

Welland Hydro-Electric System Corp. – 2025 Cost of Service Application (EB-2024-0058)

Error Checking Items

September 26, 2024

Item #	Reference 1	Reference 2 If applicable	Description	WHESC Response
1	Ch 2 Appendix D	Exhibit 2, Table 2-25, p. 50	Values for years 2024 and 2025 do not match. Please reconcile and update the evidence as needed.	Revised Exhibit 2, Table 2-25, p. 50 to match Reference 1. Exhibit 2 resubmitted as WHESC_Exhibit_2_2024_10_02
2	Ch 2 Appendix 2-C	Exhibit 2, Table 2-18, p. 23	Values for years 2024 and 2025 do not match. Please reconcile and update the evidence as needed.	Revised Exhibit 2, Table 2-18, p.41 Exhibit 2 resubmitted as WHESC_Exhibit_2_2024_10_02
3	Ch 2 Appendix 2-C	Exhibit 2, Table 2-19, p. 23	Because the 2-18 doesn't match, neither does the 2-19 for 2023-2024, and 2024-2025. Please update the evidence as needed.	Revised Exhibit 2, Table 2-19, p.41 Exhibit 2 resubmitted as WHESC_Exhibit_2_2024_10_02
4	Exh 1, table 1-18, p. 24 Exhibit 4, p. 23	WHESC_2025_Revenue_Requirement_Workform, Tab 9 (Rev_Reqt)	The materiality threshold of \$69,173 in reference 1 is calculated based on the service revenue requirement of \$13,845,188 in reference 2. OEB staff notes that the base revenue requirement of \$12,906,586 in reference 2 should be used as a distribution revenue requirement for the materiality calculation. Please recalculate the threshold and update the evidence as needed.	WHESC updated the materiality calculation using distribution base revenue amount of \$12,906,586. The materiality threshold used decreased from \$68K to \$64K. The following Exhibits have been updated: <ul style="list-style-type: none"> - Exhibit 1, Section 1.3.7, including table 1-18, p. 24 - Exhibit 2, Section 2.2.2, p. 11, Line 8 (restated materiality threshold) - DSP Section 5.4.1.1.1, Table 5.4-3 - Exhibit 4, Section 4.2.2, line 16, p.16 (restated materiality threshold) - Exhibit 4, Table 4-9, p.17 (added program to table) - Exhibit 4, Section 4.2.2.9, p.21 (added variance explanation to additional program from Table 4-9) - Exhibit 4, Section 4.3, Table 4-14, p.23 (updated materiality threshold in table and restated materiality threshold in text) - Exhibit 4, Table 4-16, p.25 (highlighted Operations Supervision program variance between Test year and Last rebasing year that is now over materiality threshold) - Exhibit 4, Table 4-17, p.26 (highlighted Underground System Operation variance in 2025 Test Year, and Underground System Maintenance variance in 2024 Bridge Year over materiality threshold) - Exhibit 4, P. 27 (added variance analysis for Operations Supervision program costs between 2025 Test Year and 2017 OEB Approved) - Exhibit 4, p.34(added variance analysis for Underground System Operation program costs between 2025 Test Year and 2024 Bridge Year) - Exhibit 4, p.45 (added variance analysis for Underground Maintenance program costs between 2024 Bridge Year and 2023 Actual)

				<ul style="list-style-type: none"> - Exhibit 6, Section 6.3.1 p. 15, line 8 and p.16, line 8 (restated materiality threshold) <p>Exhibit 1 resubmitted as WHESC_Exhibit_1_2024_10_02; Exhibit 2 resubmitted as WHESC_Exhibit_2_2024_10_02; Exhibit 4 resubmitted as WHESC_Exhibit_4_2024_10_02; Exhibit 6 resubmitted as WHESC_Exhibit_6_2024_10_02</p>
5	Ch 2 Appendix 2-AB, Cell I23	Ch 2 Appendix 2-BA, Cell E156	The “Actual Net capital expenditures” provided in reference 1 does not match the “Total PP&E Additions” in reference 2 for 2018. Please reconcile and update the references accordingly.	<p>The difference between the Actual Net Capital expenditures in reference 1 and the Total PP&E Additions in reference 2 amounts to \$82,710. This is related to an investment in MIST Meters in 2018 that was previously recorded in Account 1557. The 2025 opening balance in Account 1860 Meters was adjusted to include the 2018 MIST Meter investment.</p> <ul style="list-style-type: none"> - Ch 2, Appendix 2-AA, Cell D60, shows the adjustment for the MIST Meter investment. - Ch 2, Appendix 2-AB, Cell I23, represents total capital spending in 2018, which includes the \$82,710 investment in MIST Meters. - See Exhibit 2, Page 6, Lines 3 to 6 for details. Further details can be found in Exhibits 5 and 9. <p>WHESC does not believe any revisions are required to previously filed evidence.</p>
6	Ch 2 Appendix 2-AB		Cell AG 8 remains unfilled. Please confirm whether capital expenditures are equal to ISA.	<p>Updated Cell AG 8 to “No”. Capital expenditures included in 2-AB represent total capital spending. These capital expenditures are adjusted for Work-in-progress (as seen in Appendix 2-BA) for rate making and depreciation purposes.</p> <ul style="list-style-type: none"> - Chapter 2 Appendices has been resubmitted as WHESC_2025_Chapter2_Appendices_2024_10_02
7	GA Workform, Tab GA 2023		Cells I85 and I86 remain unfilled. Please confirm whether the amounts are subject to principal adjustment.	<p>Updated Cells I85 and I86 to “No”. Amounts are not subject to principal adjustments.</p> <ul style="list-style-type: none"> - GA analysis Workform has been resubmitted as WHESC_2025_GA_Analysis_Workform_2024_10_02 - Exhibit 9 has been resubmitted as WHESC_Exhibit_9_2024_10_02 to revise Appendix 9-B to reflect change to GA Analysis Workform
8	GA Workform, Tab GA 2023		Cells G57 and J57 which are required fields are unfilled. Please fill in both cells and update the GA Workform accordingly.	<p>Per the “Instructions for Completing GA Analysis Workform – 2025 Rates”, Step 4,b,i) WHESC has used a more precise calculation of the GA volume variance using monthly consumption and monthly GA actual rates. WHESC explains this method in Exhibit 9, p. 21, lines 6-10.</p> <p>WHESC does not believe any revisions are required to previously filed evidence.</p>
9	Exhibit 1, Table 1-4, p. 14		The ‘Total’ line is a sum of volumes in both kWh and kW which is incorrect. For each of the years (2017	<p>Exhibit 1, Table 1-4, p. 14 has been revised to separate kWh and kW in both 2017 and 2025)</p> <ul style="list-style-type: none"> - Exhibit 1 resubmitted as WHESC_Exhibit_1_2024_10_02

			and 2025), please separate the volumes into two columns: kWh and kW.																
10	Exhibit 1, Lines 15-16, p. 14		The 2017 OEB approved capital expenditures and % increase are incorrect. The \$2.251M in the reference is the actual spending for 2017. Please correct the numbers.	Exhibit 1, Lines 15-16, p.14 have been revised to represent 2017 OEB approved numbers. - Exhibit 1 resubmitted as WHESC_Exhibit_1_2024_10_02															
11	Exhibit 1, Table 1-6, p. 15	Chapter 2, Appendix 2-BA	The 2017 OEB Approved capital expenditures column shows actual numbers instead of approved 2017. Please correct the numbers in the 2017 approved column as well as the variances in \$ and % columns.	Exhibit 1, Table 1-6, p.15 has been revised to reflect 2017 OEB approved spending and variances. - Exhibit 1 resubmitted as WHESC_Exhibit_1_2024_10_02															
12	Exhibit 1, Table 1-8, p. 16	Chapter 2, Appendix 2-BA	OEB staff is unable to verify the % gross capital expenditures for each category for 2025-2029 in the chart in reference 1. The percentages in reference 1 appear to be different from the percentages calculated by OEB staff based on the data in reference 2. Please see the numbers calculated by OEB staff below. <div style="text-align: center;"><u>2025-2029 Gross CapEx</u></div> <table style="margin-left: auto; margin-right: auto;"> <tr> <td>System Access</td> <td style="text-align: right;">\$ 8,371.20</td> <td style="text-align: right;">30%</td> </tr> <tr> <td>System Renewal</td> <td style="text-align: right;">\$ 15,353.00</td> <td style="text-align: right;">55%</td> </tr> <tr> <td>System Service</td> <td style="text-align: right;">\$ 1,859.00</td> <td style="text-align: right;">7%</td> </tr> <tr> <td>General Plant</td> <td style="text-align: right;">\$ 2,531.00</td> <td style="text-align: right;">9%</td> </tr> <tr> <td>Total</td> <td style="text-align: right;">\$ 28,114.20</td> <td></td> </tr> </table> <p>Please explain the discrepancies and update the evidence as needed.</p>	System Access	\$ 8,371.20	30%	System Renewal	\$ 15,353.00	55%	System Service	\$ 1,859.00	7%	General Plant	\$ 2,531.00	9%	Total	\$ 28,114.20		Exhibit 1, Table 1-8, p.16 has been revised to indicate the % of “net” capital expenditures for each category for 2025-2029 in the chart in reference 1. The associated narrative in Exhibit 1, Section 1.2.3 is an analysis of net capital expenditures. - Exhibit 1 resubmitted as WHESC_Exhibit_1_2024_10_02
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13	Exhibit 1, Tables 1-16 and 1-17 Exhibit 8, Table 8-16, p. 16	Tariff Schedule and Bill Impact Model, Tab 4 and Tab 6	In reference 2, Tab 4, Group 2 rate riders (including Account 1557) have been added to sub-total B instead of sub-total A. Please update the evidence in Tab 4 by assigning Group 2 rate riders including Account 1557 to sub-total A and recalculate the bill impacts in Tab 6. Please update the bill impacts in reference 1 to reflect the update above.	Tab 4 of the Tariff Schedule and Bill Impact Model has been updated to reclassify Group 2 rate riders (including Account 1557) to sub-total A. Bill impacts in Tab 6 have also been recalculated to reflect the change in Tab 4. - Exhibit 1, Tables 1-16 and 1-17, p. 22 and Exhibit 8, Table 8-16, p.16 and Appendix 8-D have been revised. - Exhibit 1 resubmitted as WHESC_Exhibit_1_2024_10_02; - Exhibit 8 resubmitted as WHESC_Exhibit_8_2024_10_02; - Tariff Schedule and Bill Impacts Model resubmitted as WHESC_2025_Tariff_Schedule_and_Bill_Impact_Model_2024_10_02															
14	Exhibit 4, Table 4-1, p. 7	Exhibit 4, Table 4-7, p. 16	The distribution expenses for operation and maintenance in 2021 Actual in reference 1 do not	Revised Exhibit 4, Table 4-1, p.7 and Exhibit 4, Table 4-5, p.11 for 2021 distribution expenses for operation and maintenance to match those in															

	Exhibit 4, Table 4-5, p. 11	Ch 2, Appendix 2-JA and 2-JC	reconcile with the numbers in reference 2. Please reconcile and update the evidence as needed.	reference 2. Also revised 2017 and 2018 actual Community Relations and Administrative and General Expenses in the tables from reference 1 to match those in reference 2. Updated Exhibit 4, Table 4-6, p.11 to reflect changes. - Exhibit 4 resubmitted as WHESC Exhibit 4 2024 10 02
15	Exhibit 4, Line 6, p. 18 Exhibit 4, Table 4-45, p. 61	Ch 2, Appendix 2-K	The number of FTEs in 2024 and 2025 in reference 1 and reference 2 do not match. Please reconcile and update the evidence as needed.	Ch 2, Appendix 2-K represents total FTE count, before costs are allocated to the shared services recipient for system control services. The FTE count before and after the shared services allocation is shown in Exhibit 4, Table 4-45, p.61. Table 4-45, "Total FTEs" sub-total matches the total FTE count in Appendix 2-K. Exhibit 4, Line 6, p.18 states that the total FTE count of 37.3 is after the allocation to the shared services recipient, as shown in Table 4-45. - WHESC does not believe any revisions are required to previously filed evidence.
16	Exhibit 4, Line 8, p. 38	Exhibit 4, Table 4-28, p. 37	In reference 1, the application states that there is a \$161,402 increase in Overhead System Operation Program costs from 2023 Actual to the 2025 Test Year. OEB staff notes that the amount of \$161,402 is equal to the variance in reference 2 which is Maintenance Supervision and Engineering Program Costs. Please confirm whether the \$161,402 increase is in Overhead System Operation or Maintenance Supervision and Engineering. Please update the evidence as needed.	WHESC confirms that the \$161,402 increase is in Maintenance Supervision and Engineering. Exhibit 4, Line 12, p.38 has been updated to reflect this correction. - Exhibit 4 resubmitted as WHESC_Exhibit_4_2024_10_02
17	Exhibit 4, Lines 6-7, p. 39	Exhibit 4, Table 4-29, p. 38	In reference 1, the application states that from 2018 Actuals to the 2025 Test Year, an average of \$104,257 is spent on station maintenance annually, up from the 2017 COS amount of \$54,898. From reference 2, OEB staff calculated an average program cost of \$107,944 from 2018 Actuals to the 2025 Test Year. Please confirm staff's calculation and update the evidence as needed.	In reference 1, Exhibit 4, Lines 6-7 should have read "From 2017 Actuals to the 2025 Test Year, an average of \$104,257 is spent on station maintenance annually, up from the 2017 COS amount of \$54,898. Exhibit 4, Line 9, p.39 has been revised to state 2017 instead of 2018. - Exhibit 4 resubmitted as WHESC_Exhibit_4_2024_10_02
18	Exhibit 5, line 15, p. 4	Cost of Capital Parameter Updates	The application states an incorrect short-term debt rate of 4.58% for 2024 in reference 1. Please correct the short-term debt rate percentage to 6.23% for 2024 as published by the OEB in reference 2.	Exhibit 5, line 15, p.4 has been updated to state the short-term debt rate percentage of 6.23% for 2024. The correct rate of 6.23% has been used in calculations throughout the application. - Exhibit 5 resubmitted as WHESC Exhibit 5 2024 10 02