REQUESTOR NAME	**VECC**
INFORMATION REQUEST ROUND:	**# 1**
TO:	**Algoma Power Inc. (API)**
DATE:	**August 14, 2024**
CASE NO:	**EB-2024-0007**
APPLICATION NAME	**2025 Cost of Service Rate Application**

1.0 ADMINISTRATION (EXHIBIT 1)

1.0-VECC-1

Reference: Exhibit 1, page 42

API indicates variances in overall spending during the historical period were driven by several one-time projects.

a) Please provide a cost variance analysis for the #4 Circuit Project (System Access, 2023).

2.0 RATE BASE AND CAPITAL (EXHIBIT 2)

2.0-VECC-2

Reference: Exhibit 2

a) Appendix 2-AA: please provide on the basis of in-service additions and include excel version.

b) Appendix 2-AB: please provide on the basis of in-service additions and include excel version.

2.0-VECC-3

Reference: Exhibit 2, Appendix 2-AA

a) Please add columns in Appendix 2-AA for 2024 year to date expenditures and provide in excel format.

2.0-VECC-4

Reference: Exhibit 2, Appendix 2-AB

a) Please provide the Accounts included in System O&M.

2.0-VECC-5

Reference: Exhibit 2, Attachment 2A, DSP

a) Page 55 (Table 2.13): Please provide a breakdown of Defective equipment outages by equipment cause code for the years 2019 to 2023.

b) Page 56 (Table 2.14): Please provide a breakdown of Defective Equipment Customers Interrupted by equipment type for the years 2019 to 2023.

c) Page 58 (Table 2.15): Please provide a breakdown of Defective Equipment Customers-Hours Interrupted by equipment type for the years 2019 to 2023.

2.0-VECC-6

Reference: Exhibit 2, Attachment 2A, DSP, page 112

a) Please provide the derivation of the calculation of Contributed Capital in Figure 4.2 for the years 2025 to 2029.

2.0-VECC-7

Reference: Exhibit 2, Attachment 2A, DSP

a) Page 115: For 2024 AGI estimates 8 permits to connect to 297 API poles (as of March 2024). Please update.

b) Page 116: Please provide API's final project cost variance reports or equivalent for the following projects:
- Distribution Line Rebuilds
- Dubreuilville Station Rebuild
- Bruce Mines DS Rebuild

c) Page 117: Please allocate Distribution Lines Rebuild total overspend variance of $5.6 M to the three cost drivers.

d) Page 118: Please allocate Dubreuilville Sub 86 Rebuild total overspend variance of about $1.3 M to the cost drivers.

e) Page 119: Please allocate Bruce DS Mines Rebuild total overspend variance of $2.3 M to the cost drivers.

f) Page 119: Please allocate Bruce DS Mines Rebuild total overspend variance of $2.3 M to the cost drivers.

2.0-VECC-8

Reference: Exhibit 2, Attachment 2A DSP

a) Page 122: Regarding the Echo River TS project, in May 2021, API proceeded to execute the connection and cost recovery agreement ("CCRA") with HOSSM for $7.76 M. Please provide a copy of the CCRA.

a) Page 122: Please provide the notices from HOSSM In July 2022 and September 2022 for additional funding.

b) Page 123: Please provide the original business case and subsequent business cases for this project.

c) Page 123: Please provide a copy of the July 2022 cost benefit analysis.

d) Page 121: In December 2020, API received the HOSSM estimate for the procurement and installation of a second transformer at the Echo River TS. HOSSM provided a final class 3 estimate of $7.76 M. Please provide a copy of the final class 3 estimate.

e) Page 124: Please provide copies of the quarterly project reports in Table 4.6 and any subsequent reports.

f) Page 124: In an email report, HOSSM indicated that further additional funds would be required to cover increased cost for commissioning. Overall, HOSSM indicated that an additional $99k would be required. Please provide a copy of the email report.

2.0-VECC-9

Reference: Exhibit 2, Attachment 2A, DSP, page 127

a) For the Sault Ste. Marie Facility (SSM Facility) project, please provide a breakdown of approved project costs compared to actuals and provide a detailed explanation of the cost overruns.

b) Please provide copies of all Change Orders for the project.

c) Please provide copies of the quarterly project status reports.

2.0-VECC-10

Reference: Exhibit 2, Attachment 2A, DSP, page 129

a) Please provide the number of service connections for each of the years 2020 to 2029.

2.0-VECC-11

Reference: Exhibit 2, Attachment 2A, DSP

a) Page 150: With respect to Distribution Line Rebuilds please explain the increase in spending in 2024 and the scope/volume of work in 2024 compared to 2020-2023.

b) Page 155: With respect to Subtransmission Line Rebuilds please explain the increase in spending in 2024 and 2025 to 2029 compared to the years 2020-2023 and provide the scope/volume of work in 2024.

c) Page 159: With respect to Smart Meter Replacements, please provide the business case.

d) Page 159: With respect to Smart Meter Replacements, please explain why the program does not commence in 2027.

e) Page 164: With respect to Wawa #2 DS Rebuild, please provide a breakdown of the $4.584 million in costs in 2027.

2.0-VECC-12

Reference: Exhibit 2, Attachment 2A, DSP, page 169

With respect to Goulais Area Voltage Conversion, API developed a Greenfield TS report, that considered different supply options with the objective of identifying API's long term supply needs. The recommendation from this report was to refurbish the existing Goulais TS and convert its distribution system to 25kV within the next 10-15 years.

a) Please provide the scope and volume of work for the period 2025 to 2029.

b) Please provide the remaining scope and volume of work beyond 2029.

c) Please confirm the investment alternative selected and why.

2.0-VECC-13

Reference: Exhibit 2, Attachment 2A, DSP page 173

With respect to Protection, Automation, Reliability:

a) Please provide a breakdown of the costs of $11,213 million in 2023 and $1.485 million in 2024.

2.0-VECC -14

Reference: Exhibit 2, Attachment 2A, DSP, page 184

With respect to Transportation & Work:

a) Please provide a breakdown of fleet vehicles replaced for each of the years 2020 to 2023 and include the age and mileage of each vehicle.

b) Please provide a breakdown of fleet vehicles to be replaced in each of the

years 2025 to 2029 and include the age and mileage of each vehicle.

2.0-VECC-15

Reference: Exhibit 2, Attachment 2A, DSP. page 184

b) With respect to Buildings, Facilities & Yards, please provide a breakdown of the work program and associated costs in each of the years 2025 to 2029.

2.0-VECC-16

Reference: Exhibit 2, Attachment 2A, DSP

Please provide the number of failures for each of the following assets in each of the years 2020 to 2023:

-Wood Poles
-Distribution Transformers
-Overhead Switches
-Overhead Conductors
-Underground Cables
-Substations

2.0-VECC-17

Reference: Exhibit 2, Attachment 2A, DSP, Appendix D

a) Please provide API's previous Asset Condition Assessment.

b) Page 26: For each of the asset categories in Table 4-1, please provide the number of assets replaced in each of the years 2020 to 2024.

c) Page 26: For each of the asset categories in Table 4-1, Please provide the forecast assets to be replaced for each of the years 2025 to 2029.

d) Please discuss the percentage of assets replaced over the period 2020-2023 in poor or very poor condition and the forecast for 2025.

3.0 OPERATING REVENUE (EXHIBIT 3)

3.0-VECC-18

Reference: Exhibit 3, pages 5 & 6

Preamble: The Application states:
"The variables selected are consistent with API's most recent

(2020 COS) load forecast, with the exception of the employment variable which was replaced with a number of customers variable, and the days in month which improved the statistical outputs of the equation." (page 5)
And
"While the regression used in API's last load forecast included an employment variable, API found the number of customers variable to be statistically strong." (page 6)

a) How did replacing the employment variable with a number of customers variable improve the statistical outputs of the equation?

3.0-VECC-19

Reference: Exhibit 3, page 14

a) Did API specifically test any COVID-related variables?
   i. If not, why not?
   ii. If yes, what COVID-related variables were tested and why were they rejected?

b) What other explanatory variables were tested and why were they rejected.

3.0-VECC-20

Reference: Exhibit 3, page 20
Load Forecast Model, Rate Class Customer Model Tab

Preamble: The Application states:
"The formula is reasonably representative of API's natural customer growth. For the 2024 forecast customers counts, the 2023 averages were used as a starting point increased by the geomean from 2015 to 2019. During the COVID-19 pandemic, API observed above-average customer growth due to individuals relocating from other areas of the province. API believes this trend was limited to the COVID-19 pandemic, and is unlikely to continue. API considers that the geomean excluding 2020, 2021 and 2022 presents a more accurate viewpoint of the typical customer growth expected in future years, now that COVID impacts are slowing."
And
"Additionally, 2020 had an above normal increase due to the acquisition of a new service area, ie: the customers of the former Dubreuil Lumber Inc. (DLI)"

a) Please reconcile the concern about including data post 2019 in the determination of the growth rate due to COVID-19 impacts with the fact the

customer growth for the each of the Residential and GS classes has continued in 2023 at higher rate than that seen pre-2020.

b) If the post-2019 years are excluded due to presumably residential customers relocating to API's service area, please explain why these years should be excluded when calculating the customer growth rates for the GS classes.

c) Please provide the actual customer count for each class as of June 30, 2024.

d) How many customers were added to each customer class as a result of the acquisition of the new service area?

3.0-VECC-21

Reference: Exhibit 3, pages 21-22

a) Please confirm that in Table 8 the historical counts for Street Lights represent the average number of devices in each year. If not confirmed, please provide the historical number of devices for each year.

3.0-VECC-22

Reference: Exhibit 3, page 23

Preamble: The. Application states:
"For both the 2024 bridge year and the 2025 test year, the historical loss factor employed is the five-year average total loss factor of 1.0873."

b) Please explain why API did not use the average loss factor for the entire historical period that was used in regression analysis (i.e., 2014-2023).

3.0-VECC-23

Reference: Exhibit 3, page 25
Exhibit 2, DSP, page 72 (pdf page 131)
Load Forecast Model, Rate Class Energy Model Tab &
Rate Class Load Model Tab

Preamble: The Application states:
"For the R2 commercial class, API has made a manual adjustment to increase the forecast for the anticipated load associated with increased customer usage from the #4 Circuit project which is detailed in Exhibit 2. The project will bring 8MW in increased maximum customer load." (Exhibit 3)
And
"API subsequently received a deposit to proceed with CIA/SIA processes for a new 21 MW distribution load addition." (DSP)

a) Please explain the basis for the 8 MW referenced in Exhibit 3 and reconcile

with the 21 MW reference in the DSP.

b) Please explain how the 51,899,643 kWh and 86,880 kW adjustments for this increased customer load were determined.

4.0 OM&A (EXHIBIT 4)

4.0 -VECC-24

Reference: Exhibit 4, page 11

API indicates it tracks the program progress in API's vegetation management software and reports on the progress of the annual program.

a) Please provide the data tracked in the software and provide the annual vegetation management results for each of the years 2020-2024.

4.0 -VECC-25

Reference: Exhibit 4, page 41

The Appendix 2-K impact on OM&A is as follows: Decrease of $182,000, Increase of $17,000, Increase of $32,000, Decrease of $32,000, Increase of $483,000, Increase of $180,000

Please provide the derivation of these amounts.

4.0 -VECC-26

Reference: Exhibit 4, Appendix 2-K

The 2025 Test year total FTE of 74 is an addition of four FTE as compared to 2020 Board Approved.

Please provide a schedule that identifies the positions that have been added, removed and not filled since 2020 Board Approved.

4.0 -VECC-27

Reference: Exhibit 4, Appendix 2-K

a) Please provide data for Executive, Management, Union and Non-Union FTEs separately.

b) With respect to Total Salary and Wages, please provide the data for salary, overtime and incentives separately by FTEs in part (a).

c) Please an excel version of the response.

4.0 -VECC-28

Reference: Exhibit 4

Please provide a schedule that sets out a description of API's contracted services and amounts for each of the years 2020 to 2024 and forecasted for 2025-2029,

4.0 -VECC-29

Reference: Exhibit 4, page 26

With respect to Vegetation Management:

a) Please provide the accomplishments tracked and reported on under Line Clearing and Brush Control.

b) Please provide the Line Clearing and Brush Control costs for each of the years 2020 to 2023, and forecast budgets for 2025 to 2029.

c) Please provide unit cost data for the years 2020 to 2024 and forecast for 2025 to 2029 related to Line Clearing and Brush Contol.

4.0-VECC-30

Reference: Exhibit 4

a) Please provide the number of API's vacancy rate for each of the years 2020-2024.

b) Please provide API's assumptions with respect to vacancies in the 2025 budget.

4.0-VECC-31

Reference: Exhibit 4, page 58

API budgets for incentive payments at target payment levels.

a) Please provide API's budgets versus actuals for incentive payments for the years 2020 to 2023.

4.0-VECC-32

Reference: Exhibit 4, page 61

For Union employees, wage increases are in line with other industry adjustments and are 3.75%, 3.25% and 3% for 2024-2026 respectively.

a) Please provide the Union wage increases for the years 2020 to 2023.

b) Please provide the wage increases for other FTE groups for the years 2020 to 2026.

6.0 REVENUE REQUIREMENT (EXHIBIT 6)

6.0-VECC-33

Reference: Exhibit 6, pages 22-23
Chapter 2 Appendices, Appendix 2-H

a) In the main Appendix 2-H table (also shown in Exhibit 6, page 23) there are no entries for Account #4245. However, in Appendix 2-H, the supporting tables below the main table show -$365,033 for 2025. Please reconcile.

b) Please provide the basis for the Joint Use Pole Attachments revenue for 2023, 2024 and 2025 (i.e. # of poles, rate per pole, etc.).

7.0 COST ALLOCATION (EXHIBIT 7)

7.0-VECC-34

Reference: Exhibit 7, page 6

Preamble: The Application states:
"API has completed a load profile study for this application which is based on actual API meter reading data. In doing so, API employed three years of meter data from February 2021 to January 2024"

a) Please explain why January 2024 was used instead of January 2021.

7.0-VECC-35

Reference: Exhibit 7, page 9
Cost Allocation Model, Tab I8

Preamble: The Application states:
"For each of the three historical years, demand allocators for that year were produced from the load profiles. Then the demand allocators for the 3 years were averaged to produce the demand allocators used in the cost allocation model. The R1 class data was aggregated, consistent with the format applied in

the cost allocation model. API has applied scaling factors to the demand allocators to adjust between the historic load and 20 projected 2025 load forecast."

a) Please provide the details (i.e., working excel models) that show how the CP and NCP value in Tab I8 were determined using the average of the demand allocators for three years developed by Utilis Consulting.

Reference: Exhibit 7, page 11
API's Conditions of Service, Section 3.1.5

Preamble: The Application states:
"Due to the very rural nature of the API distribution system, the ongoing practice has all customers providing their own service assets which are connected to API's distribution system by API personnel using API's connection assets. The weighting factors are based on an estimated of time and materials required to complete these connections." (emphasis added)

Section 3.1.5 of API's Conditions of Service indicates that there is a Standard Connection Allowance (SCA) for all R1 or Seasonal Residential Service Class Customers.

a) Please reconcile the statement that "ongoing practice has all customers providing their own service assets" with the provision for a Standard Connection Allowance in API's Conditions of Service.

7.0-VECC-36

Reference: Cost Allocation Model, Tab I6.2 and Tab I8

a) In Tab I6.2 the number of bills calculation for the Street Lighting class uses number of devices times 12. Is a separate bill sent for each device? If not, how many bills are sent monthly with respect to street lighting use (i.e., how many actual Street Lighting customers does API have)?

b) In TabI6.2, please explain why for the Residential class the value for CCS is greater than the value for CCLT. Does this mean there are customers for whom API does not own the transformer but does own the secondary assets on the low side of the transformer? (Note: The same issues exists for Residential in Tab I8 where the SNCP4 value is greater than the LTNCP4 value)

7.0-VECC-37

Reference: Exhibit 7, page 19
Preamble: The Application states:
"API therefore proposes to rebalance its revenue-to-cost ratios

such that the ratio for the Seasonal class is gradually increased to the lower limit of the OEB's policy range over a two-year period. API proposes to rebalance the revenue-to-cost ratios such that the ratio for the Street Lighting Class is gradually increase to the lower limit of the OEB's range over a five-year period.
These phased-in proposals have been made in response to bill mitigation measures, to maintain the total bill impacts for the Street Lighting and Seasonal Classes (at the 10th percentile consumption level) below the 10% mitigation threshold."

a) What was the 10th percentile consumption (i.e., the kWh and kW) used for each of the Seasonal and Street Lighting classes?

b) Please provide API's calculation of the monthly total bill impacts (at both the 10th percentile consumption level and an average consumption level) for the Street Lighting class for the years 2026-2029 based on: i) the proposed R/C ratio phase-in and ii) a phase-in that is completed in 2028.

c) Please provide API's calculation of the 2025 total bill impact for the Seasonal class ((at both the 10th percentile consumption level and an average consumption level) assuming no phase-in of the R/C ratio change to 85%.

7.0-VECC-38

Reference: Exhibit 7, page 14

Cost Allocation Model, Tabs I7.1 and I7.2

Preamble: The Application states:
"API's unmetered scattered load customers are included as general service customers in its R1(ii) rate class."

a) How many unmetered scattered load customers are included as general service customers in the R1(ii) rate class ?

b) Please explain why, in Tabs I7.1 and I7.2, the number of meters and meter reads for the Residential class has not be reduced in order to account for these unmetered customers.

8.0 RATE DESIGN (EXHIBIT 8)

8.0-VECC-39

Reference: Exhibit 8, pages 8, 11 and 13

a) Please confirm that API receives external funding to cover the rate reductions (per page 8) arising from the RRRP, the DRP and the FNDC regulation and what the funding source is for each (i.e., who pays for the rate reduction).

b) Please provide a revised version of Table 2 based on 2025.

c) Do the "equivalent rates" set out in Table 2 (page 13) represent the rates that the customers in each class would be charged absent: i) the funding provided under the RRRP, the DRP and the FNDC regulation and ii) the Residential Rate Design Policy as applied to Residential-R1.

   i. If not, how do they vary from what such rates would be?

8.0-VECC-40

Reference: Exhibit 8, pages 8, 11, 15 and 20

Preamble: The Application states:
"Since July 1, 2023, the maximum monthly base distribution charge has been set at $39.49, as a result of the OEB's decision in EB-2023-0119." (page 8)
And
"For purposes of calculating preliminary proposed rates, bill impacts and a 2025 RRRP Payment in this Application, API used the 2024 approved RRRP Adjustment Factor of 3.54% as a placeholder in this Application. API acknowledges that the Board will determine the actual RRRP Adjustment Factor for 2025 electricity distribution rates in due course, and API will update the proposed rate design accordingly." (page11)

a) Please confirm that maximum month base distribution rate set per the DRP has been updated to $41.39 per EB-2024-0133.

b) Has there been any update to the RRRP Adjustment Factor?

c) Please update the proposed rates as required based on the responses to parts (a) and (b).

d) Please explain why, at page 15, the approved 2024 monthly service charge for R1(i) is shown as $64.31 when the base distribution rate at the time of the Application was $39.49 (per page 8).

8.0-VECC-41

Reference: Exhibit 8, page 16

Preamble: The Application states:

"API has used the RRWF, with adjustments, to calculate the adjustment for the Seasonal rate class. However, in the scenario where API applied the $4 incremental amount to the fixed rate for the Seasonal Class, the Seasonal bill impact at the 10th percentile of usage (ie: a small Seasonal customer using only 15kWh per month), the total bill impact exceeded the 10% threshold. Despite attempting various approaches, API could

not find a reasonable time frame to phase the adjustments to the minimum revenue-to-cost policy range that would bring the bill impact below 10% for the Seasonal customer at the 15th percentile. Therefore, API is proposing to defer the 2025 adjustment to the fixed-variable split for the Seasonal Class, in addition to a phased- in revenue-to-cost ratio increase (which is outlined in Exhibit 7). API proposes to continue with the transition to fully fixed distribution rates in its 2026 IRM application, and extend the phase-in to a nine-year period." (emphasis added)

a) Is the second highlighted portion of the preamble mean to refer to the 15th or the 10th percentile?

8.0-VECC-42

Reference: Exhibit 8, pages 20-21

a) Does the $21,206,759 in RRRP funding include funding required under the DRP and/or the FNDC regulation? If not please provide the calculations of the additional funding required under these regulations.

8.0–VECC-43

Reference: Exhibit 8, pages 23-24
RTSR Model, Tabs 3 & 5

Preamble: The Application states:
"API notes the proposed 2025 RTSRs generally represent a decrease compared the 2024 approved RTSRs. API attributes this to the following assumptions included in the calculations:
• The wholesale volume applied to the Uniform Transmission Rates is based on 2023 actual, consistent with the OEB's methodology.
• The RTSRs are calculated based on API's load forecast, which includes a significant forecasted increase for the R2 class that has not been consistently factored into the UTR forecast."

a) Please confirm that the usage data in Tab 3 of the RTSR model is based on the 2025 load forecast whereas the data in Tab 5 is based 2023 IESO billing quantities.

b) Please provide a revised RTSR Model where the usage data in Tab 3 is based on 2023 actuals.

8.0-VECC-44

Reference: **Exhibit 8, pages 24-25 and Attachment 8-D**

Preamble: The Application states:
"The following table, reproduced from the OEB's February 14, 2019 Decision and Order in EB-2015-0304 shows the Retail Service Charges in effect May 1, 2019, and sought for approval in this proceeding."

a) Please confirm that the Retail Service Charges set out in API's proposed 2025 tariffs are those approved for 2024 per EB-2023-0193 and not those approved inEB-2015-0304.

8.0-VECC-45

Reference: **Exhibit 8, page 29**

Preamble: The Application states:
"API is proposing to use the OEB approved province wide service charge for pole rentals. The current charge is set at $37.78 for 2024, and is updated annually by the OEB's inflation factor. Consistent with the methodology in the Tariff and Bill Impact model, API has used the inflation factor of 4.8% for 2024 rates as a placeholder, resulting in a placeholder 2025 rate of $39.59. API acknowledges that this rate will be adjusted annually based on the OEB's inflation factor when it becomes available."

a) Please update the 2025 pole attachment rate for the OEB's 2025 inflation factor.

b) Does this update impact API's proposed 2025 Revenue Offsets?

End of document