

January 14, 2025
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-2024-0050 – Interrogatory Responses to Ottawa River Power Corporation
2025 Incentive Rate-Setting Mechanism Applications for rates effective May 1, 2025 (the
“Application”)

Dear Ms. Marconi,

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

- ORPC_2025_Updated_IRM_Rate_Generator_Model_20250114
- ORPC_2025_Updated_Power_Purchase_True_Up_Model_20250114
- ORPC_2025_Lost_Revenue_Adjustment_Mechanism_Alt_Without_2022_20250114

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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OEB Staff Interrogatory Responses
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).

Response:

- a) Ottawa River Power Corporation has updated the Hydro One and Brookfield Sub-Transmission Rates in Tab 11 of its IRM model to reflect the most recent information in Hydro One's Application for 2025 Distribution Rates EB-2024-0032. An updated 2025 IRM model has been provided.
- b) Verified and updated.
- c) Verified and confirmed.

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.

Response:

- a) An updated 2025 IRM Model is provided.

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.

Response:

- a) Confirmed.
- b) EB-2021-0052 established distribution rates effective May 1, 2022 so ORPC continued to experience lost revenues from CDM programs up to April 30, 2022. The lost revenue calculations in the LRAMVA workform include only one-third of 2022 lost revenues, as ORPC's rates effective May 1, 2022 were set based on a new load forecast that accounted for historic CDM programs. The adjustments to include only one-third of lost revenues are within column P of the '3. Distribution Rates' tab.
- c) As noted in the response to b) above, ORPC's rates are effective May 1, 2022 and therefore an updated LRAMVA is not necessary. However, an alternate version excluding 2022 amounts has been provided for discussion purposes.
- d) Confirmed.
- e) N/A.

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.

Response:

- a) ORPC confirms that it conducted a detailed review of Accounts 1588 and 1589 for the periods of 2018 to 2023.
- b) Not applicable.

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).

Response:

- a) Ottawa River Power Corporation is of the view that the 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, as the true-up allocation entries between Accounts 1588 and 1589 capture that the billing error adjustments were only posted to Account 1588. The guidance allows for estimates in allocation as long as actual data is used to perform true-up calculations and claims once the data is available. ORPC allocated the billing errors to Account 1588 and immediately utilized actual data to calculate a true-up allocation between Accounts 1588 and 1589 as the data was readily available.
- b) The following simplified high-level illustrative example compares the ORPC approach to the guidance:

		ORPC	OEB	Difference
Adjustment Amount	A	\$ 10,000	\$ 10,000	
Estimated Proportion of RPP	B	100%	60%	
Estimated Proportion of Non-RPP	C	0%	40%	
Initial Allocation to Account 1588	D [AxB]	\$ 10,000	\$ 6,000	\$ 4,000
Initial Allocation to Account 1589	E [AxC]	\$ -	\$ 4,000	\$ (4,000)
Actual Proportion of RPP	F	55%	55%	
Actual Proportion of Non-RPP	G	45%	45%	
True-Up to Account 1588	H [AxF-D]	\$ (4,500)	\$ (500)	\$ (4,000)
True-Up to Account 1589	I [AxG-E]	\$ 4,500	\$ 500	\$ 4,000
End Allocation to 1588	[D+H]	\$ 5,500	\$ 5,500	\$ -
End Allocation to 1589	[E+I]	\$ 4,500	\$ 4,500	\$ -

As indicated by the examples, the estimated proportion of RPP to non-RPP utilized differ between OEB and ORPC, however both conform to the guidance as initial estimates are utilized and subsequently trued-up with actual data resulting in the same ending allocations to Accounts 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.

Response:

- a) ORPC agrees with OEB Staff's edits.
- b) Not applicable.

- c) Confirmed.
- d) Not applicable.
- e) ORPC confirms that 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.

Response:

- a) The credit was recorded in the 2024 general ledger upon completion of the settlement true ups with HONE.
- b) ORPC is not proposing to adjust balances previously approved disposition on a final basis in its 2023 rate proceeding. As noted in the DVA Continuity Schedules of its 2023 and 2024 IRM proceedings, the closing principal balances of Accounts 1588 and 1589 remained at \$561,800 and \$(295,191) respectively. These principal adjustments were previously embedded within “Transactions Debit / (Credit)” DVA Continuity Schedule columns for 2015, 2016 and 2017. The 2024 IRM Proceeding extracted these amounts from the “Transactions Debit / (Credit)” DVA Continuity Schedule columns and placed them into the “Principal Adjustments” columns as these amounts were reversed in 2024.
- c) Not applicable.

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.

Response:

- a) An updated Power Purchase True Up Model with a forecast Global Adjustment rate of \$66.64/MWh is filed with interrogatory responses. This model includes the changes noted in Staff-9, Staff-10, and Staff-11. Following these updates, the Power Purchased True-Up rate effective May 1, 2025 has changed from -\$0.0108/kWh to -\$0.0107/kWh. The IRM Rate Generator Model has been updated with this rate.

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.

Response:

- a) The Power Purchase True Up Model filed with interrogatory responses has been updated with the Q4 2024 DVA interest rate of 4.40% and Q1 2025 DVA interest rate of 3.64%.

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 (¢/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 (¢/kWh)” up to December 31, 2024, including 1st estimate, 2nd estimate, and actual GA rates.

Response:

- a) Brookfield kWh and GA up to December 31, 2024 is provided in the updated Power Purchase True Up Model.
- b) Customer kWh Volumes to November 30, 2024 are provided in the updated Power Purchase True Up Model. Volumes for December 2024 are not yet available.
- c) RRR Volumes to November 30, 2024 are provided in the updated Power Purchase True Up Model. Volumes for December 2024 are not yet available.
- d) Column V has been updated. Please note that the December “Average 2021 to 2024” is the average of December 2021 to December 2023 volumes because December 2024 volumes are not yet available.
- e) Global Adjustment (¢/kWh) figures have been updated. Please note that these figures were included only for the purpose of providing a 2025 Global Adjustmnet placeholder value as the October 2024 RPP report was not available when the model was prepared.

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

Response:

- a) The data included in column N, “Adjustment for audited variances (2-year lag) and Overcollection”, will be 1/12th of the variance, interest on variance, and (if applicable) overcollection balances that are included in the Power Purchased True-Up Rate in the same year.

For example, for May 2025 to April 2026 the proposed Power Purchased True-Up balance is calculated as half of forecast GA savings (\$1,256,526) plus the overcollection of GA from July 2023 to December 2023 (\$676,436). From May 2025 to April 2026 the amount in column N will be -\$56,370 in each month. This column is included to properly account for variances over the period. The Power Purchased True-Up balance for May 2025 to April 2026 is the sum of forecast net GA savings and the 2023 overcollection, so the figures used to determine variances should include both actual GA savings and the 2023 overcollection.

- b) There is no link to column N in the 2024 summary because there were no variances from prior years and no overcollection of prior years to be credited to customers in 2024. There are links to the other summary tables in cells X24 (2025), X37 (2026), X50 (2027), and X63 (2028) because there will be overcollected 2023/24 amounts to be credited and/or variances to be credited or debited in those years.