

Wasaga Distribution Inc.
Responses to OEB Staff Interrogatories
EB-2022-0066

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 Wasaga Distribution's Rate Generator:

- Updated the IPI Inflation Factor to 3.70%¹ 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 \$36.05² 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:

Wasaga Distribution confirms the accuracy of the above updates in the rate generator model. However, the OER in Tab 20 was still at the 17% therefore we have updated this to 11.7%.

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.

Question:

- a) Please confirm this is correct.

Response:

Wasaga Distribution confirms the accuracy of the above updated SME charge of \$0.42 is correct.

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:

Wasaga Distribution 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:

Uniform Transmission Rates	Unit	2021		2022		2023
		Jan to Jun	Jul to Dec	Jan to Mar	Apr to Dec	Rate
Rate Description		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

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	\$	2.0468	\$	2.3267	\$	2.8924	
Both Line and Transformation Connection Service Rate	kW	\$	2.8586	\$	3.0055	\$	3.4980	

Question:

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

Response:

Wasaga Distribution confirms the accuracy of the above updates in the rate generator model.

OEB Staff – 5

Ref: Application & Evidence, Manager’s Summary, Section 9

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.

Question:

Please confirm that Wasaga Distribution 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.

- If not confirmed, please explain why a request for disposition was not submitted as part of this application.
- If confirmed, please also confirm that Wasaga Distribution has verified that, relative to the LRAMVA threshold (if any) established in Wasaga Distribution’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).

Response:

Wasaga Distribution does not confirm that it will not be seeking to dispose of any balance in the LRAMVA in a future year’s application. Request for disposition was not submitted as part of this application because the LRAMVA balance is immaterial. Wasaga Distribution will analyse the account and consider submitting as part of its Cost-of-Service application.

OEB Staff – 6

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 Low Voltage (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:

Wasaga Distribution confirms the accuracy of Tab 19 update; however, as the 2022 LV expenses and revenues have been updated along with the 2023 Hydro One approved rates, Tab 19 has been updated again to reflect the adjustment to rates. Moreover, on Tab 20 the Current OEB-Approved rates were updated to reflect the new rates; resulting in 0% bill impact, so we have adjusted those to reflect our 2016 OEB-approved rates.

OEB Staff – 7

Ref: Appendix G – Wasaga Distribution Inc. Low Voltage Service Rates (LV Variances tab)

Wasaga Distribution notes 2021 Actual LV Payments to Hydro One to be \$844,403.87 and the 2022 Projected amounts to be \$653,031.31.

Wasaga Distribution notes that the 2023 projections for LV Payments to Hydro One and LV Revenues have been derived by applying a 5% adjustment to the 2022 projections to account for a corresponding increase in the rate base

Questions:

- a) Please explain the significant drop in LV Payments to Hydro One from 2021 Actual to 2022 Projected.
- b) Please provide a rationale for applying a 5% adjustment to develop the 2023 projections. How does this adjustment compare with the LV charges approved in EB-2021-0110 (Hydro One's 2023-2027 Joint Distribution and Transmission rates application).
- c) Please update Appendix G to reflect 2022 actual amounts.

Response:

- a) The significant drop in LV Payments to Hydro One from 2021 Actual to 2022 Projected can be explained by the following table:

Charge Description	Total \$ Amount 2021	Total \$ Amount 2022	Variance
Earning Shared Mechanism Fixed Rider	(\$754)	\$0	\$754
Deferred Tax Asset Fixed Rider	\$868	\$1,737	\$868
Monthly Service Charges	\$27,972	\$29,423	\$1,451
LVDS- Low	\$15,691	\$15,963	\$273
Volumetric Rate Rider #29A	\$304,497	\$0	(\$304,497)
Common ST Lines	\$494,437	\$557,273	\$62,836
Earning Shared Mechanism Vol Rider	(\$7,061)	\$0	\$7,061
Deferred Tax Asset Vol Rider	\$8,754	\$18,567	\$9,813
Total	\$844,404	\$622,962	(\$221,442)

As shown in the table above, the primary driver for the drop in LV Payments to Hydro One in 2022 over 2021 is the Volumetric Rate Rider #29A, accounting for a \$304,497 decrease. However, this is partially offset from an increase in other charges, leading to a total decrease of \$221,442.

Please note: the above table has been updated to reflect 2022 actual expenditures.

- b) The 2023 LV revenue adjustment of 5% increase was based on analysing the year over year increase from 2016 to 2022, excluding 2019 as an outlier year, which amounted to an average of 4.4% increase. This was then adjusted for the anticipated customer growth that WDI is expecting during 2023 of 1.6% and amended to reflect the fact that customers are not all connected January 1st. The table below depicts these calculations.

Year	LV Revenues	Percent Increase/ (Decrease)
2016 Actual	\$ 272,995	
2017 Actual	\$ 289,081	5.9%
2018 Actual	\$ 311,282	7.7%
2019 Actual	\$ 307,151	-1.3%
2020 Actual	\$ 322,873	5.1%
2021 Actual	\$ 330,344	2.3%
2022 Projected	\$ 333,505	1.0%
Average Increases Year Over Year (excl. 2019)		4.4%
Anticipated Customer Growth 2023		1.6%
Adjusted Customer Growth		-0.8%
Increase for 2023 (rounded)		5%

Please note: 2022 Projected revenues have been updated to include October and November 2022 actuals. December 2022 remains an estimate currently.

Regarding the 5% increase to the LV Expenses, since the Hydro One Low Voltage rates were not approved at the time of submitting our application, we conducted a similar analysis as above and looked at costs year over year (which ranged from -26.2% decrease [as explained in 7(a) above] to 42%) which averaged a 7.2% increase. In addition, we looked at year over year increases to the Hydro One charges by removing the outlying rate riders, which averaged an increase of 7.8%.

Taking into consideration that 2022 was projecting to be approximately 22% lower than 2021 we took the conservative approach of adopting 5% increase, consistent with the revenue increase.

Now that the Hydro One's 2023-2027 Joint Distribution and Transmission rate application has been approved, we have input their updated rates into our calculations, resulting in a decrease of our original submission by \$117,996. We have adjusted these values, resulting in lower increases to our requested LV rates for 2023.

- c) Appendix G has been updated to reflect 2022 actual expenses. 2022 revenues reflect actuals to November, December is still an estimate. See below.

Low Voltage Charges, Revenues & Variances			
Year	Low Voltage Payments to Hydro One	LV Revenues	Variance Cost vs Revenues
2016 Actual	\$ 475,394.87	\$ 272,994.70	\$ 202,400.17
2017 Actual	\$ 448,790.58	\$ 289,080.63	\$ 159,709.95
2018 Actual	\$ 420,244.98	\$ 311,282.07	\$ 108,962.91
2019 Actual	\$ 553,135.34	\$ 307,150.96	\$ 245,984.38
2020 Actual	\$ 785,462.85	\$ 322,872.53	\$ 462,590.32
2021 Actual	\$ 844,403.87	\$ 330,343.88	\$ 514,059.99
2022 Actual/ Projected	\$ 622,962.20	\$ 333,505.25	\$ 289,456.95
2023 Projected	\$ 567,686.62	\$ 350,180.51	\$ 217,506.10

2022 Calculation		
Month	Low Voltage Payments to Hydro One	LV Revenues
January Actual	\$ 53,340.88	\$ 33,847.38
February Actual	\$ 49,594.78	\$ 29,632.59
March Actual	\$ 46,122.44	\$ 28,916.09
April Actual	\$ 38,456.62	\$ 24,693.20
May Actual	\$ 54,283.00	\$ 25,981.73
June Actual	\$ 61,834.27	\$ 25,013.29
July Actual	\$ 63,421.47	\$ 30,459.07
August Actual	\$ 66,110.01	\$ 31,727.88
September Actual	\$ 57,431.54	\$ 25,331.31
October Actual	\$ 37,207.43	\$ 24,172.51
November Actual	\$ 45,481.87	\$ 25,329.92
December Actual/ Projected	\$ 49,677.89	\$ 28,400.28
Total	\$ 622,962.20	\$ 333,505.25