

January 15th 2025

Ms. Nancy Marconi, Registrar
Ontario Energy Board
2300 Yonge Street
27th Floor, Box 2319
Toronto, ON M4P 1E4
Email: registrar@oeb.ca

Dear Ms. Marconi,

RE: Tillsonburg Hydro Inc. (THI) 2025 Price Cap IR Application, EB-2024-0056

Please find enclosed the 2024 Tillsonburg Hydro Inc. ("THI") 4th Generation IRM Rate Application interrogatory responses, to the questions submitted by OEB staff. THI has provided IR responses in written form and an update to the IRM model with all changes and updates as required through the responses.

If there are any questions, please contact Michael DeJong at 519-688-3009 ext. 4801, or by email at mdejong@tillsonburg.ca.

Yours truly,



Graig Pettit
General Manager
Tillsonburg Hydro Inc.
Hydro-Manager@tillsonburg.ca

Tillsonburg Hydro Inc.
EB-2024-0056
January 10, 2025

Please note, Tillsonburg Hydro Inc. (Tillsonburg Hydro) is responsible for ensuring that all documents it files with the OEB, including responses to OEB staff questions 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 Question-1

Reference:

1. 2025 IRM Rate Generator Model, Continuity Schedule, December 19, 2024
2. EB-2023-0053, 2024 Cost of Service DVA Continuity Schedule,

The table below prepared by OEB staff outlines the variances between the account balances reported in Reference 1 and Reference 2. Further, OEB staff notes a similar discrepancy in the opening interest amount reported for Account 1508, Sub-account Class B compared the the closing interest amount reported in Reference 2.

Accounts	A. Ref 2 Closing Principal Balance as of Dec. 31, 2022	B. Ref 1 Opening Principal Balance as of Jan. 1, 2023	Variance A-B
1550	(53,768)	(53,658)	(110)
1551	14,291	17,797	(3,506)
1580-Sub Account ClassB	(30,149)	(62,530)	32,381
1584	201,669	205,152	(3,483)
1586	85,749	88,492	(2,743)

Question(s):

- a) Please confirm OEB staff's observation.

THI Response: OEB staff's observation is confirmed.

- b) Please explain the discrepancies and provide a revised IRM Rate Generator Model, if necessary.

THI Response: THI has updated the model to reflect the closing balances as of Dec.31, 2022 indicated in the COS.

The variances indicated are transactions that have been updated in the model and negates any impact on the closing balances.

The exception is the 1580-Sub account Class B as the was a principal adjustment indicated during 2022 in the COS application was in error.

The correct amount of (\$62,530) corresponds with the amount reported in the RRR filing for the year.

This principal adjustment was the transaction amount for 2023 and results in no impact to the closing balance.

The IRM Rate Generator Model has been updated to reflect the noted changes above.

Staff Question-2

Reference:

1. 2025 IRM Rate Generator Model, Tab 3, Continuity Schedule, December 19, 2024

Preamble:

On December 11, 2024, the OEB published the 2025 Quarter 1 prescribed accounting interest rates 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.

The applicable rate of interest for deferral and variance accounts for the respective period is prescribed by the OEB and published on the [OEB website](#).

OEB staff has compiled the following table for the projected interest based on the published OEB prescribed interest rates and the filed application.

Account Descriptions	Account Number	Projected Interest from Jan 1, 2024 to Dec 31, 2024 on Dec 31, 2023 balance adjusted for disposition during 2024 ²	Projected Interest from Jan 1, 2025 to Apr 30, 2025 on Dec 31, 2023 balance adjusted for disposition during 2024 ²	Projected Interest from Jan 1, 2024 to Dec 31, 2024 on Dec 31, 2023 balance adjusted for disposition during 2024 ²	Projected Interest from Jan 1, 2025 to Apr 30, 2025 on Dec 31, 2023 balance adjusted for disposition during 2024 ²	Variance from Jan 1, 2024 to Dec 31, 2024	Variance from Jan 1, 2025 to Apr 30, 2025
Smart Metering Entity Charge Variance Account	1551	(820)	(193)	(778)	(14)	(42)	(179)
RSVA - Wholesale Market Service Charge ⁵	1580	(7,573)	(1,786)	(7,586)	(139)	13	(1,647)
Variance WMS – Sub-account CBR Class A ⁵	1580	0	0	0	0	0	0
Variance WMS – Sub-account CBR Class B ⁵	1580	(115)	(27)	(498)	(9)	383	(18)
RSVA - Retail Transmission Network Charge	1584	4,021	948	3,921	72	100	876
RSVA - Retail Transmission Connection Charge	1586	641	151	581	11	60	141
RSVA - Power ⁴	1588	6,084	1,435	13,368	245	(7,284)	1,190
RSVA - Global Adjustment ⁴	1589	8,136	1,919	120	2	8,017	1,917
Disposition and Recovery/Refund of Regulatory Balances (2018 and pre-2018)	1595	3,658	863	1,053	19	2,605	844

Question(s):

- a) Please confirm OEB staff's calculation and explain the variances.

THI Responses: THI confirms OEB staff's calculation and notes that THI calculated these figures using the average of the prescribed rates for 2024 of 5.15% to calculate interest on 2024 balances. The calculation from January to April of 2025 was a calculation error.

- b) Please provide the updated 2025 IRM Rate Generator Model Tab 3 (Continuity Schedule) as applicable to reflect the latest OEB prescribed interest rate and the revised closing principal balance in Staff Question-1.

THI Response: The IRM model submitted with these responses has been updated to reflect the OEB staff calculations for 2024 and January through April of 2025. No changes in balances were required as a result of OEB staff question number 1 and as such no further changes to the interest calculations were required.

Staff Question-3

Reference:

- 2025 GA Analysis Workform, Account 1588 Tab, December 19, 2024

Question(s):

- a) The annual Account 1588 balance relative to the cost of power is expected to be small. If it is greater than +/-1%, an explanation should be provided. Please explain the 1.1% reported for 2022 in Reference 1.

THI Response: THI has noted the explanation in the 2025 GA Analysis Workform Tab – Account 1588 cell B74, \$97,342.31 is related IESO true-up submissions for prior years and posted in 2023.

Adjusting for the IESO true-up submissions the net variance in account 1588 as % of Account 4705 is 0.2%.

Staff Question-4

Reference:

1. Manager's Summary, pages 4-5
2. Chapter 3 Filing Requirements for 2024 Electricity Distribution Rate Applications, page 16

In Reference 1, Tillsonburg Hydro confirms that residual balances in Account 1595 sub-accounts being disposed of through this application have only been disposed of once and are being disposed of two years after the expiry of the rate rider. Additionally, Tillsonburg Hydro states that the difference between the 2.1.7 RRR and the Continuity Schedules for Account 1595 2018 and pre-2018 is -\$20,473 which is a result of historical amounts for 1595 composed of the remaining balances from 2015, 2016, and 2017.

Reference 2 states that the eligibility criteria for disposition of Account 1595 sub-accounts depends on the distributor's rate year. For example:

- January 1 rate year – If 2020 rate riders expire on December 31, 2020, the balance of sub-account 1595 (2020) is eligible to be disposed of after the account balance as of December 31, 2022, has been audited. Therefore, sub-account 1595 (2019) would be eligible for disposition in the 2024 rate year.
- May 1 rate year – If 2020 rate riders expire on April 30, 2021, the balance of sub-account 1595 (2020) is eligible to be disposed of after the account balance as of December 31, 2023, has been audited. Therefore, sub-account 1595 (2020) would be eligible for disposition in the 2025 rate year.

Question(s):

- a) Please provide the breakdown of the 1595 account balance for the historic years 2015, 2016, 2017, and 2018.

THI Response: Please see the following table breaking down the 1595 balances for the historic years:

	ENDING Balances			
	2023			
	PRINCIPAL	INTEREST	Historical Interest (at date of disposition)	Total
2015 Def Prin	37,391.58	3,609.18	(43,945.00)	(2,944.24)
2015 GA Prin	(132,023.48)	(19,969.60)	31,756.00	(120,237.08)
2016 Def Prin	30,302.64	6,152.55	(41,997.00)	(5,541.81)
2016 GA Prin	24,238.40	5,430.42	2,886.00	32,554.82
2017 Def Prin	3,824.65	(3,515.90)	(2,595.97)	(2,287.22)
2017 GA Prin	107,356.38	17,068.12	(5,496.03)	118,928.47
	71,090.17	8,774.76	(59,392.00)	20,472.93

- b) Please provide Tillsonburg Hydro's consideration on the eligibility of the disposal request for Sub-account 1595 (2018 and pre-2018).

THI Response: THI notes that it was undergoing a Deferral and Variance Account audit with OEB staff and that this audit was completed in 2024. This audit began after THI's 2021 and 2022 IRM applications in which no approval of deferral and variance accounts was applied. Also as part of THI's decision and order EB-2020-0056 it is noted that in 2018 the OEB suspended approvals of THI's group 1 rate riders on a final basis pending the development of further accounting guidance on commodity pass-through variance accounts. Given that THI was unable to dispose of group one accounts from 2019 and then subject to a DVAD audit, THI had no recourse to dispose of these amounts until this current application. As such THI believes that these amounts should be eligible for disposition.

Staff Question-5

Reference:

1. 2025 IRM Rate Generator Model, Tab 4, Billing Det. For Def-Var, December 19, 2024

Question(s):

- a) Please validate if volumetric data has been checked. (The checkbox at the top of Tab 4 has not been checked.)

THI Response: The volumetric data has been checked and the updated model included with these responses has the checkbox completed.

Staff Question-6

Reference:

1. 2025 IRM Rate Generator Model, Tab 4, Billing Det. For Def-Var, December 19, 2024

Question(s):

- a) Please confirm the total claim amount for threshold test and confirm if the claim meets the threshold test.

THI Response: After the adjustments made while completing responses to these IR's the total claim of \$193,211 results in a total claim per kWh of \$0.0011 which meets the threshold test.

- b) Please provide detailed reasoning if the confirmed balances in a) have not met the threshold test, but Tillsonburg Hydro is seeking disposition of the balance.

THI Response: NA

Staff Question-7

Reference:

1. 2025 IRM Rate Generator Model, Tab 9, Shared Tax – Rate Rider, December 19, 2024
2. EB-2023-0053, 2024 Cost of Service Cost Allocation Model, Tab I6.1 Revenue and I6.2 Customer Data

Question(s):

1. OEB staff notes an inconsistency in Reference 1 columns C through H with the last OEB-approved Cost of Service in Reference 2. Please explain the discrepancies and provide a revised IRM Rate Generator Model, if necessary.

THI Response: THI notes that no rates were generated via Tab 9 and as such the billing determinants have no impact on this application. Notwithstanding this THI notes the inconsistencies noted by staff and has made corrections within the IRM Model included with these responses.

Staff Question-8

Reference:

1. 2025 IRM Rate Generator Model, Tab 11, RTSR - UTRs and Sub-TX, December 19, 2024
2. 2025 IRM Rate Generator Model, Tab 12, RTSR - Historical Wholesale, December 19, 2024

Preamble:

OEB staff notes an inconsistency in the values reported in Tab 12, with respect to the values that are provided on Tab 11 "RTSR - UTRs and Sub-TX".

IESO				Network			Line Connection			Transformation Connection			Total Connection
Month	Units Billed	Rate	Amount	Units Billed	Rate	Amount	Units Billed	Rate	Amount	Units Billed	Rate	Amount	Amount
January	26,116	\$5.60	\$ 146,250	26,809	\$0.92	\$ 24,664	26,809	\$3.10	\$ 83,108	\$			\$ 107,772
February	25,458	\$5.60	\$ 142,565	27,405	\$0.92	\$ 25,213	27,405	\$3.10	\$ 84,956	\$			\$ 110,168
March	23,555	\$5.60	\$ 131,908	26,500	\$0.92	\$ 24,380	26,500	\$3.10	\$ 82,150	\$			\$ 106,530
April	24,521	\$5.60	\$ 137,318	25,464	\$0.92	\$ 23,427	25,464	\$3.10	\$ 78,938	\$			\$ 102,365
May	31,292	\$5.60	\$ 175,235	32,065	\$0.92	\$ 29,500	32,065	\$3.10	\$ 99,402	\$			\$ 128,901
June	31,656	\$5.60	\$ 177,274	33,663	\$0.92	\$ 30,970	33,663	\$3.10	\$ 104,355	\$			\$ 135,325
July	33,602	\$5.37	\$ 180,443	36,281	\$0.88	\$ 31,928	36,101	\$2.98	\$ 107,582	\$			\$ 139,510
August	30,491	\$5.37	\$ 163,736	31,542	\$0.88	\$ 27,757	31,722	\$2.98	\$ 94,530	\$			\$ 122,287
September	35,611	\$5.37	\$ 191,231	36,999	\$0.88	\$ 32,559	36,999	\$2.98	\$ 110,257	\$			\$ 142,816
October	30,118	\$5.37	\$ 161,734	30,433	\$0.88	\$ 26,781	30,433	\$2.98	\$ 90,690	\$			\$ 117,471
November	27,734	\$5.37	\$ 148,932	27,924	\$0.88	\$ 24,573	27,924	\$2.98	\$ 83,214	\$			\$ 107,787
December	26,829	\$5.37	\$ 144,072	27,738	\$0.88	\$ 24,409	27,738	\$2.98	\$ 82,659	\$			\$ 107,069
Total	346,983	\$ 5.48	\$ 1,900,696	362,823	\$ 0.90	\$ 326,160	362,823	\$ 3.04	\$ 1,101,841	\$			\$ 1,428,002

Hydro One				Network			Line Connection			Transformation Connection			Total Connection
Month	Units Billed	Rate	Amount	Units Billed	Rate	Amount	Units Billed	Rate	Amount	Units Billed	Rate	Amount	Amount
January		\$0.0000			\$0.0000			\$0.0000			\$0.0000		\$ -
February		\$0.0000			\$0.0000			\$0.0000			\$0.0000		\$ -
March		\$0.0000			\$0.0000			\$0.0000			\$0.0000		\$ -
April		\$0.0000			\$0.0000			\$0.0000			\$0.0000		\$ -
May		\$0.0000			\$0.0000			\$0.0000			\$0.0000		\$ -
June		\$0.0000			\$0.0000			\$0.0000			\$0.0000		\$ -
July		\$0.0000			\$0.0000			\$0.0000			\$0.0000		\$ -
August		\$0.0000			\$0.0000			\$0.0000			\$0.0000		\$ -
September		\$0.0000			\$0.0000			\$0.0000			\$0.0000		\$ -
October		\$0.0000			\$0.0000			\$0.0000			\$0.0000		\$ -
November		\$0.0000			\$0.0000			\$0.0000			\$0.0000		\$ -
December		\$0.0000			\$0.0000			\$0.0000			\$0.0000		\$ -
Total	-	\$ -	\$ -	-	\$ -	\$ -	-	\$ -	\$ -	-	\$ -	\$ -	\$ -

Question(s):

- a) Please explain the inconsistency in the IESO, Hydro One Networks Inc. rates between Tab 11 and Tab 12.

THI Response: THI is transmission connected only and as such has no HONI costs for transmission and as such the resulting rates are \$0.00. For the IESO there is no inconsistency in the rates as suggested between tab 11 and 12.

Staff Question-9

Reference:

Along with the issuance of OEB Staff Questions, the 2025 IRM Rate Generator Model was adjusted to reflect the impacts of changes in UTR/RTST (Tab 11), Time of Use RPP Prices, Rural or Remote Electricity Rate Protection Charge (RRRP), Percentages and OER rate (Tab 18), and microFIT charge.

Question(s):

- a) Please confirm the accuracy of the updates to the Rate Generator Model.

THI Response: THI confirms the accuracy of the Rate Generator Model.