



PUBLIC INTEREST ADVOCACY CENTRE
LE CENTRE POUR LA DÉFENSE DE L'INTÉRÊT PUBLIC

December 2, 2021

VIA E-MAIL

Christine E. Long
Board Secretary and Registrar (registrar@oeb.ca)
Ontario Energy Board
Toronto, ON

Dear Ms. Long:

**Re: EB-2021-0052 – Ottawa River Power Corp. (ORPC)
May 1, 2022 Cost of Service Rates
Interrogatories of the Vulnerable Energy Consumers Coalition (VECC)**

Please find attached the interrogatories of VECC in the above-noted proceeding. We have also directed a copy of the same to the Applicant.

Yours truly,

Mark Garner
Consultants for VECC/PIAC

Email copy:
Justin Allen, President and CEO, ORPC
jallen@orpowercorp.com

Michael Buonaguro, Counsel
mikebuonaguro@me.com

REQUESTOR NAME	VECC
TO:	Ottawa River Power Corporation (ORPC)
DATE:	December 2, 2021
CASE NO:	EB-2021-0052
APPLICATION NAME	2022 Cost of Service Rate Application

1.0 ADMINISTRATION (EXHIBIT 1)

1.0-VECC-1

Reference: Exhibit 1, page 4

- a) For the residential class what are the percentage of customers receiving e-bill and paper bills.
- b) What are the payment methods provided by the Utility (e.g. : credit card, debit card, cash, cheque, online bank, online direct to utility, etc.)?
- c) If ORPC tracks the number of bill payments by payment type please provide this for the last complete year (i.e., 2020). If not, please provide the Utility's best estimate as to the most common payment methods.
- d) Have customers inquired (via survey or otherwise) to pay by a method not currently offered by ORPC?

1.0-VECC-2

Reference: Exhibit 1, Appendix 1E

- a) Please provide the cost of the METSCO Survey.
- b) Is this cost included in the one-time costs of this application being sought for recovery?

1.0-VECC-3

Reference: Exhibit 1,

- a) Please confirm (or correct) that the last cost of service filing by OPRUC was EB-2014-0105 for rates beginning May 1, 2016.
- b) How many rate rebasing (cost of service) deferrals did ORPC seek since its last rebasing?
- c) Please provide the letter(s) seeking rebasing deferral and the Board response(s).

2.0 RATE BASE (EXHIBIT 2)

2.0-VECC -4

Reference: Exhibit 2, Appendix 2-AA

- a) Please update Appendix 2-AA to show 2021 year-end forecast close.

- b) Please add the capital contributions and net capital to the revised Appendix 2-AA
- c) Please update the 2022 capital projects column for any adjustments required due to changes in 2021.

2.0-VECC -5

Reference: Exhibit 2, Appendix 2-A 2022 Distribution System Plan, pages 48
Appendix A Reliability Assessment Report 2021

“Overall, the success that ORPC has had over the previous 6 years indicates that current levels of spending on reliability initiatives should be maintained. However, one area of concern would be defective equipment, as this is a high contributor to ORPC’s SAID and SAIFI scores. Equipment failures should be investigated for trends and may indicate a need for Renewal Investment or Targeted Maintenance.” Reliability Report 4.Conclusions

- a) Tables 2-13 through 2-15 show a trend of increasing number of outages due to defective equipment since 2015. Please provide the number of outages due to defective equipment by type of equipment type since 2015. If that is not available provide ORPC’s assessment of equipment most likely to fail.
- b) Please explain what capital projects over the new DSP period are focused on addressing outages due to defective equipment.
- c) Please explain how ORPC is responding during the rate plan period to the recommendation of the Reliability Report (section 5) and specifically the recommendations on reporting tools and standardization.

2.0-VECC -6

Reference: Exhibit 2, Appendix 2-A 2022 Distribution System Plan, page 117

Table 4-3: 2022 – 2026 Capital Expenditure Plan by Investment Program (Net Costs - \$K)

DSP Category	Proposed DSP Program	2022	2023	2024	2025	2026
System Access	Customer Connections	\$ 120.70	\$ 40.75	\$ 67.91	\$ 81.49	\$ 81.49
	Metering	\$ 95.40	\$ 86.06	\$ 68.80	\$ 88.84	\$ 56.55
	Externally Initiated Plant Relocation	\$ 193.60	\$ 85.73	\$ 98.65	\$ 35.47	\$ 41.38
System Renewal	UG Renewal	\$ 43.56	\$ 48.11	\$ 60.14	\$ 64.95	\$ 67.36
	OH Renewal	\$ 454.22	\$ 463.49	\$ 483.64	\$ 523.94	\$ 544.09
	Stations	\$ 750.00	\$ 227.01	\$ 227.01	\$ 272.41	\$ 181.61
System Service	System Enhancement	\$ -	\$ 51.91	\$ 62.30	\$ 70.08	\$ 75.27
	Station Expansion	\$ 105.00	\$ 110.00	\$ -	\$ -	\$ -
General Plant	Information Technology	\$ 66.00	\$ 1.40	\$ 12.40	\$ 1.40	\$ 11.40
	Fleet	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 412.00
	Operational Technology	\$ 19.21	\$ 0	\$ -	\$ -	\$ -
	Facilities	\$ 49.00	\$ 13.00	\$ 12.50	\$ 1.00	\$ 5.00
Total		\$ 1,901.69	\$ 1,132.47	\$ 1,098.34	\$ 1,144.59	\$ 1,476.16

- a) Using the table format above please provide the capital expenditures for the 2016 through 2021 period.

2.0-VECC -7

Reference: EB-2014-0105 Ex/2/Tab5/Sch.2/Section 5.4.4, page 121
Distribution Plan/ Appendices 2-AA and 2-AB Tab

Capital Project Name	2014	2015	2016	2017	2018	2019	Total
Fully Dressed Wood Pole Replacement Program	\$34,000	\$64,500	\$64,500	\$64,500	\$64,500	\$64,500	\$322,500
Overhead & Pad-Mounted Transformer Replacement Program	\$59,600	\$59,500	\$103,300	\$103,300	\$103,300	\$103,300	\$472,700
Conductors	\$220,359	\$60,200	\$44,500	\$14,000	\$14,000	\$14,000	\$146,700
Fleet Vehicle Replacement Program	\$49,066	\$61,000	\$300,000	\$60,000	\$60,000	-	\$481,000
Scada		\$18,000	\$45,000	\$45,000		\$45,000	\$153,000
Transformer "station – Power Transformer Fire Barrier				\$65,000			\$65,000
Information System	\$35,425	\$10,000			\$26,000	\$47,000	\$83,000
Transformer Station - 44kV Breaker Replacement				\$108,000		\$108,000	\$216,000
Engineering Studies			\$86,000				\$86,000
Outage Management System			\$78,000				\$78,000
44 KV tie Line Almonte				\$100,000			\$100,000
Substation upgrades	\$84,000				\$228,000		\$228,000
Almonte Substation					\$280,000		\$280,000
Substation Design	\$74,600				\$73,000	\$115,000	\$188,000
Scattered Residential and Subdivisions	\$203,500	\$400,850	\$400,850	\$290,700	\$290,700	\$290,700	\$1,673,800
Commercial	\$108,370	\$100,500	\$100,500	\$161,500	\$91,500	\$91,500	\$545,500
2015 Misc. Small Capital Projects		\$285,250					\$285,250
2016 Misc. Small Capital Projects			\$424,100				\$424,100
2017 Misc. Small Capital Projects				\$219,700			\$219,700
2018 Misc. Small Capital Projects					\$226,550		\$226,550
2019 Misc. Small Capital Projects						\$222,900	\$222,900

- The table shown was provided in ORPC's last DSP. Please provide a variance analysis of the material projects (total sums) proposed for the 2016 to 2019 period in the last DSP and what had been achieved by year end 2019, and that completed by year end 2021.
- Please reconcile the annual sums shown in this table for the periods 2016 through 2019 with the total capital budgets shown in Appendix 2-AA.
- We are unable to locate a similar table in the new DSP showing material projects expected over the life of the plan. Please provide a table similar to the one above for the 2022-2026 DSP.

3.0 OPERATING REVENUE (EXHIBIT 3)

3.0-VECC -8

Reference: Exhibit 3, page 7

Preamble: The Application states: *"The methodology proposed in this application predicts wholesale consumption (Predicted) using a multiple regression analysis that relates historical monthly wholesale kWh usage (normally January 2011 to December 2020 however 2014-2020 were used in this case) to carefully selected variables."*

- a) Please explain why the years 2014-2020 were used as opposed to the years 2011-2020.

3.0-VECC -9

Reference: Exhibit 3, page 10

Preamble: The Application states: *"Additional subdivisions are beginning construction in both Almonte and Pembroke which include Orchardview and Carss Street in Almonte and Golfview, Blakely Crescent and Boundary Road West subdivisions in Pembroke. Little to no growth is anticipated in Beachburg or Killaloe."*

- a) When are each of the referenced new subdivisions expected to be completed (i.e., available for occupancy) and how many housing units are in each?

3.0-VECC -10

Reference: Exhibit 3, pages 7, 11 & 12

- a) At page 7 the Application states that the years 2014-2020 were used in the multiple regression analysis. However, at page 11 the Application states "that monthly invoice data from suppliers was collected for the years 2016-2020". Please reconcile and explain the source of the 2014 and 2015 purchase data.
- b) At page 12 the Application states "Following receipt of the report, ORPC followed the methodology in the report to revise its 2016 to 2019 usage data." Was the 2014 and 2015 purchase data also adjusted using the METSCO methodology? If not, why not?

3.0-VECC -11

Reference: Exhibit 3, pages 14 & 16

Preamble: The Application states: *“During the process of testing the regression analysis, many different variables and time periods are tested to arrive at the best R-Squared. The utility’s rationale behind selecting or dropping certain variables involves a “no-worse” rationale.”*

- a) What were the other different variables and time periods tested? In each case, please indicate why they were not selected as the basis for the final model.
- b) Page 14 makes specific reference to CDM impacting monthly energy use but it is not included in the final regression analysis. Was a CDM variable tested and, if so, what were the results (i.e., please provide the model with the historic data used and the regression results)?

3.0-VECC -12

Reference: Exhibit 3, page 18

- a) For each of the years 2014-2020 please calculate the “weather normal” for each year by using the HDD and CDD coefficients and the difference between the actual HDD & CDD values and the weather normal HDD & CDD values to adjust the actual purchases so as to remove the impact of weather variations.

3.0-VECC -13

Reference: Exhibit 3, page 21

- a) For the USL and Sentinel Classes what would be the 2022 forecast kWh if the calculation was based on the average use for all seven years (i.e., the same period as used for Residential, GS<50 and GS>50)?
- b) The Application states “Allocation to specific non-weather sensitive rate classes (GS>50, USL, Sentinel and Streetlights) is based on an average of 3-years of demand/customer which is a more appropriate historical average to determine the demand per customer.” Please confirm that the GS>50 forecast is not based on a three-year historic average of the demand/customer.

3.0-VECC -14

Reference: Exhibit 3, page 24

Preamble: The Application states: *“As noted in the table above, this caused a decrease of 41% in (Street Light) usage from 2015 to 2016 with an overall decrease of 58% from 2014 to 2020. The project began*

in December 2015 and was completed in early 2016.”

- a) Please confirm that the higher Street Light usage per “lamp” in 2014 and 2015 will affect the Residential, GS<50 and GS>50 percentages of wholesale purchases for those years and therefore impact the forecast 2022 for these classes.

3.0-VECC -15

Reference: Exhibit 3, page 25

- a) Please provide the customer/connection counts for each class as of the end of June 2020 and the end of June 2021.
- b) Do any of the new subdivisions discussed on page 10 impact the June 2021 customer/connections counts? If so, what is their impact?
- c) Please provide the customer/connection counts for the most recent month available.

3.0-VECC -16

Reference: Exhibit 3, pages 22-23, 26 and pages 29-31

- a) Does ORPC expect the pandemic to have an impact on its kWh sales for 2022? If yes, what are the anticipated impacts?
- b) In Tables 12, 13 and 14, the year 2020 is the year with the highest Residential sales and the lowest GS<50 & GS>50 sales. Please confirm that, based on the discussion per pages 29-31, ORPC attributes these results to the pandemic?
- c) Please provide a schedule which sets out for the Residential, GS<50 and GS>50 year to date (2021) sales and the sales to each class for the comparable period in 2020.
- d) Please provide a revised version of the load forecast model where the percentages used for the Residential, GS<50 and GS>50 classes are based on the average of 2014-2019 (as opposed to 2014-2020).

4.0 OPERATING COSTS (EXHIBIT 4)

4.0 -VECC -17

Reference: Exhibit 4, page 19

Preamble: *“Specifically, this resulted in personal protective equipment of \$30,842, inventory maintenance of \$34,286.39 and \$129,738.73 of standby labour now included in 5085”*

- a) The above statement was made in respect to explaining variances in account 5085. Please explain the meaning of “standby labour”.

4.0-VECC -18

Reference: Exhibit 2, Section 4.6, page 49

- a) If ORPC is a member of the EDA please provide the annual dues for the 2016 through 2022 (forecast) period.

4.0 -VECC -19

Reference: Exhibit 4, page 23

- a) In explaining the increase in account 5610 (management salaries) ORPC explains that in 2020 the Utility modified its accounting such that previous burdens shown in account 5645 (Pensions and Benefits) were included in 5610. Yet for the period 2019 through 2022 account 5645 has continually increased. No amounts were recorded in account 5645 in 2016 and 2017. ORPC further explains later in the evidence (page 23) that account 5645 increased due to less pension costs being allocated to other categories. Please explain the apparent contradiction in these explanations of variances.
- b) For the period 2016 to 2022 please show the total pension and benefit costs incurred and included in OM&A costs or confirm these costs are the same as that shown in Table 17 at page 37.

4.0 -VECC -20

Reference: Exhibit 4, page 23

- a) Are any amounts of the one-time costs for this application recorded as part of the \$183,062 in regulatory costs in account 5655 in 2022?
- b) Are any of the costs of preparing this application recorded as part of the \$117,730 in 2021?

4.0 -VECC -21

Reference: Exhibit 4, page 28

- a) Billing and collation costs increase by 114k as between 2020 and 2021. ORPC explains this increase as a transfer of a portion of salary from the Administrative and General category to Billing and Collection. The latter category was only reduced 45k in the same period leaving some 67k unexplained. Since 2016 these costs have increased by more than \$200k from \$408k in 2016 rising to a proposed \$612k in 2021. Please provide more details on the reasons for the increase in Billing and Collecting costs since the last rebasing.

4.0 -VECC -22

Reference: Exhibit 4, page 39

- a) ORPC hired an IT/Networker Administrator in 2019 after not having that position for the 3 years prior. Why was this position added?
- b) Is this position incremental since the last cost of service application?

4.0 -VECC -23

Reference: Exhibit 4, Appendix 2-k

- a) Please modify Appendix 2-K to show the amount for each year the amount of compensation capitalized and expensed.

4.0 -VECC -24

Reference: Exhibit 4, page 38

- a) The average total compensation rate in 2022 (\$103,712) as compared to the average rate in 2016 (\$87,046) exceeds the CPI inflation rate for the same period (we use the Bank of Canada inflation calculator). Please explain why ratepayers should pay for compensation rates above the inflation rate.

5.0 COST OF CAPITAL AND RATE OF RETURN (EXHIBIT 5)

5.0 -VECC -25

Reference: Exhibit 5

- a) Please provide the rates of return for ORPC for each year 2015 through 2021 (estimate).

6.0 CALCULATION OF REVENUE DEFICIENCY/SURPLUS (EXHIBIT 6)

6.0-VECC-26

Reference: Exhibit 6, pages 18 and 24

Preamble: The Application states (page 18): *"The increase in Interest Income was caused by the auditors reclassifying \$19,904.69 of depreciation on capital contributions into other income for financial statement presentation purposes."*

The Application states (page 24): *"whereas the external auditors ceased reclassifying depreciation on capital contributions into other income for financial statement presentation purposes. In 2018, the auditors had included \$18,076.55 of this depreciation in interest income."*

- a) For the years 2019 and after how was/is depreciation on capital contributions classified? As part of the response, please explain where/how this amount is included in the determination of the 2022 revenue requirement.

7.0 COST ALLOCATION (EXHIBIT 7)

7.0-VECC-27

Reference: Exhibit 7, pages 13 and 15

- a) With respect to the GS>50 class, page 13 shows a Line Transformer Customer base of 8 and a Secondary Customer base of 143. This suggests that there are 135 GS>50 customers who own the transformer but do not own the secondary lines on the low side of the transformer. Is this the case or do customers who own the transformer also own the line facilities on the low side of the transformer? Please explain and indicate if any changes are required to Worksheet I6.2 – Customer Data.
- b) With respect the GS>50 class, page 15 shows values of zero for the LTNCP4 and SNCP4 allocators, while page 13 indicates there are customers using Line Transformers and Secondary Lines owned by ORPC. Please reconcile.
- c) With respect to the Street Lighting class, page 13 shows a Devices value of zero which results in no customer-related Line Transformer (USOA 1850) or Primary facilities (USOA 1830-4, 1835-4, 1840-4 and 1845-4) being allocated to Street Lighting (see CA Model – Tab O6). How many Street Lighting devices associated with the forecasted 2949 connections in 2022? Please a revised version of the CA Model that incorporates this value.

7.0-VECC-28

Reference: Exhibit 7, page 6

- a) Please provide a schedule that compares the break-out of assets percentages as between primary and secondary as used in the current Allocation as compared to ORPC's last cost of service. Please explain any material changes.

7.0-VECC-29

Reference: Exhibit 7, pages 8-10

- a) With respect to Table 3, for each of the rows in the Table please explain the basis for the allocation to customer classes (e.g., number of bills, number of customer or weighted variation of either).
- b) Have the allocation factors associated with cost of sending "paper bills" been adjusted to reflect the fact customers in some classes received e-bills? If yes, how? If not, what would be an appropriate adjustment?
- c) At page 8 the Application states that for the GS>50 class "there is

additional staff time required to prepare and validate each bill to ensure monthly consumption data aligns to the settlement data for the period.”

Where and how is the extra effort reflected in Table 3?

- d) The Application states that the billing and collecting factors used for GS<50 and GS>50 reflect the fact that ORPC receives fewer calls from customers in these rate class as compared to the Residential Class. However, these classes also have fewer customers and weighting factors are on a per bill basis. When adjusted for the number of customers in each class, does ORPC receive fewer calls from customers these classes as compared to the Residential class?
- e) Please explain how the low number of bills issued to the Street Lighting, Sentinel and USL classes impact the per bill weighting factor as suggested on page 8.

7.0-VECC-30

Reference: Exhibit 7, page 25 /Cost Allocation Model, Tab O1 /RRWF, Tab 11

- a) The Status Quo ratios in RRWF, Tab 11 don't match those in Exhibit 7 or the Cost Allocation Model, Tab O1. Please reconcile.
- b) The 2022 proposed R/C ratios in the RRWF, Tab 11 don't match those in Exhibit 7, Table 16. Please reconcile and clarify ORPC's proposal. Also, all of the proposed ratios for 2022 are not within the Board's policy ranges, please set out ORPC's proposals for the years 2023-2025.
- c) What would be the resulting R/C ratios if the ratios for GS>50 and Street Lighting were set at the upper end of the Board's policy ranges and the ratios for all the other classes (which are all currently less than 100%) were set at the same value so as to maintain revenue neutrality?

8.0 RATE DESIGN (EXHIBIT 8)

8.0-VECC-31

Reference: Exhibit 8, pages 13-14 / RTSR Workform, Tabs 3 and 5

- a) Tables 6 and 7 do not set out the current and proposed RTSRs for Network and Line & Transformation respectively as titled. Please provide revised tables.
- b) Please confirm that the RRR data in Tab 3 and the billing unit data in Tab 5 are both based on 2020 actual values.

8.0-VECC-32

Reference: Exhibit 8, page 17

- a) For purpose of determining the Other Revenues in Exhibit 6 were the revenues from Retail Service Charges based on 2021 rates or were the 2021 rates escalated by an “assumed” inflation factor? If the latter, what was the inflation factor used?

8.0-VECC-33

Reference: Exhibit 8, page 28

- a) Please explain why there is a difference between the LV costs used to determine the 2022 LV rates (\$487,559) and the LV costs included in the power supply expense (\$488,695).

9.0 DEFERRAL AND VARIANCE ACCOUNTS

N/A

End of document