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BY EMAIL

December 16, 2024

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

Dear Ms. Marconi:

Re: EB-2024-0050 Ottawa River Power Corporation Application for 2025 Rates

In accordance with Procedural Order No. 1, please find attached the Ontario Energy Board (OEB) staff interrogatories in the above proceeding. The applicant has been copied on this filing.

Ottawa River Power Corporation's responses to interrogatories are due by January 14, 2025.

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,

Urooj Iqbal
Advisor, Incentive Rate-setting

Encl.

**OEB Staff Interrogatories
Ottawa River Power Corporation
EB-2024-0050**

Please note, Ottawa River Power Corporation (ORPC) 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-1

Reference:

- I. EB-2024-0050, Rate Generator Model, Tab 11, Column L, Cells L22, L24, L26 and L35
- II. EB-2024-0050, Rate Generator Model, Tab 18, Columns B-E and Rows 17, 21-25 and 28
- III. EB-2024-0244, Letter for 2025 Preliminary Uniform Transmission Rates and Hydro One Sub-Transmission Rates, November 1, 2024, p. 2, Appendix B
- IV. Time of Use (TOU) prices set by the OEB for November 1, 2024, October 18, 2024
- V. Letter regarding Review of Fixed Monthly Charge for microFIT Generator Service Classification, November 19, 2024
- VI. EB-2024-0282, Decision and Order, December 10, 2024

Preamble:

Distributors must enter the applicable rates in the Rate Generator Model for the preliminary Uniform Transmission Rates (UTRs), Hydro One Sub-Transmission Rates, microFIT charge, TOU prices, Rural or Remote Electricity Rate Protection (RRRP), Wholesale Market Service (WMS) and Ontario Electricity Rebate (OER). These rates must align with the most recent rates and charges issued by the OEB.

Question(s):

- a) OEB staff has updated the preliminary UTRs and Hydro One Sub-Transmission Rates in Reference I. Please verify the update and ensure that all subsequent tabs are updated accordingly.

- b) OEB staff has updated the latest TOU prices, RRRP and OER under the Regulatory Charges in Reference II. Please verify the update and ensure that all subsequent tabs are updated accordingly.
- c) OEB staff has updated the microFIT charge. Please verify the microFIT charge on the final tariff schedule tab of the Rate Generator Model and confirm the update as per the letter issued on November 19, 2024 (Reference V).

Staff-2

Reference:

- I. EB-2024-0050, Rate Generator Model, Tab 3, Continuity Schedule

Preamble:

On September 13, 2024, and December 11, 2024, the OEB published the Q4 2024 and Q1 2025 prescribed accounting interest rate applicable to the carrying charges of deferral, variance and construction work in progress (CWIP) accounts of natural gas utilities, electricity distributors and other rate-regulated entities.

Question(s):

- a) Please update Tab 3 (Continuity Schedule) as necessary to reflect the Q4 2024 and Q1 2025 OEB-prescribed interest rates of 4.40% and 3.64% for the Rate Generator Model.

Staff-3

Reference:

- I. EB-2024-0118, Non-Wires Solutions Guidelines for Electricity Distributors, March 28, 2024
- II. EB-2021-0106, OEB 2021 CDM Guidelines, Section 7
- III. OEB Chapter 3 Filing Requirements, June 18, 2024, p. 17

Preamble:

ORPC has requested recovery of \$58,726 related to lost revenues in 2021 and 2022 from persisting CDM savings from programs delivered between 2015 and 2019.

The OEB's 2021 CDM Guidelines indicate the OEB's expectations that "[w]ithin their forecasting approach, distributors are expected to determine how to incorporate the historical and forecast impacts of CDM activities into their load forecast, for the purpose of making the load forecast as accurate as possible."

As part of the OEB's Chapter 3 Filing Requirements, it indicates that "[a] distributor that does not have a confirmed zero balance in the LRAMVA should seek disposition as part of their IRM application, with supporting information, or provide a rationale for not doing so. In addition, **such distributors are eligible for LRAM for persisting impacts of Conservation First Framework (CFF) programs and Local Program Fund programs until their next rebasing.**" (emphasis added)

Question(s):

- a) Please confirm that ORPC is seeking recovery of lost revenues in 2021 and 2022 related to persisting CDM savings from 2019 and earlier.
- b) Please discuss why ORPC is seeking lost revenues in 2022 as ORPC had a new load forecast approved as part of EB-2021-0052. Please reconcile this with the OEB's expectation that all CDM impacts from previous years are considered and included in the distributor's updated load forecast.
- c) Please update the LRAMVA work form removing the lost revenues in 2022.
- d) Please confirm that following this application for outstanding lost revenues in 2021, that Account 1568 – LRAMVA will have a balance of zero and ORPC will not seek disposition of any lost revenues related to CDM programs delivered as part of the Conservation First Framework.
- e) If (d) is not confirmed, please provide all details related to any outstanding lost revenue amounts and discuss ORPC's expectations for when it will seek disposition.

Staff-4

Reference:

- I. EB-2024-0050, Manager's Summary, October 9, 2024, p. 12
- II. EB-2023-0047, Decision and Rate Order, April 9, 2024, p. 12

Preamble:

ORPC stated that the scope of its internal review was to address the following OEB-noted concerns regarding its 2024 IRM application:

1. There were numerous material changes in the Accounts 1588 and 1589 balances throughout the proceeding.
2. Explanations were not provided for all adjustments and errors that were identified during the proceeding.
3. It was unclear why material amounts relating to Accounts 1588 and 1589 were only posted to Account 1588 and whether amounts prior to 2018 followed the same approach used by ORPC.
4. It was unclear what periods were impacted by an error related to Hydro One GA on embedded generation.
5. A material Hydro One billing error was incurred that was not discovered by ORPC until recently.

However, the OEB decision in ORPC's 2024 IRM proceeding stated the following (emphasis added):

The OEB also agrees with OEB staff that **ORPC should undertake a detailed review of its Accounts 1588 and 1589 balances** before it files its next rate application...

...The scope of the internal review shall address, **but not be limited to**, all five points listed in the section above titled "Concerns with Accounts 1588 and 1589 Balances", as also described in more detail in OEB staff's submission.

Question(s):

- a) Please confirm that a detailed review of Accounts 1588 and 1589 was conducted by ORPC for the periods 2018 to 2023, given that it was the OEB's expectation that a detailed review was required.
- b) If this was not the case, please explain why ORPC limited the scope of its internal review only to the five-noted bullet points above.

Staff-5

Reference:

- I. EB-2023-0047, Decision and Rate Order, April 9, 2024, p. 11
- II. EB-2024-0050, Manager's Summary, October 9, 2024, pp. 14, 15, 19

Preamble:

The following concern was noted in ORPC's 2024 IRM decision:

"It is unclear why material amounts relating to Accounts 1588 and 1589 were only posted to Account 1588 and whether amounts prior to 2018 followed the same approach used by ORPC."

In the current application, ORPC stated:

"Hydro One billing errors on the generation account were only posted to Account 1588 as the CT148 true-ups between 2018 and 2022 factored in adjustments for the Hydro One billing errors. The CT 148 true-ups assumed that the entirety of the adjustments pertaining to the billing errors would be posted to Account 1588 and allocated the share of the billing errors of Account 1589 accordingly. ORPC notes that the totals of \$1,645,786 and \$3,095,263 in the above table would not change had it separated the GA share of the billing errors as the CT 148 true-ups were have been modified in turn."

ORPC further stated that "the company can confirm its compliance with guidance from the OEB issued on February 21, 2019."

Question(s):

- a) Please explain at a high level why ORPC is of the view that its above-noted statements from pages 14 and 15 of its Manager's Summary are in accordance with the OEB's Accounting Guidance issued on February 21, 2019.
- b) Please provide a high level illustrative example comparing ORPC's approach versus the approach in the OEB's Accounting Guidance (i.e., to pro-rate the adjustments in Account 1588 and 1589).

Staff-6

Reference:

- I. EB-2022-0058, 2023 IRM Decision and Rate Order, March 23, 2023, p. 11
- II. EB-2023-0047, ORPC_2024 IRM_Suppl IRR_Updated_GA Analysis Workform, February 28, 2024
- III. EB-2024-0050, GA Analysis Workform, October 9, 2024
- IV. EB-2024-0050, ORPC_2025_IRM_AppendixCtol, October 9, 2024, Tabs H and I
- V. Excel OEB Staff_ORPC Appendix I_20241216

Preamble:

Accounts 1588 and 1589 balances, as of December 31, 2017, were approved on a final basis during the 2023 IRM proceeding.

In ORPC's 2024 IRM proceeding, it included Accounts 1588 and 1589 principal adjustments for the years 2018 through 2022, as part of the GA Analysis Workform filed February 28, 2024.

In the current proceeding, ORPC provided further analysis on Accounts 1588 and 1589 in Tabs H and I in its spreadsheet "AppendixCtol".

OEB staff has prepared a spreadsheet titled "OEB Staff_ORPC Appendix I_20241216" which modifies ORPC's Appendix I filed on October 9, 2024 (as part of the spreadsheet "AppendixCtol"), with edits noted in red font.

Question(s):

- a) Please explain whether ORPC is in agreement with OEB staff's edits in red font in the spreadsheet titled "OEB Staff_ORPC Appendix I_20241216".
- b) If not, please explain, and update the spreadsheet "OEB Staff_ORPC Appendix I_20241216", as required.
- c) Please confirm that all Accounts 1588 and 1589 principal adjustments approved by the OEB in 2024 IRM proceeding for the period 2018 to 2022 (as per the February 28, 2024 GA Analysis Workform) are reflected in the spreadsheet titled "OEB Staff_ORPC Appendix I_20241216".

- d) If there are any principal adjustments missing or incorrect, please explain.
- e) As per the current proceeding’s GA Analysis Workform (filed on October 9, 2024 for 2025 rates), tab “Principal Adjustments”, please explain why there are nil “Current year principal adjustments” for 2023. For example, please explain whether all of the necessary true-ups were accrued in the 2023 general ledger balance, such that no principal adjustments were required in the GA Analysis Workform and DVA Continuity Schedule for 2025 rates.

Staff-7

Reference:

- I. EB-2023-0047, ORPC_2024 IRM_Suppl IRR_Updated_GA Analysis Workform, February 28, 2024
- II. EB-2024-0050, GA Analysis Workform, October 9, 2024
- III. EB-2024-0050, ORPC_2025_IRM_AppendixCtol, October 9, 2024, Tab I
- IV. EB-2022-0058, 2023 IRM Decision and Rate Order, March 23, 2023, p. 11
- V. OEB Letter, Adjustments to Correct for Errors in Electricity Distributor “Pass-Through” Variance Accounts After Disposition, October 31, 2019
- VI. EB-2024-0050, Manager’s Summary, October 9, 2024, p. 18

Preamble:

In the current proceeding, ORPC filed an Excel spreadsheet providing further analysis on Account 1589 in Tab I of its spreadsheet “AppendixCtol”, rows 31 to 33, as follows. ORPC indicated that these amounts were recorded in the 2024 general ledger.

	Account 1589
Hydro One Global Adjustment on Embedded Generation True-up - 2015	(14,167)
Hydro One Global Adjustment on Embedded Generation True-up - 2016	(166,644)
Hydro One Global Adjustment on Embedded Generation True-up - 2017	(199,203)
Total	<u>(380,014)</u>

A credit amount of \$380,014 was recorded in cell J29 of the February 28, 2024, 2024 IRM GA Analysis Workform, tab Principal Adjustments.

In the current proceeding, it is not clear whether ORPC is proposing to adjust balances that were previously approved for disposition on a final basis in its 2023 rate proceeding, where “balances up to December 31, 2017” were disposed.

However, ORPC stated in the current application that it “did not perform any adjustments to balances previously disposed on a final basis and did not perform any adjustments to balances disposed on an interim basis in its 2024 IRM application.”

Question(s):

- a) Please explain in which year the credit of \$380,014 was recorded in the general ledger, GA Analysis Workform (tab Principal Adjustments), and the DVA continuity schedule, and why this adjustment is appropriate.
- b) Please explain whether ORPC is proposing to adjust balances that were previously approved for disposition on a final basis in its 2023 rate proceeding, where “balances up to December 31, 2017” were disposed, given that the adjustments relate to 2015, 2016, and 2017 true-ups.
- c) If so, please describe how OPRC has satisfied the OEB’s concerns noted in the OEB’s October 31, 2019 letter, regarding adjustments to correct for errors after disposition, also addressing the four factors in the letter.

Staff-8

Reference:

- I. EB-2024-0050, Manager’s Summary, October 9, 2024, p. 24
- II. OEB Regulated Price Plan Price Report, November 1, 2024 to October 31, 2025, October 18, 2024
- III. EB-2024-0050, Excel ORPC_2025_Power_Purchase_True_Up_Model, October 9, 2024

Preamble:

ORPC stated that “the October 2024 RPP Report is not yet available so the average actual 2024 GA is used as a placeholder. This value will be updated to the forecast GA value in the October 2024 RPP Report in the interrogatory stage.”

OEB staff notes that the RPP Report was published by the OEB on October 18, 2024.

Question(s):

- a) Please update the Power Purchase True Up Model to reflect the October 18, 2024 RPP Report.

Staff-9

Reference:

- I. EB-2024-0050, Excel ORPC_2025_Power_Purchase_True_Up_Model, October 9, 2024

Preamble:

In the tab "Input Data" of the Power Purchase True Up Model, ORPC has provided the OEB's "DVA Variance Interest Rates" up to Q3 2024.

Question(s):

- a) Please update the DVA interest rates section of the Power Purchase True Up Model, given that the Q4 2024 and Q1 2025 prescribed interest rates were published by the OEB on September 13, 2024 and December 11, 2024, respectively.

Staff-10

Reference:

- I. EB-2024-0050, Excel ORPC_2025_Power_Purchase_True_Up_Model, October 9, 2024

Preamble:

In the tab "Input Data" of the Power Purchase True Up Model, ORPC has provided in:

- Columns X and Y the Brookfield kWh and GA (\$/kWh) up to April 30, 2024
- Columns F, G, H, and I the "Customer kWh Volumes" up to 2023

- Columns C to I the “RRR Volumes” up to 2023
- Columns O to U the “Forecast (4-Year Average)” up to 2023
- Columns I to K the “Global Adjustment (ϕ /kWh)” up to July 31, 2024

Question(s):

- a) Please update the Brookfield kWh and GA ($\$/kWh$) up to December 31, 2024.
- b) Please update the “Customer kWh Volumes” up to December 31, 2024.
- c) Please update the “RRR Volumes” up to December 31, 2024.
- d) Please update the column V “Average 2021 to 2024” including data up to December 31, 2024.
- e) Please update the “Global Adjustment (ϕ /kWh)” up to December 31, 2024, including 1st estimate, 2nd estimate, and actual GA rates.

Staff-11

Reference:

- I. EB-2024-0050, Excel ORPC_2025_Power_Purchase_True_Up_Model, October 9, 2024

Preamble:

In the tab “Power Purchased True-Up” of the Excel model, ORPC has provided a column “Adjustment for audited variances (2-year lag) and Overcollection”.

Question(s):

- a) Please explain what data will be included in the column “Adjustment for audited variances (2-year lag) and Overcollection”.
- b) Please explain why there is no link to the column “Adjustment for audited variances (2-year lag) and Overcollection” in cell X11 as part of the 2024 Variance Summary and in the similar calculations in columns X and Y for the:

- i. 2025 Variance Summary
- ii. 2026 Variance Summary
- iii. 2027 Variance Summary
- iv. 2028 Variance Summary