If not confirmed, how were the CP and NCP values for each SNC
customer class determined?

    ii.   If confirmed, given that the Thunder Bay and Kenora rate zones are
non-contiguous, have different weather conditions and the facility
needs in each zone will be driven by each zone's loads, please
explain why it would not be more appropriate to separately
determine the CP and NCP values for each rate zone and add
these values for purpose of the cost allocation model.

    iii.   Please provide the 2024 weather normalized CP and NCP values
by customer class for each of the Kenora and Thunder Bay rate
zones.

7.0-VECC-64

Reference: Exhibit 7, pages 11-12
               SNC's 2024 Load Profile Derivation Model, RES, GS<50,
                 GS>50 and INT Tabs

Preamble: The Application states:

"*Temperatures impact load differently depending on the time of the day and type of
day. Consequently, HDD and CDD variables are converted to interaction variables
between degree days, the hour of the day, and whether the day is a weekday or a
weekend/holiday. There are 24 variables for each weekday HDD, weekday CDD,*

weekend/holiday HDD, and weekend/holiday CDD equal to the actual degree days in the corresponding hour and 0 in all other hours. A set of 24 binary variables, equal to 1 in the corresponding hour and 0 in all other hours and a trend variable are also included. Overall, there are 121 variables, the resulting coefficients reflect the impact of one HDD or CDD that considers different impacts depending on the hour of the day and type of day."

a) Please confirm that by using binary variables to account for the impact of weekends and holidays as opposed to weekdays on load the model implicitly assumes that the impact of a change in HDD or CDD value is the same on weekends and holidays as it is on weekdays. If confirmed, please explain why this "assumption" is reasonable? If not confirmed, please explain why not.

b) COVID flag variables were included for 2021 and 2022 in many of the load forecast models set out in Exhibit 3. However, no explanatory variables were included in the regression models used for purposes of weather normalization even though the years used included 2021 and 2022. Please explain why.

7.0-VECC-65

Reference:　Exhibit 7, page 15
　　　　　　　Exhibit 8, pages 21-22
　　　　　　　RRWF, Cost Allocation Tab

Preamble:　SNC's proposals regarding the revenue to cost ratio are set out in the RRWF as follows:

Name of Customer Class	Proposed Revenue-to-Cost Ratio			Policy Range
	Test Year	Price Cap IR Period		
	2024	2025	2026	
Residential	99.50%	99.50%	99.50%	85 - 115
GS < 50	115.82%	114.44%	114.44%	80 - 120
GS > 50	88.72%	88.72%	88.72%	80 - 120
Intermediate	104.95%	104.95%	104.95%	80 - 120
Street Light	69.59%	80.00%	80.00%	80 - 120
Sentinel Light	90.54%	90.54%	90.54%	80 - 120
USL	110.95%	110.95%	110.95%	80 - 120

a) Given that the proposal to decrease the Sentinel Lighting's Revenue to Cost ratio from 90.9% to 90.5% is based on keeping the class' total bill impact at less than 10%, why would it not be appropriate to increase the ratio to 90.9% in 2025 as opposed to maintaining the value at 90.5%?

8.0 RATE DESIGN (EXHIBIT 8)

8.0-VECC-66
Reference: Exhibit 8, page 7

a) Please provide a schedule that sets out the current fixed/variable percentage split for: i) the Kenora rate zone's GS<50 and GS >50 classes and ii) the Thunder Bay rate zone's GS<50 and GS 50-999 rate classes.

8.0-VECC-67

Reference: Exhibit 8, pages 10-12 /RTSR Workform
Preamble: The Application states (page 11):
"*Proposed RTSRs are based on the 2023 Uniform Transmission Rates Update (EB-2023-0101). Harmonized RTSRs are calculated by dividing the combined Thunder Bay and Kenora rate zone "Current Wholesale Billing" amounts by the combined billed kWh/kW for each rate class.*"

a) Please confirm that both the Kenora and Thunder Bay rate zones pay network charges, line connection charges and transformation connection charges to the IESO.

b) What year's data are used for the customer class billing kWh and kW in Tab 3 of the RTSR Workform?

c) What year's data are used for the Network, Line Connection and Transformation Connection billing units used in Tabs 5, 6 and 7 of the RTSR Workform for the IESO?

d) Please provide an updated RTSR Workform that includes the preliminary 2024 UTRs circulated by the OEB on September 28, 2023 (EB-2023-0222).

8.0-VECC-68

Reference: Exhibit 8, pages 12-13

Preamble: The Application states (page 12):
"*SNC requests no changes to its existing Retail Service Charges, which are consistent with the Board's standard rates.*"

a) Please confirm that SNC's proposed Retail Service Charges are consistent with those approved by the Board for 2024 in EB-2023-0193.

8.0-VECC-69

Reference: Exhibit 8, page 17

a) In Table 8-11, please confirm that the values in row A(2) include distributed generation directly connected to SNC's distribution network.
   i.   If confirmed, how much is included for each of the year's 2018-2022?
   ii.   If not confirmed, please revise Table 8-11 as necessary.

8.0-VECC-70

Reference: Exhibit 8, pages 21-22

Preamble: The Application states:
"*SNC's general approach to mitigate rate increases in which total bill impacts exceed 10% is to adjust revenues to be collected from that rate class downward, with offsetting increases to revenues of the class(es) with the lowest revenue-to-cost ratios in order to maintain revenue neutrality.*" (page 21)

"Rate mitigation is necessary for the two lighting rate classes, Street Lighting and Sentinel Lighting, for customers in the current Thunder Bay rate zone, as these customers face total bill increases in excess of 10%." (page 22)

a) As opposed to decreasing the revenue to cost ratio for the Sentinel Lighting class could the total bill increase be reduced to less than 10% by using a two or three year recovery period for the DVA balances?

b) If yes, what revenue to cost ratio for the Street Lighting class (in conjunction with this recovery period) reduce that class' total bill impact to less than 10% assuming: i) a two year recovery period and ii) a three year recovery period?

DEFERRAL AND VARIANCE ACCOUNTS (EXHIBIT 9)

9.0 –VECC -71
Reference: Exhibit 9, page 11

a) SNC is proposing to maintain the OEB cost assessment account. Given the account was originally established to address a change in the Board's assessment methodology which has now been completed what is the rationale for its continuation?

9.0 –VECC -72
Reference: Exhibit 9,

a) SNC is seeking disposition of a number of group 2 accounts which are below its materiality threshold. Why?

b) What materiality threshold is SNC applying in the Thunder Bay and Kenora rate zones?

End of document