



December 22, 2022

Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto ON M4P 1E4
Vithooshan Ganesanathan

Dear Mr. Ganesanathan:

Re: EB-2022-0021 Application for 2023 Rates

Please find attached Hearst Power Distribution Co. Ltd. (Hearst Power)'s response to OEB Staff interrogatories.

Should you have any further questions or concerns, please don't hesitate to contact me.

Jessy Richard
General Manager
Hearst Power Distribution Co. Ltd.
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**Response to OEB Staff Interrogatories
 Hearst Power Distribution Company Limited
 EB-2022-0037**

OEB Staff-1

Preamble:

OEB staff has updated the Rate Generator Model with the changes in Table 1 below.

Table 1: Updates to the Rate Generator Model

Item	Location¹	Description of Update	Reference for Update
1	Rate Generator Model - Tab 11 (RTSR – UTRs & Sub-Tx)	\$4.6545/kW - Network Service Rate \$0.6056/kW - Line Connection Service Rate \$2.8924/kW - Transformation Connection Service Rate \$3.4980/kW - Both Line and Transformation Connection Service Rate	EB-2021-0110, Decision and Order, November 29, 2022
2	Rate Generator Model - Tab 11 (RTSR – UTRs & Sub-Tx)	\$5.60/kW - Network Service Rate \$0.92/kW - Line Connection Service Rate \$3.10/kW - Transformation Connection Service Rate	EB-2022-0250, Decision and Rate Order, December 8, 2022
3	Rate Generator Model - Tab 16 (Rev2Cost_GDPIPI)	Price Escalator was updated to 3.70%	OEB Letter, 2023 Inflation parameters, issued October 20, 2022
4	Rate Generator Model - Tab 17 (Regulatory Costs)	Wireline Pole Attachment was updated to \$36.05	EB-2022-0221, Decision and Order, November 3, 2022
5	Rate Generator Model - Tab 17 (Regulatory Costs)	Various Retail Service Charges were updated	EB-2022-0220, Decision and Order, November 3, 2022
6	Rate Generator Model - Tab 17 (Regulatory Costs)	Time-of-Use (TOU) Regulated Price Plan (RPP) prices were updated as per the values in Table 1 below.	Regulated Price Plan Price Report, October 21, 2022

¹ Any changes in the Rate Generator Model impacts Tabs 19 - Final Tariff Schedule and Tab 20 - Bill Impacts.

Item	Location ¹	Description of Update	Reference for Update												
		Table 1: TOU RPP Prices as of November 1, 2022 <table border="1"> <thead> <tr> <th>As of</th> <th colspan="2">November 1, 2022</th> </tr> </thead> <tbody> <tr> <td>Off-Peak</td> <td>\$/kWh</td> <td>0.0740</td> </tr> <tr> <td>Mid-Peak</td> <td>\$/kWh</td> <td>0.1020</td> </tr> <tr> <td>On-Peak</td> <td>\$/kWh</td> <td>0.1510</td> </tr> </tbody> </table>	As of	November 1, 2022		Off-Peak	\$/kWh	0.0740	Mid-Peak	\$/kWh	0.1020	On-Peak	\$/kWh	0.1510	
As of	November 1, 2022														
Off-Peak	\$/kWh	0.0740													
Mid-Peak	\$/kWh	0.1020													
On-Peak	\$/kWh	0.1510													
7	Rate Generator Model - Tab 17 (Regulatory Costs)	Smart Metering Entity Charge was updated to \$0.42	EB-2022-0137, Decision and Order, September 28, 2022												
8	Rate Generator Model - Tab 17 (Regulatory Costs)	Distribution Rate Projection was updated to \$38.08	EB-2022-0186, Decision and Rate Order, June 16, 2022												
9	Rate Generator Model - Tab 17 (Regulatory Costs)	\$0.0041 - WMS charge \$0.0004 - CBR B \$0.0007 - RRRP	EB-2022-0269, Decision and Order, December 8, 2022												

Question:

- a) Please confirm that the updates made to the Rate Generator model are accurate.

Hearst Power Response: Hearst Power confirms that the proposed updates are correct.

OEB Staff-2

Ref: (1) Manager's Summary, p. 9

Preamble:

Hearst Power states that it is not proposing to dispose of the deferral variance accounts because the threshold test was not.

Question:

- a) Please elaborate on why Hearst Power is not requesting disposition of their deferral various accounts.

Hearst Power Response: Hearst Power did not request disposition for the simple fact that its total disposition did not meet the threshold. The filing requirements state that the onus is on the applicant to justify why the balance over the threshold should not be disposed. Hearst Power followed the filing requirements to avoid unnecessary interrogatories.

OEB Staff-3

Ref: (1) GA Analysis Workform, Tab GA 2021

Preamble:

Below is an excerpt of Note 5 from the GA Analysis Workform at the above-noted reference:

Table 2: GA Analysis Workform, Note 5: Reconciling Items

Item		Amount	Explanation	Principal Adjustments	
Net Change in Principal Balance in the GL (i.e. Transactions in the Year)				Principal Adjustment on DVA Continuity Schedule	If "no", please provide an explanation
5	Impacts of GA deferral/recovery	\$129,088		No	2020 GA deferral and 2021 GA recovery are offsetting each other in the Continuity Schedule
6	Remove difference between prior year accrual/unbilled to actual from load transfers	\$(2,094)	No accrual/forecast are entered previously, only the actual from LTLT is entered	No	Reconciled with IESO as per as monthly settlements
7	Retail GA Price Billed vs Wholesale GA Actual Price paid to IESO	\$60,530	Hearst Power is billed both by Hydro One and IESO and Hydro One charged the GA recovery over the GA Actual Rate paid above (M)	No	Reconciled with IESO as per as monthly settlements

Questions:

- a) Please provide calculations for the \$129,088 amount in item 5 in Table 2 above and explain how the 2020 GA deferral and 2021 GA recovery are offsetting each other in the Continuity Schedule in the Rate Generator Model.

Hearst Power Response: In the \$(165,563) referenced as the starting balance in the Table 2, \$(132,748) of this amount relates to Class B GA deferral collected in 2020. In 2021, the \$129,088 adjustment relates to the Class B GA deferral recovery collected. Therefore, the 2020 Class B GA deferral is offset by the 2021 Class B GA deferral recovery as per December 23, 2020 OEB letter on accounting guidance regarding the implementation of the recovery of deferred GA.

The calculations for the \$129088 amount is shown in the table below:

MM/YR	1589 - GLOBAL ADJ CLASS B RECOVERY PORTION
Jan-21	-\$ 18,049.16
Feb-21	-\$ 20,757.70
Mar-21	-\$ 16,497.89
Apr-21	-\$ 1,231.38
May-21	-\$ 6,184.19
Jun-21	-\$ 4,359.19
Jul-21	-\$ 3,296.59
Aug-21	-\$ 4,304.48
Sep-21	-\$ 9,098.56
Oct-21	-\$ 9,393.12
Nov-21	-\$ 15,574.09
Dec-21	-\$ 20,342.07
	-\$ 129,088.42

- b) Please confirm whether Hearst Power is charged the GA recovery by both Hydro One and the IESO for the same consumption. If yes, does Hearst Power plan on addressing this issue.

Hearst Power Response: Hearst Power is charged GA recovery by both suppliers (Hydro One and IESO) but not on the same consumption.

- c) Please briefly explain the \$60,530 adjustment in item 7. Is this adjustment part of the \$129,088 adjustment in item 5?

Hearst Power Response: The \$60,530 is the adjustment for Retail GA Price Billed vs Wholesale GA Actual Price paid to IESO/Hydro One. The amount is not part of the \$129,088 adjustment in item 5.

As per monthly Form 1598 reconciliations with IESO			1589 - RSVA GA - Balance Explanation			
Table 41 - Account 1589 Balance Explanation			1589 - RSVA GA - Balance Explanation			
Month	Customer Group	Variance - Type	Quantity	Price	Total	Explanation
Jan-21	Class B - Non-RPP	Price Variance	1,416,574	\$ (0.0027)	-3,793.50	Retail GA Price Billed vs Wholesale GA Actual Price paid to IESO
Feb-21	Class B - Non-RPP	Price Variance	1,262,493	\$ 0.0192	24,193.03	Retail GA Price Billed vs Wholesale GA Actual Price paid to IESO
Mar-21	Class B - Non-RPP	Price Variance	1,398,788	\$ 0.0039	5,485.44	Retail GA Price Billed vs Wholesale GA Actual Price paid to IESO
Apr-21	Class B - Non-RPP	Price Variance	1,129,646	\$ (0.0068)	-7,724.62	Retail GA Price Billed vs Wholesale GA Actual Price paid to IESO
May-21	Class B - Non-RPP	Price Variance	1,086,923	\$ 0.0038	4,091.89	Retail GA Price Billed vs Wholesale GA Actual Price paid to IESO
Jun-21	Class B - Non-RPP	Price Variance	975,725	\$ 0.0004	409.10	Retail GA Price Billed vs Wholesale GA Actual Price paid to IESO
Jul-21	Class B - Non-RPP	Price Variance	974,108	\$ 0.0039	3,809.91	Retail GA Price Billed vs Wholesale GA Actual Price paid to IESO
Aug-21	Class B - Non-RPP	Price Variance	1,030,824	\$ 0.0009	956.50	Retail GA Price Billed vs Wholesale GA Actual Price paid to IESO
Sep-21	Class B - Non-RPP	Price Variance	1,029,952	\$ 0.0149	15,315.37	Retail GA Price Billed vs Wholesale GA Actual Price paid to IESO
Oct-21	Class B - Non-RPP	Price Variance	1,096,633	\$ (0.0045)	-4,965.94	Retail GA Price Billed vs Wholesale GA Actual Price paid to IESO
Nov-21	Class B - Non-RPP	Price Variance	1,178,339	\$ 0.0071	8,366.83	Retail GA Price Billed vs Wholesale GA Actual Price paid to IESO
Dec-21	Class B - Non-RPP	Price Variance	1,332,023	\$ 0.0108	14,386.18	Retail GA Price Billed vs Wholesale GA Actual Price paid to IESO
					\$ 60,530.20	

OEB Staff-4

Ref: (1) GA Analysis Workform, Tab Account 1588, Cell G20

Preamble:

At the above noted reference, the GA Analysis Workform calculates the annual Account 1588 balance relative to cost of power to be -1.6%. Please see an exert of the table from the reference below.

Table 2: GA Analysis Workform, Account 1588 Reasonability Test

Year	Account 1588 - RSVA Power			Account 4705 - Power Purchased	Account 1588 as % of Account 4705
	Transactions	Principal Adjustments	Total Activity in Calendar Year		
2021	- 74,109	-	- 74,109	4,680,133	- 1.6%

Hearst Power did not provide an explanation of why the % is higher than the 1% threshold for Account 1588.

Question:

- a) Please explain why Account 1588 as % of Account 4705 is -1.6%.

Hearst Power Response: Hearst Power has investigated the variance and has determined that it is attributed to the line losses, more specifically the Supply Facility Loss Factor (“SFLF”), approved in the 2021 Cost of Service vs the actual line losses that the utility is being charged.

At the time of the 2021 Cost of Service, Hearst Power used the OEB’s criteria to calculate its Supply Facility Loss Factor which included a weighting average of IESO controlled, Hydro One controlled and embedded generation. Hearst Power used a 1.0340 for the Hydro One portion as instructed in the directions from the OEB however, the actual **Hydro One SFLF billed** to Hearst Power **contains two rates**. More specifically, the Hydro One SFLF invoiced to Hearst Power includes a supply loss charge ratio of about 12% at 1.034 and 88% at 1.0060.

In EB-2020-007, the Board Approved line loss that was set at 5.98% but when considering the actual SFLF paid to Hydro One, it should have represented 4.60%. Hearst Power was not aware of the divergence prior to these interrogatories, the discussion with Hydro One and a review of the Hydro One provided Totalization tables. The variance calculated and identified in the GA workform can be attributed to the difference in the actual vs Board Approved SFLF loss factor. In numbers, the variance of -1.6% is explained by a higher charged SFLF of 5.98% instead of 4.60% which represents -\$64,585.84 in account 1588 and is equal to 87% of the \$74,109 variance.

Line Loss from Cost of Service

		Historical Years					5-Year Average	
		2015	2016	2017	2018	2019		
Losses Within Distributor's System								
A(1)	"Wholesale" kWh delivered to distributor (higher value)	83,976,623	82,278,142	80,860,964	81,246,992	81,435,722	81,959,689	81,959,689
A(2)	"Wholesale" kWh delivered to distributor (lower value)	83,858,854	82,168,544	80,785,628	81,140,149	81,342,264	81,859,088	81,859,088
B	Portion of "Wholesale" kWh delivered to distributor for its Large Use Customer(s)	-	-	-	-	-	-	-
C	Net "Wholesale" kWh delivered to distributor = A(2) - B	83,858,854	82,168,544	80,785,628	81,140,149	81,342,264	81,859,088	81,859,088
D	"Retail" kWh delivered by distributor	81,102,524	79,434,938	77,270,822	78,280,120	77,748,075	78,767,296	78,767,296
E	Portion of "Retail" kWh delivered by distributor to its Large Use Customer(s)	-	-	-	-	-	-	-
F	Net "Retail" kWh delivered by distributor = D - E	81,102,524	79,434,938	77,270,822	78,280,120	77,748,075	78,767,296	78,767,296
G	Loss Factor in Distributor's system = C / F	1.0340	1.0344	1.0455	1.0365	1.0462	1.0393	1.0393
Losses Upstream of Distributor's System								
H	Supply Facilities Loss Factor	1.0198	1.0198	1.0198	1.0198	1.0198	1.0198	1.0065
Total Losses								
I	Total Loss Factor = G x H	1.0544	1.0549	1.0662	1.0570	1.0669	1.0598	1.0460

As per OEB default formula, which was submitted and approved in EB-2020-0027 →

		2019		
IESO	27040995	0.3321	1.0045	0.3335
Hydro One	43814453	0.5380	1.0340	0.5563
MicroFit	606999	0.0075	1.0000	0.0075
Fit	9973274	0.1225	1.0000	0.1225
Total	81435721	0.8701	2.0385	1.0198

As per actual charged SFLF →

		2019		
IESO	27,040,995	33%	1.0045	0.3335
Hydro One	5,257,734	6%	1.0340	0.0668
Hydro One (IMOH rate)	38,556,719	47%	1.0060	0.4763
MicroFit	606,999	1%	1.0000	0.0075
Fit	9,973,274	12%	1.0000	0.1225
Total	81,435,721	100%	2.0385	1.0065

OEB Staff-5

Ref: (1) Manager's Summary, p. 18

Preamble:

The 2021 CDM Guidelines (section 8) require distributors filing an application for 2023 rates to seek disposition of all outstanding LRAMVA balances related to previously established thresholds, including approval of LRAM-eligible amounts in future years (arising from persisting savings) until a distributor's next rebasing application, unless a distributor does not have complete information on eligible savings.

Questions:

- a) Please confirm that the distributor will not be seeking to dispose of any balance in the LRAMVA due to LRAM-eligible CDM activities funded by the IESO through the Conservation First Framework or Interim Framework in a future year's application.
 - I. If not confirmed, please explain why a request for disposition was not submitted as part of this application.

Hearst Power Response: Hearst Power confirms that it disposed of all outstanding LRAMVA balances related to the Conservation First Framework (January 1, 2015-March 31, 2019) in its 2021 Cost of Service and is not seeking to dispose any Interim Framework (April 1, 2019-December 31, 2022) in this or any future application.

- II. If confirmed, please also confirm that Hearst Power has verified that, relative to the LRAMVA threshold (if any) established in Hearst Power's most recent rebasing application, the balance in the LRAMVA, and any prospective LRAM-eligible amounts until the next rebasing, are either zero or a debit (i.e., not a credit that would need to be refunded to customers).

Hearst Power Response: Hearst Power has not kept track of the persisting savings beyond the Conservation First Framework period and as such, is not in a position to confirm whether the LRAMVA threshold established in its most recent rebasing application (2021), and any prospective LRAM-eligible amounts until the next rebasing, are either zero or a debit.

Hearst Power is not seeking to invoice any additional LRAM charges to its customers for the Interim Framework (April 1, 2019 – Dec 31, 2022).