

February 28, 2024
Nancy Marconi, Registrar
Ontario Energy Board
P.O. Box 2319 27th Floor
2300 Yonge Street
Toronto ON M4P 1E4

Attention: Nancy Marconi, Registrar
Regarding: EB-2023-0047 – Supplemental Interrogatory Responses to Ottawa River Power Corporation 2024 Incentive Rate-Setting Mechanism Application for rates effective May 1, 2024 (the “Application”)

Dear Ms. Marconi,

Ottawa River Power Corporation respectfully submits their supplemental interrogatory responses to OEB Staff questions. ORPC also provides updated versions of the following models:

- ORPC_2024_Updated_GA_Analysis_Workform_20240228
- ORPC_2024_Updated_IRM_Rate_Generator_Model_20240228

ORPC confirms that the responses do not include any personal information, as identified in the certification requirements for personal information in Chapter 1 of the filing requirements.



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Supplemental Interrogatory Responses

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.

Response:

- a. Confirmed.
- b. Completed.

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):

- a. 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.
- b. 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.

Response:

- a. Confirmed. However, upon further analysis and investigation into the threshold variances, ORPC has provided an updated IRM DVA Continuity Schedule with the following changes from the balance filed on December 8th. The change occurred due to the identification of underclaimed global adjustment on its settlements with Hydro One which resulted in general ledger discrepancies:

	Balance Filed on December 8, 2023	Balance Filed on February 28,	Difference
Account 1588	(2,788,903)	(2,791,045)	2,142
Account 1589	(1,259,046)	(1,231,507)	(27,539)
Total Group 1 Balance	(3,382,198)	(3,356,801)	(25,397)

- b. The revised difference in Account 1588 noted in response a. above pertains to the following:

Description	Adjustment
Omission of the calculated interest in 2018, 2019, 2020 and 2021	\$10,494
The OEB-approved interest disposition amount for 2019 was stated at \$4,176. The incorrect sign was placed on the value and was restated to be \$(4,176).	\$(8,352)
Total Adjustment	\$2,142

The difference in account 1589, which remains unchanged from the February 1 2024 version to the February 28 2024 version pertains to the following:

Description	Adjustment
The non-RPP vs RPP true-up amount is stated at \$707,553. ORPC erroneously had included \$765,078 in the continuity schedule which represented a draft figure it had calculated during its internal analysis.	\$(57,525)
An adjustment in the transactions credit amount in cell BD29 of the continuity schedule due to a numerical translation error	\$(159)
Omission of the calculated interest in 2018, 2019, 2020 and 2021	\$10,621
The OEB-approved interest disposition amount for 2019 was stated at \$(11,751). The incorrect sign was placed on the value and was restated to be \$11,751.	\$23,502
Revised calculated projected interest	\$(3,977)
Total Adjustment	\$(27,539)

With the changes noted above, ORPC has modified the rate recovery period to 48 months to ensure that upon termination of the credit to customers, the risk of bills increasing more than 10% is mitigated.

Staff Question-23

Reference:

- (i) 2024 IRM Rate Generator Model, Tab 3, December 8, 2023
- (ii) 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):

- a. 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.

Response:

- a. ORPC has provided an updated IRM continuity schedule with the 2019 transaction amount reverted back to \$1,495,873. ORPC originally modified the 2019 transaction amount for Account 1588 as ORPC believed it had inadvertently included a value of \$797,163 in the 2020 transaction amounts instead of the 2019 transaction amounts. This value pertained to Hydro One settlement adjustments to GA on embedded generation which was thought to be posted to the incorrect general ledger account. Additionally, the value was placed as a negative instead of a positive. Upon further investigation, the original figure was deemed correct.
- b. ORPC had included a principal adjustment of \$797,163 in the transaction column for 2020. The amount pertains to the figures calculated in Supplemental Attachment 1 where ORPC accrued for estimated global adjustment amounts owing to Hydro One due to an embedded generation

usage true-up. ORPC reduced its global adjustment claim by the accrued amount in a 2020 settlement filed with Hydro One which was deemed the incorrect treatment. ORPC will file its next settlement with Hydro One with the true-up values included. ORPC is confident with this treatment as all threshold tests calculated in Supplemental Attachment 2 are within 1%.

- c. ORPC has provided an updated IRM continuity schedule with the 2021 transaction amount reverted back to \$744,259. ORPC believed it had inadvertently included a value of \$224,897 in the 2020 transaction amounts instead of the 2019 transaction amounts pertaining to Hydro One settlement adjustments to GA on embedded generation.

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.

Response:

- a. This adjustment pertains to the inclusion of \$47,100 in unbilled revenue differences that was noted in the GA workform but not included on the continuity schedule.
- b. The 2019 principal adjustment change resulted from 2 items. The first is the non-RPP vs RPP true-up amount was restated at \$707,553. ORPC

had included \$765,078 in the continuity schedule which represented a draft figure it had calculated during its internal analysis. The second is the inclusion of \$47,100 in unbilled revenue differences that were noted in the GA workform but not included in the continuity schedule.

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.

Response:

- a. ORPC has provided Supplemental Attachment 3 that reconciles the general ledger difference based on the February 28 2024 updated IRM Continuity Schedule. This adjustment now only impacts Account 1589 since it was identified that ORPC has underclaimed global adjustment on its settlement with Hydro One. ORPC performs adjustments of previously reported embedded generation usage values in its settlement with Hydro One as required and had included these adjustments under the transaction debits and credits. The total global adjustment charges resulting from the settlement adjustments from 2015 to 2022 totaled \$1,022,059. ORPC did not extract the amounts from the transactions column. It has modified these values in the provided February 28 2024 Updated IRM Rate Generator Model and Updated GA Analysis Workform. The details on the adjustment are provided in Supplemental Attachment 1.

- b. Please see the February 28 2024 revised IRM Continuity Schedule and GA Analysis workform provided. The amounts have been revised to include these amounts as principal adjustments. The amounts were originally included in the transaction columns for each respective year.
- c. Please see the February 28 2024 revised IRM Continuity Schedule and GA Analysis workform provided. The amounts have been revised to include these amounts as principal adjustments.
- d. ORPC did not complete the settlement true-up with Hydro One and will complete it in its next settlement.
- e.
 - i. The period of the adjustments covered from 2015 to 2022.
 - ii. ORPC was aware of the adjustments required from 2015 to 2017 and the balances disposed on a final basis in the prior proceeding up to December 31, 2017 were correctly stated in the DVA Continuity Schedule although the amounts were included in the transaction debits and credits columns as opposed to principal adjustments. The February 28 2024 revised GA Analysis Workform includes 2015, 2016 and 2017 principal adjustments that are to be reversed in 2024. No adjustments are therefore being proposed to the balances previously disposed on a final basis.
 - iii. N/A

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.

Response:

- a. Typically, any global adjustment charges or credits are posted to 4707 which is then allocated between 4705 and 4707 based on RPP vs non-RPP customer usage. Variances arising from Accounts 4705 and 4707 would then close to Accounts 1588 and 1589 respectively. In this circumstance, ORPC posted all the adjustments to 1588 since the balances in Accounts 4705 or 4707 have been closed through the fiscal year end process and the only method to allocate between the 2 classes would be a CT148 true-up. The process of allocation between RPP and non-RPP would be treated monthly if the fiscal years were still open.
- b. Confirmed.
- c. As noted in response a., the balances in Accounts 4705 or 4707 have been closed through the fiscal year end process. The available methods to now allocate between the 2 classes would be a CT148 true-up which was the method utilized in the DVA Continuity Schedule in this proceeding or posting the power portion to Account 1588 and the global adjustment portion to Account 1589 and subsequently performing a CT148 which would achieve the same result.

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.

Response:

- a. Confirmed.
- b. N/A

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.

Response:

- a. ORPC intended to state that the lack of available data due to off-calendar month billing cycles persisted into 2018 and the beginning of 2019 ORPC could not obtain a monthly breakdown of the RPP usage and estimated the monthly RPP usage based on the proportional monthly representation of non-RPP usage. Any difference between the actual RPP usage and the estimated RPP usage from 2017 would carry into 2018. However, due to the estimated nature of these figures, Account 1588 as a percentage of Account 4705 and the unresolved difference as a percentage of expected Global Adjustment payments to IESO could exceed 1% and any principal adjustment required between the actual and estimated values cannot be calculated due to the lack of available data. However, in the provided February 28 2024 Updated GA Analysis Workform, all threshold percentages are within 1% with the exception of the 2019 GA which is further explained in response to Staff Question 29.
- b. The clarified statement above intended to explain the exceeded 1% thresholds for Accounts 1588 and 1589. The balances up to December 31st, 2017 and December 31st, 2022 are not impacted.
- c. There are no additional variances to note.
- d. N/A

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.

Response:

- a. A revised GA analysis workform has been provided.
- b. Please see Supplemental Attachment 2. The variances in Supplemental Attachment 2 are summarized as follows:

Year	1589 Unresolved Difference as % of Expected GA Payments	1588 as % of Account 4705
2018	(0.3)%	0.4%
2019	(1.1)%	0.9%
2020	(0.2)%	0.2%
2021	0.3%	(0.4)%
2022	(0.6)%	(0.7)%

- c. The only exceeded 1% threshold test is the 2019 Account 1589 Difference as a percentage of expected global adjustment payments. ORPC notes that the lack of available data due to off-calendar month billing cycles persisted into 2018 and the beginning of 2019 and ORPC could not obtain a monthly breakdown of the RPP usage and estimated both the unbilled usage at fiscal year end and the monthly RPP usage based on the proportional monthly representation of non-RPP usage. The threshold was exceeded due to the estimated nature of the usage data up to March 2019.

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.

Response:

- a. Confirmed.
- b. Confirmed.
- c. Confirmed.
- d. Confirmed.

The Draft Accounting Order has been updated to reflect the above changes and is provided as Supplemental Attachment 4.

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.

Response:

- a. The model originally filed as Appendix K is a template to demonstrate how the Power Purchased True-Up balance and rate will be calculated. The 'Input Data' tab included only actual data available at the time of the original IRM filing and references from the 'Power Purchased True-Up' to the 'Input Tab' data after that time were not included. Green-shaded cells within the 'Power Purchased True-Up' tab, beyond cells C6:E17 that are used to derive the Power Purchased True-Up 2024 rate of \$0.0070/kWh are not available. Values or cell references in the 'Purchased Power True-Up' tab other than cells C6:E17 were intended to be entered once actual data is available.

Appendix K has been expanded such that the 'Input Data' tab extends five years (2024-2028). Cell references that have been entered into the 'Power Purchased True-Up' tab refer to the extended tables in the 'Input Data' tab. This is described in more detail in part b).

- b. Tables in the 'Input Tab' have been expanded to 2028 and cell references have been entered into the 'Power Purchased True-Up' tab to reference this data. The expanded model can be used without modification until ORPC's 2028 IRM. Please note values in 2025 to 2028 in the 'Power Purchased True-Up' tab currently reflect only the 2023 Overcollection and without actual volumes there is no disposition recognized so the overcollection amount carries forward as a variance.

The expanded Appendix K has been reviewed in detail. As part of the review, the model was duplicated with values entered through the end of 2028. The values are entered for the purpose of testing the model and are not meant to reflect forecast figures. The duplicated model is included as new orange tabs with the expanded Appendix K filed with these interrogatory responses.

Based on review of the model, the following changes have been made:

- The first month of the Power Purchased True-Up has been corrected from July 2024 to May 2024 as this is the month the Power Purchased True-Up rate is proposed to be effective.
 - The 'Power Purchased True-Up' tab has been extended to 2028.
 - The cell references for the 2027 Variance from previous years (\$) and 2027 Interest on Variance (\$) values should be in cells D50 & D51 but were incorrectly entered in cells D51 & D52. Additionally, the 2027 Forecast Power Purchased True-Up Balance (\$) should be in cell D52 but was not included. This has been corrected in the expanded Appendix K.
 - Monthly customer volumes in the 'Input Data' tab have been revised from "Loss-Adjusted Customer kWh Volumes" to "Customer kWh Volumes". An adjustment for losses in column G of the "Power Purchased True-Up" tab is no longer required (this adjustment had been included in column G in the 'Alternate Historic PP True-Up" tab).
- c. ORPC confirms the Certification covers the calculation of the Forecast Power Purchased True-Up Balance and \$0.0070/kWh rate, as calculated in cells C6:E17 in the 'Power Purchased True-Up' tab of Appendix K. ORPC confirms this calculation is accurate. Beyond this calculation, Appendix K is an indicative model of calculations in future periods and the information is not yet available.

Supplemental Attachment 4

DRAFT ACCOUNTING ORDER – Purchased Power True-up Account (PPTA)

1. This account will record the difference between the amount of the GA credit given to customers through the Power Purchased True-Up (PPT) rate and the amount of the actual avoided GA.
2. For RPP customers, customer energy charges are recorded in USofA Accounts 4006 and 4010. For non-RPP customers GA and energy charges are recorded in USofA Accounts 4015, 4025, 4030 and 4035 based on the customer category. These energy charges are recorded as credit balances.
3. On a monthly basis, the customer portion of the GA savings (100%) is to be recorded by a debit to Accounts 4006, 4010, 4015, 4025, 4030 and 4035 to offset the cost of power and GA charges collected and a credit to USofA Account 1508 “Other Regulatory Assets” subaccount Power Purchased True-Up. (Entry #2)
4. On a monthly basis, ORPC will calculate the 50% of GA Savings to be paid to Brookfield and absorbed by ORPC 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.
5. On a monthly basis, ORPC will Debit 1508 Other Regulatory Assets/Liabilities – PPTA and Credit 1100 Accounts Receivable for the amount of the GA credit given to customers on their bill as calculated based on the Purchased Power True-up rate and customer energy consumption.
6. The net result is that the 1508 Other Regulatory Assets/Liabilities - PPTA account will record the variance between the Power Purchased True-Up credit given to customers (as calculated by using the forecast PPT rate), and customer’s 50% share actual avoided GA.
7. ORPC will also apply interest on the balance in this account at the prevailing OEB prescribed rate. Interest will be calculated based on the opening balance in the account on a monthly basis. This account will be USofA 1508 “Other Regulatory Assets”, sub-account Power Purchased True-Up, Carrying Charges. The offsetting entry will be recorded in USofA Account 4405 or 6035 depending on whether it is a utility expense or revenue.
8. The Power Purchased True-Up account will record the difference between the actual net GA savings and the amounts credited to or recovered from ratepayers. 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.
9. The account will be used for the duration of ORPC’s contract with Evolgen (i.e. Brookfield) and until the date of any applicable modifications to the *Electricity Act, 1998*.
10. The effective date of this account is July 1, 2023.
11. The following are the proposed accounting entries for this variance account:

Dr. 4705 Power Purchased	xxxxxxx		
Cr. 2205 Accounts Payable		xxxxxxx	
- <i>to give Brookfield 50% of actual GA Savings</i>			
Dr. 4006/4010/4015/ Energy Sales – GA Sub-accounts		yyyyyyy	
4025/4030/4035/			
Cr. 1508 Other Regulatory Assets/Liabilities – PPTA			yyyyyyy
- <i>to give ORPC customers 100% of actual GA savings</i>			
Dr. 1508 Other Regulatory Assets/Liabilities – PPTA	xxxxxxx		
Cr. 4705 Power Purchased		xxxxxxx	
- <i>to transfer additional Cost of Power to Account 1508</i>			
Dr. 1508 Other Regulatory Assets/Liabilities – PPTA	zzzzzzz		
Cr. 1100 Accounts Receivable		zzzzzzz	
- <i>to record the GA credit given to customers based on the PPT rate</i>			
Dr./Cr.1508 Other Regulatory Assets/Liabilities – PPTA,			
sub-account Carrying Charges	aaaaaaa		
Dr./Cr. 6035 Other Interest Expense or 4405 Interest Income			aaaaaaa
- <i>to record interest on 1508 – PPTA account balance</i>			