



Greater Sudbury Hydro Inc

Interrogatory Response #2

February 4, 2025

Ontario Energy Board Staff

EB-2024-0026

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1 1-Staff-1 Updated RRWF and Models

2 **Question:**

3 **Updated Revenue Requirement Work Form (RRWF) and Models**

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

15

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

19

20 **Response:**

21 GSHi submits an updated Revenue Requirement Work Form (RRWF) and
22 supporting models reflecting interrogatory responses. The following updated
23 models and supporting spreadsheets have been provided:

24

- 25 1) GSHI_IRR_2025_Accelerated_CCA_Deferral_Support_20250204
26 2) GSHI_IRR_2025_Cost_Allocation_Model_20250204
27 3) GSHI_IRR_2025_DVA_Continuity_Schedule_CoS_20250204
28 4) GSHI_IRR_2025_Filing_Requirements_Chapter2_Appendices_20250204

1 5) GSHI_IRR_2025_Rev_Reqt_Workform_20250204

2 6) GSHI_IRR_2025_Tariff_Schedule_and_Bill_Impact_Model_30-
3 day_20250204

4 7) GSHI_IRR_2025_Tariff_Schedule_and_Bill_Impact_Model_Monthly_2025
5 0204

6 8) GSHI_IRR_2025_Test_year_Income_Tax_PILs_20250204
7

8 The following updated models were previously submitted on January 28th, 2025:
9

10 1) GSHI_IRR_2025_RTSR_Workform_20250128

11 2) GSHI_IRR_2025_Load_Forecast_20250128
12

13 **Update to Cost of Power Assumptions**

14 GSHi has updated its cost of power assumptions based on the latest available
15 information at the time of interrogatory preparation. Notably, the “Class A – Non-
16 RPP Global Adjustment” rate in the initial submission contained a decimal
17 placement error. It was originally entered as \$0.2476/kWh instead of
18 \$0.02476/kWh.
19

20 This update has been corrected in the Chapter 2 Appendices, and with revised
21 inputs, the corrected rate is now \$0.02692/kWh. This adjustment impacts the
22 cost of power assumptions included in the RRWF, affecting rate base and
23 distribution revenue calculations. See adjustment item #2 on tab “14.
24 Tracking_Sheet” for the Cost of Power adjustment.

2-Staff-14 Vegetation Management

Question:

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?

Response:

- a) Prior to this DSP, the vegetation management cycle was still on a 4-year cycle.

b) Yes, the trim-back work for fast-growing vegetation is integrated into the three-year inspection cycle. Since vegetation inspections occur more frequently than the trim cycle, these inspections often identify fast-growing areas before the scheduled trimming. As a result, resources may be redirected from the regular trim cycle to address these urgent or spot trims, depending on the severity of the vegetation encroachment towards the distribution system.

c) The table below shows the annual vegetation management costs in the 2019-2024 period, including a projection of 2024 costs:

2019	2020	2021	2022	2023	2024
Actual (\$)	Actual (\$)	Actual (\$)	Actual (\$)	Actual (\$)	Projection (\$)
625,327	723,215	656,503	392,870	578,757	668,564

Expected costs for the period 2025-2029 are shown in the table below:

2025	2026	2027	2028	2029
700,000	714,000	728,280	742,846	757,703

d) The minimum clearances required for vegetation management near overhead lines is 1.0m (3FT) clearance between branches and secondary power lines, and a 3.0m (10FT) clearance from branches and primary power lines.

e) No, GSHi has not considered complete overhead clearance to eliminate limb collapse on the circuits below as a way of addressing climate change and more severe weather impacts. GSHi believes that an appropriately funded four-year vegetation management cycle that ensures minimum



- 1 clearances between vegetation and overhead distribution systems strikes
- 2 an acceptable balance between costs and reliability performance.

1 4-Staff-32 Updated 2024 Appendices 2-JA & 2-JC

2 **Question:**

3 **General**

4 **Ref 1: Chapter 2 Appendices 2-JA/JC**

5

6 **Preamble:**

7 Greater Sudbury Hydro provided Chapter 2 appendices 2-JA and 2-JC in its
8 application.

9

10 **Question(s):**

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

12

13 **Response:**

14 GSHi has updated Chapter 2 appendices 2-JA and 2-JC. See uploaded Excel
15 document titled:

16 "GSHI_IRR_2025_Filing_Requirements_Chapter2_Appendices_20250204".

1 8-Staff-52 Bill Impacts

2 **Question:**

3 **Bill Impacts**

4 **Ref 1: Exhibit 8, Tab 5, Schedule 3, page 2**

5 **Ref 2: Exhibit 8, Tab 5, Schedule 4, page 1**

6 **Ref 3: DVA Continuity Schedule, Rate Rider Calculation**

7

8 **Preamble:**

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

15

16 **Question(s):**

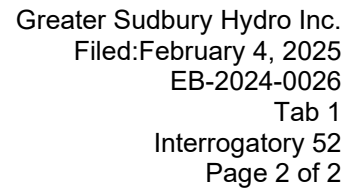
17 a) As a scenario, please provide the bill impacts that would result from using
18 a 24-month disposition period for rate riders. In doing so, please provide
19 the monthly scenario to put 2024 and 2025 on a consistent basis.

20

21 **Response:**

22 The updated bill impact model submitted with these interrogatory responses
23 shows a 14.7% impact for sentinel lighting and a 15.3% impact for street lighting.
24 In response to the OEB's request for a 24-month disposition scenario, GSHi
25 recalculated the rate riders by dividing them by two. Under this scenario, the bill
26 impact is 13.0% for sentinel lighting and 10.1% for street lighting.

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9-Staff-57 Account 1592 - Sub Account CCA Changes

Question:

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:

Period	Accrual Amount			Balance		
	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):

- 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

1 disposition in Greater Sudbury Hydro's last cost of service application (EB-
2 2020-0037).

3 i) Please explain why the OEB should allow disposition of 2019 using the
4 principles of rates retroactivity.

5 ii) Are there similar instances where the OEB allowed disposition of previous
6 years in the last rate term relating to Account 1592 sub account CCA
7 Changes? If yes, please provide their references.

8 b) Because Greater Sudbury Hydro rebased in 2020 using the full effect of
9 AIIP in calculating its CCA, OEB staff expects that Account 1592 sub
10 account CCA Changes would have a debit balance related to the revenue
11 requirement impact of the CCA difference in 2024 based on 2024 capital
12 additions.

13 i) Please explain why this is not the case.

14 ii) Please update the evidence, as necessary.
15

16 **Response:**

17 a) Greater Sudbury Hydro (GSHi) acknowledges the credit balance of
18 \$389,212 in Account 1592, sub-account CCA Changes, related to the
19 2019 period, and offers the following explanations:
20

21 i. The credit balance was not requested for disposition in GSHi's last
22 cost-of-service application (EB-2020-0037) because it was not fully
23 projected, calculated, or finalized at the time of filing. GSHi did not
24 recognize at the time that submitting the balance for disposal in this
25 2025 rate proceeding would be considered retroactive ratemaking;
26 otherwise, GSHi would have included it in the 2020 application.
27 Since the balance represents a refund to ratepayers for the 2019
28 period due to changes in CCA rules, GSHi believes it is appropriate
29 to seek disposition now to ensure fairness and to return funds to
30 ratepayers.

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ii. OEB Precedents for Retroactive Disposition of Account 1592 CCA Changes: GSHi is unfamiliar with the OEB's past practice for this account as it pertains to application to other rate proceedings. However, since the balance represents a refund to ratepayers, GSHi believes it is appropriate to seek disposition now to ensure fairness and to return funds to ratepayers. GSHi has calculated interest on the balance to appropriately compensate customers for the time since the balance accumulated.

b) Response follows:

- i. Similar to the answer provided in part a) i) above, GSHi did not recognize 2024 as a year that should be projected and included in its proposal for disposition. GSHi has revised its evidence to include an amount for this difference.
- ii. Included with this interrogatory submission is the supporting documentation quantifying the 2024 Capital Cost Allowance (CCA) difference for GSHi. Please refer to the Excel file named "GSHI_IRR_2025_Accelerated_CCA_Deferral_Support_20250204."

Additionally, this Excel spreadsheet contains dedicated tabs for both the 2019 and 2024 accelerated CCA differences. The 2019 value in this account has been revised after a calculation error was discovered in the original submission. GSHi has also used updated capital figures for 2024 to project the balance for that year. An updated summary is provided in Table 1 below, and the balances are appropriately reflected in the updated DVA continuity:

Table 1: Updated For Interrogatories – 1592 Sub-Account CCA
Changes

Period	Accrual Amount			Balance		
	Bill C-97	Cressey ACM	Activity	Cumulative Principal	Cumulative Interest	Total Balance
2019	-\$ 237,513.00	\$ -	-\$ 237,513.00	-\$ 237,513.00	-\$ 2,386.51	-\$ 239,899.51
2020	\$ -	\$ -	\$ -	-\$ 237,513.00	-\$ 5,652.31	-\$ 243,165.31
2021	\$ -	-\$ 77,356.34	-\$ 77,356.34	-\$ 314,869.34	-\$ 7,208.23	-\$ 322,077.57
2022	\$ -	\$ 11,215.23	\$ 11,215.23	-\$ 303,654.11	-\$ 13,100.71	-\$ 316,754.82
2023	\$ -	\$ 7,543.38	\$ 7,543.38	-\$ 296,110.73	-\$ 28,240.26	-\$ 324,350.99
2024	\$ 203,226.00	\$ 5,691.93	\$ 208,917.93	-\$ 87,192.80	-\$ 38,781.03	-\$ 125,973.83
2025	\$ -	\$ -	\$ -	-\$ 87,192.80	-\$ 39,838.97	-\$ 127,031.77
	-\$ 34,287.00	-\$ 52,905.80				