PUBLIC INTEREST ADVOCACY CENTRE
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April 11, 2022 **VIA E-MAIL**

Ms. Nancy Marconi
Acting Registrar (registrar@oeb.ca)
Ontario Energy Board
Toronto, ON

Dear Ms. Marconi:

Re: EB-2022-0022 – Cooperative Hydro Embrun Inc.
January 1, 2023 Cost of Service Rates
Interrogatories of the Vulnerable Energy Consumers Coalition (VECC)

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

Yours truly,

Mark C Garner
Digitally signed by Mark C Garner
Date: 2022.04.11 14:34:04 -04'00'

Mark Garner
Consultants for VECC/PIAC

Email copy:
Cooperative Hydro Embrun Inc.
Mr. Benoit Lamarche – benoit@hydroembrun.ca

Michael Buonaguro, Counsel
mrb@mrb-law.com

REQUESTOR NAME	**VECC**
TO:	**Cooperative Hydro Embrun Inc. (CHEI)**
DATE:	**April 11, 2022**
CASE NO:	**EB-2021-0022**
APPLICATION NAME	**2022 Cost of Service Rate Application**

1.0 ADMINISTRATION (EXHIBIT 1)

1.0-VECC-1
Reference: Exhibit 1, page 29

a) If available, please update Table 10 (Scorecard) to show the 2021 results.

1.0-VECC-2
Reference: Exhibit 1, page 29

a) What is the proportion of customers receiving e-bills?
b) Does CHEI provide any incentives for customers to move to e-billing?
c) In 2021 what was the portion of customers paying bills by:
   I. Bank or online
   II. Cheque
   III. Credit Card

2.0 RATE BASE (EXHIBIT 2)

2.0-VECC -3
Reference: Exhibit 2, page 20

Table 16 – Gross Fixed Asset Additions – System Access

	2018	2018	2019	2020	2021	2022	2023
	BA	Actual	Actual	Actual	Actual	Projection	Projection
Sub-Total System Access	$83,200	$79,865	$155,912	$238,671	$57,728	$331,300	$40,000
Planned per 2018 DSP		**$83,200**	**$135,000**	**$53,000**	**$53,000**	**$78,000**	
Contributed Capital	-$132,000	-$60,245	-11,125	-$240,151	-$20,000	-$80,000	-$10,000
Total System Access		$19,620	$144,787	-$1,480	$37,728	$251,300	$30,000

a) Please identify/describe the projects in each year for which attracted capital contributions and provide the amount of the contribution.
b) Please explain how the $80,000 in capital contributions was estimated for the 2022 capital budget.
c) Please explain how the 2023 capital contributions of $10,000 was estimated.

2.0-VECC -4

Reference: Exhibit 2, Exhibit 2, pages 4-, Appendix 2-AA.

a) Appendix 2-AA as filed in Excel Appendixes _2020321.XLSM shows only the same information as Appendix 2-AB. Please refile Appendix 2-AA to show the same level of detail as shown at pages 4-6 of Exhibit 2 and pages 36- of the DSP. Please include a summation of non-material projects under "miscellaneous" projects so as to reconcile with the sums shown in Appendix 2-AB with those in 2AA.
b) Please confirm that Appendix 2-AB 2021 figures are actual results.

2.0-VECC -5

Reference: Exhibit 2, DSP, page 11

Table 5 - Historical Subdivision Development Costs by Year

Year/ Development	2018	2019	2020	2021	2022
Faubourg Ste-Marie Phase II	$ 0	$ 0	$ 0	$99,219	$ 0
Versailles Phase III	$ 0	$ 0	$ 0	$89,877	$ 0
Faubourg Ste-Marie Phase III	$ 0	$ 0	$ 0	$ 0	$115,000
Central Park	$ 0	$ 0	$ 0	$ 0	$173,000
Total	$ 0	$ 0	$ 0	$189,096	$288,000

2021		
Plan	Actual	Var
$ '000		%
53,000	57,728	8.9%
62,000	108,065	74.3%
	10,123	--
5,700	37,605	559.7%
120,700	213,521	76.9%
	- 20,000	--
120,700	193,521	60.3%
$101,201	$ 90,830	-10.2%

a) Please reconcile Table 5 (above) with Appendix 2-AB (extract shown) which shows only $57,728 in System Access projects and a total for all categories of $213,521 (prior to capital contributions) for the year.

2.0-VECC -6

Reference: Exhibit 2, DSP page 11

"*Subdivision Central Park (Approximately 250 lots) is also expected to start in July 2022. The new development cuts across Hydro One's territory and CHEI's territory. The developer has requested that CHEI be the service provider for the new subdivision. Discussions are still ongoing. CHEI and the developer expect a formal decision and arrangement by March 2022. The outcome of these discussions is expected to be formalized in the Spring of 2022*."

a) Please provide an update on the Central Park subdivision including its current estimated cost, the estimated capital contributions and forecast start/completion dates. Please also describe the current status/condition of the subdivision's other infrastructure (e.g., roads and other utilities).

2.0-VECC -7

Reference: Exhibit 2, DSP page 11.

a) Please provide a similar update as 2-VECC-6, for the Versailles Phase II project.

2.0-VECC -8

Reference: Exhibit 2, DSP page 24-

"*CHEI does not believe that an asset should be replaced solely based on age. Therefore, it relies on its 3rd party operation firm to assess the age and "stress" as a determining factor of an asset's life and a sound indicator for the required maintenance or replacement of the asset. On this basis, in the LDC's opinion assets under greater stress should be monitored more closely and maintained more than those under less stress. This ensures a wise use of limited capital and maintenance budgets*."

a) Who monitors and inspects CHEI's distribution system?
b) For the major asset categories what data in addition to age is collected and by whom?
c) Who operates CHEI's SCADA control room?

2.0-VECC -9

Reference: Exhibit 2, DSP page 52 – Table 28

a) Please recast Table 28 (2022 Capital Expenses) to show the amounts expended to date.

b) Please clarify what the left column entitled “Project” with “Actual Year End 2020” is showing with respect to the right hand column notes as “Budget 2022”

3.0 OPERATING REVENUE (EXHIBIT 3)

3.0-VECC -10

Reference: Exhibit 3, page 3
Load Forecast Model, Input – Adjustments & Variables Tab

a) The Application’s text indicates that the power purchases include purchases from embedded generation. However, in the Load Forecast model (Input – Adjustments and Variables Tab) there are no values included for Adjustment to Wholesale (FIT & Microfit) – Column C. Please reconcile.

3.0-VECC -11

Reference: Exhibit 3, page 4

Preamble: The. Application states:
“*CHEI's load has been relatively consistent over the past ten years, with a drop in 2017 due to the weather, amplified by a seasonably warm 2018. As shown in the table below, the movement in peaks between 2017 to 2019 support the reasoning that the abnormal shift in load were related to unseasonal weather patterns*”.

a) .Please provide a schedule that sets out for each of the years 2017-2021:
   a. The actual total purchases (from Hydro One and embedded generation).
   b. The sum of the monthly actual HDD values.
   c. The sum of the monthly weather normal HDD values.
   d. The HDD coefficient per CHEI’s load forecast model,
   e. The sum of the monthly actual CDD values.
   f. The sum of the monthly weather normal CDD values.
   g. The CDD coefficient per CHEI’s load forecast model
   h. The results of the following calculation:
      i. Item (i), plus
      ii. (Item (iii) – Item (ii)) x (Item iv) plus
      iii. (Item (vi) – Item (v)) x (Item (vii)
   i. Variance (%) – Item (i) versus Item (viii)

3.0-VECC -12

Reference: Exhibit 3, pages 5 – 6

Preamble: The Application states (page 5):"*CHEI analyzed its wholesale purchases to see the effects of Covid on its monthly load. Although the utility tested various scenarios, it didn't feel confident enough in the relationship between the variance to attribute it to Covid*".

a) What "Covid" scenarios did CHEI test and what were the results?

b) If not already "tested", please provide the results of a regression model that includes the variables used by CHEI plus a Covid flag for the months of March 2020 through December 2021 and provide the resulting forecast power purchases for 2023 (assuming no Covid flag for 2023).

c) With respect to Table 7, what years were used to calculate the 10 year average?

d) If either 2020 or 2021 were included in the calculation, please re-do Table 7 using an "average" values that exclude these two years.

3.0-VECC -13

Reference: Exhibit 3, pages 3 and 6
Load Forecast Model, Input – Adjustments & Variables Tab
Load Forecast Model, Forecast Tab

Preamble: The Application states (page 3):
"*CHEI purchases electricity from Hydro One and embedded generation (MicroFIT). The following table summarizes the annual wholesale purchases for the ten years 2012 to October 2021 as reported to OEB in RRR annual filing "2.1.5 Supply & Delivery Information". November and December of 2021 are estimated*".

The Application states (page 6): "*CHEI has adopted the ten-year average from 2012 to (Nov) 2021 as the definition of weather normal. The following table outlines the monthly weather data used in the regression analysis*".

a) Are the November and December 2021 HDD values used in the Load Forecast model's regression analysis actuals or estimates?

b) Are the November and December 2021 power purchase values used in the Load Forecast model's regression analysis actuals or estimates?

c) If estimates are used for either, please update the regression model using November and December 2021 actuals for both power purchases and the HDD values.

d) At page 16 the Application states: "CHEI has adopted the ten-year average from 2012 to (Nov) 2021 as the definition of weather normal. The following table outlines the monthly weather data used in the regression analysis." However, there is no "table" setting out the weather normal values used.

Please provide this table.

e) Please explain why, in the Forecast Tab of the Load Forecast model, the monthly HDD and CDD values used for the forecast years 2022 and 2023 are not the same.

f) Based on the responses to the foregoing questions, please make any changes that CHEI's views as being required to CHEI's power purchases regression model or the power purchase forecast for 2023 and note the specific changes made.

3.0-VECC -14

Reference: Exhibit 3, pages 9 – 10
Load Forecast Model, Bridge & Test Year Class Forecast Tab

Preamble: The Application states (page 9): *Much like the 2014 and 2018 Board approved load forecast, allocation to specific weather sensitive rate classes (Residential, GS<50, GS>50) is based on the share (%) of each classes' actual retail kWh (exclusive of distribution losses) and a share of actual wholesale kWh. Weather normalized wholesale kWh, for historical years, are allocated to these classes based on these historical shares. Forecast values for 2022 and 2023 are allocated based on an average of 10 historical years*."
The Application states (page 10):
"*Allocation to specific non-weather sensitive rate classes (GS>50, USL, and Streetlights) is based on an average demand/customer. The utility then uses an appropriate historical average to determine an average demand per customer. This average is then applied to the customer count for the bridge and test year*".

a) Both references include the GS>50 class. Please confirm that the approach used for the GS>50 class is that outlined on page 9.

b) Please explain why (per the Load Forecast Model) the 2023 kWh usage for the Streetlights class is calculated as the product of: i) the forecast kW and ii) the kWh per connection.

c) Has CHEI done any analysis to determine if Covid impacted the usage at the customer class level for the Residential, GS<50 or GS>50 classes?

   i. If yes, please provide the analysis and resulting conclusions.

   ii. If not, what is CHEI's view as to the impact of Covid at the customer class level?

d) Please provide an alternative customer class forecast where, for the Residential, GS<50 and GS>50 classes, usage is based on the average for the years 2012 to 2019.

3.0-VECC -15

Reference: Exhibit 3, page 16
Load Forecast Model, Input-Customer Data Tab

a) Are the 2021 customer/connection count values in Table 22 and in the Load Forecast Model based on actual values for all 12 months?

b) If not, please update the 2021 customer/connection counts for 2021 actuals and also update the forecast for 2022 and 2023.

4.0 OPERATING COSTS (EXHIBIT 4)

4.0 -VECC -16

Reference: Exhibit 4, Table 10, page 11

a) The Administrative & General Expenses subtotals in Table 10 (OM&A Expenses) are slightly different than that found in Appendix 2-JA. Please explain why.

b) If the reason is the exclusion of property taxes (or some other item) please provide those amounts for 2018 – 2023 to reconcile the two tables.

4.0-VECC -17

Reference: Exhibit 4, pages 20 -

a) If CHEI outsources the following functions please provide the name of the contractor:
   - Billing
   - Collection services
   - Call Centre services
   - Operations services
   - Maintenance services

4.0 -VECC -18

Reference: Exhibit 4, page 19, Appendix 4A

a) With respect to the succession management of CHEI's General Manager please address the plan for documenting/transferring the "institutional knowledge" of the current GM to new management

4.0 -VECC -19
Reference: Exhibit 4, Table 10, page 11

a) What is the current number of staff employed at CHEI?
b) Please provide the titles of each position filled and unfilled.
c) Please provide the date at which the positions in response (a) are eligible to retire with full benefits.

4.0 -VECC -20
Reference: Exhibit 4, page 22

Table 17 – Employee Costs (Appendix 2-K)

2018 2019 2020 2021				
Benefit	Actual	Actual	Actual	Actual
Statutory				
CPP	$8,466.00	$9,591.00	$9,816.00	$10,334.00
EI	$3,615.00	$3,613.00	$3,513.00	$3,620.00
WSIB	$2,629.00	$2,773.00	$2,645.00	$2,474.00
Total Statutory	$14,710.00	$15,977.00	$15,974.00	$16,428.00
Company				
DPSP	$13,011.00	$11,224.00	$12,324.00	$12,794.00
Health	$15,907.00	$12,918.00	$13,892.00	$15,336.00
Total Company	$28,918.00	$24,142.00	$26,216.00	$28,130.00
Total Benefit Costs	$43,628.00	$40,119.00	$42,190.00	$44,558.00
		-8%	5%	6%

a) What does “DPSP” mean in the above table? If it is the pension provider please provide their name..

4.0 -VECC -21
Reference: Exhibit 4, Appendix 2-M Regulatory Costs

BDO (PILs + DVAs + IRs)	5655	20,000
Production & Submission (Print)	5655	
Public Notice (OEB)	5655	1,000
Legal - Review, IR, Settlement, DRO	5655	15,000
Legal - IR/Settlement	5655	2,000
Intervenor costs	5655	20,000
Community Meeting	5655	

a) Please clarify/explain what “BDO” costs are for PILs, DVAs and IRs.

4.0 -VECC -22
Reference: Exhibit 4, Appendix 2-JC

a) Other than "Salaries and Expenses "the next largest increase is with respect to Customer Billing (190k in 2018 to 233k in 2022). What are the main drivers for this increase?

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

5.0 -VECC -23
Reference: Exhibit 5, Table 4

a) Please update Table 4 to show the actual achieved return for 2021.

5.0 -VECC -24
Reference: Exhibit 5, page 3

a) CHEI states it will not hold any long-term debt in 2022. However, Appendix 2-OB shows the Caisse Populaire funding of $714,243 having a 20 year term. Please confirm that the debt was issued in 2001 and that all principal and interest amounts owing have been paid.
b) Given the lack of long-term debt please explain how CHEI finances its capital budget.

6.0 CALCULATION OF REVENUE DEFICIENCY/SURPLUS (EXHIBIT 6)

6.0-VECC-25

Reference: Exhibit 6, pages 12, 15 and 16
Exhibit 8, page 16

a) Are the 2021 Other Revenues in Table 8 based on actual 2021 values? If not, please provide revised Table with 2021 actual values.

b) With respect to the pole attachment charge, at page 16 the Application states: "*CHEI confirms that it has used Decision and Order EB-2021-0304 which states that effective January 1, 2022, the wireline pole attachment charge will be $34.76 per attacher, per year, per pole to determine its 2023 budgets in account 4210 which is used to record revenues from Wireline Pole Attachment Charges from Rogers, Bell and Hydro One*". However, at Exhibit 6, page 15 and Exhibit 8, page 16 the pole attachment charge is shown as $44.50. What was the pole line attachment charge used to determine the 2023 revenues for Account #4210?

c) Please update the forecast Other Revenue and Tariff Sheets are required.

d) In what USOA is the revenue from the microFIT service charge recorded?

e) At page 16 the Application states: "*CHEI has analysed its MicroFit related costs vs its revenues and despite its yearly costs of $6303.36 for having its MicroFits read vs its revenues of $1560 per year, CHEI is not proposing to change its MicroFit charges. The reason being that it want its charge to be in line with other utilities*". What "other utilities" is CHEI using for purposes of this comparison?

7.0 COST ALLOCATION (EXHIBIT 7)

7.0-VECC-26

Reference: Exhibit 7, page 5
Exhibit 1, page 17
Cost Allocation Model, Tab I4-BO Assets

Preamble: The Application states (Exhibit 1, page 17):
"*CHEI relies on approximately 37 km of circuits to deliver energy and power to its approximately 2400 customers. Cooperative Hydro Embrun's circuits include approximately 18 km of overhead lines and 19 km of underground lines, all carrying a voltage of less than or equal to 4.8 kV circuits*"
And
"*CHEI's distribution system is supplied by Hydro One Networks Inc. ("HONI"), from the Chesterville TS at a voltage level of 44 kV and a 44kV-8.32kV transformer added to the distribution system in 2017. Per ANSI standard C84.1-1989, "Low" voltage is described as 600V and below. "Medium" voltage is 2.4kV through 69kV. "High" voltage is 115kV through 230kV and "Extra-High" voltage is 345kV to 765kV, while "Ultra-high" voltage is 1.1MV. Per the above definition, CHEI currently operates two 44KV, which could be classified as "medium-voltage*."

a) The first reference suggests that all of CHEI's lines operate at voltages of 4.8 kV or less. However, the second reference suggests that some of circuits operate at voltages higher than 4.8 kV. Please clarify.

b) For purposes of establishing the primary/secondary splits in Table 4 what voltages were considered to be primary vs. secondary.

c) Table 4 compares the break-out of assets percentages as between primary and secondary as used in the current Allocation as compared to CHEI's last cost of service for the following accounts: i) 1830, ii) 1835, iii)1840 and iv) 1845. Please explain the material changes.

7.0-VECC-27

Reference: Exhibit 7, page 7
Cost Allocation Model, Tab I5.2

a) With respect to Table 8, please provide the allocation base for each of the expense rows shown.

b) With respect to Table 8, for those expense rows that are not allocated to all customer classes – please explain why some classes are excluded.

c) How many customers in each customer class are currently on e-billing?

d) In which expense row is the postage and printings cost for the monthly bills included?

7.0-VECC-28

Reference: Exhibit 7, pages 11-12

Preamble: At page 11 the Application outlines the process CHEI used to establish the customer class demand allocators.

a) Step #1 is described as follows: "*Collect hourly data by rate class for 2016-2020 from CHEI's power bills*". Please confirm that the process did not use hourly data by each rates class but rather used hourly purchased data.

b) Further, please confirm that for each month analyzed the hourly profile for the purchase data was used to allocate the monthly sales for each customer class to specific hours, such that in any given month all customer classes will have the same load profile. If not, explain why.

c) Please provide the Cost Allocation Model results using demand allocators based on the HONI method.

8.0 RATE DESIGN (EXHIBIT 8)

8.0-VECC-29

Reference: Exhibit 8, page 10
RTSR Workform, Tabs 3 and 5

a) Please confirm that the RRR data used in Tab 3 and the HONI billing determinants used in Tab 5 are based on the same historic year.

8.0-VECC-30

Reference: Exhibit 8, page 7

a) What were HONI's actual Low Voltage charges to CHEI for 2021?

b) What would be the resulting Low Voltage charges from HONI based on 2021 actual billing quantities and HONI's approved 2022 ST rates?

8.0-VECC-31

Reference: Exhibit 8, page 13

a) Do the wholesale purchases reported in Line A(2) include purchases from embedded generation as well as purchases for HONI?

b) If yes, why is the Supply Facilities Loss Factor applicable to the total as opposed to just the portion purchased from HONI?

8.0-VECC-32

Reference: Exhibit 8, page 15

a) What was the basis for the 3.3% inflation factor used to establish the 2023 Retail Service Charges?

b) Does CHEI plan to update the proposed Retail Service Charges after the OEB issues its decision regarding 2023 energy retailer service charges for electricity distributors later this year?

9.0 DEFERRAL AND VARIANCE ACCOUNTS

9.0-VECC-33

Reference: Exhibit 9, page 8

a) Please provide the accounting order approving the establishment of an account to track the "*the temporal differences between the accounting amortization and the fiscal amortization on the income tax expenses*."

b) Please provide a table showing how each year's balance was calculated.

End of document