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December 8, 2023   **VIA E-MAIL**

Ms. Nancy Marconi
Registrar (registrar@oeb.ca)
Ontario Energy Board
Toronto, ON

Dear Ms. Marconi:

**Re: EB-2023-0045 –Orangeville Hydro Limited (Orangeville or OHL)
         Cost of Service rates beginning May 1, 2024.
         Interrogatories of the Vulnerable Energy Consumers Coalition (VECC)**

Please find attached the interrogatories of VECC in the above-noted proceeding. We have also directed a copy of the same to the Applicant.

Yours truly,

Mark Garner
Consultants for VECC/PIAC

Email copy:
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For interrogatory clarifications please contact Mark Garner at 647-408-4501 or markgarner@rogers.com

REQUESTOR NAME   **VECC**

TO: **Orangeville Hydro Limited (Orangeville or OHL)**

DATE: **December 8, 2023**

CASE NO: **EB-2023-0045**

APPLICATION NAME   **2024 Cost of Service Rate Application**

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1.0   ADMINISTRATION (EXHIBIT 1)

1.0-VECC-1

Reference: Exhibit 1, pages 37- ; 46-

a) Please provide the annual number of customer contacts (email, social media, telephone etc.) for each year 2014 through 2023. Please provide the total contacts by category of issue, for example, those classified as inquiries (seeking information) and those classified as complaints.

1.0-VECC-2

Reference: Exhibit 1, pages 37-

a) Please provide the cost of the "Engage Orangeville Hydro" exercise that was undertaken in support of this application. Please distinguish between internal costs (for example as calculated by hours expended on related tasks) and external or third party cost.

1.0-VECC-3

Reference: Exhibit 1, pages 56- / Exhibit 4, Section 4.3.3

a) Please provide the 2014 through 2024 (forecast) annual fees for membership in the following groups:

- Cornerstone Hydro Electric Concepts ("CHEC");
- Electricity Distributors Association ("EDA"); and,
- Utilities Standards Forum ("USF")

2.0 RATE BASE AND CAPITAL (EXHIBIT 2)

2.0-VECC -4

Reference: Exhibit 2, page 40

a) Please update the following schedules for year-end 2023 (unaudited) results:

   i.   Appendix 2-AA

   ii.   Appendix 2-BA

2.0-VECC -5

Reference: Exhibit 2, page 40

a) Please provide a list of each subdivision under construction in each year 2023 through 2025 and provide the current status of the project (planning stage, construction of roadway and services complete, percentage of houses currently completed and energized).

2.0-VECC -6

Reference: Exhibit 6,

a) Please explain how the capital contribution forecast for 2023 through 2028 was formulated?

2.0-VECC -7

Reference: Exhibit 2, Appendix 2-C-DSP

"*As identified in the 2022 Regional Infrastructure Plan ("RIP") and in the April 2020 Needs Assessment report, HONI intends to replace and upgrade the existing Orangeville TS transformers and reconfigure low voltage equipment due to the asset being at the end of life from a condition standpoint. The upgrades are presently underway with the 44kV upgrades already completed in 2023 and the with an in-service date scheduled for 2024 for the 28kV upgrades. HONI and OHL have collaboratively worked throughout every step of this upgrade. Furthermore, Grand Valley is serviced from HONI's existing 3MVA transformer as Grand Valley Distribution Station ("DS").*"

a) What impact does Hydro One's work at the Orangeville TS and the Grand Valley DS have on OHL's 2024-28 DSP?

2.0-VECC -8

Reference: Exhibit 2, Appendix 2-C-DSP, page 39

Table 5.2-15: Customer Hours Interrupted Numbers (rounded) by Cause Codes –

Cause Code	2018	2019	2020	2021	2022	Total CHI	%
0-Unknown/Other	0	90	56	0	0	146	0%
1-Scheduled Outage	426	534	420	2,187	1,628	5,195	5%
2-Loss of Supply	1,216	9,147	5,065	1,966	5,007	22,401	22%
3-Tree Contacts	295	2	66	4,083	3,556	8,002	8%
4-Lightning	0	1	-	0	0	1	0%
5-Defective Equipment	2,692	431	6,131	15,598	429	25,281	24%
6-Adverse Weather	108	12	3,300	0	31,772	35,192	34%
7-Adverse Environment	0	12	-	0	0	12	0%
8-Human Element	0	54	-	266	12	332	0%
9-Foreign Interference	189	3,024	2,850	295	456	6,814	7%
Total	4,926	13,307	17,888	24,395	42,860	103,376	100%

a) What accounts for the large increase in scheduled outages in 2021-22?

b) What is the 2023 customer hours of scheduled outages?

c) Please provide OHL's projection/or target for scheduled outage (number and hours) for the 2024 – 2028 DSP plan period?

2.0-VECC -9

Reference: Exhibit 2, Appendix 2-C-DSP, page 24

Table 5.2-2: Performance Measure - System Losses

Measure	2018	2019	2020	2021	2022	OHL Target
System Losses	3.65%	3.71%	3.47%	4.61%	1.96%	< 5.0%

a) What accounts for the significant reduction of system losses in 2022?

2.0-VECC -10

Reference: Exhibit 2, Appendix B METSCO Asset Condition Assessment

a) METSCO makes a number of recommendations in two categories – Health Index Enhancements and Data Availability Improvements. Please explain how these recommendations are to be addressed during the rate plan.

3.0 OPERATING REVENUE (EXHIBIT 3)

3.0-VECC -11

Reference: Exhibit 3, page 4

Preamble: The Application states:

"The load forecast methodology utilized to prepare OHL's 2024 customer and load forecast is largely consistent with that used in OHL's last Cost of Service (EB-2013-0160)."

a) How does the load forecast methodology differ from that used in OHL's last Cost of Service (EB-2013-0160)?

3.0-VECC -12

Reference: Exhibit 3, pages 12 and 15

Preamble: The Application states:

"OHL incorporated a Covid-19 flag in April 2020 due to much lower purchased power as a result of the closing of certain manufacturers during this time." (page 12)

"In early 2020, the Covid-19 global pandemic brought about the rapid spread of a relatively new and 6 unknown virus, resulting in significant alterations to the lives and habits of OHL's customers, including their electricity consumption. OHL incorporated a Covid-19 flag variable to take this into consideration, focusing on April 2020 where the impact to wholesale power purchased was most notable." (page 15)

a) Did OHL test any other COVID flag variables to determine if they provided statistical results?

b) If yes, what were they and why were they rejected?

3.0-VECC -13

Reference: Exhibit 3, page 10

Preamble: The Application states (page 10):

"An equation to predict total system purchased energy is developed using a multivariate regression model with the following independent variables: weather (heating and cooling degree days), calendar variables (days in month, peak hours, and spring/fall flag), trend variable and Covid-19 flag. The regression model uses monthly wholesale purchased kWh and monthly values of the above noted independent variables from January 2013 to December 2022 to determine monthly regression coefficients."

a) Do the monthly total system purchases include purchases from microFit and other embedded generators?

3.0-VECC-14

Reference: **Exhibit 3, pages 13 & 14**

Preamble: The Application states:

> "*OHL incorporated a trend variable and held the value flat at 120 for 2023 and 2024 in a manner consistent with PUC Distribution's recently OEB approved EB-2022-0059 Settlement Proposal.*"

a) It is noted that the coefficient for the Trend variable is positive (page 14, Table 3-16). To what factors does OHL attribute the Trend variable having a positive coefficient?

b) Please confirm that in its EB-2022-0059 application PUC included a manual adjustment to the test year (2023) load forecast to account for CDM and that OHL has not included a similar adjustment in its load forecast for the test year.

3.0-VECC -15

Reference: **Exhibit 3, page 14**

a) Please provide a schedule that sets out: i) the monthly purchases for 2023 for those months where actual data is available and ii) the predicted values for the same months using OHL's regression model, the actual values for the various explanatory variables and OHL's proposed 2023 values for the Trend Variable.

3.0-VECC -16

Reference: **Exhibit 3, page 15**
Load Forecast Model, Rate Class Customer Model Tab

Preamble: The Application states:

> "*The customer/connections forecast is based on reviewing historical customer/connections data as 19 shown in the following table below. The annual customer/connections data is based on the annualized average of monthly count as opposed to end of year count. The 10-year average annual increase in customer/connection by rate class is applied to the 2023 Bridge Year and 2024 Test Year. Residential increases for 2023 and 2024 are based on actual expected connections.*"

a) Please provide a schedule that sets out the customer count for each customer class as of: i) June 2023 and ii) the most recent month for which actual data is available.

3.0-VECC -17

Reference: **Exhibit 2, Appendix 2-C, page 63**

Preamble: The Application states:

"*The IESO has not determined OHL's service area as a focus area for the Local Initiatives Program under the 2021 – 2024 Conservation and Demand Management Framework*"

a) Is OHL aware of any uptake of IESO programs under the 2021 – 2024 Conservation and Demand Management Framework in its service area?

4.0   OM&A (EXHIBIT 4)

4.0 -VECC -18

Reference: **Exhibit 4, Appendix 2-JA/JC**

a) Please update the following schedules for year-end 2023 (unaudited) results:
    i.   Appendix 2-AA
    ii.   Appendix 2-BA

4.0 -VECC -19

Reference: **Exhibit 4, Appendix 2-JC**

a) Please provide the cost of locates for each year 2014 through 2024 (forecast).

4.0 -VECC -20

Reference: **Exhibit 4, page 48**

a) Customer Billing and Collecting costs have increased from 490k (2014) to an estimated 936k (2024). At page 48 OHL explains the reasons for some of this increase. From 2014 to 2020 the costs were relatively stable. Please explain the significant increase beginning in 2021 and provide separately the cost increase due to (i) labour increases; (ii) training and conference increased costs; (iii) reallocation from other categories in previous year -i.e. presentation changes) and (iv) printing and billing cost increases.
.
b) Please provide the number of customers on electronic billing in each year 2014 through 2024 (estimate). Please specify whether year-end or year average results are presented.

4.0 -VECC -21

Reference: Exhibit 4,

a) Does OHL accept credit card payments? If so please explain what, if any ancillary charges are applied to this form of payment.

4.0 -VECC -22

Reference: Exhibit 4, page 45

Table 4-26 - Program: Vegetation Management Variance

Programs	Last Rebasing Year (2014 OEB Approved)	Last Rebasing Year (2014 Actuals)	2015 Actuals	2016 Actuals	2017 Actuals	2018 Actuals	2019 Actuals	2020 Actuals	2021 Actuals	2022 Actuals	2023 Bridge Year	2024 Test Year	Variance (Test Year vs. 2022 Actuals)	Variance (Test Year vs. Last Rebasing Year (2014 OEB-Approved)	2014 Actuals vs 2014 Approved
Reporting Basis	CGAAP	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	
Operations and Maintenance															
Vegetation Management	92,325	98,313	84,571	108,474	122,680	118,006	143,972	84,471	144,705	217,838	242,604	198,389	(19,449)	106,064	5,988

a) Please amend Table 4-26 to show separately internally supplied vegetation management costs, and those supplied by third party contractors. Please show 2023 actual costs.

4.0 -VECC -23

Reference: Exhibit 4, Table 4-32, page 50

a) Please provide the current 2023 spending to date in category of Conservation and Community costs.

4.0 -VECC -24

Reference: Exhibit 4, Table 4-37/Appendix 2-K, page 53

a) What accounts for the significant change in employee costs capitalized in the years 2014 through 2016 as compared to all of the following years

4.0 -VECC -25

Reference: Exhibit 4, 55

"The current collective agreement commenced October 1, 2018, and will expire September 30, 2023"

a) What is the status of labour negotiations? If a new contract has been signed please provide that contract and a summary its financial impacts on OHL for 2024.

4.0 -VECC -26

Reference: Exhibit 4, Section 4.3.1

a) Of the 22 FTEs forecast for 2024 how many positions are currently unfilled?
b) What is the average annual churn (turnover) rate at OHL?

4.0 -VECC -27

Reference: Exhibit 4, Section 4.3.3, Table 4-45

a) Please explain provide an explanation of the non-affiliate generation service to the "Metis Nation of Ontario Brightrigh.." ($100,541).

4.0 -VECC -28

Reference: Exhibit 4, Table 4-41 / Appendix 2-n

a) The Shared Services tables show that the pricing methodology for water billing services is "*market rate x # of customers*".
  i.   Please provide the number of water customers billed in 2014, 2023 and forecast to be billed in 2024.
  ii.   Please explain how the "market rate" applied to these customers is calculated in each of those years.

4.0 -VECC -29

Reference: Exhibit 4, Section 4.3.3, Table 4-45

Table 4-46 – 2024 Regulatory Costs (One-Time)

	Regulatory Costs (One-Time)	2024 Test Year
1	Expert Witness costs	
2	Legal costs	40,000
3	Consultants' costs	88,000
4	Incremental operating expenses associated with staff resources allocated to this application.	
5	Incremental operating expenses associated with other resources allocated to this application. [1]	
6	Intervenor costs	69,362

a) Please provide the current actual spending to-date on legal and consulting costing costs.

4.0 -VECC -30

Reference: Exhibit 4, Table 4-47/Appendix 2-M

a) Actual OEB assessment costs in 2022 are reported at $76,600 and 2024 forecast costs as $81,241. 2023 forecast assessment costs are shown as $100,207. Please explain the reasons 2023 assessments are forecast to be higher than those in 2024.

5.0   COST OF CAPITAL (EXHIBIT 5)

5.0-VECC-31
Reference: Exhibit 5, Appendices, 2-OA and 2-OB

a) OHL is over leveraged when comparing its actual to regulatory allowed long-term debt. In 2024 with actual long-term debt forecasted to be at $16,070,196 whereas the notional regulatory long-term debt for the purpose of ratemaking is set at $14,975,847. Given the $1,094,349 difference why is appropriate to include in the calculation of the weighted long-term debt rate the debt issuances in 2024 (744k) and why would it not be appropriate to prorate the next most recent issuance (line 2 showing start date of December 2022 at a rate of 5.007%) so as to more accurately match the notional regulatory debt with the actual debt borrowed?

b) Please recalculate the 2024 weighted debt rate removing from Table 2-OB line 9 (TD at 5.3%) and prorating the remaining "regulatory overleveraged amount" from line 2 (TD at 5.007%). Please show the adjustment to the revenue requirement/deficiency if this change were made.

5.0-VECC-32
Reference: Exhibit 5, Appendices, 2-OA and 2-OB

a) All of OHL's long-term debt have been borrowed from a single institution (TD Bank). Please explain what effort OHL has made to ensure it is receiving the most competitive rates on its borrowings?

6.0   REVENUE REQUIREMENT (EXHIBIT 6)

6.0-VECC-33

Reference: Exhibit 6, page 16

a) For each of the USOAs set out in Appendix 2-H, please explain how OHL forecasted the 2023 and 2024 amounts.

b) Please provide a schedule that sets out, for each of the USOAs set out in Appendix 2-H, the 2023 year-to-date values and the values for 2022 for the same months.

6.0-VECC-34

Reference: **Exhibit 6, page 33**

Preamble: The Application states:

"*OHL proposes to change the current monthly Service Charge for the MicroFIT customer class. OHL incurs a $26.50 monthly fee per MicroFIT meter point, from OHL's settlement provider. This $26.50 per month per MicroFIT meter point settlement fee pays for the collection of daily interval 15-minute data and <u>calculation of the total kWh generated that needs to be deducted from IESO kWh purchases</u>.*" (emphasis added)

a) Has OHL undertaken any investigation to determine if there are other service providers who would provide the required services at a lower cost?

b) Please explain why total MicroFIT kWh generated needs to be deducted from IESO kWh purchases.

7.0   COST ALLOCATION (EXHIBIT 7)

7.0-VECC-35

Reference: **Exhibit 7, pages 3 to 4**

Preamble: The Application states:
"*General Service >50kW involves significantly more work than Residential and GS <50kW servicing both from a design and construction perspective. Due to the ownership rules for these services, OHL does not own the assets that would be charged against the services account therefore, these customer categories have been assigned a weighting factor of 0.0. Sentinel lights and Unmetered Scattered Load were given a factor of 0.0 as these service connections are infrequent and less complex in nature. Street Lighting assets do not fall under OHL ownership, however, the streetlights are connected to OHL's secondary and as such costs are captured outside of Account 1855.*"

a) With respect to the GS>50kW class, are the costs (operating and capital) incurred by OHL from a design and construction perspective for providing service connections all billed directly to and, thus, paid for by the customer concerned?
If not, where are the costs recorded in OHL's accounts and, based on the experience of the last few years, what has been the average cost per customer incurred by OHL?

b) With respect to Sentinel Lights and Unmetered Scattered Load customers, are any costs (operating or capital) incurred by OHL in connecting their load to the OHL's secondary system?

If yes, where are the costs recorded in OHL's accounts and, based on the experience of the last few years, what has been the average cost per customer incurred by OHL?

c) With respect to Street Lighting assets, are any costs (operating or capital) incurred by OHL in connecting them to the OHL's secondary system?
If yes, where are the costs recorded in OHL's accounts and, based on the experience of the last few years, what has been the average cost per connection incurred by OHL

7.0-VECC-36

Reference: **Exhibit 7, page 4**

Preamble: The Application states:

"*In determining the weighting factors for Billing and Collecting, OHL conducted an analysis of producing customer bills for different rate classes. Work processes and efforts were reviewed with billing staff and the amount of time to produce one bill per customer class was calculated. OHL also completed a detailed analysis of costs being booked to 5315 – 5340, except 5335.*"

a) Please provide a copy of the referenced analysis.

7.0-VECC-37

Reference: **Cost Allocation Model, Tabs I6.2, I7.1 and I7.2**
Exhibit 3, page 4

a) Please explain why the customer counts for the Residential, GS<50 and GS>50 classed used in Tab I7.1 of the Cost Allocation Model don't match the forecast values for 2024 per the load forecast in Exhibit 3.

b) In Tab I6.2 the CCP, CCLT and CCS values for Sentinel are all 34. Please explain what the 34 represents (i.e., is it the number of Sentinel customers or the number of connections to OHL's system).

c) In Tab I6.2 the CCP, CCLT and CCS values for USL are all 31. Please explain what the 31 represents (i.e., is it the number of USL customers or the number of connections to OHL's system).

8.0   RATE DESIGN (EXHIBIT 8)

8.0-VECC-38

Reference: Exhibit 8, page 5

Preamble: The Application sets out the calculation of the current fixed/variable split for each rate class in Table 8-3.

a) Please confirm that for the GS>50 class the total variable revenue (at existing rates) should be $695,919 and the overall total revenue (at existing rates) should be $979,900.

8.0-VECC-39

**Reference: Exhibit 8,
                RTSR Model, Tabs 3 and 5**

a) Please confirm that both the customer class usage data in Tab 3 and the billed data in Tab 5 are based on 2022 actuals. If not confirmed, please provide a revised RTSR Model where the same year's data is used in both Tabs.

8.0-VECC-40

Reference: Exhibit 8, page 14 and Appendix 8-C, page 9

a) Please confirm that the $37.38 specific charge for access to the power poles needs to be updated to $37.78 per the Board's Decision EB-2023-0194.

8.0-VECC-41

**Reference: Exhibit 8, pages 15 to 16
                RTSR Model, Tab 9 – LV Rates
                Load Forecast Model, Summary Tab**

a) Please provide the details regarding the determination of the actual Host charges for 2022 (i.e., the rates and volumes for each bill item).

b) Please provide the detailed calculations setting out the determination of the 2023 and 2024 Host volumes – showing all of the inputs and how they were determined.

c) Please provide the details regarding the calculation of the forecast 2024 HONI ST rates applied to the Host volumes forecast for 2024.

d) Based on (a) and (b), please provide the calculations for the total LV costs in 2023 and 2024 ($838,001 and $936,547 respectively per Exhibit 8).

e) In the RTSR Model (Tab 9) the Host volumes are increasing over the period 2022 to 2024 (2022 - 511,979 kW; 2023 – 513,181 kW and 2024 – 514,385 kW). However, in the Load Forecast Model the power purchases

are declining over this period from 275,977,471 kWh in 2022 to 271,354,445 in 2024. Please explain why OHL is forecasting an increase in the Host's volumes for ST charges when overall purchases are decreasing.

8.0-VECC-42

Reference: Exhibit 8, page 18, Table 8-17
Load Forecast Model, Summary Tab

a) Please explain why neither the A(1) or the A(2) values Table 8-17 match the historic purchases as shown in the Summary Tab (Row 4) of the Load Forecast Model

8.0-VECC-43

Reference: Exhibit 8, page 20

a) Does OHL have customers that are solely Sentinel customers (i.e., they receive Sentinel service and no other service from OHL)? If so, how many of the 98 Sentinel customers in 2022 were in this category?

9. DEFERRAL AND VARIANCE ACCOUNTS (EXHIBIT 9)

9.0 –VECC -44

Reference: Exhibit 9, page 10

Table 9-5 – 1508 – OEB Cost Assessment Variance

Account 1508 OEB Cost Assessment	2016	2017	2018	2019	2020	2021	2022
Principal	(13,456)	(30,563)	(50,984)	(70,204)	(88,791)	(109,017)	(124,032)
Interest	(62)	(340)	(1,116)	(2,500)	(3,565)	(4,133)	(6,431)
Total	(13,518)	(30,903)	(52,100)	(72,704)	(92,356)	(113,150)	(130,463)

a) OHL is seeking to provide customers a net credit of $138,990 with respect to account 1508. Appendix 2-M shows that the OEB Annual Assessment costs in 2014 were $33,360 and the most current actual cost in 2022 was $74,600 . This suggests that at least in 2022 a positive balance (or debit to customers). Please confirm the account will be a net credit (benefit) to customers and explain the apparent suggested discrepancy.

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