

**Response to OEB Staff Error Checking Questions
Cooperative Hydro Embrun Inc. (EB-2022-0022)
March 31, 2022**

1. The bookmarks for each PDF Exhibit do not seem to be working. Please provide updated, appropriately bookmarked Exhibits.

CHEI Response: [The bookmarks have been corrected and exhibits refiled via RESS](#)

2. Cooperative Hydro Embrun did not file both the Global Adjustment (GA) Analysis Workform and Account 1595 Workform as part of its pre-filed evidence because the utility's external audit was not yet complete for balances as at December 31, 2021. If the external audit is now complete, please file the GA Workform, Account 1595 Workform, and an updated DVA Continuity Schedule. Further, Account 1595 (2019) is eligible for disposition upon the completion of the December 31, 2021 audit, so Exhibit 9 Table 5 and other evidence may also be updated. Please file this evidence accordingly.

CHEI Response: [OEB has provided updated versions of the GA workform and 1595. Both models have now been completed and filed via RESS](#)

3. Given the early filing of this application, Cooperative Hydro Embrun had to adapt the OEB's models. Please provide a list of the updates made to the OEB's models.

CHEI Response:

DVA [Tab 1: Data validation on years to include 2021
Tab 2a\) 2b\) row 19 to pick up the correct year.
Change 2022 to 2023 in the headings](#)

CA [Change 2022 to 2023 in the headings](#)
PILs [Change 2022 to 2023 in the headings](#)
RTSR [Change 2022 to 2023 in the headings](#)
RRWF [Change 2022 to 2023 in the headings](#)

Ch2App. [LDC Info: Data validation on years to include 2023 for Test Year
Change 2022 to 2023 in the headings](#)

Bill Impacts [Current Tariff Sheet: Updated to current tariff sheet](#)

4. The language above Table 4 in Exhibit 1, page 12 indicates a proposed 2023 rate base of \$4,781,272. Table 4 shows a total rate base of \$4,780,587.

CHEI Response: CHEI confirms that the proposed rate base is \$4,780,587.

5. OEB staff is unable to reconcile the increase in “Average Net Fixed Assets” and “Movement in Rate (Asset) Base” lines in Table 2 in Exhibit 1, page 10.

CHEI Response: The net fixed asset should have reflected \$112,287.35.

6. In Exhibit 1, page 24, the link provided to Cooperative Hydro Embrun’s Annual Report does not work. Please provide an updated link or the document.

CHEI Response: https://hydroembrun.ca/content/user_files/2021/05/annual-report-2020.pdf

7. In Exhibit 1, page 33, Cooperative Hydro Embrun provides a table showing its achieved return on equity for 2018-2020. These figures do not reconcile to the OEB’s Scorecard as provided in Exhibit 1, page 29.

CHEI Response: See corrected table below

	2018	2019	2020	2023
2018 Board Approved	9.00%	9.00%	9.00%	8.66%
Actual Achieved	6.12%	10.03%	11.35%	

8. Exhibit 1, page 34, table 13 shows a working capital allowance rate of 48,750 for 2023. Please confirm this should be 7.50%.

CHEI Response: Confirmed

9. In Tab 2-AB of the Chapter 2 Appendices for 2018 planned System Access, it shows \$34,500 in costs and capital contributions of \$5,775. Exhibit 2, page 20 shows a 2018 planned System Access amount of \$83,200 and capital contributions of \$132k.

CHEI Response: Table 2-AB should have shown the information below.

CATEGORY	2018		
	Plan	Actual	Var
	\$ '000		%
System Access	215,200	79,865	-62.9%
System Renewal	115,780	143,563	24.0%
System Service			--
General Plant	5,700	3,854	-32.4%
TOTAL EXPENDITURE	336,680	227,282	-32.5%
Capital Contributions	- 132,000	- 60,245	-54.4%
Net Capital Expenditures	204,680	167,037	-18.4%
System O&M	\$ 89,684	\$ 89,782	0.1%

10. In Tab 2-AB of the Chapter 2 Appendices, for the year 2020, it shows total net capital expenditures of \$92,273. In Tab 2-BA for the year 2020, it shows \$120,679 in additions.

CHEI Response: The difference between the 120,679 and 92,273 was as a result of an unusual adjustment of 28,405 which was recorded in 4360 as a gain on Disposition of Utility and Other Property.

CATEGORY	Histori		
	2020		
	Plan	Actual	Var
	\$ '000		%
System Access	53,000	238,671	350.3%
System Renewal	60,000	77,545	29.2%
System Service		11,532	--
General Plant	5,700	4,676	-18.0%
TOTAL EXPENDITURE	118,700	332,424	180.1%
Capital Contributions		- 240,151	--
Net Capital Expenditures	118,700	120,678	1.7%
System O&M	\$ 98,742	\$111,374	12.8%

11. The last two tables in Tab 2-BA of the Chapter 2 Appendices have been labelled 2017 & 2018, respectively. Confirm that these are intended to show 2022 & 2023. Please correct Tab 2-BA of the Chapter 2 Appendices accordingly.

CHEI Response: Confirmed and corrected.

12. In Exhibit 4, page 15 the evidence shows on-going costs in 2023 of \$68k and no one-time costs. Tab 2-M of the Chapter 2 Appendices shows ongoing costs in 2023 of \$57k and one-time costs of \$58k. Further, Tab 2-M of the Chapter 2 Appendices has not been populated in full. Please provide the 2018 OEB-approved application related costs (i.e., one-time) in column E.

CHEI Response: CHEI confirms that the total regulatory costs are 68,600 of which 57,000 are on-going and 11,600 represent 1/5 of \$58,000 one-time costs. Line 13 of Table 12 has been corrected to show 58,000 in one time costs. Appendix 2-M has been completed to the best of the utility’s ability. CHEI notes that the Appendix could be better explained. For example the column entitled USoA Account Balance does not specify for which year the balance is required and it is not clear as to whether amortized costs as approved in the last cost of service should be entered and if so, under the one-time costs.)

13. The SAIDI/SAIFI metrics in the DSP at pages 16-22 do not reconcile to the Chapter 2 Appendices, Tab 2-G. Please confirm the correct ones and confirm that they reconcile with the OEB’s Scorecard.

CHEI Response: CHEI confirms the following information:

- That the Loss of Supply Adjusted System Reliability Indicators (as originally filed) at pages 18-21 match the OEB’s scorecards.
- The Service Quality Table in Chapter 2 as originally filed was correct and matches the revised table below.
- The following revisions have been made to table 7 – System Reliability.

Table 7 – System Reliability (App 2-G)

Indicator	OEB Minimum Standard	2016	2017	2018	2019	2020
Low Voltage Connections	90.0%	100.0%	100.0%	100.0%	100.0%	100.0%
High Voltage Connections	90.0%	n/a	n/a	n/a	n/a	n/a
Telephone Accessibility	65.0%	95.20%	93.42%	94.26%	96.38%	95.46%
Appointments Met	90.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Written Response to Enquires	80.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Emergency Urban Response	80.0%	100.0%	100.0%	100.0%	100.0%	83.33%
Emergency Rural Response	80.0%	n/a	n/a	n/a	n/a	n/a
Telephone Call Abandon Rate	10.0%	4.80%	6.58%	5.74%	3.62%	4.54%
Appointment Scheduling	90.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Rescheduling a Missed Appointment	100.0%	n/a	n/a	n/a	n/a	n/a
Reconnection Performance Standard	85.0%	100.0%	100.0%	100.0%	100.0%	n/a

14. OEB staff notes the following issues related to Other Revenue. Please address/correct/reconcile all matters noted below:

- The Other Revenue amounts for 2018-2020 do not match between exhibit 6, page 12 and the Chapter 2 Appendices, Tab 2-H (columns G, H and I).

CHEI Response: Appendix 2-H has been corrected

- The OEB-approved amount for 2018 shown in the current application in Exhibit 6, page 12 (i.e. \$41,452) does match the last rebasing Tab 2-H or settlement proposal which shows an amount of (\$29,658).

CHEI Response: Exhibit 6 page 12 has been revised to correct amounts that were entered incorrectly (- vs+)

- Tab 2-H, line 67 (Other Operating Revenues) does not sum to the total of the inputs in the top portion of the table. For example, for the year 2023, line 67 shows \$23,996, however, the sum of Accounts 4082, 4086 and 4210 is \$16,486. The same issue applies to 2021 and 2022.

CHEI Response: The table has been corrected

- Tab 2-H of the Chapter 2 Appendices indicates that for each "Other Operating Revenue" and "Other Income or Deductions" Account, a detailed breakdown of the account components is required, which does not seem to be provided. Please see the bottom portion of Tab 2-H.

CHEI Response: The table has been corrected

15. On Exhibit 1, page 19 & 20, there are missing and potentially incorrect statements relating to DVAs approved in past OEB decisions.

- a. For 2018 rates, no reference to DVAs were included. Please confirm that a statement may be included to reference that December 31, 2016, DVAs were approved.

CHEI Response: CHEI made no reference to DVAs because Board panel did not reference DVAs in its decision. Instead, the decision simply references the settlement agreement on every aspect of the rate application therefore if CHEI summarizes the DVA, then the assumption is that the rest of the settlement agreement should also be summarized which is not required.

- b. For 2019 rates, it is stated that 2018 DVA balances were not approved on a final basis. Please confirm that this is intended to state that 2017 balances were approved on an interim basis.

CHEI Response: Confirmed and corrected

- c. For 2020 rates, it is stated that 2019 DVA balances were not approved on a final basis. Please confirm that this is intended to state that no balances were approved, as well as no final approval of 2017 balances previously approved on an interim basis.

CHEI Response: Confirmed and corrected

- d. For 2021 rates, it is stated that the OEB approved the disposal of 2018 and 2019 balances on a final basis. Please confirm that this is intended to state that 2017-2019 balances were approved on a final basis.

CHEI Response: Confirmed and corrected

- 16. The years referenced in the Excel Appendix 2-C rows 17, 83, 152, 222, 291, 360, as well as columns C, J, and K, have been labelled 2010, 2011, 2012, 2013, 2013, and 2013, respectively. Please confirm that these are intended to show 2018, 2019, 2020, 2021, 2022, and 2023. Please correct the Excel Appendix 2-C accordingly.

CHEI Response: Confirmed and corrected.

- 17. Some of the formulas in the "Total" rows (77, 146, 216, 286, 355, 424) in the Excel Appendix 2-C have been overridden by hard-coded numbers. Please correct the Excel Appendix 2-C accordingly by re-inserting formulas.

CHEI Response: Appendix 2-C has been corrected

18. The accounting policies referenced in the Excel Appendix 2-C, rows 15, 81, 150, 220, 289, 358, have been labelled as “CGAAP - with changes to policies”. Please confirm that these are intended to show “IFRS”. Please correct the Excel Appendix 2-C accordingly.

CHEI Response: Confirmed, the accounting standard should have read IFRS

19.

For 2022 capital additions:

- Exhibit 2 Table 7, the
- Appendix 2-BA, and the Excel
- PILs model (B8 Sch 8 CCA Bridge) of \$375,225

do not tie to

- Exhibit 2 Table 14 and the
- Appendix 2-C of \$138,925.

For 2023 capital additions:

- Exhibit 2 Table 8,
- Appendix 2-BA,
- PILs model (T8 Sch 8 CCA Test) of \$148,750

do not tie to

- Exhibit 2 Table 15
- Appendix 2-C of \$143,750.

CHEI Response: CHEI confirms that the capital additions in Ex 2 Tables 7 and 8, Appendix 2-BA and PILs model are correct. CHEI proposes to address this issue as part of the interrogatories and when BDO can provide input on their calculations.

20. There may be discrepancies in Exhibit 6, Table 6, as listed below. Please review and correct the table for any other potential discrepancies Cooperative Hydro Embrun may find in addition to what is provided below:

- a. Regarding depreciation, there is a 2022 Year over year change (\$) and Year over year change (%) of \$9,379.45 and 5.53%. OEB staff notes that these numbers may be incorrect.

CHEI Response: BDO confirms that the depreciation calcs are correct in view of the additions planned for 2022. Table 6 has been corrected to reflect the increase between 2021 and 2022.

- b. Regarding PILs, there is a 2022 Year over year change (\$) and Year over year change (%) of -\$17,412.91 and -67.38%. OEB staff notes that these numbers may be incorrect.

CHEI Response: Table 6 has been corrected accordingly

21. On Exhibit 6, page 9, Cooperative Hydro Embrun stated that “there are non-utility activities included in CHEI's financial results.” Please confirm that this statement is intended to reference zero non-utility activities.

CHEI Response: Confirmed, the statement was meant to read “ there are no non-utility”

22. The Load Forecast model, sheet Bridge & Test Year Class Forecast, is incorporating the 2022 forecast, not the 2023 forecast for the 2023 test year.

CHEI Response: CHEI is not clear on the issue question. CHEI has reviewed the model and it's working as intended. CHEI proposes that Staff addresses this more clearly in interrogatories.

23. The top row of the Chapter 2 Appendices, Tab 2-R is not populated. This should contain the generation requirement (from all sources, including embedded), required to serve Embrun's customers.

CHEI Response: As a fully embedded distributor, the wholesale delivered is the only available information. Furthermore, this is consistent with the utilities past applications. Staff may choose to explore this further in IRs if needed.

RESPONSE TO 24 / 25 / 26:

CHEI notes that 2021 PILs was not audited at the time of the filing. The intent was to file revised audited 2021 as part of the interrogatories. CHEI notes that as of the date of these responses, the 2021 PILs are expected to be \$26,780. As mentioned above, the models will be updated accordingly has part of the interrogatories.

24. In the Excel PILs model, for the 2021 historic year, Tab H1 Sch 1 Taxable Income Hist, Line 15 (amortization of tangible assets) has referenced the 2020 depreciation from Appendix 2-BA/ Appendix 2-C of \$169,611. Please confirm that Line 15 is intended to show the 2021 depreciation from Appendix 2-BA/ Appendix 2-C of \$170,745. Please correct the Excel PILs model accordingly.

CHEI Response: See response above

25. Exhibit 1, Table 13 shows a 2021 PILs provision of \$8,429. Exhibit 6, Table 5 and Exhibit 6, Table 6 show a 2021 PILs provision of \$21,676. The Excel PILs model shows a 2021 PILs provision of \$20,363 in Tab H0 PILs Tax Provision Hist.

CHEI Response: See response above

26. Data in Tab 1. Info and Instructions have not been populated in the Excel PILs model. Also cell D26 shows that Cooperative Hydro Embrun last rebased in 2019, instead of 2018.

CHEI Response: See response above. The model has been updated accordingly

It is not clear if Cooperative Hydro Embrun used the latest Excel PILs model from the OEB's website (i.e., for 2022 CoS applications), as for example, Tab B. Tax Rates & Exemptions, cell H31 shows 3.5% instead of 3.2%, as well as other tax rate discrepancies. (Although cell H31 does not have any bearing on the outputs of the model, it is just an example of an inconsistency.) Please revise the Excel PILs model accordingly and also confirm that the correct Excel PILs model is being used as a starting point.

CHEI Response: See response above. CHEI was clear in its application that the 2021 results were preliminary. Furthermore, the OEB is in no position to point out inconsistencies given how late in the process it chooses to publish its models and how many errors and inconsistencies the LDCs come across while working in them.

27. Exhibit 9, Table 1 is missing the principal balances for each DVA. Different amounts for Account 1508 pole attachment, Account 1508 retail service charges, Account 1508 customer choice, Group 2 DVA sub-totals, Account 1550, Account 1580 CBR Class B, Account 1580 (control account separated from CBR Class B sub-account), and Account 1595 (2019) are shown in some of the following (but not all), as well as some may be missing in some of the following (but not all). Please reconcile and update the evidence.

- a. Exhibit 1, Table 8 **not updated**
- b. Exhibit 9, Table 1 **not updated**
- c. Exhibit 9, Table 3 **corrected to move Group 2 interest down one row**
- d. Exhibit 9, DVA descriptions on pages 3, 6-9 **not updated**
- e. Excel DVA Continuity Schedule **not updated**

CHEI Response: CHEI proposes to deal with this question in interrogatories. All tables referenced show the intended information (with the exception noted in the list above) Table 1 of Exhibit 9 shows that claim as per the model filed in support of these balance and shows. The balances reconcile with Tab 5 of the DVA model including all accounts 1508.

28. There are some items in the Excel DVA Continuity Schedule that may require further consideration and revisions:

- a. Transactions in Account 1508, Customer Choice Initiative Costs are recorded on two lines of Tab 2b, instead of one line.

CHEI/BDO Response: Transactions of account 1508 for the year 2020 could not be recorded on line 53. Since there was 2 lines in 2021 for the same Initiative, we then transferred the balance from line 53 to line 51

- b. In Tab 2a and Tab 2b, numbers have been included in column BF. In Tab 2a numbers have also been included in column BK. These represent the estimated November and December 2021 balances that were not available at the time of filing the current application. These balances may be removed and replaced with the actual audited 2021 transactions, to be included in column BD and column BI. (2021 exceptions include any Account 1588 and Account 1589 principal adjustments from the GA

CHEI Response: This update cannot be done without updating the entire application. As mentioned in the application and responses, the 2021 balances will be updated once the audited financial statements are available. This includes all of the DVA balances.

- c. Analysis Workform, if applicable, which should be recorded in column BF.)

CHEI/BDO Response: This feature of the OEB model could not be modified

- d. Columns BR of Tab 2a and Tab 2b of the DVA Continuity Schedule may be intended to show zero carrying charges from January 1, 2023 to April 30, 2023, as this is a January 1, 2023 rate application.

CHEI Response: Confirmed. CHEI commits to updating this when the 2023 models become available.

- e. Cells BQ19 of Tab 2a and Tab 2b of the Excel DVA Continuity Schedule state “Projected Interest on Dec-31-22 Balances” and may instead reference December 31, 2021 balances.

CHEI Response: This issue is due to the fact that CHEI used the 2022 model in the absence of a 2023 model. This feature could not be easily updated.

29. Exhibit 1 Table 8, Exhibit 9 Table 1, and Exhibit 9 Table 3, show that a credit balance of \$752 for Account 1568 LRAMA is requested for clearance. However, the Excel DVA Continuity Schedule (Tab 7) and Exhibit 9 page 16, show that Account 1568 LRAMVA is not being requested for clearance. Please confirm whether or not Account 1568 LRAMVA is being requested for clearance.

CHEI Response: CHEI will update the DVA model accordingly in the next phase of the application (most likely the interrogatories)

30. The Exhibit 9 title page is labelled “Cost of Capital”. Please confirm whether this is correct.

CHEI Response: The title should have said DVA and has now been corrected.

31. Exhibit 9, page 3 states that all of the DVAs to be disposed include carrying charges up to and including December 31, 2021. Please confirm if the correct year is referenced.

CHEI/BDO Response: The balances were as of December 31, 2021 and carrying charges up to year end 2022. This issue is due to the fact that CHEI used the 2022 model in the absence of a 2023 model being available. This feature could not be easily updated