

**Orangeville Hydro Limited  
Responses to OEB Staff Interrogatories  
EB-2022-0056**

**OEB Staff – 1**

**Ref: IRM Rate Generator Tab 16, 17, 19 and 20 – Annual Adjustment Mechanism**

**Ref: OEB Letter, 2023 Inflation Parameters**

**Ref: EB-2022-0020, Decision and Order**

**Ref: EB-2022-0021, Decision and Order**

OEB staff has made the following updates to Orangeville Hydro's Rate Generator:

- Removed Account 1588 and Account 1589 balances from the total claim in Tab 3 to reflect Orangeville Hydro's potential agreement to withdraw its request to dispose Account 1588 and Account 1589 balances in the current proceeding.
- Unhid certain columns in Tab 3, to show opening January 1, 2017 balances for Account 1588 and Account 1589 (instead of opening January 1, 2019 balances).
- Updated the IPI Inflation Factor to 3.70%<sup>1</sup> in Tab 16 and Tab 17-Retail Service Charges
- Updated the Ontario Electricity Rebate in Tab 20 to 11.7% (as of November 1, 2022)
- Updated the Wireline Pole Attachment Charge to \$36.05<sup>2</sup> in Tab 17
- Updated Retail Service Charges by the inflation factor of 3.7% in Tab 17

**Question:**

- a) Please confirm the accuracy of these updates in the attached rate generator.

**Response:**

Orangeville Hydro confirms the accuracy of the above updates in the rate generator model.

**OEB Staff – 2**

**Ref: IRM Rate Generator Tab 17, 19 and 20 Smart Meter Entity (SME) Charge**

OEB staff has updated the SME charge from \$0.43 to \$0.42.

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<sup>1</sup> OEB Letter, 2023 Inflation parameters, issued October 20, 2022

<sup>2</sup> EB-2022-0221, Decision and Order, issued November 3, 2022

**Question:**

a) Please confirm this is correct.

**Response:**

Orangeville Hydro confirms the accuracy of the above update in the rate generator model.

**OEB Staff – 3**

**Ref: IRM Rate Generator Tab 17 and Tab 20 – Regulatory Charges, Time of Use RPP Prices and Distribution Rate Protection Charge**

OEB staff has made the following updates to Tab 17 of the rate generator:

**Regulatory Charges**

Effective Date of Regulatory Charges		January 1, 2022	January 1, 2023
Wholesale Market Service Rate (WMS) - not including CBR	\$/kWh	0.0030	0.0041
Capacity Based Recovery (CBR) - Applicable for Class B Customers	\$/kWh	0.0004	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0005	0.0007
Standard Supply Service - Administrative Charge (if applicable)	\$/kWh	0.25	0.25

Distribution Rate Protection (DRP) Amount (Applicable to LDCs under the Distribution Rate Protection program):	\$	38.08
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**Time-of-Use RPP Prices**

As of		November 1, 2022
Off-Peak	\$/kWh	0.0740
Mid-Peak	\$/kWh	0.1020
On-Peak	\$/kWh	0.1510

**Question:**

a) Please confirm the accuracy of these updates in the rate generator.

**Response:**

Orangeville Hydro confirms the accuracy of the above updates in the rate generator model.

#### OEB Staff – 4

**Ref: IRM Rate Generator Tab 19 and Tab 20 – Retail Service Transmission Rates (RTSRs)**

**Ref: Decision and Order, EB-2021-0110**

OEB staff made the following updates to Tab 11 of the rate generator model:

Hydro One Sub-Transmission Rates		Unit	2021		2022		2023
Rate Description			Rate		Rate		Rate
Network Service Rate	kW	\$	3.4778	\$	4.3473	\$	4.6545
Line Connection Service Rate	kW	\$	0.8128	\$	0.6788	\$	0.6056
Transformation Connection Service Rate	kW	\$	2.0458	\$	2.3267	\$	2.8924
Both Line and Transformation Connection Service Rate	kW	\$	2.8586	\$	3.0055	\$	3.4980

Uniform Transmission Rates		Unit	2021 Jan to Jun		2021 Jul to Dec		2022 Jan to Mar		2022 Apr to Dec		2023
Rate Description			Rate		Rate		Rate		Rate		Rate
Network Service Rate	kW	\$	4.67	\$	4.90	\$	5.13	\$	5.46	\$	5.60
Line Connection Service Rate	kW	\$	0.77	\$	0.81	\$	0.88	\$	0.88	\$	0.92
Transformation Connection Service Rate	kW	\$	2.53	\$	2.65	\$	2.81	\$	2.81	\$	3.10

#### Question:

- a) Please confirm the accuracy of these updates in the rate generator.

#### Response:

Orangeville Hydro confirms the accuracy of the above updates in the rate generator model.

#### OEB Staff – 5

**Ref: IRM Rate Generator Tab 19 and Tab 20 – Low Voltage (LV) Charge Update**

OEB staff updated the Tab 19 and Tab 20 of the rate generator to reflect the proposed LV charge in the proposed tariff as well as the proposed bill impact calculation.

#### Question:

- a) Please confirm the accuracy of the update as well as the resulting bill impacts in the rate generator.

Response:

Orangeville Hydro has modified the rate generator with updated forecasted LV rates. The requested LV rates have changed from the original submission, based on using 2023 approved Hydro One LV rates in EB-2021-0110 as explained in the response to VECC-1. The OEB modified the rate generator model to incorporate the updated LV rates. Orangeville Hydro confirms the accuracy of the update as well as the resulting bill impacts in the rate generator model.

**OEB Staff – 6**

**Ref: RTSR Workform and Rate Generator Model– Low Voltage (LV) Charge Update**

**Ref: Manager's Summary p. 16-17**

On p. 16 of the Manager's Summary, Orangeville Hydro noted that the proposed LV cost is based on the forecasted cost for 2023 and that it expects to update the proposed LV when 2023 host RTSR's are determined. The OEB issued a decision and order in Hydro One Networks Inc.'s combined transmission and distribution application (EB-2022-0010) on November 29, 2022.

**Questions:**

- a) Please confirm that Orangeville Hydro is fully embedded within the Hydro One Networks Inc. service area.

Response:

Orangeville Hydro confirms that it is fully embedded within the Hydro One Networks Inc. service area.

- b) Please state if Orangeville Hydro proposes to update the LV rates following the issuance of the 2023 host-RTSRs and include an updated RTSR model. If so, please update the RTSR model as well as the rate generator accordingly.

Response:

Orangeville Hydro has updated the file used for calculating the LV host charges with the approved Hydro One LV rates from EB-2021-0110, which provided the forecasted host LV charges. These updated LV host charges were entered into the RTSR model, which has been submitted with the interrogatory responses. The OEB has modified the rate generator model with updated 2023 LV rates.

**OEB Staff – 7**

**Ref: RTSR Workform and Rate Generator Model– Low Voltage (LV) Charge Update**

**Ref: Manager's Summary p. 16-17**

Orangeville Hydro noted that in order to adjust its LV rates, it updated its LV charges by increasing its host volumes by 1% over the previous year (2021 actual and 2022 forecast) and its host charges by using the current amount billed rate (2022) and increasing this amount by % from previous year  $((2022-2021)/2021)$ .

**Questions:**

- a) Please discuss what other methodologies, if any, were considered. If not, please explain why not.

**Response:**

Orangeville Hydro revised the host charges value in the application slightly, to account for using approved 2023 Hydro One LV rates from EB-2021-0110, please see response to VECC-1 interrogatory.

Other methodologies that had been considered were:

- Using actual historical 2022 LV rates as opposed to approved Hydro One 2023 LV rates.
- Using an estimate of demand as opposed to actual prior year consumption.

- b) Please describe the advantages and disadvantages of each option discussed above.

**Response:**

**Advantages -** Using actual historical 2022 LV rates as opposed to approved Hydro One 2023 LV rates.

- LV rates typically have a larger number of rates involved in the total LV costs, including rate riders. Using historical rates ensures that no rates are missed.
- Using 2022 demand and 2022 LV costs allows for more accurate matching of volumes and rates.

**Disadvantages-** Using actual historical 2022 LV rates as opposed to approved Hydro One 2023 LV rates.

- LV rates typically have a larger number of rates involved in the total LV costs, including rate riders. By using historical rates, there is potential that the LV costs used to set the 2023 rates may be over or under stated, as they do not include the correct current rates.

Advantages - Using an estimate of demand as opposed to actual prior year consumption.

- May allow for a more accurate rate rider, if estimated demand values result in being close to 2023 actuals.

Disadvantages - Using an estimate of demand as opposed to actual prior year consumption.

- Demand could fluctuate up or down in the following year depending on many factors. By estimating this value, it could materially affect the forecasted LV costs, creating a higher than necessary rate rider for our customers.

- c) Currently, Orangeville Hydro's adjustment mechanism is based on the Annual IR Index method, which has an unlimited term. Please discuss Orangeville Hydro's plan regarding its next rebasing application.

Response:

Orangeville Hydro has not definitively decided on when its next Cost of Service will be submitted.

### **Staff Question- 8**

Ref 1. IRM Rate Generator Model, Tab 3 & Tab 18 - LRAMVA

Ref 2. Orangeville Hydro Limited 2023 Annual IR Application, PDF Page 23 & 24

Orangeville Hydro correctly separated the LRAM-eligible amounts for 2023 from the LRAMVA balance in Tab 3 of the IRM Rate Generator Model. However, the rate riders for the LRAM-eligible amounts for 2023 in Tab 18 have not been adjusted to reflect the OEB's 2023 inflation factor of 3.7%.

### **Question:**

- a) Please update the rate riders in Tab 18 of the IRM Rate Generator Model to reflect the 2023 OEB-Approved inflation factor of 3.7% minus Orangeville Hydro's stretch factor.

Response:

Orangeville Hydro confirms it has updated the rate riders in Tab 18 of the IRM Rate Generator Model to reflect the 2023 OEB-Approved inflation factor of 3.7% minus Orangeville Hydro's stretch factor.

Prospective LRAM-Eligible Amounts and Rate Riders (2023)

Rate Class	Charge Determinant (Unit)	2023 LRAM-Eligible Amount (LRAMVA Workform Table 1-c)	2023 OEB-Approved Inflation Minus X-factor (Placeholder)	Billing Determinant (2023 IRM Rate Generator Model, Tab 4)	2023 LRAM-Eligible Amount Rate Rider
		a	b	c	d = a * (1 + b) / c
RESIDENTIAL SERVICE CLASSIFICATION	kWh	\$ -	3.10%	95,077,763	\$ -
GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION	kWh	\$ 24,307.25	3.10%	33,527,318	\$ 0.0007
GENERAL SERVICE 50 to 4,999 kW SERVICE CLASSIFICATION	kW	\$ 21,836.57	3.10%	298,325	\$ 0.0755
SENTINEL LIGHTING SERVICE CLASSIFICATION	kW	\$ -	3.10%	282	\$ -
STREET LIGHTING SERVICE CLASSIFICATION	kW	\$ 11,913.66	3.10%	2,420	\$ 5.0749
UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION	kWh	\$ -	3.10%	375,339	\$ -
Total		\$ 58,057.48			

**OEB Staff – 9**

**Ref: EB-2018-0060, 2019 IRM Decision and Rate Order, March 28, 2019, page 11**

**Ref: EB-2020-0046, 2021 IRM Decision and Rate Order, March 25, 2021, page 13**

**Ref: Manager's Summary, October 12, 2022, pages 9, 10, 12**

In Orangeville Hydro's 2019 IRM decision, the OEB ordered a compliance review to be conducted by the OEB relating to a Class A Global Adjustment (GA) administrative error.

In Orangeville Hydro's 2021 IRM decision, the OEB ordered an inspection to be conducted by the OEB relating to Account 1588 and Account 1589.

In the questions below, OEB staff has referred to the OEB's compliance review (as per the 2019 IRM decision) and the additional OEB inspection (as per the 2021 IRM decision) collectively as "the Inspection".

Orangeville Hydro is seeking interim disposition of its Group 1 deferral and variance accounts in this proceeding over a one-year basis, excluding Accounts 1588 and 1589 until the Inspection is completed.

Orangeville Hydro noted that as the Inspection is still ongoing, Orangeville Hydro is not seeking the final disposition of Accounts 1588 and 1589 for 2017 to 2021 in this application. Orangeville Hydro expects that the Inspection will continue through the interrogatory period, and will be completed in time for a decision and order for 2023

rates. At that time Orangeville Hydro will be requesting the disposition of Accounts 1588 and 1589.

In its Manager's Summary, Orangeville Hydro included "Table 2 - Deferral and Variance Account Balances", with zero amounts shown for the Accounts 1588 and 1589 balances in its total claim, given that these DVAs are subject to the Inspection.

Given the Inspection, OEB staff is not asking any interrogatories in the current proceeding regarding Orangeville Hydro's Accounts 1588 and 1589 balances.

**Questions:**

- a) Given that the commodity account balances may be impacted by the outcomes of the Inspection, would Orangeville Hydro be agreeable to withdrawing its request to clear any Account 1588 and Account 1589 balances (or alternatively, all Group 1 accounts) in the current proceeding and to align with zero amounts shown in Table 2 in the Manager's Summary? OEB staff notes that the Inspection report may not be expected to be completed before the February 10, 2023 close of record of this proceeding (i.e., the date of Orangeville Hydro's reply submission).
  - i. If yes, please confirm that no updates may be needed to the 2023 IRM Rate Generator Model, as it reflects a \$nil claim for Accounts 1588 and 1589.
  - ii. If no, please update the 2023 IRM Rate Generator Model, with supporting rationale.

**Response:**

Orangeville Hydro confirms that no updates are needed to the 2023 IRM Rate Generator Model, as it reflects a \$nil claim for Accounts 1588 and 1589. Orangeville Hydro will not be requesting disposition of Account 1588 and Account 1589 balances, as it is likely the inspection will not be complete by February 10, 2023.

- b) Please confirm that Orangeville Hydro is still agreeable to the disposition of the Group 1 balances (other than Account 1588 and Account 1589) on an interim basis in the current proceeding, in the event that these Group 1 balances are impacted by the on-going Inspection. If this is not the case, please explain.



Response:

Orangeville Hydro confirms it still requests disposition of the Group 1 balances (other than Account 1588 and Account 1589) on an interim basis in the current proceeding.

**OEB Staff – 10**

**Ref: Manager's Summary, October 12, 2022, pages 15 & 16**

Orangeville Hydro noted that the Inspection is still ongoing. Orangeville Hydro expects that there may be changes to account balances through principal adjustments for 2017-2021, resulting from the conclusion of the Inspection.

Orangeville Hydro suggested that it intentionally did not include Accounts 1588 and 1589 2021 principal adjustments from the 2023 GA Workform as part of the 2023 IRM Rate Generator Model (Tab 3). Orangeville Hydro stated that it is expected that at the conclusion of the Inspection that these values will be included.

**Questions:**

- a) Please confirm that the scope of the Inspection is intended to cover 2017 to 2020 Accounts 1588 and 1589 balances (not including 2021 balances) in Tab 3 of the IRM Rate Generator Model . If this is not the case, please explain.

Response:

Orangeville Hydro confirms that the scope of the Inspection is intended to cover 2017 to 2020 Accounts 1588 and 1589 balances (not including 2021 balances).

- b) Please confirm whether Orangeville Hydro meant that the Inspection will cover 2017 to 2020 Accounts 1588 and 1589 balances in the IRM Rate Generator Model, but include the amounts recorded in the general ledger in 2021 that are required to be reflected as 2020 principal adjustments. If this is not the case, please explain.

Response:

Orangeville Hydro confirms that the Inspection will cover 2017 to 2020 Accounts 1588 and 1589 balances. In the 2023 IRM Rate Generator model, Orangeville Hydro expected that the total claim for Accounts 1588 and 1589 would be zeroed out, and therefore left the balances at the same amount as was submitted in the 2022 IRM Rate Generator model. Orangeville Hydro

expects that there may be changes to the 2021 Accounts 1588 and 1589 principal adjustments as a result of the inspection, and therefore did not feel it was prudent to make any changes to the 2021 Accounts 1588 and 1589 balances at this time.