Hydro 2000 Inc.

Response to OEB Staff Questions

February 3, 2022

EB-2021-0030

**Hydro 2000 Inc.**

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Please note, Hydro 2000 Inc. (Hydro 2000) is responsible for ensuring that all documents it files with the OEB, including responses to OEB staff questions and any other supporting documentation, do not include personal information (as that phrase is defined in the *Freedom of Information and Protection of Privacy Act*), unless filed in accordance with rule 9A of the OEB’s *Rules of Practice and Procedure*.

Please also note, OEB staff has made the following generic updates in Hydro 2000’s Rate Generator Model and attached it to these OEB staff questions:

* Updated the IPI Inflation Factor to 3.30%[[1]](#footnote-1) in Tab 16 and Tab 17-Retail Service Charges[[2]](#footnote-2)
* Updated the Ontario Electricity Rebate in Tab 20 to 17% (as of November 1, 2021)
* Updated the Wireline Pole Attachment Charge to $34.76[[3]](#footnote-3) in Tab 17 and removed the “Approved on an Interim Basis” language in Tab 19
* Updated the 2022 UTRs[[4]](#footnote-4) and Hydro One Sub-transmission rates[[5]](#footnote-5) in Tab 15

**Staff-1**

**Ref 1: Manager’s Summary, p. 9**

**Ref 2: Rate Generator Model, Tab 16**

For the stretch factor grouping, Hydro 2000 states that it was assigned to stretch factor group II and that its stretch factor value is 0.00%. OEB staff notes that the stretch factor value associated with group II is 0.15%. Please update the stretch factor value in tab 16 to 0.15%.

**Hydro 2000 Response:** H2000 has modified tab 16 of the IRM model to reflect a stretch factor group of 2 which represents a factor value of 0.15.

**Staff-2**

**Ref: Manager’s Summary, p. 10**

Hydro 2000 states that it confirms its distribution rates are fully fixed. However, on the same page, Hydro 2000 states the following: “Hydro 2000 has not yet completed its transition to fully fixed residential rates. Hydro 2000 indicated in its 2020 Cost of Service application that it had two years remaining in its transition period, which would mean that the utility would go to fully fixed rates in this application.” Please explain the contradictory statements.

**Hydro 2000 Response:** H2000 confirms that the statement at page 10 was incorrect and that H2000’s rates are fully fixed.

**Staff-3**

**Ref: Manager’s Summary, p. 10**

Hydro 2000 states the following regarding the disposition threshold for the Group 1 deferral and variance accounts: “Since the threshold was met, Hydro 2000 is therefore not seeking disposal of its deferral and variance account in this proceeding.” OEB staff notes this may be an erroneous statement because the rest of the application indicates otherwise. Please confirm that Hydro 2000 is seeking disposal of its Group 1 deferral and variance account in this proceeding.

**Hydro 2000 Response:** H2000 confirms that the statement at page 10 was incorrect and the threshold was met and that H2000 is seeking disposal of its Group 1 balances in this proceeding.

**Staff-4**

**Ref: Manager’s Summary, p. 14**

Hydro 2000 states the following: “GA rate riders calculated on an energy basis (kWh) (not applicable in this case).” Please explain what is meant by “not applicable in this case.”

**Hydro 2000 Response:** The statement was made in error. The utility is seeking disposition of its GA account therefore the statement is applicable in this case.

**Staff-5**

**Ref 1: Manager’s Summary, p. 14**

**Ref 2: Rate Generator Model, Tabs 6 and 7**

Hydro 2000 states the following regarding the recovery period for disposition of the Group 1 deferral and variance accounts: “The proposed rate riders sought for recovery or refund of balances that are proposed for disposition over the default period of two years.” OEB staff notes that this is not consistent with the Rate Generator Model, which shows 12 months. Please confirm the recovery period for the disposition of the Group 1 deferral and variance accounts.

**Hydro 2000 Response:** Upon review of its balances, H2000 proposed to dispose of its Group 1 balances over a period of 12 months. (H2000 notes that its GS 50-4999 class yields a bill impact over 10% and as such, the utility is open to extending its disposition to 24 months if the OEB deems it appropriate.)

**Staff-6**

**Ref: Rate Generator Model, Tab 1**

Please select which scenario applies to Hydro 2000 for the Retail Service Transmission Rates by selecting the appropriate scenario in tab 1 (cell F53).

**Staff-7**

**Ref: Rate Generator Model, Tabs 1 and 3**

Hydro 2000 indicated that the account year in which Accounts 1588 and 1589 were last disposed on a final basis was 2020 (in cell F32) and 2018 (in cell F34). Hydro 2000 also indicated that the account year in which the remaining Group 1 deferral and variance accounts were last disposed of on a final basis was 2020 (in cell F39) and 2018 (in cell F42).

OEB staff notes that Group 1 deferral and variance account balances (including Accounts 1588 and 1589) were last disposed of (on a final basis) in Hydro 2000’s application for 2021 rates. Therefore the year should be 2019 given that the balances as at December 31, 2019 were disposed in the 2021 rate application.

1. For Accounts 1588 and 1589, please confirm that 2019 is the correct year and update cells F32 and F34 in tab 1 accordingly.
2. For the remaining Group 1 deferral and variance accounts, please confirm that 2019 is the correct year and update cells F39 and F42 in tab 1 accordingly.
3. Please update tab 3 of the Rate Generator Model to reflect the above changes. The continuity schedule will open from the year the GL balance was last disposed, with a requirement to populate the approved ending balances in the Adjustments column of that year (which OEB staff understands to be 2019).

**Hydro 2000 Response:** In principle, H2000 agrees with Board Staff however, there has been conflicting instructions with respect to populating tab 1 in previous years.

In its 2021 IRM application, H2000 was instructed to input 2020 for Group 1 DVAs (in both F40 and F42-45) which would indicate that the inputs should be 2021 in the current 2022 rate application given that balances were disposed of on a final basis in its 2021 rate application. It would be useful if the model indicated whether the “rate year” or “audited balance year” is required. (e.g., a rate year of 2021 would be disposing of 2019 year-end balances)

**Staff-8**

**Ref: GA Analysis Workform**

The Net change in Principal Balance in the GL (i.e. Transactions in the Year) should agree to the "Principal Transactions" amount in the DVA Continuity Schedule. Please explain why the Net Change in Principal Balance in the GL (i.e. Transactions in the Year) (cell C75) ($11,666) does not match the transactions in the continuity schedule of $378.

**Hydro 2000 Response:** The error was corrected in the model attached to these responses.

1. 2022 inflation factor established in the Decision and Order issued on November 18, 2021, EB-2021-0212 [↑](#footnote-ref-1)
2. EB-2021-0301, Decision and Order, issued November 25, 2021 [↑](#footnote-ref-2)
3. EB-2021-0302, Decision and Order, issued December 16, 2021 [↑](#footnote-ref-3)
4. EB-2021-0276, Decision and Rate Order, issued December 16, 2021 [↑](#footnote-ref-4)
5. EB-2021-0032, Decision and Rate Order, issued December 14, 2021 [↑](#footnote-ref-5)