**Response to Undertakings**

**2017 Cost of Service Rate Application**

**Renfrew Hydro Inc. (Renfrew Hydro)**

**EB-2016-0166**

**December 16, 2016**



**Renfrew Hydro Inc.**

**499 O'Brien Road, Unit B**

**Renfrew, ON K7V 3Z3**

**P-613-432-4884 F-613-432-7463**



December 16, 2016

Ontario Energy Board

P.O. Box 2319, 27th Floor

2300 Yonge Street Toronto,

Ontario M4P 1E4

**Attention: Ms. Kirsten Walli, Board Secretary**

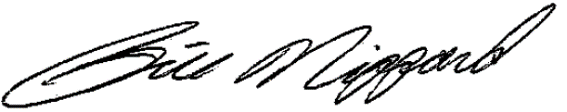
**Regarding: EB-2016-0166 - 2016 CoS Responses to Undertakings**

Dear Ms. Walli,

Please find enclosed Renfrew Hydro Inc (RHI)’s responses to Undertakings arising from the Technical Conference. Along with these responses, RHI will also update and file the Excel Worksheets and other relevant documents via the Board’s Regulatory Electronic Submission System on Monday December 19.

If you have any questions in connection with the above matter, please do not hesitate to contact the undersigned.

Respectfully submitted,



Bill Nippard

President Renfrew Hydro Inc

499 O’Brien Rd

Renfrew, Ontario

K7V 3Z3

Ph: 613.432.4884 ext 224

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**Renfrew Hydro Inc.**

**EB-2016-0166**

**Technical Conference**

**December 9, 2016**

**Undertakings**

|  |  |
| --- | --- |
| **Undertakings (J)** | **Description** |
| JT1.1 | To confirm how many dollars and where costs for the communication professional are located. |
| JT1.2 | To provide the draft master work plan as referenced in 2-Staff-9. |
| JT1.3 | To provide an update on the substation assessment after the Eaton assessment. |
| JT1.4 | For 5 years of the Distribution System Plan – to break down capital into mandatory, normal, or justifiable. |
| JT1.5 | To provide reasons for the higher cost for the Raglan St. overhead rebuild project. |
| JT1.6 | To provide a reference or otherwise a table for historical costs of the pole replacement program and the budget for each year. |
| JT1.7 | To provide an updated load forecast model with:  - 2017 HDD and CDD formulas corrected  - employment #’s  - VECC-28: 20 years as well in comparison  - responses to VECC 54 (c) and (d)  - another load forecast with growth rate as per application |
| JT1.8 | To provide a response to VECC-53 which ties back to IRR 3-VECC-24 (e) and 3-VECC-22 (b). |
| JT1.9 | To provide a written explanation in response to VECC 54 (a) for the 2011-2013 CDM results; to verify and reconcile VECC-26 (a) and (d). |
| JT1.10 | To file the IESO CDM persistence report |
| JT1.11 | To reconcile Appendix 2-I with VECC 54(f) |
| JT1.12 | To reconcile the $23.2k in 2015 of Appendix 2-KA with the $15k in the Actuarial Report; and to clarify if on a cash or accrual basis. |
| JT1.13 | To provide a revised LRAMVA claim as per 3-VECC-56 and clarify which customer classes. |
| JT1.14 | To clarify the allocation of collecting costs to the Street Lighting and USL rate classes. |
| JT1.15 | To update the bill impact scenarios provided in response to 8-Staff-63 to include the LRAMVA claim over a one year period. |
| JT1.16 | To update LV costs to $184,697 as per 8-VECC-46 |

# **JT1.1**

To confirm how many dollars and where costs for the communication professional are located.

Response:

RHI included the costs for the communication professional in both the Other Consulting category within the One-Time Regulatory Costs for the Cost of Service components and in account #5410 – Community Relations. A summary of the costs is provided below:

|  |  |  |  |
| --- | --- | --- | --- |
| **Cost of Service Components, One-Time Regulatory Costs** | |  |  |
| Ref # 4.0-VECC-36, E4/T6/S2,S3 - Table 4.20 | |  |  |
|  | **Total** | **Total of Original** | **Actual** |
|  | **Original** | **Budget** | **To Oct 28, 2016** |
|  | **Budget** | **Related to Communication** | **Communication** |
|  | **For External Consulting** | **Consulting** | **Consulting** |
| External Costs - Other Consulting | $20,000 | $5,000 | $6,058 |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
| **Communication Professional costs included in 2017 OM&A** | |  |  |
|  | **2015** | **2016** | **2017** |
|  | **Actual** | **Bridge** | **Test** |
|  |  |  |  |
| Account #5410 |  |  |  |
| Community Relations - Sundry | $1,688 | $3,000 | $6,000 |
|  |  |  |  |

# **JT1.2**

To provide the draft master work plan as referenced in 2-Staff-9.

Response:

The draft master work plan as referenced in 2-Staff-9 has been filed along with these responses.

# **JT1.3**

To provide an update on the substation assessment after the Eaton assessment.

Response:

The substation assessment was performed by Eaton on December 13, 2016. RHI has requested the report, but it is not yet available. RHI will submit it as soon as it is received.

# **JT1.4**

For 5 years of the Distribution System Plan – to break down capital into mandatory, normal, or justifiable.

Response:

Please find below a breakdown of the capital projects into mandatory, normal, or justifiable.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| OEB Category | | 2017 | 2018 | 2019 | 2020 | 2021 |
| System Access | | 5 | 35 | 129 | 10 | 10 |
| System Renewal | | 615 | 335 | 380 | 385 | 350 |
| System Service | | 110 | 20 | 5 | 5 | 10 |
| General Plant | | 10.5 | 360.5 | 10.5 | 10.5 | 20 |
|  |  | 740.5 | 750.5 | 524.5 | 410.5 | 390 |
|  |  |  |  |  |  |  |
| RHI Breakdown | | 2017 | 2018 | 2019 | 2020 | 2021 |
| Mandatory | | 0 | 0 | 0 | 0 | 0 |
| Normal | | 15 | 45 | 134 | 15 | 15 |
| Justifiable | | 725.5 | 705.5 | 390.5 | 395.5 | 375 |
|  |  | 0 | 0 | 0 | 0 | 0 |
|  |  | 740.5 | 750.5 | 524.5 | 410.5 | 390 |

# **JT1.5**

To provide reasons for the higher cost for the Raglan St. overhead rebuild project.

Response:

The capital budget for the Raglan St. South project reflects a higher cost per meter of overhead line because it requires more than the average amount of poles per length of line. This is due to the layout of the street and property lines. In addition, traffic control will require 2 flagmen because the street is too narrow for the yield to oncoming traffic sign. The number of poles per project is provided below:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Year** | **Project** | **Budget** | **Meters of Line** | **Cost/meter** | **Poles** | **Meters/pole** |
| 2017 | Raglan St. north | $171,000 | 500 | $342 | 12 | 42 |
| 2018 | McAndrew | $229,000 | 500 | $458 | 15 | 33 |
| 2019 | Raglan St. S. | $200,000 | 350 | $571 | 15 | 23 |
| 2020 | Lisgar | $260,000 | 800 | $325 | 20 | 40 |

# **JT1.6**

To provide a reference or otherwise a table for historical costs of the pole replacement program and the budget for each year.

Response:

Please find below, a table of the historical costs for the pole replacement program including the annual budget.

|  |  |  |  |
| --- | --- | --- | --- |
| **Year** | **Number** | **GL 1830** | **Budget** |
|  | **of poles** | **Poles** |  |
| 2010 | 25 | $130,865 | $133,624 |
| 2011 | 36 | $167,920 | $155,350 |
| 2012 | 34 | $161,976 | $151,682 |
| 2013 | 35 | $109,813 | $148,040 |
| 2014 | 37 | $127,370 | $158,500 |
| 2015 | 23 | $182,603 | $129,000 |

# **JT1.7**

3.0 – VECC - 48

Reference: 3-Staff-44 & 45

3-VECC-22

Exhibit 3, page 25 – Table 3-14

OEB Cost of Service Filing Requirements, page 29

1. RHI has revised its load forecast model and corrected the 20-year HDD/CDD values. Please provide an updated version of Table 3-14, i.e., the predicted purchase power for 2016 and 2017 using a 20-year weather normalization.

Response

Please find the requested tables below

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Date** | **10 Yr HDD** | **10 Yr CDD** | **DoM** | **Employment** | **Daylight** |  | **Monthly Predicted** | **Yearly Predicted** |
| 2016-January | 843.02 | 0.00 | 31.00 | 164.30 | 9.09 |  | 9,105,414 |  |
| 2016-February | 756.20 | 0.00 | 28.20 | 164.28 | 10.19 |  | 8,222,265 |  |
| 2016-March | 620.94 | 0.00 | 31.00 | 164.26 | 11.51 |  | 8,455,874 |  |
| 2016-April | 330.03 | 0.32 | 30.00 | 164.24 | 13.28 |  | 7,279,345 |  |
| 2016-May | 132.75 | 10.63 | 31.00 | 164.21 | 14.52 |  | 6,978,399 |  |
| 2016-June | 30.54 | 35.32 | 30.00 | 164.19 | 15.35 |  | 6,700,416 |  |
| 2016-July | 5.31 | 89.37 | 31.00 | 164.17 | 15.15 |  | 7,412,115 |  |
| 2016-August | 14.62 | 76.99 | 31.00 | 164.15 | 14.03 |  | 7,230,064 |  |
| 2016-September | 98.34 | 44.61 | 30.00 | 164.12 | 12.29 |  | 6,831,732 |  |
| 2016-October | 285.88 | 8.71 | 31.00 | 164.10 | 10.51 |  | 7,234,320 |  |
| 2016-November | 476.96 | 0.19 | 30.00 | 164.08 | 9.28 |  | 7,531,951 |  |
| 2016-December | 682.55 | 0.00 | 31.00 | 164.06 | 8.47 |  | 8,462,156 | 91,444,052.02 |
| 2017-January | 853.97 | 0.00 | 31.00 | 164.03 | 9.09 |  | 9,142,257 |  |
| 2017-February | 759.73 | 0.00 | 28.22 | 164.01 | 10.19 |  | 8,236,159 |  |
| 2017-March | 622.99 | 0.00 | 31.00 | 163.99 | 11.51 |  | 8,459,720 |  |
| 2017-April | 330.87 | 0.35 | 30.00 | 163.97 | 13.28 |  | 7,279,051 |  |
| 2017-May | 133.21 | 10.00 | 31.00 | 163.94 | 14.52 |  | 6,969,457 |  |
| 2017-June | 30.83 | 34.03 | 30.00 | 163.92 | 15.35 |  | 6,683,644 |  |
| 2017-July | 5.81 | 85.25 | 31.00 | 163.90 | 15.15 |  | 7,365,094 |  |
| 2017-August | 14.26 | 77.88 | 31.00 | 163.88 | 14.03 |  | 7,234,692 |  |
| 2017-September | 96.07 | 48.54 | 30.00 | 163.85 | 12.29 |  | 6,862,567 |  |
| 2017-October | 280.90 | 9.58 | 31.00 | 163.83 | 10.51 |  | 7,221,605 |  |
| 2017-November | 482.93 | 0.21 | 30.00 | 163.81 | 9.28 |  | 7,550,512 |  |
| 2017-December | 689.81 | 0.00 | 31.00 | 163.79 | 8.47 |  | 8,485,289 | 91,490,047.07 |

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Date** | **20 Yr HDD** | **20 Yr CDD** | **DoM** | **Employment** | **Daylight** |  | **Monthly Predicted** | **Yearly Predicted** |
| 2016-January | 866.33 | 0.00 | 31.00 | 164.30 | 9.09 |  | 9,191,835 |  |
| 2016-February | 739.92 | 0.00 | 28.20 | 164.28 | 10.19 |  | 8,161,876 |  |
| 2016-March | 623.74 | 0.00 | 31.00 | 164.26 | 11.51 |  | 8,466,239 |  |
| 2016-April | 346.76 | 0.77 | 30.00 | 164.24 | 13.28 |  | 7,346,289 |  |
| 2016-May | 144.87 | 10.16 | 31.00 | 164.21 | 14.52 |  | 7,018,183 |  |
| 2016-June | 33.06 | 50.05 | 30.00 | 164.19 | 15.35 |  | 6,870,843 |  |
| 2016-July | 5.90 | 92.57 | 31.00 | 164.17 | 15.15 |  | 7,449,240 |  |
| 2016-August | 13.90 | 79.84 | 31.00 | 164.15 | 14.03 |  | 7,258,575 |  |
| 2016-September | 90.34 | 35.25 | 30.00 | 164.12 | 12.29 |  | 6,699,662 |  |
| 2016-October | 295.98 | 4.88 | 31.00 | 164.10 | 10.51 |  | 7,229,853 |  |
| 2016-November | 481.45 | 0.10 | 30.00 | 164.08 | 9.28 |  | 7,547,544 |  |
| 2016-December | 703.38 | 0.00 | 31.00 | 164.06 | 8.47 |  | 8,539,381 | 91,779,517.42 |
| 2017-January | 866.33 | 0.00 | 31.00 | 164.03 | 9.09 |  | 9,188,065 |  |
| 2017-February | 739.92 | 0.00 | 28.22 | 164.01 | 10.19 |  | 8,162,679 |  |
| 2017-March | 623.74 | 0.00 | 31.00 | 163.99 | 11.51 |  | 8,462,468 |  |
| 2017-April | 346.76 | 0.77 | 30.00 | 163.97 | 13.28 |  | 7,342,518 |  |
| 2017-May | 144.87 | 10.16 | 31.00 | 163.94 | 14.52 |  | 7,014,413 |  |
| 2017-June | 33.06 | 50.05 | 30.00 | 163.92 | 15.35 |  | 6,867,073 |  |
| 2017-July | 5.90 | 92.57 | 31.00 | 163.90 | 15.15 |  | 7,445,469 |  |
| 2017-August | 13.90 | 79.84 | 31.00 | 163.88 | 14.03 |  | 7,254,805 |  |
| 2017-September | 90.34 | 35.25 | 30.00 | 163.85 | 12.29 |  | 6,695,891 |  |
| 2017-October | 295.98 | 4.88 | 31.00 | 163.83 | 10.51 |  | 7,226,082 |  |
| 2017-November | 481.45 | 0.10 | 30.00 | 163.81 | 9.28 |  | 7,543,773 |  |
| 2017-December | 703.38 | 0.00 | 31.00 | 163.79 | 8.47 |  | 8,535,610 | 91,738,847.79 |

3.0 - VECC - 51

Reference: Preamble to Exhibit 3 IR Responses

1. It is noted that the coefficient for the “Employment Stats” variable is negative, please confirm that this means higher employment levels will lead to a lower predicted value for wholesale purchases – assuming all other variables remain unchanged.

Response

As explained in the technical conference, the “employment” values in the original application were actually unemployment values which would explain the negative correlation. RHI has since then updated the value the correct “full-time employment values from Stats Canada Cansim 02820122 Region Pembroke Kingston.

1. Please confirm that this result is counter-intuitive, in that one would intuitively expect the predicted value for wholesale purchases to increase if employment levels are higher?
2. Using the updated HDD/CDD values please re-estimate the load forecast equation excluding the “Employment Stats” variable and provide the predicted 2016 and 2017 wholesale power purchases that would result.

Response

As discussed during the technical conference, RHI has now updated its model and regression to reflect the correct variable. The revised model is filed along with these responses.

1. - VECC - 52

Reference: 3-VECC-21 d)

1. The initial question did not request RHI to revise its regression equation but rather to use its “model” and the employment growth rates from the appropriate forecast on pages 12 and 13 of Exhibit 3. Please provide the requested response.

Response

As requested, please find the revised model and “Predicted Wholesale” using the employment growth from pages 12/13 of Exhibit 3. The growth of 2.0% and 1.9% were applied to 2016 and 2017 respectively.

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Date** | **10 Yr HDD** | **10 Yr CDD** | **DoM** | **Employment** | **Daylight** |  | **Monthly Predicted** | **Yearly Predicted** |
| 2016-January | 843.02 | 0.00 | 31.00 | 160.75 | 9.09 |  | 9,055,723 |  |
| 2016-February | 756.20 | 0.00 | 28.20 | 158.20 | 10.19 |  | 8,137,201 |  |
| 2016-March | 620.94 | 0.00 | 31.00 | 154.84 | 11.51 |  | 8,324,016 |  |
| 2016-April | 330.03 | 0.32 | 30.00 | 156.16 | 13.28 |  | 7,166,359 |  |
| 2016-May | 132.75 | 10.63 | 31.00 | 159.43 | 14.52 |  | 6,911,408 |  |
| 2016-June | 30.54 | 35.32 | 30.00 | 164.93 | 15.35 |  | 6,710,823 |  |
| 2016-July | 5.31 | 89.37 | 31.00 | 167.59 | 15.15 |  | 7,459,951 |  |
| 2016-August | 14.62 | 76.99 | 31.00 | 166.77 | 14.03 |  | 7,266,794 |  |
| 2016-September | 98.34 | 44.61 | 30.00 | 163.81 | 12.29 |  | 6,827,379 |  |
| 2016-October | 285.88 | 8.71 | 31.00 | 161.57 | 10.51 |  | 7,198,877 |  |
| 2016-November | 476.96 | 0.19 | 30.00 | 157.90 | 9.28 |  | 7,445,432 |  |
| 2016-December | 682.55 | 0.00 | 31.00 | 154.53 | 8.47 |  | 8,328,844 | 90,832,807.16 |
| 2017-January | 853.97 | 0.00 | 31.00 | 163.81 | 9.09 |  | 9,139,081 |  |
| 2017-February | 759.73 | 0.00 | 28.22 | 161.21 | 10.19 |  | 8,196,931 |  |
| 2017-March | 622.99 | 0.00 | 31.00 | 157.78 | 11.51 |  | 8,372,805 |  |
| 2017-April | 330.87 | 0.35 | 30.00 | 159.13 | 13.28 |  | 7,211,359 |  |
| 2017-May | 133.21 | 10.00 | 31.00 | 162.46 | 14.52 |  | 6,948,627 |  |
| 2017-June | 30.83 | 34.03 | 30.00 | 168.07 | 15.35 |  | 6,741,678 |  |
| 2017-July | 5.81 | 85.25 | 31.00 | 170.77 | 15.15 |  | 7,461,263 |  |
| 2017-August | 14.26 | 77.88 | 31.00 | 169.94 | 14.03 |  | 7,319,538 |  |
| 2017-September | 96.07 | 48.54 | 30.00 | 166.92 | 12.29 |  | 6,905,543 |  |
| 2017-October | 280.90 | 9.58 | 31.00 | 164.64 | 10.51 |  | 7,232,894 |  |
| 2017-November | 482.93 | 0.21 | 30.00 | 160.90 | 9.28 |  | 7,509,749 |  |
| 2017-December | 689.81 | 0.00 | 31.00 | 157.47 | 8.47 |  | 8,396,838 | 91,436,306.59 |

3.0 – VECC - 50

Reference: 3-VECC-20

1. Are the results reported in this response based on the initial load forecast model and HDD/CDD values as presented in the Application or the revised ones as presented in the interrogatory responses?

Response

They are the values presented in the original application. The reason RHI used the values from the original application was so that VECC could compare the newly calculated values and compare with the original values. The results of the regression when removing the daylight hours vs with the daylight hours included are marginal.

1. If based on the initial model, please provide a revised response based on the updated model and HDD/CDD values.

Response

As discussed during the technical conference, VECC did no longer see the need to updated the models given that the response to a) above.

# **JT1.8**

3.0 - VECC - 53

Reference: 3-VECC-24 e) / 3-VECC-22 b)

1. What is the difference, in terms of how they were calculated, between::
   1. The values reported in VECC 22 b) under “Weather Adjusted (HDD and CDD Adjusted)” and

Response

The values represent the “predicted wholesale” from Tab 6 of the model.

* 1. The values reported in VECC 24 e) under “Weather Normalized (Predicted Wholesale)”?

Response

The value were calculations left in the table by mistake. The information in that particular column should be ignored.

# **JT1.9**

3.0 - VECC - 54

Reference: 3-Staff-47

3-VECC-26

Revised Appendix 2-I (filed with IR responses)

Revised Load Forecast Model – CDM Adjustment

1. The revised Appendix 2-I values for 2011-2014 CDM Results (also shown in VECC 26 d)) do not reconcile with the responses to Staff-47 and VECC-26 a). Please correct as necessary.

Response

The correct results are shown below and can also be found at Tab 10 of the Load Forecast model filed along with these responses.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| 4 Year (2011-2014) kWh Target: | | | | | | Persistence of 2014 CDM Program into 2015 and 2016 | |
| 4,860,000 | | | | | |
|  | 2011 | 2012 | 2013 | 2014 | Total | 2015 | 2016 |
| 2011 CDM Programs | 10.94% | 10.94% | 10.94% | 10.94% | 43.75% |  |  |
| 2012 CDM Programs |  | 9.38% | 9.36% | 9.36% | 28.11% |  |  |
| 2013 CDM Programs |  |  | 5.36% | 5.34% | 10.70% |  |  |
| 2014 CDM Programs |  |  |  | 13.32% | 13.32% |  |  |
| Total in Year | 10.94% | 20.32% | 25.67% | 38.97% | 95.89% |  |  |
| kWh | | | | | |  |  |
| 2011 CDM Programs | 514,000.00 | 514,000.00 | 514,000.00 | 514,000.00 | 2,056,000.00 |  |  |
| 2012 CDM Programs | 9,000.00 | 441,000.00 | 440,000.00 | 440,000.00 | 1,330,000.00 |  |  |
| 2013 CDM Programs |  | 1,000.00 | 252,000.00 | 251,000.00 | 504,000.00 |  |  |
| 2014 CDM Programs |  |  | 183,000.00 | 626,000.00 | 809,000.00 | 619740 | 550880 |
| Total in Year | 523,000.00 | 956,000.00 | 1,389,000.00 | 1,831,000.00 | 4,699,000.00 |  |  |

1. With respect to the response to VECC 26 c), other LDCs have provided such reports. Has RHI inquired of the IESO as to whether such reports are available?

Response **(Part of Undertaking JT1.7)**

RHI has filed the report along with these responses.

1. In the revised load forecast, the CDM adjustment is based on 100% of 2016 CDM program savings plus 50% of 2017 CDM program savings. Please explain why there has been no allowance included for 50% of the 2015 CDM program savings.

Response **(Part of Undertaking JT1.7)**

VECC is correct in that RHI should have based its adjustment on 50% of 2015 savings. The revised model reflects this adjustment.

1. If the CDM adjustment was to include 50% of 2015 program savings, please confirm that the appropriate 2015 value to use would be the actual verified 2015 savings of 378,437 kWh (per VECC 26 f)). If not, why not?

Response: (see response to c) above.

1. Why does the revised Load Forecast use CDM program savings for 2016 and 2017 of 695,000 kWh in each case as opposed to the planned savings of 606,000 kWh and 616,000 kWh respectively (per VECC 26 c))? In RHI’s view, which are the more appropriate values to use?

Response:

RHI agrees with VECC and as used the predicted results from the 2015-2020 plan instead of the OEB’s appendices embedded calculations. The revision is reflected in the model filed with these responses.

1. VECC 26 e) states that the LRAMVA threshold should be based on 100% of savings for 2016 and 2017 programs. However, the revised Appendix 2-I also includes in the threshold calculation program results for 2014 and 2015. Please reconcile and correct as required.

# **JT1.10**

To file the IESO CDM persistence report.

Response:

RHI has filed the IESO CDM persistence report for 2011-2014, and 2015 along with these responses.

# **JT1.11**

Response

RHI has removed the LRAMVA threshold for 2014 however, consistent with Lakefront’s application, RHI has kept the LRAMVA Threshold for 2015.

**4.0 OPERATING COSTS (EXHIBIT 4)**

4.0 – VECC - 57

Reference: 4-VECC-40

1. Please confirm that, for the 2011-2014 period, all of the participants in the Business CDM programs were GS<50 customers.

Response

Participants in the Business CDM programs were in both GS<50 and GS>50 customers. Rather than update the LRAMVA spreadsheet to allocate savings to both classes, RHI opted to update the OEB’s LRAMVA Workform which includes this feature. Please see the LRAMVA Workform filed with these response for the per class allocation. (Also see JT1.13 for additional detail)

# **JT1.12**

To reconcile the $23.2k in 2015 of Appendix 2-KA with the $15k in the Actuarial Report; and to clarify if on a cash or accrual basis.

Response:

RHI is reporting OPEB costs on an accrual basis for financial statement presentation. For rate-making purposes, RHI provided the OPEB costs on a cash “pay-as-you-go” basis.

The Actuarial Report used the following formula to calculate the benefits paid during the year *– “based on $1,157.84 per month for 12 months plus 8% premium tax”, with a total result of $15,006”.*

The $23.2k listed in Appendix 2-KA was provided based on the actual paid out as follows:

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **RHI** | **RHI Retiree** |  | **RHI benefit costs** | **LTD** |  | **One Extra** |
| **2015** | **Retiree** | **OPEB** |  | **for Employee** | **With 8%** |  | **Retiree Life Premium** |
|  | **OPEB** | **with 8% tax** |  | **on LTD** |  |  | **paid separately** |
| Jan | 1,472.32 | 1,590.11 |  | 431.22 | 465.72 |  | 76.00 |
| Feb | 1,472.32 | 1,590.11 |  | 431.22 | 465.72 |  | 76.00 |
| Mar | 1,472.32 | 1,590.11 |  | 431.22 | 465.72 |  | 76.00 |
| Apr | 1,472.32 | 1,590.11 |  | 431.22 | 465.72 |  | 76.00 |
| May | 1,472.32 | 1,590.11 |  | 431.22 | 465.72 |  | 76.00 |
| Jun | 1,163.38 | 1,256.45 |  | 431.22 | 465.72 |  | 76.00 |
| Jul | 1,163.38 | 1,256.45 |  | 431.22 | 465.72 |  | 76.00 |
| Aug | 1,157.84 | 1,250.47 |  | 431.22 | 465.72 |  | 76.00 |
| Sep | 1,157.84 | 1,250.47 |  | 431.22 | 465.72 |  | 76.00 |
| Oct | 1,157.84 | 1,250.47 |  | 431.22 | 465.72 |  | 76.00 |
| Nov | 1,157.84 | 1,250.47 |  | 431.22 | 465.72 |  | 76.00 |
| Dec | 1,157.84 | 1,250.47 |  | 431.22 | 465.72 |  | 76.00 |
|  |  |  |  |  |  |  |  |
|  | **15,477.56** | **16,715.80** |  | **5,174.64** | **5,588.64** |  | **912.00** |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
| **Summary of 2015 Actual Benefit Costs for Retirees and Employees on LTD** | | | | | |  |  |
|  | 16,716 | Actual 2015 OPEB with 8% tax | | |  |  |  |
|  | 5,588 | Actual 2015 Benefit costs for employee on Long Term Disability | | | | | |
|  | 912 | Actual 2015 Life Insurance premium for retiree with different carrier | | | | | |
|  | **23,216** |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |

RHI has contacted the Actuary Consultant to confirm the reporting error. Since the employee on LTD is not expected to return, the premium paid for this employee and the retiree life premium paid through a different carrier should have been included in the total amount paid. The Consultant will be restating the report for our 2016 Financial Statements.

# **JT1.13**

To provide a revised LRAMVA claim as per 3-VECC-56 and clarify which customer classes.

Response:

RHI is currently working with Hydro Ottawa, who manages RHI’s CDM activities, to obtain a per General Service class allocation but despite its best effort, RHI has been unsuccessful at finding concrete data supporting this allocation. For the time being, RHI is using estimates and assumptions based on its internal knowledge on the matter.

With respect to the discrepancies in inputs to the LRAMVA model, the utility has populated the OEB’s LRAMVA model which resolved the issues of discrepancy and class specific adjustments. The model is filed in conjunction with these responses. The EDDVAR model was also updated to reflect to corrected rate rider.

# **JT1.14**

To clarify the allocation of collecting costs to the Street Lighting and USL rate classes.

Response:

RHI confirms that contrary to the evidence in Exhibit 7, the utility does intend to allocate collection costs to the Street Lighting and USL classes. A weighting factor of 1.00 was allocated to the Street Lighting and USL rate classes for billing and collecting.

# **JT1.15**

To update the bill impact scenarios provided in response to 8-Staff-63 to include the LRAMVA claim over a one year period.

Response:

RHI has updated the bill impact scenarios to include the LRAMVA claim over a one year period. The scenarios will be filed Monday, December 19.

# **JT1.16**

To update LV costs to $184,697 as per 8-VECC-46

Response:

RHI has recalculated the LV rate using 2015 actual costs of $184,697. RHI also corrected the volumes used in the LV calculation to be the non-uplifted volumes. The calculations are provided below.

