

Exhibit 1- Administration

1-Staff-1

Updated Revenue Requirement Work Form (RRWF) and Models

Upon completing all interrogatories from Ontario Energy Board (OEB) staff and intervenors, please provide an updated RRWF in working Microsoft Excel format with any corrections or adjustments that the Applicant wishes to make to the amounts in the populated version of the RRWF filed in the initial applications. Entries for changes and adjustments should be included in the middle column on sheet 3 Data_Input_Sheet. Sheets 10 (Load Forecast), 11 (Cost Allocation), and 13 (Rate Design) should be updated, as necessary. Please include documentation of the corrections and adjustments, such as a reference to an interrogatory response or an explanatory note. Such notes should be documented on Sheet 14 Tracking Sheet and may also be included on other sheets in the RRWF to assist understanding of changes.

In addition, please file an updated set of models that reflects the interrogatory responses. Please ensure the models used are the latest available models on the OEB's 2022 Electricity Distributor Rate Applications webpage.

[ORPC has updated the models to reflect changes that it has agreed to. The utility has identified in its responses whether the responses is for illustrative purposes only.](#)

1-Staff-2

Revenue Deficiency

Ref: Exhibit 1, page 103 of 111

Question(s):

When discussing revenue deficiency, Ottawa River stated that:

The revenue deficiency which has been growing over time as a result of the inflationary increases to labour and third-party maintenance fees as well as additional (or "new") expenses that were not previously included in ORPC's operating budgets.

Question(s):

- a) Please provide a complete list of new expenses that were not previously included in Ottawa River Power's operating budget. Please also specify the forecast expenditures on these items for the 2022 test year.

The following list represents new or incremental operating expenditures that were not previously included in the corporation's operating budgets from its 2016 Cost of Service. The list excludes most minor immaterial expenditures that are difficult to quantify and the list may not be comprehensive or representative of all incremental expenditures. Please refer to the variance analysis on operating expenses in Exhibit 4 for details on material cost increase since 2016. All of the below expenditures are annual ongoing incremental expenditures:

New/Incremental Expenditure	Explanation	Incremental Amount (approximate due to annual inflationary changes)
External Auditor	The corporation issued an RFP for a new external auditor in 2018 following a PILs Ministry of Finance audit that revealed errors in tax return preparation resulting in re-assessments that resulted in large amounts owing by the corporation. The utility chose a new auditor with IFRS and utility experience to ensure its filings and records are accurate.	\$20,000
Cyber Security	Cybersecurity related investments related to threat prevention, detection & response solutions with managed security services were introduced to the IT environment for the purpose of increasing cybersecurity resilience. A comprehensive hosted integrated platform solution for cyber security user awareness training program was also added.	\$30,000
Labour	The Collective Bargaining Agreement included annual increases of 2.80% up to	\$25,000 in 2016, \$50,000 in 2017, \$75,000 in 2018, \$100,000 in 2019, \$120,000

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	2019 and 2.65% thereafter. This increase beyond inflation was necessary for experienced and educated talent and to ensure staff retention while attempting to stay reasonable compared to large utilities in the area. Inflation varies year to year but the approximate incremental expenditure was 0.80% of salaries annually. The cost of benefits also increased beyond inflation and the cost of CPP increased recently which were not planned in the previous application.	in 2020, \$140,000 in 2021 and \$160,000 in 2022.
GPS Locating Services	New GPS service to locate and track all locations of small and large vehicles.	\$5,460

- b) Has Ottawa River Power worked with its third-party vendors to find efficiencies? If so, please explain what efficiencies have been identified.

The list of efficiencies realized includes but isn't limited to:

- An automation platform was purchased and configured within the Customer Information System (CIS) that allowed for specific tasks to be handled automatically by the CIS system, including:
 - o Customer Choice module which allows the customer to choose how they prefer their usage TOU or TIER. This process is completed through Silver Blaze online portal, the customer makes the change on the portal and it is brought into our system nightly. This platform has made the process very easy for the customers and the staff. ORPC is not spending as much time on the phone explaining the choices or manually entering the service orders into our system.
 - o Bill Calculation Module – this process calculates the bills for our Data Clerks as soon as it is moved from the meter reading section in our

system to the billing journal area. Reducing manual processes and time spent waiting for data to become available.

- o Credit Control (Collections) – This process has reduced time that a Data Clerk spends manually pulling in the notices (reminder, disconnect, and 48 call) each day. The automation runs nightly so when the Data Clerk arrives in the morning everything is there a ready for them to carry out the remaining tasks in the process.
- Collections Notice Template – ORPC started to utilize macro based excel templates for notices which made improvements in the time it takes to ensure all the dates are correct on all notices ORPC is sending out.
- IVR calls – ORPC introduced IVR calls to customers. The process is used for reminders and 48-hour calls related to collections. It is also used to inform customers of any important announcements such as planned outages. This has reduced the time that staff are spending making outbound calls to our customers.
- Purchase of cheque scanners – Cheque scanners have cut down on the amount of time staff are spending completing visits to the bank to make deposits. This has helped keep employees available to answer customer inquiries.
- Mobile Debit Machines – The use of these devices has had a positive impact on our collection processes as ORPC is able to provide more payment options for customers who may be involved in disconnects. It also ensures that customers can pay without having to visit the office and allows ORPC to avoid disconnecting customers who would not have been able to pay in a timely manner otherwise.
- When acquiring software license or support, multi-year contracts are entered into for the purpose of discounts.
- Volume purchasing opportunities are explored through our CHEC membership when possible.
- Consolidation of IT server hardware began in 2021 to a completely virtualized environment with hardware capable of scaling to meet current and future computing/storage requirements. This will allow ORPC to purchase fewer standalone servers when new requirements arise, and instead allow for creating new instances of servers on existing hardware.

- ORPC transitioned to a cloud based VOIP system in 2019 to reduce long distance and line fees, as well as consolidating voice trunks. This change also allowed the Pembroke and Almonte office to run through the same IVR queue, enabling all staff to answer incoming calls at either office any time of the day.
- Some fax lines were converted to digital cloud-based platforms to reduce paper costs and line fees.
- A cloud based underground locate management system was implemented in 2021 which reduced the amount of paper usage, time spent travelling between the office and field for filing of locates and allowed staff to perform a combination of duties in the field along side underground locates.
- The use of third-party mechanical forestry equipment for clearing underbrush on right of ways. Previous work practice was to cut brush manually and chip. This was extremely labour intensive. Mechanical forestry techniques cut the brush and chip the debris quickly and efficiently.

1-Staff-3

Customer Satisfaction

Ref: Exhibit 1, METSCO Customer Survey Report 2020, page 13

- a) Please discuss why the 4% customers who are very dissatisfied about the service provided by Ottawa River Power are all situated with the Pembroke service area.

The Pembroke service area has experienced an increase in loss of supply from Hydro One events in recent years. Many of the outages as a result of the loss of supply events were less than 1 minute and were therefore not included in the outage statistics.

- b) Please discuss Ottawa River Power's plan of improving customer satisfaction for the Pembroke service area.

Although these loss of supply events are out of the control of Ottawa River Power Corporation, the company ensures that it contacts Hydro One when these events occur so that it will be able to communicate the explanation and estimated

outage time to its customers. ORPC also participates in forecasting and regional planning meetings with Hydro One to ensure any concerns are communicated and that supply will continue.

1-Staff-4

Operational Technology Investment Program

Ref: Exhibit 1, METSCO Customer Survey Report 2020, page 26

- a) Please explain the Operational Technology Investment Program refer to which capital project(s) presented in Appendix 2-AA.

Details on the Operational Technology capital project(s) are presented in Exhibit 2, Distribution System Plan, page 199. In Appendix 2-AA, the operational technology project in question is presented in cells S69 and T69.

1-Staff-5

Average Capital Expenditures

Ref: Exhibit 1, METSCO Customer Survey Report 2020, page 41

- a) Please explain drivers for the increase in the average capital investments from \$1.2 million per year as communicated to customers to the average of \$1.35 million per year as proposed in the application.

The Distribution System Plan presents the details on the following project. ORPC had an unexpected failure of a power transformer at Pembroke MS6 substation in late June 2021. This has forced ORPC to increase its investment in its test year to address the need to replace the failed power transformer. It is estimated that the replacement of the transformer will cost approximately \$750k and be carried out in 2022. This includes the purchasing installation, commissioning of a new standardized power transformer and removal of the failed transformer. The Westinghouse S# B-3S7347 transformer that was built in 1974 will be replaced with a new standardized transformer. ORPC has had a third party expert (Van Kooy Transformer Consulting Service Inc.) investigate the options to replace/repair the transformer and deemed that only a replacement was possible. The survey was performed prior to the transformer failure. This has contributed the entire \$150,000 average increase per year (\$750,000 / 5 years).

1-Staff-6

Corporate Scorecard

Ref: Exhibit 1

- a) Does Ottawa River Power have a corporate scorecard that differs from the OEB scorecard? If so, please provide a copy of its corporate scorecard for each year over 2016-2021.

Ottawa River Power Corporation does not have a corporate scorecard that differs from the OEB scorecard.

1-Staff-7

Productivity

Ref: Exhibit 1

- a) Please discuss if Ottawa River Power has implemented any productivity initiatives over 2016-2021 to improve cost efficiency. If so, please provide details of these initiatives and quantified cost savings, if available.

Please refer to the answer provided in 1-Staff-2 b) above.

- b) Please discuss if Ottawa River Power plans for any new productivity initiatives for the period of 2022-2026.

Ottawa River Power Corporation's productivity initiatives starting in 2022 currently include but are not limited to:

- Investigating further automation options within the CIS including additional Meter Reading Workflow automation that will allow for scheduling meter readings and verification report generation. This work can be performed overnight, allowing for the reads and reports to be ready for the morning. This will improve reliability and decrease dependence on staff to perform and monitor the tasks during work hours;
- Investments in SCADA will improve productivity related to outages due to enhanced control of the system and data reporting;
- Transitioning of Operating maps from paper based to digital (GIS) in conjunction with making these maps available to field staff will reduce time spent travelling between office and field, or the requirement of office staff coordinating with field staff, freeing up resources for other duties; and

- Introduction of new banking initiatives including offering new payment methods by credit card in the office and by phone or at the resident's door if facing disconnection and payment by e-transfer. This will improve collection times and decrease the time required by the collections clerk.

1-Staff-8
COVID-19 Account
Ref: Exhibit 1, pages 59, 101

Preamble:

Ottawa River Power has not included any assumptions or provisions for the impact of the COVID-19 pandemic in this application. Ottawa River Power further indicated that it is recording all costs related to COVID-19 in the regulatory accounts as directed by the OEB accounting orders.

The OEB has issued its Report on the Regulatory Treatment of Impacts Arising from the COVID-19 Emergency, dated June 17, 2021 (the Report). The Report indicates that the OEB will adopt a means test. Per Ottawa River Power's scorecard, its 2019 and 2020 achieved regulatory return on equity (ROE) was 14.48% and 9.61%, respectively. Deemed ROE was 9.19%.

Question(s):

- a) Per page 44 of the Report, the achieved regulated ROE for the purposes of the means test is calculated prior to any entries made to Account 1509 – Impacts Arising from the COVID-19 Emergency. Please explain whether the achieved regulated ROE shown on Ottawa River Power's scorecard was calculated before or after any entries made to Account 1509.

No amounts were recorded in 1509. Impacts of the COVID-19 pandemic for Ottawa River Power Corporation included additional cleaning expenses and waived interest to customers of \$40,399.90. The amount is not material and was not included in account 1509. The waived interest was recorded as a reduction to account 4225 which was factored into the ROE calculation. Bad debts were deemed immaterial.

- b) Please explain whether Ottawa River Power is seeking or plans to seek disposition of any 2019 or 2020 amounts recorded in Account 1509.

See answer provided in 1-Staff-8 a).

c) If seeking disposition of Account 1509

- i. please provide Ottawa River Power's 2019 and 2020 achieved regulated ROE calculated before any entries made to Account 1509, if not already provided in Ottawa River Power's scorecard.
- ii. please explain and provide Ottawa River Power's proposal for the Account 1509 sub-accounts in consideration of the rules for the account set out in the Report and update the evidence as necessary. For any aspects of Ottawa River Power's proposal that deviates from the Report, please explain why Ottawa River Power believes the deviation to be appropriate.
- iii. please provide the supporting calculations of the annual sub-account balances, broken down into categories, as appropriate, and the amount for disposition after applying the applicable recovery rate
- iv. please provide discussion on applicable aspects of the Report, such as interim/final disposition and rationale for it, causation, materiality, prudence, incremental savings, etc.

[See answer provided in 1-Staff-8 a\).](#)

d) Per page 38 of the Report, Account 1509 remains in effect until the utility's subsequent rebasing application, when it is reasonable to presume that rates may be reset reflecting the revised operating conditions facing the utility. Please explain why Ottawa River Power has not reflected any COVID-19 impacts in this application.

- i. Please clarify Ottawa River Power's proposal to continue/discontinue entries in Account 1509 after rebasing in this rate application, and provide supporting rationale.

[See answer provided in 1-Staff-8 a\).](#) Ottawa River Power Corporation has not made any entries to Account 1509. Unless there are material changes to operations due to unanticipated extraordinary measures, ORPC does not anticipate requiring 1509 but understands that the account will remain available to ORPC if needed while the pandemic persists.

1-Staff-9

Property Taxes

Ref: Exhibit 1, Appendix 1A – Financial Statements

Exhibit 6, page 10

Preamble:

In Ottawa River Power's 2020 audited financial statements, note 19 shows property taxes of \$23,172 and \$12,307 for 2020 and 2019, respectively. In Table 5 of Exhibit 6, Ottawa River Power's property taxes for 2020 and 2019 are \$51,549 and \$50,206.

Question(s):

- a) Please explain the difference between the property taxes shown in the financial statements and as presented in Exhibit 6.

Note 19 in Ottawa River Power Corporation's 2020 Audited Financial Statements captured property taxes only related to Municipal Substations. There are additional property taxes paid for the office and garage buildings which are included within 5675 that were not captured in Note 19.

- b) Please explain how Ottawa River Power has forecasted its 2022 property taxes.

Property taxes for 2021 were based on actual property tax final billings received. The 2022 property taxes assume inflation of 2%.

Exhibit 2 – Rate Base and Distribution System Plan

2-Staff-10

2021 Actual

Ref: Appendix 2-AA

Question(s):

- a) Please update actual capital expenditures for 2021 bridge year in Appendix 2-AA format. Please specify how many months are actual vs. forecast.

Please see the attached Excel appendices. The data presents actual data up to November 30, 2021 and a projection for the remainder of the year.

2-Staff-11

Capital Expenditures

Ref: Appendix 2-AB

Question(s):

- a) The proposed 2022 net capital expenditure is approximately 41% higher than the average of 2022-2026. Please explain if Ottawa River Power has considered a more balanced pacing of its capital plan during the DSP period.

The 2022 capital expenditures included \$750K for the replacement of the substation transformer at Pembroke Municipal Substation 6. As previously explained, ORPC had an unexpected failure of a power transformer at Pembroke MS6 substation in late June 2021. This has forced ORPC to increase its investment in its test year to address the need to replace the failed power transformer. The maximum demand recorded for Transformer 1 at Station 6 was 4,240kW. This transformer is also expected to feed a new subdivision with expected demand of 3,800kW. The total load including normal load growth will be 9,212kW by 2026. This load requires redundancy and, the replacement of Transformer 2 at the substation is necessary to account for growth beyond the capacity of MS6 Transformer 1 as well as for allowing load transfers during maintenance. The replacement cannot be performed over multiple years and therefore a balance approached is not possible.

2-Staff-12

Addition of ICM Assets to Rate Base

Ref: Exhibit 2, page 95 of 100

EB-2018-0063, Decision and Rate Order, March 28, 2019

Question(s):

- a) Ottawa River Power completed the construction work and energized the new 5 MVA substation in the Almonte Ward in the Town of Mississippi Mills in 2020. Please specify the actual in-service date (i.e., month) of this new 5 MVA substation.

The actual in-service date of the transformer was September 2020.

- b) Please explain reasons for the delay of in-service date from the planned date of June 2019, as expected at the time of filing the ICM request.

The project was delayed due to multiple issues encountered during construction. The first issue encountered was that the geological survey revealed additional rock that required blasting. The rock blasting distributed an underground aquifer which required dewatering and then additional rebar and additional concrete, stone and extension ring for the sump pit as it required redesigning to adjust for the higher than anticipated water table. The next issues were with the substation

transformer. The transformer arrived from Virginia damaged from shipping. The transformer was sent back for repairs. When it returned later, there was a grounding issue internally which required the transformer to be returned again for inspection and repairs. Altogether, the substation in-service date was delayed 1 year and 3 months.

- c) Please provide a breakdown of comparison between actual and estimated project costs detailing the cost components submitted in the ICM application. (EB-2018-0063, 2019 IRM Application, September 25, 2018, page 18)

Please see attached appendices as requested within the Excel appendices. Specific groups of items were charged to ORPC as global costs and therefore no granular data was available to compare each line item.

- d) The actual cost for the project was 28.46% higher than the amount approved in the ICM application. Please explain what actions Ottawa River Power has taken to manage the actual costs as close to the OEB-approved budget as possible.

Throughout the entire construction, Ottawa River Power Corporation ensured that a competitive bidding process was held for each step and aspect of the project. Although the OEB-approved budget presented a construction plan that did not encounter any significant difficulties, some unforeseen situations occurred as noted in response b) above. During these situations, the company ensured that competitive bidding processes were maintained and that it attempted to recover any incremental costs incurred as the result of delays caused by external parties.

- e) Ottawa River Power stated that "The original estimate provided by ORPC in the ICM calculation excluded labour costs as these costs were not considered incremental to the utility". Please elaborate this statement.

- i. Please explain why labour costs were not considered incremental to the utility at the time of filing ICM request.

At the time of the ICM request, ORPC did not believe that internal labour costs were to be included in the ICM project costs. We have determined that this belief was mistaken. It is ORPC's understanding now that the total project costs eligible for ICM funding include the entire cost of the project that is to be added to rate base, including ORPC's internal capitalized costs relating to the project.

- ii. Has incremental labour cost incurred in the construction of this new substation? If so, please explain why.

Labour costs not included in the original ICM request arising from internal labour totalled \$73,013. Overtime labour totalled \$533 in the construction of the substation.

2-Staff-13

SAIDI/SAIFI Performance

Ref: Exhibit 2, DSP, pages 48-50

Preamble:

When reviewing historical outages by cause code, it was noted that defective equipment was one of the top three cause codes ranked by percentage share.

Question(s):

- a) OEB staff notes that there was consistent higher actual capital spending in System Renewal compared to planned for each year over 2016-2020. Please explain why outages caused by Defective Equipment were trending upward over the past few years (2018-2020).

As stated in section 4.3.3 of the DSP, during the 2015-2019 period, the following factors drove an overspend which correlates to Defective Equipment trending upward:

1. An increase in failure-risk-driven investments within overhead systems.
 2. An increase in the number of additional single pole replacements that were undertaken due to the likelihood of these poles failing, based on inspection, ACA and APUL information, which would result in potential unexpected customer outages. Alongside these single pole replacements, the associated overhead conductor had to be transferred to the new poles, and in some cases the conductor had to be upgraded where it was deemed to not meet ORPC standards.
- b) Does Ottawa River Power track interruptions due to Defective Equipment by equipment type? If so, please provide a further breakdown of historical interruptions due to Defective Equipment by year and by equipment type.

Ottawa River Power Corporation does not track interruptions due to defective equipment by equipment type.

- c) With the proposed investments in System Renewal, please discuss Ottawa River Power's reliability performance target for the forecast DSP period (i.e., to maintain its historical performance level or to improve).

ORPC has committed to maintain the levels of reliability for the forecast DSP period, and its investment are aligned to achieve this target. This is supported by evidence from customers, who want to see reliability be maintained whilst ensuring rates remain manageable.

2-Staff-14

Asset Lifecycle Optimization

Ref: Exhibit 2, DSP, Section 3.3

Question(s):

- a) Does Ottawa River Power have any quantitative methodologies for project prioritization across all investment categories? If so, please provide details of the quantitative methodology.

Details of OPRC project prioritization methodologies are explained in section 3.3. Specifically, OPRC's project evaluation process is described in section 3.3.2.2.2 of the DSP.

- b) Please explain whether Ottawa River Power uses any tools for risk-based project prioritization.

Details on ORPCs risk-based project prioritization is articulated in section 3.3.2.2.1 within the DSP.

- c) How are the objectives listed in Table 3-1 on page 62 of the DSP are used in project prioritization?

The objectives in Table 3-1 are included in the project evaluation process, as described in section 3.3.2.2.2 within the DSP. Further details of ORPC's project evaluation and risk-based project prioritization in section 3.1.2.2 within the DSP.

2-Staff-15

Capital Expenditures

Ref: Appendix 2-AA

Question(s):

- a) Please provide capital projects for each year over the period of 2023-2026 in Appendix 2-AA format in Excel.

Please see attached appendices as requested within the Excel appendices.

2-Staff-16

System Renewal

Ref: Exhibit 2, DSP, page 75

Question(s):

- a) Please provide annual number of replacements and associated cost for each year over the historical (2015-2021) and forecast (2022-2026) periods for the main asset classes presented in Figure 3-9 and Table 3-5 in Excel.

Ottawa River Power Corporation submits that it is unable to provide the requested data as replacement data is not tracked at a granular level and is not budgeted based on number of replacements.

2-Staff-17

System Renewal

Ref: Exhibit 2, Appendix 2-AB

Question(s):

- a) Please explain why the average annual spending in System Renewal, excluding the Pembroke MS transformer replacement, increases from \$534k over the historical period of 2016-2021 to \$732k for the forecast period of 2022-2026.

As stated in section 4.3.3 of the DSP and in the response to 2-Staff-19 d) below, during the 2015-2019 period, the following factors drove an increased spend with the System Renewal category:

- An increase in failure-risk-driven investments within overhead systems.
- An increase in the number of additional single pole replacements that were undertaken due to the likelihood of these poles failing, based on inspection, ACA and APUL information, which would result in potential unexpected customer outages. Alongside these single pole replacements, the associated overhead

conductor had to be transferred to the new poles, and in some cases the conductor had to be upgraded where it was deemed to not meet ORPC standards.

2-Staff-18

Cost Savings

Ref: Exhibit 2, DSP, page 30

Question(s):

- a) Ottawa River Power stated that “Cost savings introduced through the AM process and enhanced decision-making are embedded with the forecasted capital expenditure plan.” Please provide examples of the cost savings introduced throughout AM process and explain how those savings are captured within the forecast capital expenditure plan.

Predominately, the anticipated savings are related to the AM planning process. Through ORPC's initiatives, as part of continuous improvement, to enhance the data and information it gathers that feed into its AM planning process, ORPC will be able to better identify the most appropriate investments to make. Through gathering more inspection and condition data, ORPC will be able to better manage its reactive costs, as it will be identifying assets that are at higher risk of failure earlier and be able to put in place plan's to address these proactively. This in turn is anticipated to be able to minimize ORPC's reactive costs. These savings are difficult to quantify at this moment. In addition, through gathering enhanced data on the condition of its assets, for example by investing in Thermographic Infrared Camera technology, ORPC will be able to better manage both its capital planning and maintenance planning in a more efficient manner. Through enhanced data, it can deploy crews to address its worst affected assets. It is expected that this will allow ORPC to realize productivity gains.

2-Staff-19

System Renewal

Ref: Exhibit 2, Section 2.2, page 52

Exhibit 2, METSCO ACA Report, page 32

Preamble:

When explaining 2016 capital expenditure variance in System Renewal, Ottawa River Power noted that “Actual pole replacements came in at \$255,694 for 2016 which was

\$191,194 over budget while overhead conductor replacement came in at \$168,534 which was not accounted for in the 2016 DSP.” Same explanation was also identified for each year over 2017-2019.

Question(s):

- a) Please explain why budget associated with overhead conductor replacement was not accounted for in the 2016 DSP.

Ottawa River Power Corporation’s 2016 Distribution System Plan was prepared by staff members that are no longer employed with the company. It is assumed that the omission of a budget for overhead conductor replacement was an oversight.

- b) Please explain the scope and purpose of historical expenditures on overhead conductor replacement. Were the replacements stand alone projects or part of overhead line rebuild projects?

Ottawa River Power Corporation presented historical overhead expenditures to demonstrate that these costs had not been accounted for in the original 2016 distribution system plan.

The replacements of overhead conductor were not standalone projects. These replacements formed part of the overhead line rebuild projects.

- c) The ACA classified no overhead conductors as poor or very poor condition. Please specify the amount forecasted for overhead conductor replacement in the 2022 test year, if any, and how Ottawa River Power has derived these costs. Please explain assumptions, data and methodology utilized in the forecast. – Metsco

As shown in Table 6-9 in the DSP, ORPC plans to replace 7 spans of 3-phase, #2 solid copper conductor on Esther St. between MacKay St. and Maple Ave. Install 4 - 45’/3 poles and 2 - 40’/3 poles between Maple Ave. and Cecilia St. Replace 2 OH transformers between Maple Ave. and Cecelia. The poles in this area are due to be replaced due to being identified as past end of life and in poor and very poor condition. As OPRC are installing newer standard poles, this requires ORPC to upgrade the associated OH conductor.

- d) Actual pole replacement cost was approximately \$362k more than planned pole replacement costs over 2016 to 2019 period. What factors were responsible for the higher spending in pole replacements?

As stated in section 4.3.3 of the DSP, during the 2015-2019 period, the following factors drove an overspend:

- An increase in failure-risk-driven investments within overhead systems.
- An increase in the number of additional single pole replacements that were undertaken due to the likelihood of these poles failing, based on inspection, ACA and APUL information, which would result in potential unexpected customer outages. Alongside these single pole replacements, the associated overhead conductor had to be transferred to the new poles, and in some cases the conductor had to be upgraded where it was deemed to not meet ORPC standards.

2-Staff-20

Customer Connections

Ref: Exhibit 2, DSP, Section 5.1

Question(s):

- a) Based on the information provided by the local municipalities, Ottawa River Power estimated new customer connections across its four service areas. Please provide the agreements between Ottawa River Power and the developer(s)/builder(s).

The Offers to Connect have been provided as Appendix A to the responses.

- b) Please explain how the budget of \$154,461 for the customer connections program for the 2022 test year was derived. Please provide all assumptions, data, and methodology.

Ottawa River Power Corporation considered each individual project that it knew would likely occur either partially or in full in 2022. The data was gathered by creating job estimates utilizing Appendix B of the Distribution System Code – Economic Evaluations – and estimating time, equipment and material requirements for each individual project. Please refer to the Excel appendices for a table of customer connection project assumptions.

- c) Appendix B of the Distribution System Code describes the methodology to determine capital contribution a distributor shall charge a customer to construct an expansion. Please explain how Ottawa River Power calculates capital contributions from developers/builders. Please provide an example in Excel.

Please refer to Appendix C provided. A confidential unredacted example in Excel has been provided as Appendix C and a redacted PDF has been provided on public record in accordance with the Ontario Energy Board's Practice Direction on Confidential Filings and the Board's Rules of Practice and Procedure.

2-Staff-21

Disposals

Ref: Chapter 2 Appendix 2-BA, 2-H

Preamble:

Disposals shown in 2019 and 2020 of Appendix 2-BA appear to be fully depreciated, whereby disposal costs removed equals the accumulated depreciation removed for the corresponding assets. The exception to this is for Account 1850 Line Transformers in 2019, where \$151,106 of disposal costs were removed, but no accumulated depreciation was removed.

- a) Please explain why there was no related removal of accumulated depreciation. Please revise Appendix 2-BA as needed.

The company removed \$151,106 but no accumulated depreciation because the depreciation on the disposed transformers is unknown as data on the 40 and 50 year old transformers was not tracked at an individual asset level. Ottawa River Power Corporation generally presents additions and disposals of transformers on a net basis so as to reduce the depreciation claim on new assets.

- b) There are no disposals in Appendix 2-BA for 2021 and 2022. There are no gains/losses on asset disposition/retirement in Appendix 2-H for 2021 and 2022. Please confirm that this is appropriate. If not confirmed, please revise the evidence as necessary.

See response noted in part a) above. Most asset costs are not tracked at an individual asset level and therefore disposition values, accumulated depreciation and any potential gain cannot be reasonably determined. Therefore, ORPC confirms that it is appropriate that there are no disposals or gains/losses on asset disposition/retirement.

2-Staff-22

Depreciation

Ref: Exhibit 2, pages 64-66

Preamble:

Ottawa River Power indicated that depreciation rates have remained unchanged since its 2016 cost of service proceeding.

Question:

- a) Please confirm that Ottawa River Power has not changed its depreciation policy since its 2016 cost of service proceeding. If not confirmed, please explain the change and how it impacts the revenue requirement in this proceeding.

Ottawa River Power Corporation confirms that it has not changed its depreciation policy since its 2016 cost of service proceeding.

2-Staff-23

Depreciation

Ref: Chapter 2 Appendix 2-BA and 2-C

Preamble:

The 2016 to 2020 capital additions as shown in Appendix 2-BA do not agree to that in Appendix 2-C. The differences are shown in the table below.

Chapter 2 Appendix

	2016	2017	2018	2019	2020
2-C (\$)	1,105,056	1,165,057	1,387,348	1,023,966	668,569
2-BA (\$)	1,059,160	1,237,284	1,491,058	1,271,558	551,090
Difference	45,896	(72,227)	(103,711)	(247,592)	117,479

Question:

- a) Please explain the difference and revise the evidence as needed.

The company submits the explanations that follow:

Year

Explanation

2016	Schedule 2-BA includes additions related to transformer and meter inventory of \$(16,389) and \$(32,606) respectively. This is included
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in schedule 2-BA to ensure to reconcile with audited financial statements as inventory is included with capital assets. However, it is not depreciated as the assets are not in use. The remaining variance can be attributed to additions of \$3,099 to the Meters >50 category relating to IFRS adjustments. The adjustment was not depreciated.

2017 Schedule 2-BA includes additions related to transformer and meter inventory of \$68,215 and \$4,012 respectively. This is included in schedule 2-BA to ensure to reconcile with audited financial statements as inventory is included with capital assets. However, it is not depreciated as the assets are not in use.

2018 Schedule 2-BA includes additions related to transformer and meter inventory of \$45,552 and \$(693) respectively. This is included in schedule 2-BA to ensure to reconcile with audited financial statements as inventory is included with capital assets. However, it is not depreciated as the assets are not in use. The remaining variance pertains to ICM assets of \$58,854 to account 1820 which were included in account 1820 in 2018 but was removed and reclassified to the 1508 ICM account in 2019 resulting in the negative addition to account 1820 in 2019. The addition was excluded for depreciation calculation.

2019 Schedule 2-BA includes additions related to transformer and meter inventory of \$120,624 and \$34,716 respectively. This is included in schedule 2-BA to ensure to reconcile with audited financial statements as inventory is included with capital assets. However, it is not depreciated as the assets are not in use. Additionally, ICM assets of \$(58,854) to account 1820 which were included in account 1820 in 2018 but were removed and reclassified to the 1508 ICM account in 2019 resulting in the negative addition to account 1820 in 2019. The addition was excluded for depreciation calculation. The remaining variance can be attributed to \$(151,107) in transformer disposals that are generally presented net of additions but weren't in 2019. They are generally presented as a net impact as individual transformer cost data is not available for most transformers and therefore the accumulated depreciation is unknown at a granular level.

2020 Schedule 2-BA includes additions related to transformer and meter inventory of \$(81,413) and \$(36,066) respectively. This is included in schedule 2-BA to ensure to reconcile with audited financial statements as inventory is included with capital assets. However, it is not depreciated as the assets are not in use.

2-Staff-24

ICM

Ref: Exhibit 2, pages 18,95-96

Decision and Rate Order, EB-2018-0063

Preamble:

Page 18 states that the ICM asset was expected to be in service by June 2019. The ICM asset was placed in service in 2020 and is to be transferred to rate base on May 1, 2022.

Table 55 on page 95 shows the actual project cost and incremental revenue requirement.

Table 56 on page 95 compares the incremental revenue requirement to the actual rate riders collected.

Questions:

- a) In table 55, the “ICM” column shows approved amounts after the reduction to the maximum eligible threshold. The Project Cost and Annual Amortization amounts in the “Project Actual Values” column agree to the ending 2020 gross book value and 2021 depreciation expense in Appendix 2-BA. Please confirm that the amounts in the “Project Actual Values” column are the total amounts, without any reduction for the maximum eligible threshold. If not confirmed, please explain.

Ottawa River Power Corporation confirms that the amounts in “Project Actual Values” of table 55 are the total amounts without any reduction for the maximum eligible threshold.

- b) For table 56, please update the table to include an estimate of the 2021 rate riders collected.

The revised table 56 to include an estimate of the 2021 rate riders collected is as follows:

	Incr. Rev. Requirement	RR Actual Revenue	Difference
2019 (May 1 – Dec 31)	\$86,646	\$84,776	\$1,870
2020	\$129,805	\$127,107	\$2,698
2021 (11 months of actuals + 1 projected)	\$129,805	\$132,836	\$(3,031)
2022 (Jan 1 to Apr 30)	\$42,676		

- c) The approved ICM asset was expected to be in service by June 2019, but the actual in-service date was in 2020. In table 56, the approved revenue requirement starting from May 2019 is compared to the rate riders collected.
- i. Please explain Ottawa River Power's position on the impact, if any, on a potential ICM true-up, from the delayed in-service date.

Ottawa River Power has noted two impacts to the ICM that may require true-up:

Table 55 demonstrates that the actual ICM project cost was \$2,059,754 versus \$1,603,409 approved creating a difference of \$456,345 or 28.46% in additional costs incurred; and

The approved ICM incremental revenue rate rider from May 1st, 2019 to April 30, 2022 total \$388,932. If one year is removed due to the year delay of the in service date compared to plan, the incremental revenue approved to April 30, 2022 would have been reduced by approximately \$129,805.

Both will have opposing impacts on a potential ICM true-up. In other words, trueing up the eligible ICM funding to account for the increased actual costs of the project is offset in part by the true up accounting for the delayed in service date.

- d) In Ottawa River Power's 2019 IRM, the OEB approved an ICM for the MS-4 in Almonte. This approved ICM revenue requirement reflected a full year's depreciation. In Appendix 2-BA, the depreciation related to the ICM asset is \$25,794 in 2020 and \$51,588 in 2021. Ottawa River Power has applied a half year of depreciation in 2020. OEB staff notes that in the decision for Halton Hill Hydro Inc.'s ICM¹, the OEB found that two full years' depreciation should be applied to be consistent with the ICM rate rider. In consideration of this decision, please explain why Ottawa River Power has applied a half year of depreciation in 2020. Please revise the evidence as needed.

ORPC has applied a half year of depreciation in 2020 to match its proposal, as part of the true-up of the ICM revenue requirement against the revenue collected through its ICM rate rider, to only account for a half year of depreciation in 2020.

Ottawa River Power Corporation considered its depreciation policies, IFRS accounting guidance and the in-service date when establishing the depreciation. The in-service date of the asset was in September 2020 which is over-half way through the year. Therefore, using the half-year rule for new additions was deemed more appropriate than claiming a full year of depreciation. The company submits that rather than claim a full year of depreciation expense in 2020 as part of the true-up process, a more appropriate approach would be to true-up the ICM rate rider revenues by reducing the revenues by or 1 and a half years. The ICM may require a true-up regardless due to the cost variance from the budget submitted in the application.

To summarize, it is ORPC's proposal in the ICM true up to:

- a) Recognize the actual in-service date of the project of 2020;
- b) Recognize the 28.46% of incremental project spending relative to the original ICM request;
- c) Recognize the half year rule effect on the ICM eligible revenue requirement in 2020; and
- d) Recognize the half year rule effect on the ICM project related rate base addition in the test year.

Pending review of the methodology proposed by ORPC, the utility will file a revised ICM model to calculate the exact impact on revenue requirement and any repayment required to customers.

¹ EB-2020-0026

Exhibit 3 – Operating Revenue

3-Staff-25

Load Forecast Model

Ref: Load Forecast Model

Preamble:

Ottawa River Power has supplied an excel model in which all entries and cell selection has been locked. This makes it difficult to validate model function and formulas used.

Question(s):

- a) Please supply an unlocked model.

The model is property of Tandem Energy Services. The model is not for public use and as such cannot be fully unlocked. That said, ORPC has provided a modified model where macros have been removed but the formulas remain.

3-Staff-26

Load Forecast

Ref: Exhibit 3, Appendix 1E, page 6

Preamble:

Ottawa River Power states that it “has adopted the 7-year average from 2014 to 2020 as the definition of weather normal.” It also states that it’s “opinion is that a ten-year average based on the most recent ten calendar years available is a reasonable compromise that likely reflects the ‘average’ weather experienced in recent years.”

Question(s):

- a) If Ottawa River Power believes that a ten-year average is a reasonable compromise that reflects average weather experienced in recent years, please explain why only seven years was used?

ORPC stated that the ten-year average is a reasonable compromise in error. However, ORPC is still of the opinion that a 7-year average is a reasonable compromise to using the traditional 10-year average.

- b) Please provide energy and billing demand for the most recent 12 months available. For example, if November 2021 is the last month available, please provide December 2020 to November 2021.

[Please see the attached Excel appendices.](#)

3-Staff-27

Load Forecast

Ref: Exhibit 3, page 25

Preamble:

Customer connections are forecasted using a geometric mean growth rate.

Question(s):

- a) Please provide the customer connection counts by rate class for each month available in 2021.

[Please see the attached Excel appendices response to 3-Staff-26.](#)

3-Staff-28

Demand Forecast

Ref: Load Forecast Model, sheet: Bridge&Test Year Class Forecast

Preamble:

The GS > 50 demand is forecasted using a seven-year historic average ratio of kW to kWh. This results in a ratio of 0.00310 kW for each kWh of energy. In each year from 2014 to 2017, the ratio was at or below this level, and in each year from 2018 to 2020 the ratio was above this level.

The unmetered rate classes are forecasted using a three-year historic energy and demand resulting in the forecast for these rate classes having a kW to kWh ratio consistent with the three-year historic average.

Question(s):

- a) Is Ottawa River Power aware of the reason for the increasing kW to kWh ratio in the most recent three years?

[Ottawa River Power Corporation cannot confirm the reason for the increasing kW to kWh.](#)

- b) Please explain why the seven-year average was used instead of a shorter duration such as three or five years.

ORPC felt that a 3 year average for weather normalized classes was too steep of a departure from the recommended 10 year average and that a 7 year average was a good compromise. With respect to the GS>50 class, the utility felt that it should use the same historical average for the determination of the demand than it used for the energy hence the 7-year average.

- c) As a scenario, please provide the forecasted kW that would result from using a three-year average kW to kWh ratio.

Assuming that Staff is referring to a scenario where all classes are forecasted on a 3-year average, please find the requested information in the table below.

<i>Weather Sensitive</i>						
Year	<i>Residential</i>					
	Residential Actual kWh	Total Actual Wholesale	Ratio%	Predicted Wholesale	Residential Weather Normal	Per customer
2011						
2012						
2013						
2014	79,483,998	191,637,148	41.48%	189,063,542	78,416,562	8,437
2015	77,615,395	190,465,326	40.75%	188,460,831	76,798,555	8,176
2016	76,635,115	190,198,453	40.29%	191,686,295	77,234,599	8,125
2017	76,119,517	184,181,851	41.33%	187,486,875	77,485,432	8,071
2018	81,716,499	192,794,489	42.39%	191,531,130	81,181,021	8,236
2019	85,932,903	190,916,365	45.01%	190,586,281	85,784,330	8,614
2020	85,141,857	187,587,218	45.39%	188,965,897	85,767,610	8,513
2021			44.26%	189,972,510	84,084,317	8,346
2022			44.26%	189,627,160	83,931,461	8,236

<i>General Service < 50 kW</i>						
Year	Actual kWh	Total Wholesale	Ratio%	Predicted Wholesale	Weather Normal	Per customer
2011						
2012						
2013						
2014	31,649,726	191,637,148	16.52%	189,063,542	31,224,684	23,719
2015	30,536,533	190,465,326	16.03%	188,460,831	30,215,160	23,083
2016	29,514,061	190,198,453	15.52%	191,686,295	29,744,937	23,013
2017	28,872,534	184,181,851	15.68%	187,486,875	29,390,633	22,926
2018	30,060,062	192,794,489	15.59%	191,531,130	29,863,082	23,196
2019	30,767,208	190,916,365	16.12%	190,586,281	30,714,013	23,888
2020	26,233,400	187,587,218	13.98%	188,965,897	26,426,203	20,695
2021			15.23%	189,972,510	28,934,047	22,775
2022		Avg	15.23%	189,627,160	28,881,448	22,849

<i>General Service > 50 to 4999 kW</i>						
Year	Actual kWh	Total Wholesale	Ratio%	Predicted Wholesale	Weather Normal	Per customer
2011						
2012						
2013						
2014	72,512,849	191,637,148	37.84%	189,063,542	71,539,032	490,553
2015	68,528,024	190,465,326	35.98%	188,460,831	67,806,822	455,844

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2016	75,048,053	190,198,453	39.46%	191,686,295	75,635,122	505,076
2017	70,829,349	184,181,851	38.46%	187,486,875	72,100,336	476,696
2018	71,502,339	192,794,489	37.09%	191,531,130	71,033,793	475,938
2019	73,532,152	190,916,365	38.52%	190,586,281	73,405,019	491,551
2020	65,161,090	187,587,218	34.74%	188,965,897	65,639,994	438,575
2021			36.78%	189,972,510	69,871,340	464,832
2022		Avg	36.78%	189,627,160	69,744,321	461,985
2022			36.78%	0	0	0

Non-Weather Sensitive

Year	General Service > 50 to 4999 kW					
	kWh	kW	KW/kWh Ratio			
2011						
2012						
2013						
2014	72,512,849	206,399	0.00285			
2015	68,528,024	212,614	0.00310			
2016	75,048,053	223,174	0.00297			
2017	70,829,349	218,669	0.00309			
2018	71,502,339	229,114	0.00320			
2019	73,532,152	230,501	0.00313			
2020	65,161,090	216,593	0.00332			
2021	69,871,340	225,054	0.00322			
2022	69,744,321	224,645	0.00322			
Avg			0.00322			

Sentinel

Year	kWh	kW	Customer	kWh per customer	KW per customer	KW/kWh Ratio
2011						
2012						
2013						
2014	245,570	684	185	1,327	3.6973	0.00279
2015	240,165	52	183	1,312	0.2842	0.00022
2016	217,806	629	182	1,195	3.4513	0.00289
2017	203,681	546	178	1,144	3.0674	0.00268
2018	203,849	529	178	1,145	2.9719	0.00260
2019	211,785	517	175	1,210	2.9543	0.00244
2020	199,124	516	171	1,164	3.0175	0.00259
2021	198,287	504	169	1,173	2.9812	0.00254
2022	194,767	495	166	1,173	2.9812	0.00254
2022	194,767	495	166	1,173	2.9812	0.00254
Avg			175	1,173	2.9812	0.00254

Street Lighting

Year	kWh	kW	Connection	kWh per connection	KW per connection	KW/kWh Ratio
2011						
2012						
2013						
2014	2,439,793	6,771	2796	873	2.4220	0.00278
2015	2,204,458	7,086	2799	788	2.5321	0.00321
2016	1,307,703	3,918	2822	463	1.3886	0.00300
2017	1,297,582	3,609	2840	457	1.2708	0.00278
2018	1,110,658	3,152	2878	386	1.0954	0.00284
2019	1,053,969	2,923	2897	364	1.0090	0.00277

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2020	1,015,667	2,832	2905	350	0.9749	0.00279
2021	1,072,667	3,004	2,927	366	1.0264	0.00280
2022	1,080,789	3,027	2,949	366	1.0264	0.00280
				366	1.02641	0.00280
USL						
Year	kWh	kW	Connection	kWh per connection	KW per connection	KW/kWh Ratio
2011						
2012						
2013						
2014	454,406	0	20	22,720	0.00	0.00000
2015	567,489	0	20	28,374	0.00	0.00000
2016	594,265	0	19	31,277	0.00	0.00000
2017	606,898	0	19	31,942	0.00	0.00000
2018	605,298	0	19	31,858	0.00	0.00000
2019	613,238	0	19	32,276	0.00	0.00000
2020	602,100	0	19	31,689	0.00	0.00000
2021	606,879	0	19	31,941	0.00	0.00000
2022	606,879	0	19	31,941	0.00	0.00000
Avg				31,941	0.00	0.00000

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	Year	2021 Predicted	2022 Predicted
Residential	Cust/Conn	10,074	10,191
	kWh	84,084,317	83,931,461
	kW		
General Service < 50 kW	Cust/Conn	1,270	1,264
	kWh	28,934,047	28,881,448
	kW		
General Service > 50 to 4999 kW	Cust/Conn	150	151
	kWh	69,871,340	69,744,321
	kW	225,054	224,645
Sentinel	Cust/Conn	169	166
	kWh	198,287	194,767
	kW	504	495
Street Lighting	Cust/Conn	2,927	2,949
	kWh	1,072,667	1,080,789
	kW	3,004	3,027
USL	Cust/Conn	19	19
	kWh	606,879	606,879
	kW	-	-
Total	Cust/Conn	14,610	14,741
	kWh	184,767,537	184,439,665
	kW	228,562	228,167

3-Staff-29**CDM**

Ref: Exhibit 3, page 11, 28

Preamble:

Ottawa River Power has not made any adjustments for CDM, or used any variables that capture the impact of CDM. It notes that it observed a decrease in kWh consumed per customer, and that this could be attributed to energy-saving initiatives.

Question(s):

- a) Please provide the verified persisting savings for all years available, and Ottawa River Power's best estimate of persisting savings for all following years up to and including 2022.

The persisting savings up to 2018 have already been presented in the LRAMVA model which is available to OEB Staff. ORPC's savings since the first framework concluded are not tracked or verified by the IESO therefore the utility does not have any official savings to report.

- b) Does Ottawa River Power plan to continue to deliver CDM programs now that the conservation first framework has concluded? If so, please explain.

Ottawa River Power Corporation does not intend to continue delivering CDM programs now that the conservation first framework has concluded.

- c) As a scenario, please provide a load forecast where
- i. Persisting CDM is added back to wholesale purchases
 - ii. Regression re-run using the adjusted wholesale purchases and a trend variable. The trend variable should indicate one in January 2014, and increase by one each month, reaching 108 in December 2022
 - iii. Persisting CDM is subtracted from the resulting forecast

The requested scenario has been filed along with these responses. The file is entitled "ORPC 2022 TESI Load Forecasting Model Staff 3-29c 20211222.xls".

Exhibit 4 – Operating Costs

4-Staff-30

2021 Actual

Ref: Appendix 2-JC

Question(s):

- a) Please update actual OM&A costs for 2021 bridge year in Appendix 2-JC format. Please specify how many months are actual vs. forecast.

Since ORPC utilized USofA accounts in lieu of programs, the company has prepared an appendix based on USofA accounts. ORPC used 11 month of actual data and projected 1 month to December 31st. Please find attached the requested information within the Excel appendices.

4-Staff-31

Inflation Rate and Assumptions

Ref: Exhibit 4, page 7 of 71

Preamble:

On Page 7 of Exhibit 4 states "ORPC typically uses the flat rate of 2% of inflation for budgeting purposes".

Question(s):

- a) Please explain which USoA accounts this inflation factor applied to.

ORPC applied the standard 2% inflation to USofA account 5635 – Property Insurance and 5645 – Employee Benefits and Pensions and to a specific expenditure of \$37,762 for annual meter maintenance fees within 5065 – Meter Expense. The remainder of the budget was established using a zero-based budget from current vendor rates and known salary increases.

4-Staff-32

Operations and Maintenance

Ref: Exhibit 4, page 8 of 71

Question(s):

- a) Ottawa River Power has proposed an increase of approximately 15% in Operations and Maintenance costs for the 2022 test year compared to 2020 actuals. Please explain drivers for this increase.

In 2020, there was a vacant engineering technician position. The position is budgeted to be filled in quarter 1 of 2022 resulting in an increase from 2020. Remaining minor drivers include Collective Bargaining Agreement salary increases and inflation.

- b) When comparing 2022 budget with 2016 OEB-approved level, OEB staff notes an increase of approximately 23% in Operations and Maintenance costs and an increase of approximately 53% in net capital expenditures. Please explain how Ottawa River Power has considered the trade-offs between capital and operating expenditures when developing its 2022 budget.

Ottawa River Power Corporation has developed its 2022 budget with only necessary expenditures in mind. The increase in net capital expenditures of 53% is mainly comprised of the addition of \$750K to replace the transformer at Pembroke MS6 which is further detailed in the distribution system plan. If this expenditure is removed, the change in capital expenditures from 2016 OEB-approved to 2022 would be normalized to a decrease of 8%. The allocation between capital and maintenance programs is partially determined based on the required pacing of capital investments determined in the distribution system plan and asset condition assessment. Specifically, this will specify the allocation of labour between capital and maintenance. The company also considered the

long-term stability of O&M expenditures to ensure that the return on equity is stable year to year.

4-Staff-33

Capitalized Meter Expense

Ref: Exhibit 4, page 18 of 71

Question(s):

- a) Please explain on what basis Ottawa River Power has determined that more of the meter technician's time requires capitalization in 2019.

Ottawa River Power Corporation reviewed the account and noted that the meter technician's was allocating their time to O&M for capital meter replacements and small new service meter installations. A change was implemented for the technician to allocate any time spent on capital meter activities to the appropriate capital.

- b) Please provide the percentage of expensed vs. capitalized meter expenditures before and after this change.

The percentage of meter expenditures capitalized in 2019 was 41% [$\$101,416 / (\$101,416 (1860) + \$143,924 (5065))$]. In 2020, the percentage was 39% [$\$53,420 / (\$53,420 (1860) + \$82,585 (5065))$]. However, 2020 was an abnormal capital spend year due to the pandemic. The forecasted percentage for the test year is 62% [$\$113,531 / (\$113,531 (1860) + \$69,062 (5065))$].

- c) Please specify the expensed vs. capitalized meter expenditures for the 2022 test year.

Ottawa River Power Corporation has included \$69,062 and \$113,531 of meter expenditures in O&M and capital accounts respectively for the 2022 test year.

4-Staff-34

Benchmarking

Ref: Exhibit 4, page 29 of 71

Question(s):

- a) Other than the PEG benchmarking reports, has Ottawa River Power done any benchmarking analysis to compare its cost performance compared to other local distribution companies?

Ottawa River Power Corporation has not performed a formal internal benchmarking analysis to compare its cost performance compared to other local distribution companies. The company utilizes the PEG benchmarking report, the bi-annual customer satisfaction survey and informally reviews yearbook data published by the OEB to compare itself to other local distribution companies.

4-Staff-35

OM&A Program

Ref: Exhibit 4, page 32 of 71

Question(s):

- a) Please discuss if Ottawa River Power plans to track its OM&A costs by program as opposed to by USofA account on a going forward basis.
- i. If so, please discuss Ottawa River Power's action plan.

Ottawa River Power Corporation plans to track its OM&A costs by USofA account and not on a program basis going forward.

- b) Please discuss any challenges Ottawa River Power would face when implementing this change.
- c) The company does not plan on implementing a change to a program-based tracking system.
- d) Please discuss the costs and benefits of this change.

The company does not plan on implementing a change to a program-based tracking system.

4-Staff-36

Shared Services

Ref: Exhibit 4, page 44 of 71

Question(s):

- a) Please provide the historical (2016-2021) and forecast (2022) annual costs of the internet services provided by Ottawa River Energy Solutions to Ottawa River Power.

The historical and forecast annual costs of interest services provided by Ottawa River Energy Solutions to the company are as follows:

Year	Annual Cost
2016	\$13,440
2017	\$13,440
2018	\$13,440
2019	\$13,440
2020	\$13,440
2021	\$13,440
2022	\$7,200

4-Staff-37

Maintenance of Line Transformers

Ref: Exhibit 4, page 20 of 71

Preamble:

Ottawa River Power stated that expenses in account 5160 - Maintenance of Line Transformers increased in 2020 “due to requirement to test transformers for PCBs by obtaining and testing oil samples” and will “Decrease in 2021 due to expected normalization of expenditures after significant labour in 2020 to complete most PCB testing”.

Question(s):

- a) Please confirm how many transformers are forecast to require oil samples and tests for PCBs in 2022.

ORPC will be testing approximately 200-300 transformers in 2022. This includes a mix of pad mount and pole mount transformers.

- b) Of the tests performed to date, how many of each pad mounted, pole mounted and stations transformers require replacement due to PCB content? When will the transformers be removed from service?

Based on current records, the following replacements are required:

Description	PMT	PAD	Total
Planned to be replaced (PCB level >50ppm)	9	1	10

- c) Please explain Ottawa River Power's risk analysis regarding keeping equipment with PCBs in operation.

ORPC intends on removing pole and pad mounted transformers with a PCB concentration of 50 mg/kg to less than 500 g/kg, from operation by December 31, 2025 as part of its ongoing testing program and in compliance with Environment Canada regulations.

The risks associated with keeping equipment with PCBs in operation were determined to be:

- Non-compliance with government regulations
- Costs resulting from cleanup of damaged or leaking transformers
- Environmental impact of damaged or leaking transformers

In accordance with the Canadian Environmental Protection Act 1999, Ottawa River Power Corporation will maintain this PCB (Polychlorinated Biphenyls) Management Policy for the health and safety of the staff, contractors and the emergency response agencies that may respond to an incident involving our PCB transformers and waste storage areas.

- d) Please explain why Ottawa River Power did not begin surveying the PCB concentration in its distribution equipment at an earlier date.

ORPC had completed some surveying and removals where necessary in previous years related to locations such as pad mounted gear, near water courses, or school yards per the requirements. A shift in focus to other projects resulted in less testing until ORPC returned fully to the testing process in 2020.

4-Staff-38

Workforce Planning and Employee Compensation

Ref: Exhibit 4, pages 38-39 of 71

Preamble:

Ottawa River Power states on page 38, "There are currently 2 vacancies at ORPC based on the last approved Cost of Service headcount, however, ORPC is proposing to retain 1 of those in its 2022 figures."

Question(s):

- a) Please confirm the budgeted headcount for 2022 is 28 FTEs, including vacant positions for a Cashier position and an Engineering Technician position.

The budgeted headcount for 2022 is 27 FTEs including the vacant Engineering Technician position. The vacant Cashier position was not budgeted.

- b) Please confirm Ottawa River Power does not expect to fill the Cashier position in 2022.

Ottawa River Power Corporation confirms that it does not expect to fill the Cashier position in 2022 and has not included any labour costs pertaining to this position in the test year.

- c) When does Ottawa River Power expect to fill the Engineering Technician position?

Ottawa River Power Corporation expects to fill the Engineering Technician position in quarter 1 of 2022.

4-Staff-39

Billing and Collecting

Ref: Exhibit 4, page 7 of 71

Preamble:

Ottawa River Power states on page 7

Billing and Collecting shows an increase of \$230K from the last board approved Cost of Service. The increase can be attributed to inflationary increases as well as increased costs associated with various elements of billing and collecting such as software, outside services, paper, stamps, and salaries.

Question(s):

- a) Please provide a breakdown of the major cost drivers for increases in billing and collecting.

The major cost drivers for increases in billing and collecting are as follows:

Cost Driver	Explanation	Impact
Salaries	On July 1 st of each year, the Collection Bargaining Agreement rolls into a new year which introduces salary increases. The increases were 2.8% per year in 2016, 2017 and 2018 and are 2.65% per year from 2019 to 2022.	\$68,979
Management Time	A portion of the salary for the Office Manager was previously included in administrative and general expenses up to 2020 but was reallocated to 5305 in 2021.	\$61,129
Payroll Burdens	Payroll benefits (burdens) were previously included in administrative and general expenses in 2016 as billing and collecting salaries were not burdened. In 2020, ORPC began allocating the benefits to each department through burdens on labour and applied a 44.23% burden.	\$115,115
Total Explained		\$245,223

The remaining variance from the \$230K can be attributed to various minor cost drivers.

- b) Please detail the cost control and efficiency measures Ottawa River Power has implemented to limit increases in billing and collecting.

Ottawa River Power Corporation has or will perform the following to limit increases in billing and collecting:

- Elimination of the cashier position in the test year;
- Introduction of various automation platforms within the customer information system for billing and collecting to minimize time requirements by billing clerks and managers;
- Introduction of an e-billing system to minimize postage costs and improve collections. The current e-billing system did convert a number of customers, however there are planned improvements to the system which should further increase e-billing enrolment; and
- Replacement of dated postage and folding machines in 2020 which were incurring significant maintenance costs. The new postage and folding machine costs are covered by the lessor.

More efficiencies within the billing and collecting department are found within the interrogatory response to 1-Staff-2.

4-Staff-40

LRAMVA

Ref: Excel LRAMVA Work form, Tab 1
Exhibit 4 – Operating Expense, Page 61

Preamble:

The stated period over which CDM projects were completed appears to be inconsistent. The LRAMVA work form (Cell H16) states that it is for new projects between 2022 and 2023. Exhibit 4 provides date ranges from 2015 to 2017 and references 2018. However, the LRAMVA work form has new project claims for 2019.

Question(s):

- a) Please clarify the time period for the new CDM projects.

ORPC wishes to correct the information in Tab 1 of the LRAMVA model as follows:

A. Previous LRAMVA Application

Previous LRAMVA Application (EB#)

EB-2014-0105

Application of Previous LRAMVA Claim	2016 COS Application
Period of LRAMVA Claimed in Previous Application	2011-2014
Amount of LRAMVA Claimed in Previous Application	\$ 114,214.00

b)

B. Current LRAMVA Application

Current LRAMVA Application (EB#)	EB-2021-0052
Application of Current LRAMVA Claim	2022 COS Application
Period of New LRAMVA in this Application	2015-2019
Period of Rate Recovery (# years)	1

- c) Please provide the time period and persistent savings that result from the new CDM projects.

OPRC notes that there are no new projects included in the LRAMVA model past April of 2019 when the conservation framework stopped.

4-Staff-41

LRAMVA

Ref: Excel LRAMVA work form, Tab 1a

Preamble:

Tab 1a (Cell B 21) states the following:

Please document any changes in assumptions made to the generic inputs of the LRAMVA work form. This may include, but are not limited to, the use of different monthly multipliers to claim demand savings from energy efficiency programs; use of different rate allocations between current year savings and prior year savings adjustments; inclusion of additional adjustments affecting distribution rates; etc. All changes should be highlighted in the work form as well.

Question(s):

- a) Please clarify if any changes have been made in the LRAMVA work form and not documented in Tab 1a.

ORPC used the model as it was intended to be used and has not modified the model.

- b) If changes have been made and not documented in Tab 1a, please file a revised LRAMVA work form.

[See responses to a\).](#)

4-Staff-42

LRAMVA

**Ref: Excel LRAMVA work form, Tab 8
Exhibit 3 – Revenues, Table 26 – 2016 Board Approved VS 2022 Load
Forecast, page 61**

Preamble:

Ottawa River Power stated that the overall decrease in consumption is a result energy conservation measures from the conversion to LED streetlights in municipalities.

Question(s):

- a) Tab 8 in the LRAMVA work sheet has not been completed. Please confirm that Ottawa River Power will not be seeking an LRAM for streetlighting in this proceeding.

[Ottawa River Power Corporation will not be seeking LRAM for Street lighting in this proceeding.](#)

4-Staff-43

OPEB

Ref: Exhibit 4, page 22

Preamble:

Ottawa River Power indicated that it modified its calculation of labour burdens in 2020 to 44.23% to account for CPP, EI, EHT, WSIB, benefits and other expenditures in the assignment of costs.

Question(s):

- a) Please indicate the labour burden percentage prior to 2020.

[The labour burden percentage prior to 2020 was 57%.](#)

- b) Please quantify the dollar value of labour burden applied to the test year using labour burden percentage prior to 2020 and after 2020.

The labour burden is designed to capture actual total benefit costs. The burden does not duplicate the amount of benefit expenses incurred. As a result, the test year dollar value of labour burdens would be \$603,970 which is the 2022 Total Benefit Cost per Table 17 of Exhibit 4, page 37. Had the percentage been maintained at 57%, the benefit expense (burden) included in the test year would have been \$778,347 [$\$603,970 \times (57\% / 44.23\%)$].

- c) Please explain why Ottawa River Power changed its labour burden percentage.

Ottawa River Power Corporation performed an analysis of current CPP, EI, Benefit, Pension, WSIB, Vacation, Statutory Holidays, Sick and EHT rates and time by employee. The analysis indicated that a more accurate payroll burden percentage was 44.23%.

4-Staff-44

OPEB

Ref: Exhibit 4, pages 39-40

Preamble:

Ottawa River Power is proposing to recover Other Post-employment Benefits (OPEBs) on a cash basis, consistent with prior rate applications.

Question(s):

- a) Please provide the 2016 to 2022 actual/forecasted OPEB costs on an accrual basis.

The table below summarizes the OPEB costs adjusted for actuarial changes. Only OPEB is presented as OMERS is unchanged. Additionally, the accrual method for 2021 and 2022 is not presented as the actuary has not performed its review and ORPC is not an expert that is able to perform such an estimate.

Year	OPEB Costs (Accrual Method)
2016	\$52,644
2017	\$20,384
2018	\$19,875

2019	\$230,813
2020	\$90,114

- b) Please quantify the amount of OPEB and OMERS costs (based on the cash method) that have been capitalized in the test year, if any. Please provide the amount of OPEB and OMERS costs (based on the accrual method) that have been capitalized (or forecasted to be capitalized) in Ottawa River Power's general ledger for 2016 to 2021.

The test year includes \$30,647 for OMERS and approximately \$3,651 for OPEB in capitalized costs based on the cash method.

No OPEB and OMERS have been capitalized based on the accrual method.

4-Staff-45

PILS

Ref: Exhibit 4, page 56

Preamble:

Ottawa River Power indicated that its 2017 and 2018 tax returns are the subject of an audit and that Ottawa River Power expects no or immaterial adjustments, once the audit is complete.

Question(s):

- a) Please provide a status update on the audit of the 2017 and 2018 tax returns.

The audit has been completed and a final report has been received.

- b) If the audit has been completed, please discuss whether there were any material adjustments and whether this affects the test year PILs. If so, please explain.

The final report has indicated no adjustments to 2017 and 2018 tax returns as a result of the audit.

4-Staff-46

PILS

Ref: Exhibit 4, page 58

PILs Model

Chapter 2, Appendix 2-BA

Preamble:

Ottawa River Power stated to “Adjustments to incorporate Accelerated CCA were made for the Bridge and Test Years and as such an additional supporting document entitled “PILs Accelerated CCA Calculation” is submitted in conjunction with the PILs model. The difference to account for accelerated CCA was presented as a separate line item on the Schedule 8 of the PILs model.”

Question(s):

- a) The bridge year additions are \$1,255,967 in Schedule 8 of the PILs model and \$1,061,217 in Appendix 2-BA.
 - i. Please confirm that the full ICM assets were reflected in Schedule 8 of Ottawa River Power's 2020 tax return. If not, please explain the treatment of ICM assets for Ottawa River Power's CCA purposes in its tax return.

[Ottawa River Power confirms that the full ICM assets were reflected in Schedule 8 of the company's 2020 tax return.](#)

- ii. Please explain the difference in the bridge year additions between the PILs model and Appendix 2-BA.

[The difference between the bridge year additions in the PILs model and Appendix 2-BA pertain to customer contributions of \\$194,750.](#)

- b) It appears that CCA for the bridge and test years were not initially calculated using accelerated CCA in Schedule 8 of the PILs model as column 4 “Cost of acquisitions from column 3 that are accelerated investment incentive property (AIIP)” was left blank. Completing column 4 would apply accelerated CCA rules to the AIIP eligible additions in the calculation of CCA. Instead, Ottawa River Power has made manual adjustments of \$265,492 and \$183,175 in Schedule 8 of the PILs model in the bridge and test years, respectively, to calculate CCA using accelerated CCA rules. Please confirm this understanding. If not confirmed, please explain.

[Ottawa River Power Corporation confirms that manual adjustments of \\$265,492 and \\$183,175 in Schedule 8 of the PILs model in bridge and test years](#)

respectively were to calculate CCA using accelerated CCA rules. However, the model has been revised through 4-Staff-47 c).

- c) In Schedule 8 of the PILs model, Ottawa River Power calculated bridge and test year CCA to be \$1,501,121 and \$1,371,875, respectively. Using the PILs model, OEB staff inputted the same additions in column 3 into column 4 to recalculate CCA using accelerated CCA rules. The test year CCA is \$1,276,514. Please explain why the test year CCA calculated by Ottawa River Power is not equal to \$1,276,514. Please revise the PILs model as necessary.
- i. If the test year CCA of \$1,371,875 as currently shown in the PILs model is appropriate, please provide the supporting calculation, including the document "PILs Accelerated CCA Calculation" which does not appear to be filed.

Ottawa River Power Corporation recalculated the PILs utilizing column 4 and came to the same test year CCA as the OEB Staff of \$1,276,514. Therefore, the PILs model has been revised accordingly and is provided.

- d) In Schedule 8 of PILs model, the test year shows a total \$265,492 reduction in UCC in column 5. Please explain what this represents.

The \$265,492 reduction in UCC in Column 5 represents the impact of accelerated CCA changes from previous years. This amount is carried forward from row 35 of B8 Sch 8 CCA Bridge. However, the model has been revised through 4-Staff-47 c).

4-Staff-47

Loss Carry Forward

Ref: Exhibit 4, page 57

Preamble:

Ottawa River Power states that the anticipated tax loss of \$9,272 is expected to be utilized in the next fiscal year as CCA is expected to decrease in 2023 resulting in a tax provision.

Question(s):

- a) Please confirm that the tax loss is \$11,527 as per the PILs model. If not confirmed, please explain.

Ottawa River Power Corporation confirms that the loss carry forward is \$11,527 as per the PILs model. However, the model has been revised through 4-Staff-47 c) and the loss is no longer applicable.

- b) Please explain the reason for the expected decrease in CCA in 2023.

There is an expected decrease in CCA in 2023 due to large investments in computer hardware and software in 2020 and 2021. These capital asset additions are subject to high CCA rates and therefore the accelerated portions result in even larger CCA through 2022 (which has eliminated taxes payable through 2022) until the assets become mostly depreciated for tax purposes and taxes become payable as a result.

Exhibit 5 – Cost of Capital and Capital Structure

5-Staff-48

Cost of Capital

Ref: Exhibit 5

Question(s):

- a) Please update 2022 cost of capital parameters in accordance with the OEB's letter dated October 28, 2021.

ORPC confirms that it has updated its models and rate design to reflect the new cost of capital parameters issued on October 23, 2021.

Exhibit 7 – Cost Allocation

7-Staff-49

Weighting Factors

Ref: Exhibit 7, pages 8-10

Preamble:

A services weighting factor over zero exists for every rate class.

The billing and collecting weighting factors for the General Service < 50 and General Service 50 – 4,999 kW rate classes are both below 1.0 indicating a lower cost than residential. Ottawa River Power ascribes this to fewer bills and fewer calls in both rate classes. Other factors identified lead to more effort for these General Service rate

classes. In the Street Lighting rate class, the weighting factor of 2.2 is identified as being reflective of the extremely low volume of bills issue.

Table 3 on page 10 provides an allocation of the components of the billing and collecting expense.

Question(s):

- a) Please confirm that Ottawa River Power customers are not responsible for providing their own service connections regardless of rate class.

Ottawa River Power Corporation confirms that customers are not responsible for providing their own service connections.

- b) If part a) cannot be confirmed, please briefly explain the circumstances under which Ottawa River Power provides the service connection and in which circumstances the customer is responsible.

Part a) was confirmed.

- c) Please explain why fewer bills result in lower cost per bill in general service rate classes, but higher costs in street lighting.

The weighting factor stated in Exhibit 7 page 8 is misstated as 2.2. The correct value is shown in Exhibit 7 page 10 as 0.91. The cost allocation model has been revised accordingly and is provided. With the change in the weighting factor to 0.91, the statement in question is no longer true and reflects lower values. ORPC also wishes to remove its statements from Exhibit 7 page 8 stating that fewer bills result in lower costs per bill as it has determined the number of bills does not impact the weighting factors.

- d) Please indicate how the following line items were allocated, and whether these costs were incurred in lieu of a different cost captured elsewhere.

- i. Customer Billing expenses (ERTH Holdings)

ERTH Holdings costs were allocated based on the number of customers, by customer class, enrolled with retailers as at July 7th, 2021 as the costs pertain to retail-enrolled customers.

- ii. Customer Billing expenses (E-Billing Hosting)

The e-billing costs were allocated based on the number of bills issued between the residential and GS<50 classes. E-billing is strictly limited to those two customer classes due to system limitations with large, unmetered and interval customers.

iii. Collecting – Labour

Collection labour was allocated based on the number of customers in arrears, separated by customer class, as at July 7th. Arrears listings at the time calculated 91.23% of customers in arrears as residential, 8.44% as GS<50, 0.22% as GS>50 and 0.11 as Unmetered. This percentage allocation has remained relatively unchanged.

Ottawa River Power Corporation is not aware of these costs being captured in lieu of different costs elsewhere.

7-Staff-50

Demand Allocators

Ref: Exhibit 7, page 14

Preamble:

Ottawa River Power states that it “intends to update its demand profiles in its next Cost of Service application.”

Question(s):

- a) Please confirm that Ottawa River Power commits to include a proposal to update its demand profiles in the next proceeding where it is required to file a cost allocation model.

ORPC’s hourly data for the relevant classes was not readily available in time for the utility to update its load profiles. However, OPRC confirms that it will propose updated demand profiles in its next Cost of Service proceeding where possible.

7-Staff-51

Revenue to Cost

Ref: Exhibit 7, page 25

Preamble:

Ottawa River Power states that it proposes to adjust the revenue to cost ratios over the period of the 2022 test year, and then hold the ratios constant over the years of 2022 and 2023. It references Table 16, which indicates changes in the 2022 test year and in 2023, and then constant in 2024 and 2025.

In particular, the GS 50 to 4,999 kW class is proposed to move the remainder of the way from 150% to the 120% ceiling in 2023, while all revenue-to-cost ratios under 100% are proposed to increase. Of these, GS < 50 kW is the highest in 2022 at 93.7% and is proposed to increase to 96% in 2023. Unmetered Scattered Load and Residential start out lower at 80% and 93.36% and are proposed to increase to higher levels of 97.94% and 97.33% respectively.

Question(s):

- a) Please confirm that Ottawa River Power is proposing to use the revenue-to-cost ratios in Table 16.

Although the final allocation may change as a result of the application process, as it stands, ORPC confirms that the allocation presented at table 16 of Exhibit 7 is the currently proposed revenue to cost ratios in its load profiles. However, OPRC confirms that it will propose updated demand profiles in its next Cost of Service proceeding where possible.

- b) Please explain how Ottawa River Power selected the revenue-to-cost adjustments in 2022 and 2023.

The rational for the selected revenue to cost ratios are explained in detail at page 24 and 25 of Exhibit 7.

7-Staff-52

Transformer Ownership

Ref: Cost Allocation Model, sheets I6.1 Revenue, I6.2 Customer Data, I8 Demand Data

Preamble:

On sheet I6.1 Revenue, the GS 50 – 4,999 kW has 219,807 kW of forecasted billing demand, 30,565 kW of which is indicated to be eligible for the transformer ownership allowance (TOA), implying that it is served using customer owned transformers, and the remaining 189,242 kW is served using Ottawa River Power owned transformers.

On sheet I6.2 Customer Data, a value of 8 has been entered in cell F24 with a comment “number of customers with their own transformer”. However, the cell is supposed to be populated with the number of customers served using utility owned transformers.

On sheet I8, the demand entries for the line transformer and secondary are blank in the GS 50 – 4,999 kW rate class.

Question(s):

- a) What proportion of customers and demand are served by Ottawa River Power line transformers and secondary distribution?

The demand indicated at cell F27 of Tab I6.1 of the CAM was correct however the demand data was not updated to reflect the proportion of customers which own their transformers.

- b) Please update the cost allocation model to be consistent with the response in part a).

The model filed along with these responses was updated accordingly and has been provided.

7-Staff-53

Transformer Ownership

Ref: Cost Allocation Model, sheets I6.1 Revenue, I6.2 Customer Data

Preamble:

The customer data sheet indicates that there are 19 USL customers, and the revenue sheet indicates that these customers use 606,879 kWh per year. OEB staff calculates that this works out to 2,662 kWh per month ($606,879 / 19 / 12$). No data is entered for the number of connections. A typical General Service < 50 kW customer uses 2,000 kWh per month.

Question(s):

- a) How many connections are used by the USL rate class?

There are 88 connections within the USL rate class.

- b) Please explain why an average USL customer uses more energy than a typical GS < 50 kW customer.

All ORPC GS<50 kW customers only have one connection whereas there is an average of 4.6 connections per USL customer. If average usage is revised to represent an average per connection, the average USL connection would utilize 575 kWh (606,879 / 88 / 12) which is well below the 2,000 kWh per month average for GS < 50 kWh.

Exhibit 8 – Rate Design

8-Staff-54

Pole Attachment Charge

Ref: Exhibit 8, page 24 of 48

EB-2020-0049, 2021 Tariff of Rates and Charges

Question(s):

- a) The OEB-issued interim province wide pole attachment charge of \$44.50/pole/year was not shown on Ottawa River Power's 2021 Tariff of Rates and Charges. As a condition of licence, electricity distributors are required to charge the pole attachment rate approved by the OEB. This charge is to be included in the electricity distributor's tariff. Ottawa River Power's tariff does not list the wireline pole attachment charge. Please confirm that the interim charge of \$44.50 for wireline pole attachments should have been included in Ottawa River's 2021 Tariff in the Specific Service Charges section.

Ottawa River Power Corporation confirms that the interim charge of \$44.50 for wireline pole attachments should have been included in its 2021 Tariff in the Specific Service Charges section.

- b) Please clarify the pole attachment charge Ottawa River Power adopted for 2021 rate year.

Ottawa River Power Corporation adopted a wireline pole attachment charge of \$44.50 for the 2021 rate year.

- c) Please confirm Ottawa River Power will adopt the OEB-issued province wide pole attachment charge for the 2022 rate year.

Ottawa River Power Corporation confirms that it intends to adopt the OEB-issued province wide pole attachment charge for the 2022 rate year.

8-Staff-55

Retail Transmission Service Rates

Ref: RTSR Workform, sheet 4. UTRs and Sub-Transmission

Ref: EB-2020-0237, Appendix A, page 5

Preamble:

The RTSR rates have been calculated using 2020 rates for Hydro One Networks Inc. (HONI) and a second host.

The second reference stipulates that Ottawa River Power make payments to Brookfield Energy Management Inc. (BEMI) for:

Avoided Transmission Charge = fifty percent (50%) of the HONI monthly transmission charges express in \$ per kilowatt, calculated on the amount of power delivered by BEMI coincident with the monthly Hydro One billing hour.

Question(s):

- a) Please confirm that the second host is BEMI.

Ottawa River Power Corporation confirms that the second host is BEMI.

- b) Please confirm that BEMI is operating as an embedded generator to Ottawa River Power.

The OEB currently defines BEMI as an embedded generator as per their interpretation of the definition of “embedded generator” found in O.Reg 429.

- c) Please explain how the billing kW is determined for BEMI. For example, is it based on the volume supplied by BEMI at the peak of BEMI's deliveries, at the peak of HONI's deliveries, at the peak of Ottawa River Power's receipts, or some other measure?

The billing kW for BEMI is determined by referencing HONI's peak demand on Pembroke's point of delivery's monthly invoice. Once the monthly HONI peak demand date and time is made available to Ottawa River Power, the kW provided by BEMI at that same date and time is found. The HONI peak date and time and the kW value is then sent to BEMI for verification and billing.

- d) Please explain why it is appropriate that a charge relating to energy supplied by a generator embedded within Ottawa River Power's system would be recovered through Ottawa River Power's RTSRs.

Enerdu and MRPC are embedded generators located within ORPC's service territory that charge standard HCI and RESOP contract pricing respectively. This pricing is determined and communicated by the IESO on an annual basis and captures various components of pricing including but not necessarily limited to HOEP, transmission charges and wholesale market charges. BEMI on the other hand, is not a standard contract and is broken down into 3 different components of pricing. Electricity charges under the BEMI power purchase agreement are calculated based on the HOEP for each applicable hour for every hour of the month whereas transmission and wholesale market charges are calculated based on 50% and 35% of avoided transmission and wholesale market charges that would have been charged by Hydro One had the power been supplied by Hydro One. As a result of the non-standard nature of the contract and to ensure that the RTSRs charged to customers are weighted appropriately to minimize balances in the RTSR variance account (resulting in small year over year bill impact variances), it is appropriate to include these charges within the company's RTSRs.

8-Staff-56

Low Voltage

Ref: Exhibit 8, page 27

Preamble:

Ottawa River Power has forecasted low voltage charges based on a five-year historic average of charges. This results in a forecasted expense of \$487,559.

Question(s):

- a) Please provide a forecast of low voltage kW demand and explain how that forecast is arrived at.

Please refer to the Excel Appendices calculations provided. ORPC calculated the low voltage kW demand for each TS point by month since 2016. From there, the utility determined the annual demands which are summarized in rows 69 to 77. There is no clear trend upward or downward in the annual demand and therefore the utility believes that a forecast based on the average of the past 5 years would be reasonable. The forecasted low voltage demand determined by ORPC would be 28,370 kW monthly or 340,437 kW annually.

- b) Please provide the low voltage expense that would result if this volume were subject to current approved Hydro One Networks.

The estimated low voltage expense that would result if this volume were subject to current approved Hydro One Networks low voltage rates would be \$496,616 which is \$9,057 higher than the five-year average of the expense. The details of the calculation can be found in the Excel Appendices calculations provided.

- c) Please comment on the relative merits of forecasting LV expense using the method proposed in Ottawa River Power's application relative to the method outlined in parts a) and b) of this question.

As detailed through the calculations, the resulting expense is not materially different and would have a minimal impact on any applicable rate rider for this application. In its application, ORPC has utilized a method that is consistent with past applications. However, utilizing a forecasted demand for low voltage charges would be beneficial if the Hydro One low voltage rates see material changes as it may decrease the time between the Hydro One and the embedded distributor low voltage rate adjustments where the embedded distributor is attempting to "keep pace" with changes in Hydro One low voltage rates.

8-Staff-57

Loss Factors

Ref: Exhibit 8, pages 29-32

Ref: RRR Filings

Preamble:

Ottawa River Power has negative supply facility losses in 2017. It attributes this to the configuration with Hydro One and "deductive usage points".

The RRR filings indicate the following energy usage

Year	kWh from IESO Grid	kWh from Embedded Generation	Total
2016	138,968,687	51,775,219	190,743,906
2017	105,580,388	80,114,866	185,695,254
2018	128,340,976	65,288,893	193,629,869
2019	132,972,691	59,289,449	192,262,140
2020	116,856,307	69,857,369	186,713,676

Question(s):

- a) For each point where power enters Ottawa River Power's distribution system, please provide the annual energy received, and the annual energy generated and purchased with respect to this energy.

Please see the attached excel appendices detailing the lower and higher values of the energy received from Hydro One by point. Please also find attached within the excel appendices the Hydro One Totalization Table outlining how usage from each metering point is derived.

- b) Please explain what a "deductive usage point" is.

Deductive usage points are metering points that are on the load side of the Hydro One transmission station that supplies Pembroke but pertain Hydro One customers.

- c) Do "deductive usage points" result in more power coming onto Ottawa River Power's system than is generated in respect of that power?

Deductive usage points do not result in more power coming onto the system. The transmission station for Pembroke is located in Hydro One territory and Hydro One customers are located between the transmission station and the ORPC territory boundary. Since the point is metered at the station and Hydro One customers are also fed by that station, the Hydro One customers must be deducted from the metered usage. The "additional" power at the metering point is being used directly by Hydro One customers and is not seen in the ORPC system.

- d) Please explain how a larger contribution of power from Hydro One would cause the "lower value" to outweigh the "higher value" in 2017.

The "Total KWH" are higher than the "Total KWH w Losses" due to a unique legacy subtractive metering arrangement at Pembroke TS. Instead of installing primary metering units for Ottawa River Power, Hydro One is using existing wholesale and retail meters to bill ORPC. ORPC is benefiting by paying lower losses and not paying the metering charge on monthly basis. Pembroke is supplied by Hydro One's Pembroke TS and by Brookfield. When Brookfield supplies less power, Hydro One supplies more to compensate. In 2017, Brookfield supplied approximately 9M kWh below the 5-year average requiring Hydro One to provide 9M more kWh. This resulted in an additional 9M kWh being subjected to a loss allowance (negative loss adjustment to usage due to the

legacy subtractive metering arrangement) which ultimately caused overall loss-adjusted consumption to be lower than non-loss adjusted usage.

- e) Please reconcile the values in Appendix 2-R to the values from the RRR filings (reproduced above).

The 2020 value in Appendix 2-R agrees to the 2020 RRR filing value. However, the remaining values do not agree to the RRR filings as the report and methodology prepared by Metsco were only performed in March 2021. This report indicated that previous annual calculations were not exact. No RRR revisions were submitted to allow for the data and methodology to be reviewed through the Cost of Service application.

Exhibit 9 – Deferral and Variance Accounts

9-Staff-58

Accounts 1588 and 1589

**Ref: Exhibit 1, pages 39
Exhibit 9, page 35**

Preamble:

Ottawa River Power is requesting to defer the disposition of Account 1588 and 1589 as at December 31, 2019, until the OEB inspection has been completed.

Question(s):

- a) Please provide an update on the status of the OEB inspection.

The inspection is currently ongoing. It is expected that it will be finalized after the Cost of Service and once new methodology is implemented and reviewed by the OEB.

- b) If the inspection has been completed, please revise the evidence to request disposition of Accounts 1588 and 1589 (presuming the disposition threshold is exceeded) and confirm that the revised balances are in accordance with the inspection report. For any years requested for disposition that are not within the scope of the inspection, please complete the GA Analysis Workform. Further, if the inspection is complete as of the date of reply to these interrogatories:
- i. Please confirm that Ottawa River Power would be requesting disposition of 2020 balances. If not, please explain why not.

- ii. Please file the OEB inspection report on record, redacting any personal confidential information as applicable.
- iii. Please explain whether Ottawa River Power has made all correcting journal entries associated with the inspection report (if applicable), in its general ledger yet. If not, please explain when it plans to do so.
- iv. Please indicate whether there are any outstanding items from the inspection report that Ottawa River Power needs to complete. If so, please indicate which items are outstanding and explain Ottawa River Power's plan to address these outstanding items, including how it will address these outstanding items.
- v. Please explain how Ottawa River Power plans to apply any lessons learned from the inspection to its accounting of Account 1588 and 1589 balances, going forward.
- vi. Given the findings in the inspection report, please explain whether Ottawa River Power will need to review its Account 1588 and 1589 balances for any years that are not in the scope of the inspection.

Please see note above. Inspection is currently ongoing therefore these questions are not applicable.

- c) In Exhibit 9, Ottawa River Power discusses its RPP settlement true-up process, which trues up the GA 1st estimate used in the initial RPP settlement to the actual GA rate. Please confirm that Ottawa River Power also trues up estimated unbilled to actual consumption volumes, which is not billed until two to six weeks following month-end. If not confirmed, please explain how omitting a volume variance true-up is in accordance with the Accounting Guidance for Accounts 1588 and 1589.

Ottawa River Power Corporation confirms that it trues-up estimated unbilled to actual consumption volumes for the purpose of Global Adjustment settlement with Hydro One.

9-Staff-59

OPEB Account

Ref: Exhibit 1, page 39

DVA Continuity Schedule

EB-2014-0105, Settlement Proposal, page 34

Preamble:

In Exhibit 1, Ottawa River Power indicates that it is requesting disposition of balances related to OPEB accrual variance in Account 1508 as at December 31, 2020. However,

in the settlement proposal for Ottawa River Power's 2016 cost of service proceeding, it states that "ORPC has confirmed that no OPEB amounts are included in rates as budgeted for the Test Year. No deferral account is required for OPEBs due to the limited future liability expected". Furthermore, in the DVA Continuity Schedule of the current proceeding, there is no OPEB related account listed.

Question(s):

- a) Please explain whether the OPEB variance account referenced above exists.

Ottawa River Power Corporation confirms that no OPEB variance account exists and that no balance is being sought for disposition. Exhibit 1 Page 39 is misstated.

- b) If so, please provide the evidence and accounting order showing the establishment of this account.

See answer provided above in a). Account does not exist.

- c) Please explain the nature of this account and explain how it differs from the OPEB-related deferral account that was contemplated, and then confirmed to not be established in Ottawa River's 2016 cost of service proceeding.

See answer provided above in a). Account does not exist.

- d) Please update the evidence in Exhibit 9 as well as the DVA Continuity Schedule, as needed.

See answer provided above in a). Account does not exist.

9-Staff-60

Accounts 1518/1548

Ref: Exhibit 9, page 24

**Report of the OEB, Energy Retailer Services Charges, November 29, 2018
(EB-2015-0304)**

Preamble:

Ottawa River Power indicated that it does not use Account 1518 – Retail Cost Variance Account - Retail and Account 1548 - Retail Cost Variance Account – STR.

In the DVA Continuity Schedule, there are no balances for Accounts 1518, 1548 and Account 1508 – Retail Service Charge Incremental Revenue.

In the Report of the OEB, Energy Retailer Services Charges, the OEB established Account 1508 – Retail Service Charge Incremental Revenue for electricity distributors that no longer used RCVAs. The purpose of the new variance account is to capture the incremental revenues that are a result of the increase in the electricity RSCs in the midst of an incentive rate-setting term, resulting in revenues earned being greater than amounts previously approved in an electricity distributor's distribution rates. The balance in the new variance account would be refunded to ratepayers in a future rate application, and the new account subsequently closed.²

Question(s):

- a) Please provide Ottawa River Power's balance in the new 1508 sub-account, with the supporting calculation of the balance. Please comment on whether Ottawa River Power is able to reasonably forecast the balance until April 30, 2022. If so, please provide the forecasted balance as at April 30, 2022.

Ottawa River Power Corporation has recalculated the balance in 1508 sub-account Retail Service Charge Incremental Revenue. The principal balance as at December 31, 2020 is \$11,119.88. The DVA Continuity Schedule has been revised accordingly.

Additionally, Ottawa River Power believes it can reasonably forecast the principal balance to April 30, 2022 as follows:

Year	Transactions
2019	\$4,707.30
2020	\$6,412.58
2021	\$6,542.31
2022	\$2,151.48
Projected Principal Balance at April 30, 2022	\$19,813.67

² EB-2015-0304, Decision and Order, February 14, 2019

- b) Please confirm that Ottawa River Power will discontinue the 1508 sub-account effective May 1, 2022.

Ottawa River Power Corporation confirms that it will discontinue the 1508 sub-account Retail Service Charge Incremental Revenue account effective May 1, 2022 should the OEB approve the disposition of the projected principal balance up to April 30, 2022.

9-Staff-61

Account 1595 (2016)

Ref: Account 1595 Workform

Preamble:

In the Account 1595 (2016) Workform, the rate rider analysis provided includes amounts relating to rate riders for Account 1575/1576 (credit of \$1,161) and stranded meters (debit of \$137,053). Per the July 2012 Accounting Procedures Handbook, Frequently Asked Questions #10 and Appendix B, upon approved disposition of Account 1575/1576 and approved recovery of stranded meters, the approved amounts are not transferred to Account 1595.

Question(s)

- a) For presentation purposes that accords with the OEB's guidance, please revise the residual balance in Account 1595 to transfer the residual stranded meter amounts back to Account 1555 in the DVA Continuity Schedule.

Please see the attached revised DVA Continuity Schedule.

- b) For the stranded meter rate rider shown in the Account 1595 Workform, 9,463 residential customers were forecasted to be billed but only 1,896 residential customers were billed. Please explain this variance in the residential class.

The workform indicates that 1,896 was used as a basis for billing and does not represent the number of customers billed. The actual number of average customers billed was 9,480. The basis for billing was calculated otherwise as the rate charges to residential customers was \$0.066 as opposed to the approved \$0.66 resulting in an under-billing of \$135,308. The error was not noted until the preparation of the 1595 workform for this application.

- c) In the Account 1595 Workform, the majority of the Account 1595 (2016) variance is due to the Global Adjustment rate rider in the GS 50 to 4999 kW class. Please explain the variance.

The variance was caused by higher than anticipated non-RPP kW consumption. The 2016 EDDVAR Continuity Schedule Billing Determinants assumed that the proportion of non-RPP and RPP kWh for General Service 50 to 4,999 kW would be the same for kW. However, the actual non-RPP kW billed was 43,367 kW higher per year than the table calculated.

9-Staff-62

Account 1592

Ref: Exhibit 9, pages 9-10

Account 1595 Workform

Preamble:

Ottawa River Power is proposing to dispose of a credit balance of \$11,181 in Account 1592 - PILs and Tax Variance. Ottawa River Power indicates that this balance is due to differences in shared tax savings calculated in the IRM model.

In the decisions and orders for Ottawa River Power's 2019, 2020 and 2021 rates,³ the OEB approved tax sharing credit amounts of \$6,649, \$4,298, \$4,679, respectively and directed Ottawa River Power to record these amounts in Account 1595 as the tax sharing amounts did not result in rate riders in one or more classes. The Account 1595 Workform does not list these tax sharing amounts as being included in the applicable Account 1595 sub-account.

Question(s)

- a) Please confirm that credit balance in Account 1592 represents the tax sharing amounts approved in Ottawa River Power's 2019 and 2020 rate proceedings. If not, please explain.

Ottawa River Power confirms that the amounts being proposed for disposition represent the amounts approved in the company's 2019 and 2020 rates proceedings plus estimated carrying charges of \$234 which is calculated in the DVA continuity schedule.

- b) Please confirm that Ottawa River Power will record the 2021 tax sharing amount in Account 1595, as directed by the OEB.

³ EB-2018-0063, EB-2019-0063, EB-2020-0049

Pending approval of the application and once all models are revised as applicable, Ottawa River Power Corporation confirms that it will record the 2021 tax sharing amount in Account 1595.

9-Staff-63

Account 1508, Sub-account Pole Attachment Revenue Variance

Ref: Exhibit 9, pages 7, 26

DVA Continuity Schedule

OEB Letter Regarding Accounting Guidance on Wireline Pole Attachment Charges, July 20, 2018

OEB Staff Clarification Questions – Response #16

Preamble:

Ottawa River Power is proposing to dispose a credit balance of \$125,053 for Account 1508, Sub-account Pole Attachment Revenue Variance. In the DVA Continuity Schedule, there are transactions in 2019 and 2020 in this sub-account.

On page 7, Ottawa River Power indicated that it has forecasted 2021 and 2022 transactions in order to finalize disposition of some Group 2 accounts. Page 26 indicates that this includes the sub-account for Pole Attachment Revenue Variance.

Question(s)

- a) In the OEB's July 20, 2018 letter referenced above, the 1508 sub-account would start recording revenues variances starting in September 2018. Please explain why there are no transactions in 2018 in the DVA Continuity Schedule for this sub-account. Please revise the evidence as needed.

The adjustment pertaining to 2018 was included in 2019 transactions as the adjustment was not performed until after the close of the 2018 audit.

- b) Please confirm that only 2021 transactions have been forecasted in this sub-account and not 2022 transactions.

The accounts included in the forecast did not include pole attachment charges. This sub-account only includes transactions up to December 31st, 2020 and no transactions for 2021 were forecasted. The forecasted 2021 balance would be as follows:

Year	Poles	Charged	Approved	Variance
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2021	2,832	\$44.50	\$22.35	\$62,729
Forecasted Cumulative Principal Balance at December 31, 2021				\$186,839
Forecasted Cumulative Carrying Charges at April 30 th , 2022 including 2021 principal forecast				\$1,420

c) Please provide the calculation of the balance in the 1508 sub-account.

Please see the calculation below. Please note that rates were not updated in a timely manner by ORPC resulting in some minor differences.

Year	Poles	Charged	Approved	Variance
2018	1,908	\$22.35	\$22.35	\$0
2018	924	\$25.35	\$22.35	\$2,776
2019	2,832	\$43.63	\$22.35	\$60,265
2020	1,908	\$43.63	\$22.35	\$40,602
2020	924	\$44.50	\$22.35	\$20,467

Carrying Charges Calculated to April 30 th , 2022	\$943
Total	\$125,053

- d) In response to OEB staff's Clarification Questions, Ottawa River Power indicated that it is not proposing to discontinue any existing accounts. Please confirm that this applies to the Pole Attachment Revenue Variance sub-account.

Ottawa River Power Corporation confirms that this does not include the Pole Attachment Revenue Variance account as the principal balance and carrying charges from January 1st, 2021 to April 30th, 2022 will be included and disposed through the existing 1508 account in a future application.

9-Staff-64

Account 1592, Sub-account CCA Changes

Ref: Exhibit 9, pages 10-11

OEB's Letter Regarding Accounting Direction Regarding Bill C-97 and Other Changes in Regulatory or Legislated Tax Rules for Capital Cost Allowance, July 25, 2019

**Exhibit 4, Appendix B – 2020 Tax Return
Chapter 2 Appendix 2-BA**

Preamble:

Ottawa River Power is proposing to dispose a credit balance of \$87,652 in Account 1592, Sub-account CCA Changes. Per the OEB's July 25, 2019 letter referenced above, utilities are to record the full revenue requirement impact of any changes in CCA rules that are not reflected in base rates in the 1592 sub-account.

Question(s):

- a) Table 3 provides the calculation for the 1592 sub-account. The calculation does not appear to be grossed-up by the effective tax rate. Please confirm.

- i. If confirmed, please revise the 1592 sub-account balance to include the gross-up. Please revise the DVA Continuity Schedule accordingly.

Ottawa River Power Corporation's auditors have reviewed the calculation and have determined that the calculation did not gross up by the effective tax rate. The revised amounts for 2019 and 2020 respectively would be \$38,079 [$\$27,988 / (1 - 26.5\%)$] and \$80,276 [$\$59,003 / (1 - 26.5\%)$] for a revised principal total of \$118,355. The principal and carrying charges have been revised in the DVA Continuity Schedule accordingly. Please also see the forecasted 2021 impact and detailed calculations in the Excel appendices 9-SEC-30.

- b) It states that the 2020 amount in the 1592 sub-account includes the Almonte MS#4 being capitalized for financial statement and tax return purposes. This resulted in additions of \$2,555,375 in the CCA Class 47, which can also be seen in Schedule 8 of Ottawa River Power's tax return. In Appendix 2-BA, the ICM related additions in 2020 is \$2,059,753. Please explain the difference between the two.

The CCA Class 47 captures all additions pertaining to electrical distribution equipment. There are additional additions of \$495,622 that occurred in 2020 as the ICM project was not the only capital project completed in 2020.