

ONTARIO ENERGY BOARD

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

AND IN THE MATTER OF an Application by Algoma Power Inc. (“Algoma”) for an Order or Orders, pursuant to section 78 of the Act, approving or fixing just and reasonable distribution rates effective January 1, 2025.

INTERROGATORIES

ON BEHALF OF THE

SCHOOL ENERGY COALITION

1-SEC-1

[Ex. 1, p. 14] Algoma states that it intends to file an application to extend its license extension related to implementation of time of use billing, and provisions of the Distribution System Code related to billing accuracy and limiting estimated bills. Please provide an update on the status of this application.

1-SEC-2

[Ex. 1] Please provide copies of all benchmarking studies, reports, and analyses that Algoma has undertaken or participated in since the filing of its last rebasing application, that are not already included in the Application.

1-SEC-3

[Ex. 1, Attachment 1B] Algoma has provided a copy of its 2025 Business Plan.

- a. When was the 2025 Business Plan prepared?
- b. Does Algoma prepare a Business Plan for each year? If so, please provide the plan prepared for 2024. If not, please provide any planning documents prepared by Algoma for 2024.
- c. Please outline any changes that were made between the 2025 Business Plan and the 2025 cost-of-service Application.
- d. Please provide any other materials provided to Algoma’s Board of Directors regarding its approval of the Application and the underlying budgets.

1-SEC-4

[Ex. 1, Table 20 and p 74-75].

- a. Please provide details of all productivity and efficiency measures Algoma has undertaken over the last five years, and any it plans to undertake in the test year and subsequent four years. Please quantify the forecasted savings and explain how they were calculated.
- b. Table 20 states that Algoma has incorporated cost efficiency targets into its 2025 budget for Vegetation Management. Please provide the details.

1-SEC-5

[Ex. 1, Scorecard] Please file on the record Algoma’s preliminary scorecard for 2023.

1-SEC-6

[Ex. 1, Table 20] For Distribution and Subtransmission Line Rebuild, the table refers to proactive replacement and life span optimization.

- a. Please describe these two approaches and how they differ.
- b. For each major asset type, which of the two approaches is Algoma currently using?

1-SEC-7

[Ex. 1, p. 67] Does Algoma have a corporate scorecard or similar document used by its Board of Directors to monitor and measure performance? If so, please provide a copy of each annual document from 2020.

2-SEC-8

[Ex. 2, Appendices 2-AA, 2-AB and 2-BA]

- a. Please update 2-AA and 2-AB showing actuals to date for 2024, and an updated forecast for 2024 and 2025, if required. Please note if the dollars shown are capital expenditures or in-service additions.
- b. If the forecast for either year changes, please update 2-BA.
- c. Please provide actuals for 2022 and 2023 to the same date as provided in part a.
- d. Please provide the source for the planned amounts for 2020 to 2024 (e.g. internal budget documents).

2-SEC-9

[Ex. 2, Appendix 2-BA] For Construction Work in Progress (CWIP), Algoma shows the following in 2-BA:

\$000	2020	2021	2022	2023	2024	2025
Opening Balance	5,620	6,015	17,318	12,855	5,091	-1,540
Net Additions	395	11,302	-4,463	-7,764	-6,631	0
Closing Balance	6,015	17,318	12,855	5,091	-1,540	-1,540

- a. Please explain the negative closing balance in 2024 and 2025.

- b. Please provide details on what assets were included in the 2020 CWIP Opening Balance and for each year's Net Additions.

2-SEC-10

[Ex. 2, Section 2.5.5]

- a. Table 40 provides a comparison between the final cost of the SSM Facility and the Original Budget of \$14.118M. Please provide the same table, but add columns for the settled amount of \$12.69M, and the updated estimate of \$14.86M.
- b. Please also add to the above table the basis of the amount of land in acres for each estimate/final cost.
- b. Please explain why the cost of the land for the SSM Facility increased from \$1M for 12.08 acres to \$1.1M for 7.94 acres, an increase of 61%.
- c. Please provide an itemized listing and reasons for the increase from \$1.2M to \$1.7M for Internal Labour and Moving/Fixtures/Furniture.
- d. Please file on the record of this proceeding a copy of Exhibit 2 (including the Distribution System Plan "DSP"), filed as part of Algoma's 2020 rate application, and any interrogatory responses related to the SSM Facility. (Note: It is sufficient for the Applicant to simply agree to deem the EB-2019-0019 Exhibit 2 and interrogatory responses on the record for this proceeding and provide a link to the OEB's Regulatory Document Search, as opposed to re-filing.)

2-SEC-11

[Ex. 2, Section 2.5.5 and DSP Section 5.4.1.1.3]

- a. Please provide a copy of the connection and cost recovery agreement (CCRA) for Echo River, including any forecast of increased load that was used to offset the cost of the project.
- b. Please describe any agreements that Algoma had with Hydro One or safeguards in the CCRA with respect to increases in costs that were caused by Hydro One.
- c. Please provide any correspondence Algoma had with Hydro One with respect to determining the prudence of the increased costs for the Echo River project.

2-SEC-12

[Ex. 2, p. 10]

- a. Please provide an update on the status of work for the Bruce Mines DS rebuild.
- b. Please confirm that the Bruce Mines DS Rebuild/Expansion was included in the DSP submitted with Algoma's 2020 rate application, as follows: 2022- \$150k, 2023-\$1,850k.
- c. Please explain why the cost of this project increased from \$2,000k to \$4,346k.

2-SEC-13

[Ex. 2, DSP, p. 67]

- a. Please provide the details of the costs that Algoma has recorded in subaccount 1508 for Broadband projects.

- b. How many poles will be replaced as a result of work related to Broadband projects?

2-SEC-14

[Ex. 2, Distribution System Plan (DSP) Figure 3.6 and Appendix D]

- a. For each asset included in Figure 3.6, please provide a table showing the number (or kms) of assets replaced or forecasted to be replaced for 2020 to 2029.
- b. What is Algoma doing to improve the health data it has for those assets for which it cannot determine a Health Index, e.g., distribution transformers?

2-SEC-15

[Ex. 2, DSP, Appendix C]

- a. Table 1 of The Area Planning Study 2025-2029 lists 12 major capital projects recommended to be completed during the study period. Please indicate which of the projects Algoma has included in its capital budget in this Application, and for those that are not included, please explain why.
- b. For those projects included in the Application, please explain any variance in cost or schedule from the Area Planning Study.

2-SEC-16

[Ex. 2, DSP, Appendix B] Appendix B refers to a ‘declining landowner permission issue outlined below’, however there does not appear to be an explanation. Please explain how declining landowner permissions is not allowing Algoma to move to the 3-year cycle.

2-SEC-17

[Ex. 2, DSP, p. 150 and 159, Table 3.6] Algoma states it is planning to replace 400 poles per year at a cost of \$9,300/pole as part of the Distribution Line Rebuild program, and 100 poles per year at a cost of \$10,000/pole as part of the Subtransmission Line Rebuild Program, for a total of 500 poles per year or 2500 over five years. The current total Poor and Very Poor poles is $718+157=875$.

- a. Please explain why Algoma believes that $2500-875=1,625/4440$ Fair poles (37%) will deteriorate to Poor or Very Poor in the next five years.
- b. How many poles are replaced per year as part of new services or service upgrades done under System Access?

2-SEC-18

[Ex. 2, p. 6]

- a. Please provide any planning documents, e.g. section of a previous DSP, where the replacement of the 9.2 km of #4 Circuit project was included.
- b. Is Algoma’s decision to replace the line based on useful life and/or on condition?
- c. Please provide details of the Rebuild Cost per km.
- d. Please provide details of the total cost of the project of \$11.2M (e.g. how much for new construction, how much for replacement, etc.).

- e. Did the customer make a capital contribution towards the portion of the new construction reserved for them? If so, what was the amount?

2-SEC-19

[Ex. 2, DSP, p. 85 and 184]

- a. Please provide details of the number of vehicles owned by Algoma, year purchased, condition assessment, and year proposed for replacement.
- b. How does Algoma determine when a vehicle should be replaced?

3-SEC-20

[Ex. 3, Table 1]

- a. Please provide an update on actual customer numbers to date, for each class in 2024.
- b. Please rerun the regression models using actual data (customer numbers and billing determinants) to date for 2024.

3-SEC-21

[Ex. 3, p. Table 1 and DSP, Appendix C, p. 12]

- a. Please reconcile the 0.31% increase in total billed kWh for 2025 from 2024 in the load forecast with the 0.92% general load growth forecasted in Appendix C.
- b. Has Algoma made any adjustment to its load forecast to account for electric vehicles and/or heat pumps?

4-SEC- 22

[Appendices 2-JA, 2-JD, and 2-K]

- a. Please update Appendices 2-JA, 2-JD and 2-K for 2024 actuals to date and provide actuals for the same date in 2022 and 2023.
- b. Please provide the internal budget for OM&A for 2019 to 2024.

4-SEC- 23

[Ex. 4, Table 7] Please confirm that Algoma has not included any increased costs related to the Getting Ontario Connected Act, and does not plan to make use of the generic DVA account set up by the OEB.

4-SEC- 24

[Ex. 4, Tables 7 and 8]

- a. Algoma is forecasting an increase in vegetation management costs of \$816k for 2025 over 2024. Please break down the increase into the following cost drivers: increase in planned km, decrease in density & complexity, higher contractor costs, higher skilled workers, etc.
- b. Does Algoma require a landowner to provide authorization to use herbicides when it pays Right of Way Land Fees? If not, why not?

4-SEC- 25

[Ex. 4, p. 6 and 37] Right of Way Land Use Fees are forecast to increase by \$386k in 2025. In addition, Algoma is requesting the establishment of a new DVA.

- a. Please explain how Algoma determined the forecast for 2025 of \$767,909 for Right of Way Land Use Fees, in light of the uncertainty of forecasting and the request for a new DVA.
- b. Please explain what is meant by ‘‘the OM&A equivalent of the current revenue requirement estimate ... for negotiations with various entities.’’
- c. Algoma notes that these Fees can either be OM&A or capital. Please explain how Algoma records these fees if they are capital.

4-SEC- 26

[Ex. 4, p. 59]

- a. Please provide a list of Corporate Targets for 2020 to 2025, and the three performance levels for each target.
- b. Please provide the results for 2020-2023 with respect to the Corporate Targets.

4-SEC-27

[Ex. 4, p. 62, Appendix 2-K] Please breakout Appendix 2-K to show employees of Algoma and the allocation of FTEs included in the shared services, allocation of FTEs included in corporate cost allocations and FTEs related to time directly charged to Algoma from its affiliates within the FortisOntario group, such as customer service and engineering support which are not already covered under the shared services allocations.

4-SEC- 28

[Ex. 4, p. 65 and Appendix 2-K]

- a. Please breakout the union positions information from Non-Management (union and non-union) in Appendix 2-K.
- b. Please break out the Short-Term Incentive Pay for Management and Non-union Non-Management.
- c. Please break out those FTEs that work for API versus those that are allocated or directly charged from affiliates.
- d. Algoma states that the 3 new FTEs in 2024 are temporary vacant positions, seasonal labourers and a co-op student. Please explain why these positions are continuing over into 2025 and becoming a part of the 2025 OM&A request.
- e. Please provide an update on the status of the increase in 3 FTEs in 2024.

4-SEC- 29

[Ex. 4, Appendix 2-M]

- a. Please provide the details for the $\$20,904 + \$307,000k = \$327,904k$ consultant costs forecast for the 2025 cost of service application.

- b. Please explain why Algoma has forecast total intervenor costs of $\$7,488 + \$126,996 = \$134,482$ for the 2025 cost of service application, given the forecasted intervenor costs for the 2020 application were $\$97,000$ and the actual costs were $\$37,440$.

4-SEC-30

[Ex. 4, p. 71 and Appendix 2-N]

- a. Please provide the details of the corporate services ($\$639,570$ in 2025) provided by Fortis Ontario, including the cost for each service, a description of the corporate cost allocation methodology and the percentage allocated to Algoma for each service for the test/ bridge years, and the 2020 to 2023 actuals.
- b. Please explain the 2022 updated methodology for corporate services allocation.
- c. Please provide a breakdown of all administrative services provided by CNPI Distribution, including the cost for each service, a description of the corporate cost allocation methodology and the percentage allocated to Algoma for each service for the test/ bridge years, and the 2020 to 2023 actuals.
- d. Please provide the calculation including the return on the shared assets, the depreciation expense, and the grossed up for taxes totalling the $\$431,621$ forecasted for 2025 for IT.

5-SEC-31

[Ex. 5, Table 5 and Appendix 2-OB]

- a. Please provide an update on the new $\$55M$ debt which was to be secured July 1, 2024.
- b. Please explain why Algoma is retiring its affiliate debt, which in Table 5 is shown at 4.13% and in Appendix 2-OB is shown at 3.21%, and taking on new debt at 6%?

6-SEC-32

[Ex. 6, p. 18-19] What is the dollar impact to 2025 PILs from Algoma's proposal to smooth the effect of the accelerated CCC being phased out as of 2028?

6-SEC-33

[Ex. 6, Appendix 2-H] Please explain the forecasted reduction in Account 4210 Rent from Electric Property in 2025.

7-SEC-34

[Ex. 7, p. 11-12] Please provide the backup data and analysis that was used to calculate:

- a. The Weighting Factor for Services of 10 for the R2 class.
- b. The Weighting Factor for Billing and Collecting of 10 for the R2 class.

9-SEC-35

[Ex. 9, p. 26 and Table 9-8, DVA Continuity Schedule and Proposed Tariff] As per the 2020 approved settlement, funding for the two ACMs for the R1 and R2 classes was provided through the RRRP. Please explain why the over-collection of funds shown in Table 9-8 is being refunded directly back to the customers in these two classes and not being applied to offset RRRP funding?

9-SEC-36

[Ex. 9, p. 34]

- a. Please provide the yearly actual/forecast amounts for 2020 to 2024 in Account 5095 Operations Overhead Distribution Lines and Feeders- Rental Paid.
- b. Please provide details for the entries to the proposed DVA, should an agreement consist of a lump sum payment instead of annual payments.

9-SEC-37

[Ex. 9, p. 36] Algoma references a number of cases where the OEB has approved ‘similar variance accounts’ to Algoma’s requested Defined Benefit Pension Plan Variance Account. For each case, e.g., Enbridge Gas (EB-2022-0200), Hydro One Transmission and Distribution (EB-2021-0110) and Ontario Power Generation (EB-2020-0290), please provide a comparison table to Algoma’s request. Please include in the comparisons such things as; is there a deadband, what specifically is being recorded in the account, accrual versus cash or change in discount rate, etc.

Respectfully, submitted on behalf of the School Energy Coalition on August 14, 2024.

Jane Scott
Consultant for the School Energy Coalition