

**Cooperative Hydro Embrun  
2023 Cost of Service Application (EB-2022-0022)  
OEB Staff Clarification Questions  
May 11, 2022**

## **1-Staff-91**

### **Green Button Implementation Ref: IRR 1-Staff-6**

Cooperative Hydro Embrun adjusted the 2023 capital budget to reflect the one-time software purchase of \$67k, and 2023 OM&A expenses were adjusted by \$18k to add maintenance fees related to the implementation of Green Button (both related to the quotes from Vendor 2).

- (a) Of the estimated one-time costs for Green Button, can Cooperative Hydro Embrun provide a breakdown of what would be the proportion capitalized and the proportion expensed?

**CHEI Response:** The one-time cost of 66,517 would be capitalized and the yearly maintenance fee of \$18,138 would be expensed.

- (b) Please confirm that the annual estimated maintenance costs would be expensed. In the alternative, please explain.

**CHEI Response:** Confirmed

- (c) Has Cooperative Hydro Embrun identified any incremental internal costs (i.e., for Cooperative Hydro Embrun's own staff and operations) related to Green Button implementation. Please explain your response.

**CHEI Response:** CHEI confirms that there would not be any incremental internal costs associated with Green Button.

- (d) Can Cooperative Hydro Embrun provide an estimate of the annual and monthly cost per customer for Green Button implementation?

**CHEI Response:** CHEI estimates the impact of the Green Button to be \$19,906/year, including the OpEx and CapEx components. The table below shows an impact of \$8/year per customer.

	2023
<b>OM&amp;A Costs</b>	
<b>O&amp;M</b>	<b>\$0.00</b>
<b>Admin Expenses</b>	<b>\$19,906.00</b>
<b>Number of Customers <sup>2,4</sup></b>	<b>2518</b>
<b>Number of FTEs <sup>3,4</sup></b>	<b>3</b>
<b>Customers/FTEs</b>	<b>839.42</b>
<b>OM&amp;A cost per customer</b>	
<b>O&amp;M per customer</b>	<b>0</b>
<b>Admin per customer</b>	<b>8</b>
<b>Total OM&amp;A per customer</b>	<b>8</b>
<b>OM&amp;A cost per FTE</b>	
<b>O&amp;M per FTE</b>	<b>0</b>
<b>Admin per FTE</b>	<b>6,635</b>
<b>Total OM&amp;A per FTE</b>	<b>6,635</b>

## 1-Staff-92

**Ref: CHEI Chapter 2 Appendices\_20220502**

**Ref: Error Checking Responses #9, 10 and 11, March 31, 2022**

It appears Cooperative Hydro Embrun may have reverted to the Chapter 2 Appendices model filed with its original application, as opposed to the Chapter 2 Appendices provided in response to OEB staff's error checking questions. Specifically, please see the responses to OEB staff's error checking questions numbers 9-11 which do not appear to be reflected in the Chapter 2 Appendices model filed with the interrogatory responses.

Please make the parallel corrections to the Chapter 2 Appendices filed with Cooperative Hydro Embrun's interrogatory responses.

[CHEI Response: Updated and filed along with these responses.](#)

## 1-Staff-93

### **Ref: CHEI Chapter 2 Appendices\_20220502, Tab 2-JC**

Certain labelling in Tab 2-JA of the model filed with the interrogatory responses seems to have been removed. For example, it does not contain the column labels for: 2018-OEB-approved, 2022 bridge year, and 2023 test year.

Please ensure all necessary columns are labelled in the next iteration of the Chapter 2 Appendices.

[CHEI Response: Updated and filed along with these responses.](#)

## 1-Staff-94

### **Ref 1: IRR 3-Staff-45(b)**

### **Ref 2: CHEI 2023 RRWF, Tab 10 – Load Forecast**

### **Ref 3: CHEI 2023\_DVA\_Continuity\_Schedule\_20220502, Tab 4 – Billing Determinants**

In response to 3-Staff-45(b), Cooperative Hydro Embrun noted that it did not correctly update the model filed with the responses (load forecast) on May 2, 2022. However, the model has since been corrected and will be in the next version.

As such, OEB staff notes that:

1. The corrected version of the load forecast model has not been provided.
2. The 2023 RRWF filed in response to interrogatories on May 2, 2022 does not reflect the most up to date proposed load forecast (kWh) for the Residential class on Tab 10.
3. The 2023 DVA Continuity Schedule filed in response to interrogatories on May 2, 2022 does not reflect the most up to date proposed load forecast (kWh) for the Residential class on Tab 4.

Please ensure the RRWF and DVA Continuity Schedule are also updated to reflect the most up to date load forecast in the next versions.

[CHEI Response: Updated and filed along with these responses.](#)

## 2-Staff-95

### Ref: Error Checking Questions #16, #17, #18

It appears that Cooperative Hydro Embrun may have reverted to the Chapter 2 Appendices model filed with its original application to some extent, as opposed to the Chapter 2 Appendices provided in response to OEB staff's error checking questions on March 21, 2022.

OEB staff has listed below the following error checking questions #16, #17, and #18 which do not appear to be reflected in the Chapter 2 Appendices model filed with the interrogatory responses.<sup>1</sup>

- (a) Please make the parallel corrections to the Chapter 2 Appendices filed with Cooperative Hydro Embrun's interrogatory responses, to address the modified error checking questions #16, #17 and #18 listed below.
- i. Error Checking Question #16: The years referenced in 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 Appendix 2-C accordingly.

[CHEI Response: Updated and filed along with these responses.](#)

- ii. Error Checking Question #17: Some of the formulas in the "Total" rows (77, 146, 216, 286, 355, 424) in the Appendix 2-C have been overridden by hard-coded numbers. As a result, some of the numbers are not accurately reflected, but may be accurately reflected if formulas are re-inserted. Four examples are shown in the footnote below.<sup>2</sup> Please correct Appendix 2-C accordingly by re-inserting formulas and address any discrepancies that may result if the formulas are re-inserted.

[CHEI Response: Updated and filed along with these responses.](#)

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<sup>1</sup> Please note that error checking question #17 has been modified further to reflect the latest evidence filed by Cooperative Hydro Embrun.

<sup>2</sup> Example #1: Appendix 2-C cell F286 (2021 value) should foot to \$220,016 to tie to Appendix 2-BA. Instead \$193,519 is shown in Appendix 2-C.

Example #2: Appendix 2-C cell F355 (2022 value) should foot to \$295,225 to tie to Appendix 2-BA. Instead \$138,925 is shown in Appendix 2-C.

Example #3: Appendix 2-C cell F424 (2023 value) which should foot to \$215,268 to tie to Appendix 2-BA. Instead \$143,750 is shown in Appendix 2-C

Example #4: Appendix 2-C cell K424 (2023 value) which should foot to \$191,751 to almost tie to Appendix 2-BA. Instead \$180,507 is shown in Appendix 2-C.

- iii. Error Checking Question #18: The accounting policies referenced in 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 “MIFRS”. Please correct Appendix 2-C accordingly.
- (b) If further changes are made to Appendix 2-BA, Appendix 2-C, the PILs model, and the Accelerated CCA spreadsheet, please ensure that the revised amounts all reconcile together, as applicable.

CHEI Response: Updated and filed along with these responses.

## 2-Staff-96

### Cost of Power

Ref 1: IRR 2-Staff-19(b)

Ref 2: IRR 2-Staff-20

OEB staff continues to be unable to reconcile the volumes entered in Tab 2-ZA to Cooperative Hydro Embrun's proposed load forecast adjusted for losses (i.e., volume X proposed loss factor). Further, the Ontario Electricity Rebate (OER) on tab 2-ZB continues to show 19.8%, as opposed to the current effective OER of 17%.

These figures are subject to change during the remaining course of this proceeding, however, please ensure the correct information is reflected in these tabs.

CHEI Response:

The load corresponds to the wholesale adjusted upwards for losses.

Streetlight is classified as non-RPP. The GS 50-4999 uses a weighted average of the 2020 consumption reported in the RRR filings to determine the split between RPP and Non-RPP.

Note that the Cost of Power has been updated to reflect the fix related to 3-Staff-45.

## 2-Staff-97

### **System Access**

**Ref: IRR 2-Staff-35(a)(ii)**

OEB staff questioned why the SCADA improvement cost in 2019 was categorized as System Access. Cooperative Hydro Embrun's response referred to the evaluation of the cost vs benefits and the decision by its Board of Directors to invest in a SCADA system. OEB staff's question was intended to determine why this cost is classified as a System Access cost, and not why it was a required expenditure.

Please confirm if Cooperative Hydro Embrun agrees that a more appropriate categorization would be System Service.

**CHEI Response:** The classification of the expenditure does not affect the rates; therefore, CHEI is willing to reclassify the expense to whichever category the OEB deems appropriate.

## 2-Staff-98

Ref 1: Exhibit 2, Section 2.2.3, p. 21

Ref 2: IRR 2-Staff-43

“*Summary of Capital Expenditures 2018-2021 - System Service*: CHEI hadn’t planned to incur costs in this area. However, issues related to PCB caused unexpected spending in this category from 2020 and on.”

	2018 OEB-approved	2018 Actual	2019	2020	2021	2022	2023
Sub-total System Service	\$0	\$0	\$0	\$11,532	\$10,123	\$6,000	\$6,000
Planned per 2018 DSP		\$0	\$0	\$0	\$0	\$0	\$0

- (a) There was zero planned spending on System Service in the historical period, and Cooperative Hydro Embrun explains that actual spending was due to PCB issues. These issues are not described in more detail. Please describe the PCB issues.

*CHEI Response: As indicated on pages 46 of 63 of the 2022 DSP, “CHEI, at the time of the DSP 2017 budget, forecast \$25,000.00 for PCB Transformers Dated Before 1985 under System Access (\$20,000.00) CHEI relocated that item to System Service.”*

*Furthermore, as indicated in its 2018 DSP, (EB-2018-0035 page 106 of 222) CHEI notes that it initially planned to start its PCB replacement program in 2022 but came across PCB contaminated transformers in 2020 therefore, the program was moved up by two years.*

*An amount of \$11,532.00 was incurred to dispose of three contaminated transformers.*

- (b) Please explain why PCB mitigation is categorized as System Service rather than System Renewal.

*CHEI Response: CHEI felt that system service was an appropriate classification. That said, as indicated in response to 2-Staff-97, the classification of the expenditure*

does not affect the rates therefore CHEI is willing to reclassify the expenditure to whichever the OEB deems appropriate.

## 4-Staff-99

**Ref 1: IRR 4-Staff-57(c)**

**Ref 2: IRR 4.0-VECC-17**

- (a) In reference 1, OEB staff requested an explanation with respect to how the costs paid to Sproule Powerlines Construction Ltd. are determined if there is no formal contract. Please explain.
- (b) In reference 2, Cooperative Hydro Embrun provided a list of contractors for certain functions of its business. Please provide:
  - i. A summary of the cost of the product or service that is the subject of the transaction (note that if there are concerns regarding including the cost then confidentiality procedures should be followed)

CHEI Response: CHEI and other neighbouring small utilities have had a relationship with Sproule for 30 years. The service provider is very familiar with the distribution system and costs have been steady and predictable over the past 5 years. CHEI could go to tender to compare costs and services. However, CHEI has been extremely satisfied with Sproule so far and is reluctant to jeopardize its relationship. Cost from Sproule can vary from hourly rate to a fixed price.

CHEI is in constant contact with Sproule with respect to job costing. On a yearly basis, Sproule will provide an estimate of costs based on its capital plan for budgeting purposes. For trouble calls, Sproule performs the work and invoices the utility as unplanned issues occur.

- ii. A description of the specific methodology used for selecting the vendor, including a summary of the tendering process/cost approach, etc.

CHEI Response: CHEI's procurement policy is described at 4.2.10 of Ex 4. CHEI does not have any more information on this matter other than to reiterate the following.

*Certain services are acquired that fall outside of the procurement policy. For example, Hydro One, Tandem Energy Services Inc. SFIEO, Ottawa River Power, and Sproule Powerline Const. Ltd*



*have a long-standing relationship with the utility as well as fairly consistent yearly transactions.*

*These specific suppliers offer services that are not commonly found in the service area or general surrounding area or offer efficiencies due to their intimate knowledge of CHEI's distribution system (i.e., Sproule Powerline Construction Ltd). These vendors are evaluated on a regular basis to establish the value they bring to the utility as well as the cost benefit of continuing with their services. It's evident from the reduction in costs and rates that CHEI 's methodology and constant evaluation is working and in favor of all stakeholders especially its customers.*

## 6-Staff-100

**Ref 1: Error Checking Question #19**

**Ref 2: 2-Staff-17**

**Ref 3: 6-Staff-68**

**Ref 4: Accelerated CCA Spreadsheet**

**Ref 5: 6-Staff-64**

In Error Checking Question #19 and 2-Staff-17, OEB staff asked Cooperative Hydro Embrun to reconcile capital additions between Appendix 2-BA, Appendix 2-C, and the PILs model. However, it appears that there are still some discrepancies, with examples shown in the footnote.<sup>3</sup> OEB staff notes that these discrepancies may be due to the recording of capital contributions.

In the response to 2-Staff-17, Cooperative Hydro Embrun stated that “the capital additions in all Schedules 8 (Historical, Bridge and Test) should not (according to BDO) include capital contributions.”

However, OEB staff notes the following, as set out in OEB Staff Table 1:

- The capital additions of \$220,016 filed in the 2021 tax return (Schedule 8) as part of the response to 6-Staff-68, are net of capital contributions, when compared to the Appendix 2-BA capital additions. The PILs model historic year (2021) also reflects capital additions that are net of capital contributions.
- In the Accelerated CCA spreadsheet:
  - The 2020 capital additions of \$120,679 are net of capital contributions, equaling the Appendix 2-BA capital additions, with an exception listed in the footnote.<sup>4</sup>
  - The 2019 capital additions of \$189,497 are net of capital contributions, equaling the Appendix 2-BA capital additions.

### **OEB Staff Table 1 – Calculations of Selected Appendix 2-BA Net Additions**

	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
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<sup>3</sup> Example 1: The bridge year capital additions in Appendix 2-BA of \$295,225 only ties to those in the PILs model bridge year UCC schedule of \$340,225, if the impact of capital contributions of \$45,000 is removed.

Example 2: The test year capital additions in Appendix 2-BA of \$215,268 only ties to those in the PILs model test year UCC schedule of \$225,268, if the impact of capital contributions of \$10,000 is removed.

<sup>4</sup> However, the 2020 capital additions of \$120,679 in the Accelerated CCA spreadsheet are further net of an amount of \$28,405, that Cooperative Hydro Embrun stated in the response to 6-Staff-64 does not constitute an addition for CCA purposes. The net result is \$92,274 of capital additions for CCA purposes which reconciles to the Accelerated CCA spreadsheet.

Appendix 2-BA Additions Before Capital Contributions	\$225,268	\$340,225	\$223,164	\$360,830	\$200,622
Appendix 2-BA Additions Relating to Capital Contributions	(10,000)	(\$45,000)	(\$3,148)	(\$240,151)	(\$11,125)
Appendix 2-BA Net Additions	<u>\$215,268</u>	<u>\$295,225</u>	<u>\$220,016</u>	<u>\$120,679</u>	<u>\$189,497</u>

(a) Please confirm whether Cooperative Hydro Embrun is in agreement with OEB staff’s calculations and values shown in OEB Staff Table 1. If this is not the case, please explain, and update OEB Staff Table 1, as required.

a. CHEI is in agreement.

(b) Please explain why Cooperative Hydro Embrun is of the view that the capital additions in all Schedules 8 (Historical, Bridge and Test) should not include capital contributions.

a. N/A

(c) Please explain why the capital additions in the PILs model UCC schedules for bridge year (2022) and test year (2023) exclude capital contributions, given that Cooperative Hydro Embrun has included the impact of capital contributions in:

i. Its 2021 tax return (Schedule 8) and the PILs model historic year (2021)

a. N/A

ii. The Accelerated CCA spreadsheet for the periods 2019 to 2020 (and also potentially 2021).

a. N/A

iii. Its Appendix 2-BA and associated Appendix 2-C

a. N/A

(d) Please describe whether Cooperative Hydro Embrun has included the impact of capital contributions elsewhere in the PILs model and in the Accelerated CCA spreadsheet.

a. CHEI is in agreement with assessment. Capital Contributions to be added.

(e) Please resolve all discrepancies between Appendix 2-BA and the PILs model, with examples shown in the footnote.

a. Resolved

(f) Please reconcile the 2021 capital additions of \$193,520 in the Accelerated CCA spreadsheet to the 2021 capital additions in Appendix 2-BA of \$220,016.

a. Accelerated CCA still included the 2021 estimates. Modified to include the actual data of 2021.

## 6-Staff-101

### Ref: Accelerated CCA Spreadsheet

OEB staff has prepared OEB Staff Table 2 which shows the grossed-up PILs impact (i.e., the tax impact divided by (1-12.2%)) that may be applicable to Account 1592, Sub-Account CCA Changes. The impact of future/deferred taxes has been excluded from this table, in accordance with OEB policy regarding deferred/future income taxes.

OEB staff notes that cell F12 of tab “2021” of the Accelerated CCA spreadsheet may be changed to reflect a formula of “=(D12\*C12)\*0.5” instead of “=(D12\*C12)”, to reflect the fact that Class 12 (impacts without accelerated CCA) may be further multiplied by 0.5. The revised formula would be similar to the formula in cell F8 of tab “2019”. As a result, OEB staff has calculated the 2021 balance of “CCA to be claimed (with no All)” to be \$46,063, instead of \$64,115.

#### OEB Staff Table 2 – Calculations of Account 1592, Sub-Account CCA Changes

Year	CCA (with accelerated CCA)	CCA (without accelerated CCA)	CCA Difference
2018	3,776	3,776	0
2019	28,774	10,089	-18,685
2020	25,881	21,581	-4,299
2021	74,168	46,063	-28,105
Total			-51,089
Tax Rate			12.20%
Tax Impact			-6,233
Grossed up PILs Impact			-7,099

(a) Please confirm whether Cooperative Hydro Embrun is in agreement with OEB staff’s calculations and values shown in OEB Staff Table 2.

Per 6-Staff-100, Question E and F, the 2021 amounts are :

Year	CCA (with accelerated CCA)	CCA (without accelerated CCA)	CCA Difference

2018	3,776	3,776	0
2019	28,774	10,089	-18,685
2020	25,881	21,581	-4,299
2021	76,450	64,475	-11,975
Total			-34,959
Tax Rate			12.20%
Tax Impact			-4,265
Grossed up PILs Impact			-4,999

(b) If so, please confirm that the principal balance of Account 1592, Sub-Account CCA Changes, should be a credit of \$7,099 as at December 31, 2021, subject to the response to other clarification questions, as applicable.

a. See A above

(c) If this is not the case, please explain, and update OEB Staff Table 2, as required.

a. See A above

## 6-Staff-102

**Ref 1: 6-Staff-67**

**Ref 2: Filing Requirements For Electricity Distribution Rate Applications - 2022 Edition for 2023 Rate Applications, Chapter 2, Cost of Service, April 18, 2022, page 38**

In response to 6-Staff-67, Cooperative Hydro Embrun provided an explanation for “transitions costs capitalized for financial statements.” Cooperative Hydro Embrun stated that “each year, in order to reduce the fluctuations between the years, an accrual is recorded by CHEI.”

OEB staff is not clear whether Cooperative Hydro Embrun’s transitions costs relate to regulatory assets and liabilities. The OEB’s filing requirements state that “regulatory assets and liabilities must be excluded from taxes/PILs calculations when they were created and when they were disposed, regardless of the actual tax treatment accorded those amounts.”

It remains unclear to OEB staff why the taxable income deduction of \$58,000 is shown as a credit in the PILs model, given that the formula in the PILs model automatically subtracts items recorded as deductions to taxable income.

- (a) If Cooperative Hydro Embrun’s “transitions costs” relate to regulatory assets and liabilities, please explain why it has included these adjustments in the PILs model taxable income for the historic, bridge, and test years, given the OEB’s above noted policy.
  - a. CHEI’s auditors completed the taxable income in the same format as they would complete CHEI’s tax return. The OEB policy was not factored in.
  - b. The “transitions costs” relates to the regulatory assets.
  - c. Please note that the OEB version will differ from CHEI’s tax return in the future because of this policy.
  - d. CHEI adjusted tabs B1 and T1 from the PILS model but did not update H1 since these amounts were included in the 2021 tax return. The amounts were included in order to agree with the tax return information.
  - e. Please explain why the test year taxable income deduction of \$58,000 is shown as a credit (which results in a net addition to taxable income) and not a debit (which would result in a net deduction to taxable income) in the PILs model, as OEB staff is not clear regarding Cooperative Hydro

Embrun's response to 6-Staff-67. Included as a debit. Error in presentation.



## 8-Staff-103

**Ref 1: IRR 8-Staff-79**

**Ref 2: IRR 6-Staff-71**

OEB staff's interrogatory in reference 1 asked Cooperative Hydro Embrun to confirm that the 3.3% inflation factor was included as a proxy for purposes of this 2023 application, and that Cooperative Hydro Embrun will continue to apply the current 2022 OEB-approved charges until any generic order for 2023 retail service charges is issued by the OEB.

The response pointed to reference 2, which notes that Retail Service Charges were subject to 3.3% increase as it is consistent with the calculations in tab 3 of the Tariff and Bill Impact model.

OEB staff notes that the 2022 Tariff and Bill Impact Model has been utilized in this proceeding to date as the OEB's 2023 models were not available at the time of filing, or during the discovery process.

Please confirm that Cooperative Hydro Embrun will continue to apply the current 2022 OEB-approved charges until any generic order for 2023 retail service charges is issued by the OEB.

**CHEI Response: Confirmed.**

## 8-Staff-104

**Ref 1: IRR 8-Staff-80**

**Ref 2: Tariff and Bill Impact Model, Tab 4 – Additional Rates**

Cooperative Hydro Embrun noted that it corrected the rate rider for the disposition of the global adjustment account in the Tariff and Bill Impact Model to be included in sub-total B as opposed to sub-total A as requested by OEB staff.

It appears that the Tariff and Bill Impact Model continues to show the global adjustment rate rider in sub-total A. Further, OEB staff notes that the unit selected for this rate rider on Tab 4 is \$/kW, when it should be \$/kWh.<sup>5</sup>

- (a) Please correct the Tariff and Bill Impact Model to show the rate rider for global adjustment in sub-total B.
  - (b) Please correct the unit for the rate rider for global adjustment to \$/kWh.
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- a. CHEI accounting and RPP settlement processes have been explained on multiple occasions to the OEB. The Accounting Guidance provided by OEB was not tailored to the CHEI's internal process of billing kWh and kWh billed to them.
  - b. It was the OEB that suggested that CHEI be allowed to modify the Accounting guidance to suit their needs, which at that point, it became a moot point on utilizing the OEB's accounting guidance versus CHEI's
    - i. The Question CHEI's auditors (BDO) asked was, if CHEI is allowed to modify the Accounting Guidance's template from the OEB, then how does the OEB ensure that the modified versions are actually accurate and relevant? The CHEI's method has been used for multiple years, showed consistency with the 1588/1589 analysis and always agrees with the GA Analysis calculations per the OEB's other template. CHEI's auditors argued that the method per CHEI was relevant, accurate and was counter verified by the GA analysis and the counter balancing of key Revenues/Expenses accounts. As such, if the 1589 was confirmed, the Revenues/Expenses were confirmed than the 1588 was, by default, also confirmed.
  - c. Towards the end of the 2021 IRM Decision, the OEB agreed that CHEI can keep their internal process over the Accounting Guidance as long as they included the Bill 100 adjustments (From the Hydro One following

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<sup>5</sup> As noted in the DVA Continuity Schedule, rate riders for Global Adjustment are to be calculated on the basis of kWh for all classes.

month's invoice). For example, the Bill 100 adjustments shown on the February invoice, was for the January usage.

- i. CHEI can confirm that this modification was made to their internal process.

## 9-Staff-105

### Ref: 9-Staff-83

Account 1595 (2019) is eligible for disposition but is not part of Tab 7, Rate Rider Calculations in the DVA Continuity Schedule.

Cooperative Hydro Embrun stated that the DVA Continuity Schedule has a locked cell which it was unable to change. OEB staff notes that as a result, Cooperative Hydro Embrun did not correctly reflect the disposition of Account 1595 (2019) in its evidence.

- (a) Please email the model to [ratemodels@oeb.ca](mailto:ratemodels@oeb.ca) or directly to the case manager in this proceeding. OEB staff will amend the model, as necessary, to allow for disposition to be selected and disposed in this proceeding, as required by the Filing Requirements.
- (b) Please also ask OEB staff for assistance updating any other relevant tabs of the DVA continuity schedule to reflect this disposition (e.g., Tab 4, Tab 5, and Tab 7). For example, Tab 4 will also need to be updated to reflect a new column, or alternatively un-hide the column in Tab 4 "1595 Recovery Share Proportion (2019)" and enter the correct billing determinants.

CHEI Response: Updated and filed along with these responses.

## 9-Staff-106

**Ref 1: 9-Staff-85**

**Ref 2: 9-Staff-86**

**Ref 3: EB-2020-0011, 2021 IRM Decision and Rate Order, December 17, 2020**

**Ref 4: APH Update, Accounting Guidance Related to Commodity Pass-Through Accounts 1588 & 1589, February 21, 2019**

In the response to 9-Staff-85, Cooperative Hydro Embrun stated that “per the OEB analysis of the 2017-2019 balances, the OEB approved CHEI’s method as long as minor changes were performed...”

In the 2021 IRM decision, the OEB expected Cooperative Hydro Embrun to continue its efforts to adopt the new Accounting Guidance in a manner that is pragmatic to do so, until the OEB directs Cooperative Hydro Embrun otherwise. The OEB also directed Cooperative Hydro Embrun to continue its internal review regarding its accounting and RPP settlement processes and to provide an update in its 2022 rate application with respect to its adoption of the OEB’s accounting guidance.

- (b) Please clarify whether Cooperative Hydro Embrun conducted its internal review of its accounting and RPP settlement processes and its adoption of the Accounting Guidance, as directed by the OEB in its 2021 IRM decision. If this is not the case, please explain Cooperative Hydro Embrun’s interpretation of the OEB’s direction in its 2021 IRM decision (i.e. what activity is it, specifically, that Cooperative Hydro Embrun believes the OEB instructed the utility to undertake?).
- (c) 9-Staff-85 asked Cooperative Hydro Embrun to provide an update of its internal review of its accounting and RPP settlement processes and its adoption of the Accounting Guidance. 9-Staff-86 asked Cooperative Hydro Embrun to provide information on any material deviations from the Accounting Guidance. OEB staff would benefit from further clarification to be provided by Cooperative Hydro Embrun.
  - i. Please clarify what type of review Cooperative Hydro Embrun undertook of its accounting and RPP settlement processes. Please explain whether or not the results of Cooperative Hydro Embrun’s review concluded that the distributor’s processes were in conformance with the Accounting Guidance.
  - ii. If there were any areas of non-conformity, please explain any material implications on the Account 1588 and Account 1589 balances.
  - iii. Please identify and explain all material deviations between Cooperative Hydro Embrun’s processes and those contemplated in the Accounting Guidance, the plan to resolve material deviations (including the proposed

timing), or alternatively, why Cooperative Hydro Embrun is of the view that changes for any material deviations are not required.

## 9-Staff-107

**Ref 1: 9-Staff-87**

**Ref 2: 9-Staff-89**

In response to 9-Staff-87, Cooperative Hydro Embrun stated that it updated Tab 4 of the DVA continuity schedule to include kWh for non-RPP customers for both the residential and GS < 50 kW rate classes. However, neither Tab 4, or the associated impact on both Tab 5 and Tab 7 (Rate Rider Calculation for RSVA - Power - Global Adjustment), in the DVA Continuity Schedule, reflected this update.

In response to 9-Staff-89, Cooperative Hydro Embrun stated that it was unable to reflect the allocation of Account 1508, sub-account Pole Attachment Revenue Variance, based on test year forecast distribution revenue data, rather than based on kWh, because “the requested allocation is not available from the dropdown options at Tab 5 of the OEB model.”

- (a) Please email the model to [ratemodels@oeb.ca](mailto:ratemodels@oeb.ca) or directly to the case manager in this proceeding. OEB staff will amend the model, as necessary, to include kWh for non-RPP customers for both the residential and GS < 50 kW rate classes, in Tab 4, Tab 5, and Tab 7.
- (b) Please also ask OEB staff for assistance to update the DVA Continuity Schedule Tab 4 (distribution revenue billing determinants Column I) and also Tab 5, to reflect the allocation of Account 1508, sub-account Pole Attachment Revenue Variance, based on test year forecast distribution revenue data. Tab 7 will need to be updated to reflect the revised allocations from Tab 5.

**CHEI Response:** CHEI assumes that the OEB models which are locked are designed to comply with the current policy. CHEI is of the opinion that the OEB should drive the changes to its own models based on approved policies and should not use LDCs as a tool to implement these changes.

## 9-Staff-108

**Ref 1: Exhibit 9, pg. 7-8**

**Ref 2: 9-Staff-89**

**Ref 3: OEB Letter, Accounting Guidance on Wireline Pole Attachment Charges, July 20, 2018**

In its application, Cooperative Hydro Embrun acknowledged the OEB's July 20, 2018 pole attachment accounting guidance that states that LDCs without a distributor-specific pole attachment charge are to record the excess incremental revenues received from carriers for the new pole attachment charge in Account 1508, sub-account Pole Attachment Revenue Variance.

However, in its response to 9-Staff-89, Cooperative Hydro Embrun stated that "it intends on adopting the OEB deemed pole attachment rate and match its cost so that the variance account is not required."

- (a) Please confirm that the December 31, 2021 credit balance of \$17,775 in Account 1508, sub-account Pole Attachment Revenue Variance being requested for disposition in the current proceeding represents the excess incremental revenues received from carriers for the new pole attachment charge, as opposed to the difference between the pole attachment charge and its cost. If this is not the case, please explain.

**CHEI Response: Confirmed and Staff is correct in that CHEI is seeking disposition of this account in this proceeding.**

- (b) Please confirm whether it is Cooperative Hydro Embrun's understanding that the Account 1508, sub-account Pole Attachment Revenue Variance, should be discontinued as of the proposed effective date of rates of January 1, 2023. If this is not the case, please explain.

**CHEI Response: Confirmed and agreed.**

**COOPERATIVE HYDRO EMBRUN INC. (EMBRUN)  
2023 RATE APPLICATION (EB-2022-0022)  
PRE-SETTLEMENT FOLLOW-UP AND CLARIFICATION QUESTIONS**

*(Numbering follows from VECC IR numbering)*

## **VECC-34**

REFERENCE: IRR Load Forecast Model, Forecast Tab  
3-VECC 13 e)

- a) In the Load Forecast provided with the interrogatory responses, the weather normal HDD values for 2023 are based on the average for the years 2013-2022. However, the weather normal CDD values for 2023 are the same as those used for 2022 (i.e., the average for the years 2012-2021). Which approach is Embrun proposing should be used to determine the weather normal values for 2023?

CHEI Response: CHEI failed to update the formula calculating the averages for CDD. The intent is to use the same calculations and logic as for HDD (10-year average for 2022 and a 10-year average for 2023).



## VECC-35

REFERENCE: 3-VECC 14

- a) A response to VECC 14 has not been provided in either set of interrogatory responses. Please provide a response to questions VECC 14 a) through VECC 14 d).

### 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.

CHEI Response: Confirmed

- 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.

CHEI Response: As indicated in the preamble, allocation to specific non-weather sensitive rate classes (GS>50, USL, and Streetlights) is based on an average demand/customer. In the case of Streetlights, the allocation is based on connection as the customer is billed on connections (as opposed to GS 50-4999 which are billed on a customer basis)

- 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?

CHEI Response: As explained in the response to VECC-12, many scenarios were tested from replacing lockdown months by averages of previous year or the pre-Covid 2019. Unfortunately, CHEI did not document scenarios related to Covid. Utilities generally run through dozens of scenarios looking at the coefficient, P-Value and Adjusted R-Squared to see for any improvements.

Notes from the dozens of scenarios tested indicated that the adjusted R-Square was not significantly affected by the use of an average of historical or 2019 instead of the lockdown consumption. The notes also indicated that the overall yearly total was also not particularly affected by the different scenarios. CHEI does not have any additional information available at this time.

- 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.

CHEI Response: Please see VECC-36 at the next page

## VECC-36

REFERENCE: 3-Staff 47

- a) Please provide a copy of the excel Load Forecast Model supporting the results provided in Staff 47.

CHEI Response: Please note that there was a correction to the 2023 formula. The revised results are shown below and the model filed with the responses.

Residential						
Year	Residential Actual kWh	Total Actual Wholesale	Ratio%	Predicted Wholesale	Residential Weather Normal	Per customer
2012	19,634,780	30,091,478	65.25%	29,767,387	19,423,310	10,863
2013	19,650,696	30,301,350	64.85%	29,649,532	19,227,986	10,742
2014	19,479,913	30,157,452	64.59%	29,734,255	19,206,553	10,617
2015	19,377,540	29,896,472	64.82%	29,779,666	19,301,832	10,412
2016	19,268,403	29,672,839	64.94%	31,174,357	20,243,431	10,525
2017	19,163,638	29,169,681	65.70%	29,733,375	19,533,969	9,796
2018	20,597,137	30,569,635	67.38%	30,629,727	20,637,626	9,858
2019	20,253,193	30,054,521	67.39%	30,233,400	20,373,736	9,315
2020	21,302,214	30,411,238	70.05%	30,393,912	21,290,078	9,538
2021	21,654,999	30,838,620	70.22%	30,067,675	21,113,639	9,228
2022			65.61%	30,405,112	19,949,931	8,720
2023		Avg	65.61%	30,482,264	20,000,553	8,529

General Service < 50 kW						
Year	Actual kWh	Total Wholesale	Ratio%	Predicted Wholesale	Weather Normal	Per customer
2012	4,742,923	30,091,478	15.76%	29,767,387	4,691,841	29,884
2013	4,699,450	30,301,350	15.51%	29,649,532	4,598,359	28,920
2014	4,701,954	30,157,452	15.59%	29,734,255	4,635,972	29,157
2015	4,594,197	29,896,472	15.37%	29,779,666	4,576,247	27,735
2016	4,547,781	29,672,839	15.33%	31,174,357	4,777,910	29,060
2017	4,556,065	29,169,681	15.62%	29,733,375	4,644,109	28,347
2018	4,549,793	30,569,635	14.88%	30,629,727	4,558,737	27,559
2019	4,605,655	30,054,521	15.32%	30,233,400	4,633,067	28,236
2020	4,285,367	30,411,238	14.09%	30,393,912	4,282,926	26,397
2021	4,350,730	30,838,620	14.11%	30,067,675	4,241,965	25,984
2022			15.42%	30,405,112	4,689,319	28,600
2023		Avg	15.42%	30,482,264	4,701,218	28,549

General Service > 50 to 4999 kW						
Year	Actual kWh	Total Wholesale	Ratio%	Predicted Wholesale	Weather Normal	Per customer
2012	4,292,894	30,091,478	14.27%	29,767,387	4,246,659	386,060
2013	4,289,465	30,301,350	14.16%	29,649,532	4,197,193	381,563
2014	4,346,251	30,157,452	14.41%	29,734,255	4,285,260	389,569
2015	4,316,369	29,896,472	14.44%	29,779,666	4,299,505	390,864
2016	4,242,389	29,672,839	14.30%	31,174,357	4,457,064	405,188
2017	3,809,003	29,169,681	13.06%	29,733,375	3,882,611	415,994
2018	3,896,559	30,569,635	12.75%	30,629,727	3,904,219	433,802
2019	3,459,712	30,054,521	11.51%	30,233,400	3,480,304	386,700
2020	3,022,445	30,411,238	9.94%	30,393,912	3,020,723	335,636
2021	3,422,373	30,838,620	11.10%	30,067,675	3,336,816	370,757
2022			13.61%	30,405,112	4,138,326	470,182
2023		Avg	13.61%	30,482,264	4,148,827	482,003

## VECC-37

REFERENCE: IRR Appendix 2-H

- a) Please confirm that the Rent from Electric Property (USOA 4210) should have been entered as a negative as opposed to a positive value.

CHEI Response: CHEI confirms that USOA 4210 for 2022 and 2023 should have been negative values.

## VECC-38

REFERENCE: 7-VECC 27  
Exhibit 7, page 7, Table 8

- a) With respect to VECC 27 a) & b) and Table 8, for each of the rows where costs are only allocated to Residential and GS<50 please explain why this is the case.

CHEI Response: CHEI has listed and gone over each service included in billing and collecting and has evaluated how each class is affected. CHEI notes that in reviewing the allocation, it has made several small changes which are reflected in the models filed with these responses. There were two specific services which did not affect all classes. 5315-Harris Option in-out and 5330 Returned cheques. These are not applicable to certain classes. See worksheet entitled "15.2 Weighting Factor for Billing and Collecting 20220513 Clarification.xlsx" for details.

- b) With respect to VECC 27 d), please explain why the postage and printing costs for the monthly bills is recorded in Account 5620 (Office Supplies) as opposed to Account 5315 (Customer Billing).

CHEI Response: CHEI has always used Account 5620 (Office Supply) to record these expenses. CHEI has no issues with moving these expenses to Account 5315 (Customer Billing) if it's deemed to be a more appropriate account to use.

## VECC-39

REFERENCE: 8-VECC 29  
IRR RTSR Work Form, Tab 3 – RRR Data  
IRR Load Forecast Model, Bridge & Test Year  
Class Forecast Tab

- a) VECC 29 indicates that in the RTSR Work Form filed with the interrogatory responses the RRR data was updated to reflect actual results for 2022. The preamble to the interrogatory responses indicates that the Load Forecast was also updated to reflect 2021 actual sales for all months. However, the customer class kWh and kW in the IRR RTSR Work Form do not match those in the IRR Load Forecast. Please reconcile.

CHEI Response: CHEI has updated the RTSR model to reflect the load forecast.

## VECC-40

REFERENCE: IRR Appendix 2-ZB  
8-VECC 30

- a) IRR Appendix 2-ZB shows LV costs for 2023 as \$115,416. Please explain how this value was derived.

CHEI Response:

The amount of \$115,416 is to total of LV charge paid by CHEI during the 2021 calendar year.

- b) VECC 30 shows the Low Voltage charges from HONI based on 2021 actual billing quantities and HONI's approved 2022 ST rates as \$106,441. Is this the total charge or just the variable portion of the charge? If the later, what was the total cost using HONI's 2022 base ST rates?

CHEI Response:

The amount of \$106,441 represents the 2021 HONI charge from the Power bill

The balance of the other charge of \$8,975 consist of Meter Charge and Monthly Service Charge. CHEI include all of the forementioned charges in this specific account as no specific account is exists for this specific charge.

Based on this information to total amount for 2021 is \$115 416.