PUBLIC INTEREST ADVOCACY CENTRE
LE CENTRE POUR LA DÉFENSE DE L'INTÉRÊT PUBLIC

January 10, 2024 **VIA E-MAIL**

Ms. Nancy Marconi
Registrar (registrar@oeb.ca)
Ontario Energy Board
Toronto, ON

Dear Ms. Marconi:

Re: EB-2023-0298 Upper Canada Transmission 2 (UCT2)
January 1, 2024 Transmission Rates – Revenue Requirement
Interrogatories of the Vulnerable Energy Consumers Coalition (VECC)

Please find attached the revised interrogatories of VECC in the above-noted proceeding. We have also directed a copy of the same to the Applicant.

Yours truly,

Mark C. Garner
Digitally signed by Mark C. Garner
Date: 2024.01.10 16:42:57 -05'00'

Mark Garner
Consultants for VECC/PIAC

Email copy:
Mr. Mark R. Johnson, Senior Attorney
mark.r.johnson@nexteraenergy.com

Gordon M. Nettleton, McCarthy Tétrault LLP
gnettleton@mccarthy.ca

REQUESTOR NAME	**VECC**
TO:	**Upper Canada Transmission 2 Inc. (UCT2)**
DATE:	**January 10, 2024**
CASE NO:	**EB-2023-0298**
APPLICATION NAME	**2024 Transmission Rates – Revenue Requirement**

VECC-1 Reference: Exhibit A, Tab 4, Financial Statements, page 9

In 2023 NextBridge will present these [COVID-19] *costs to the OEB for a prudence review and cost recovery disposition during which the OEB will determine whether costs should be recovered as capital, or through a regulatory asset amortization.*

a) Please explain the difference in the two methodologies for recovery – i.e. capital or regulatory asset amortization. What would be the financial/cost difference between the two methods?

VECC-2 Reference: Exhibit A, Tab 5, Table EX.AT5.3

Table Ex.A.T5.3

<u>2024 Total Bill Impacts for Distribution-Connected Customers</u>

Description	Typical Medium Density (HONI R1) Residential Customer Consuming 750 kWh per Month	Typical General Service Energy (HONI GSe) Customer Consuming 2,000 kWh per Month
Excluding One-Time Adjustments		
Total Bill as of January 1, 2023[6]	$137.39	$428.31
RTSR included in 2023 Bill	$15.17	$33.54
Estimated 2024 Monthly RTSR[7]	$15.33	$33.89
2024 Change in Monthly Bill	**$0.16**	**$0.35**
2024 change as a % of total bill	*0.12%*	*0.08%*
Total 2024 Rates Revenue Requirement		
Total Bill as of January 1, 2023[7]	$137.39	$428.31
RTSR included in 2023 Bill	$15.17	$33.54
Estimated 2024 Monthly RTSR[8]	$15.52	$34.29
2024 Change in Monthly Bill	**$0.35**	**$0.75**
2024 change as a % of total bill	*0.25%*	*0.17%*

a) Please provide the residential bill impacts (at 750kWh) for the following utilities: Toronto Hydro-Electric System Limited, Alectra Utilities Corporation, Hydro Ottawa Limited and London Hydro Inc.

VECC -3 Reference: Exhibit C, Tab 1

*The amount of the COVID-19 productivity losses was based on an allocation methodology referred to as a productivity inefficiency factor ("PIF"). The PIF was a negotiated percentage calculation (24.7%) that UCT 2 and Valard agreed to apply to all equipment, camp costs, and labour hours incurred to complete the Project. This methodology was based on a review of academic journal studies completed before COVID-19 variants like Delta and Omicron were known***.**

a) Is UCT2 aware of any other large project constructors who used a similar methodology to adjust contract pricing during COVID 19, for example MetroLinx? If yes, please provide a description and reference for these entities. If not, please provide UCT2's understanding of any other similar large infrastructure projects and how they addressed COVID 19 incremental caused costs.

VECC -4 Reference: Exhibit D, page 11

Table Ex.D.6

Incremental All-Season Access Road Costs Due to Wildfires

Description	Costs
Direct Construction Activities	$2,652,366
Maintenance Activities	$2,452,911
Gravel Procurement and Hauling	$842,521
Access Material Procurement	$740,405
Bridge Rentals	346,361
Seedlings	$448,378
Cost Subtotal	**$7,482,942**
Mark up (15%)	$1,122,441
Total Cost with Markup – Excluding demobilization	**$8,605,383**
Demobilization/Mobilization	$1,898,950
Total	**$10,504,333**

a) What is the basis (reason) for the 15% markup fee? If this relates to the Valard markup fee please explain why markup fees were applied to any force majeure incremental costs.

VECC -5 Reference: Exhibit D, page 28

"Permitting delays also caused the Contractor to incur additional costs with two ROW subcontractors responsible for clearing and access activities. Because of the overlapping nature of the impacts, subcontractors required the conversion of their payment terms from quantity based unit pricing to a daily time and material payment basis for labour crews, equipment, miscellaneous supplies and safety supervision."

a) Please clarify what is meant by "based unit pricing" and why this method of payment was significantly different in quantity than the original agreement of "time and material" pricing.

VECC -6 Reference: Exhibit F

"*While UCT 2 originally contemplated a debt issuance in late 2021 or early 2022,the debt financing ultimately did not close until May 1, 2023. As discussed below, the additional time was needed to accommodate the equity buy-in of the Project's First Nations partners, BLP. The extra time required to complete this novel and complex transaction relates to the effectuation and implementation of a progressive ownership structure delivering economic benefits to the communities of the Project's Indigenous partners*."

a) It is unclear to us why financing arrangements were delayed pending completion of the equity position of BLP whereas other critical aspects of the project, including its substantial completion and the decision to incur substantial incremental costs liabilities were able to proceed prior to completion of the ownership arrangement. Please clarify.

b) Did UCT2 or its partners (e.g., Treasury Department of NextEra) complete a financing cost forecast based on a late 2021 or early 2022 date? If so please provide that forecast.

End of document