

Responses to VECC Interrogatories January 13, 2023

EB-2022-0056

Orangeville Hydro Limited

**Application for electricity distribution rates and other
charges effective May 1, 2023**

VECC-1

Ref: Application p. 16

The evidence states “Orangeville Hydro last adjusted its Low Voltage rate in its 2014 Cost of Service Application (EB-2013-0160). Since that time, the Low Voltage amounts paid to the host distributor have increased significantly annually. Orangeville Hydro has used the same approach that the IRM model uses to adjust RTSR rates.”

a) Please describe the methodology used.

Response:

Orangeville Hydro utilized the same methodology as the September 14, 2022 RTSR workform from the OEB website to update the LV rates. To calculate the LV costs, in a separate spreadsheet, Orangeville Hydro completed a summary showing the historical 2021 LV costs in tab LV-Historical 2021. In the following tab LV-Current 2022, the current 2022 LV costs were entered, using the billed demand values and 2022 rates from the Hydro One monthly invoice, except for December 2022 demand values which had not been received yet (Orangeville Hydro used December 2021 demand multiplied by 2022 Hydro One rates). In the third tab LV Forecast 2023, the forecast LV costs were entered. For the forecast costs to be calculated, the same demand was used from the LV-Current 2022 tab, with updated 2023 Hydro One rates from EB-2021-0110. When the IRM was originally submitted on October 12, 2022, an estimate of 2023 Hydro One rates was used. Included with these Interrogatory responses, the LV rates in tab LV Forecast 2023 have been updated to reflect the approved Hydro One tariff for Sub transmission rates in EB-2021-0110. This provides final forecasted LV costs for 2023 of \$835,475.

Summary of Hydro One Bills for 2021 - actual

[illegible]

Summary of Hydro One Bills for 2022 - Current

Summary of Hydro One Bills for 2022 - Current						GL	47500-00-000	From last year, actuals not received yet							
Actual other than December 2022						GL	47500-00-001								
	HYDRO ONE BILL														
Increase over last year	0.0%	-100.0%	0.0%	0.0%	0.0%	5.2%	1.3%	-100.0%	-100.0%	5.7%	Increase over 2021				
	Earning Shared	Earning Shared	Deferred	Deferred	Monthly Service										
	Mechanism Vol Rider	Mechanism Vol Rider	Tax Asset Vol Rider	Tax Asset Fixed Rider	Charge										
Jan	Qty	0	0	1	5	5	1								
Jan	Rate	\$ (15.70)	0	0.054	36.18	612.97	1.6888	\$ -	\$ -	1.6208	Actual Hydro One rates				
July-	Qty														
July-	Rate														
January			\$ 2,343.44	\$ 180.90	\$ 3,064.85	2,441.11	\$ 4,122.55	43,397.03	\$ -	43,397.03	\$ -	43,397.03	\$ 70,337.91	\$ 80,049.65	
February			\$ 2,283.23	\$ 180.90	\$ 3,064.85	2,396.08	\$ 4,046.50	42,282.10	\$ -	42,282.10	\$ -	42,282.10	\$ 68,530.83	\$ 78,106.31	
March			\$ 2,116.64	\$ 180.90	\$ 3,064.85	2,225.86	\$ 3,759.03	39,197.06	\$ -	39,197.06	\$ -	39,197.06	\$ 63,530.59	\$ 72,652.01	
April			\$ 1,934.96	\$ 180.90	\$ 3,064.85	1,991.97	\$ 3,364.04	35,832.68	\$ -	35,832.68	\$ -	35,832.68	\$ 58,077.61	\$ 66,622.36	
May			\$ 2,532.96	\$ 180.90	\$ 3,064.85	2,181.71	\$ 3,684.47	46,906.62	\$ -	46,906.62	\$ -	46,906.62	\$ 76,026.25	\$ 85,489.43	
June			\$ 2,645.26	\$ 180.90	\$ 3,064.85	2,395.15	\$ 4,044.93	48,986.29	\$ -	48,986.29	\$ -	48,986.29	\$ 79,396.98	\$ 89,332.92	
July			\$ 2,610.63	\$ 180.90	\$ 3,064.85	2,504.27	\$ 4,229.21	48,345.01	\$ -	48,345.01	\$ -	48,345.01	\$ 78,357.57	\$ 88,443.16	
August			\$ 2,557.48	\$ 180.90	\$ 3,064.85	2,648.64	\$ 4,473.02	47,360.70	\$ -	47,360.70	\$ -	47,360.70	\$ 76,762.19	\$ 87,038.44	
September			\$ 2,257.76	\$ 180.90	\$ 3,064.85	2,035.61	\$ 3,437.74	41,810.30	\$ -	41,810.30	\$ -	41,810.30	\$ 67,766.13	\$ 76,707.38	
October			\$ 1,939.22	\$ 180.90	\$ 3,064.85	1,818.40	\$ 3,070.91	35,911.51	\$ -	35,911.51	\$ -	35,911.51	\$ 58,205.38	\$ 66,461.26	
November			\$ 2,190.44	\$ 180.90	\$ 3,064.85	2,378.90	\$ 4,017.49	40,563.67	\$ -	40,563.67	\$ -	40,563.67	\$ 65,745.60	\$ 75,199.28	
December			\$ 2,235.50	\$ 180.90	\$ 3,064.85	2,320.95	\$ 3,919.62	41,398.16	\$ -	41,398.16	\$ -	41,398.16	\$ 67,098.14	\$ 76,499.01	
			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
		\$ -	\$ -	\$ 27,647.52	\$ 2,170.80	\$ -	\$ 36,778.20	27,338.65	\$ 46,169.51	\$ 511,991.13	\$ -	\$ 511,991.13	\$ 829,835.18	\$ 942,601.21	

Summary of Hydro One Bills for 2023 - forecast

Summary of Hydro One Bills for 2023 - forecast										GL	47500-00-000	From last year, actuals not received yet							
Demand is same as 2022										GL	47500-00-001	2023 Hydro One rates EB-2021-0110							
	HYDRO ONE BILL					0.00%	0.00%		34.47%		14.26%						4.73%	Increase 2023 over 2022	
	Earning Shared Mechanism Vol Rider	Earning Shared Mechanism Vol Rider	Deferred Tax Asset Vol Rider	Deferred Tax Asset Fixed Rider		Monthly Service Charge				LVDS - Low		effective to Dec 31, 2025 Rate Rider Disposition DVA Group 1		effective to Dec 31, 2025 Rate Rider Disposition DVA Group 2			Common ST Lines	Total LV	
Jan	Qty	0	0	1	5	5				1									
Jan	Rate	\$ (15.70)	\$ -	\$ 0.054	\$ 36.18	\$ 824.28				\$ 1.9296		\$ (0.1340)		\$ (0.0072)			\$ 1.5442	From Hydro One tariff sub transmission EB-2021-0110	
July-	Qty																		
July-	Rate																		
January				\$ 2,343.44	\$ 180.90	\$ 4,121.40	\$ 2,441.11	\$ 4,710.37	\$ 43,397.03	\$ (5,815.20)	\$ 43,397.03	\$ (312.46)	\$ 43,397.03	\$ 67,013.69	\$ 72,242.14				
February				\$ 2,283.23	\$ 180.90	\$ 4,121.40	\$ 2,396.08	\$ 4,623.48	\$ 42,282.10	\$ (5,665.80)	\$ 42,282.10	\$ (304.43)	\$ 42,282.10	\$ 65,292.02	\$ 70,530.80				
March				\$ 2,116.64	\$ 180.90	\$ 4,121.40	\$ 2,225.86	\$ 4,295.02	\$ 39,197.06	\$ (5,252.41)	\$ 39,197.06	\$ (282.22)	\$ 39,197.06	\$ 60,528.10	\$ 65,707.43				
April				\$ 1,934.96	\$ 180.90	\$ 4,121.40	\$ 1,991.97	\$ 3,843.71	\$ 35,832.68	\$ (4,801.58)	\$ 35,832.68	\$ (258.00)	\$ 35,832.68	\$ 55,332.82	\$ 60,354.21				
May				\$ 2,532.96	\$ 180.90	\$ 4,121.40	\$ 2,181.71	\$ 4,209.83	\$ 46,906.62	\$ (6,285.49)	\$ 46,906.62	\$ (337.73)	\$ 46,906.62	\$ 72,433.20	\$ 76,855.07				
June				\$ 2,645.26	\$ 180.90	\$ 4,121.40	\$ 2,395.15	\$ 4,621.68	\$ 48,986.29	\$ (6,564.16)	\$ 48,986.29	\$ (352.70)	\$ 48,986.29	\$ 75,644.63	\$ 80,297.01				
July						\$ 4,121.40	\$ 2,504.27	\$ 4,832.24	\$ 48,345.01	\$ (6,478.23)	\$ 48,345.01	\$ (348.08)	\$ 48,345.01	\$ 74,654.34	\$ 76,781.67				
August						\$ 4,121.40	\$ 2,648.64	\$ 5,110.82	\$ 47,360.70	\$ (6,346.33)	\$ 47,360.70	\$ (341.00)	\$ 47,360.70	\$ 73,134.36	\$ 75,679.25				
September						\$ 4,121.40	\$ 2,035.61	\$ 3,927.91	\$ 41,810.30	\$ (5,602.58)	\$ 41,810.30	\$ (301.03)	\$ 41,810.30	\$ 64,563.47	\$ 66,709.17				
October						\$ 4,121.40	\$ 1,818.40	\$ 3,508.78	\$ 35,911.51	\$ (4,812.14)	\$ 35,911.51	\$ (258.56)	\$ 35,911.51	\$ 55,454.55	\$ 58,014.03				
November						\$ 4,121.40	\$ 2,378.90	\$ 4,590.33	\$ 40,563.67	\$ (4,435.53)	\$ 40,563.67	\$ (292.06)	\$ 40,563.67	\$ 62,638.42	\$ 65,622.56				
December						\$ 4,121.40	\$ 2,320.95	\$ 4,478.51	\$ 41,398.16	\$ (5,547.35)	\$ 41,398.16	\$ (298.07)	\$ 41,398.16	\$ 63,927.04	\$ 66,681.53				
				\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0	\$ 0				
		-	-	\$ 13,856.50	\$ 1,085.40	-	\$ 49,456.80	\$ 27,338.65	\$ 52,752.68	\$ 511,991.13	\$ (68,606.80)	\$ 511,991.13	\$ (3,686.34)	\$ 511,991.13	\$ 790,616.64	\$ 835,474.84			

After the forecasted LV costs had been determined, this total value was input into the RTSR model in the Host Charges section. The Host volumes that had been included in the original IRM submission were deleted, as they were not used or relevant in this model for any calculation purposes.

Low Voltage Charges								
Host I:								
	2017	2018	2019	2020	2021	2022 Forecast	2023 Forecast	Forecast Methodology
Host Volume								
Host Charges	775,365	668,075	912,091	1,249,117	1,319,832	942,601	835,475	Used 2022 kW, and Hydro One's approved 2023 rates
Host II:								
	2017	2018	2019	2020	2021	2022 Forecast	2023 Forecast	Forecast Methodology
Host Volume								
Host Charges								

The 2023 Forecasted Volume values were entered, which were the same amounts as those used in the RTSR Workform rate calculations. These are 2021 RRR values, non-loss adjusted. The RTSR connection rate is then multiplied by the volumes (loss adjusted for kWh, non-loss adjusted for kW) to provide the RTSR Connection Revenue and an allocation percentage by class. This allocation percentage is multiplied by the total forecasted Low Voltage amount to obtain the Allocated Low Voltage Charge by Class. The Allocated Low Voltage Charge by Class is then divided by the Delivered Volume, which is non-loss adjusted kWh and kW Volumes. This provides the Low Voltage Rates by Class.

Low Voltage Rates

Proposed Loss Factor

1.0481

Instructions: Please enter the rate class volumes consistent with the proposed load forecast, and proposed loss factor.
If Low Voltage charges are applied based on volumes uplifted for losses, please select Loss Adjusted Volume in cell J34

Rate Class	Unit	2023 Forecasted Volume	RTSR Connection Rate	Loss Adjusted Volume	RTSR Connection Revenue	Allocation	Allocated Low Voltage Charges	Delivered Volume	Low Voltage Rates
RESIDENTIAL SERVICE CLASSIFICATION	\$/kWh	95,077,763	0.006033406	99,651,004	601,235	40.9%	341,320	95,077,763	0.0036
GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION	\$/kWh	33,527,318	0.005540883	35,139,982	194,707	13.2%	110,535	33,527,318	0.0033
GENERAL SERVICE 50 to 4,999 kW SERVICE CLASSIFICATION	\$/kW	298,325	2.242087491	298,325	668,871	45.4%	379,717	298,325	1.2728
SENTINEL LIGHTING SERVICE CLASSIFICATION	\$/kW	282	1.770099459	282	499	0.0%	283	282	1.0049
STREET LIGHTING SERVICE CLASSIFICATION	\$/kW	2,420	1.733315161	2,420	4,195	0.3%	2,382	2,420	0.9840
UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION	\$/kWh	375,339	0.005540893	393,393	2,180	0.1%	1,237	375,339	0.0033
TOTAL						0			
						1,471,686	100.0%	835,475	

- b) Please confirm Orangeville Hydro used the same methodology approved in EB-2013-0160 to adjust the low voltage rate. If not, please explain the differences.

Response:

Orangeville Hydro used an overall similar methodology approved in EB-2013-0160 to adjust the LV rate. The methodology used by Orangeville Hydro in EB-2013-0160 is as follows: The actual LV rates from the 2014 Hydro One IRM were obtained from EB-2013-0141. These rates were applied to 2013 actual kW to obtain a total LV forecasted expenses.

Table 8.10 Hydro One Test Year Forecast					
Hydro One LV Charges	2014 ST Rates		Billing Determinent	Months	\$
Service Charge	298.89		48		14,347
Common ST Lines	0.6820		493,338	12	336,457
LVDS	1.9870		19,465		38,677
					389,481

The basis for allocation calculated the dollars by class using the Retail Transmission Connection Rate multiplied by the forecasted Annual kWh and kW by class. This was then used to calculate the allocation percentages by Class, and then the Allocated dollars by Class.

Orangeville Hydro Limited ~ EB-2013-0160					
Low Voltage Costs Allocated by Customer Class					
Customer Class	Retail Transmission Connection Rate (\$)		Basis for Allocation (\$)	Allocation Percentages	Allocated \$
	per kWh	per kW			
Residential	0.0034		307,571	38.81%	151,143
GS < 50 kW	0.0031		117,042	14.77%	57,516
GS >50 to 4999 kW		1.2309	361,546	45.62%	177,667
GS >1000 to 4999 kW			0	0.00%	0
Large Use			0	0.00%	0
Sentinel Lights		0.9716	329	0.04%	162
Street Lighting		0.9514	4,976	0.63%	2,445
Unmetered and Scattered	0.0031		1,113	0.14%	547
TOTALS			792,577	100.00%	389,481

The LV rates were then determined using the same forecasted kWh and kW as above, and dividing the LV allocated dollars by the forecasted kWh and kW.

Orangeville Hydro Limited ~ EB-2013-0160						
RATES - Low Voltage Adjustment						
Customer Class	LV Adj. Allocated	Calculated kWh	Calculated kW	Volumetric Rate Type	LV/ Adj. Rates/kWh	LV Adj. Rates/ kW
Residential	151,143	90,278,404		kWh	0.0017	
GS < 50 kW	57,516	37,678,912		kWh	0.0015	
GS >50 to 4999 kW	177,667	121,733,913	293,725	kW		0.6049
Sentinel Lights	162	122,536	339	kW		0.4774
Street Lighting	2,445	1,861,618	5,230	kW		0.4675
Unmetered and Scattered	547	358,304		kWh	0.0015	
TOTALS	389,481	252,033,687	299,294			

- c) Please confirm that energy based billing determinants are adjusted for losses but the demand based billing determinants are not adjusted for losses.

Response:

Orangeville Hydro adjusted the RTSR model from the original submission on October 12, 2022 to change the billing determinants to delivered volumes, which are not loss adjusted for both energy based and demand based billing determinants.

- d) Please explain why this adjustment is required in 2023 and cannot wait until Orangeville Hydro's next Cost of Service application.

Response:

Orangeville Hydro has seen a significant increase in the difference between LV Costs and LV revenues since its last Cost of Service application in 2014. The LV charge relates to the cost of a Host Distributor to distribute electricity to an Embedded Distributor. The variance between LV charges paid to Host Distributors and the LVSR billed to customers are captured in 1550 LV Variance Account. LVSRs are set as part of rebasing rate applications. Other charges paid to the Host Distributor, such as RSVA Transmission Network and RSVA Transmission Connection have much smaller balances as the OEB IRM Rate Generator Model updates the RTSR's mechanistically as part of an IRM. The table below shows Orangeville Hydro's Host Distributor Total Claim balances for disposal as of December 31, 2021 from the OEB Rate Generator Model, tab 3 Continuity Schedule.

Group 1 Account related to Host Distributor	Host Amount requested for Disposition in 2023 IRM	As a % of Total
USoA 1550 LV Variance Account	\$ 948,279	90%
USoA 1584 RSVA - Retail Transmission Network Charge	\$ 72,678	7%
USoA 1584 RSVA - Retail Transmission Transmission Charge	\$ 29,782	3%
	\$ 1,050,739	100%

The accumulation of variance account balances may further cause intergenerational inequity when variance account balances are recovered/returned in future periods. Based on the rate making principle of cost causality, costs should be borne by the customers that cause those costs. Delaying the recovery of the LV Variance Account can potentially create misalignment with cost causality. Although LV is a Group 1 account and is typically disposed of on an annual basis, the size of the variance has become significantly higher than other variance accounts. This also becomes more difficult to manage for cash flow purposes, with the Account 1550 disposition amount in Orangeville Hydro's 2022 IRM application being \$881,642, which was 88% of the total Group 1 account claim of \$1,001,144.

There are precedents where the OEB has allowed the resetting of the LVSR as part of an IRM. In EB-2021-0042, as part of Milton Hydro Distribution Inc.'s IRM application, the OEB approved a request to reset LVSRs as part of the proceedings.

e) Please provide the current balance in account 1550 LV Variance.

Response:

The balance at October 31, 2022 in account 1550 LV Variance, including interest of \$24,481.46, is \$1,444,959.64.

f) Please explain why this request is in the best interest of customers.

Response:

Orangeville Hydro believes it is in the best interest of its customers to adjust the LVSR rate for the 2023 rates as opposed to waiting until its next cost of service rate application for the following reasons:

- To mitigate the potential rate increases associated with its next rebasing.
- By adjusting the LV rate prior to the next cost of service application, it also prevents a larger balance from accumulating in the variance account.
- To ensure rate stability for customers. If Orangeville Hydro is able to better match costs to revenues, this will ensure better accounting practices, which will lead to smaller variance balances to be disposed of in a future period.
- To mitigate intergenerational inequities to the best of our ability.

g) Please confirm Orangeville Hydro is only seeking to reset the LVSR for the 2023 rate year and not for future IRM years.

Response:

Orangeville Hydro is presently seeking the OEB's approval to reset the LVSR for the 2023 rate year and not for future IRM years at this time.

VECC-2

Ref: Application p. 16

Orangeville Hydro expects that the Low Voltage rates can be adjusted based on the OEB-approved host-Low Voltage rates when determined.

Please provide the timing of this adjustment and the impact on the proposed Low Voltage rates in 2023.

Response:

The Decision and Order for Hydro One Cost of Service rate application EB-2021-0110 was approved by the OEB on November 29, 2022. Based on the same demand values for 2022 and 2023, the LV total costs decreased by 11.4% in 2023 over 2022 costs.

VECC-3

Ref: Application p. 16-17

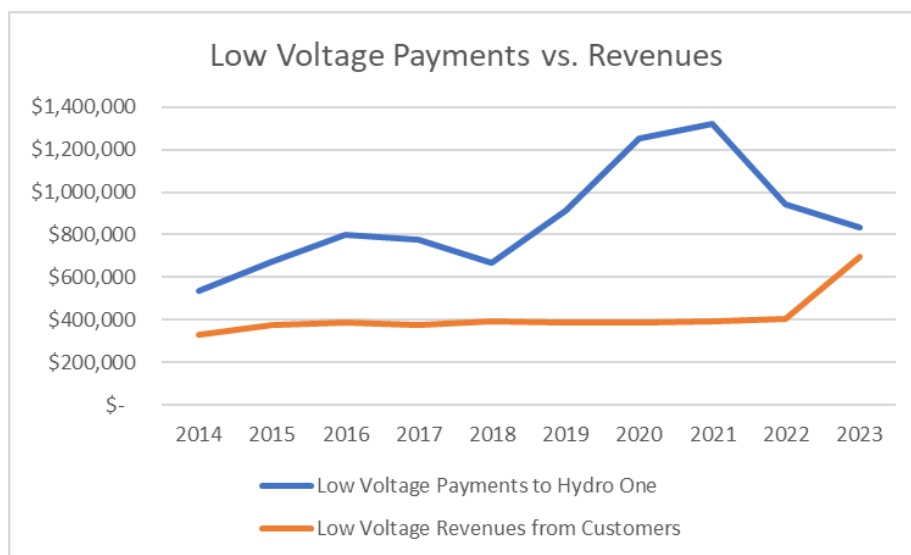
Please provide a table that sets out the following for the years 2014 to 2023:

- Low Voltage Payments to Host Distributors
- Low Voltage Revenues
- Variance of Costs compared to Revenues

Response:

Please see below a table summarizing this requested information, using 2023 Low Voltage Payments to Host Distributor (EB-2021-0110) and updated 2023 forecasted LV revenue rates. The variance of \$141,395 in 2023 takes into account Orangeville Hydro's rate year of May 1st, 2023.

Year	Low Voltage Payments to Hydro One	Low Voltage Revenues from Customers	Variance of Costs compared to Revenues
2014	\$ 534,011	\$ 333,412	\$ 200,600
2015	\$ 675,954	\$ 378,662	\$ 297,291
2016	\$ 799,803	\$ 387,932	\$ 411,871
2017	\$ 775,365	\$ 379,177	\$ 396,188
2018	\$ 668,075	\$ 394,845	\$ 273,230
2019	\$ 912,091	\$ 386,690	\$ 525,401
2020	\$ 1,249,117	\$ 386,835	\$ 862,283
2021	\$ 1,319,832	\$ 394,193	\$ 925,639
2022	\$ 942,601	\$ 405,263	\$ 537,338
2023	\$ 835,475	\$ 694,080	\$ 141,395
	\$ 8,712,324	\$ 4,141,089	\$ 4,571,235



VECC-4

Ref: Application p. 16-17

Please quantify the anticipated incremental impact/variance on the total balances

in account 1550 LV Variance Account (as of December 31, 2023) based on a) status quo of LVSRs and b) Orangeville Hydro's proposed updated LVSRs.

Response:

Please see below a table summarizing this requested information. Based on status quo of LVSRs, Orangeville Hydro's LV Total 1550 Account Balance would be \$995,174. Based on Orangeville Hydro's proposed updated LVSRs, the LV Total 1550 Account Balance would be \$700,083. As per the response in VECC-1 (f), if Orangeville Hydro is able to better match costs to revenues, this will ensure better accounting practices, which will lead to smaller variance balances to be disposed of in a future period.

VECC Q4: Variance account balance with status quo LV rates				
Year	Low Voltage Payments to Hydro One	Low Voltage Revenues from Customers	Variance of Costs compared to Revenues	Total 1550 Account Balance
2020	\$ 1,249,117	\$ 386,835	\$ 862,283	
2021	\$ 1,319,832	\$ 394,193	\$ 925,639	\$ 1,809,271
2022	\$ 942,601	\$ 405,263	\$ 537,338	\$ 1,484,327
2023	\$ 835,475	\$ 398,989	\$ 436,486	\$ 995,174
	\$ 4,347,026	\$ 1,585,280	\$ 2,761,746	
VECC Q4: Variance account balance with new LV rates				
Year	Low Voltage Payments to Hydro One	Low Voltage Revenues from Customers	Variance of Costs compared to Revenues	Total 1550 Account Balance
2020	\$ 1,249,117	\$ 386,835	\$ 862,283	
2021	\$ 1,319,832	\$ 394,193	\$ 925,639	\$ 1,809,271
2022	\$ 942,601	\$ 405,263	\$ 537,338	\$ 1,484,327
2023	\$ 835,475	\$ 694,080	\$ 141,395	\$ 700,083
	\$ 4,347,026	\$ 1,880,371	\$ 2,466,655	

VECC-5

Ref: EB-2021-0042 Milton Hydro Distribution Inc. IRM Application & Decision

- a) Please discuss how Orangeville Hydro's methodology to calculate the adjustment to Low Voltage Service Rates in 2023 differs from the Low Voltage adjustment methodology/calculation approved in Milton Hydro's application for 2022 rates.

Response:

Orangeville Hydro used a slightly different methodology than Milton Hydro used to calculate the LV rate adjustment. Milton Hydro used the previous year's actual LV costs paid to its Host Distributor as the numerator dollar amount and allocated this amount to customer classes on the same basis as the Transmission Connection Charges, and then applied the previous year's Transmission Connection denominator volumes to calculate the LVSRs. The difference between Milton Hydro and Orangeville Hydro's methodology is that Orangeville Hydro was able to use approved 2023 Hydro One rates due to our May 1st rate change. Orangeville Hydro's forecasted

LV costs were based on the historical 2022 demand values multiplied by the 2023 approved Hydro One LV rates in EB-2021-0110. Hydro One's Decision and Order EB-2021-0110 was not available to Milton Hydro as it had aligned its rate change to January 1st.

b) If different, please explain the advantages of Orangeville Hydro's proposed methodology.

Response:

Advantages

- Allows for a more accurate forecast of costs, by using actual rates for the forecasted year, based on OEB-approved rates.
- Would enable smaller variances in Account 1550 LV variance account.
- The approved OEB RTSR model (used for Transmission Network and Transmission Connection in the course of a COS) was used to complete the final LV rate calculation.
- Would allow for less volatility in rates due to timing of rate changes, enabling small rate impacts.
- LV rates typically have a larger number of rates involved in the total LV costs, including rate riders. Using actual 2023 rates allows for inclusion or removal of all applicable rates, which could increase or decrease the forecasted rates significantly, creating more precise forecasted costs.

Disadvantages

- A separate spreadsheet had to be completed to calculate the correct forecasted LV costs, prior to inputting this value into the OEB RTSR model for final LV rate calculation.
- LV rates typically have a larger number of rates involved in the total LV costs, including rate riders. There is the potential for missing an applicable rate in the forecasted rate calculation.

VECC-6

Ref: Application p.16

Orangeville Hydro is applying for an adjustment of its Low Voltage (LV) rates billed to customers based on a comparison of historical LV costs adjusted for expected increases to the Low Voltage rates.

Please provide this comparison.

Response:

Orangeville Hydro compared historical LV Variances to determine that there was a need for an LV rate increase to better match revenues with costs. Please see the table provided in Question VECC-3. It shows the increase in LV costs year over year, which have increased 56% from 2014 to 2023 with no corresponding increase to revenues from customers. This table shows the

reduction in LV Account Balance with the forecasted 2023 rate increase based on Hydro One's approved 2023 LV rates.