

Tillsonburg Hydro Inc.

**Application for electricity distribution rates and other
charges effective May 1, 2024**

**Decision on Issues List
August 9, 2024**

Tillsonburg Hydro Inc. (Tillsonburg Hydro) filed a cost of service application with the Ontario Energy Board (OEB) on April 30, 2024, under section 78 of the *Ontario Energy Board Act, 1998*, seeking approval for changes to the rates that Tillsonburg Hydro charges for electricity distribution, beginning May 1, 2024 (Application). The Application was accepted by the OEB as complete on May 14, 2024, and a Notice of Hearing was issued on May 24, 2024.

On June 20, 2024, the OEB issued Procedural Order No. 1 which approved Energy Probe and the Vulnerable Energy Consumers Coalition (VECC) as intervenors in this proceeding. Procedural Order No. 1 made provision for parties to recommend any revisions to the standard Issues List for electricity distribution rate applications for the OEB's consideration.

Tillsonburg Hydro requested that the OEB use this Application to pilot a new streamlined process for very small utilities. As a result, the OEB made provision for a one-day Issues Meeting on July 30, 2024, where Tillsonburg Hydro, OEB staff, and intervenors discussed the Application; sought agreement on an Issues List that sets out issues that are relevant to the Application; and identified which issues, if any, require further discovery through interrogatories.

On behalf of all parties to the July 30 Issues Meeting, OEB staff filed a proposed Issues List (attached as Schedule A), an Interrogatory Issues List (attached as Schedule B), and a list of clarifications, updates and corrections Tillsonburg Hydro agreed to make to its evidence (attached as Schedule C). Intervenors and OEB staff are to file any interrogatories solely on the two issues identified in Schedule B, by **August 14, 2024**.

In addition, OEB staff's letter requested that the OEB waive the requirement under rule 26.02(e)(ii) of the *Rules of Practice and Procedure* that interrogatories correspond to the

issues list as parties may want to file interrogatories according to the exhibit numbers in the Application.

Findings

The OEB has reviewed the proposed Issues List and the proposed Interrogatory Issues List and approves them for the purposes of this proceeding. The OEB commends parties participating in this streamlined pilot who successfully reduced the Interrogatory Issues List to two issues from the proposed Issues List. Further, the OEB appreciates the filing of Schedule C in the OEB staff letter, with a list of clarifications, updates and corrections to be made by Tillsonburg Hydro to the evidence. Schedule C avoids written interrogatories and responses, identifies updates Tillsonburg Hydro will make to the evidence, and enhances communication during this pilot process.

The OEB has also considered the request to file interrogatories according to exhibit numbers and approves that request for this proceeding.

The OEB may update the Issues List as necessary to further define the scope of the proceeding.

THE ONTARIO ENERGY BOARD ORDERS THAT:

1. The approved Issues List is attached as Schedule A.
2. The approved Interrogatory Issues List is attached as Schedule B.
3. Tillsonburg Hydro shall file those clarifications, updates and corrections to its evidence, attached as Schedule C, with the OEB and deliver them to all parties by **August 26, 2024**.

DATED at Toronto, **August 9, 2024**

ONTARIO ENERGY BOARD

Nancy Marconi
Registrar

SCHEDULE A
APPROVED ISSUES LIST
TILLSONBURG HYDRO INC.
EB-2023-0053

**APPROVED ISSUES LIST
EB-2023-0053
TILLSONBURG HYDRO INC.**

1. Capital Spending and Rate Base

- 1.1 Are the proposed capital expenditures and in-service additions appropriate?
- 1.2 Are the proposed rate base and depreciation amounts appropriate?

2. OM&A

- 2.1 Are the proposed OM&A expenditures appropriate?
- 2.2 Is the proposed shared services cost allocation methodology and the quantum appropriate?

3. Cost of Capital, PILs, and Revenue Requirement

- 3.1 Is the proposed cost of capital (interest on debt, return on equity) and capital structure appropriate?
- 3.2 Is the proposed PILs (or Tax) amount appropriate?
- 3.3 Is the proposed Other Revenue forecast appropriate?
- 3.4 Have all impacts of any changes in accounting standards, policies, estimates and adjustments been properly identified and recorded, and is the rate-making treatment of each of these impacts appropriate?
- 3.5 Is the proposed calculation of the Revenue Requirement appropriate?

4. Load Forecast

- 4.1 Is the proposed load forecast methodologies and the resulting load forecasts appropriate?

5. Cost Allocation, Rate Design, and Other Charges

- 5.1 Are the proposed cost allocation methodology, allocations, and revenue-to-cost ratios, appropriate?
- 5.2 Is the proposed rate design, including fixed/variable splits, appropriate?
- 5.3 Are the proposed Retail Transmission Service rates and Low Voltage rates appropriate?
- 5.4 Are the proposed loss factors appropriate?
- 5.5 Are the Specific Service Charges and Retail Service Charges appropriate?
- 5.6 Are rate mitigation proposals required and appropriate?

6. Deferral and Variance Accounts

- 6.1 Are the proposals for deferral and variance accounts, including the balances in the existing accounts and their disposition, requests for new accounts, requests for discontinuation of accounts, and the continuation of existing accounts, appropriate?

7. Other

- 7.1 Is the proposed effective date appropriate?
- 7.2 Has the applicant responded appropriately to all relevant OEB directions from previous proceedings?

SCHEDULE B

TILLSONBURG HYDRO INC.

EB-2023-0053

APPROVED INTERROGATORY ISSUES LIST

Approved Interrogatory Issues List

1. Capital Spending and Rate Base

1.1 Are the proposed capital expenditures and in-service additions appropriate?

2. OM&A

2.1 Are the proposed OM&A expenditures appropriate?

SCHEDULE C

TILLSONBURG HYDRO INC.

EB-2023-0053

CLARIFICATIONS, UPDATES, AND CORRECTIONS

ITEM	REFERENCE	CLARIFICATIONS, UPDATES AND CORRECTIONS
Model updates		Update 2023 bridge year forecasts with 2023 actuals in Chapter 2 appendices.
Town Costs Incurred by Tillsonburg Hydro 2019-2023	Exhibit 4, Table 8, p. 15 of 20	Update to include 2024 costs.
Regulatory One-Time Costs	Exhibit 4, 1.4.2, p. 16 of 20	Identify and update for any material one-time costs since 2013.
Fleet Costs		Provide allocation of Fleet costs provided by shareholder to regulated entity between OM&A and Capital.
OM&A		Provide a UsaA Breakdown over time showing the transition of costs from O&M to A categories.
Corporate Cost Allocation	Appendix 2-N Corporate Cost Allocation	Provide updated corporate cost allocation amounts for 2024.
Regulatory Costs	Exhibit 4, 1.4.3, Table 10, p. 16 of 20	Update One-Time regulatory costs for reduced intervenor costs and provide non-intervenor one-time

		regulatory costs incurred to date.
2023 Income Tax Return		File updated 2023 Income Tax return.
Long-Term Debt Rate		Update the Long Term Debt Rate applicable to the TD Bank Loan.
DVA Balance		Add 2023 AIIP entries to the 1592 DVA balance for disposition.
Other Revenue		Provide a narrative with respect to the drivers of volatility in annual Other Revenue values.
Pole Attachment Revenue		Confirm whether THI used the OEB approved pole attachment rate when forecasting pole attachment revenue for 2024. If current pole revenue forecast presumes continuation of DVA treatment, revise pole revenue forecast for 2024.
2023 Audited Financials		File 2023 Audited Financials
Load Forecast		Provide updated customer count/forecast through 2023 and at June 2024.
Load Forecast		Explain what the customer volumes for slowdowns represent (i.e. consumption

		vs. reduced consumption) and how they were removed and re-incorporated into the Power Purchased regression analysis.
Demand Billing Determinants		<p>Confirm whether ratios were determined using all customers or adjusted for reduced number of customers.</p> <p>Confirm which rate classes were affected. Provide data showing kWh/kW ratios with shutdown values removed from the analysis.</p>
Cost Allocation		<p>For street lighting, sentinel lighting, and USL check if customer numbers are accurate in Cost Allocation model worksheet Customer Data. Update as necessary.</p> <p>Confirm the allocation of customer count to Line Transformer and Secondary system in 3 large GS classes. Update as necessary.</p> <p>In connection with concern with 12NCP and 4 NCP demand allocators, THI to consider whether it is feasible to provide new load profiles at this time incorporating 2023 data.</p>

		<p>Confirm reason why GS <50 has factor value less than Residential in worksheet I5.2.</p> <p>Confirm calculation of PLCC value for streetlights, potentially relating to use of connections vs. customers. Update if necessary.</p>
Retail Transmission Service Rates and Low Voltage rates		<p>Confirm that RTSR tab 3 and Tab 5 use the same years of data.</p>
Deferral and Variance Accounts		<p>File pole attachment variance account detailed calculations: # poles X Difference in Revenue X OEB Rate.</p> <p>File DVA Continuity Schedule 2A needs to have principal amounts adjusted in DVA and GA workform to align. Ending 2022 balance did not include adjustments and closing 2023 balance includes adjustments.</p> <p>File Group 1 accounts 2016 end balance doesn't tie to 2017 opening. This was noted in the two DVA continuity submitted files (i.e. 2013-2016 and 2017 to 2023).</p> <p>Confirm THI's intent with respect to the use of the following three accounts:</p>

		<p>a. OEB Ultra-Low Option Variance Account</p> <p>b. OEB Green Button Variance Account</p> <p>c. OEB Cost Assessment Variance Account</p> <p>Update continuity schedule 2B to remove \$8k balance given LRAM was fully disposed in 2018 IRM.</p>
--	--	---