M11094

NOVA SCOTIA UTILITY AND REVIEW BOARD

IN THE MATTER OF: **THE PUBLIC UTILITIES ACT**

- and -

IN THE MATTER OF: **EFFICIENCYONE (E1)** 2022 Audited Financial Statements – December 31, 2022

INFORMATION REQUESTS (2nd set)

To: **EfficiencyOne**
James Gogan, Counsel
McInnes Cooper
By email: james.gogan@mcinnescooper.com

From: **Nova Scotia Utility and Review Board**
Board Staff

Responses Due: **Wednesday, October 4, 2023**

Copies: 1 electronic copy (PDF searchable)

Contact Person: **Valeria Lara, CPA**
Advisor
Nova Scotia Utility and Review Board
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Email: Valeria.Lara@novascotia.ca

Issued at Halifax, Nova Scotia, this 12th day of September, 2023.

Crystal Henwood

Crystal Henwood, Regulatory Affairs Officer/Clerk

Request IR-12:

Please provide the reasoning for requesting confidential treatment of the 2022 Income Tax Return when in the prior year matter, M10563, this was filed without confidential treatment.

Request IR-13:

Please provide any notice of assessment, reassessment and related correspondence from CRA received in 2021 and 2022.

a) Please indicate whether the CRA has accepted previously filed corporate tax returns.
b) Please provide details regarding any current or past CRA audits, if any.

Request IR-14:

Regarding response to IR-1 c), does E1 give incentives to its employees? If so, please provide details of the incentives.

Request IR-15:

Regarding responses to IR-2, IR-4 b) – h), IR-7:

a) The cash receipt and deferred revenue related to the Provincial Fund have grown significantly in 2022, with revenues and expenses slightly increasing in the year as well. This raises concerns about the potential pressures on operational and administrative resources, currently directed to perform DSM operations. Does E1 consider its current operational resources, specifically staff, sufficient to administer the DSM and non-DSM related programs efficiently and effectively in the present and future? Please provide details.
b) The Provincial Fund's direct costs as a percentage of its Efficiency NS revenue is 87% while its operating expenses as a percentage of its Efficiency NS revenue is 19%. DSM's direct costs as a percentage of its Efficiency NS revenue is 70% while its operating expenses as a percentage of total revenue is 31%, higher than the Provincial Fund's. If there are more efforts and direct costs being incurred, as a percentage of revenue, related to the Provincial Fund, why are the administrative costs as a percentage of revenue higher for the DSM Fund?
    i. Does E1 staff keep track of hours spent on DSM versus other programs? Is this used in the cost allocation? Please provide details.
c) Does E1 expect all non-DSM related programs to require more resources, such as time, staff, and funds, than DSM programs in the future? Please provide details.

   i. Has E1 considered executing all non-DSM related programs under a different, or even new, subsidiary since they are unregulated activities? If not, please explain why.
      a. When, if at all, would E1 consider it appropriate to execute all non-DSM related programs under a subsidiary?

d) The expenses subject to allocation in Note 13, page 16 of Exhibit E-1, are different than the expense total amounts in the Consolidated Statement of Operations, page 3 of Exhibit E-1. For example, only $71 thousand is subject to allocation related to incentives while the total for incentives in the financial statements is $63.191 thousand. Please explain, for each expense type, why the amounts are different.
   i. Please also explain how the amount subject to allocation is determined and how the difference is allocated into the different funds.
   i. Further, please explain why the allocation percentages in the Consolidated Statement of Operations for the DSM fund are higher than the percentages in Note 13, specifically for incentive costs, marketing outreach related costs, professional fees, and program support.
      a. Please provide examples of incentive costs incurred.

e) Please explain the reason for Information Technology and Office Insurance having two different allocators, FTE and Direct, and how these are calculated.

f) Please explain why the evaluation and verification expense of $1,418 is not included in the expenses subject to allocation under Note 13.
   i. Please indicate how this was allocated among the DSM and Provincial Fund.