



By RESS

October 16, 2024

Ms. Nancy Marconi
Registrar
Ontario Energy Board
PO Box 2319
2300 Yonge Street, 27th Floor
Toronto, ON, M4P 1E4

Dear Ms. Marconi:

**Subject: Electricity Distribution Licence No. ED-2002-0556
2025 Electricity Distribution Rate Application (EB-2024-0035) - Interrogatory
Responses**

On August 15, 2024, Hydro Ottawa Limited submitted an application seeking the Ontario Energy Board's ("OEB") approval for proposed electricity distribution rates and other charges, effective January 1, 2025. On September 25, 2024, Hydro Ottawa received interrogatory questions from OEB staff related to its application. Please find attached Hydro Ottawa's responses to OEB Staff's interrogatories.

Please do not hesitate to contact me if you require anything further.

Sincerely,

Signed by:

April Barrie

1E403775748B4CB...

April Barrie

Director, Regulatory Affairs

Directeur, Affaires réglementaires

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INTERROGATORY RESPONSE - OEB-1

Question-1

EXHIBIT REFERENCE:

Application, Exhibit 8, Tab 3, Schedule 1

Application, Exhibit 8, Tab 7, Schedule 1

Application, Exhibit 8, Tab 8, Schedule 1

Application, Exhibit 8, Tab 10, Schedule 1

Application, Exhibit 9, Tab 2, Schedule 1

SUBJECT AREA: **Application Updates**

Question(s):

OEB staff notes the following list of items to be updated to finalize Hydro Ottawa's 2025 rates and charges:

- Regulated Price Plan (RPP) rates and Regulatory Charges (WMSR, CBR,RRRP). These rates impact Hydro Ottawa's Drycore transformer charges.
- Any updated Uniform Transmission Rates (UTRs), if available before the issuance of the OEB's decision in this proceeding.¹ This may impact the calculation of the Low Voltage Rates as well. If the Low Voltage Rates change from those filed in the application for the GS 50 to 1,499 kW, GS 1,500 to 4,999 kW and Large Use classes, this may also impact Hydro Ottawa's Drycore transformer charges
- If any generic OEB Decision and Order is made related to Retail Service Charges and Regulatory Charges prior to the OEB's decision on Hydro Ottawa's 2025 application, those would be reflected in the 2025 tariff of rates and charges.

¹ At Exhibit 8, Tab 3, Schedule 1, page 2, Hydro Ottawa states "Adjustments to Hydro One UTRs typically occur after the implementation of Hydro Ottawa's rates on January 1st of each year. As such, the Parties have agreed to set each year's RTSRs using the previous year's UTRs. As part of the 2021-2025 Approved Settlement Agreement, the differences from the new rates will be captured in Uniform System of Accounts 1584 – Retail Settlement Variance Account ("RSVA") Network, and 1586 - Connection for future disposition."

Please confirm if this is a complete list or identify any missing items.

RESPONSE:

For clarity, and as noted in Exhibit 8-3-1: Retail Transmission Service Rates, Hydro Ottawa updates its Retail Transmission Service Rates ("RTSRs") based upon OEB-approved adjustments to the Hydro One Networks Inc. Sub-Transmission Rates and Uniform Transmission Rates ("UTRs") using the RTSR model. If additional OEB Decision and Orders are issued before the OEB's decision in this proceeding, Hydro Ottawa will update its RTSRs accordingly. Any further change to Hydro Ottawa's RTSRs will impact the calculation of the Low Voltage Rates, particularly related to the following rate classes: GS 50 to 1,499 kW, GS 1,500 to 4,999 kW and Large Use. Hydro Ottawa's Drycore transformer charges may also be impacted.

Hydro Ottawa has submitted an updated 2025 tariff of rates and charges ("Workform") in response to OEB-2. The updated workform includes the latest rates for Retail Service Charges² and Wireline Pole Attachment Charge³ as issued by OEB on September 26, 2024. This workform will require an update to Regulatory Charges⁴ if a generic OEB Decision and Order is received prior to a Decision being issued in this proceeding.

The updated workform also reflects changes made to applicable rate riders as the interest on Hydro Ottawa's Group 1 Accounts has been updated to reflect the Q4 2024 prescribed interest rates published by the OEB on September 13, 2024.⁵ The updated Deferral and Variance Account model is attached in excel format as Attachment OEB-1 (A): Updated OEB Workform Deferral and Variance Account (Continuity Schedule). Tables A and B below provide the updated rate riders as a result of updating the interest amounts. The adjusted interest resulted in no change to the Rate Riders for Account 1589 - Global Adjustment (2025) and the Rate Riders for Account 1580 -

² Ontario Energy Board, *Decision and Order in the matter of the inflationary adjustment effective January 1, 2025 for energy retailer service charges for electricity distributors*, EB-2024-0226 (September 26, 2024)

³ Ontario Energy Board, *Distribution Pole Attachment Charge for 2025*, EB-2024-0227 (September 26, 2024)

⁴ Ontario Energy Board, *Decision and Order in the matter of Regulatory Charges Effective January 1, 2024, for the Wholesale Market Services Rate and the Rural or Remote Electricity Rate Protection Charge*, EB-2023-0268 (December 7, 2023), page 1.

⁵ Ontario Energy Board, "Prescribed Interest Rates,"

<https://www.oeb.ca/regulatory-rules-and-documents/rules-codes-and-requirements/prescribed-interest-rates>

1 Sub-Account CBR Class B (2025). The Bill impacts submitted in Attachment OEB-2 (A): Updated
2 2024 Current and 2025 Proposed Tariff of Rates and Charges incorporate the changes to the rate
3 riders.
4

5 **Table A - Proposed and Updated Rate Riders for Group 1 Accounts, excluding Global**
6 **Adjustment (2025)**

Rate Class	Units	Allocated Proposed	Allocated Updated	Rate Rider Proposed	Rate Rider Updated	2025 Change
Residential	kWh	\$(410,829)	\$(409,982)	-0.0002	-0.0002	0.0000
General Service < 50 kW	kWh	\$31,061	\$31,027	0.0000	0.0000	0.0000
General Service 50 to 1,499 kW	kW	\$2,401,051	\$2,396,616	0.3538	0.3531	(0.0007)
General Service 1,500 to 4,999 kW	kW	\$78,884	\$78,760	0.0537	0.0536	(0.0001)
Large Use	kW	\$63,238	\$63,138	0.0635	0.0634	(0.0001)
Unmetered Scattered Load	kWh	\$1,614	\$1,611	0.0001	0.0001	0.0000
Sentinel Lighting	kW	\$5	\$5	0.0415	0.0414	(0.0001)
Street Lighting	kW	\$2,486	2,482	0.0411	0.0410	(0.0001)
TOTAL		\$2,167,510	\$2,163,657			

7

1 **Table B - Proposed and Updated Rate Riders for Group 1 Accounts 1580 & 1588 - Non-WMP**
2 **(2025)**

Rate Class	Units	Allocated Proposed	Allocated Updated	Rate Rider Proposed	Rate Rider Updated	2025 Change
Residential	kWh	\$0	\$0			0
General Service < 50 kW	kWh	\$0	\$0			0
General Service 50 to 1,499 kW	kW	\$(2,055,923)	\$(2,052,040)	-\$0.3055	-\$0.3050	0.0005
General Service 1,500 to 4,999 kW	kW	\$0	\$0			0
Large Use	kW	\$0	\$0			0
Unmetered Scattered Load	kWh	\$0	\$0			0
Sentinel Lighting	kW	\$0	\$0			0
Street Lighting	kW	\$0	\$0			0
TOTAL		\$(2,055,923)	\$(2,052,040)			

ATTACHMENT OEB-1 (A)

**Updated OEB Workform Deferral and Variance Account (Continuity
Schedule)**

(Refer to the attachment in Excel format)

INTERROGATORY RESPONSE - OEB-2**Question-2**

EXHIBIT REFERENCE:

8-10-1 Tariff and Bill Impact Model, Tab 2 – Current Tariff ScheduleSUBJECT AREA: **Tariff and Bill Impact Model**

Question(s):

At the above noted reference, there is a drop-down menu which requests applicants to confirm the accuracy of their 2024 Tariff of Rates and Charges generated in the model. Hydro Ottawa has selected “no” to the question “Have you confirmed the accuracy of the tariff sheet”.

(a) Please advise if this selection was in error. If yes, please make the change to the Model.

(b) If the answer to (a) is no, please confirm any inaccuracies in the 2024 Tariff of Rates and Charges populated in the model.

RESPONSE:

a) Hydro Ottawa acknowledges the selection of “no” was made in error and the selection has been updated. An updated 2024 Current and 2025 Proposed Tariff of Rates and Charges workform is provided in excel format as Attachment OEB-2(A) - Updated 2024 Current and 2025 Proposed Tariff of Rates and Charges.

All additional changes as a result of Interrogatory Responses have been incorporated into Attachment OEB-2(A).

b) See response to (a) above.

ATTACHMENT OEB-2 (A)

Updated 2024 Current and 2025 Proposed Tariff of Rates and Charges

(Refer to the attachment in Excel format)

INTERROGATORY RESPONSE - OEB-3

Question-3

EXHIBIT REFERENCE:

Ref 1: Application, Exhibit 3, Tab 1, Schedule 1, page 4

Ref 2: Tariff of Rates and Charges, effective January 1, 2025

SUBJECT AREA: **Transformer Ownership Allowance**

Question(s):

As part of Hydro Ottawa's approved 2021-2025 Approved Settlement Agreement, parties agreed that as of November 1, 2025, the Transformer Ownership Credit will be discontinued for all customers.

With respect to Hydro Ottawa's current application, please confirm if Hydro Ottawa agrees that a sunset date of November 1, 2025 should be added to the line item "Transformer Allowance for Ownership – per kW of billing demand/month" on Hydro Ottawa's Tariff of Rates and Charges, effective January 1, 2025.

RESPONSE:

Hydro Ottawa agrees that a sunset date of November 1, 2025 should be added to the line item "Transformer Allowance for Ownership – per kW of billing demand/month" on Hydro Ottawa's Tariff of Rates and Charges, effective January 1, 2025. The Tariff of Rates and Charges attached in response to OEB-2 has been updated accordingly; see excerpt below.

ALLOWANCES

Transformer Allowance for Ownership - per kW of billing demand/month - effective until October 31, 2025

\$/kW

(0.45)

INTERROGATORY RESPONSE - OEB-4**Question-4**

EXHIBIT REFERENCE

Application, Exhibit 7, Tab 1, Schedule 1, pages 2-3

SUBJECT AREA:

Proposed Revenue-to-Cost Ratios

Question(s):

At the above reference, Hydro Ottawa states:

Sentinel Lighting is the only customer class with a revenue-to-cost ratio outside the OEB policy range. As agreed, the ratio for this customer class is being brought into its policy range over the five year Custom IR period to mitigate the impact of a large rate increase on a small number of class participants. The 2025 proposed revenue-to-cost ratio aligns Sentinel Lighting class to the OEB policy range. **All other classes will remain constant in 2025.**

(OEB staff added emphasis).

OEB staff has reproduced Table 2 of the reference below.

Table 2 – Current and Proposed Rate Class Revenue-to-Cost Ratios

Rate Class	Revenue-to-Cost Ratios					
	2021 Approved	2022 Approved	2023 Approved	2024 Approved	2025 Proposed	Policy Range
Residential	101.08%	101.08%	101.08%	101.07%	101.08%	85-115
GS < 50 kW	119.92%	119.94%	119.89%	119.93%	119.94%	80-120
GS > 50 to 1,499 kW	90.44%	90.44%	90.43%	90.44%	90.44%	80-120
GS > 1,500 to 4,999 kW	102.32%	102.32%	102.32%	102.32%	102.32%	80-120
Large Use	86.10%	86.10%	86.09%	86.10%	86.10%	85-115
Street Lighting	120.00%	119.94%	119.90%	119.86%	119.76%	80-120
Sentinel Lighting	66.25%	62.19%	65.15%	70.02%	80.00%	80-120
Unmetered Scattered Load	104.51%	104.61%	104.67%	104.64%	104.71%	80-120
Standby Power	33.23%	33.23%	33.23%	33.23%	33.23%	n/a

OEB staff observes most of the increase to the Sentinel Lighting class is offset by the Street Lighting class. Please explain the nature of the minor adjustments (increases) to the Residential, GS<50 kW and Unmetered Scattered Load rate classes.

RESPONSE:

Hydro Ottawa acknowledges the statement as written was not clear. The intent of the statement was to indicate that no deliberate adjustments had been applied to the other rate classes. Minor changes in the percentages is a natural result of the changes in revenue requirement based on the approved adjustments and approved load forecast.

INTERROGATORY RESPONSE - OEB-5**Question- 5****EXHIBIT REFERENCE****Ref 1: Application, Exhibit 8, Tab 1, Schedule 1, page 5****Ref 2: Application, Exhibit 8, Tab 1, Schedule 1, page 3, Table 2****Ref 3: EB-2023-0032, Updated Attachment 6-1-1 A – 2024 RRWF, November 8, 2023****SUBJECT AREA: Fixed/Variable Split**

Question(s):

At reference 1, the application states:

Maintaining the 2024 fixed/variable ratio for the General Service 1,500 to 4,999 and Large Use classes resulted in a lower fixed charge than the previous year. Consequently, per the November 19, 2020 Decision and Order, the 2025 fixed charges for specific classes will decrease. For these rate classes, adjustments were made to the variable rates to meet the required revenue requirements.

With respect to the Large Use class, a portion of reference 2 is reproduced below:

2024 Approved		2025 Proposed	
Fixed	Variable	Fixed	Variable
24%	76%	24%	76%

Please confirm if the 2024 approved fixed and variable percentages for the Large Use class should show 25% and 75%, respectively (rounded) as per reference 3.

RESPONSE:

The percentages presented in Table 2 as originally submitted reflect the fixed and variable revenue percentages after including the Transformer Ownership Credit. In order to obtain the proposed fixed and variable rates as calculated in the Revenue Requirement Workforms ("RRWF"), the fixed percentage that were entered into Tab 13 'Rate Design' of the RRWF reflect fixed and variable percentages before including the Transformer Ownership Credit. As a result Tables 2 does not balance to the RRWF.

Hydro Ottawa has provided a version of Table 2 that reflects the fixed and variable percentages as shown on Tab 13 'Rate Design' of the RRWF. Please see table A below.

Table A - Current and Proposed Fixed/Variable Split Before Transformer Ownership Credit

	2024 Approved		2025 Proposed	
	Fixed	Variable	Fixed	Variable
Residential	100%	0%	100%	0%
GS < 50 kW	25%	75%	25%	75%
GS 50 to 1,499 kW	14%	86%	14%	86%
GS 1,500 to 4,999 kW	28%	72%	27%	73%
Large Use	25%	75%	24%	76%
Unmetered Scattered Load	41%	59%	41%	59%
Sentinel Lighting	52%	48%	52%	48%
Street Lighting	63%	37%	63%	37%
Standby Power	28%	72%	28%	72%

INTERROGATORY RESPONSE - OEB-6

Question-6

EXHIBIT REFERENCE

Ref 1: RTSR Model, Tab 4 – UTRs and Sub-Transmission

Ref 2: Application, Exhibit 8, Tab 3, Schedule 1, page 2

SUBJECT AREA:

RTSR Model

Question(s):

Hydro Ottawa updated the RTSR Model for the 2024 UTRs effective July 1, 2024 as per the OEB's decision issued on June 27, 2024 (EB-2024-0183).

For clarity in the RTSR Model, please add the effective dates to the two 2024 columns (i.e., January to June, and July to December).

Uniform Transmission Rates		Unit		2023		2023		2024		2024		2025	
Rate Description				Rate				Rate				Rate	
Network Service Rate	kW	\$	0.00	\$	0.17	\$	0.78	\$	0.12	\$	0.12	\$	0.12
Line Connection Service Rate	kW	\$	0.92	\$	0.00	\$	0.95	\$	0.95	\$	0.95	\$	0.95
Transformation Connection Service Rate	kW	\$	3.10	\$	2.98	\$	3.21	\$	3.21	\$	3.21	\$	3.21

RESPONSE:

Hydro Ottawa has added the effective dates on Tab 4. 'UTRs and Sub-Transmission' to row 18. The updated 2025 RTSR Model has been included in Excel format as Attachment OEB-6(A): Updated OEB Workform - 2025 RTSR Workform. Please see the screenshot below which shows the updates made regarding the effective dates.

Uniform Transmission Rates		Unit		2023 Jan to Jun		2023 Jul to Dec		2024 Jan to Jun		2024 Jul to Dec		2025	
Rate Description				Rate				Rate				Rate	
Network Service Rate		kW		\$	5.60	\$	5.37	\$	5.78	\$	6.12	\$	6.12
Line Connection Service Rate		kW		\$	0.92	\$	0.88	\$	0.95	\$	0.95	\$	0.95
Transformation Connection Service Rate		kW		\$	3.10	\$	2.98	\$	3.21	\$	3.21	\$	3.21

1

ATTACHMENT OEB-6 (A)

Updated OEB Workform - 2025 RTSR Workform

(Refer to the attachment in Excel format)

INTERROGATORY RESPONSE - OEB-7

Question-7

EXHIBIT REFERENCE

Ref 1: Application, Exhibit 4, Tab 4, Schedule 1, page 5

Ref 2: Application, Exhibit 4, Tab 4, Schedule 2, page 1

Ref 3: EB-2023-0032, Decision and Rate Order, page 19

SUBJECT AREA: Lost Revenue Adjustment Mechanism Variance Account (LRAMVA)

Question(s):

Hydro Ottawa states that it is not seeking clearance of its Lost Revenue Adjustment Mechanism Variance Account (LRAMVA) as part of its 2025 application. Further, Hydro Ottawa will continue to use the IESO Evaluation, Measurement, and Verification results for in-service activities to measure CDM savings for LRAMVA disposition in a future rate application.

In the OEB's decision in Hydro Ottawa's 2024 Custom IR Update application (EB-2023-0032), the OEB accepted Hydro Ottawa's intent to keep the LRAMVA account open until rebasing and to not seek disposition of 2021 or 2022 LRAMVA amounts or seek prospective disposition within the 2024 proceeding.

(a) Please confirm the years associated with the outstanding amounts and the approximate total claim.

(b) Please confirm that Hydro Ottawa will bring forward its LRAMVA balance for disposition in its next rate application.

RESPONSE:

a) Hydro Ottawa confirms the LRAMVA account contains balances associated with outstanding years 2021 and subsequent years. The LRAMVA account balance includes the persisting impacts of CDM programs from 2020. More details on the LRAMVA account will be provided when Hydro Ottawa seeks disposition on this account balance in its 2026 rebasing rate application.

Regarding the statement that “Hydro Ottawa will continue to use the Independent Electricity System Operator’s (“IESO”) Evaluation, Measurement, and Verification results for in-service activities to measure CDM savings for LRAMVA disposition in a future rate application”, the IESO no longer provides distributor specific results. As a result, for clarity, although Hydro Ottawa plans to continue to use the IESO results, should the IESO continue to only provide provincial results, a methodology to determine Hydro Ottawa’s portion of the IESO results will be proposed. This methodology will be tested as part of Hydro Ottawa’s next rebasing application.

Hydro Ottawa anticipates that further IESO reports will be released prior to the next rebasing application and Hydro Ottawa will finalize its methodology and estimate at that time.

b) Hydro Ottawa confirms that it intends to bring forward the LRAMVA balance for disposition in the 2026 rebasing rate application.

INTERROGATORY RESPONSE - OEB-8

Question-8

EXHIBIT REFERENCE

Ref: Application, Exhibit 9, Tab 2, Schedule 1, page 1

SUBJECT AREA: **Group 1 Deferral and Variance Accounts**

Question(s)

At the above noted reference, Hydro Ottawa states that its Group 1 deferral and variance account balances meet the \$0.001 per kWh threshold as noted in *Chapter 3 Filing Requirements for Electricity Distribution Rate Applications*.

Please provide the threshold calculation.

RESPONSE:

Hydro Ottawa's Group 1 claim for deferral and variance accounts totals \$10,504,673.50 (as per Attachment 9-1-1(A): OEB Workform Deferral and Variance Account (Continuity Schedule), tab 2a. Continuity Schedule, cell BT43). This figure, divided by the total metered kilowatt-hours in 2023 of 7,214,869,000 kWh (tab 4. Billing Determinants, cell E41 of the same attachment), results in an amount of \$0.00145 per kWh, which exceeds the \$0.001 per kWh threshold outlined in Chapter 3 of the Filing Requirements for Electricity Distribution Rate Applications.

Hydro Ottawa also notes that in Exhibit 9-2-1: New Deferral and Variance Accounts, the newly established sub-account in section 2 should read 1595 (2025), rather than 1595 (2024).

INTERROGATORY RESPONSE - OEB-9

Question-9

EXHIBIT REFERENCE

Ref: 2025 GA Analysis Workform

SUBJECT AREA: **Global Adjustment Analysis and Reconciliation**

Question(s):

In the GA 2023 tab, a reconciling item with a credit amount of \$3,879,628 is reported for the differences in the GA between the IESO posted rate and the rate charged on the IESO invoice.

In the Principal Adjustments tab, a credit amount of \$5,562,864 is included as a principal adjustment to Account 1588 for the current year unbilled to actual revenue differences. OEB staff notes that the unbilled to actual revenue difference for last year which is reversed on this year's analysis workform is a credit of \$199,233.

(a) Please provide a detailed explanation of the reconciling item between the GA IESO posted rate and the rate charged on the IESO invoice.

- i. Please provide a table showing the month-by-month breakdown of these differences. The table should show the rates difference between the actual GA rates charged by the IESO and the IESO posted rates and multiplied by the volume with the total difference amounting to a credit amount of \$3,879,628.

(b) Please explain in detail the nature of the significant unbilled to actual revenue differences of a credit amount of \$5,562,864 reported in Account 1588 and why the unbilled accrual has increased significantly from last year.

- i. Please confirm if the external auditor has audited this unbilled accrual as part of the 2023 audit of the financial statements. Please explain why line item(s) on the financial statements did this unbilled accrual included.

RESPONSE:

a) The actual Global Adjustment (“GA”) rate charged by the Independent Electricity System Operator (“IESO”) is based on the total GA amount, charge type 148 on the IESO invoice divided by actual wholesale kilowatt hour (“kWh”) volume. Charge Type 148 can include preliminary, final and restated settlement statements adjustments. The December invoice included large adjustments for the July, October, and November periods, which resulted in a higher GA rate of \$0.08244 charged by the IESO compared to the posted GA rate of \$0.06622. Please refer to Exhibit 9-1-2: Group 1 Accounts for a description of how Hydro Ottawa accounts for IESO GA costs and charges.

i) Table A below provides the monthly breakdown of IESO’s GA rates, posted vs. charged.

1 **Table A - 2023 monthly Class B GA rates and non-RPP Class B kWh**

Month	Non-RPP Class B Including Loss Adjusted Consumption, Adjusted for Unbilled (kWh) A	Class B GA Actual rate (\$/kWh) B	Class B GA Actual rate charged (\$/kWh) C	Class B GA rate difference (\$/kWh) ¹ D = (C - B)	Class B GA reconciling item E = (A x D) (\$)
January	224,640,048	\$ 0.05377	\$ 0.05402	\$ (0.000250)	\$ (56,227)
February	211,793,682	\$ 0.08249	\$ 0.08200	\$ 0.000492	\$ 104,148
March	217,493,614	\$ 0.08031	\$ 0.08041	\$ (0.000095)	\$ (20,677)
April	189,788,199	\$ 0.09853	\$ 0.09815	\$ 0.000381	\$ 72,325
May	193,957,096	\$ 0.09962	\$ 0.10097	\$ (0.001350)	\$ (261,798)
June	209,916,737	\$ 0.08293	\$ 0.08259	\$ 0.000345	\$ 72,390
July	230,109,342	\$ 0.04949	\$ 0.04918	\$ 0.000307	\$ 70,694
August	199,790,425	\$ 0.07606	\$ 0.07690	\$ (0.000837)	\$ (167,209)
September	201,418,949	\$ 0.05093	\$ 0.05450	\$ (0.003566)	\$ (718,319)
October	189,938,451	\$ 0.08498	\$ 0.08284	\$ 0.002144	\$ 407,315
November	200,834,047	\$ 0.07090	\$ 0.07108	\$ (0.000184)	\$ (36,943)
December	206,199,913	\$ 0.06622	\$ 0.08244	\$ (0.016224)	\$ (3,345,327)
TOTAL	2,475,880,503				\$ (3,879,628)

- 2
- 3 b) The estimated commodity prices used to calculate the year-end unbilled revenue accrual was
- 4 significantly lower than actual commodity prices, which caused a larger than usual difference as
- 5 reported in Uniform System of Accounts ("USofA") Account 1588. The estimated blended RPP
- 6 rate used for unbilled revenue accrual was \$0.094 and the actual blended RPP rate was \$0.111.
- 7 A rate difference of \$0.017.

¹ Rounded

1 This reversal of principal adjustment as reported in the 2025 GA Analysis Workform for Account
2 1588 - RSVA Power did not impact Hydro Ottawa's settlement with the IESO for charge type 142
3 (Regulated Price Plan Settlement Amount).

- 4
- 5 i) The OEB provided clarity to question 2 b) i) as follows: "Please confirm if the external
6 auditor has audited this unbilled accrual as part of the 2023 audit of the financial
7 statements. Additionally, please explain which line item(s) on the financial statements
8 include this unbilled accrual."
- 9

10 Hydro Ottawa's external auditors have audited its 2023 financial statements. The unbilled revenue
11 accrual is included in the below line items on the audited financial statements:

- 12 • Power Recovery revenue (includes accounts 4006 Residential Energy Sales to 4035
13 General Energy Sales);
- 14 • Purchased Power expense (includes account 4705-Power Purchased);
- 15 • Accounts receivable (includes account 1120-Accrued Utility Revenues); and
- 16 • Regulatory assets (includes account 1588-RSVAPower).

INTERROGATORY RESPONSE - OEB-10

Question-10

EXHIBIT REFERENCE

Ref 1: Exhibit 9, Tab 3, Schedule 1, Page 1 of 8

Ref 2: Chapter 3 Filing Requirements, June 18, 2024

SUBJECT AREA: **Disposition of Deferral and Variance Accounts**

Question(s):

In reference 1, Hydro Ottawa states that the 1595 (2021) Sub-Account has been excluded from the proposed disposition because “the two-year period following the expiry of the associated rate rider has not yet elapsed.”

Page 16 of reference 2 states,
January 1 rate year – If 2021 rate riders expire on December 31, 2021, the balance of sub-account 1595 (2021) is eligible to be disposed after the account balance as of December 31, 2023, has been audited. Therefore, sub-account 1595 (2021) would be eligible for disposition in the 2025 rate year.

(a) Please explain why Hydro Ottawa believes the disposal criteria for Account 1595 (2021) Sub-Account have not been met.

(b) Please update the 2025 Deferral and Variance Account Continuity Schedule as applicable.

RESPONSE:

a) Hydro Ottawa’s 2021 rate riders for Group 1 and Group 2 accounts (excluding Lost Revenue Adjustment Mechanism Variance Account) were approved for collection over a two-year period

1 ending December 31, 2022.¹ Since Distributors can seek disposition of residual balances in
2 1595 sub-accounts two years after the expiry of the rate riders,² Hydro Ottawa would seek
3 disposition for sub-account 1595 (2021) after account balances for December 31, 2024 have
4 been audited. Hydro Ottawa will request approval to dispose of the remaining funds in
5 sub-account 1595 (2021) in the 2026 rate year.

6
7 b) As explained above, Hydro Ottawa is not requesting to dispose of sub-account 1595 (2021) in
8 this Application. Therefore, the 2025 Deferral and Variance Account Workform (Continuity
9 Schedule) does not need to be updated to include the disposition of sub-account 1595 (2021).

¹ Hydro Ottawa Limited, *2021-2025 Decision and Rate Order*, EB-2019-0261 (January 7, 2021), pages 3-4; and Hydro Ottawa Limited, *2021-2025 Custom Incentive Rate Application: Updated Exhibit 9-3-1*, EB-2019-0261 (May 5, 2020).

² Ontario Energy Board, *Chapter 3 – Incentive Rate-Setting Applications. Filing Requirements for Electricity Distribution Rate Applications* (June 18, 2024), page 14.

INTERROGATORY RESPONSE - OEB-11

Question-11

EXHIBIT REFERENCE

Attachment 9-1-1 (A) OEB Workform Deferral and Variance Account (Continuity Schedule)_20230815

SUBJECT AREA: **Disposition of Deferral and Variance Accounts**

Question(s):

Account 1580 RSVA – Wholesale Market Service charge shows a total claim credit balance of \$8.7 million compared to the approved debit balance of \$14.09 million from last year's application.

(a) Please explain the substantial decrease in the account balance sought for disposition in the current application and the key drivers for the decrease.

(b) Please provide the break down of the variance into WMS revenues collected from the customers and WMS charged by the IESO in 2023 and tie this difference to the variance amount booked in Account 1580.

(c) Please confirm that the 2023 principal transactions, with a credit amount of \$8.11 million, do not include current-period and prior-period adjustments. If not confirmed, please provide the details of these adjustments.

RESPONSE:

a) Hydro Ottawa records wholesale market service amounts charged by the Independent Electricity System Operator ("IESO") and Hydro One Networks Inc. ("Hydro One") for operating the Ontario electricity wholesale market into Account 1580 RSVA – Wholesale Market Service charge ('Account 1580').

The wholesale market service charges (“WMSC”) include the Rural or Remote Electricity Rate Protection (“RRRP”) charge and various market uplift charges. In addition, Account 1580 includes wholesale market service revenue (including RRRP revenue) Hydro Ottawa collects based upon the Board approved wholesale market service (“WMS”) rate and RRRP.

For the fiscal year of 2023, the main drivers for the decrease in Account 1580 from 2022 is the rate difference between both the 2023 WMSC and RRRP incurred by Hydro Ottawa and the WMS and RRRP rates that Hydro Ottawa charges its customers. Table A below shows the breakdown of the balances recorded in Account 1580 in 2022 and 2023. In 2022 Hydro Ottawa charged its customers the approved WMS rate of \$0.0035 and the WMSC rate charged to Hydro Ottawa was \$0.0053 therefore Hydro Ottawa recorded a debit principle amount of \$13.2M to RSVA - WMS. In 2023, the approved WMS rate increased to \$0.0048 while the WMSC rate charged to Hydro Ottawa decreased to \$0.0037 therefore Hydro Ottawa recorded a credit principle amount of \$8.1M to RSVA - WMS.

Table A - 2022 & 2023 Account 1580 Breakdown

	2022	2023
WMS Collected from Customers	\$ (22,254,938)	\$ (30,528,367)
WMS Expense	\$ 35,733,449	\$ 22,765,521
WMS Variance	\$ 13,478,511	\$ (7,762,846)
RRRP Collected from Customers	\$ (3,709,115)	\$ (5,212,003)
RRRP Expense	\$ 3,424,515	\$ 4,868,990
RRRP Variance	\$ (284,600)	\$ (343,013)
RVSA Wholesale Market Service Principle	\$ 13,193,911	\$ (8,105,859)
Interest on 2023 balance	\$ 894,211	\$ (577,677)
RVSA Wholesale Market Service (Principle and Interest)	\$ 14,088,122	\$ (8,683,536)

Hydro Ottawa purchases approximately 92% of its power supply from the IESO and the remaining 8% from Hydro One and embedded generators. Hydro One charges Hydro Ottawa the 2023 WMS approved rate. Table B below provides a comparison of the WMSC rate incurred by Hydro Ottawa and the 2023 WMS approved rate billed for WMS revenue to distribution customers.

1 **Table B - Wholesale Market Service Charge Revenue & Expense Rates (Principle)**

	2023 Revenue Collected	2023 Total WMS Charge
WMS Collected from Customers	\$(30,528,367)	22,765,521
RRRP Collected from Customers	\$(5,212,003)	4,868,990
Adjusted kWh	7,447,660,469	7,470,628,074
Average \$/kWh	\$(0.0048)	\$0.0037

- 2
- 3 b) See response in a) above for a breakdown of the variance into WMS revenues collected from
- 4 the customers charged by the IESO.
- 5
- 6 c) Hydro Ottawa confirms there are no current-period or prior-period adjustments recorded in the
- 7 \$8.11 million other than billing adjustments due to cancel/ rebill activity.