

ORANGEVILLE HYDRO LIMITED
2014 RATE APPLICATION
EB-2013-0160

VECC CLARIFICATION QUESTIONS

Question 1

Ref: 7.6-Staff -32

Preamble: The original application showed a \$71,000 margin as between Accounts #4375 and #4380 for 2013. The actual results show a margin of over \$120,000.

Question:

a) What accounts for the increase?

OHL's Response:

The increase in revenue between accounts 4375 and 4380 is due to OPA revenues. OHL will maintain \$20,000 of this revenue in recording as income in 2013 and the other \$16,000 will be transferred to a liability account. The remaining explanation is due to the water billing expenses coming in lower than budget. In the 2014 budget, OHL increased the labour by \$5,000, included File Nexus costs that increased expenses by \$9,600, increase in postage and bank charges by \$3,000 and an increase in CIS costs of \$4,000.

Account	Revenue/Expenses of Non-utility Operations	2013 Bridge Budget	2013 Bridge Actual	Variance	2014 Test
4375-1	Revenue Non-Utility Operations/Water	366,574	370,980	4,406	375,133
4375-2	Water/Sewer Penalties	21,001	19,864	(1,137)	20,000
4375-3	Revenue Non Utility Operation/Stlight Mtce	54,451	60,511	6,060	57,286
4375-4	Revenue OPA	0	36,490	36,490	0
4375-6	Solar Generating Revenue	8,328	7,704	(624)	0
4380-1	Expenses Non Utility Operation/Water	(324,728)	(304,350)	20,378	(324,689)
4380-3	Expenses Non Utility Streetlights	(49,073)	(56,092)	(7,019)	(51,566)
4380-5	Non-Utility Expenses		9,087	9,087	
4380-4	Expenses - OPA			0	
4380-6	Solar Generating Expenses	(5,691)	(5,761)	(70)	0
	Total Net Revenue			67,571	

b) Is there any reason why this higher margin should not be expected to continue in 2014?

OHL's Response:

Based on the response to a), OHL believes the budget for water billing is appropriate.

Question 2

Ref: 8.1-VECC-32

Preamble: The referenced response (Staff #36) does not provide the source of the unemployment forecast used to calculate the forecast purchases for 2013 (and 2014) as requested in the original question.

Question:

a) Please provide the source of the unemployment forecast for 2013 and 2014 used in the purchased power model.

OHL's Response:

The forecast levels of employment for 2013 and 2014 were calculated by multiplying the 2013 and 2014 Growth Rate by previous year's corresponding month. For example the May 2013 forecast was calculated by multiplying May 2012 Full time Employment by the 2013 employment growth rate. Please see table below.

Table 282-0054 Labour force survey estimates (LFS), by provinces and economic regions based on 2006 Census boundaries, 3-month moving average, unadjusted for seasonality, monthly (persons x 1,000)(17,18,19)									
Survey or program details:									
Labour Force Survey - 3701									
Geography	Ontario		Kitchener-Waterloo-Barrie, Ontario [3540]						
Labour force characteristics	Full-time employment	Full-time employment							
Jan-12	5377.2	546.6							
Feb-12	5332.1	542.4							
Mar-12	5313.9	541.9							
Apr-12	5361.4	545.4							
May-12	5441	551.4							
Jun-12	5536.5	557.5							
Jul-12	5616.3	564.8							
Aug-12	5667.7	562.3							
Sep-12	5629.7	554.3							
Oct-12	5584.2	549.8							
Nov-12	5527	553.1							
Dec-12	5517.3	557.8							
Jan-13	5451.7	552.6							
Feb-13	5400.4	549.4							
Mar-13	5358.4	546.2							
Apr-13	5397	550.1							
Footnotes									
The Labour force survey collection of tables, starting with number 282-, is large with many possible cross-tabulations for the 10 provinces and other geographic regions. To ensure respondent's confidentiality, detailed data are suppressed. Data for Canada, Quebec, Ontario, Alberta and British Columbia are suppressed if the estimate is below 1,500, for Newfoundland and Labrador, Nova Scotia, New Brunswick, Manitoba and Saskatchewan, if the estimate is below 500, and for Prince Edward Island, under 200. For suppression levels within census metropolitan areas (CMAs) and economic regions (ERs), use the respective provincial suppression levels above. While suppressing to protect respondent confidentiality has the added effect of blocking-out the lowest-quality LFS data, some remaining non-suppressed data in these very large LFS CANSIM tables may be of insufficient quality to allow for accurate interpretation. Please be warned that the more detailed your LFS CANSIM download, the smaller the sample size upon which your LFS estimates will be based, and the greater the risk of downloading poorer quality data.									
Estimates from 1987 to 1995 are based on the 2001 census population counts and estimates from 1996 onwards are based on 2006 census population counts. The impact of moving to the 2006 census population counts is minimal for most economic regions. The boundaries for economic regions did not change from the 2001 to 2006 census.									
Estimates for Canada are a sum of the provincial totals and exclude estimates from Yukon, Northwest Territories and Nunavut.									
Source:									
Statistics Canada. Table 282-0054 - Labour force survey estimates (LFS), by provinces and economic regions based on 2006 Census boundaries, 3-month moving average, unadjusted for seasonality, monthly (persons unless otherwise noted)									
(accessed: May 30, 2013)									
Forecast	Forecast - Actual								
Jan-13	5441.7	10.0							
Feb-13	5396.1	4.3							
Mar-13	5377.7	-19.3							
Apr-13	5425.7	-28.7							
May-13	5506.3								
Jun-13	5602.9								
Jul-13	5683.7								
Aug-13	5735.7								
Sep-13	5697.3								
Oct-13	5651.2								
Nov-13	5593.3								
Dec-13	5583.5								
Jan-14	5517.9								
Feb-14	5471.6								
Mar-14	5453.0								
Apr-14	5501.7								
May-14	5583.4								
Jun-14	5681.4								
Jul-14	5763.3								
Aug-14	5816.0								
Sep-14	5777.0								
Oct-14	5730.3								
Nov-14	5671.6								
Dec-14	5661.7								

Question 3

Ref: 8.1-VECC-34

Question:

- a) Based on the response, is OHL proposing to change its load forecast accordingly? If yes, please provide an excel model with changes and indicate what that revised purchase forecast for 2014 is.

OHL's Response:

OHL is not proposing to change its load forecast accordingly.

Question 4

Ref: 8.1-VECC-35

Preamble: The response indicates that OHL expects to achieve 8,760,000 kWh of CDM savings in 2013 from 2013 programs.

Question:

- a) Please reconcile this response with the Preliminary OPA 2013 CDM Report provided in Appendix M which indicates that the total CDM savings over the first three quarters of 2013 was 350,000 kWh (per Table #2) and provide a revised estimate of total savings for 2013 from 2013 programs as necessary.

OHL's Response:

Although OHL achieved on 350,000 kWhs in the first 3 quarters of 2013, OHL confirms the projection of an additional 760,000 in the 4th quarter of 2013. OHL still needs to be credited for approximately 30 retrofit projects and has estimated residential, direct installs and demand response 3 programs to be around the same as reported in the final quarter of 2012. OHL also conversed with our contact at the OPA where it is expected that OHL will achieve approximately 74% of OHL's total targeted kWhs of 11,820,000 at the end of 2013.

2013 Total Preliminary 3rd Quarter Net Cumulative Savings	2013 4th Quarter Estimated Net Savings	2013 Total Estimated Net Cumulative Savings
8,000,000	760,000	8,760,000

Question 5

Ref: 8.1- General

Preamble: There were two Load Forecast excel models provided with the IR responses. The Summary in one shows a total billed energy for 2014 of 249,812,812 kWh while the Summary in the second shows a total billed energy of 249,980,679 kWh. Both values differ from that in the original Application

Question:

- a) Please explain how each of the two models differ from the original application and which result of the three results is OHL currently proposing as its load forecast.

The Summary that shows the total billed energy for 2014 of 249,812,812 differs from the original application due to the following IR's:

7.1-Energy Probe-24

- a. The total power purchased did not include the SME charge in the total.
b. The amounts for the GS > 50kW and Streetlight classes had incorrect volumes in the Electricity – Commodity Non-RPP section.

Both changes are reflected on the 2013 COP and 2014 COP tabs of the load forecast model.

8.1-Staff-35

- a. Changed input loss factor to 4.81%
b. OHL used a factor of "1" for 2011 to reflect persistence of 2011 CDM programs on 2014 consumption in error, the factor should have been "0".

Both changes are reflected on the Rate Class Energy Model tab of the load forecast model. The loss factor changed from 1.0474 to 1.0481. The Manual Adjustment to the Load Forecast from 2013 and 2014 Programs on a Gross Level changed from 3,810,000 to 2,690,000.

8.1-VECC-32

OHL revised the Rate Class Customer Model to remove the manual adjustment for the loss of Plastiflex. The GS>50kW class went from 123 customers in 2014 to 124 with the removal of the adjustment.

The Summary that shows the total billed energy for 2014 of 249,812,812 differs from the original application due to a link in the model that changed the Manual Adjustment to the Load Forecast from 2013 and 2014 Programs on a Gross Level from 3,810,000 to 2,690,000 in response to IR 8.1-Staff-35. This link should not have been updated in this version of the load forecast.

OHL is proposing to use the load forecast with the summary that shows the total billed energy for 2014 as 249,812,812.