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BY EMAIL

February 15, 2024

Nancy Marconi
Registrar
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto ON M4P 1E4

Dear Ms. Marconi:

Re: EB-2023-0047 Application for 2024 Rates

In accordance with Procedural Order No. 2, please find attached the Ontario Energy Board (OEB) staff supplemental interrogatories in the above proceeding. The applicant and intervenors have been copied on this filing.

Ottawa River Power Corporation's responses to supplemental interrogatories are due by February 28, 2024.

Any questions relating to this letter should be directed to Urooj Iqbal at Urooj.Iqbal@oeb.ca or at 416-544-5190. The OEB's toll-free number is 1-888-632-6273.

Yours truly,

Original Signed By

Urooj Iqbal
Incentive Rate Setting & Regulatory Accounting

Encl.

**OEB Staff Supplemental Interrogatories
Ottawa River Power Corporation
EB-2023-0047**

Please note, Ottawa River Power Corporation is responsible for ensuring that all documents it files with the OEB, including responses to OEB staff interrogatories and any other supporting documentation, do not include personal information (as that phrase is defined in the *Freedom of Information and Protection of Privacy Act*), unless filed in accordance with rule 9A of the OEB's *Rules of Practice and Procedure*.

Staff Question-21

Reference:

- (i) 2024 IRM Rate Generator, Tab 4
- (ii) Interrogatory Responses, February 1, 2024, Staff Question 4, p 5 & 29

OEB staff has updated the usage data in the rate generator model according to the interrogatory response provided by ORPC in Reference 2 as part of the Attachment 1.

Question(s):

- a. Please confirm the accuracy of the updated rate generator model, as well as the accuracy of the resulting changes in the subsequent tariff sheet.
- b. Please select 'Yes' in cell J4 in Tab 4 of the Rate Generator Model to confirm the accuracy of the updated data.

Staff Question-22

Reference:

- (i) 2024 IRM Rate Generator Model, Tab 3, December 8, 2023
- (ii) 2024 IRM Rate Generator Model, Tab 3, February 1, 2024
- (iii) Response to Staff Question-20, February 1, 2024

OEB staff has compiled Table 4 below which shows the changes between the December 8, 2023 balances (revised application) and the February 1, 2024 balances (interrogatory responses) for Accounts 1588 and 1589.

In its interrogatory responses, ORPC stated that during its review of the balances on the continuity schedule in Accounts 1588 and 1589, it determined that certain figures were

inadvertently misstated or omitted. ORPC stated that there was a 58% decrease in its total claimed credit Group 1 balance.

Table 4 – Change in Balances Between Revised Application and Interrogatory Responses

	Balance Filed on December 8, 2023	Balance Filed on February 1, 2024	Difference
Account 1588	(2,788,903)	(846,393)	(1,942,510)
Account 1589	(1,259,046)	(1,231,508)	(27,538)
Total Group 1 Balance	(3,382,198)	(1,412,150)	(1,970,048)

Question(s):

- Please confirm that ORPC agrees with the values and calculations shown in “Table 4 – Change in Balances Between Revised Application and Interrogatory Responses.” If this is not the case, please update this table.
- At a high level, please explain the main drivers of the amounts shown in the “Difference” column, also given that there was a 58% decrease in ORPC’s total claimed credit Group 1 balance.

Staff Question-23

Reference:

- 2024 IRM Rate Generator Model, Tab 3, December 8, 2023
- 2024 IRM Rate Generator Model, Tab 3, February 1, 2024

Between the December 8, 2023 model and the February 1, 2024 model for Account 1588:

- The 2019 transactions changed from a credit of \$1,495,873 to a credit of \$698,710.
- The 2020 transactions changed from a credit of \$1,043,999 to a credit of \$246,836.
- The 2021 transactions changed from a debit of \$744,259 to a debit of \$969,156.

Question(s):

- At a high level, please explain why the 2019 transactions for Account 1588 changed from a credit of \$1,495,873 to a credit of \$698,710.

- b. At a high level, please explain why the 2020 transactions for Account 1588 changed from a credit of \$1,043,999 to a credit of \$246,836.
- c. At a high level, please explain why the 2021 transactions for Account 1588 changed from a debit of \$744,259 to a debit of \$969,156.

Staff Question-24

Reference:

- (i) 2024 IRM Rate Generator Model, Tab 3, December 8, 2023
- (ii) 2024 IRM Rate Generator Model, Tab 3, February 1, 2024
- (iii) Response to Staff Question-18, February 1, 2024
- (iv) Response to Staff Question-19, February 1, 2024

Between the December 8, 2023 model and the February 1, 2024 model for Account 1589:

- The 2018 principal adjustment changed from a debit of \$514,857 to a debit of \$467,757, as outlined in Staff Question-18.
- The 2019 principal adjustment changed from a credit of \$1,138,729 to a credit of \$1,034,104, as outlined in Staff Question-19.

Question(s):

- a. At a high level, please explain why the 2018 principal adjustment for Account 1589 changed from a debit of \$514,857 to a debit of \$467,757.
- b. At a high level, please explain why the 2019 principal adjustment for Account 1589 changed from a credit of \$1,138,729 to a credit of \$1,034,104.

Staff Question-25

Reference:

- (i) Response to Staff Question-20, Attachment 4, February 1, 2024
- (ii) GA Analysis Workform, February 1, 2024
- (iii) OEB Letter, Adjustments to Correct for Errors in Electricity Distributor "Pass-Through" Variance Accounts After Disposition, October 31, 2019
- (iv) Filing Requirements For Electricity Distribution Rate Applications - 2023 Edition for 2024 Rate Applications- Chapter 3, Incentive Rate-Setting Applications, June 15, 2023, Section 3.2.6
- (v) EB-2022-0058, 2023 IRM Decision and Rate Order, March 23, 2023, p. 10

In response to OEB staff interrogatories, in Attachment 4 ORPC provided a reconciliation and explanation of the variances shown in the cells BW28 and BW29 of the 2024 IRM Rate Generator, December 8, 2023, Tab 3. These cells related to variances in Accounts 1588 and 1589.

Cells BW28 and BW29 showed the variance between the December 31, 2022 RRR 2.1.7 balance versus the December 31, 2022 balance (Principal + Interest) in Tab 3 of the IRM Rate Generator Model.

One of the components in Attachment 4 related to a “Journal entry misallocation between 1588 and 1589 on settlement true-up for GA on embedded generation” of a debit to Account 1588 of \$1,022,059 and a credit to Account 1589 \$1,022,059.

OEB staff notes that the December 31, 2017 balances pertaining to Accounts 1588 and 1589 were disposed on a final basis in ORPC’s 2023 IRM proceeding.

Question(s):

- a. At a high level, please explain the “Journal entry misallocation between 1588 and 1589 on settlement true-up for GA on embedded generation” of a debit to Account 1588 of \$1,022,059 and a credit to Account 1589 \$1,022,059.
- b. Please explain how the journal entry in part a) of this interrogatory contributes to the February 1, 2024 total claimed balances of a credit of \$846,393 for Account 1588 and a credit of \$1,231,508 for Account 1589, given that the amounts in this journal entry do not appear as principal adjustments on the GA Analysis Workform, or as part of Tab 3 of the IRM Rate Generator Model.
- c. Please explain why the amounts in this journal entry do not appear as principal adjustments on the GA Analysis Workform or Tab 3 of the IRM Rate Generator Model.
- d. Please explain if and when ORPC did the settlement true-up with Hydro One for the GA on the embedded generation.
- e. If the adjustment is related to an error made on the settlement with Hydro One regarding the embedded generation, please provide the details of the error including:
 - i. The period when it occurred
 - ii. Whether the error impacts the prior period December 31, 2017 balances that were disposed on a final basis
 - iii. If yes, please address the requirements of the OEB’s October 31, 2019 letter and section 3.2.6 of the filing requirements. This documentation outlines required documentation to be filed in a proceeding, including any

adjustments made to DVA balances that were previously approved by the OEB on a final basis. For example, the OEB outlined factors that it may consider to determine on a case-by-case basis whether to make a retroactive adjustment based on the particular circumstances of each case.

Staff Question-26

Reference:

- (i) Response to Staff Question-15, February 1, 2024

In responses to OEB staff interrogatories, ORPC explained why the material amounts shown in “Table 3 – Further Adjustments to Account 1588 – Relating to Generation Account Discrepancies” only impacted Account 1588 and not Account 1589. These amounts ranged from a debit of \$478,300 to a debit of \$1,258,177 for the period 2018 to 2022.

ORPC stated that the impact to Account 1589 is captured through the CT 148 true-up of GA Charges based on actual non-RPP volumes. ORPC noted that it posted the entire adjustment under Account 1588 to simplify the true-up calculation between Accounts 1588 and 1589.

ORPC also stated that from 2018 to mid-2021, the large debit principal adjustments are offset by the “Hydro One foregone adjustment” amounts and by the “CT 148 true-up of GA Charges based on actual RPP volumes”, as the entire amounts were posted to 1588 for calculation simplification purposes.

Question(s):

- a. Please explain what the correct treatment should have been regarding the material amounts shown in “Table 3 – Further Adjustments to Account 1588 – Relating to Generation Account Discrepancies”, rather than the treatment used by ORPC to “simplify the true-up calculation between Accounts 1588 and 1589.”
- b. Regarding ORPC’s statement that “the entire amounts were posted to 1588 for calculation simplification purposes”, please confirm that ORPC means that the amounts shown in “Table 3 – Further Adjustments to Account 1588 – Relating to Generation Account Discrepancies” were recorded in Account 1588 for “simplification purposes”. If this is not the case, please explain.
- c. Please revise ORPC’s evidence to reflect the correct treatment, rather than a simplified treatment.

Staff Question-27

Reference:

- (i) Manager's Summary, December 8, 2023, p. 7
- (ii) Response to Staff Question-10, February 1, 2024

ORPC stated that it has one Class A customer.

In response to OEB staff interrogatories, ORPC stated that the Power Purchased True-Up Rate Proposal will reflect a credit to all Class A and Class B customers based on the customer's kWh consumption.

ORPC noted that since all customers benefit from the Brookfield generation, all customers are proposed to be treated the same. ORPC also stated that the additional costs added to Account 4705 are also intended to be applied to the Class A customer as the proposed 1508 rate will consider the additional costs paid to Brookfield and be applied across both classes.

OEB staff observes that the IESO's [website](#) states that "Class A customers pay their share of global adjustment based on their Peak Demand Factor (PDF)."

Question(s):

- a. Please confirm that ORPC's Class A customer is billed global adjustment based on its PDF.
- b. If this is not the case, please explain why ORPC's Class A customer should receive a credit, as per ORPC's Power Purchased True-Up Rate Proposal.

Staff Question-28

Reference:

- (i) Response to Staff Question-19, February 1, 2024
- (ii) OEB Letter, Adjustments to Correct for Errors in Electricity Distributor "Pass-Through" Variance Accounts After Disposition, October 31, 2019
- (iii) Filing Requirements For Electricity Distribution Rate Applications - 2023 Edition for 2024 Rate Applications- Chapter 3, Incentive Rate-Setting Applications, June 15, 2023, Section 3.2.6
- (iv) EB-2022-0058, 2023 IRM Decision and Rate Order, March 23, 2023, p. 10

In response to OEB staff interrogatories, ORPC stated that due to lack of available data for the 2015 to 2017 period, there were additional variances incurred in subsequent years that were not identified at the time of disposition of balances up to 2017. ORPC noted that it does not expect any further variances to arise from the period up to December 31, 2017.

OEB staff notes that the December 31, 2017 balances pertaining to Accounts 1588 and 1589 were disposed on a final basis in ORPC's 2023 IRM proceeding.

Question(s):

- a. Please explain ORPC's statement that "there were additional variances incurred in subsequent years that were not identified at the time of disposition of balances up to 2017".
- b. Please explain whether ORPC's statement noted in part a) of this interrogatory references additional variances that:
 - i. Impacted December 31, 2017 balances that were cleared on a final basis in its 2023 IRM proceeding; and/or
 - ii. Impacted 2018 to 2022 balances that are being proposed for clearance in the current proceeding.
- c. If there are any additional variances that apply to part a) and part b) of this interrogatory, please identify, quantify, and explain.
- d. If part b) i) is yes, please address the requirements of the OEB's October 31, 2019 letter and section 3.2.6 of the filing requirements. This documentation outlines required documentation to be filed in a proceeding, including any adjustments made to DVA balances that were previously approved by the OEB on a final basis. For example, the OEB outlined factors that it may consider to determine on a case-by-case basis whether to make a retroactive adjustment based on the particular circumstances of each case.

Staff Question-29

Reference:

- (i) Response to VECC Question-2, February 1, 2024
- (ii) GA Analysis Workform, November 6, 2023
- (iii) GA Analysis Workform, December 8, 2023
- (iv) GA Analysis Workform, February 1, 2024
- (v) Appendix H, December 8, 2023, pp. 5 & 6

In response to VECC interrogatories, ORPC stated that the 2024 IRM Rate Generator Model filed on November 6, 2023 assumed that the Hydro One error documented in Appendix H would result in ORPC paying Hydro One for all amounts overpaid since 2018.

ORPC also noted that once it received confirmation that Hydro One would only seek two years of compensation, it amended its application and filed a revised IRM Rate Generator Model on December 8, 2023 to credit the customers (via Accounts 1588 and 1589) for the amounts overpaid by Hydro One that were not sought for collection. ORPC stated that the 2024 Rate Generator had been further updated in response to OEB Staff Interrogatories.

OEB staff notes that in the GA Analysis Workform filed on November 6, 2023, all of the reasonability percentages for Accounts 1588 and 1589 for the 2018 to 2022 periods were less than the threshold of +/- 1%. OEB staff notes that this was because as at that point in time, ORPC had assumed that Hydro One was going to pursue full compensation from ORPC, as opposed to only seeking partial compensation (i.e., due to the error made by Hydro One).

However, the GA Analysis Workforms filed December 8, 2023 and February 1, 2024 had percentages greater than the threshold of +/- 1% for Accounts 1588 and 1589 for most of the 2018 to 2022 periods. ORPC stated that these deviations above 1% in the reasonability tests were related to the forgone amounts by Hydro One (i.e., due to the error made by Hydro One).

Question(s):

- a. Please update the GA Analysis Workform filed on February 1, 2024 with all updates required, as per ORPC's responses to these supplemental interrogatories. Please ensure that the amounts on this version of the GA Analysis Workform reconcile to Tab 3 of any updated IRM Rate Generator Model.
- b. Please create a second version of the GA Analysis Workform filed on February 1, 2024 with all updates required, as per ORPC's responses to these supplemental interrogatories, but assuming that Hydro One was going to pursue full compensation from ORPC, as opposed to only seeking partial compensation.
- c. Regarding the GA Analysis Workform filed as per part b) of this interrogatory, if the "Account 1588 as % of Account 4705" or the Account 1589 "Unresolved Difference as % of Expected GA Payments" is greater than the threshold of +/- 1% for the years 2018 through 2022, please explain.

Staff Question-30

Reference:

- (i) Response to Staff Question-6, Attachment 2, Draft Accounting Order February 1, 2024
- (ii) Response to Staff Question-8, February 1, 2024
- (iii) Appendix J, February 1, 2024

In responses to OEB staff interrogatories, ORPC provided a draft accounting order for its Power Purchased True-Up Account. OEB staff has four concerns regarding the draft accounting order.

In Step #4 of the draft accounting order, ORPC stated the following:

On a monthly basis, ORPC will calculate the actual GA amount applicable to customers and Debit 1508 Other Regulatory Assets/Liabilities - PPTA and Credit 4705 Power Purchased. (Entry #3). ORPC will track actual net GA savings and the amount credited to or recovered from ratepayers on a monthly basis.

In Step #8 of the draft accounting order, ORPC stated the following:

The Power Purchased True-Up account will record the difference between the actual GA paid and the Power Purchased paid. On an annual basis the PPTA rate will be updated to correct for any under or over GA credit given to customers. This updated rate will be brought forward for approval as part of the annual rate setting process.

In Step #9 of the draft accounting order, ORPC stated the following:

The account will be used for the duration of ORPC's contract with Evolugen (i.e. Brookfield).

In Step #10 of the draft accounting order, ORPC stated the following:

The effective date of this account is May 1, 2024

Question(s):

- a. In Step #4 of the draft accounting order, please confirm that the first sentence should instead reference the 50% of GA Savings that needs to be paid to

Brookfield and absorbed by ORPC's customers, consistent with the response to Staff Question-8. If this is not the case, please explain.

- b. In Step #8 of the draft accounting order, please confirm that the first sentence should instead reference the difference between the actual net GA savings and the amounts credited to or recovered from ratepayers, consistent with Appendix J, page 3. If this is not the case, please explain.
- c. In Step #9 of the draft accounting order, please confirm that an additional sentence should be added stating that the account will also be used until the date of any applicable modifications to the *Electricity Act, 1998*. If this is not the case, please explain.
- d. In Step #10 of the draft accounting order, please confirm that the effective date of this account should be July 1, 2023, given that the account is tracking over-collections of GA since July 1, 2023 (arising from the July 1, 2023 amendment to the *Electricity Act, 1998*). If this is not the case, please explain.

Staff Question-31

Reference:

- (i) Power Purchased True-Up, Excel Appendix K, February 1, 2024
- (ii) Manager's Summary, December 8, 2023, p. 24

OEB staff notes that given the amount of supplemental interrogatories regarding changes in Accounts 1588 and 1589 balances, OEB staff is concerned that there may be oversights in ORPC's Power Purchased True-Up, Excel Appendix K, beyond those identified by OEB staff.

For example, in the tab "Alternate Historic PP True-Up", the "Forecast Waltham Volumes (kWh)" numbers in column D are not being pulled from the "Forecast (4-Year Average)" numbers in the tab "Input Data". Instead, the "Forecast Waltham Volumes (kWh)" numbers in column D are being pulled from single year forecast numbers in the tab "Input Data".

Another example is that in the tab "Power Purchased True-Up" cell D20 is pulling from a blank cell in tab "Input Data".

On page 24 of the Manager's Summary, ORPC provided the following Certification by its Chief Financial Officer, Jeffrey Roy.

In accordance with filing requirements for Electricity Distribution Rate Applications, I hereby certify that, to the best of my knowledge, the information

and evidence contained in this application are accurate, complete and consistent with filing requirements. I also certify that ORPC has robust processes and internal controls in place for the preparation, review, verification and oversight of all account balances being requested for disposition. I further certify that the documents filed in support of this application do not include any personal information in accordance with rule 9A of the Ontario Energy Board's Rules of Practice and Procedure.

Question(s):

- a. OEB staff requests that ORPC review all of its Excel Appendix K again in detail, in the event that there are additional oversights in this model that need to be corrected. Please also correct the discrepancies noted by the OEB Staff.
- b. Please provide ORPC's findings of its review in its response to supplemental interrogatories.
- c. Please confirm that the Certification made by ORPC's Chief Financial Officer, Jeffrey Roy, covers the Power Purchased True-Up, Excel Appendix K in particular. If this is not the case, please explain.