



Greater Sudbury Hydro Inc

Pre-ADR Clarification Questions

February 8, 2025

School Energy Coalition

EB-2024-0026

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1 SEC-1 Table 18 Expanded to 2007

2 **Question:**

3 **[2-SEC-2]**

4 Please expand the Table 18 back to 2007.

5

6 **Response:**

7 Table 18 has been expanded to 2007 and is included as Tab 4, Interrogatory 1,
8 Attachment 1.

Attachment 1 (of 1):

SEC-1 Attachment 1: Table 18 Expanded to 2007

Table 18: SAIDI & SAIFI By Cause Code 2007 - 2024

[illegible]

Table 18: SAIDI & SAIFI By Cause Code 2007 - 2024 Cont'd

[illegible]

SEC-2 Cressey TS Revenue Requirement 2021-2024

Question:

[2-SEC-8]

For each calendar year between 2021 and 2024, please provide the actual revenue requirement for the Cressey TS that corresponds with the amounts included in GSHI's rate base continuity and depreciation schedules.

Response:

GSHi has included two tables in this response:

1. Table 1: Summarizes the overall actual revenue requirement for the Cressey TS, along with the amounts GSHi will actually collect, net of any portion deferred to Account 1592. This table compares the net amount GSHi will actually collect to the actual revenue requirement.

Table 1: Summary of Actual Requirement vs Net Collected

Collected - Actual Projected Revenue Collection	\$	1,257,121	Note 1
Less: Balance in 1592 CCA Changes, AIP Deferral Account	-\$	52,906	Note 2
GSHi Actual Collected	A \$	1,204,215	
Actual revenue requirement	B \$	1,111,675	Note 3
Difference	A-B \$	92,540	
Note 1: Initial application, Exhibit 2, Tab 6, Schedule 1, Table 2			
Note 2: 9-Staff-57			
Note 3: Table 2 below			

2. Table 2: Provides the detailed calculations supporting the annual revenue requirement in each of the years 2021 to 2024, including:

- Application of the half-year rule in 2021 (reflecting partial in-service) for the return on rate base and amortization.

- The impact of the Accelerated Investment Incentive Program (AIIP) as claimed in GSHi's taxes.
- The effect of accumulated depreciation in subsequent years.

Table 2: Actual Revenue Requirement Calculations

		2021	2022	2023	2024
Incremental Revenue Requirement					
Return on Rate Base - Total	E * 5.282%	123,679	243,768	236,589	229,409
Amortization Expense - Total	- C	67,962	135,924	135,924	135,924
Grossed-Up Taxes/PILs	M -	178,795	15,353	5,609	2,254
		12,846	364,339	366,904	367,587
		Total Incremental Revenue Requirement			1,111,675
Rate Base Calc					
Rate base, opening	A	-	4,683,033	4,547,109	4,411,185
Add, additions	B	4,750,995	-	-	-
Deduct, amortization	C -	67,962	135,924	135,924	135,924
Rate base, closing	A + B + C = D	4,683,033	4,547,109	4,411,185	4,275,261
Average	(A + D) / 2 = E	2,341,517	4,615,071	4,479,147	4,343,223
CCA Calc					
UCC, opening	F	-	4,107,331	3,771,542	3,467,412
Add, additions (Class 47 - 8%)	B	4,549,017	-	-	-
Add, additions (Class 1 - 6%)	B	93,674	-	-	-
Add, additions (Class 50 - 55%)	B	108,304	-	-	-
Less: CCA Class 47 (Note)	B * CCA Rate = G -	545,882	320,251	294,631	271,060
Less: CCA Class 1 (Note)	B * CCA Rate = G -	8,431	5,115	4,808	4,519
Less: CCA Class 50 (Note)	B * CCA Rate = G -	89,350	10,424	4,691	2,111
UCC, closing	F + B + G	4,107,331	3,771,542	3,467,412	3,189,722
PILs Calc					
Return on Rate Base	E * 40% * 8.52% = I	79,799	157,282	152,649	148,017
Add Back: amortization	C	67,962	135,924	135,924	135,924
Deduct: CCA (Note)	G -	643,663	335,790	304,129	277,690
Incremental Taxable Income	I + C + G = K -	495,902	42,584	15,556	6,251
PILs	K * 26.5% = L -	131,414	11,285	4,122	1,656
Grossed-Up Taxes/PILs	L / (1 - 0.265) = M -	178,795	15,353	5,609	2,254
Note: For purposes of completing this table, GSHi is including CCA as it was claimed in actual taxes.					
Therefore the CCA in 2021 is calculated in line with accelerated CCA (AIIP). In actuality, GSHi is using					
1592 PILs deferral account to adjust for CCA differences as they pertain to the ACM and the use of accelerated CCA.					

SEC-3 Reconcile Interrogatory Responses - 4-VECC-25b & 2-SEC-20

Question:

[4-SEC-20, 4-VECC-25b]

Please reconcile the responses to these interrogatories as the Grid Smart City Cooperative is not included in 4-VECC-25b and the SCADA Network Monitoring is not included in 2-SEC-20.

Response:

The differences between the responses are due to the different references used in each interrogatory. SEC-20 references the program-level variance analysis, while VECC-25 references the cost drivers.

The GridSmart City Cooperative membership is allocated from GSHPi and was included in the Shared Services Cost Driver. Meanwhile, the SCADA Network Monitoring costs are included in the Miscellaneous Distribution Expense program.

SCADA Network Monitoring was not a new cost in 2023, 2024, or 2025, which is why it was not specifically highlighted in the response to SEC-20. While it is not actually a membership but rather a cybersecurity-related cost, it was included in the Memberships Cost Driver for reconciliation purposes in VECC-25, as that is where it was initially categorized.

SEC-4 Legal Services

Question:

[4-SEC-22, 2-Staff-38a, 4-VECC-29]

With respect to legal services:

a) Please confirm that before the General Counsel and Administrative Assistant were hired in 2024, all of Sudbury's legal work was done externally, for the costs shown in 2-Staff-38a and not through allocations. If this is not the case, please explain.

b) Please provide the amount of the allocation from the affiliate to Sudbury in 2024 forecast for 2025 for the new General Counsel and Administrative Assistant.

Response:

a) Before the General Counsel and Administrative Assistant were hired in 2024, all of Greater Sudbury Hydro's legal work was performed externally. The costs referenced in 2-Staff-38a reflect these external legal expenses, including any amounts allocated from the corporate services company.

It is important to note that hiring an in-house General Counsel was not primarily intended to reduce external legal costs; rather, it was driven by the need for timely and proactive legal support to manage increased liability risks, complex employment matters, and corporate governance requirements. By embedding legal oversight in the organization, GSHi is better equipped to address its evolving business and regulatory needs.

b) The following table summarizes the forecasted affiliate allocations to GSHi for the new General Counsel and Administrative Assistant in 2024 and 2025. These figures also include any ancillary departmental costs.



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	2024	2025
General Counsel Office	\$175,325	\$307,411

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The 2024 amount is lower than a full-year cost because the General Counsel was hired early in 2024 and the Administrative Assistant was hired later in the year. The 2025 figure reflects a full year's cost for both positions.

1 SEC-5 2024 ROE

2 **Question:**

3 **[1-VECC-2]** Please provide GSHI's 2024 ROE.
4

5 **Response:**

6 Greater Sudbury Hydro ("GSHi") could provide a preliminary 2024 Return on
7 Equity ("ROE") based on accrued figures from its general ledger; however,
8 several components—such as current taxes, future taxes, distribution revenue,
9 regulatory accounting entries, and their associated tax effects—remain unsettled.
10 Finalizing GSHi's fiscal year and producing a definitive ROE calculation typically
11 requires considerable work, which extends beyond the present timeframe.

12
13 GSHi understands that OEB Staff and intervenors intend to rely on 2024 OM&A
14 and capital figures for settlement discussions. Accordingly, GSHi staff have
15 devoted significant effort over the past month to refining these figures, given the
16 early timing. Despite these efforts, GSHi does not have sufficient confidence to
17 produce a preliminary ROE calculation that can be relied upon for decision-
18 making purposes.

19
20 As a guide, GSHi's 2024 budget targeted an expected regulated ROE of 6.98%,
21 based on a planned OM&A expenditure of \$18,381,250. Current preliminary
22 2024 figures (Appendix 2-JA, Chapter 2) indicate an OM&A level of \$18,102,928.
23 To the extent actual OM&A spending falls below the budget, GSHi anticipates a
24 realized ROE slightly above the budgeted 6.98%. Consequently, based on
25 current information, GSHi's best estimate for 2024's ROE would be in the low 7%
26 range.

SEC-6 Rate Application Costs - Appendix 2-JB

Question:

[2-JB] Please explain the 'Rate Application Costs' line item in Appendix 2-JB and provide the underlying amounts for each year between 2020 and 2025. Are any of the underlying amounts for 2020 through 2024 also included in the amortized one-time costs sought for recovery in 2025?

Response:

The "Rate Application Costs" line item in Appendix 2-JB represents the change in amortization expenses associated with GSHi's rate applications. Specifically, it reflects the transition from the amortized amount of the 2020 Board-approved costs for GSHi's 2020 rate application to the amortization of actual costs incurred for that application, as well as the increase in the amortization amount for the 2025 rate application.

Ideally, the balances and resulting cost driver line would have followed a straightforward pattern similar to the ones shown below:

	2020 Board Approved	2020 Actuals	2021 Actuals	2022 Actuals	2023 Actuals	2024 Actuals	2025 Actuals
Balances	90,000.00	107,985.00	107,985.00	107,985.00	107,985.00	107,985.00	146,510.00

	2020 BA vs 2020 Actuals	2021 vs 2020 Actuals	2022 vs 2021 Actuals	2023 vs 2022 Actuals	2024 vs 2023 Actuals	2025 Budget vs 2024 Actuals	Total Change
Cost Driver Line	17,985	-	-	-	-	38,525.00	56,510

However, several factors contributed to inconsistencies and issues over the years:

- GSHi's budgeting approach and expense allocations for this line item evolved over time, leading to variations in how costs were recorded and are presented on this line.

- 1 • The timing of cost recognition versus deferral for future amortization did
- 2 not always align.
- 3 • In 2020, only 8 out of 12 months of amortization were recorded, requiring
- 4 a corrective adjustment in 2024.
- 5 • An accrual error related to the KPMG Report was recorded in one year
- 6 and reversed in the following year.

7

8 In addition, certain costs are categorized under this line but would have been

9 more appropriate in other cost driver categories. Given these complexities, GSHi

10 has not provided the underlying amounts for 2020–2024, as they are difficult to

11 track precisely and ultimately do not impact the outcome as discussed below.

12 Moving forward, GSHi has revised its process for tracking Cost of Service

13 Application costs to ensure greater clarity and consistency for this presentation.

14

15 For the 2025 test year, the budgeted amortization for the 2025 application is

16 \$146,510, compared to the \$90,000 included in the 2020 Board-approved

17 budget. The net increase of \$56,510 represents the difference between the

18 amortization of costs for the 2020 and 2025 applications. This aligns closely with

19 the total cost driver amount presented in Appendix 2-JB, which is \$56,100.