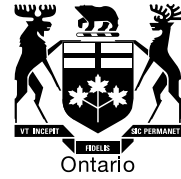


**Ontario Energy
Board**
P.O. Box 2319
27th. Floor
2300 Yonge Street
Toronto ON M4P 1E4
Telephone: 416- 481-1967
Facsimile: 416- 440-7656
Toll free: 1-888-632-6273

**Commission de l'énergie
de l'Ontario**
C.P. 2319
27e étage
2300, rue Yonge
Toronto ON M4P 1E4
Téléphone; 416- 481-1967
Télécopieur: 416- 440-7656
Numéro sans frais: 1-888-632-6273



BY E-MAIL

January 21, 2019

Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

Dear Ms. Walli:

**Re: Orangeville Hydro Limited (Orangeville Hydro)
2019 IRM Distribution Rate Application
OEB Staff Interrogatories
OEB File No. EB-2018-0060**

In accordance with Procedural Order #1, please find attached OEB Staff interrogatories in the above proceeding. The applicant has been copied on this filing.

Orangeville Hydro's responses to interrogatories are due by January 28, 2019.

Yours truly,

Original Signed By

Jerry Wang
Incentive Rate Setting & Accounting

Encl.

Orangeville Hydro Limited (Orangeville Hydro)
EB-2018-0060

Staff IR-1

Ref: A portion of Sheet 3 “Continuity Schedule” is reproduced below.

Account Descriptions	Account Number	Balances		Variance RRR vs. 2017 Balance (Principal + Interest)
		Total Claim	2.1.7 RRR As of Dec 31, 2017	
Group 1 Accounts				
LV Variance Account	1550	404,729	819,062	0
Smart Metering Entity Charge Variance Account	1551	(5,189)	(9,171)	0
RSVA - Wholesale Market Service Charge ⁵	1580	(261,755)	(491,058)	(13,190)
Variance WMS – Sub-account CBR Class A ⁵	1580	0	(1,001)	0
Variance WMS – Sub-account CBR Class B ⁵	1580	(2,439)	(12,190)	0
RSVA - Retail Transmission Network Charge	1584	(74,562)	(38,486)	0
RSVA - Retail Transmission Connection Charge	1586	(29,093)	533	(0)
RSVA - Power ⁴	1588	(1,103,191)	56,315	1,143,563
RSVA - Global Adjustment ⁴	1589	1,273,158	878,486	(376,373)
Disposition and Recovery/Refund of Regulatory Balances (2012) ³	1595	<input type="checkbox"/> Check to Dispose of Account	0	0
Disposition and Recovery/Refund of Regulatory Balances (2013) ³	1595	<input type="checkbox"/> Check to Dispose of Account	0	0
Disposition and Recovery/Refund of Regulatory Balances (2014) ³	1595	<input type="checkbox"/> Check to Dispose of Account	0	0
Disposition and Recovery/Refund of Regulatory Balances (2015) ³	1595	<input type="checkbox"/> Check to Dispose of Account	0	11,784
Disposition and Recovery/Refund of Regulatory Balances (2016) ³	1595	<input checked="" type="checkbox"/> Check to Dispose of Account	(10,836)	(10,643)
Disposition and Recovery/Refund of Regulatory Balances (2017) ³	1595	<input type="checkbox"/> Check to Dispose of Account	0	43,569
<i>Not to be disposed of until a year after rate rider has expired and that balance has been audited</i>	1595	0	0	0

In section 3 of the Accounting Guidance¹ that the OEB issued on July 25, 2016, it states that for 2015 CBR costs, distributors should apply billing adjustments which should reduce the balance in the sub-account to \$0 once processed. Subsequently, in all future years, the distributor should bill Class A customers their share of the actual CBR charge and no variance should be recorded in Account 1580 going forward. The billing adjustment calculation for 2016 variance in account 1580 sub-account CBR Class A is included in the Accounting Guidance on page 5.

- a) Please explain why there is a balance in Sub-Account CBR Class A, when it should be zero.

¹ Accounting Guidance – Capacity Based Recovery (July 25, 2016)

Staff IR-2

Ref: A portion of Sheet 3 “Continuity Schedule” is reproduced below.

If you had any customers classified as Class A at any point during the period where Account 1580, sub-account CBR Class B balance accumulated (i.e. 2017 or 2017 to 2016 or 2015 to 2017), check off the checkbox.

If you had Class A customer(s) during this period, Tab 6.2 will be generated. Account 1580, sub-account CBR Class B will be disposed through a separate rate rider calculated in Tab 6.2.

If you only had Class B customers during this period, the balance in 1580 sub-account CBR Class B will be allocated and disposed with Account 1580 WMS.

- a) Please explain why Orangeville Hydro has not indicated they had Class A customers during the period the CBR balances accumulated. If this was just an oversight, please update the rate generator model.

Staff IR-3

Ref: Rate Generator Model, Tab 3 - Continuity Schedule

Appendix A of the Chapter 3 Filing Requirements² states:

“When approval for disposition of deferral and variance account balances is received from the OEB, the approved amounts of principal and carrying charges are transferred to account 1595 for that rate year.”

In the continuity schedule, distributors are required to input all OEB-approved dispositions and transfer the net total offsetting amount into the corresponding vintage year 1595 sub-account. Each amount should be entered into the continuity schedule under the OEB approved disposition – principal and interest columns and should match the amounts approved in previous decisions. The transactions related to recovery/return of amounts through rate riders and applicable interest amounts should be recorded in the applicable Transactions debit/(credit) – principal and interest columns.

OEB staff notes that principal and interest amounts approved in the 2015, 2016 and 2017 rate years have not been transferred to their corresponding vintage year 1595 sub-accounts in the appropriate columns in tab 3 continuity schedule. It appears that, for each rate year, Orangeville Hydro has netted the amounts approved with the

² Ontario Energy Board – Filing Requirements for Electricity Distribution Rate Applications – 2018 Edition for 2019 Rate Applications – Chapter 3: Incentive Rate-Setting Applications (July 12, 2018)

amounts collected/returned through rate riders in the rate year into the “Transactions Debit / (Credit)” column. Please update the rate generator model continuity schedule for the 1595 Sub-Account (2015), 1595 Sub-Account (2016) and 1595 Sub-Account (2017):

- a) The offset to the balance of the Group 1 accounts disposed should be the total amount approved by the OEB in the respective year. This amount should be recorded in the amounts “OEB-Approved Disposition” column in the continuity schedule, in the 1595 sub-account for the respective rate year. Please reconcile any differences and update the Rate Generator Model accordingly.

Staff IR-4

Ref: Rate Generator Model, Tab 3 - Continuity Schedule

- a) “OEB- Approved Disposition during 2018” and Interest Disposition” do not reconcile with the approved amounts in the 2018 IRM Decision³. The amounts in Account 1595 (2015) are missing (Principal Balance \$10,320 and Interest Balance \$1,615). Please reconcile any differences and update the Rate Generator Model accordingly.

Staff IR-5

Ref: Rate Generator Model, Tab 3 - Continuity Schedule, column “BV”

Accounts 1588 and 1589 have material variances between the closing balances in 2017 and the balances filed in RRR as of December 31, 2017.

- a) Please reconcile the differences, and break out each of the components of the difference by year explaining each of the elements within each year.

Staff IR-6

Ref: Account 1595 Workform, Tab “1595 2016”, Step 3

OEB staff notes that there is a material RRR variance (%) for the General Service 50 to 4,999 kW classification in Step 3. The variance is calculated as the difference between the “Billed consumption (kWh/kW) that the rider was applied against” and the “Billed consumption (kWh/kW) per RRR filings”.

- a) Please explain the large variance between the billed consumption and the RRR filings.
- b) If the reason for ‘a’ is input error, please update the Account 1595 Workform.

³ EB-2017-0068

Staff IR-7

Ref: Account 1595 Workform, Tab “1595 2016”

OEB staff notes that Orangeville Hydro was approved for disposition of its Account 1589 and had a corresponding rate rider for the 2016 rate year. Although the Collections>Returns Variance (%) for Account 1589 did not exceed 10%, the distributor is still required to complete steps 2 and 3 for all rate riders applicable to the 1595 recovery period.

a) Please complete steps 2 and 3 for “Rate rider – RSVA – Global Adjustment.”

Staff IR-8

Ref: Rate Generator Model, Tabs 6.1a - GA Allocation and 6.2a - CBR_B Allocation

OEB staff has done calculations for the kWh’s entered in respective input cells in Tabs 6.1a GA Allocation and 6.2a CBR-B Allocation. Please review the table provided by OEB staff to calculate amounts to be input into these tables and confirm if Orangeville Hydro agrees with OEB staff’s calculation. If Orangeville Hydro agrees, please make the necessary corrections to the Rate Generator Model.

Tab 6.1a GA Allocation

Allocation of total Non-RPP Consumption (kWh) between Current Class B and Class A/B Transition Customers		Total	2017
Total Non-RPP Class B Consumption for Years During Balance Accumulation (Non-RPP Consumption LESS WMP Consumption and Consumption for Class A customers who were Class A for partial or full year)	A	98,715,046	98,715,046
Transition Customers' Class B Consumption (i.e. full year or partial year)	B	23,318,225	23,318,225
Transition Customers' Portion of Total Consumption	C=B/A	23.62%	

Tab 6.2a CBR B_Allocation

Allocation of total Consumption (kWh) between Class B and Class A/B Transition Customers		Total	2017
Total Class B Consumption for Years During Balance Accumulation (Total Consumption LESS WMP Consumption and Consumption for Class A customers who were Class A for partial or full year)	A	98,715,046	98,715,046
Transition Customers' Class B Consumption (i.e. full year or partial year)	B	23,318,225	23,318,225
Transition Customers' Portion of Total Consumption	C=B/A	23.62%	75,396,820

Table 1 – Reconciliation of Values for Tabs 6.1a and 6.2a

Orangeville Hydro				
Total metered volume Excl WMP	A		244,388,937	Source I23 of tab 4. Billing Det. for Def-Var
Non-RPP excl WMP	B		126,922,322	Source C23 of tab 6.1 GA
Class A Full year	C		-	Source E23 of tab 6.1 GA
Class A Full Part year:				
While Class A	D	23,111,573		=+F-E
While Class B	E	23,318,225		Source D21 of tab 6.1a GA Allocation
	F		46,429,799	Source G23 of tab 6.1 GA
Total non-RPP excl WMP and full year volumes for class A customers who were class A for the full year, and the class A volumes who were class A part year	G= +B-C-D		103,810,749	Input in D20 of tab 6.1a GA Allocation
Total Class B Customers excl WMP and Full year volumes for customers who were class A for full year, and the class A customers who were class A part year	H=+A-C-D		221,277,364	Input in D20 of tab 6.2a CBR_B Allocation

Staff IR-9

Ref: Rate Generator Model, Tabs 6 - Class A Consumption Data and 6.1a - GA Allocation

OEB staff notes that there was an error in the Rate Generator model. In Tab 6 - Class A Consumption Data under item 1, it says “Please select the Year the Account 1580 CBR Class B was Last Disposed.” This is a typo and should say instead “Please select the Year the Account 1589 GA was Last Disposed.” OEB staff has provided a revised Rate Generator model with the correct year of 2015 selected in cell C14.

- a) Please complete the additional columns generated for Transition Customers’ consumption for 2016 in Tab 6.
- b) Orangeville Hydro did not have any Class A customers in 2016; therefore, the kWh’s to be entered in the newly generated 2016 column in Tab 6.1a should be the Total Metered Non-RPP 2016 Consumption excluding WMP amount in the 2018 Rate Generator model. The consumption amount in the 2018 Rate Generator Model is 124,366,491 kWh. Please confirm if Orangeville Hydro agrees with the consumption data and complete the 2016 year consumption data in Tab 6.1a.

Tab 6.1a GA Allocation

Allocation of total Non-RPP Consumption (kWh) between Current Class B and Class A/B Transition Customers		Total	2017	2016
Total Non-RPP Class B Consumption for Years During Balance Accumulation (Non-RPP Consumption LESS WMP Consumption and Consumption for Class A customers who were Class A for partial or full year)	A	98,715,046	98,715,046	
Transition Customers' Class B Consumption (i.e. full year or partial year)	B	23,318,225	23,318,225	-
Transition Customers' Portion of Total Consumption	C=B/A	23.62%		

Staff IR-10

Ref: Manager’s Summary – Deferral and Variance Accounts Table 5 , Rate Generator Model, Tab 3 – Continuity Schedule

- a) Orangeville Hydro is requesting disposition of a credit balance of \$1,103,191 in Account 1588. This balance appears to be excessive (based on 12,233 customers, works out to over \$90 per customer). As Account 1588 is designed to reflect only the amounts related to unaccounted for energy, after all true-ups for RPP settlements have been recorded in the GL, please explain why Orangeville Hydro has such a material balance in Account 1588.

Staff IR-11

Ref: Manager’s Summary – Deferral and Variance Accounts Table 7, Rate Generator Model, Tab 3 – Continuity Schedule

Table 7 provides the amount in Orangeville Hydro’s Global Adjustment (GA) balance that pertains to Class A customers, and is currently unresolved with the IESO.

- a) Please explain the reasons for the administrative error with respect to incorrect filings with the IESO, and detail what transpired causing this error.
- b) Please explain what Orangeville Hydro’s plans are if the request for the recovery of the GA balance pertaining to the Class A customers is not approved.
- c) Page 11 of 30 of Orangeville Hydro’s managers summary states that the five Class A customers were charged Class A GA charges for July and August 2017 based on the peak demand factor (PDF) of 0.00023917.
 - i. Please provide a copy of the source of the PDF used to bill the five Class A customers.
 - ii. Please confirm whether or not each customer was invoiced the same peak demand factor. If each customer was billed the same PDF, please explain why when each customer should have its own unique PDF factor based on

- their contribution to the provincial peak demands. If each customer was billed its own unique PDF factor, please explain how the PDF's were determined.
- iii. Please provide the PDF used by Orangeville Hydro to bill its five Class A customers commencing September 2017.
 - iv. Please provide a copy of the IESO report which provides Orangeville Hydro's PDF.
- d) If the PDF billed by Orangeville Hydro to its five Class A customers for GA, in July and August of 2017, were different from what Orangeville Hydro started billing its Class A customers in September 2017, please quantify the aggregate difference for the Class A customers, for July and August 2017.
- e) Please explain what the impact on Orangeville's Regulatory Rate of Return would be if this request is not approved for recovery from Orangeville Hydro's customers.

Staff IR-12

Ref: GA Analysis Workform - Tab "GA 2017"

In section 2.1.5.4. of the RRR Filing Guide⁴, the OEB provides the following instructions for Table 5:

"There is a new Table 5 for the reporting of the aggregate consumption and demand for Class A customers (as defined in O. Reg. 429/04). The volumes reported in this section are for those customers during the time they were classified as Class A customers."

OEB staff notes that Orangeville Hydro's Non-RPP Class A kWh consumption for 2017 is 23,243,911 according to the most recent 2018 RRR filings. The GA Analysis Workform filed in this application is based on the 2017 RRR filing data and currently says 46,742,886. Based on the consumption data provided in the Rate Generator model, OEB staff believes the 46,742,886 to be made in error. OEB staff has provided an updated GA Analysis Workform.

- a) Please confirm if the Non-RPP Class A kWh consumption and Non-RPP Class B kWh consumption for 2017 in the updated GA Analysis Workform is correct.
- b) If Orangeville Hydro confirms a) to be correct, please contact OEB Licensing & Performance Reporting staff to revise any incorrect RRR data as necessary.

⁴ RRR Filing Guide – For Electricity Distributors' Reporting and Record Keeping Requirements (RRR), (March 2018)

Staff IR-13

Ref: Rate Generator Model Tab 3 – Continuity Schedule, GA Analysis Workform, Manager’s Summary Table 6

- a) GA Workform for 2016: Under Note 5 – Reconciling Items, Orangeville Hydro has shown a debit of \$91,211 regarding item 3a.
 - i) Did Orangeville show this amount as a credit on the Continuity Schedule for year 2015 under “Principal Adjustments” in its 2017 proceeding?
 - ii) If ‘no’ to part i), please remove this amount from the 2016 principal adjustments on the continuity schedule (Tab 3 of the Rate Generator Model).
- b) Orangeville Hydro has unresolved difference of over 1% in both 2016 and 2017 GA Workform. Please explain the difference.
- c) Orangeville Hydro has not shown any amounts for unbilled under Note 5 for 2016 or 2017. Please explain and make the necessary corrections to the GA Workform for 2016 and 2017 as well as “principal adjustments” for 2016 and 2017 Continuity Schedule.
- d) Orangeville Hydro’s calculated loss factor under Note 4 of the GA Workform is 1.3169 in 2017 which is substantially higher than the approved loss factor. If Orangeville Hydro confirms Staff IR-12 a) to be correct, please confirm if Orangeville Hydro accepts the new calculated loss factor of 1.0184 to be correct. Otherwise, please explain the loss factor of 1.3169.

Staff IR-14

Ref: Manager’s Summary – Orangeville Hydro’s Settlement Process (pp 14-30)

- a) On page 14 (lines 19-20), Orangeville Hydro stated that it uses GA 1st estimate for billed and unbilled for non-RPP Class B customers. However, on page 15 (lines 18-20), it stated:
 - “Unbilled revenue was estimated for 2016 and 2017 using the prior year’s monthly billed data, and the GA rate used was based on an estimated value. Effective July 2017, the 1st estimate GA was used for unbilled revenue.”*
- i) Does Orangeville Hydro mean that unbilled revenue was estimated based on monthly billed data and not monthly consumption data? Please explain.
- ii) Please clarify what is meant by “GA rate used was based on an estimated value”. This is not consistent with the statement on page 14 where it states that 1st estimate is used.

- b) On page 16 (lines 1-2), it states that Orangeville uses 1st estimate GA rate for RPP settlement with the IESO.
- i) Is RPP settlement trued-up for actual GA rate subsequent to the initial RPP settlement?
 - ii) Does Orangeville true-up for actual RPP consumption and actual GA rate for each Time-of-Use and Tiered prices?
 - iii) Please provide a description of this process, including what data is used.
- d) On page 17, Orangeville Hydro has provided the following description with respect to embedded generation:

“Orangeville Hydro retrieves a report detailing kWh generated by all its embedded generators from Utilismart on a monthly basis which outlines the generation amounts on an hourly basis. The resultant generation by hour is multiplied by the hourly electricity cost invoiced by the IESO.

The difference between the total cost invoiced by the IESO and the amounts paid to generators (various actual contract prices) is then submitted to the IESO for recovery.”

- i) Please describe how the entries for payments to the embedded generators are recorded in Orangeville Hydro’s general ledger?
 - ii) Does Orangeville Hydro report the embedded generation quantities to the IESO as part of its online data submission for the purpose of GA CT 148?
 - iii) Please confirm that Orangeville Hydro calculate the market energy cost based on the hourly HOEP prices in its settlement calculations. If not how does Orangeville Hydro calculate the cost invoiced by the IESO for embedded generators.
- e) On page 18, Orangeville Hydro stated:

“The purpose of the Form 1598 Energy Reconciliation is to reconcile the customer billings at RPP pricing versus the WAP pricing and generating the actual claim amount on a month to month basis. The actual claim amount is then compared to the claim that was submitted to the IESO each month.”

- i) Please clarify whether it is “customer billings” in the month or it is customer consumption for the month that is settled and trued-up.

f) Below is an excerpt from the Manager’s Summary:

Table 8 - Example of Comparison of IESO Monthly Submissions to Harris NorthStar Data

IESO Monthly Submissions				Summary Sheet (Harris vs Spot Price Sheet)				Variance: IESO Submissions LESS Spot Price Sheet				
Settlement Period Month (Consumption)												
RPP				RPP				RPP				
January	From Monthly IESO 1588 submissions			GA	RPP			GA	RPP			
	Totals	Payment to IESO	Payments from IESO	0.08677	Totals	Payment to IESO	Payments from IESO	0.08227	Totals	Variance		
	1st Tier	\$	\$3,412.74		1st Tier	\$	\$494.83		1st Tier	\$	-\$2,917.81	
		kWh	631,899			kWh	568,579			kWh	-63,320	
	2nd Tier	\$	-\$5,543.92		2nd Tier	\$	-\$9,438.85		2nd Tier	\$	-\$3,894.93	
		kWh	443,809			kWh	549,937			kWh	106,128	
				\$ 1,918,204.23				\$92,020.28				
January	Positive value = Payment from IESO Negative Value = Payment to IESO				January	Positive value = Payment from IESO Negative Value = Payment to IESO			January	Positive value = Payment from IESO Negative Value = Payment to IESO		

- i) Please explain what these numbers are.
 - ii) Where are these numbers included in this application?
- g) On page 21, line 3, Orangeville Hydro has used the word ‘billed’ when referring to the basis for allocating CT 148 (“billed kWh data from RPP vs non-RPP customers as outlined previously”). Please clarify if this means the kWh consumed in the month or billed in the month.
- h) On page 21, lines 11-13, Orangeville Hydro has described that total kWh are calculated by dividing the CT 753 amount by the RRA rate. Please indicate where on Table 10 on page 22 this amount is shown.
- i) On page 22, Table 10 – True-up RPP vs non-RPP allocation to 1588 Energy and 1589 GA, there are two Tables.
- i) What is the source of the data provided?
 - ii) How was the consumption data determined in the top part of Table 10 vs the bottom part of the same Table?
- j) On page 23, line 2-3, Orangeville Hydro states:

“Orangeville Hydro splits the Global Adjustment Settlement Amounts charged by the IESO between RPP and non-RPP by using the billed percentage of RPP and Non-RPP...”

Please confirm whether or not Orangeville Hydro True’s up the calendar month consumption for the percentage of RPP for each TOU or 2 Tier price, and non-RPP.

Staff IR-15

Ref: Rate Generator Model, Tab 9 Shared Tax – Rate Rider

The “Re-based Distribution Volumetric Rate kW” value entered for the “Sentinel Lighting Service Classification” is 2.1718. OEB staff notes that the approved “Distribution

Volumetric Rate” for Sentinel Lighting in Orangeville Hydro’s last Cost of Service Rate Order is 12.1718.

- a) Please confirm the correct value for the re-based distribution volumetric rate for Sentinel Lighting and update the rate generator model as necessary.

Staff IR-16

Ref: Tab 2 of LRAMVA Workform

2010 Interrogatory Responses to VECC, Question 51 a (table) filed Dec. 29, 2009

Orangeville Hydro applied for disposition of a debit balance of \$144,109 in lost revenues associated with new CDM program savings between 2013 and 2017 and carrying charges.

In Orangeville Hydro’s 2010 interrogatory responses to VECC submitted in the 2010 COS application, it appears a CDM manual adjustment of 787,775 kWh (loss adjusted) was approved to be applied against the 2010 load forecast.

In Tab 2 of the model, the 2014 LRAMVA threshold approved in the 2014 COS is applied as forecast savings against actual savings that occurred in 2013. The 2014 LRAMVA threshold would be expected to be applied from 2014 onwards, while the previously approved threshold from the 2010 COS would persist until the next rebasing.

- a) Please discuss why Orangeville Hydro did not use the LRAMVA threshold of 787,775 kWh approved in its 2010 CoS application to calculate lost revenue amounts in 2013.
- b) If you agree that the approved LRAMVA threshold from 2010 should be used as forecast savings in 2013, please revise Table 2-a of the LRAMVA model.

Staff IR-17

Ref: Tab 5 of LRAMVA Workform

The 2015 and 2016 business retrofit program includes a relatively large portion of savings attributable to streetlighting customers.

- a) Please explain and show how the allocation of savings was determined:
 - 12% of 2015 Equipment Replacement Incentive Initiative (ERII) savings to GS<50 kW, 51% of ERII savings to GS 50-4999 kW, and 36% of ERII savings to Streetlighting.

- 40% of 2016 retrofit program savings to GS<50 kW, 15% of retrofit program savings to GS 50-4999 kW, and 45% of retrofit program savings to Streetlighting.

Staff IR-18

Ref: Tab 6 of LRAMVA Workform

It appears that projected interest on the lost revenue amounts were calculated up to September 2018.

- a) Please update Table 6 with the most recently approved OEB prescribed interest in order to calculate carrying charges projected to May 1, 2019.

Staff IR-19

If Orangeville Hydro made any changes to the LRAMVA Workform as a result of its responses to these LRAMVA questions, please file an updated LRAMVA Workform.

Please confirm any changes to the LRAMVA Workform in response to these LRAMVA questions in "Table A-2. Updates to LRAMVA Disposition (Tab 2)".