



January 10, 2025

Nancy Marconi
Registrar
Ontario Energy Board
P.O. Box 2319
2300 Yonge Street
Toronto ON
M4P 1E4

Dear Ms. Marconi,

RE: EB-2024-0026 Greater Sudbury Hydro Inc. – Interrogatories of CCMBC

Attached are the interrogatories of the Coalition of Concerned Manufacturers and Businesses of Canada (CCMBC) to the applicant in the the EB-2024-0026 Greater Sudbury Hydro Inc. proceeding.

Respectfully submitted on behalf of CCMBC.

Tom Ladanyi
TL Energy Regulatory Consultants Inc.

cc. Birgit Armstrong (OEB Staff)
Ljuba Djurdjevic (OEB Staff)
Tiija Luttrell (GSHi)
Parties to the Proceeding

EB-2024-0026

CCMBC Interrogatories to Greater Sudbury Hydro Inc.

January 10, 2025

1-CCMBC-1

Reference: Exhibit 1, Tab 3, Schedule 11, page 2, *Figure 2 Organizational Structure Chart – Executive & Senior Management*

Question:

Of the positions shown in Figure 2, are the VP Engineering & Operations, Manager Engineering, and Operations Superintendent the only employees of Greater Sudbury Hydro Inc. (GSHi), and all other positions shown are employees of Greater Sudbury Plus Inc. (GSHPi)?

2-CCMBC-2

Reference: Exhibit 2, Tab 2, Schedule 1, page 3

Preamble: “The net impact of disposals remains consistent year over year, typically not resulting in significant variances—except in 2022. During that year, GSHi recorded a net impact of disposals amounting to \$720,442, compared to the usual figure of approximately \$530,000. The increase was primarily due to the sale of vehicles with a net book value of \$195,651, which were sold at the same value, in addition to regular disposals.”

Questions:

- a) Did GSHi seek bids for the sale of vehicles? If the answer is no, please explain why?
- b) Please file a table listing vehicles sold showing the net book value and the sale price for each vehicle.
- c) Were any vehicles sold to an affiliate of GSHi or to the municipality or to any municipal councillor, or to a director of GSHi, or to an employee of the municipality or of GSHi.?
- d) If the answer is yes, did those sales take place at net book value or at market price?

2-CCMBC-3

Reference: Exhibit 2, Tab 2, Schedule 1, page 4

Preamble: “GSHi addressed outstanding liabilities by compensating developers for amounts owed, including interest. Contributions from these projects were recalculated, and refunds were issued where necessary. The net impact on rate base was \$349,753. As a result, GSHi is now fully caught up and reconciled with developers.”

Question:

Were any of the developers mentioned in the quoted text in the preamble, members of the Board of Directors of GSHI or Sudbury municipal councillors?

2-CCMBC-4

Reference: Exhibit 2, Tab 2, Schedule 1, Page 6

Preamble: “As part of its system renewal 1 planning in 2020, GSHI intended on incurring capital expenditures related to the renewal of the 11T1 side of municipal substation Gemmell MS11 at a cost of \$2,333,387. The project was completed at a cost of \$3,300,293 for a net increase of \$966,906.”

Questions:

- a) Please explain the meaning of the term “intended on incurring”.
- b) Was the \$2,333,387 a budget amount supported by an itemized cost estimate that included allocated overheads, contingency, and interest during construction? If the answer is yes, please file the cost estimate. If the answer is no, please explain why not.
- c) Please file an itemized actual cost showing company labour, contractor labour, overheads, contingency used and interest during construction.
- d) Please explain the reasons for the \$966,906 increase.

2-CCMBC-5

Reference: Exhibit 2, Tab 2, Schedule 1, page 7, Table 4 *GSHi Gross Fixed Assets 2021 vs 2020 Actuals*, and page 8.

Preamble: “These investments were partially offset by contributions of \$1,119,716, primarily related to System Access projects aimed at providing new customer connections.”

Questions:

- a) Please explain the reason for the \$1,119,716 variance in Account 2440 Deferred Revenue.

- b) Why is the entire amount shown as variance in Table 4? Were there no contributions in 2020?

2-CCMBC-6

Reference: Exhibit 2, Tab 2, Schedule 1, Page 9

Preamble: “Gross assets increased by \$2,992,436 from 2021 to 2022, primarily driven by a \$3,901,627 increase in Distribution Plant. Contributing to this increase were relay upgrades at the MS15 Robinson station and station service transformer upgrades at four other stations, accounting for a \$470,000 variance in account 1820.”

Question:

Please provide more detail that would explain the \$470,000 variance in Account 1820, including how much of the variance was attributed to each of the five stations.

2-CCMBC-7

Reference: Exhibit 2, Tab 2, Schedule 1, page 9

Preamble: “A decrease of \$639,282 in 'Line Transformers' was largely due to the accounting reversal of \$1.1 million in capital costs related to assets classified as 'major spare parts' or 'standby equipment' held in general inventory and included as fixed assets. As discussed above, GSHi reversed the amount that had been historically included in fixed assets as major spares and standby equipment in 2022 as it worked to refine its process to determine an appropriate balance. GSHi booked another adjustment to reinstate the balance to fixed assets in 2024.”

Question:

The text quoted in the preamble seems to indicate that equipment held in general inventory had been recorded as being in service. Please explain.

2-CCMBC-8

Reference: Exhibit 2, Tab 9, Schedule 1, Attachment 1, Distribution System Plan, Page 18

Preamble: “After GSHI filed its inaugural DSP in 2019, capital expenditures and planning for the upcoming period were almost immediately under threat due to the global COVID-19 pandemic. Shortly thereafter, the (ongoing) conflict in Ukraine further disrupted supply chains that had yet to recover from the shocks caused by the pandemic.”

Questions:

- a) Please explain how the conflict in Ukraine disrupted supply chains of GSHi.

- b) Please provide a list of GSHi supply chains that were disrupted by the conflict in Ukraine.

2-CCMBC-9

Reference: Exhibit 2, Tab 9, Schedule 1, Attachment 1, Distribution System Plan, Page 20

Preamble: “GSHi’s distribution system is already experiencing a range of impacts from climate change, which are likely to increase. Climate adaptation considerations must therefore become a component of any prospective infrastructure renewal investment.”

Questions:

- a) Please list the impacts from climate change that GSHi has experienced over the last 10 years. For each impact, please provide the date of each event.
- b) Does GSHi have any statistical data of the frequency of climate change impacts in its service territory that would indicate that such impacts are likely to increase?
- c) How does GSHi differentiate between weather impacts and climate change impacts?

2-CCMBC-10

Reference: Exhibit 2, Tab 9, Schedule 1, Attachment 1, Distribution System Plan, Page 206

Preamble:

“In 2024, GSHi is projected to experience an increase in System Access expenditures of \$733,000 as compared with the Board-approved amount for that year.

Several projects have contributed to this projected increase:

- a. Most of the projected increase is attributed to actual contributions of \$691,993 as compared with the planned amount of \$225,000 for Subdivision work. The expected number of phases (3-4) are being developed in 2024, however, they are tending to be larger and more expensive than the original planned amount.
- b. Projected ‘Overhead Services’ costs of \$191,473 are \$40,973 more than were planned.”

Questions:

- a) Why would higher contributions result in an increase in System Access Expenditures?

- b) Did the OEB approve System Access expenditures for 2024? If the answer is yes, please provide reference for the approval.
- c) What costs are included in Overhead Services costs?
- d) Please file a table that shows the Board-approved vs Actual 2024 expenditures, contributions and overhead services costs

2-CCMBC-11

Reference: Exhibit 2, Tab 9, Appendix H, *GSU Routing Study – Siemens Smart Grid Compass®*

Questions:

- a) Why was this draft document from November 2016 included in evidence?
- b) Is there a final version of this document? If the answer is no, please explain why not. If the answer is yes, please file it.
- c) What is GSHi's definition of "smart grid"?

4-CCMBC-12

Reference: Exhibit 4, Tab 1, Schedule 1, Page 6, Table 2 – OM&A Cost per Customer and FTE

Question:

Please confirm that the line "Number of FTEs" only shows employees of GSHI and does not include any employees GSHPi, Agilis or of any other affiliate of GSHi.

4-CCMBC-13

Reference: Exhibit 4, Tab 1, Schedule 1, page 3, and Exhibit 4, Tab 2, Schedule 1, Page 11

Preamble:

"Shared Services Corporate Cost Allocation (44.5%): This increase is largely due to additional staff in GSHPi, general wage and progression increases, and fair market rent charges recommended as part of the Cost Allocation review audit performed by KPMG."

Questions:

- a) Do GSHPi and Agilis use Modified International Reporting Standards MIFRS for financial reporting?
- b) Does the \$\$220,847 Amount Charged back to GSHi through Corporate Services include any markup or profit?
- c) Please confirm that Labour & Burden only relates to GSHi employees and not to GSHPi or Agilis employees.

4-CCMBC-14

Reference: Exhibit 4, Tab 1, Schedule 1, Page 4, Table 5 – OM&A by Program Summary

Question:

Please provide the Billing and Collecting cost per customer for each column shown in Table 5 if it is not already in evidence. If it is in evidence, please provide reference.

4-CCMB-15

Reference: Exhibit 4, Tab 1, Schedule 1, Page 6

Preamble: “GSHi also notes that during the IRM period, it realigned Billing and Collecting and Community Relations expenses to more appropriate USoA Accounts and as such has aligned the 2020 Board Approved budget to match the current expense USoA accounts used where possible for comparative purposes”.

“Typically, when an inflation rate assumption was needed, GSHi applied the 2025 Input Price Index of 3.6% published by the OEB for IRM applications.”

Questions:

- a) Were costs that were previously charged to Billing and Collecting charged to Community Relations after realignment to match USoA accounts? Please explain.
- b) To which cost categories did GSHi apply the 2025 Input Price Index of 3.6% published by the OEB for IRM applications and to which it did not.

4-CCMBC-16

Reference: Exhibit 4, Tab 2, Schedule 1, page 9

Question: Please confirm GSHi outsourced Station Maintenance activities to unaffiliated parties.

4-CCMBC-17

Reference: Exhibit 4, Tab 4, Schedule 1, Page 2

Preamble: “The majority of GSHi and GSHPi’s workforces are unionized, with 85% for GSHi and 68% for GSHPi.”

Question:

- a) What is the relevance of the information about the percentage of unionized employees of GSHPi.?
- b) Please confirm that GSHPi is not a utility regulated by the OEB and that in this proceeding it is not seeking approval for rebasing of its costs.

4-CCMBC-18

Reference: Exhibit 4, Tab 4, Schedule 1, Page 3

Preamble: “The employee benefit plans are designed to address the health and wellness needs of GSHi and GSHPi employees. A comprehensive benefit package exists which includes health and dental benefits, health spending accounts, life insurance, vacation and leave programs, employer portions of government deductions and the OMERS defined benefit pension plan for which the employer matches the employee’s contributions.”

Questions:

- a) Is GSHi responsible for the health and wellness needs of GSHPi employees?
- b) Is GSHi paying for employer portions of the OMERS defined benefit pension plan of GSHPi employees? Please explain.

4-CCMBC-19

Reference: Exhibit 4, Tab 4, Schedule 1, pages 6 and 7 and Table 1 – Adjusted 2020 Board Approved Appendix 2K

Preamble: “GSHi has prepared Appendix 2-K, included as Exhibit 4, Tab 4, Schedule 1, Attachment 1, based on the total full-time equivalents (FTEs). This includes FTEs directly employed by GSHi as well as those allocated through shared services and corporate cost allocations described in Exhibit 4, Tab 4, Schedule 2.”

Questions:

- a) Why has GSHi decided to include non-employees in Appendix 2k?
- b) Please re-file Appendix 2K excluding FTEs allocated through shared services and corporate cost allocations.

4-CCMBC- 20

Reference: Exhibit 4, Tab 4, Schedule 2, Attachment 2, *KPMG Report on Shared Services and Cost Allocations Review*, page 12

Preamble: “GSHP is a corporate services company that provides management and administrative services to its affiliates, including executive leadership, IT services, human resources and safety, accounting, finance, communications, marketing, innovation, utility customer billing and account maintenance, purchasing and inventory, and other support services.”

Questions:

- a) Please list the executive positions of GSHi that occupied by employees of GSHPi.
- b) Please list the executive positions of GSHi that are occupied by employees of GSHi.

4-CCMBC- 21

Reference: Exhibit 4, Tab 4, Schedule 2, Attachment 2, *KPMG Report on Shared Services and Cost Allocations Review* Page 13, *Exhibit 7: Workforce and Capital Assets by Affiliate*

Questions:

- a) Please confirm that of the affiliates of GSHi shown in the table, only GSHPi and Agilis provide services to GSHi.
- b) Please confirm that the capital assets shown in the table are total capital assets of each entity.

- c) How do GSHPi and Agilis charge GSHi for the use of their assets?

4-CCMBC- 22

Reference: Exhibit 4, Tab 4, Schedule 2, Attachment 2, *KPMG Report on Shared Services and Cost Allocations Review Page 24, Exhibit 8: Shared Services Arrangements*, and pages 24-26, Section 5.2 *Summary of Cost Allocation Approach*

Questions:

- a) Please describe the method used to track actual volumes of various shared services listed in Exhibit 8 such as time sheets, invoices for work etc.
- b) How does GSHi management ensure that GSHi is not overcharged?
- c) Are shared services charges audited by an outside auditor? If the answer is yes, is KPMG that auditor? If the answer is no, please explain why not.

4-CCMBC- 23

Reference: Exhibit 4, Tab 4, Schedule 2, Attachment 2, *KPMG Report on Shared Services and Cost Allocations Review Page 31, Section 6.2 Assessment of Market Rates*

Questions:

- a) Do any of the 9 peer Ontario LDCs that were selected have shared services arrangements with affiliates like GSHi's arrangement with GSHPi and Agilis? If the answer is yes, please identify them and describe the arrangements.
- b) Are any of the 9 peer Ontario LDCs operating as a virtual utility?

7-CCMBC-24

Reference: Exhibit 7, Tab 1, page 12

Preamble: "Incremental EV load of 757 kW is added using a simplified assumption that demand will be equal in each hour. Incremental hourly heating load is added by multiplying the total annual incremental heating load by the share of total weather-normal HDD in each hour, though there was no heating load in this hour."

Questions:

- a) Is the incremental EV load of 757 kW based on a Level 1 or a Level 2 charger or a combination of both?

- b) Please explain how the load of 757 kW was calculated.
- c) Please explain why the assumption quoted in the preamble is reasonable considering that EV charging is unlikely to be equal each hour of the day.

7-CCMBC-25

Reference: Exhibit 7, Tab 1, Page 13

Preamble: “GSHi does not currently have a standby rate and is not seeking approval of a standby rate in this application.”

Questions:

- a) Does GSHi have any customers that generate their own power for load displacement at peak under the Industrial Conservation Initiative? If the answer is yes, would a standby rate ensure that other customers of GSHi do not subsidize those customers?
- b) Some distributors have gross load billing. Has GSHi considered gross load billing? Please explain your answer.

7-CCMBC-26

Reference: Exhibit 7, Tab 1, Schedule 2, Page 3, *Table 6 – Revenue to Cost Ratios*

Question:

Please explain the main reason for the large reduction in the revenue to cost ratio for the GS greater than 50 rate class.