

3.1-Staff-7

Ref: E4/T2/S1, pp. 1-3, Appendix 2-L

In Appendix 2-L, OHL shows OM&A costs of \$237 per customer, which is an increase of 27% over 2010 Board-approved amount and 10.5% over 2012 actuals. OHL is proposing an increase in total OM&A expenses of 32.4% over 2010 board-approved and 12.8% over 2012 actuals.

- b. Please discuss the drivers for this increase in further detail, with reference to the Board's inflation factor of 1.7% and its labour/capital composition.

OHL's Response: see correction to paragraph

OHL has examined the drivers further to determine the factors of the increase of 32.4% from the 2010 board-approved costs over the 2014 test year costs. The total compound annual growth between 2010 board-approved and the 2014 test year compares at 5.6%. OHL performed a comparison of the total costs included in the 2010 cost of service application over the 2014 costs and found cost increases amounting to \$529,509 over and above any usual inflation type costs.

OHL referred to EB-2010-0379, the Report of the Board, Rate Setting Parameters and Benchmarking under the Renewed Regulatory Framework for Ontario's Electricity Distributors to adjust these costs. OHL determined that were two costs that were affected over and above the inflation factors and they were adjusted to coincide with the Report's 3 year moving average with a year-over-year adjustment from 2010 in order to adjust the costs with the "usual inflation". This determines the impact of the increase in these particular costs.

OHL deducted the "new or incremental" costs from the total OM&A costs for the 2014 test year amounting to \$3,495,183, deducted the or incremental cost increase to come up with the total of \$2,965,674. OHL calculated the compounded annual growth amounting to 2.2% which is slightly higher than the Board's inflation factor of 1.7%, a difference of .5%. However the increase in OM&A would be comparable to the range for the Reports' 3 year moving average in 2010 is 2.0%, in 2011, 1.8% and in 2012, 1.9%.

4.1-Energy Probe-8

Ref: Exhibit 2, Tab 5, Schedule 5

- d) What component or percentage of the associated revenue requirement does the distributor believe is directly related to the continuous improvement in productivity, the attainment of system reliability and quality objectives?

OHL's Response:

OHL has not analyzed specific percentage of the revenue requirement directly related to the continuous improvement in productivity, the attainment of system reliability and quality

objectives. In regards to components related to continuous improvement in productivity, please refer to OHL's response to 4.1-SEC-12.

4.1-VECC-8

Ref: Exhibit 2, Tab 5, Schedule 5 – Distribution System Plan Plan

Please explain what metrics (reliability targets etc.) or other objectives that OHL is using to assess the success of business plan. Specifically discuss the separate metrics used to judge; (1) the success of the plan itself (e.g. in achieving stated goals) and (2) the success of the plan's implementation.

OHL's Response:

- (1) OHL will measure the success of the DSP using the OEB (once finalized) and internal RRR reporting as measures – Incident specific versus asset specific Meet SAIDI SAIFI requirements as per industry measures. Projects completed within budget and stated period of time
- (2) Success of plan's implementation will be identified when there is no need for ICM – plan supports us through our next rate application. Unforeseen events.

4.3-SEC-25

[Ex.2/5/5, p. 53-56]

Please add five columns to each of Tables 28, 29 and 31 to include 2009-2012 actuals and 2013 actuals (or most recent 9+3 or 10+2 forecast if actuals are not yet available).

OHL's Response:

Orangeville Hydro Limited
EB-2013-0160
Clarification on IR Responses

Table 28 - Capital Expenses 2009 - 2018										
DESCRIPTION	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Station Equipment	\$ -	\$ 122,653	\$ 4,788	\$ 125,868	\$ 25,707	\$ 119,607	\$ -	\$ 15,000	\$ -	\$ -
Station Land	\$ -	\$ 9,430	\$ 28,820	\$ -		\$ -	\$ -		\$ -	\$ -
Land Rights	\$ 7,638	\$ 9,668	\$ -	\$ -	\$ 7,153	\$ -	\$ -		\$ -	\$ -
Poles, Towers and Fixtures	\$ 87,305	\$ 115,474	\$ 47,010	\$ 90,427	\$ 111,976	\$ 49,922	\$ 76,748	\$ 124,135	\$ 151,762	\$ 109,768
Overhead Conductor and Devices	\$ 72,321	\$ 122,348	\$ 120,371	\$ 68,027	\$ 54,994	\$ 107,077	\$ 52,108	\$ 121,051	\$ 50,786	\$ 44,823
Line Transformers	\$ 374,372	\$ 284,135	\$ 302,230	\$ 396,530	\$ 436,071	\$ 385,854	\$ 331,781	\$ 300,259	\$ 410,200	\$ 382,598
Underground Conduit	\$ 191,780	\$ 346,676	\$ 441,374	\$ 190,738	\$ 293,959	\$ 308,124	\$ 256,989	\$ 208,055	\$ 194,239	\$ 299,743
Underground Conductor and Devices	\$ 317,350	\$ 193,146	\$ 325,855	\$ 251,997	\$ 384,887	\$ 226,163	\$ 151,404	\$ 124,149	\$ 236,526	\$ 204,472
Meters	\$ 24,154	\$ 36,530	\$ 38,178	\$ 222,908	\$ 13,855	\$ 45,764	\$ 45,763	\$ 45,763	\$ 45,764	\$ 45,765
New Services	\$ 77,775	\$ 23,080	\$ 46,030	\$ 135,722	\$ 84,729	\$ 132,685	\$ 136,100	\$ 229,721	\$ 119,041	\$ 111,930
Land	\$ -	\$ -	\$ -	\$ -		\$ 29,500	\$ -	\$ -	\$ -	\$ -
Building	\$ 42,411	\$ 26,280	\$ 36,436	\$ 23,668	\$ 5,167	\$ -	\$ -	\$ -	\$ -	\$ -
Office furniture and Equipment	\$ 1,496	\$ 57,587	\$ 6,022	\$ 23,138	\$ 15,501	\$ 17,200	\$ -	\$ 25,000	\$ -	\$ -
Computer Equipment-Hardware	\$ 17,934	\$ 47,118	\$ 12,844	\$ 22,016	\$ 12,119	\$ 77,200	\$ 55,000	\$ 25,500	\$ 32,000	\$ 42,500
Computer Software	\$ 159,714	\$ 134,774	\$ 62,468	\$ 160,843	\$ 36,054	\$ 42,000	\$ 25,000	\$ 56,000	\$ 42,000	\$ 62,000
Transportation Equipment	\$ 129,496	\$ 73,582	\$ 48,474	\$ 36,069		\$ 35,000	\$ 285,000	\$ 115,000	\$ -	\$ 35,000
Stores Equipment	\$ 2,387	\$ -	\$ -	\$ 1,606	\$ 1,299	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000
Tools, Shop and Garage Equipment	\$ 9,431	\$ 1,404	\$ 9,231	\$ 1,133	\$ 3,505	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000
Measurement and Testing Equipment	\$ -		\$ 5,972	\$ 499	\$ 10,070	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000
Communications Equipment	\$ -		\$ -	\$ -			\$ -	\$ 5,000	\$ -	\$ 1,000
Miscellaneous Equipment	\$ 14,081	\$ 1,399	\$ 10,662	\$ 112,979	\$ 2,551	\$ 5,600	\$ -	\$ -	\$ -	\$ -
Total	\$ 1,529,644	\$ 1,605,285	\$ 1,546,763	\$ 1,864,169	\$ 1,499,595	\$ 1,593,696	\$ 1,427,893	\$ 1,406,633	\$ 1,294,318	\$ 1,351,599
Contributed Capital	\$ 253,677	\$ 267,740	\$ 185,167	\$ 297,008	\$ 384,863	\$ 298,474	\$ 298,474	\$ 298,474	\$ 298,474	\$ 298,474
** Note: Not included in DSP forecast										

Table 29 - Operating Expenses 2009 - 2018										
DESCRIPTION	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Distribution Station Equipment - Operation Labour	\$ -	\$ -	\$ 86	\$ -	\$ 1,116	\$ 11,092	\$ 11,647	\$ 12,229	\$ 12,840	\$ 13,482
Distribution Station Equipment - Operation Supplies and Expenses	\$ 58,072	\$ 44,896	\$ 49,914	\$ 37,529	\$ 48,215	\$ 45,124	\$ 47,380	\$ 49,749	\$ 52,237	\$ 54,849
Overhead Distribution Lines and Feeders - Operation Labour	\$ 6,241	\$ 4,272	\$ 8,976	\$ 13,040	\$ 5,685	\$ 14,359	\$ 15,077	\$ 15,831	\$ 16,622	\$ 17,453
Overhead Distribution Lines and Feeders - Operation Supplies and Expenses	\$ 2,806	\$ 2,873	\$ 3,837	\$ 2,240	\$ 3,728	\$ 2,768	\$ 2,906	\$ 3,052	\$ 3,204	\$ 3,365
Overhead Distribution Transformers - Operation	\$ 1,924	\$ 415	\$ 153	\$ 8,235	\$ 3,910	\$ 2,450	\$ 2,573	\$ 2,701	\$ 2,836	\$ 2,978
Underground distribution Lines and Feeders - Operation Labour	\$ -	\$ -	\$ 1,186	\$ 400	\$ -	\$ 7,967	\$ 8,365	\$ 8,784	\$ 9,223	\$ 9,684
Underground Distribution Lines and Feeders - Operation Supplies and Expenses	\$ -	\$ -	\$ 160	\$ 57	\$ -	\$ 1,360	\$ 1,428	\$ 1,499	\$ 1,574	\$ 1,653
Underground Distribution Transformers - Operation	\$ 1,276	\$ 1,189	\$ (2)	\$ 4,555	\$ -	\$ 638	\$ 670	\$ 703	\$ 739	\$ 775
Meter Expense	\$ 89,417	\$ 133,635	\$ 126,893	\$ 107,292	\$ 95,896	\$ 117,572	\$ 123,451	\$ 129,623	\$ 136,104	\$ 142,910
Customer Premises - Operation labour	\$ -	\$ 44,128	\$ 42,598	\$ 58,350	\$ 73,595	\$ 55,334	\$ 58,101	\$ 61,006	\$ 64,056	\$ 67,259
Customer Premises - Materials and Expenses	\$ 38,915	\$ 15,767	\$ 15,482	\$ 19,893	\$ 26,862	\$ 22,966	\$ 24,114	\$ 25,320	\$ 26,586	\$ 27,915
Miscellaneous Distribution Expense	\$ 18,275	\$ 138,007	\$ 176,700	\$ 199,406	\$ 245,362	\$ 218,470	\$ 229,394	\$ 240,863	\$ 252,906	\$ 265,552
Other Rent	\$ 106,280	\$ 7,563	\$ 7,573	\$ 7,602	\$ 7,602	\$ 7,735	\$ 8,122	\$ 8,528	\$ 8,954	\$ 9,402
TOTAL OPERATION EXPENSES	\$ 323,207	\$ 392,746	\$ 433,555	\$ 458,597	\$ 511,969	\$ 507,835	\$ 533,227	\$ 559,888	\$ 587,882	\$ 617,277

Table 30 - Maintenance Expenses 2009 - 2018										
DESCRIPTION	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Maintenance Supervision and Engineering	\$ 6,610	\$ 134,487	\$ 138,097	\$ 145,820	\$ 179,306	\$ 159,957	\$ 167,955	\$ 176,353	\$ 185,170	\$ 194,429
Maintenance Distribution Station Equipment	\$ 131,904	\$ 14,245	\$ 10,788	\$ 15,336	\$ 28,063	\$ 18,129	\$ 19,035	\$ 19,987	\$ 20,987	\$ 22,036
Maintenance of Poles, Towers and Fixtures	\$ 10,277	\$ 20,505	\$ 31,438	\$ 34,226	\$ 16,599	\$ 39,110	\$ 41,066	\$ 43,119	\$ 45,275	\$ 47,538
Maintenance of Overhead Conductors and Devices	\$ 18,743	\$ 57,294	\$ 89,808	\$ 55,929	\$ 82,181	\$ 96,963	\$ 101,811	\$ 106,902	\$ 112,247	\$ 117,859
Maintenance of Overhead Services	\$ 51,519	\$ 29,521	\$ 30,020	\$ 21,679	\$ 28,204	\$ 29,839	\$ 31,331	\$ 32,897	\$ 34,542	\$ 36,269
Overhead Distribution Lines and Feeders - Right of Way	\$ 30,908	\$ 70,274	\$ 93,740	\$ 79,007	\$ 65,873	\$ 99,132	\$ 104,089	\$ 109,293	\$ 114,758	\$ 120,496
Maintenance of Underground Conduit	\$ 86,645	\$ 1,379	\$ (94)	\$ 68	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Maintenance of Underground Conductors and Devices	\$ 311	\$ 3,875	\$ 6,945	\$ 13,153	\$ 2,499	\$ 17,172	\$ 18,031	\$ 18,932	\$ 19,879	\$ 20,873
Maintenance of Underground Services	\$ 3,016	\$ 61,143	\$ 87,440	\$ 72,131	\$ 76,981	\$ 101,436	\$ 106,508	\$ 111,833	\$ 117,425	\$ 123,296
Maintenance of Line Transformers	\$ 61,786	\$ 32,006	\$ 45,867	\$ 27,980	\$ 26,247	\$ 54,674	\$ 57,408	\$ 60,278	\$ 63,292	\$ 66,457
Sentinel Lights - Labour	\$ 33,449	\$ 252	\$ 632	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -
Sentinel Lights - Materials and Expenses	\$ 1,528	\$ 69	\$ 200	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL OPERATION EXPENSES	\$ 436,697	\$ 425,049	\$ 534,881	\$ 465,329	\$ 505,954	\$ 616,412	\$ 647,233	\$ 679,594	\$ 713,574	\$ 749,253

Table 31 – Capital Expenses as per OEB Categories 2009 – 2018										
DESCRIPTION	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
System Access	\$ 790,914	\$ 651,589	\$ 281,134	\$ 2,362,230	\$ 541,561	\$ 411,106	\$ 457,306	\$ 457,306	\$ 457,306	\$ 457,306
System Renewal	\$ 41,451	\$ 54,227	\$ 21,855	\$ 330,158	\$ 214,127	\$ 206,206	\$ 124,969	\$ 165,672	\$ -	\$ 33,134
System Service	\$ 320,329	\$ 557,324	\$ 1,251,666	\$ 367,319	\$ 657,640	\$ 757,884	\$ 468,618	\$ 545,155	\$ 751,012	\$ 708,659
General Plant	\$ 376,950	\$ 342,144	\$ 192,109	\$ 381,952	\$ 86,266	\$ 218,500	\$ 377,000	\$ 234,500	\$ 86,000	\$ 152,500
TOTAL	\$ 1,529,644	\$ 1,605,284	\$ 1,746,764	\$ 3,441,659	\$ 1,499,595	\$ 1,593,696	\$ 1,427,893	\$ 1,402,633	\$ 1,294,318	\$ 1,351,599

7.1-Energy Probe-27

Ref: Exhibit 2, Tab 3, Schedule 1

For each of the components of the cost of power shown in the table on page 4, please indicate when OHL pays the corresponding invoices (i.e. on average how many days after the end of the month are the invoices paid).

OHL Response:

OHL pays the IESO for our commodity not Hydro One.

Hydro One

Transmission – Network
Transmission – Connection
LV

Hydro One invoices are due anywhere from 35 – 50 calendar days from the end of the month.

IESO

Electricity Commodity RPP
Electricity Commodity Non-RPP
Wholesale Market Service

Rural Rate Assistance
IESO Smart Meter Entity Charge

IESO invoices are due on average 12 business days from the end of the month.

8.1-VECC-29

Ref: Exhibit 3, Tab 2, Schedule 2, page 2

Exhibit 3, Tab 2, Schedule 3, page 3

What are the actual 2013 kWh Purchases?

OHL's Response:

Please see the table below with the revised actual 2013 kWh Purchases. Our initial table did not include losses.

2013	Jan-13	23,158,260
2013	Feb-13	21,197,360
2013	Mar-13	22,059,504
2013	Apr-13	20,060,882
2013	May-13	19,813,583
2013	Jun-13	20,116,644
2013	Jul-13	22,061,921
2013	Aug-13	21,251,759
2013	Sep-13	19,275,922
2013	Oct-13	20,347,763
2013	Nov-13	21,363,820
2013	Dec-13	23,219,883
Total:		253,927,301

8.2-Staff-39

Ref: E7/T1/S3, Table 7-7 Appendix 2-P; Appendix 2-W

Orangeville proposes to reduce the revenue to cost ratio for two classes (GS<50, USL) where the status quo ratio is substantially above 100%. To accommodate this adjustment, the Residential status quo revenue to cost ratio is being increased from 101.88% to 103.00%, but the ratio for three other classes remains unchanged despite the fact that they are all substantially below 100%. A result of this re-balancing proposal is that distribution rates for the Residential class would increase by 1.5% while those of all other classes will decrease or remain nearly unchanged. Please explain the rationale for increasing the Residential revenue to cost ratio and distribution rates while leaving the rates unchanged for GS>50 kW, Street Lights, and Sentinel Lighting classes and their ratios below 100%.

OHL's Response:

Upon reflection OHL agrees that the Residential class should have remained status quo and the three classes that had ratios below 100% should have been adjusted. OHL has also adjusted the two rate classes that were at the high end of their ratios. Please see table below for the revised Revenue to Cost ratios.

Cost Allocation Based Calculations													
Class	Revenue Requirement - 2014 Cost Allocation Model - Line 40 from O1 in CA	2014 Base Revenue Allocated based on Proportion of Revenue at Existing Rates	Miscellaneous Revenue Allocated from 2014 Cost Allocation Model - Line 19 from O1 in CA	Total Revenue	Revenue Cost Ratio	Check Revenue Cost Ratios from 2014 Cost Allocation Model - Line 75 from O1 in CA	Proposed Revenue to Cost Ratio	Proposed Revenue	Miscellaneous Revenue	Proposed Base Revenue	Board Target Low	Board Target High	
Residential	3,553,722	3,298,532	313,263	3,611,795	101.6%	101.6%	101.6%	3,611,795	313,263	3,298,532	85%	115%	
GS < 50 kW	775,830	838,599	59,714	898,313	115.8%	115.8%	109.0%	845,655	59,714	785,941	80%	120%	
GS >50 to 4999 kW	1,087,687	844,343	78,815	923,158	84.9%	84.9%	89.5%	973,371	78,815	894,556	80%	120%	
Sentinel Lights	15,223	10,684	1,585	12,269	80.6%	80.6%	89.5%	13,623	1,585	12,039	80%	120%	
Street Lighting	123,061	96,627	11,458	108,085	87.8%	87.8%	89.5%	110,127	11,458	98,669	70%	120%	
Unmetered and Scattered	10,560	11,209	1,253	12,462	118.0%	118.0%	109.0%	11,510	1,253	10,257	80%	120%	
TOTAL	5,566,083	5,099,994	466,089	5,566,082				5,566,082	466,089	5,099,993			
	5,566,082									5,099,994			
	0									-1			

9.2-Energy Probe-53

Ref: Exhibit 9, Tab 5, Schedule 1

Please explain why the additions to gross assets are the same under both old and new CGAAP in both 2012 and 2013. In particular, why hasn't the change in capitalization implemented for January 1, 2013 resulted in different additions in the bridge year?

OHL's Response:

The additions should be the same in 2012 under old and new CGAAP as the new capitalization policy was not implemented until January 1, 2013. OHL has revised the 2013 continuity schedule to reflect the new accounting policy in 2013 under Appendix 2-BA1.