

**Atikokan Hydro Inc.**

**Application for electricity distribution rates and other  
charges effective May 1, 2025**

**Decision on Issues List  
February 4, 2025**

Atikokan Hydro Inc. (Atikokan Hydro) filed a cost of service application with the Ontario Energy Board (OEB) on October 30, 2024, under section 78 of the *Ontario Energy Board Act, 1998*, seeking approval for changes to the rates that Atikokan Hydro charges for electricity distribution, beginning May 1, 2025 (Application). The Application was accepted by the OEB as complete on November 13, 2024, and a Notice of Hearing was issued on November 21, 2024.

On December 16, 2024, the OEB issued Procedural Order No. 1 which approved Vulnerable Energy Consumers Coalition (VECC) as an intervenor in this proceeding. Procedural Order No. 1 made provision for parties to recommend any revisions to the standard Issues List for electricity distribution rate applications for the OEB's consideration.

The OEB made provision for a one-day Issues Meeting on January 15, 2025, where Atikokan Hydro, OEB staff, and VECC discussed the Application, sought agreement on an Issues List that sets out issues that are relevant to the Application, and identified which issues, if any, require further discovery through interrogatories.

On behalf of all parties to the Issues Meeting, OEB staff filed a proposed Issues List (attached as Schedule A), and a list of clarifications, updates and corrections Atikokan Hydro agreed to make to its evidence (attached as Schedule B). Based on the list of clarifications, updates and corrections Atikokan Hydro agreed to make, OEB staff and VECC have agreed that no further discovery is required in the form of interrogatories.

## Findings

The OEB has reviewed the proposed Issues List and approves it for the purposes of this proceeding (Schedule A). Further, the OEB accepts the list filed as Schedule B.

The OEB commends parties for the progress made during the Issues Meeting. It appears that efficiencies were achieved in filing Schedule B, as the parties mutually agreed to a list of clarifications, updates and corrections to be made by Atikokan Hydro to the evidence. Schedule B avoids separately filed interrogatories and responses, with the potential for interrogatory duplication, and focuses on updates Atikokan Hydro has agreed to make to the evidence.

The OEB may update the Issues List as necessary to further define the scope of the proceeding.

### THE ONTARIO ENERGY BOARD ORDERS THAT:

1. The approved Issues List is attached as Schedule A.
2. Atikokan Hydro shall file the clarifications, updates and corrections to its evidence, responding to the list attached as Schedule B, with the OEB and deliver them to all parties by **February 12, 2025**.

**DATED** at Toronto, February 4, 2025

**ONTARIO ENERGY BOARD**

Nancy Marconi  
Registrar

**SCHEDULE A**  
**APPROVED ISSUES LIST**  
**ATIKOKAN HYDRO INC.**  
**EB-2024-0008**

**APPROVED ISSUES LIST**  
**EB-2024-0008**  
**ATIKOKAN HYDRO INC.**

**1. Capital Spending and Rate Base**

- 1.1 Are the proposed capital expenditures and in-service additions appropriate?
- 1.2 Are the proposed rate base and depreciation amounts appropriate?

**2. OM&A**

- 2.1 Are the proposed OM&A expenditures appropriate?
- 2.2 Is the proposed shared services cost allocation methodology and the quantum appropriate?

**3. Cost of Capital, PILs, and Revenue Requirement**

- 3.1 Is the proposed cost of capital (interest on debt, return on equity) and capital structure appropriate?
- 3.2 Is the proposed PILs (or Tax) amount appropriate?
- 3.3 Is the proposed Other Revenue forecast appropriate?
- 3.4 Have all impacts of any changes in accounting standards, policies, estimates and adjustments been properly identified and recorded, and is the rate-making treatment of each of these impacts appropriate?
- 3.5 Is the proposed calculation of the Revenue Requirement appropriate?

**4. Load Forecast**

- 4.1 Is the proposed load forecast methodologies and the resulting load forecasts appropriate?

**5. Cost Allocation, Rate Design, and Other Charges**

- 5.1 Are the proposed cost allocation methodology, allocations, and revenue-to-cost ratios, appropriate?
- 5.2 Is the proposed rate design, including fixed/variable splits, appropriate?
- 5.3 Are the proposed Retail Transmission Service rates appropriate?
- 5.4 Are the proposed loss factors appropriate?
- 5.5 Are the Specific Service Charges and Retail Service Charges appropriate?
- 5.6 Are rate mitigation proposals required and appropriate?

**6. Deferral and Variance Accounts**

- 6.1 Are the proposals for deferral and variance accounts, including the balances in the existing accounts and their disposition, requests for new accounts, requests for discontinuation of accounts, and the continuation of existing accounts, appropriate?

**7. Other**

7.1 Is the proposed effective date appropriate?

7.2 Has the applicant responded appropriately to all relevant OEB directions from previous proceedings?

**SCHEDULE B**  
**ATIKOKAN HYDRO INC.**  
**EB-2024-0008**  
**CLARIFICATIONS, UPDATES, AND CORRECTIONS**

## **Atikokan Hydro 2025 Cost of Service (EB-2024-0008)**

### **Clarifications, Updates, and Corrections Committed to in 1-day Issues Meeting**

#### **1. Capital Spending and Rate Base**

**1.1** Are the proposed capital expenditures and in-service additions appropriate?

##### **Q1. Connection Point Change Project**

Atikokan Hydro provided a project narrative for the Change Upstream Transmitter Connection Point project of \$500k in 2024 and \$347k in 2025 with capital contributions of \$350k in 2024 and \$300k in 2025.

- a) Please provide an updated cost and contribution breakdown for each component of the project with an explanation for any material changes to the budget (i.e., new pole line construction, two gang-operated switches, new wholesale metering, and upgrading the Hawthorne substation). Please reconcile to projects in Appendix 2-AA.
- b) Please provide a list with the cost of work that has been completed for each component of the project and what is still to be completed.
- c) Please provide the latest project schedule.
- d) Please explain how the capital contribution amounts were derived for 2024 and 2025.
- e) Please describe the work required as part of the \$200k cost for poles, towers, and fixtures for this project, including but not limited to how many poles are being installed.

##### **Q2. Hawthorne Substation Upgrade**

The Hawthorne substation was upgraded to 5MW in 2024.

- a) Please explain how the substation was sized at 5MW and how Atikokan Hydro considered future loads when sizing the transformer.

##### **-Q3. Line Transformers**

Atikokan Hydro has budgeted \$94k in 2024 and \$40k in 2025 for line transformers. Atikokan Hydro has not budgeted anything for line transformers from 2026-2029.

- a) Please provide a table outlining how many line transformers were purchased as well as replaced each year from 2017-2024. Please add the 2025 forecast to the table as well.

- b) Why has Atikokan Hydro not forecasted any line transformer expenditures from 2026-2029? If this is in error, please adjust 2-AA and 2-AB.

**Q4. Pole Replacements**

The majority of Atikokan Hydro's system renewal budget is attributed to poles, towers & fixtures.

- a) Please provide forecasted number of poles to be replaced in 2025.

**Q5. DSP-Related Error Checking**

Please amend the following pertaining to the DSP:

- a) Please reconcile 2-AA and 2-AB for 2025 given that the System Access and System Renewal budget does not match between the two tabs.
- b) In 2-AA, please add a title or description for the \$25k in the 2025 System Renewal category.
- c) Please complete row 23 in 2-AB for the Net Capital Expenditures (gross expenditures minus capital contributions)
- d) Please reconcile 2-AA and 2-AB for 2020 System Renewal
- e) Please amend 2-AB 2027 System Access as the figure should read \$40k instead of \$4k.
- f) Please amend 2-G as it appears SAIDI and SAIFI figures are backwards for 2023 when excluding MEDs and LOS.
- g) Please reconcile 2-AA figures related to Poles, Towers & Fixtures 3m2 and 3m3 Lines, Poles & Fixtures with \$723,000 over five years on p.57 of the DSP.

**Q6. Model Update App. 2-H**

In the App. 2-H tab, Atikokan reported NIL information in Account 4245 for the years 2017 – 2020 which does not align with 2-BA. According to Accounting Procedures Handbook (APH) Article 220, amortization of deferred revenue should be included as income in Appendix 2-H Other Revenues by crediting Account 4245 Government and Other Assistance Directly Credited to Income.

- a) Please explain the practice of recording the amortization of deferred revenues and update the applicable schedules to be in accordance with the APH.



**Q7. Appendix 2-C provided in Exhibit 2 and 2-C in Chapter 2 Appendices.**

Please update the PDF version of Appendix 2-C provided in Exhibit 2 page 44 to match the Excel version of App 2-C in Chapter 2 Appendices.

**Q8. Appendices 2-C and 2-BA Updates**

In Chapter 2 Appendices, please reconcile the App 2-C and App 2-BA and update the following:

- a) The amounts reported in Account 2440, Deferred Revenue, have reversed signs from 2019 to 2024.
- b) The amounts in Rows 214, 274, 378, and 380 amounts differ from 2-BA.
- c) Disposals are not reported in 2-C.

**1.2** Are the proposed rate base and depreciation amounts appropriate?

**Q9. Depreciation Responsibility**

In App 2-C, the total variances reported for each year from 2017 to 2025 consistently exceed the \$50K materiality threshold, with no explanation provided in the evidence. Note 4 of Reference 1 states that “the applicant must provide an explanation of material variances in its evidence”.

- a) Please explain the recurring material variances reported in column L.

**Issue 2. OM&A**

**2.1** Are the proposed OM&A expenditures appropriate?

**Q10. OPEB**

In Exhibit 4, 2.4.3.1, page 25, Atikokan Hydro states that the only Other Post-Employment Benefit (OPEB) is the death benefit to retirees.

- a) Please provide the OPEB amounts from 2017 to 2025.
- b) Please indicate if the OPEB amounts are recovered on a cash or accrual basis.
- c) If the OPEB amounts are recovered on a cash basis, please provide the reason why Atikokan chose to use the cash method instead of on an accrual basis which is the OEB-approved default method.
- d) If the OPEB amounts are material, please complete Appendix 2-K from Chapter 2 of the 2025 Filing Requirements.

### Q11. Collective Wage Increases

Please provide the Collective Agreement Wage increases for each the years 2017 to 2025.

### **3. Cost of Capital, PILs, and Revenue Requirement**

**3.1** Is the proposed cost of capital (interest on debt, return on equity) and capital structure appropriate?

Please explain if Atikokan considered negotiating a Fixed Rate on the RBC loan as interest rates increased.

**3.2** Is the proposed PILs (or Tax) amount appropriate?

### Q12. Accelerated CCA

- a) In Exhibit 6, page 15-16, Atikokan Hydro states that it has only recorded the impact of CCA rule changes in sub-account 1592 from November 21, 2018, to December 31, 2023. It further states that “it proposes to keep the sub-account open to record actual CCA impacts for future eligible years to be brought forward for disposition at its next eligible application.” Please confirm that the AIPP has been claimed in Atikokan’s tax filings for the period 2018 to 2022.
- b) In PILs workform, Atikokan reported NIL AIPP additions in the bridge year or test year. Please confirm the OEB staff’s observation that Atikokan has applied the legacy half-year rule and normal CCA rates, rather than apply the CCA rates using the AIPP, on the capital additions in the 2024 Bridge year and 2025 test year.
- c) Please clarify whether Atikokan plans to claim AIPP in its actual tax filings for 2024 and beyond.
- d) In Exhibit 9, pages 15 -16, Atikokan is requesting the disposition of the principal balance of \$21,758 as of December 31, 2023 in Account 1592 sub-account CCA changes and also provided Table 9-15 showing the calculation of the differences. However, the calculation does not include all the information required in the filing requirements. Please provide the following information as noted in Section 2.9.1.5 of the Filing Requirement to support Account 1592 – sub-account CCA changes requested in this application for disposition:
  - i) The undepreciated capital cost (UCC) continuity schedules for each year, itemized by CCA class.
  - ii) The calculated PILs/tax differences.

- iii) The grossed-up PILs/tax differences.
- iv) A reconciliation of these amounts to the amounts presented in the Account 1592 sub-account for CCA changes in the DVA continuity schedule.
- e) Please provide the revenue requirement impact of the updated Schedule 8 CCA in the PILs Workform, assuming the application of AIIP in the 2024 bridge year and 2025 test year.

**Q13. Table 1 Exhibit 1 Update**

Please update Table 1 in Exhibit 1 (page 11) with 2017 Board-Approved data.

**3.3** Is the proposed Other Revenue forecast appropriate?

**Q14. Other Revenue**

With respect to Account 4210 Rental Revenues, please provide the calculation for 2023, 2024 and 2025.

**Q15. Data Input Sheet Update**

Please update Data Input Sheet to ensure that the rate base and LT interest rate tie with the RRWF.

**4. Load Forecast**

**4.1** Is the proposed load forecast methodologies and the resulting load forecasts appropriate?

**Q16. Load Forecast Model**

In the Load Forecast Model (excel file), Tab Power Purchased Model, the variable GS>50% of Total Consumption shows higher monthly percentages from January 2014 to January 2015 relative to other historical years.

Please provide an explanation for the higher monthly values.

**Q17. Load Forecast Model**

With regards to the power purchased regression model in the Load Forecast Model (excel file), Tab Power Purchased Model, please provide explanations on variables that were tested for the Power Purchased regression model.

Please include in the explanations why those variables (please include a covid-19 variable if applicable) were used or not used in the model, and why the Ontario GDP variable which was used in the approved 2017 rebasing model was not included in the proposed model.

**Q18. Update load Forecast Model**

Please update the Load Forecast Model (excel file) using updated 2024 actual data from January to December for a) customer counts, and b) wholesale purchases and retail consumption data.

**5. Cost Allocation, Rate Design, and Other Charges**

**5.6** Are rate mitigation proposals required and appropriate?

**Q19. Cost Allocation Model**

Cost Allocation Model, Tab I4: Cell D40 shows the percentage breakout of assets for Sub-Account 1830-3 - Poles, Tower and Fixtures – Primary which is 58.82% in 2025. This percentage is significantly higher than 31.84% that was used in the approved 2017 Cost Allocation Model (Settlement version, April 13, 2017).

Please explain Atikokan’s assumptions used to derive 58.82% and why it has increased significantly from 31.84% which was used in the approved 2017 Cost Allocation Model.

**Q20. Revenue requirement Workform**

For the Revenue Requirement Workform, Tab 11, please provide a scenario by updating the following (i) adjust the revenue-to-cost ratio for Street lighting rate class to 120%, (ii) adjust the revenue-to-cost ratio for GS>50kW rate class upward to maintain revenue neutrality, and (ii), provide a table which shows updated bill impacts for the GS>50kW and street lighting classes resulting from the adjustments.

**6. Deferral and Variance Accounts**

**6.1** Are the proposals for deferral and variance accounts, including the balances in the existing accounts and their disposition, requests for new accounts, requests for discontinuation of accounts, and the continuation of existing accounts, appropriate?

**Q21. Continuity Schedule Update**

Please update the Continuity Schedule to reflect the OEB prescribed interest rate for Q4.

**Q22. Group 1 Account Disposition Amount**

According to the Decision and Order issued in the Atikokan 2023 IRM proceeding, the total approved disposition for Group 1 accounts is a debit of 90,758. This is different from the \$89,476 reported in the continuity schedule in cell BE39. Please update the 2025 continuity schedule.

**Q23. Billing Determinant**

- a) In Tab 4 of 2025 DVA Continuity Schedule, the # of customers for street lighting is different from the number reported in the RRWF load forecast. Atikokan reported 1 under # of customer for this class compared to 622 reported in RRWF. Please file a 2025 continuity schedule if necessary (this does not impact the rate riders).
- b) Tab 4, column I, please update the Distribution Revenue amounts to reflect the revenue requirement amounts including Transformer Ownership Allowance by using the Revenue Requirement Workform, Tab 13, Column O + Column Y.

**Q24. GA Analysis Workform**

The Net Change in Principal Balance in GA Workform does not match the Transactions for 2023 in 2025 DVA continuity.

Question(s):

- a) Please update the applicable schedules as necessary.
- b) Please provide an explanation if the updated reasonability test of Account 1589 exceeds +/- 1%.

**Q25. Wireline Pole Attachment Charges**

Please update both 2025 DVA Continuity and Table 9-11 in Exhibit 9 to include the forecasted incremental revenue up to April 30, 2025.

**Q26. Account 1592**

In EB-2022-0015 (March 23, 2023), the OEB states that the true-up to actual PILs paid will be addressed in a future proceeding, should Atikokan Hydro seek disposition of Account 1592. In the 2025 DVA continuity of this proceeding, a nil amount is reported in Account 1592, Sub-Account PILs, and Tax Variance for 2006 and Subsequent Years.

Please confirm that Atikokan Hydro is not requesting disposition of its true-up between the PILs provision included in rates and the actual PILs paid, in accordance with the APH.

- i) If not confirmed, please provide a detailed explanation, clarify the total true-up amount with supporting calculations, and indicate which account this true-up amount is recorded in.

### **Q27. Generic Group 2 Accounts**

- a) Atikokan to confirm whether it does not request the following generic accounts:
  - i) OEB Accounting Order Establishment of a Deferral Account: Cloud Computing
  - ii) OEB Accounting Order Establishment of a Deferral Account: OEB Cost Assessment Variance
  
- b) Atikokan to confirm why there are no costs recorded in the following generic accounts and whether to discontinue the following account:
  - i) GOCA – provide consideration regarding the discontinuation of the account.
  - ii) Cloud Computing

### **General**

#### **Q28. Tariff Schedule and Bill Impact Model**

Tab 3: Please update for the latest RRRP, TOU RPP prices and percentages, and Ontario Electricity Rebate (OER)

#### **Q29. Chapter 2 Appendices**

Please update the Chapter 2 Appendices with the latest 2024 bridge year figures.

Please note how many months of actuals are included in the data.

#### **Q30. Chapter 2 Appendices**

Chapter 2 Appendices, Tabs 2-ZA and 2-ZB: Please update the latest RPP Pricing, RTSRs, RRRP, and OER.

#### **Q31. RTSR Workform**

RTSR Workform, Tab 4, Column L: Please update the rates in Column L to reflect the OEB's 2025 preliminary UTRs and Hydro One-Sub-Transmission rates from the OEB letter issued on November 1, 2024 (EB-2024-0244).