

ONTARIO ENERGY BOARD

IN THE MATTER OF the *Ontario Energy Board Act, 1998*,
S.O. 1998, c.15, Schedule B;

AND IN THE MATTER OF an Application by Elexicon Energy
Inc. (Elexicon) for an Order or Orders approving or fixing just and
reasonable rates and other service charges for the distribution of
electricity as of January 1, 2023;

INTERROGATORIES

ON BEHALF OF THE

SCHOOL ENERGY COALITION

SEC-1

[Manager's (Mgr.) Summary]

Please provide a copy of all material provided to the Applicant's Board of Directors regarding the proposed ICM for the Whitby Smart Grid (WSG) project.

SEC-2

[Mgr. Summary]

Please provide a copy of any internal business cases for the proposed WSG project, if different from the business case filed with the Application.

SEC-3

[Mgr. Summary]

Please provide any information used by the Applicant in benchmarking the costs for the WSG project, or advise that no benchmarking was carried out.

SEC-4

[Mgr. Summary, Section 3.2.8, Elexicon letter to OEB, September 6, 2022] Elexicon indicated it will be filing an application by October 12, 2022 for a Z-factor claim related to the May 21st storm.

- a) Please provide an estimate of the capital and OM&A associated with such a Z-factor claim for each of the two rate zones and bill impacts
- b) Does Elexicon anticipate that any rate riders approved as part of the Z-factor application will be effective January 1, 2023?

SEC-5

[Mgr. Summary, Section 3.2.9] Elexicon states that a proxy for its OEB approved ROE is 9.43% and its 2021 ROE was 6.87%. What is Elexicon's forecast for its 2022 ROE?

SEC-6

[Appendix B, p. 6, WRZ_WSG_2023_ACM_ICM_Model, Tab 10,
WRZ_WSG_2023_ACM_ICM_Model, Tab 10, WRZ_WSG_2023_ACM_ICM_Model, Tab 10,]
Appendix B page 6 #1 states that Elexicon is seeking relief for 'ICM funding of \$43.171MM' for the WSG ...'in the Whitby Rate Zone (WRZ)'. Please confirm that:

- a) The stated \$43.171MM includes the \$6.431MM for the Veridian Rate Zone (VRZ).

- b) The revenue requirement related to the \$36,739k for the WRZ of \$4,120k, when added to the revenue requirement for the Veridian portion of the WSG \$1,538k plus the revenue requirement for Sustainable Brooklin (SB) of \$2,161k represents a 10% increase in Elexicon's distribution revenue, based on Elexicon's 2020 revenue of \$78,644,638, as reported in the OEB's 2020 Yearbook.

SEC-7

[Appendix B, p. 15] Elexicon refers to the OEB's April 28, 2022 letter and the OEB's intent to provide a bulletin informing communities that they have a choice to opt for a premium solution (DERs) and the related cost responsibility.

- a) How has Elexicon taken this into consideration in preparing its application, i.e. how has Elexicon ensured that the specific community that opts for DERs made possible by the WSG will bear the cost responsibility?
- b) What percentage of the Whitby customers will benefit from the expanded ability to install DERs once the WSG project is complete?
- c) Specifically which areas of Whitby will benefit from the expanded ability to install DERs?

SEC-8

[Appendix B, p. 17, Appendix B-4] Elexicon states that through the implementation of the WSG project and SB, it will then be able to determine if spending on traditional infrastructure to address capacity issues can be avoided or deferred. The two ICM projects represent a significant cost to Elexicon customers and should they not result in Elexicon being able to avoid or defer infrastructure investment Elexicon customers will also bear that cost responsibility.

- a) What is the estimated cost of the traditional infrastructure Elexicon would be required to build to relieve the identified capacity issues on the 44 kV and 27.6 kV systems?
- b) What would be the savings to the customer if this infrastructure could be:
 - i. Avoided completely
 - ii. Deferred by 1, 3 and 5 years

SEC-9

[Appendix B, p. 22 & 40] With respect to the NRCAN funding, Elexicon states that it has 'secured approximately \$4 million in NRCAN funding to deploy an ADMS' and the agreement expires in 2025.

- a) What other conditions has NRCAN included in its funding agreement?
- b) Has Elexicon discussed with NRCAN the possibility of extending this agreement?
- c) If the funding is to deploy an ADMS then has Elexicon considered doing this portion of the work first and then installing the hardware? If not, why not?

SEC-10

[Appendix B, p. 23] Elexicon indicates that the WSG is just one project that makes up the Grid of the Future. One of these other projects that Elexicon has identified is the DER Incentive Program.

- a) Is Elexicon planning for further increases to all customers related to the DER Incentive Program? If so, what is the estimate of the cost?
- b) Does Elexicon envision further ICM projects related to the Grid of the Future before it rebases in 2029? If so, please describe and provide an estimated cost.

SEC-11

[Appendix B, p. 29] Please provide a copy of the presentation to Whitby Town Council with respect to the scope, drivers, needs, benefits, cost and anticipated bill impacts to customers for the WSG project.

SEC-12

[Appendix B, p. 32, Appendix B-1, p.11] Elexicon has provided illustrative 2025 rate riders and states that it would 'update and finalize 2025 rate riders and bill impacts relating to the WSG within its 2025 IRM application.'

- a) If the OEB approves the 2025 illustrative rates riders, what updates does Elexicon envision doing? E.g. would the rate riders be updated for changes in the capital cost of the project?
- b) Please provide bill impacts in 2025 based on both the SB and the WSG ICMs being approved.

SEC-13

[Appendix B, p. 35, Distribution System Plan (DSP) – 2022-2026, April 1, 2021, Appendix B-1, Table 26] The 2025 Capital Forecast for the WRZ is shown as \$48,582k in Table 6 and for the VRZ as \$37,330k in Table 7. Elexicon filed a DSP for 2022-2026 as part of its 2022 Rate Application EB-2021-0015 which included Forecasted Capital in Table 5.4-11. Table 26 in Appendix B-1 provides Current Forecast Capital Expenditure 2022-2028 by OEB Category.

- a) Has Elexicon updated its capital forecast for 2023-2026? If, so please provide an update to Table 5.4.11.
- b) If the updated forecast is materially different, please provide an explanation of the changes in capital plans for each year.
- c) Forecasted gross capital expenditures for 2025 in Table 5.4-11 are \$38,148k. How does this number relate to the forecasts for WRZ and VRZ provided in Tables 6 & 7?
- d) Is Table 26 of Appendix B-1 capital expenditures for Elexicon or only the WRZ?
- e) Please reconcile the numbers in Table 26 to the DSP forecast and to those used in the materiality threshold calculation.

SEC-14

[Appendix B, p. 35] Elexicon states

'With respect to the VRZ, Elexicon's forecast capital expenditures in 2025, absent the ADMS and SCADA component of the WSG, already exceeds the materiality threshold for the VRZ by over \$3MM. Elexicon's VRZ ICM request relates only to the ADMS and SCADA portion of the WSG at a cost of \$6.431MM, and as such Elexicon is not seeking the maximum eligible incremental capital for the VRZ in 2025. With respect to the WRZ in both 2023 and 2025, Elexicon is seeking the maximum eligible incremental capital for recovery.' Please confirm:

- a) That for VRZ the 2025 Capital Forecast, absent the ADMS and SCADA, is \$37,330k-\$6,431k = \$30,899k which exceeds the Materiality Threshold by \$6,650k.
- b) In 2025, for WRZ the Maximum Eligible Incremental Capital is \$37,985k and Elexicon is requesting \$36,739k, not the total \$37,985k.

SEC-15

[Appendix B, p. 39] Elexicon states that the two alternative options it identified were delaying the deployment of the WSG to 2028 or not doing the project at all.

- a) Did Elexicon consider scaling back the project, e.g. installing fewer poles, switches etc.?
- b) If yes, why was this option rejected?
- c) If no, why not?

SEC-16

[Appendix B-1, pp. 9 & 10]

- a) Elexicon states that there will be a reduction in overhead costs as a result of the ADMS. Please explain the nature of these reductions and what is Elexicon's estimate of these reduced costs?

- b) Elexicon states that there will be O&M reductions as a result of fault location isolating and service restoration (FLISR) and distribution automation (DA) due to reduced travel time. What is Elexicon’s estimate of these savings?

SEC-17

[Appendix B-1, pp. 10, 37, 44 and Table 19, Elexicon’s 2021 Score Card] On page 10 Elexicon forecasts a reduction in SAIFI from 0.87 to 0.28 and SAIDI from 1.03 to 0.45 as a benefit of installing FLISR/DA. On page 37 Elexicon states that it has already installed the DA component of FLISR/DA in 17 locations on 6 feeders and Table 19 indicates that SAIDI is reduced as a result of installing DA from 0.87 to 0.28 and SAIFI reduced from 1.03 to 0.45.

- a) Please place Elexicon’s 2021 Scorecard on the record of this proceeding.
- b) Please confirm that the improvement in SAIDI and SAIFI reported on page 10 is as a result of the installation of DA as reported in Table 19.
- c) Is there an additional improvement in SAIDI and SAIFI as a result of installation of FLISR or only as a result on installing DA?
- d) Is Elexicon saying that system SAIDI will improve from its 2021 reported value of 1.12 to 1.12 – (0.87-0.28) = 0.53 and SAIFI from 1.17 to 0.59?
- e) If not, then what improvement in Elexicon’s 2021 system SAIFI and SAIDI of 1.12 and 1.17 respectively does Elexicon forecast as a result of the full installation of the WSG?

SEC-18

[Appendix B-1, p. 11, Appendix B-5, Table 5-1, WRZ_WSG_2023_ACM_ICM_Model, Tab 9b, VRZ_2023_ACM_ICM_Model, Tab 9b] The ICM Models show the following budget for the project:

RZ		Budget \$	Subtotal Hardware \$	Subtotal ADMS \$
WRZ	WSG - Wood Poles	6,630,000		
WRZ	WSG - OH Load Inter Switch	17,570,000		
WRZ	WSG - Tx Polemount	10,170,000	34,370,000	
WRZ	WSG - SCADA	1,281,502		
WRZ	WSG - ADMS - Computer Software	579,138		
WRZ	WSG - ADMS - Computer Equipment	89,562		
WRZ	WSG - ADMS - Communications Equipment	419,231		2,369,433
VRZ	WSG - SCADA	3,478,498		
VRZ	WSG - ADMS - Computer Software	1,572,007		
VRZ	WSG - ADMS - Computer Equipment	243,106		
VRZ	WSG - ADMS - Communications Equipment	1,137,957		6,431,567
	Total	43,171,000	34,370,000	8,801,000
	NRCAN Funding	4,041,000		4,041,000
	Total	47,212,000	34,370,000	12,842,000

The footnote on page 11 of Appendix B-1 states that ‘Estimates provided for the VVO and FLISR field hardware herein should be considered Class 4 estimates as defined by AACE and other standard estimate formats. The conditions for a Class 4 estimate presume that 1-15% of Project Definition has been completed. Typical Accuracy ranges of a Class 4 estimate are -30% on the low side and +50% on the high side. All other costs can be considered Class 5 estimates as defined by ACCE.’

- a) Does the above budget include Engineering, Project Management and IT support in the percentages as shown in Table 5-1 of Appendix B-5? If so, please show where these are allocated. If not, please explain.
- b) How has Elexicon allocated the funding from NRCan between the WRZ and VRZ?
- c) Elexicon has included two reports prepared by METSCO for this application. What was the cost of these reports and where are they included in the budget?
- d) Is Elexicon applying to the OEB at this time using estimates which are preliminary due to the timing of the NRCan Funding? If not, why has Elexicon not waited until the project is better defined before applying to the OEB?
- e) When will Elexicon have produced estimates with a greater level of definition and accuracy?
- f) At what budget estimate would Elexicon consider the WSG project no longer beneficial for its customers?

SEC-19

[Appendix B-5 METSCO Table 5-1, WSG 2023 ACM ICM Model, Tab 9b, APB Unit Cost Calculations 2020 Results, May 4, 2022 Tab 8]

- a) Table 5-1 shows that $144 + 46 + 46 = 236$ poles are to be added for the WSM project. The ICM model shows \$6,630k for Poles. Elexicon's results from the APB 2020 results show an average unit cost of \$11,465 per pole. Please confirm the above numbers and that the average cost per pole for the WSG project is \$28,093/pole addition.
- b) Why is the cost per pole for the WSG project more than double Elexicon's average cost?
- c) Table 5-1 does not indicate any Polemounted transformers. The ICM model shows \$10,170,000 for Padmount Tx. Please explain.
- d) Do the new poles replace existing poles? If not, please explain why new poles are needed. If yes, what is the condition of the poles to be replaced?
- e) Is there any overlap between installing these new poles and the Poles Renewal programs that forms part of Elexicon's 2022-2026 DSP? I.e. can the new poles to be installed as part of the WSG project replace ones that is already designated to be replaced in an existing program?

SEC-20

[Appendix B-1, p. 53] With respect to Customer Engagement, Elexicon states that in its 2020 survey, customers support investing in grid management technologies. What were customers told about the cost of such investments?

SEC-21

[Appendix B-1, p. 54] Elexicon states that the WSG ICM project is critical in enabling functionality of the SB project. If the OEB does not approve the SB project, would Elexicon still move ahead with the WSG project?

SEC-22

[Appendices B-4 & B-5] The METSCO Peak Load Forecast was finalized on July 22, 2022 and the METSCO Feasibility Study Whitby SmartGrid VVO and DA on July 20, 2022. This application was filed on July 27, 2022. METSCO's analysis concludes that Elexicon is expected to exceed available capacity on its 44 kV system as early as 2030, and to exceed available capacity on both its 44 kV and 27.6 kV systems as early as 2036. This need for addition capacity is one of the primary drivers of both the WSG and SB projects. Please provide a schedule of when the original need for the WSG was identified, possible options were explored, budgets was developed, Board of Directors approval was received, customer engagement was done, METSCO was hired, NRCan was engaged and funding secured, etc.

SEC-23

[2022-2026 DSP, April 1, 2021, Table 5.2-4] Elexicon's most recent DSP includes a Summary of Grid Modernization Efforts.

- a) Please discuss how the Programs listed in Table 5.2-4, specifically System Reliability Improvements, Standards Equipment Reliability and Compliance (SERC) and Information Technology, overlap with the components of the WSG.
- b) Will any of the investments related to Grid Modernization in the DSP no longer be implemented as a result of the planned WSG project? If so, which ones and what was the planned investment dollars?
- c) At the time the DSP was being prepared, was Elexicon in the process of negotiating with NRCan regarding funding for the AMDS?

Respectfully, submitted on behalf of the School Energy Coalition on September 29, 2022.

Jane Scott
Consultant for the School Energy Coalition