Ontario Energy Board | Commission de l'énergie de l'Ontario

Ontario

BY E-MAIL

January 10, 2025

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

Dear Ms. Marconi:

Re: Greater Sudbury Hydro Inc. (Greater Sudbury Hydro)
2025 Cost of Service Rate Application
Ontario Energy Board (OEB) File Number: EB-2024-0026

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

Greater Sudbury Hydro Inc.'s responses to interrogatories are due by January 28, 2025.

Any questions relating to this letter should be directed to Iris Qi at Iris.Qi@oeb.ca or at 416-440-7649. The OEB's toll-free number is 1-888-632-6273.

Yours truly,

Iris Qi Digitally signed by Iris Qi
Date: 2025.01.10
16:01:15 -05'00'

Iris Qi
Analyst, Electricity Distribution Rates

Attach.

OEB Staff Interrogatories
2025 Electricity Distribution Rates Application
Greater Sudbury Hydro Inc. (Greater Sudbury Hydro)
EB-2024-0026
January 10, 2025

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

Exhibit 1 – Administration

1-Staff-1
Updated Revenue Requirement Work Form (RRWF) and Models

Upon completing all interrogatories from Ontario Energy Board (OEB) staff and intervenors, please provide an updated RRWF in working Microsoft Excel format with any corrections or adjustments that the Applicant wishes to make to the amounts in the populated version of the RRWF filed in the initial applications. Entries for changes and adjustments should be included in the middle column on sheet 3 Data_Input_Sheet. Sheets 10 (Load Forecast), 11 (Cost Allocation), and 13 (Rate Design) should be updated, as necessary. Please include documentation of the corrections and adjustments, such as a reference to an interrogatory response or an explanatory note. Such notes should be documented on Sheet 14 Tracking Sheet and may also be included on other sheets in the RRWF to assist understanding of changes.

In addition, please file an updated set of models that reflects the interrogatory responses. Please ensure the models used are the latest available models on the OEB's 2025 Electricity Distributor Rate Applications webpage.

1-Staff-2
Letters of Comment

Following publication of the Notice of Application, the OEB received four letter of comment. Section 2.1.7 of the Filing Requirements states that distributors will be expected to file with the OEB their response to the matters raised within any letters of comment sent to the OEB related to the distributor's application. If the applicant has not

received a copy of the letters or comments, they may be accessed from the public record for this proceeding.

Please file a response to the matters raised in the letters of comment referenced above. Going forward, please ensure that responses to any matters raised in subsequent comments or letter are filed in this proceeding. All responses must be filed before the argument (submission) phase of this proceeding.

1-Staff-3
Internal Scorecard
Ref: Exhibit 1/Tab 6/Schedule 1, pp.2,3

Preamble:
At the above reference, Greater Sudbury Hydro provides its 2019-2023 Scorecard metrics.

Questions:

a) If available, please provide the 2024 results of this scorecard. If not available, please provide a summary of the expected results.
b) Does Greater Sudbury Hydro expect the Key Performance Indicators and targets to evolve over time?

1-Staff-4
Ref 1: Exhibit 1, Activity and Program Based Benchmarking, pp. 22-31
Ref 2: 2023 Unit Cost Calculations, October 17, 2024

Preamble:
Reference 1 provides a summary of the Activity and Program-Based Benchmarking (APB) unit cost results, highlighting areas where Greater Sudbury Hydro exhibits higher-than-average costs compared to industry benchmarks. OEB staff notes specific variances in Metering O&M, Stations O&M, and Line Transformer CAPEX unit costs, as well as notable year-over-year increases in certain categories. These areas require further clarification and justification to understand the cost drivers, alignment with operational changes, and strategies for cost management.

Questions:

a) For Metering O&M, OEB staff observes that these costs are 25.8% above the industry average. Please explain the factors contributing to Greater Sudbury Hydro's higher-than-average costs and provide supporting details.
    i) OEB staff also notes a notable 10% increase in unit costs in 2023 compared to 2022. Please provide an explanation for this year-over-year

increase and how it aligns with Greater Sudbury Hydro's operational changes.

b) For Stations O&M, OEB staff observes that Greater Sudbury Hydro's costs are 63.8% above the industry average. Greater Sudbury Hydro has noted that many substations in its network are well beyond their expected life span and have concerning health indices, with replacement constrained by capital program timelines.
   i) Please explain the key factors contributing to Greater Sudbury Hydro's Stations O&M costs being significantly above the industry average. Additionally, describe how Greater Sudbury Hydro prioritizes its monitoring and maintenance efforts to manage the risks associated with these aging assets.
   ii) How does Greater Sudbury Hydro ensure that Stations O&M spending remains reasonable and aligned with its long-term capital replacement strategy?
   iii) The Stations O&M unit cost for Greater Sudbury Hydro is predicted to increase significantly from $2,471 in the bridge year (2024) to $3,450 in the test year (2025). Given the explanation regarding aging station assets, please explain how these factors specifically contribute to the projected increase during this period. Additionally, what measures are being implemented to ensure these costs remain reasonable and aligned with industry benchmarks while addressing the challenges of maintaining aging assets?
   iv) Provide in greater detail how the aging station assets have affected SAIDI and SAIFI values?

c) Greater Sudbury Hydro's Line Transformer CAPEX unit costs are consistently higher than the industry average, with a notable 14.2% year-over-year increase in 2021 compared to 2020. While Greater Sudbury Hydro has indicated that its annual costs for 2019 to 2023 compare favorably with its cohort, OEB staff notes that the average remains 11.2% above the industry benchmark.

   i) Please explain the key factors contributing to Greater Sudbury Hydro's consistently higher unit costs relative to the industry benchmark.
   ii) What specific drivers led to the 14.2% increase in 2021 compared to 2020?
   iii) How does Greater Sudbury Hydro plan to align its Line Transformer CAPEX unit costs with industry benchmarks in the future?

Exhibit 2 – Rate Base and Capital

2-Staff-5
City of Greater Sudbury's Energy & Emissions Plan
Ref.1: EB-2019-0037, Decision and Rate Order
Ref. 2: Exhibit 2B, Distribution System Plan, pp. 29-31

Preamble:
As a part of the decision on previous cost of service application (EB-2019-0037), Greater Sudbury Hydro had agreed to consider the aims of the City of Greater Sudbury's Energy & Emissions Plan with a view to pursuing cost efficiencies and include a report on any realized areas of cost-efficiency in its next DSP and Business Plan.

In reference 2, Greater Sudbury Hydro has stated that it has been working closely with the City of Greater Sudbury (CGS) and a multitude of stakeholders to advance the goals of the Community Energy and Emissions Plan (CEEP). Greater Sudbury Hydro has also stated that the Phase 1 of the implementation plan for the CEEP is planned to span between 2021-2025 and it has been actively consulting in several initiatives and working groups to move this important council policy forward.

Question(s):

a) Has Greater Sudbury Hydro developed the report mentioned in reference 1? If yes, please provide the report.

2-Staff-6
Reliability – SAIFI/SAIDIRef. 1: Exhibit 2B, Distribution System Plan, p. 15
Ref. 2: Exhibit 2B, Distribution System Plan, p. 64, Figures 18 & 19

Preamble:
In reference 1, Greater Sudbury Hydro states that "Encouragingly, in the period spanning 2019-2023, GSHI has achieved a reduction in both SAIFI and SAIDI as compared with the prior 5-year period 2014-2018. The current 5-year period spanning 2019-2023 saw both SAIDI performance of 1.42 and SAIFI performance of 1.26. These results are both an 8% improvement from the prior results in 2014-2018 of 1.53 (SAIDI) and 1.36 (SAIFI)."

Using the data provided in reference 2, it can be computed that the 5-year average of SAIDI for the period of 2014-2018 is 1.29.

Question(s):

b) Please address the discrepancy in 2014-2018 average SAIDI values between reference 1 and 2.

2-Staff-7
Reliability - Equipment Failure Outages
Ref. 1: Exhibit 2B, Distribution System Plan, p. 15

Preamble:
Equipment Failure, as a critical controllable parameter, contributed 37% of system interruption minutes and was responsible for 41% of the total recorded service interruptions over the period spanning 2019-2023. Recent evidence suggests that underlying reliability risk due to this factor is increasing.

Question(s):
a) Does Greater Sudbury Hydro track historical equipment failures? If yes, please provide number of failures for each equipment type.
b) Has Greater Sudbury Hydro used insights from historical equipment failures in the investment plans developed for the forecast period of 2025-2029?
c) Has Greater Sudbury Hydro ever conducted analyses to compare equipment failures with health index information results from Asset Condition Assessment? If yes, is Greater Sudbury Hydro able to share some of the key observations and learnings from such analyses?

2-Staff-8
System Renewal – OM&A Savings
Ref. 1: Exhibit 2B, Distribution System Plan, pp. 16, 215-216
Ref. 2: Chapter 2 Appendices, Appendix 2JA – OM&A Summary

Preamble:
In reference 1, Greater Sudbury Hydro states that it anticipates a reduction in future O&M costs as low-HI assets are replaced proactively through a paced System Renewal portfolio of investments.

In reference 2, Greater Sudbury Hydro forecasts O&M costs for test year to be $10.33M, 24% higher than $8.34M in 2020.

Question(s):
a) Has Greater Sudbury Hydro estimated annual O&M savings mentioned in reference 1? If yes, please provide the estimated annual savings.
b) Has Greater Sudbury Hydro accounted for the annual savings estimated in (a) in the O&M forecast presented in reference 2?

2-Staff-9
System Renewal – Customer Feedback
Ref. 1: Exhibit 2B, Distribution System Plan, p. 19

Preamble:
Greater Sudbury Hydro states System Renewal-type investments may be either deferred or delayed depending on customer feedback, particularly in the 'Design and Development' stage of detailed engineering.

Question(s):
a) Why is customer feedback on System Renewal-type investments not addressed earlier in the planning process rather than later in the detailed engineering stage?
b) Please provide some examples of System-Renewal type investments that have been deferred or delayed in the 'Design and Development' stage of detailed engineering.

2-Staff-10
Third-Party Owned Poles
Ref. 1: Exhibit 2B, Distribution System Plan, pp. 27, 157-158

Preamble:
Greater Sudbury Hydro states that a number of proposed investments in the forecast period, particularly in the System Service category, propose extensive renewal of existing Bell Canada-owned wood poles. A small number of Hydro One owned poles are also proposed for replacement.

Question(s):
a) Is Greater Sudbury Hydro proposing to replace Bell owned poles with Greater Sudbury Hydro owned poles?
b) Is Greater Sudbury Hydro proposing to replace Hydro One owned poles with Greater Sudbury Hydro owned poles?

2-Staff-11
Third-party Owned Poles
Ref 1: Exhibit 2B, Distribution System Plan, p. 208

Preamble:
Greater Sudbury Hydro states that the 2024 investment plan included a rebuild of a Bell owned pole line along Southview Dr at a cost of $455,214.

Question(s):

a) Has this rebuild been completed?
b) Please confirm that Greater Sudbury Hydro performed the rebuild and if Greater Sudbury Hydro is the owner of the new pole line.
c) How much additional cost to perform this work was the result of design ask of Bell Canada?

2-Staff-12
Third-Party Owned Poles
Ref 1: Exhibit 2B, Distribution System Plan, Material sheet for Submersible Backup for 28M5, pp. 306-310

Preamble:
The referenced Material Information sheet covers the replacement of PILC cable past TUL and obtainment of relevant permits and/or permissions to install four (4) x 44kV submersible cables in an area of Ramsey Lake. Greater Sudbury Hydro states that the existing PILC cable traverses the property of a local golf course. The PILC cables are backup feed for the area and the submersible cables will be the new backup feed for the area.

Question(s):

a) Does Greater Sudbury Hydro have an easement for the PILC cable traversing the golf course?
b) Will Bell Canada or Greater Sudbury Hydro be replacing the Bell Canada poles along Kirkwood Dr. and Ramsey Lake Rd at their cost?

2-Staff-13
Coordinated Planning with Third Parties
Ref. 1: Exhibit 2B, Distribution System Plan, p. 28

Preamble:
Greater Sudbury Hydro states that consultations with telecommunications entities did not directly affect Greater Sudbury Hydro's proposed capital plan for the forecast period. For prospective underground renewal investments, Greater Sudbury Hydro will seek to determine the appropriateness of including a telecommunications duct within the scope of the construction activities.

Question(s):

a) Will the inclusion of telecommunications ducts be based on defined needs from telecommunication entities?

b) Is it the expectation that the telecommunication entities will bear the incremental costs of adding additional telecommunication duct during the underground renewal work?
c) Has extra duct already been budgeted for in the prospective underground renewal investments? If so, what is the incremental cost?

2-Staff-14
Vegetation Management
Ref. 1: Exhibit 2B, Distribution System Plan, pp. 77, 160

Preamble:
Greater Sudbury Hydro states that the implementation of four-year vegetation management cycles throughout the service territory will likely require to be supplemented with additional work to trim back faster-growing vegetation in specific areas. Greater Sudbury Hydro states that it follows a three-year vegetation inspection cycle.

Question(s):
a) What was the vegetation management cycle prior to this DSP?
b) Is the trim back work for fast growing vegetation tied into the three-year inspection cycle?
c) What were the annual vegetation management costs in the 2019-2024 period and what are the annual forecast vegetation management costs in the 2025-2029 forecast period?
d) What are the minimum clearances that Greater Sudbury Hydro adheres to for vegetation management near overhead lines?
e) Has Greater Sudbury Hydro considered complete overhead clearance to eliminate limb collapse on the circuits below as a way of addressing climate change and more severe weather impacts?

2-Staff-15
Wood Pole Replacement
Ref. 1: Exhibit 2B, Distribution System Plan, pp. 80, 143, 158

Preamble:
Greater Sudbury Hydro states that 23% of wood poles (approximately 2,677) are currently assessed to be in “poor” or “very poor” condition. The Levelized Flagged for Action Plan calls for 1342 wood poles to be replaced in years 0-5.

Question(s):
a) How many of these 2677 wood poles is Greater Sudbury Hydro currently planning to replace in the forecast years through System Renewal and System Service projects?

b) How many poles currently in “Fair” condition does Greater Sudbury Hydro expect to deteriorate to the “Poor” or “Very Poor” condition during the 5 forecast years?

2-Staff-16
Customer Outage Costs
Ref. 1: Exhibit 2B, Distribution System Plan, pp. 97, 133-134

Preamble:
Greater Sudbury Hydro states with the Customer Focus asset management objective, prospective investments are scored against reliability risk and/or consequence of asset failure as part of the Paced-Asset Replacement sub-criterion. To score highly, an investment needs to focus on renewing assets whose unplanned failure would result in the highest amount of risk to the distribution business. With the Financial Performance Asset Management objective, prospective investments are scored against reliability risk and/or consequence of asset failure as part of the Financial sub criterion. To score highly, an investment needs to focus on addressing distribution system assets whose criticality (risk) collectively yields an unacceptable consequence cost in the event of an unplanned failure.

Question(s):
a) With respect to Customer Focus, are the cost to the customer (Value of Lost Load, etc.) considered as part of the scoring process?
b) If Greater Sudbury Hydro does utilize Value of Lost Load (VoLL), does Greater Sudbury Hydro have a proprietary methodology for VoLL calculations or does it use any publicly available sources?

2-Staff-17
Asset Condition Assessment
Ref. 1: Exhibit 2B, Distribution System Plan, pp. 112, 154-155, 160, 162
Ref. 2: Exhibit 2B, Distribution System Plan, Kinectrics Greater Sudbury Hydro Asset Condition Assessment Report

Preamble:
The 2024 Asset Condition Assessment Report by Kinectrics provided a number of recommendations for data improvement to aid in assessing the health index of assets.

Greater Sudbury Hydro states that it began POLUX pole testing in 2016. Tests were done again in 2024. Table 48 – Greater Sudbury Hydro Maintenance Practices indicates that pole condition testing is done on a 3-year cycle. The Kinectrics report indicated that no poles currently have strength tests available.

Question(s):

a) For the recommendations provided on data improvement, please advise of Greater Sudbury Hydro's acceptance or rejection of the individual recommendations and the time frame in which Greater Sudbury Hydro would institute the recommended practices.
b) Was the 3-year pole testing cycle in place between 2016 and 2024? If so, in what additional years were tests performed?
c) What were the results of the 2024 POLUX pole testing?
d) Why were the test results in the 2016 – 2024 period not provided to Kinectrics for their Asset Condition Assessment?

2-Staff-18
System Renewal – Dash MS
Ref 1: Exhibit 2B, Distribution System Plan, Material sheet for 2025 System Renewal – Dash MS19, pp. 217-222
Ref 2: Exhibit 2B, Distribution System Plan, Distribution System Plan, pp. 150, 208

Preamble:
The referenced Material sheet for 2025 System Renewal – Dash MS19 covers the re-wind and re-install the existing power transformer 19T1 located at Dash MS19 and replacement of power transformer 19T2 (currently assessed in "good" condition) which will remain as a system spare. Greater Sudbury Hydro states that rewind and reinstall costs for the 19T1 are covered in 2024 and 2025 investment amounts. 2019-2023 Peak station load has been 24.97MVA.

Question(s):
a) What are the specific activities related to the 19T2 transformer that are covered by the expenditures in 2026 and 2028?
b) Please clarify if Greater Sudbury Hydro's intent is to replace or refurbish 19T2. If intent is to replace, what will be the size of the replacement for the 19T2 transformer?
c) What is the 2025 – 2029 peak load forecast for Dash MS19?

2-Staff-19
System Renewal – Lines
Ref 1: Exhibit 2B, Distribution System Plan, Material sheet for 2025 System Renewal – Lines, pp. 222-229
Ref 2: Exhibit 2B, Distribution System Plan, Material sheet for 2027 System Renewal - Lines, pp. 269-274
Ref 3: Exhibit 2B, Distribution System Plan, Material sheet for 2028 System Renewal - Lines, pp. 293-299
Ref 4: Exhibit 2B, Distribution System Plan, Material sheet for 2029 System Renewal - Lines, pp. 317-323

Preamble:
The referenced Material Information sheets for System Renewal - Lines cover multiple line rebuilds in each of the referenced years. A number of line rebuilds involve Bell Canada owned poles on which Greater Sudbury Hydro lines are attached. Greater Sudbury Hydro states that it will be approaching Bell Canada to fund at least a portion of the construction activities. Greater Sudbury Hydro states that an agreement to provide any partial funding of these projects by Bell Canada would contribute to a reduction in the overall budgetary costs that form part of these prospective investments.

Question(s):
a) Please provide the length of line, number of poles to be replaced and cost for each of the identified line rebuild projects in the referenced Material Information sheets above.
b) Why has Greater Sudbury Hydro budgeted for costs to be borne by Bell Canada in these program budgets?
c) Please provide the number of Bell poles, and associated replacement work cost, in any of the rebuild projects referenced in the Materials Information sheets above.

2-Staff-20
System Renewal - Lines
Ref 1: Exhibit 2B, Distribution System Plan, Material sheet for 2026 System Renewal – Lines, pp. 249-257

Preamble:
The referenced Material Information sheet for 2026 System Renewal - Lines covers multiple line rebuilds. Project f) Elm St/Clarabelle requires Greater Sudbury Hydro to work closely with Vale to obtain permission to rebuild these 44kV distribution assets. Vale owns the property over which the existing 28M4/28M5 circuit currently traverses.

Question(s):
a) Does Greater Sudbury Hydro have an existing easement with Vale for the existing 44kV line? If not, as part of the negotiations with Vale, will an easement be obtained for the rebuilt line traversing Vale Property?

2-Staff-21
System Renewal – Underground
Ref 1: Exhibit 2B, Distribution System Plan, Material sheet for 2025 System Renewal – Underground, pp. 229-235
Ref 2: Exhibit 2B, Distribution System Plan, Material sheet for 2026 System Renewal - Underground, pp. 255-259

Ref 3: Exhibit 2B, Distribution System Plan, Material sheet for 2027 System Renewal - Underground, pp. 275-279
Ref 4: Exhibit 2B, Distribution System Plan, Material sheet for 2028 System Renewal - Underground, pp. 299-303
Ref 5: Exhibit 2B, Distribution System Plan, Material sheet for 2029 System Renewal - Underground, pp. 323-327

Preamble:
The referenced Material Information sheets for System Renewal - Underground covers multiple underground rebuilds. Greater Sudbury Hydro states that due to the likelihood that the unjacketed concentric neutral will have corroded for many of these cables, it is expected that attempting to remove the cables from their existing conduit(s) will be a fruitless exercise and as such Greater Sudbury Hydro expects to predominantly use directional drilling, rather than open-trenching, to install new conduit in which replacement cables may be installed. Greater Sudbury Hydro will be approaching other interested parties to possibly participate in the projects and to share the costs of the construction activities.

Question(s):
a) Please provide the length of underground conductor (size and voltage) to be replaced, number of padmount transformers to be replaced and cost for each of the identified underground rebuild projects in the referenced Material Information sheets above.
b) Was cable injection considered as an alternative for any of the cable replacement investments in the referenced Material information sheets above?
c) Does Greater Sudbury Hydro intend to abandon existing cable in duct that cannot be removed?
d) Considering Greater Sudbury Hydro intends to use directional drilling, what is the participation expected of other interested parties to share the cost of construction activities (as opposed to open trenching to lay multiple ducts)?

2-Staff-22
System Renewal – Voltage Conversion
Ref 1: Exhibit 2B, Distribution System Plan, Material sheet for West Nipissing Voltage Conversion, pp. 235-240

Preamble:
The referenced Material Information sheet covers a multi-year expenditure for voltage conversion activities. Greater Sudbury Hydro states that in the Town of Sturgeon Falls voltage conversion area, the project involves the installation of 102 – 4.16kV Overhead distribution transformers. Greater Sudbury Hydro will be approaching Hydro One to fund at least a portion of the construction activities (project 2026-A11).

Question(s):

a) Please confirm that the project involves the removal of 102 - 4.16kV overhead distribution transformers and replacement with 12 kV transformers.
b) Please confirm the number of Hydro One poles expected to be replaced by Hydro One in project 2026-A11 total 19.
c) Please confirm that budget funds in project 2026-A11 are solely for Greater Sudbury Hydro to transfer its plant to new Hydro One installed poles.
d) How does Greater Sudbury Hydro plans to address the situation where Hydro One does not agree to replace the poles in question?

2-Staff-23
System Renewal – Moonlight MS
Ref 1: Exhibit 2B, Distribution System Plan, DSP Material sheet for Moonlight MS18 system renewal, pp. 263-269

Preamble:

The referenced Material Information sheet covers the replacement of power transformer assets at Moonlight MS18 with underground, pad-mounted structures at a new location. Existing SCADA RTUs to be replaced with a new device. Existing power transformer is rated 5/6.7MVA size. Greater Sudbury Hydro states that a significant environmental concern with Upper Coniston MS31 is that in the event of a catastrophic failure of a power transformer, it is possible that a large quantity of transformer oil may be released outside of the station in the surrounding environment.

Question(s).

a) Has the new location been identified and acquired?
b) What will be the rating of the new power transformer?
c) What oil containment will the new underground padmount structure have?
d) What are the specific investments for expenditures identified in 2025, 2026 and 2027?

2-Staff-24
System Access - Meters
Ref 1: Exhibit 2B, Distribution System Plan, Material sheet for Meter Installations, pp. 333-335
Ref 2: Chapter 2 Appendices, Appendix 2-AA Capital Projects Table

Preamble:

The reference Material Information sheet in reference 1 covers the installation of meters, replacement of damaged meters and reverification of meters at commercial/industrial

customers premises. Forecast investments are planned for each of the 2025-2029 forecast years.

Based on the information provided in reference 2, the average meter installations expenditure for 2020-2024 can be calculated as $150k and average forecast expenditure for 2025-2029 can be calculated as $253k.

Question(s):

a) How many new meters forecast to be installed in each of the 2025-2029 forecast years?
b) How many damaged meters that Greater Sudbury Hydro forecast to be replaced over the 2025-2029 period?
c) Are there any meter reverification requirements over the 2025 – 2029 period? If so, does Greater Sudbury Hydro assume that the meter groups will all pass reverification and not require replacement?
d) Please explain the increase in average capital expenditure in the forecast period as compared to historical period.

2-Staff-25
System Access – Capital Contribution
Ref. 1: Chapter 2 Appendices, Appendix 2-AA Capital Projects Table

Preamble:
System access capital contribution as a percentage of gross system access expenditures can be calculated from the data provided in reference 1. The calculation is provided in the table below.

	2020	2021	2022	2023	2024 Bridge Year	2025 Test Year
System Access Gross Expenditures	$ 2.40 M	$ 1.82 M	$ 2.41M	$ 1.79 M	$ 2.78 M	$ 2.18 M
System Access Capital Contributions	$ 1.28 M	$ 1.14 M	$ 1.79 M	$ 1.16 M	$ 1.80 M	$ 1.19 M
% System Access Capital Contributions	**53%**	**62%**	**74%**	**65%**	**65%**	**55%**

Question(s):

a) Please explain the reason for lower forecast capital contributions for test year as compared to historical average.

2-Staff-26
General Plant – Vehicles and Building
Ref 1: Exhibit 2B, Distribution System Plan, Material sheet for Vehicles, pp. 362-365
Ref. 2: Exhibit 2B, Distribution System Plan, Material sheet for Building, pp. 365-367

Preamble:
The referenced Material Information sheet covers the procurement of replacement Fleet vehicles. 8 vehicles have been identified for replacement in the 2025-2029 forecast years.

The referenced Material Information sheet covers refurbishment needs of the Greater Sudbury Hydro head office building over the 2025-2029 forecast period. Building roof, staff parking and heat pumps are some of the refurbishment needs that have been identified.

Question(s):
a) Which specific vehicles, and their associated cost, are to be replaced in each of the 2025-2029 forecast years?
b) Please identify the specific building investment need and its forecast cost in each of the 2025-2029 forecast years.

2-Staff-27
Substation Condition Assessment Report
Ref 1: Exhibit 2B, Distribution System Plan, Appendix B: 2024 Substation Condition Assessment Report

Preamble:
The 2024 Substation Condition Assessment Report by Lakeside Power Consulting Inc. provided a number of recommendations for substation asset management.

Question(s):
a) For the recommendations provided, please advise of Greater Sudbury Hydro's acceptance or rejection of the individual recommendations and the time frame in which Greater Sudbury Hydro would institute the recommended practices.

2-Staff-28
NWS/CDM in Distribution System Planning
Ref 1: EB-2024-0118, Non-Wires Solutions Guidelines for Electricity Distributors, March 28, 2024
Ref 2: Exhibit 2/ Tab 9/ Schedule 1/ Section 5.3.5, pp. 171

Preamble:
Per the OEB's Non-Wires Solutions Guidelines for Electricity Distributors (NWS Guidelines), electricity distributors are required to incorporate consideration of non-wires solutions (NWSs) into their distribution system planning process by considering whether a distribution rate-funded NWS may be a preferred approach to meeting a system need, thus avoiding or deferring spending on traditional infrastructure. Per the NWS Guidelines, traditional conservation and demand management (CDM) is a potential NWS that electricity distributors may consider. Furthermore, electricity distributors are required to document their consideration of NWSs when making investment decisions on electricity system needs with an expected capital cost of $2 million or more as part of distribution system planning, excluding general plant investments.

Greater Sudbury Hydro is not proposing any rate-funded Conservation and Demand Management (CDM), demand-response, efficiency, or storage activities within the forecast period (2025-2029) for the purpose of deferring investments in distribution infrastructure. Further, Greater Sudbury Hydro noted that it will continue to prudently monitor the market for innovative technologies that show promise in helping to mitigate future operational challenges.

Question(s):

a) Please describe how Greater Sudbury Hydro has addressed or plans to address the requirement in the OEB's NWS Guidelines for distributors to incorporate consideration of NWSs into their distribution system planning process.

2-Staff-29
Asset Retirement Obligation
Ref 1: Exhibit 2 / Tab 2 / Schedule 1 / Page 2
Ref 2: Chapter 2 Appendices, Tab 2BA

Preamble
Greater Sudbury Hydro has adjusted its continuity schedule for rate base purposes to account for an asset retirement obligation (ARO) established in 2024 of $273,640, associated with the removal of lead cables at a designated site. The ARO has been recognized in compliance with IFRS and is being amortized over the period leading up to the anticipated cable removal in 2029. Greater Sudbury Hydro has adjusted reference 2, Appendix 2-BA, by adding a row to reflect the removal of the ARO for rate base calculation purposes, and an additional row to reinstate the depreciation expense.

Question(s):

a) Please provide detailed documentation on the nature and origin of the ARO of $273,640 including the specific legal, environmental or other obligation that led to its recognition.
b) Please confirm when the ARO was first recognized and how was the timing determined?
c) Please explain the accounting methodology used to calculate the ARO amount of $273,640 including details of the discount rate and assumptions used in estimating the liability.
d) Has Greater Sudbury Hydro discussed the ARO with its auditor of financial statements and obtained the auditor's opinion on the recognition of ARO? If so, please elaborate on the discussion. If not, please provide a plan to obtain the auditor's opinion on this ARO recognition and measurement.
e) Please discuss any risks associated with this ARO and how they are being mitigated.
f) If the ARO changes in future years, how does Greater Sudbury Hydro plan to reflect those changes in rate base and its revenue requirement?

2-Staff-30
Additional Capital Modul (ACM)
Ref 1: **Exhibit 2 / Tab 6 / Schedule 1 / pg 1-5**
Ref 2: Chapter 2 Appendices, Tab 2BA
Ref 3: Report of the Board New Policy Options for the Funding of Capital Investments: The Advanced Capital Module dated September 18, 2014

Preamble
Greater Sudbury Hydro was approved for an additional capital module (ACM) related to its Cressey Substation rebuild during its last cost of service. A schedule of the ACM capital asset amounts it proposes to incorporate into rate base is included in reference 2. Two additional columns have been added to the continuity schedules, one under the "Cost" section and another under the "Accumulated Depreciation" section. These columns are titled "ACM Cressey Additions." The activity in these columns begins in the 2021 year, where the total amount of additions in that column under the "Cost" section equals $4,750,995.

Greater Sudbury Hydro confirms that it has recorded actual amounts in the appropriate sub-account of account 1508 – Other Regulatory Assets, in accordance with the OEB's Accounting Procedures Handbook, March 15 guidance #13 and #14. Greater Sudbury Hydro is proposing to transfer the balances from the 1508 sub-accounts to the appropriate OEB sub-accounts, which will impact the total rate base, and effectively include the net book value of the Cressey substation in the rate base for rates effective May 1, 2025. Greater Sudbury Hydro confirms that it appropriately used the interest

rates prescribed by the OEB for deferral and variance accounts, as published on the OEB's website.

In reference 3, it states that the OEB does not intend to proceed with the elimination of the effect of the half year rule on test year capital additions for the IRM years at this time.

Question(s):

a) Please confirm whether Greater Sudbury Hydro applied the half-year rule to the capital asset additions for its Cressey substation rebuild.
b) If not, please explain why. Please update the evidence as necessary.

Exhibit 3 – Operating Revenue

3-Staff-31
Load Forecast
Ref 1: Exhibit 3, pages 7-12
Ref 2: Load Forecast Model, Monthly Data

Preamble:
The load forecast was prepared using historical data from January 2014 to December 2023.

Question(s):

a) Please provide an update to the forecast including as much actual data from 2024 as possible at the time of filing the interrogatory responses.

Exhibit 4 – Operating Costs

4-Staff-32
General
Ref 1: Chapter 2 Appendices 2-JA/JC

Preamble:
Greater Sudbury Hydro provided Chapter 2 appendices 2-JA and 2-JC in its application.

Question(s):

a) Please update actuals for 2024 in Chapter 2 appendices 2-JA and 2-JC.

4-Staff-33
Operations and Maintenance
Ref 1: Chapter 2 Appendices 2-JA
Ref 2: Exhibit 4 – Tab 3 – Schedule 1

Preamble:
In reference 1, Greater Sudbury Hydro has constantly underspent it's 2020 OEB-approved Operations and Maintenance budget between 2020 to 2023. OM&A expenses were lower because more time from engineers was allocated to capital than expected on a substation rebuild project to allow engineers to gain more knowledge on the project. There was also lower training and travel expenses because of COVID and remote work. Greater Sudbury Hydro stated the increase in OM&A expenses in 2025 is attributed to the shift between OM&A and Capital.

Question(s):
b) Please explain the cost savings from changes in Greater Sudbury Hydro's operations due to COVID (i.e., more remote capabilities) and how those savings are considered in the 2025 test year budget.
c) Please explain why Greater Sudbury Hydro allocated training hours for engineers to the capital project.
d) Greater Sudbury Hydro had stated that it intends to invest more in training and development. Please explain if there are more instances where capital project could be higher than expected because of training costs.

4-Staff-34
Stations Operations
Ref 1: Exhibit 4 – Tab 3 – Schedule 1
Ref 2: Chapter 2 Appendices – 2-AA

Preamble:
Greater Sudbury Hydro stated that the variance between 2025 and 2020 OEB-approved budget for the Stations Operations Program is due to the time spent in OM&A versus capital, given the absence of major station projects in the 2025 Capital Budget. The Stations Operations Program is in the $900k range from 2020 to 2024.

Question(s):
a) Please provide information for the following projects:
- Martilla Station Project (2024)
- MS19-Dash Station (2025)
- Upper Coniston MS31 - Rebuild/Commission New Station Project (2026)

- MS18-Moonlight Station (2027)
- Ethel MS36 (2029)

b) Greater Sudbury Hydro seems to imply that the 2025 OM&A budget is higher because there are fewer major station projects. From 2022 and 2023 there doesn't appear to be any major stations projects either but the Stations Operations program is in the $900k range and the total OM&A spend is also well below the 2025 level. Please explain how Greater Sudbury Hydro can justify the correlation between higher OM&A and lower capital spend on major station projects.

c) There appears to be major station projects for 2026, 2027, and 2029 and the total capital budget for those years is also higher than the 2025 test year. Since Greater Sudbury Hydro has stated that there is flexibility to move OM&A budget to capital spending this effectively covers higher capital spending not included in base rates for future years. Please explain how Greater Sudbury Hydro can justify this.

4-Staff-35
Billing/Collecting
Ref 1: Exhibit 4 – Tab 3 – Schedule 1
Ref 2: Chapter 2 Appendices – 2-JC

Preamble:
Greater Sudbury Hydro added a collections officer and has seen an increase in credit bureau commission costs.

Question(s):

a) Please provide the year the collections officer was hired.
b) Please explain the increases in credit bureau commission costs.
c) The collections and bad debt expense continues to increase from 2023 to 2025. Please explain how the collections officer has helped reduce this.

4-Staff-36
Employee Costs
Ref 1: Chapter 2 appendices 2-K – Employee Costs

Preamble:
In 2020, Greater Subury Hydro was approved 102.9 FTEs. The actual number of FTEs between 2020 and 2023 was 97 FTEs. Greater Subury Hydro then forecasts the 2024 Bridge Year FTEs and 2025 Test Year FTEs to be 105.3 and 107.7, respectively. Part of the reason for unfilled positions is due to temporary leave, in particular parental leaves.

Question(s):

a) Please provide the actual number of FTEs for the Bridge Year. If the number of FTEs is below 105.3, please provide the positions that are not filled and their status.
b) Please confirm if staff on parental leave is included in the number of FTEs provided in Chapter 2 appendices 2-K. Please confirm if Greater Sudbury Hydro's 2025 FTEs takes into consideration potential parental leaves. If not, why not?
c) Please provide the number of vacant FTEs and what is the status of their backfill.
d) Please provide the number of employees eligible for retirement in the next 5 years and the position they hold. ‘
e) Please provide the number of FTEs in Greater Sudbury Hydro and the number of FTEs allocated to Greater Sudbury Hydro from it's affiliates from 2020 to 2025.

4-Staff-37
CSR/Biller/Admin
Ref 1: Exhibit 4 – Tab 4 – Schedule 1
Ref 2: Exhibit 4 – Tab 4 – Schedule 2

Preamble:
Greater Subury Hydro states that as part of the General Expense Reduction from Greater Sudbury Hydro's 2020 Cost of Service Application, the Customer Service complement was reduced by 1.46 FTEs. Greater Sudbury Hydro was able to manage this reduction in FTEs at the beginning of COVID but in 2023 as things were reopening the vacancies were required.

Greater Sudbury Hydro states that over the last 5 years, several initiatives were introduced into the billing of hydro including OER, Covid relief rates, ULO, customer choice, Green Button. Greater Sudbury Hydro felt it necessary to hire 0.6 of an FTE (utility billing supervisor) to help manage the complex changes.

Greater Sudbury Hydro also states that there were increases in postage, stationery and software maintenance costs since 2020.

Question(s):

a) Please explain, during the first two years of COVID, what changes Greater Sudbury Hydro made to customer service, billing, and administration and what changes continue to this day (e.g., increased electronic communications).

b) Please provide the number of customer inquiries received from 2020 to 2025. Also, please provide the number of inquiries that were received in person from 2020 to 2025.
c) Please expand on what specifically is complex about these initiatives that required an additional FTE and why the existing team could not be trained to manage these changes.
d) Please provide the number of customers that currently use electronic billing or paper billing from 2020 to 2025.
e) Please explain if there were any changes in Greater Sudbury Hydro staff's work habits to be more electronic based since COVID. If so, please explain why there is an increase to stationary costs.

4-Staff-38
General Counsel/Assistant
Ref 1: Exhibit 4 – Tab 4 – Schedule 1

Preamble:
Greater Sudbury Hydro stated that it is planning for a General Counsel and General Counsel Assistant because of growing complexities in corporate dealings and help with managing increased liability risks and complex employment matters. Specifically, in-house counsel can proactively address employment/labour issues and corporate governance concerns, ensuring the company follows best practices and maintains a healthy workplace culture.

Question(s):
a) Please provide the external legal costs incurred from 2020 to 2024.
b) Please explain why addressing employment/labour issues and maintaining a healthy workplace are not duties that should fall to HR.
c) What allocation basis was used to allocate the FTE count for the General Counsel and General Counsel Assistant to Greater Sudbury Hydro?
d) How did Greater Sudbury Hydro forecast the allocation for 2024 and 2025?
e) What work does the General Counsel and General Counsel Assistant do for Greater Subury Hydro Plus?

4-Staff-39
IT support
Ref 1: Exhibit 4 – Tab 4 – Schedule 1

Preamble:

Greater Sudbury Hydro decided to retain the IT Support Desk as it allows the organization to handle routine IT tasks efficiently, freeing up IT Specialists to focus on more complex issues.

Question(s):

a) Please provide the number of IT tickets received from 2020 to 2024.
b) Please provide the number of IT staff from 2020 to 2024.

4-Staff-40
Manager of Engineering and Asset Management
Ref 1: Exhibit 4 – Tab 4 – Schedule 1

Preamble:
Greater Sudbury Hydro promoted the Engineering Supervisor in 2020 to the Manager of Engineering and Asset Management, but the Engineering Supervisor role remained unfilled till 2023.

Question(s):

a) Greater Sudbury Hydro managed without an Engineering Supervisor for three years. Please explain the incremental requirements that the Engineering Supervisor required in 2023.
b) Please provide the organization structure under the Manager of Engineering and Asset Management and the number of direct reports they have.
c) Greater Sudbury Hydro states that the Manager of Engineering and Asset Management role maintains responsibility for the overall distribution system plan (DSP). However, Greater Sudbury Hydro uses consultants for its DSP. Please explain why Greater Sudbury Hydro needs a consultant for the DSP when it has internal resources that could manage it.

4-Staff-41
Control Room Operator
Ref 1: Exhibit 4 – Tab 4 – Schedule 1
Ref 2: Exhibit 4 – Tab 3 – Schedule 1

Preamble:
Greater Subury Hydro stated that the additional control room operator returns Greater Sudbury Hydro to a full complement of control room operators required for future DSO initiatives. Greater Sudbury Hydro also stated that in 2023 it had 2.5 FTE vacancy.

Question(s):

a) Please provide the total number of control room operators.
b) In the absence of DSO initiatives, what is the number of control room operators required?
c) What DSO initiatives are planned in the next five years and when will they be implemented?
d) Please explain how Greater Sudbury Hydro managed the control room in 2023 with a 2.5 FTE vacancy.

4-Staff-42
Regulatory One-Time Costs
Ref 1: Chapter 2 Appendices – 2-M
Ref 2: Exhibit 4 – Tab 4 - Schedule 4
Ref 3: Exhibit 4 – Tab 4 - Schedule 5

Preamble:
In reference 1, it shows that Greater Sudbury Hydro incurred $367k in consultant costs from 2021 to 2025.

Question(s):
a) Please provide 2024 actuals for consultant costs.
b) Please break down the consultant costs to the consultant and the work that they did.

Exhibit 5 – Cost of Capital

5-Staff-43
Ref 1: EB-2024-0063, Notice, March 6, 2024
Ref 2: EB-2024-0063, OEB Letter, April 22, 2024

Preamble:
On March 6, 2024, the OEB commenced a hearing (EB-2024-0063) on its own motion to consider the methodology for determining the values of the cost of capital parameters and deemed capital structure to be used to set rates for electricity transmitters, electricity distributors, natural gas utilities, and Ontario Power Generation Inc. The methodology for determining the OEB's prescribed interest rates and matters related to the OEB's Cloud Computing Deferral Account will also be considered, including what type of interest rate, if any, should apply to this deferral account.

On April 22, 2024, the OEB approved the final Issues List for this proceeding, including the following two issues, amongst other issues:

18. How should any changes in the cost of capital parameters and/or capital structure of a utility be implemented (e.g., on a one-time basis upon rebasing or gradually over a rate term)?

19. Should changes in the cost of capital parameters and/or capital structure arising out of this proceeding (if any) be implemented for utilities that are in the middle of an approved rate term, and if so, how?

Question(s):

a) Please confirm that the applicant proposes to implement the outcomes from the OEB's generic cost of capital proceeding, including what the OEB decides with respect to implementation. If this is not the case, please explain.

5-Staff-44
Ref 1: EB-2024-0063, OEB Letter, July 26, 2024

Preamble:
On July 26, 2024, the OEB issued a Letter and Accounting Order regarding prescribed interest rates and the deemed short-term debt rate (DSTDR).

Question(s):

a) Please confirm that the applicant will use the 2025 DSTDR set in October 2024 on an interim basis.
b) Please confirm that the applicant will follow all other direction included in the OEB's Letter and Accounting Order issued on July 26, 2024, including the establishment of a new variance account for the DSTDR.

5-Staff-45
Long Term Debt
Ref 1: Exhibit 5/Tab 2/ Schedule 1, pp. 2-3
Ref 2: Ch. 2 Appendices, Tab 2-OB_Debt Instruments

Preamble:
In 2024 Greater Sudbury Hydro is planning to secure an additional $6M in third party debt with a fixed interest rate of 4.15% with a 10-year term and a 25-year amortization period, which has not been finalized at the time of filing this application. Greater Sudbury Hydro noted that it plans to enter into an interest rate swap contract.

Questions:

a) Please provide updated information about the new loan expected.
b) What due diligence has Greater Sudbury Hydro undertaken to ensure its preferred lender is offering a competitive rate and product?

Exhibit 6 – Revenue Requirement and Revenue Deficiency or Sufficiency

6-Staff-46
PILS
Ref 1: Exhibit 6 / Tab 3 / Schedule 1, p 3

Preamble

In reference 1, Greater Sudbury Hydro states that on July 16, 2024, the Ministry of Finance concluded its audit of Greater Sudbury Hydro's 2019 and 2020 taxation years, resulting in additions to taxable income of $1,323,815 for 2020 and $1,339,214 for 2019, totaling $2,663,029 over the two years. Additionally, Greater Sudbury Hydro anticipates re-assessments for the 2021, 2022, and 2023 taxation years from future audits, with taxable income adjustments expected to be similar to those for 2019 and 2020.

Question(s):

a) Please describe the nature of the taxable additions and how these were missed in the filing of Greater Sudbury Hydro's 2019 and 2020 tax returns.
b) Did the assessments of Greater Sudbury Hydro's 2020 and 2021 income taxes result in additional taxes payable? If yes, please provide the amounts.
c) Were there any penalties associated with the tax reassessments? If yes, in what amounts.
d) Please confirm if/how Greater Sudbury Hydro plans to recover any amounts relating to the reassessments.
e) What impact(s), if any, does Greater Sudbury Hydro expect from the re-assessments on its 2025 PILS, the test year?

6-Staff-47
Property Tax

Ref 1: Exhibit 6 / Tab 3 / Schedule 2

Preamble

In reference 1, Greater Sudbury Hydro states that the amounts recorded in Account 6105 pertain to property taxes. Greater Sudbury Hydro uses the most recent actual property tax costs and adjusts them for anticipated increases to budget the amount for the 2025 Test Year.

Question(s):

a) Please provide the last 5 years of property taxes paid by Greater Sudbury Hydro and the amounts for bridge year and test year.
b) Please explain what properties in particular the property taxes are related to.
c) Please provide a variance analysis for the property tax for the last 5 years.

Exhibit 7 – Cost Allocation

7-Staff-48
Weighting Factors
Ref 1: Exhibit 7, page 3
Ref 2: Cost Allocation Model, E4 TB Allocation Details

Preamble:

Greater Sudbury Hydro indicates that all service weighting factors other than residential are set to 0 because other rate classes pay contributions for services. It also indicates that gross capital.

Account 5130, maintenance of overhead services and account 5155, maintenance of underground services are also allocated based on account 1855.

Question(s):

a) When non-residential services reach end of life and require replacement, does Greater Sudbury Hydro provide the replacement, and if so, which USoA account would the replacement assets be tracked in?
b) When maintenance is required on non-residential services, does the customer pay costs? If not, which USoA account would the expense be tracked in?

Exhibit 8 – Rate Design

8-Staff-49
Billing Cycle
Ref 1: Exhibit 8, Tab 2, Schedule 1, page 1
Ref 2: EB-2023-0195, Final Rate Order, December 12, 2024, Schedule A, page 4.

Preamble:
Greater Sudbury Hydro proposes fixed charges based on a 30-day basis. Volumetric charges are proposed remain on a monthly basis. It proposes to do this to align with its billing system's application of charges based on a 30-day basis.

Currently, Greater Sudbury Hydro applies fixed charges, and demand charges on a 30-day basis. All other regulated electricity distributors apply fixed charges and demand charges on a monthly basis.

Question(s):

a) Is Greater Sudbury Hydro aware of the distinction between its billing system and most other electricity distributors which facilitate the application of monthly charges?
b) Can the number of days per billing cycle be configured in the billing system to a decimal number such as 30.4?
c) Please explain with an example how the billing service interval is set for a typical customer.
    a. Are customers invoiced monthly, once per 30 days, or something else (please explain)?
    b. If the billing service interval begins or ends on a weekend, is the interval lengthened or shortened to align with a weekday?
    c. Does the bill reflect the number of days in the service interval, the number of days in the month, or something else (please explain)?
d) Are there any scenarios where a customer could receive 13 bills in a year (please explain)?
    a. If so, would the demand charge apply 13 times in a year?

8-Staff-50
RTSRs
Ref:Exhibit 8, Tab 3, Schedule 1, page 1

Preamble:

Greater Sudbury Hydro indicates that it will update the UTRs once the 2025 UTRs are known.

Question(s):

a) Please provide an updated RTSR model with the 2025 UTRs.

8-Staff-51
Low Voltage Rates
Ref 1: Exhibit 8, Tab 3, Schedule 7, page 1
Ref 2: Exhibit 3, Tab 1, Schedule 1, Attachment 1, page 6
Ref 3: EB-2024-0032, Rate Order, December 19, 2024

Preamble:

The LV charges were set based on 2023 billing determinants multiplied by 2024 LV rates, escalated by 3.3%.

Greater Sudbury Hydro's consultant noted a decline in consumption in 2023 due to mild winter temperatures.

Question(s):

a) Please provide a scenario where a 5-year average of consumption is used instead of 2023.
b) Please update using 2025 LV rates without the escalation.

8-Staff-52
Bill Impacts
Ref 1: Exhibit 8, Tab 5, Schedule 3, page 2
Ref 2: Exhibit 8, Tab 5, Schedule 4, page 1
Ref 3: DVA Continuity Schedule, Rate Rider Calculation

Preamble:

The bill impacts for the sentinel lighting and street lighting rate classes are 13.1% and 15.0% respectively. Both rate classes are subject to debit variance account balances which contribute to the bill impacts. Greater Sudbury Hydro indicates that it has explored various scenarios with respect to the disposition of DVAs and other rate riders. The proposal remains to dispose of the variance accounts over a 12 month period.

Question(s):

a) As a scenario, please provide the bill impacts that would result from using a 24-month disposition period for rate riders. In doing so, please provide the monthly scenario to put 2024 and 2025 on a consistent basis.

Exhibit 9 – Deferral and Variance Accounts

9-Staff-53
1508 – Pole Attachment Charges
Ref 1: Chapter 2 Filing Requirements
Ref 2: Exhibit 9 / Tab 1 / Schedule 1 / Page 7 of 24, Table 2

Preamble

In the Report of the Ontario Energy Board: Wireline Pole Attachment Charges, the OEB advised that a new variance account was required for distributors to track the revenue differences between the pole attachment charge incorporated in rates and the updated charge. In subsequent guidance, the OEB instructed distributors to record the excess incremental revenues, as of September 1, 2018, until the effective date of their rebased rates in a new variance account related to pole attachment charges. The distributor would then refund the closing balance in its subsequent cost of service application.

OEB staff notes that in Greater Sudbury Hydro's calculation of its pole attachment revenue variance account in reference 2, Greater Sudbury Hydro's revenue charged per pole attachment is $44.50 for the period of 2020 through 2024 while the approved rate during the year by OEB order ranges from $34.76 to $44.50.

OEB staff notes from the DVA continuity schedule that the proposed disposition in Account 1508 sub-account Pole attachment variance is a debit of $656,721 including the principal balance as of December 31, 2023 and interest up to April 30, 2025.

Question(s):

a) Please explain why the resulting difference between pole attachment charges is a debit to ratepayers and not a credit.
b) Please forecast the variance for the first quarter of 2025 and update the DVA continuity schedule.
c) Please update the evidence as necessary.
d) Please confirm that the account will be closed upon disposition.

9-Staff-54
OPEB
Ref 1: Exhibit 9 / Tab 1 / Schedule 1/ Page 9-15

Ref 2: Report of the Board - Regulatory Treatment of Pension and Other Post-employment Benefits (OPEBs) Costs (final report)
Ref 3: EB-2019-0037, Exhibit 4 / Tab 2 / Schedule 1 / p 3
Ref 4: EB-2019-0037, Exhibit 4 / Tab 4 / Schedule 3 / p 4

Preamble
Prior to May 1, 2020, Greater Sudbury Hydro recovered included a portion of the cash cost incurred for OPEB expenses for recovery in rates. In reference 3, Greater Sudbury Hydro stated that this cash cost represented its payments for OPEBs incurred for retirees. Greater Sudbury Hydro transitioned to recovering OPEBs on an accrual basis as part of its 2020 cost-of-service rate application (EB-2019-0037). Per Greater Sudbury Hydro, the OPEB Cash to Accrual Transitional Account captures the difference calculated from this comparison.

In its application, Greater Sudbury Hydro stated that the amount deferred in this account represents the present value of Greater Sudbury Hydro's total OPEB liabilities as of December 31, 2019. Each year up to December 31, 2019, this total liability has increased due to current service and interest costs and decreased based on actual benefits paid in cash during the year. It is also adjusted by a net actuarial gain or loss for the year, which going forward in 2020 and beyond Greater Sudbury Hydro defers annually in a separate deferral account. The amount deferred as of December 31, 2019, reflects the difference between the cash and accrual accounting methods that Greater Sudbury Hydro experienced for actual costs since the inception of OPEBs, up to the transition date from cash to accrual basis in rates. Greater Sudbury Hydro states that it has not adjusted this deferral to account for the difference between the amounts embedded in rates and collected from ratepayers and the actual amounts paid out since the inception of OPEBs.

In reference 2, the OEB's "Report of the Ontario Energy Board – Regulatory Treatment of Pension and Other Post-employment Benefits (OPEBs) Costs," dated September 14, 2017, outlines the approach for calculating amounts related to the transition from a cash to accrual method for OPEB recovery. Specifically, the OEB directs regulated utilities to calculate the **amounts already recovered from customers for OPEBs through the rates charged to date and compare them to what would have been collected had the accrual method been in place over the same historical period**. [Emphasis Added]

OEB staff notes that the opening balance of $16,109,318 in Greater Sudbury Hydro's calculation of this sub-account agrees with the present value of the defined benefit obligation as of January 1, 2020 provided in Attachment 3 of RSM's actuarial valuation.
Question(s):

a) Please explain how the present value of the defined benefit obligation correlates with actual historical amounts embedded in rates, as mentioned in the OEB's Report on the Regulatory Treatment of Pension and OPEBs Costs.

b) Please provide a detailed breakdown of the $26M amount showing the portion attributable to past periods and how much of it reflects actual historical recovery differences versus forward-looking actuarial assumptions.
c) Please confirm that prior to the 2020 rebasing application, Greater Sudbury Hydro had included the OPEB expense on a cash basis in its rates. If not, please provide the rate terms where the OPEB expenses are recovered on a cash basis.
d) Please confirm that if the OPEB expense were recovered on an accrual basis, the current service cost plus the interest cost would likely be the costs that would have been included in the revenue requirement and recovered in rates. Please explain if not confirmed.
e) OEB staff has developed a table below (Table 1) to compare the OPEB expense on cash basis and the OPEB expense on accrual basis. Please fill out the table for the comparison of the OPEB expense during the period when cash accounting was used, i.e. up to December 31, 2019, to determine the difference between the cash and accrual method of OPEBs.
f)

Table 1: Difference between OPEBs under Cash and Accrual Methods

Year	OPEB under accrual method – Sum of current service costs and interest costs (accrued method)	OPEBs paid under cash method that had been embedded in rates in respective rebasing applications	Differences (a-b)
	(a)	(b)	(c)
xxxx			
2013			
2014			
2015			
2016			
2017			
2018			
2019			
Total difference			

9-Staff-55

Cloud Computing Variance Account

Ref 1: EB-003-2023, Accounting Order, November 2, 2023
Ref 2: Cloud Computing Implementation Q&A Document, PDF, February 2024
Ref 3: EB-2024-0063, Notice, March 6, 2024

Preamble
On November 2, 2023, the OEB issued the Accounting Order (003-2023) for the Establishment of a Deferral Account to Record Incremental Cloud Computing Arrangement Implementation Costs (Cloud Computing Implementation Report). The Cloud Computing Implementation Report noted that the Cloud Computing Implementation Account is generally intended to record cloud computing implementation costs when utilities first transition from on-premise solutions to cloud computing. In February 2024, the OEB hosted a webinar and Q&A session related to the Accounting Order for the establishment of a deferral account to record cloud computing arrangement implementation costs and issued a Q&A document.

On March 6, 2024, the OEB commenced a generic hearing (EB-2024-0063) on its own motion to consider cost of capital and other matters, including those related to the OEB's Cloud Computing Deferral Account (e.g., what type of interest rate, if any, should apply to this deferral account).

Question(s):

a) Please confirm whether Greater Sudbury Hydro has considered cloud computing solutions in its rebasing term and whether any amounts have been included in its forecast.
    i) If not confirmed, please explain why and Greater Sudbury Hydro's proposal to address its cloud solution implementation needs during its rebasing term.

9-Staff-56
GOCA Variance Account
Ref 1: The OEB's Decision and Order for Getting Ontario Connected Act Variance Account, October 31, 2023
Ref 2: DVA Continuity Schedule, tab 3

Preamble
On October 31, 2023, the OEB issued a decision and order EB-2023-0143 for Getting Ontario Connected Act Variance Account (GOCA variance account). The decision states that:

The OEB notes that the GOCA variance account will only be available to a utility until the end of its current IRM period. The account is not available for utilities that have reflected Bill 93 in their most recent rebasing applications.

The disposition of any balance in this account will be subject to a prudence review and a requirement to establish that any cost incurred over and above what is provided for in initial and IRM adjusted base rates is an incremental cost resulting from Bill 93.

Question(s):

a) Please confirm that the OM&A cost in the test year reflect the Bill 93 impact for the utility's locate cost.
   i) If so, please confirm that the Account 1508 sub-account GOCA variance account is to be discontinued after this rebasing application and update the evidence accordingly.
   ii) If not, please provide the rationale why the Bill 93 impact is not reflected in the test year's OM&A cost.

9-Staff-57
Account 1592- Sub Account CCA Changes
Ref 1: Exhibit 9 / Tab 1/ Schedule 6 / p 1-4
Ref 2: CRA's Accelerated Investment Incentive

Preamble
On June 21, 2019, Bill C-97, the Budget Implementation Act, 2019, No. 1, was given Royal Assent. Included in Bill C-97 are various changes to the federal income tax regime. One of the changes introduced by Bill C-97 is the Accelerated Investment Incentive program (AIIP), which provides for a first-year increase in CCA deductions on eligible capital assets acquired after November 20, 2018.

Greater Sudbury Hydro stated that the impact of CCA rules changes is recorded in an Account 1592 sub-account, for the period November 21, 2018 until the effective date of Greater Sudbury Hydro's last cost-based rate order (i.e. May 1, 2020). Greater Sudbury Hydro has requested disposal of the 1592 sub-account balance in Exhibit 9 of this Application related to those historical years.

Greater Sudbury Hydro did not claim accelerated CCA expense in its 2018 taxes, therefore no difference exists for that year. Greater Sudbury Hydro's May 1, 2020 rates accounted for the impact on the 2020 year, including the effect of accelerated CCA, which was embedded in the rates. Therefore, once rebasing took effect, no further balance in this account related to the overall CCA deduction is warranted.

Also included in the 1592 sub-account CCA changes are amounts related to the Cressey ACM. Greater Sudbury Hydro has calculated the difference between the

accelerated CCA, on which it actually paid tax, and the amount assumed in the ACM rate rider (i.e., without accelerated CCA).

The balance of account 1592, sub account CCA Changes is reproduced below:

	Accrual Amount			Balance		
Period	Bill C-97	Cressey ACM	Activity	Cumulative Principal	Cumulative Interest	Total Balance
2019	-$ 389,212.00	$ -	-$ 389,212.00	-$ 389,212.00	-$ 3,910.77	-$ 393,122.77
2020	$ -	$ -	$ -	-$ 389,212.00	-$ 9,262.43	-$ 398,474.43
2021	$ -	-$ 77,356.34	-$ 77,356.34	-$ 466,568.34	-$ 11,683.04	-$ 478,251.38
2022	$ -	$ 11,215.23	$ 11,215.23	-$ 455,353.11	-$ 20,480.55	-$ 475,833.66
2023	$ -	$ 7,543.38	$ 7,543.38	-$ 447,809.73	-$ 43,273.32	-$ 491,083.05
2024	$ -	$ 5,691.93	$ 5,691.93	-$ 442,117.80	-$ 66,185.24	-$ 508,303.04
2025	$ -	$ -	$ -	-$ 442,117.80	-$ 72,669.63	-$ 514,787.43
	-$ 389,212.00	-$ 52,905.80				

In reference 2, the AIIP is subject to a phase-out period for property that becomes available for use after 2023.

2020	2021	2022	2023	2024
FULL effect of AIIP in CCA	Full effect of AIIP in CCA	Full effect of AIIP in CCA	Full effect of AIIP in CCA	Phased out effect of AIIP in CCA

Question(s):

a) OEB staff notes that Greater Sudbury Hydro has calculated a balance relating to its last cost of service rate term for disposition (2019). Please explain why the credit balance of $389,212 was not requested for disposition in Greater Sudbury Hydro's last cost of service application (EB-2020-0037).
   i) Please explain why the OEB should allow disposition of 2019 using the principles of rates retroactivity.
   ii) Are there similar instances where the OEB allowed disposition of previous years in the last rate term relating to Account 1592 sub account CCA Changes? If yes, please provide their references.

b) Because Greater Sudbury Hydro rebased in 2020 using the full effect of AIIP in calculating its CCA, OEB staff expects that Account 1592 sub account CCA Changes would have a debit balance related to the revenue requirement impact of the CCA difference in 2024 based on 2024 capital additions.
   i) Please explain why this is not the case.
   ii) Please update the evidence, as necessary.

9-Staff-58

Account 1592- Sub Account CCA Changes
Ref 1: Chapter 2 Appendices, Tab 2BA
Ref 2: Exhibit 9 / Tab 1 / Schedule 6 / p 1-4
Ref 3: EB-2020-0037, Settlement Proposal, p 55

PreambleOEB staff notes that in reference 1, the assets associated with the Cressey Station rebuild ACM were capitalized in 2021 for $4.8M.

Based on page 55 of the settlement agreement for Greater Sudbury Hydro's last cost of service (EB-2020-0037) in reference 3:
The Parties agree that GSHi will record the ACM revenue requirement impact of the difference between the CCA rule used in the ACM rate rider calculation and the CCA rule used in its actual taxes (i.e. Accelerated CCA) in Account 1592 - PILs and Tax Variances, Sub-account CCA Changes, for future disposition; GSHi will follow any future OEB guidance with respect to this amount. Also included in the 1592 sub-account CCA changes are amounts related to the Cressey ACM. Greater Sudbury Hydro has calculated the difference between the accelerated CCA, on which it actually paid tax, and the amount assumed in the ACM rate rider (i.e., without accelerated CCA).

The balance of account 1592, sub account CCA Changes is reproduced below:

	Accrual Amount			Balance		
Period	Bill C-97	Cressey ACM	Activity	Cumulative Principal	Cumulative Interest	Total Balance
2019	-$ 389,212.00	$ -	-$ 389,212.00	-$ 389,212.00	-$ 3,910.77	-$ 393,122.77
2020	$ -	$ -	$ -	-$ 389,212.00	-$ 9,262.43	-$ 398,474.43
2021	$ -	-$ 77,356.34	-$ 77,356.34	-$ 466,568.34	-$ 11,683.04	-$ 478,251.38
2022	$ -	$ 11,215.23	$ 11,215.23	-$ 455,353.11	-$ 20,480.55	-$ 475,833.66
2023	$ -	$ 7,543.38	$ 7,543.38	-$ 447,809.73	-$ 43,273.32	-$ 491,083.05
2024	$ -	$ 5,691.93	$ 5,691.93	-$ 442,117.80	-$ 66,185.24	-$ 508,303.04
2025	$ -	$ -	$ -	-$ 442,117.80	-$ 72,669.63	-$ 514,787.43
	-$ 389,212.00	-$ 52,905.80				

Question(s):

a) OEB staff expects that the revenue requirement impact for the difference in CCA for the Cressey Station rebuild should be isolated to 2021, the year in which the assets were placed in service.
   i) Please explain why this is not the case.
   ii) Please update the evidence, as necessary.
b) Please provide the detailed calculations showing the annual balances added to Account 1592 sub account CCA Changes for the Cressey Station ACM.

9-Staff-59
Lost Revenue Adjustment Mechanism (LRAM)

Ref 1: **Exhibit 9 / Tab 1 / Schedule 1 / p 23**

Preamble
In Decision and Rate order, EB-2022-0034, for IRM rates effective May 1, 2023, Greater Sudbury Hydro was approved to dispose of the requested LRAM-eligible amount pertaining to 2023, a net credit balance of $37,640. An excerpt of the decision and order pertaining this balance follows:
The OEB also approves the LRAM-eligible amounts for the years 2023 to 2027, arising from persisting savings from completed CDM programs, as set out in Table 8.2 below. These amounts will be adjusted mechanistically by the approved inflation minus X factor applicable to IRM applications in effect for a given year, and recovered through a rate rider in the corresponding rate year, beginning with the 2023 rate year. For the 2023 rate year, the OEB approves the requested LRAM-eligible amount of $37,641, a credit to be refunded to customers, and the associated rate riders.

Greater Sudbury Hydro states that due to an oversight in that rate proceeding, the rate rider to settle the 2023 LRAM balance was drafted in Greater Sudbury Hydro's write-up but ultimately not included on the tariff sheets and therefore the balance has not yet been settled. Greater Sudbury Hydro has recorded the balance, as well as projected interest, in Account 1508 sub-account LRAM and is proposing it for disposition as part of this rate proceeding.

Question(s):

a) Please describe in detail how the oversight of including the LRAM amount for 2023 on the tariff sheets occurred and whether there is rates retroactivity for this matter.