**Orangeville Hydro Limited**

**EB-2023-0045**

**Error Checking Review**

**Please see Orangeville Hydro (OHL) responses below in blue.**

1. Ref 1: Exhibit 1, p. 9, line 7

Ref 2: 2024\_Rev\_Reqt\_Workform, tab 3. Data\_Input\_sheet, cell E20

Ref 3: 2014 Decision and Order:

[Appendix C\_OHL\_2014\_Rev\_Reqt\_Work\_form\_V6\_per decision\_20140403](https://www.rds.oeb.ca/CMWebDrawer/Record/432210/File/document), tab 3. Data\_Input\_Sheet, cell U20

In Ref 1, Exhibit 1 states that cost of power has increased by over $2.5M since 2014.

In Ref 2, the 2024 revenue requirement workform shows the cost of power of $29.3M.

In Ref 3, the 2014 revenue requirement workform (from the 2014 Decision) shows the cost of power of $27.7M. The difference between the cost of power in Ref 2 and Ref 3 is $1.5M ($29.3 M - $27.7M).

Please explain the difference between OEB staff’s calculation of $1.5M and Orangeville Hydro’s calculation in Ref 1. Please update Exhibit 1 as needed.

**Orangeville Hydro Response**

Revised Exhibit 1, p. 9, line 7 and 8 to “Cost of Power has increased by over $1.5M since 2014, and the Working Capital Allowance rate has gone down to 7.5% from 10%.”

There was no change to the Revenue Requirement Work form for this item.

1. Ref 1: Exhibit 1, p. 13, Table 1-7

Ref 2: 2014 Decision and Order:

[Appendix C\_OHL\_2014\_Rev\_Reqt\_Work\_form\_V6\_per decision\_20140403](https://www.rds.oeb.ca/CMWebDrawer/Record/432210/File/document), Tab 3. Data Input Sheet, cells U19-U20 and Tab 4. Rate\_Base, cells W24-W26

Ref 1 shows the following components for Working Capital Allowance for 2024 and 2014:



For 2014, Ref 2 shows the following components of the total working capital base:

|  |  |
| --- | --- |
|   |   |
| Controllable Expenses | $3,255,183  |
| Cost of Power | $27,702,552  |
| Working Capital Base | $30,957,735  |

Although the total working capital expense in 2014 in Ref 1 reconciles with the working capital base in Ref 2 ($30,957,735), its components do not match. Please explain the difference and update the evidence as needed.

**Orangeville Hydro Response**

Revised Exhibit 1, p. 13, Table 1-7

Revised Exhibit 2, p.7, Table 2-2

Exhibit 2, p.7, Lines 19-22 Added sentence “In the 2014 Board Approved values, the allocated depreciation should have been included with Recoverable OM&A expenses, but in the 2014 Revenue Requirement Work form, the amount of $(60,470) was instead included with the Power Supply Expenses. This table reflects these values as approved in 2014.”

Revised Exhibit 2, p.9, Table 2-3

Revised Exhibit 2, p.11, Table 2-5

Revised Exhibit 2, p.64, Table 2-59

Exhibit 5, p.9, Lines 19-22 Added sentence “In the below table for 2014 Board Approved values, the allocated depreciation of $(60,470) should have been included with Recoverable OM&A expenses, but in the table below, the amount of $(60,470) was instead included with the Total Working Capital Expenses.”

1. Ref 1: Exhibit 1, p. 22, Table 1-14

Ref 2: Exhibit 8, p. 19, Table 8-19
Ref 3: Tariff\_Schedule\_and\_Bill\_Impact\_Model 20230929, tab 6. Bill Impacts

The total bill impact columns ($ and %) in Ref 1, the bill impact columns ($ and %) for sub-total A (for certain rate classes), sub-total B, sub-total C ($ and %), and total bill impact columns ($ and %) in Ref 2 do not reconcile with Ref 3. Please explain and update the evidence as needed.

**Orangeville Hydro Response**

Revised Exhibit 1, p. 21, Table 1-14

Revised Exhibit 8, p. 19, Table 8-19.

Also revised Exhibit 8, p. 20, Line 17 to “As noted in Table 8-19 the Sentinel Lighting total bill impact is 37.6%.”
There were no changes made to the Tariff\_Schedule\_and\_Bill\_Impact\_Model 20230929 for this item.

1. Ref 1: Exhibit 1, p. 52, table 1-28

Ref 2: Exhibit 1, p. 55, table 1-37

In Ref 1, the five-year average for Station CAPEX shows $2,503.15. It appears that the average has been calculated over five years based on two zero values in 2020 and 2021, resulting in a lower value of Station CAPEX.

In Ref 2, with no unit cost in 2020 and 2021, OEB staff calculated the three-year average for 2017 – 2019 as (5,479+2,968+4,069)/3 = $4,172.

Please explain why Station CAPEX values are zero in 2020 and 2021 and update the evidence as need.

**Orangeville Hydro Response**

OHL calculated the 5-year average as the total spend for 2017 to 2021 divided by 5 years, using the mathematical average method. OHL confirms there was $0 in station capex in 2020 and 2021.

No changes to the evidence were required.

1. Ref: Exhibit 4, p. 23, lines 2-3

The sentence states Table 4-14 instead of 4.15. Please correct the table number.

**Orangeville Hydro Response**

Revised Table number to Table 4-15 for Exhibit 4, p.23, lines 2-3.

1. Ref: Exhibit 5, p. 13, line 10

Please correct the Section number to 5.2.5

**Orangeville Hydro Response**

Revised Section number to 5.2.5 for Exhibit 5, p.13, line 12.

1. Ref 1: A Chapter2\_Appendix 2-L\_OM&A\_per\_Cust\_FTE

Ref 2: Exhibit 4, Section 4.2.4, p. 38

Ref 3: Chapter2\_Appendix 2-JA\_OM&A\_Summary\_Analys

Admin Expenses in Line 17 in Ref 1 and in Table 4-17 in Ref 2 does not reconcile with line 22 in Ref 3 (line 22 = sum of lines 19, 20 and 21 which are Billing and Collecting + Community Relations + Administrative and General). It appears that the Admin Expenses in Ref 1 excludes Billing and Collecting and Community Relation. For example, the Admin Expenses in 2024 in Ref 1 is equal to $1,623,330 which is the same value as Administrative and General OM&A in Ref 3.

Please correct the Admin Expenses line in Ref 1 and Ref 2 which should be equal to Billing and Collecting + Community Relations + Administrative and General. Please update all the affected cells and the evidence as needed.

**Orangeville Hydro Response**

Revised Chapter2\_Appendix 2-L\_OM&A\_per\_Cust\_FTE to include Billing and Collecting and Community Relations in Total Admin Expenses.

Revised Exhibit 4, Section 4.2.4, p. 38, Table 4-17 as well as this sentence “Total OM&A cost per customer has increased from $279 per customer in 2014 Board Approved to $323 per customer in 2024 Test Year, an increase of $44 per customer or 16%. This represents a compound annual growth rate of 1.5%, which is well in line with the value of inflation over the same time period.”

1. Ref 1: A Chapter2\_Appendix 2-JC\_OM&A Programs

Ref 2: Exhibit 4, Section 4.2.3, Table 4-16, p. 24 and Table 4-18, p. 40

In Ref 1, Cell N46 and Cell O46 do not have LEAP variance calculations as shown in Ref 2. Please update Ref 1 to include these variances.

In Ref 1, the reporting basis in cell B14 shows MIFRS compared to CGAAP in Ref 2. Please correct the reporting basis.

**Orangeville Hydro Response**

Revised Chapter2\_Appendix 2-JC\_OM&A Programs for LEAP variance calculations.

Revised Exhibit 4, Section 4.2.3, Table 4-16, p. 24 and Table 4-18, p. 40.

1. Ref 1: Exhibit 4, Table 4-37, p. 53

Ref 2: Exhibit 4, p. 61

Ref 3: Chapter 2 Appendix 2-K Employee Costs

In Ref 1, several numbers in the 2023 Bridge Year and 2024 Test Year columns do not match with the numbers in Ref 3. Please reconcile and update the evidence as needed.

Please also reconcile the change in wages for 2024 Test to 2023 Bridge in Ref 2 and update the evidence as needed.

**Orangeville Hydro Response**

Revised Exhibit 4, Table 4-37, p. 53, Chapter 2 Appendix 2-K Employee Costs and Exhibit 4, p. 61.

1. Ref: Exhibit 4, pp. 15, 23, 63, 74, 76, and 79

OEB staff notes incorrect table numbers stated throughout Exhibit 4. For example, page 15, line 2, Table 4-2 should read Table 4-3. Please update the evidence to reflect correct table numbers.

**Orangeville Hydro Response**

Revised Table numbers for Exhibit 4, pp. 15, 23, 63, 74, 77, and 79.

1. Ref 1: Exhibit 5, Table 5-2, p. 4

Ref 2: Chapter 2 Appendix 2-OA

The Capitalization Ratio ($) column and Return (4) column in Ref 1 and Ref 2 do not match.

Please explain why. Please reconcile and update the evidence as needed.

**Orangeville Hydro Response**

Revised Exhibit 5, Table 5-2, p. 4. Chapter 2 Appendix 2-OA was not revised for this item.

1. Ref 1: Exhibit 5, Table 5-19, p. 12

Ref 2: Chapter 2 Appendix 2-OA

In Ref 1, the rate base calculations for 2024 do not reconcile with Ref 2. For example, the regulated return on capital in Ref 1 is 1,732,795 and in Ref 2 is $1,733,078.

Please explain why. Please reconcile and update the evidence as needed.

**Orangeville Hydro Response**

Revised Exhibit 5, Table 5-19, p. 12. Chapter 2 Appendix 2-OA was not revised for this item.

1. Ref 1: Exhibit 5, pp. 12-13

Ref 2: Chapter 2 Appendix 2-OB

In Ref 1, Orangeville Hydro states that it is planning on taking $1.5M of new third-party debt in the 2024 Test Year at a rate of 5.3% on May 31, 2024, for a term of 5 years.

In Ref 2, the debt instrument for 2024 shows budgeted term loan (Row 9) with the start date May 31, 2024 and a principal of $743,954 at 5.3%.

Please explain the difference between $1.5M in Ref 1 and $743,954 in Ref 2. Please update the evidence as needed.

**Orangeville Hydro Response**

Sentence added to Exhibit 5, p. 13, lines 1-2 “In App 2-OB\_Debt Instruments, this loan appears as an average principal value of $743,954, as it had a value of $0 at January 1, 2024.”

1. Ref 1: Exhibit 6, p. 12, line 22

Ref 2: Exhibit 6, Table 6-8, p. 10

The revenue deficiency in Ref 1 is $829,782. Ref 2 shows the revenue deficiency of $829,921 (line no. 26).

Please explain why they do not match. Please reconcile and update the evidence as needed.

**Orangeville Hydro Response**

Revised Exhibit 6, p. 11, line 22 to the correct value of $829,921.

1. Ref 1: Exhibit 6, Table 6-8, page 12

Ref 2: 2014 Decision and Order:

[Appendix C\_OHL\_2014\_Rev\_Reqt\_Work\_form\_V6\_per decision\_20140403](https://www.rds.oeb.ca/CMWebDrawer/Record/432210/File/document), Tab 4. Rate\_Base, cells W24-W26

The Working Capital for the Board-approved 2014 in Ref 1 matches with Ref 2. However, the Cost of Power and Operating Expenses in Ref 1 and Ref 2 do not match.

Please explain the differences in these components and update the evidence as needed.

**Orangeville Hydro Response**

Revised Exhibit 6, Table 6-8, page 12 to match the 2014 Board Approved Revenue Requirement Workform.

Revised Exhibit 6, p. 12, line 12-13 to “Increase of $1.0M in OM&A expenses, which is an increase of 29% over 10 years – this is CAGR of 2.5%.”

1. Ref 1: Exhibit 2, p. 48, Table 2-40

Ref 2: Chapter 2 Appendices, tab 2-AB

2018 General Plant in Ref 1 is $443,852 and Ref 2 is $451k. Contributions are -$198,868 vs $206k. The Net Capital Expenditures matches but the line items do not.

OEB staff notes that this is below materiality, however, if Orangeville Hydro is making corrections to other items, please include this update as well. This is in all pdf replications of the table, in Exhibit 2 and the DSP.

**Orangeville Hydro Response**

Revised Exhibit 2, p. 48, Table 2-40 to the correct General Plant value of $451k and contributions of $199k.

1. Ref 1: Chapter 2 Appendix 2-BA, Account 2440 – Deferred Revenues Depreciation Additions (column K)

Ref 2: Chapter 2 Appendix H, Account 4245 - Government and Other Assistance Directly Credited to income

Depreciation in Account 2440 in 2-BA does not match the amortization in Account 4245 for 2015, 2019, and 2022.

Please update the evidence as needed.

**Orangeville Hydro Response**

In 2015, there was an amount included for a Scientific Research and Experimental Development tax incentive in 4245.

In 2019, there was a disposal of contributed capital in 4245.

In 2022, there was a $200 WSIB incentive cheque in 4245.

No update to the evidence is required.

1. Ref 1: Chapter 2 Appendix 2-AB

Ref 2: DSP, p. 83 (or p. 175 of PDF), Figure 5.4-3

In Ref 2, the Figure 5.4.3 is titled “Overall Gross Capital Expenditures” and the figure itself has a title “Overall Net Expenditures ($000). The values shown in the table do not match the values, net or gross in Ref 1.

Please explain why and update the evidence as needed.

**Orangeville Hydro Response**

Exhibit 2, Appendix 2-C, Distribution System Plan, p.83, Figure 5.4-3 OHL has amended the graph in the DSP to correctly reflect the gross capex in Appendix 2-AB.

No changes were made to Chapter 2 Appendix 2-AB for this item.

1. Ref 1: Exhibit 9, p. 29 – Account 1518

Ref 2: DVA Continuity Schedule, Tab 2b – Account 1518 claim amount

Ref 1 indicates Account 1518 requested for disposition is $263,016.60. Ref 2 indicates claim amount is $262,279.08.

Please reconcile and update the evidence as needed.

**Orangeville Hydro Response**

Revised Exhibit 9, p. 29, line 20 from $263,016.60 to $262,279.08.

No changes were made to DVA Continuity Schedule for this item.

1. Ref 1: Exhibit 9, p.36-37, Tables 9-23 to 9-28

Ref 2: DVA Continuity Schedule, Tab 7

Each of the rate rider tables do not completely agree between Exhibit 9 and DVA Continuity Schedule for certain rate classes.

Please explain why and update the evidence as needed.

**Orangeville Hydro Response**

Revised Exhibit 9, p.36-37, Tables 9-23 to 9-28 to correctly reflect the rate rider tables.

1. Ref 1: DVA Continuity Schedule

Ref 2: Per Exhibit 9, p.15

In Ref 2, Accounts 1588 and 1589 were last disposed on a final basis in 2016. The DVA Continuity Schedule should start from 2017. OEB staff has modified the DVA Continuity Schedule to open up all cells for 2017. The modified DVA Continuity Schedule has been attached to this Error Checking Review.

Please input all appropriate amounts in 2017 for Accounts 1588 and 1589.

**Orangeville Hydro Response**

Revised OHL 2024\_DVA\_Continuity\_Schedule\_CoS 20231101 to update values for 2017 for Accounts 1588 and 1589.

1. Ref 1: Cost Allocation Model Sheet I7.2 Customer Data

Ref 2: Cost Allocation Model Sheet I7.1 Meter Capital

The Meter Data reflects fewer meters than customers in the Residential and GS < 50 rate classes. There should be at least one meter per customer. Please explain why and revise the spreadsheets as needed.

**Orangeville Hydro Response**

OHL has reviewed the data and deems it appropriate as it is.

The customer numbers in I7.2 Customer Data is based on an average total number of customers in 2024.

The data in I7.1 Meter Capital is based on an actual snapshot of OHL’s meter population at one point in time. OHL used its actual meter numbers and allocated them to residential or GS<50 based on their meter/bill type combination. Forty of those had not been billed as yet, and were allocated to residential, as opposed to GS<50.

No changes to the Cost Allocation model are deemed necessary at this point.

1. Ref 1: Exhibit 8, Table 8-6

Ref 2: Exhibit 8, Table 8-7

Ref 3: 2024\_Rev\_Reqt\_Workform, tab 13 Rate Design

The variable charge for GS > 50 kW in Ref 1 does not match the values from Ref 2 and Ref 3. Please reconcile and update the evidence as needed.

**Orangeville Hydro Response**

Revised Exhibit 8, Table 8-6, p. 8. No changes to Exhibit 8, Table 8-7 or 2024\_Rev\_Reqt\_Workform, tab 13 Rate Design for this item.

**Additional Items from Completeness Review**

1. Ref 1: Exhibit 2, p. 67, Section 2.8.1 Capitalization Policy

There is no statement regarding changes to Capitalization Policy.

**Orangeville Hydro Response**

Added in Exhibit 2, p. 67, Section 2.8.1 Capitalization Policy “There were no material changes to this policy since the last Cost of Service application, other than general housekeeping updates.”

1. Ref 1: Exhibit 2, Appendix 2-C Distribution System Plan, p. 20, Section 5.2.2.6 IESO

No statement within the DSP stating that there are no inconsistencies between DSP and any current Regional Plan.

**Orangeville Hydro Response**

Added sentence in Exhibit 2, Appendix 2-C Distribution System Plan, p. 20, Section 5.2.2.6 IESO: “There are no inconsistencies between the Distribution System Plan and the current Regional Plan.”

1. Ref 1: Exhibit 2, Appendix 2-C Distribution System Plan, Table 5.2-7 – Appendix 2-G: Service Quality

Ref 2: OHL 2024\_Filing\_Requirements\_Chapter2\_Appendices 20230929

Update the blank cells in the Service Quality table in Appendix 2-G.

**Orangeville Hydro Response**

Blank cells signify a 0 for this SQI table. In the Appendices file, these cells are protected, and even when removing the protection, and try to modify the existing formulas, OHL is unable to enter a 0. No change to evidence required or possible.

**Other Changes Made**

1. Ref 1: Exhibit 3, Customer and Load Forecast, Page 19, Table 3-24

Ref 2: OHL 2024\_Filing\_Requirements\_Chapter2\_Appendices 20231101, Tab 2-IB, Cell M59

**Orangeville Hydro Response**

Updated Exhibit 3, Customer and Load Forecast, Page 19, Table 3-24 to reflect correct Weather Normalized Consumption for Unmetered Scattered Load Connections in 2024 Test Year of 370,613.

Updated OHL 2024\_Filing\_Requirements\_Chapter2\_Appendices 20231101, Tab 2-IB, Cell M59 to reflect correct Weather Normalized Consumption for Unmetered Scattered Load Connections in 2024 Test Year of 370,613.

1. Ref 1: Exhibit 3, p. 25, Table 3-33

**Orangeville Hydro Response**

Corrected Exhibit 3, p. 25, Table 3-33: 2014 Board Approved Residential kWh to $90,278,404 to reflect correct consumption.