

Centre Wellington Hydro Ltd. EB-2023-0010
October 4, 2023

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Staff Question-1

Ref: Information Sheet of IRM Rate Generator Model F18

As per the OEB letter, issued August 21, 2023, the OEB assigned EB-2023-0010 to Centre Wellington's 2024 IRM application. OEB staff notes that Cell F18 shows a EB-2023-0090

- a) Please confirm that EB-2023-0010 is the correct number and update the rate generator accordingly.

Response:

- a) Sorry for the confusion, yes CWH confirms the file number is EB-2023-0010 and has updated the generator accordingly.

Staff Question-2

Ref: Information Sheet of IRM Rate Generator Model F49 and F51 and Manager's Summary, p. 16

OEB staff notes that Centre Wellington selected "No" in response to question 5 and 6 on Tab 1 of the rate generator, indicating that it did not have Class A customer since 2021. On page 18 of the Manager's Summary, Centre Wellington stated that as at December 31, 2022 it has three active Class A customers, which have been part of Class A for the full duration of the accumulation of the Group 1 variance balances.

- b) Can you please confirm that Centre Wellington had Class A during the time the balances in Account 1589 and Account 1580, Sub-account CBR Class B accumulated.
- c) If yes, please update Tab 1 of the rate generator as well as any subsequent applicable tabs.
- d) Please confirm that Centre Wellington did not have customers that transitioned from Class A to Class B or vice versa during that time.

Responses:

- b) Yes, CWH had Class A customers.
- c) The responses to questions 5 and 6 have been updated on Tab 1 and Tab 6 of the rate generator has been completed.
- d) Confirmed, CWH did not have any customers that transitioned from Class A to Class B during that time.

Staff Question-3

Ref: IRM Rate Generator Model, Tab 3, Continuity Schedule and GA Workform, Principle Adjustments

On the Principle Adjustment Tab fo the GA workform, Centre Wellington listed a principal adjustment of (\$547). OEB staff notes that this adjustment has not been transferred to Tab 3 of the rate generator.

- a) Please explain and update the rate generator, if necessary

Response:

- a) The principal adjustment of \$547 on the GA workform is the RPP true-up for 2022. This amount was claimed and settled with the IESO in 2023. CWH did not accrue it for the year end of 2022 due to it being immaterial. No change has been made to the rate generator as the continuity schedule matches with our trial balance figures for December 31, 2022.

Staff Question-4

Ref: IRM Rate Generator Model, Tab 3, Continuity Schedule

In Tab 3, column BE, OEB staff notes that Centre Wellington transferred a total principal amount of (\$242,331) and a total interest amount of (\$4,827) into Account 1595(2022). In 2022 the OEB approved a a total principal amount of \$250,947 and a total interest amount of \$4,965.

- a) Please explain the difference and update the rate generator, if necessary.

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| | | 2022 | | | | |
|--|----------------|--------------------------------------|-----------------------------------|--|--|--------------------------------|
| Account Descriptions | Account Number | OEB-Approved Disposition during 2022 | Principal Adjustments during 2022 | Closing Principal Balance as of Dec 31, 2022 | Opening Interest Amounts as of Jan 1, 2022 | Interest Jan 1 to Dec 31, 2022 |
| Group 1 Accounts | | | | | | |
| LV Variance Account | 1550 | 112,521 | | 312,776 | 1,906 | 4,970 |
| Smart Metering Entity Charge Variance Account | 1551 | (8,897) | | (23,258) | (405) | (205) |
| RSVA - Wholesale Market Service Charge ⁵ | 1580 | (59,793) | | 118,463 | (1,254) | 1,786 |
| Variance WMS – Sub-account CBR Class A ⁵ | 1580 | | | 0 | 0 | |
| Variance WMS – Sub-account CBR Class B ⁵ | 1580 | (3,273) | | (5,458) | (109) | (105) |
| RSVA - Retail Transmission Network Charge | 1584 | (11,968) | | 334,398 | (1,090) | 4,775 |
| RSVA - Retail Transmission Connection Charge | 1586 | (2,032) | | 85,946 | (633) | 1,380 |
| RSVA - Power ⁴ | 1588 | 105,646 | | 39,877 | 2,146 | 467 |
| RSVA - Global Adjustment ⁴ | 1589 | 118,742 | | (140,247) | 4,325 | (2,621) |
| Disposition and Recovery/Refund of Regulatory Balances (2019) ³ | 1595 | | | 33,310 | (9,660) | 111 |
| Disposition and Recovery/Refund of Regulatory Balances (2019) ³ | 1595 | | | (12,830) | 8,647 | (179) |
| Disposition and Recovery/Refund of Regulatory Balances (2020) ³ | 1595 | | | (3,644) | 1,311 | (50) |
| Disposition and Recovery/Refund of Regulatory Balances (2021) ³ | 1595 | | | 0 | 0 | |
| Disposition and Recovery/Refund of Regulatory Balances (2022) ³ | 1595 | (242,331) | | (11,652) | 0 | 1,509 |
| Disposition and Recovery/Refund of Regulatory Balances (2023) ³ | 1595 | | | | | |
| <i>Not to be disposed of until two years after rate rider has expired and that balance has been audited. Refer to the Filing Requirements for disposition eligibility.</i> | | | | 0 | 0 | |
| RSVA - Global Adjustment requested for disposition | 1589 | 118,742 | 0 | (140,247) | 4,325 | (2,621) |
| Total Group 1 Balance excluding Account 1589 - Global Adjustment requested for disposition | | (110,125) | 0 | 867,929 | 859 | 14,458 |
| Total Group 1 Balance requested for disposition | | 8,616 | 0 | 727,682 | 5,184 | 11,837 |

Response:

- a) The total Principal amount as approved in EB-2021-0012 was \$239,910, see below for the table taken from the Decision and Rate Order. The difference between the approved \$239,910 and CWH's reported \$242,331 is \$2,421 which was part of the interest on the original 1595 balance. CWH included this portion as “principal” on the continuity statement on Tab 3. The rate generator, tab 3 has been updated to reflect this.

Ontario Energy Board

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Table 6.1: Group 1 Deferral and Variance Account Balances

| Account Name | Account Number | Principal Balance (\$) A | Interest Balance (\$) B | Total Claim (\$) C=A+B |
|--|----------------|--------------------------|-------------------------|------------------------|
| LV Variance Account | 1550 | 112,521 | 1,507 | 114,028 |
| Smart Meter Entity Variance Charge | 1551 | (8,897) | (400) | (9,297) |
| RSVA - Wholesale Market Service Charge | 1580 | (59,793) | (1,325) | (61,118) |
| Variance WMS - Sub-account CBR Class B | 1580 | (3,273) | (104) | (3,377) |
| RSVA - Retail Transmission Network Charge | 1584 | (11,968) | (1,276) | (13,244) |
| RSVA - Retail Transmission Connection Charge | 1586 | (2,032) | (739) | (2,770) |
| RSVA - Power | 1588 | 105,646 | 2,468 | 108,114 |
| RSVA - Global Adjustment | 1589 | 118,742 | 4,834 | 123,576 |
| Disposition and Recovery of Regulatory Balances (2017) | 1595 | (11,037) | 2,282 | (8,754) |
| Totals for Group 1 accounts | | 239,910 | 7,247 | 247,157 |

Staff Question-5

Ref: Rate Generator Model, Tab 3, Continuity Schedule

On September 12, 2023, the OEB published the 2023 Quarter 4 prescribed accounting interest rates applicable to the carrying charges of deferral, variance and construction work in progress (CWIP) accounts of natural gas utilities, electricity distributors and other rate-regulated entities.

- a) Please update Tab 3 (Continuity Schedule) as necessary to reflect the Q4 2023 OEB-prescribed interest rate of 5.49%.

Response:

- a) Tab 3 has been updated to reflect the Q4 OEB prescribed interest rate of 5.49%.

Staff Question-6

Ref: 2024 IRM Rate Generator, Tab 11, 15 and 20

On September 28, 2023 the OEB issued a letter regarding 2024 Preliminary Uniform Transmission Rates (UTRs) and Hydro One Sub-Transmission Rates.¹ The OEB determined to use of preliminary UTRs to calculate 2024 Retail Service Transmission rates (RTSR) to improve regulatory efficiency, allowing for this data to feed into the rate applications including annual updates for electricity distributors on a timelier basis. The OEB also directed distributors to update their 2024 application with Hydro One Network Inc.'s proposed host RTSRs.² Any further updates to Hydro One's proposed host RTSR will be reflected in the final rate generator.

OEB staff has updated LDC's rate generator with the preliminary UTRs/and proposed host RTSR by HONI as follows:

UTRs

¹ OEB Letter, EB-2023-0222, 2024 Preliminary Uniform Transmission Rates and Hydro One Sub-Transmission Rates, issued September 28, 2023

² EB-2023-0030, Hydro One's 2024 Custom IR Annual Update Application

| Uniform Transmission Rates | | Unit | | 2022 Jan to Mar | | 2022 Apr to Dec | | 2023 Jan to Jun | | 2023 Jul to Dec | | 2024 | |
|--|----|------|--|--------------------|----|--------------------|----|--------------------|----|--------------------|----|------|--|
| Rate Description | | | | Rate | | Rate | | Rate | | Rate | | | |
| Network Service Rate | kW | \$ | | 5.13 | \$ | 5.46 | \$ | 5.60 | \$ | 5.37 | \$ | 5.76 | |
| Line Connection Service Rate | kW | \$ | | 0.88 | \$ | 0.88 | \$ | 0.92 | \$ | 0.88 | \$ | 0.95 | |
| Transformation Connection Service Rate | kW | \$ | | 2.81 | \$ | 2.81 | \$ | 3.10 | \$ | 2.98 | \$ | 3.21 | |

Hydro One Sub-Transmission Rates

| Hydro One Sub-Transmission Rates | | Unit | | 2022 | | 2023 | | 2024 | |
|--|----|------|--|--------|----|--------|----|--------|--|
| Rate Description | | | | Rate | | Rate | | Rate | |
| Network Service Rate | kW | \$ | | 4.3473 | \$ | 4.6545 | \$ | 4.5778 | |
| Line Connection Service Rate | kW | \$ | | 0.6788 | \$ | 0.6056 | \$ | 0.6056 | |
| Transformation Connection Service Rate | kW | \$ | | 2.3267 | \$ | 2.8924 | \$ | 3.0673 | |
| Both Line and Transformation Connection Service Rate | kW | \$ | | 3.0055 | \$ | 3.4980 | \$ | 3.6729 | |

- a) Please confirm the accuracy of the Rate Generator update, as well as the accuracy of the resulting Retail Transmission Service Rates following these updates.

Response:

- a) Confirmed and understood that the Hydro One Proposed Sub Transmission RTSRs will be updated, if time permits, once Hydro One Distribution updates its proposed 2024 ST RTSRs to reflect the preliminary 2024 UTRs. The current ST RTSRs are from the Hydro One application submitted on August 17th, 2023 – prior to the issuance of the preliminary figures on September 28th, 2023.