

**ONTARIO ENERGY BOARD**

**IN THE MATTER OF** the *Ontario Energy Board Act, 1998*, S.O. 1998, c.15, Schedule B;

**AND IN THE MATTER OF** an Application by Orangeville Hydro Limited (Orangeville Hydro) for an Order or Orders approving or fixing just and reasonable rates and other service charges for the distribution of electricity as of May 1, 2024

**INTERROGATORIES**

**ON BEHALF OF THE**

**SCHOOL ENERGY COALITION**

**1-SEC-1**

[Ex. 1, Appendix 1-A 2024 Business Plan] Orangeville Hydro has provided a copy of its 2024 Business Plan.

- a. Please provide all materials provided to Orangeville Hydro's Board of Directors regarding the 2024 Business Plan and its approval of this application.
- b. Please file a copy of Orangeville Hydro's 2021-2025 Business Plan on the record of this proceeding.

**1-SEC-2**

[Ex. 1, p. 40, Appendix 1-B and 1-C] Orangeville Hydro did a Distribution System Plan (DSP) Customer Engagement Survey (Appendix 1-C) in April-June 2021, which informed its 2022-2026 DSP and subsequently did a Customer Interest Survey (Appendix 1-B), stating 'The survey features six questions relating to the specific cost drivers and highlights the approximate percentage of bill impact each cost driver will have. The CoS Survey began July 23, 2023, and will continue into 2024. This is to ensure customers are well informed of the CoS application, why it is necessary, how it will impact their bill, and by how much.'

- a. Please file a copy of Orangeville Hydro's 2022-2026 DSP on the record of this proceeding.
- b. Please confirm that Orangeville Hydro is relying on the 2021 DSP Customer Engagement Survey to inform this application.
- c. If confirmed, why did Orangeville Hydro determine that it did not need to revisit the Customer Engagement Survey with updated information including bill impacts?

**1-SEC-3**

[Ex. 1, pp. 9 & 48, Table 1-21, Ex. 8, p. 17] Orangeville Hydro states its 2022 revenue was reduced due to a "customer refund as a result of an OEB Assurance of Voluntary Compliance for overbilling of fixed charges. This billing calculation change reduced revenues going forward." Page 48 notes that the refund covered a four-year period.

- a. Please explain the error and how it was corrected?
- b. What was the impact on distribution revenue on each of the four years affected?
- c. What was the impact on 2022 distribution revenue?
- d. What is the forecasted impact on 2024 distribution revenue?

**1-SEC-4**

Exhibit 8, p. 17 states: “In late 2022, OHL discovered that it was underbilling a large customer using the wrong meter multiplier. As allowed to do so under the Distribution System Code, OHL re-billed the customer back to January 1, 2021.”

- a. Orangeville Hydro shows its Billing Accuracy as follows:

2018	2019	2020	2021	2022
100%	100.0%	99.84%	99.82%	99.73%

Given the two examples noted above, please explain the reported billing accuracies above.

- b. What is Orangeville Hydro doing to improve its Billing Accuracy?

**1-SEC-5**

[Ex. 1, p. 21] Orangeville Hydro lists a number of efficiency improvements it has implemented. Please provide a table that shows all productivity gains and improvements and the associated cost savings embedded in the 2024 budget for OM&A. Please detail all assumptions and methodology used in the calculation.

**2-SEC-6**

[Ex. 2, Appendix 2-AB] Please provide:

- a. Year-to-date numbers for 2023 net capital expenditures as shown in Appendix 2-AB and an updated forecast for 2023 and 2024 as required.
- b. Year-to-date numbers for 2021 and 2022 to the same point in time as provided for 2023 in part a.

**2-SEC-7**

[Ex. 2, Appendix 2-AB] Appendix 2-AB shows contributed capital for 2025 to be +204k. Please confirm if this is correct or correct as required.

**2-SEC-8**

[Ex. 2, Appendix 2-C DSP] Orangeville Hydro filed a DSP as part of its 2022 rate application EB-2021-0049. Net Capital Expenses are shown as follows:

\$000	2022 planned/actual	2023 planned	2024 planned	2025 planned	2026 planned
Previous DSP	2,074	2,298	2,042	2,057	2,508
Updated DSP	2,920	2,053	2,958	2,805*	2,747

\* Assumes correction to contributed capital noted above in 2-SEC-6 is correct.

- a. Please explain the variance between the planned spending in 2024 to 2026.
- b. Please explain the process Orangeville Hydro used to update the DSP for this application.

### **2-SEC-9**

[Ex. 2, p. 8] Orangeville Hydro states that they "...started using account 6105 Taxes Other than Income Taxes in 2018. For the years 2014 to 2017, property taxes were included in Recoverable OM&A Expenses."

- a. Please provide the amount of property taxes included in Recoverable OM&A Expenses for 2014 (approved and actual) to 2017.
- b. For 2019 to 2024, please provide the actual or forecasted property taxes.

### **2-SEC-10**

[Ex. 2, Appendix 2-D] Orangeville Hydro has provided its allocated OM&A costs for 2014 to 2022 in Appendix 2-D, however, shows \$0 for 2023 and 2024. Please provide an explanation of why no costs are allocated in 2023 and 2024 and update as required.

### **2-SEC-11**

[Ex. 2, Appendices 2-AB and 2-G] Orangeville Hydro's average net capital expenditures 2014-2023 are \$1,759k and the forecast for 2024-2028 is \$2,908k, a variance of \$1,149k (65%).

- a. Why is Orangeville Hydro increasing its forecasted net capital expenditures by 65% compared to historical.
- b. Why were the required investments not made in previous years, especially considering that 2020 and 2021 had poor reliability mainly caused by defective equipment?

### **2-SEC-12**

[Ex. 2, p. 54] Orangeville Hydro states: "There is a 472% increase in General Plant expenditures from 2023 to 2024. The increase is due to a much needed roof replacement, a new industry standard of GIS, a financial software upgrade and an enhanced customer portal. OHL's building was built in 1990 and the roof is beyond its life expectancy. OHL was informed by a third party that it is in serious need of replacement. OHL's existing customer portal is no longer being supported and is increasing cybersecurity concerns."

For each of the three cited reasons given above; new roof, new GIS standard and enhanced customer portal, please provide details on the following:

- a. When was this issue first identified or known?
- b. If before 2023, why was the issue not acted upon sooner?
- c. Were any of these three projects identified in Orangeville Hydro's 2022-2026 DSP?

### **2-SEC-13**

[Ex. 2, pp. 53 & 54, Table 5.2-3, Material Investment Narrative Investment Category: H00-SLEEVE-2024 Automatic Tension Sleeve Replacements] On page 53 Orangeville Hydro states that: "There is a 5% increase in System Renewal expenditures from 2022 to 2023. The increase was driven by a primary sleeve replacement program...The need for this program was identified

after the December 2022 blizzard which triggered OHL to file a major event report with the OEB.”

On page 54 Orangeville Hydro states: “There is a 35% increase in System Renewal expenditures from 2023 to 2024. The increase is driven by a sleeve replacement program”.

The note at the bottom of Table 5.2-3 states: “This is due to an automatic tension sleeve failing resulting in the feeder tripping and live conductor falling to the ground in 2020. This incident was reported to the Electrical Safety Authority (“ESA”) and published in 2021. No injuries were reported to OHL employees or the general public. OHL quickly restored the conductor and carried out an infrared scan of that area and the entire service territory to detect other failing sleeves.”

Material Investment Narrative H00-SLEEVE-2024 shows \$142k in 2023 and \$227k in 2024 and states that \$50k in each year is for the replacement of one PME switchgear, resulting in \$92k to replace 100 sleeves in 2023 and \$177k to replace 431 sleeves.

- a. Please confirm that the issue with the sleeves was initially identified in 2020.
- b. If confirmed above, why was there no spending on replacing sleeves included in Orangeville Hydro’s 2022-2026 DSP?
- c. Please explain why the cost in 2023 is \$920 per sleeve and \$410 in 2024.
- d. Why is Orangeville Hydro not pacing the replacement of the sleeves over the DSP period?

**2-SEC-14**

[Ex. 2, Material Investment Narrative Investment Category: M00-STOCK-2024 Meter Replacement and Additions] Orangeville Hydro shows the following spending for meters:

\$000	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
	126	109	0	171	19	203	243	365	450	378	441

- a. For each year, please provide:
  - Number and cost of new meters installed
  - Number and cost of replacement meters
  - Number and cost of wholesale meters replaced
  - Number and cost of MIST interval upgraded
  - Costs to reverify and sample meters

**2-SEC-15**

[Ex. 2, Material Investment Narrative Investment Category: GP 2024-5 Vehicles] Orangeville Hydro states that replacement decisions are based on ‘Vehicle age, mileage, engine and PTO hours, annual maintenance/inspection results, repair history, and use case requirements.’

- a. For each of the vehicles listed in the Overview, please provide details of the above information.
- b. Orangeville Hydro is planning to replace two of its trucks with electric trucks. What are the forecasted savings in fuel for each truck?
- c. Orangeville Hydro’s ‘vehicle strategy plans for small vehicles, such as pickup trucks, to remain in service for 8 years. As of 2023, OHL’s three pickup trucks have been in service

for 8 years (#34), 7 years (#36), and 6 years (#37). OHL plans to replace one pickup truck per year in 2024, 2025, and 2026.’ Please explain why it appears that Orangeville Hydro’s is replacing the three pickup trucks based solely on years in service and not on the other criteria listed above.

### **3-SEC-16**

[Ex. 3, Appendix 2-IB] Please provide actuals to date for the load forecast and customer/connection numbers for the Bridge Year 2023 and revise the 2023 and 2024 load forecast and customer/connection numbers as required.

### **3-SEC-17**

[Ex. 3, p. 15, Table 3-19] Orangeville Hydro states ‘The 10-year average annual increase in customer/connection by rate class is applied to the 2023 Bridge Year and 2024 Test Year.’

- a. Please confirm that the 2014-2022 (9 years) average increase in customers for the GS > 50 kW class is 1.0%.
- b. Please explain why Orangeville Hydro has used a 0.10% growth rate in preparing the load forecast, given the statement above.

### **4-SEC-18**

[Appendices 2-JA, JD, K] Please update Appendices 2-JA, JD and K for 2023 actuals to date and provide actuals for the same point in time for 2022 and 2021.

### **4-SEC-19**

[Ex. 4, p. 22] Orangeville Hydro states that: “Billing and Collecting is projected to be higher due to maintenance contract costs for a new customer portal, higher costs for the new bill printing and mailing contractor, as well as wage progressions and inflationary increased contract costs.”

- a. How many e-billing customers does Orangeville Hydro have?
- b. What is Orangeville Hydro doing to increase the number of e-billing customers in order to reduce bill printing and mailing costs?

### **4-SEC-20**

[Ex. 4, p. 10, Table 4-24] Orangeville Hydro states that for 2024: “The costs associated with underground locates include contract costs which have increased by 17.31% from 2022 actuals to 2024 Test Year.” Below Table 4-24 Orangeville Hydro states that the variance for Customer Premises (which includes locates) for 2024 compared to 2022 is \$9,596 and not material.

- a. What amount of dollars is included in 2022 actuals, 2023 forecast and 2024 budget for locates and based on what number of locates in each year?
- b. On October 31, 2023, in its decision in EB-2023-0143, the OEB establish a generic, sector-wide variance account, the *Getting Ontario Connected Act* (GOCA) variance account, to specifically track incremental costs of locates in 2023 and future years arising from the implementation of recent provincial legislation: Bill 93 (the Getting Ontario Connected Act, 2022). What amount is included in the 2024 budget specifically related to the GOCA?

#### **4-SEC-21**

[Ex. 4, Table 4-1, Appendix 2-JB (Table 4-15), Ex. 1, p. 22] Appendix 2-JB shows the main cost drivers for OM&A. SEC notes that Note 2 states that cell B15 should be equal to the OEB approved amount for the last rebasing year and this is not the case.

- a. Please update B15 to equal the OEB approved amount.
- b. Please confirm that the total increase in Contracts from OEB approved to 2024 is \$449k and for Labour is \$447k.
- c. If part b. is confirmed, please explain the discrepancy as Table 4-1 shows for Contracts the total increase is \$717k and Labour is \$442k.
- d. Please provide details of the increases shown in part c.

#### **4-SEC-22**

[Ex. 4, Table 4-1, Appendix 2-JB (Table 4-15), Ex. 1, p. 22] In Exhibit 1, Orangeville Hydro states 'OHL's 2014 OM&A included a full-time staff level of 21. This application includes a full-time staff level of 20. OHL has been able to do more (increased workload) with less staff by improving internal processes and working with third party providers while still maintaining the level of service customers expect.'

- a. Please provide a detailed listing of positions which have been eliminated and replaced by contractors.
- b. Please provide the business cases for each of the eliminated positions listed in part e.

#### **5-SEC-23**

[Ex. 6, Table 5-14] Orangeville Hydro is planning to secure new five year debt starting May 31, 2024 with a principle of \$1.5M at 5.3%.

- a. Please update the Cost of Capital with the 2024 Parameters issued on October 31, 2023.
- b. Please explain why a five-year term has been chosen over a longer term and what interest rate could Orangeville Hydro receive for a longer-term loan?

#### **6-SEC-24**

[Ex. 6, Table 6-12 & Appendix 2-H] Please provide actuals to date for Other Revenue for 2023 and for same period 2021 and 2022 in the detail provided in Appendix 2-H. Please update the forecasts for 2023 and 2024 if required.

#### **6-SEC-25**

[Ex. 6, Table 6-12, Appendix 2-H & Appendix 2-N, Ex. 4, Table 4-42]

SEC has prepared the following table from data in Appendix 2-H (Revenues from Non Rate-Regulated Utility Operations and Expenses of Non Rate-Regulated Utility Operations) and Appendix 2-N (Pricing for Shared Services).

\$	Appendix 2-N				Appendix 2-H			
	Revenue	Cost	Net	%	Revenue	Cost	Net	%
2014	489,386	387,054	102,332	26%	496,644	411,100	85,544	21%
2015	444,254	362,009	82,245	23%	555,944	439,056	116,888	27%
2016	430,529	355,948	74,581	21%	440,293	363,690	76,602	21%
2017	436,558	364,970	71,588	20%	572,797	409,840	162,957	40%
2018	461,334	386,283	75,051	19%	513,042	388,684	124,359	32%
2019	476,198	452,243	23,955	5%	483,552	455,996	27,557	6%
2020	464,304	455,830	8,474	2%	470,614	460,623	9,991	2%
2021	535,786	439,671	96,115	22%	541,648	443,479	98,169	22%
2022	508,147	487,903	20,244	4%	516,247	492,195	24,052	5%
2023	543,872	479,158	64,714	14%	550,569	482,730	67,840	14%
2024	579,272	522,757	56,515	11%	585,970	526,329	59,641	11%

- a. Please explain why the number in Appendix 2-H shown above do not agree with Table 4-42, e.g., Appendix 2-H cost for 2024 is \$526,329 as shown above not \$522,757 as shown in Table 4-42.
- b. SEC notes that the average mark up on the cost to provide services to affiliates for 2014 to 2018 was 22% in Appendix 2-N and 28% in Appendix 2-H, dropping to 10% for the period 2019 to 2024. Please explain the reasons for the difference 2014 to 2028 and the reduction in 2019 to 2024.

**8-SEC-26**

[Ex. 8, p. 6, Table 8-5, Filing Requirements For Electricity Distribution Rate Applications - 2023 Edition for 2024 Rate Applications, p. 51] The 2024 Filing Requirements state that “If a distributor’s current fixed charge for any non-residential class is higher than the calculated ceiling, there is no requirement to lower the fixed charge to the ceiling, nor are distributors expected to raise the fixed charge further above the ceiling for any nonresidential class.”

- a. Please explain why Orangeville Hydro considers the examples offered on page 6 to apply to Orangeville Hydro, given what the Filing Requirements state.

- b. Please redo the bill impacts for the GS > 50 kW class using the Ceiling Fixed Charge from the Cost Allocation.

**9-SEC-27**

[Ex.9, p. 32] With respect to Account 1592 – Sub-account CCA Changes.

- a. Please provide an updated Table 9-19 that includes a forecast balance through the end of 2023.
- b. Please provide supporting information for the calculation of the principal entries (and the request in part a), including all CCA schedules.
- c. Please explain why no interest was calculated for the sub-account balance.

**9-SEC-28**

[Ex.9, p. 33] With respect to Account 1508 Pole Attachment Revenue Variance Account, please update Table 9-20 to include a forecast of 2023 incremental revenue.

Respectfully, submitted on behalf of the School Energy Coalition on December 7, 2023.

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Jane Scott  
Consultant for the School Energy Coalition